Risk Factors Comparison 2024-02-27 to 2023-02-24 Form: 10-K

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

~~• We are subject to the risk of pandemics and other threats to public health, such as the novel coronavirus (COVID- 19) global pandemic, which could have an adverse effect on our business, financial condition and results of operations and lead to lasting changes in consumer behavior. • The success of our business is dependent on factors affecting consumer spending and payment behaviors that are not under our control. Risks Relating to Our Vendors, Suppliers and Products • Disruptions in our supply chain and other factors affecting the distribution of our merchandise could materially and adversely affect our business. • We rely on the receipt of information from third party data vendors, and inaccuracies in or delay in receiving such information, or the termination of our relationships with such vendors, could have a material adverse effect on our business, operating results and financial condition. • We must successfully manage our inventory to reflect customer demand and anticipate changing consumer preferences and leasing trends or our revenue and profitability will be materially and adversely affected. • Allegations of or actual product safety and quality control issues, including product recalls, could harm our reputation, divert resources, reduce sales and increase costs. Risks Relating to Our Strategy and Operations • If we are unable to successfully appeal to and engage with our target consumers, our business and financial performance may be materially and adversely affected. • We must maintain brands that are recognized and trusted by consumers. • Our proprietary algorithms and customer lease decisioning tools used to approve customers are subject to unexpected changes in behavior caused by macroeconomic conditions which could cause these tools to no longer be indicative of our customers' ability to perform under their lease agreements with us. • Failure to effectively manage our costs could have a material adverse effect on our profitability. • We face risks in our Acima retail partner business and virtual locations that differ in some potentially significant respects from the risks of the traditional lease- to- own business conducted in Rent- A- Center Business store locations. These risks could have a material adverse effect on Acima, which could negatively impact our ability to grow the Acima segment and result in a material adverse effect on our results of operations. • Our strategy to grow the retail partner business depends on our ability to develop and offer robust virtual lease- to- own technology, including algorithmic decisioning programs and waterfall integrations.~~ • Our operations are dependent on effective information management systems. Failure of our systems or those of our host retailers could negatively impact our business, financial condition and results of operations. • If we fail to protect the integrity and security of customer, employee **, supplier** and host retailer information, or if our host retailers fail to protect the integrity and security of customer information, we could incur significant liability and damage our reputation, and our business could be materially and adversely affected. • The industries in which we operate are highly competitive, which could impede our ability to maintain ~~sales~~ **lease** volumes and pricing and have a material adverse effect on our operating results. • If we are unable to attract, train and retain managerial personnel and hourly associates in our stores and staffed Acima locations, our reputation, sales and operating results may be materially and adversely affected. • The risks associated with climate change and other environmental impacts and increased focus by stakeholders on environmental issues, including those associated with climate change, could adversely affect our business, financial condition and operating results. Risks Relating to Legal and Compliance Matters • We may be subject to legal or regulatory proceedings from time to time that result in damages, penalties or other material monetary obligations or material restrictions on our business operations, and our use of arbitration agreements may not allow us to avoid costly litigation. • The outcome of the **previously disclosed investigations by the** ~~Consumer Financial Protection Bureau' s ("~~ CFPB ~~") investigation~~ **, multi- state attorneys' general group and the New York Attorney General** into certain of Acima' s business practices is uncertain and may materially and adversely affect our business. • Federal and state regulatory authorities are increasingly focused on the lease - to - own industry, and any negative change in these laws or regulations or the passage of unfavorable new laws or regulations or the manner in which any of these are enforced or interpreted could expose us to significant additional costs or compliance- related burdens and could require us to alter our business practices in a manner that may be materially adverse to us. • Our lease - to - own transactions are regulated by and subject to the requirements of federal and state laws and regulations that vary by jurisdiction, which require significant compliance costs and expose us to regulatory action or other litigation. • Laws and regulations regarding information security and data collection, use and privacy are increasingly rigorous and subject to change, which may cause us to incur significant compliance costs **and subject us to adverse impacts in the event of actual or alleged compliance failures** . • Our reputation, ability to do business and operating results may be impaired by improper conduct by any of our employees, agents or business partners, including retail partners. • Our products and services may be negatively characterized by consumer advocacy groups, the media and certain federal, state and local government officials, and if those negative characterizations become increasingly accepted by consumers and / or our retail partners, demand for our goods and the transactions we offer could decrease and our business could be materially and adversely affected. • We may be unable to protect our intellectual property, or may be alleged to have infringed upon the intellectual property rights of others, which could result in a loss of our competitive advantage, a diversion of resources and a material adverse effect on our business and results of operations. Risks Relating to Our Indebtedness and Other Financial Matters • We have significant indebtedness, and the level of our indebtedness could materially and adversely affect us. • The amount of borrowings permitted under the **Asset Based Loan Credit Facility (the "** ABL Credit Facility **")** is limited to the value of certain of our assets, and Upbound Group, Inc. relies in part on available borrowings under the ABL Credit Facility for cash to operate its business, which subjects it to market and counterparty risk, some of which is beyond Upbound Group, Inc.' s control. • Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. • Our organizational documents and our current or future debt instruments contain or may contain provisions that may prevent or deter another group from paying a premium over the market price to Upbound Group, Inc.' s stockholders to acquire its stock. • If our goodwill or intangible assets became impaired, we may be required to record a significant charge to earnings. ~~Risks Relating to the Merger • We may be unable to realize the anticipated benefits of the Merger, including synergies, which could have a material adverse effect on our business, financial condition and results of operations.~~ The risks described in this section are not the only risks that could materially and adversely affect our business; other risks currently believed to be immaterial or additional risks not currently known to us could also materially and adversely affect our business, financial condition or results of operations. ~~Furthermore, the COVID- 19 pandemic (including federal, state and local governmental responses, broad economic impacts and market disruptions) has heightened certain risks discussed below.~~ If any of the events or circumstances described in this section actually occur, our business, operating results, financial condition, cash flows, and prospects could be materially and adversely affected. In that event, the market price of our securities could decline, and you could lose part or all of your investment. Risks Relating to Economic Conditions ~~We~~ **The success of our business is dependent on factors affecting consumer spending and payment behaviors that** are ~~subject to the risk of pandemics and other threats to public health, which could have an adverse effect on our business, financial condition and results of operations and lead to lasting changes in consumer behavior. We are subject to the risk of pandemics and other threats to public health, and the reactions of governmental authorities to those emergencies. The lease- to- own industry can benefit during recessionary economic cycles or credit- constrained environments because it provides credit constrained customers with a viable option to obtain merchandise they may~~ not **under** ~~otherwise be able to obtain through other retailers offering traditional financing options. However, there are no assurances that the continuing or~~ **our control** ~~future pandemics will not lead to future government actions negatively impacting our business. In addition, pandemics could lead to lasting changes in consumer behavior detrimental to our business~~ . Consumer spending and payment behaviors are affected by general economic conditions and other factors including levels of employment, disposable consumer income, prevailing interest rates, consumer debt and availability of credit, cost of fuel, food and housing, inflation, recession and fears of recession, war (including the current ~~conflict~~ **conflicts** in Ukraine **and the Middle East**) and fears of war, terrorist activities, pandemics, inclement weather, tariff policies, tax rates and rate increases, timing of receipt of tax refunds, consumer confidence in future economic conditions and political conditions and consumer perceptions of personal well- being and security. Unfavorable general economic changes, due to any one or more of these or other factors ~~, including those experienced in 2022 following the COVID- 19 pandemic~~ , could reduce demand for our products and services resulting in lower revenue or negatively impact consumer payment behavior resulting in higher than expected losses and negatively impacting ~~the~~ **our** business and ~~its~~ financial results. For example, since the latter part of 2021, we have experienced negative trends in customer behavior following the expiration of ~~the~~ government ~~' s fiscal and monetary~~ stimulus and relief programs ~~, and~~ **combined with a** significant rise in the ~~US~~ **U. S.** consumer price index, resulting in ~~lower payment~~ **significant pressure on the discretionary income levels of our consumers. This led us to tighten our underwriting policies in** ~~and~~ **an** ~~higher loss activity;~~ **effort to improve risk management related to the execution of new leases. The continuation of the trends described above combined with the tightening of our underwriting policies** ~~as~~ **has** ~~well as certain~~ **reduced the number of active leases with corresponding decreases in lease revenue and operating cash flows. In addition to the negative trends in customer behavior described above, we have also been impacted by** other negative **macroeconomic** trends ~~in our business that we believe to be associated with macro- economic conditions resulting from COVID- 19~~ , including a ~~condensed~~ **tight** labor market, **which has contributed to** wage inflation, and global supply chain ~~issues~~ **disruptions** resulting in reduced product availability and rising product costs. **While the lease-** ~~At this time, we are unable~~ to ~~predict~~ **- own industry has historically remained a resilient business model throughout various economic cycles,** the full extent to which **our risk management strategy and macroeconomic trends (including** consumer spending **and payment** behavior **)** ~~, or other macro- economic trends associated with the pandemic,~~ may ~~adversely~~ impact our business in future periods **is uncertain** . **The continuation of these negative trends may have a material adverse impact on our financial statements, including our results of operations, operating cash flows, liquidity and capital resources. Risks Relating to Our Vendors, Suppliers and Products** Disruptions in our supply chain and other factors affecting the distribution of our merchandise could materially and adversely affect our business. Disruptions in our supply chain **and those of our retail partners** can and have resulted in our inability to meet our customers' expectations, higher costs, an inability to stock our stores, or longer lead time associated with distributing merchandise. Disruptions within our supply chain network also result in decreased net sales, increased costs and reduced profits. For example, as a result of the impacts of COVID- 19 on U. S. and global supply chains and manufacturing operations, we experienced some delays on our timing or ability to obtain desired merchandise for our business ~~. The impacts of COVID- 19 also affected supply chains of some of Acima' s host retailers, which led to certain products desired by customers not being available at all or in a timely manner and thereby adversely impacted Acima' s results~~ . Our arrangements with our suppliers and vendors may be materially and adversely affected by changes in our financial results or financial position or changes in consumer demand, which could materially and adversely affect our business. Substantially all of our merchandise suppliers and vendors sell to us on open account purchase terms. There is a risk that our key suppliers and vendors could respond to any actual or apparent decrease in, or any concern with, our financial results or liquidity by requiring or conditioning their sale of merchandise to us on more stringent or more costly payment terms, such as by requiring standby letters of credit, earlier or advance payment of invoices, payment upon delivery or other assurances or credit support or by choosing not to sell merchandise to us on a timely basis or at all. In addition, if demand for our products and services declines, the volume of merchandise we purchase from third- party suppliers may decrease, which could result in smaller discounts from our vendors or the elimination of such discounts by our vendors. Our arrangements with our suppliers and vendors may also be impacted by media reports regarding our financial position or other factors relating to our business. Our need for additional liquidity could materially increase and our supply of inventory could be materially disrupted if any of our key suppliers or vendors, or a significant portion of our other suppliers or vendors, takes one or more of the actions described above, which could result in increased costs of operation and decreased net sales, customer satisfaction and profits. We rely on the receipt of information from third- party data vendors, and inaccuracies in or ~~delay~~ **delays** in receiving such information, or the termination of our relationships with such vendors, could have a material adverse effect on our business, operating results and financial condition. We are heavily dependent on data provided by third- party providers. Our lease- to- own business employs a proprietary decisioning algorithm that determines whether or not an application for a lease submitted by a customer will be approved for a lease and the potential amount of the lease. This algorithm depends extensively upon continued access to, and timely receipt of, reliable data from external sources, such as third- party data vendors. Our data providers could 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 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 would be negatively impacted, which would materially and adversely affect our operating results and 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. **We must successfully manage our inventory to reflect customer demand and anticipate changing consumer preferences and leasing trends or our revenue and profitability could be materially and adversely affected.** The success of our Rent- A- Center ~~Business~~ **segment** 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 consumer 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 consumer trends and price shifting and to maintain an optimal selection of merchandise available for lease at all times. If we misjudge ~~either~~ **any of** the market for our merchandise, our customers' product preferences or our customers' leasing ~~habits~~ **behaviors** , 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 **revenue and** profit ~~margins~~ . In addition, our level of profitability and success in our Rent- A- Center ~~Business~~ **segment** depends on our ability to successfully re- lease our inventory of merchandise that is returned by customers of our Rent- A- Center ~~Business~~ or Acima **segments** , due to their lease agreements expiring, or otherwise. **Allegations of or actual product safety and quality control issues, including product recalls, could harm our reputation, divert resources, reduce sales and increase costs.** The products we lease and sell in our Rent- A- Center ~~Business~~ **segment** and Acima ~~business~~ **segment** are subject to regulation by the U. S. Consumer Product Safety Commission and similar state regulatory authorities and expose us to potential product liability claims, recalls or other regulatory or enforcement actions initiated by regulatory authorities or through private causes of action. Such claims, recalls or actions could be based on allegations that, among other things, the products **leased or** sold by us contain contaminants or impermissible materials, provide inadequate instructions regarding their use or misuse or include inadequate warnings, such as those concerning the materials or their flammability. We do not control the production process of the products we sell and lease and may be unable to identify a defect or deficiency in a product purchased from a manufacturer before offering it for sale or lease to our customers. Product safety or quality concerns may require us to voluntarily remove selected products from our physical locations or from our customers' homes or cease offering those products online. 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, each of which could have a material adverse effect on our financial condition. In addition, 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, which could have a material adverse effect on our financial condition if we are unable to recover those losses from the vendor who supplied us with the relevant merchandise. In addition, new federal or state legislation, including new product safety and hazardous material laws and regulations, may negatively impact our operations, increase our cost of doing business and adversely affect our operating performance. **Risks Relating to Our Strategy and Operations** Our success depends on the effective implementation and continued execution of our strategies. We are focused on our mission to ~~provide~~ **elevate financial opportunity for** cash- and credit- constrained consumers ~~with~~ **including through** affordable and flexible access to durable goods that promote a higher quality of living. In recent years, we accelerated our virtual growth strategy through the acquisition of Merchants Preferred, launch of our Preferred Lease offering, and acquisition of Acima Holdings, with a focus towards executing on large market opportunities through national and regional retail partners. We ~~intend~~ **seek** to capitalize on key differentiators in our virtual offerings, as well as grow our business through expansion in our product verticals, e - commerce platform and other digital enhancements, improving the customer and retail partner experience and providing consumers with greater opportunities to shop how, when and where they want with the flexibility of our lease- to- own solutions. Our Rent- A- Center ~~Business~~ **segment** employs its own growth strategies and seeks to adapt to changing consumer preferences and shopping behaviors while managing its cost structure. Growth of our business, including through the launch of new product offerings ~~and our intended significant expansion into virtual lease- to- own offerings,~~ requires us to invest in or expand our information and technology capabilities, engage and retain experienced management, invest in our stores and otherwise incur additional costs. Our inability to address these concerns or otherwise to achieve targeted results associated with our initiatives could materially and adversely affect our results of operations, or negatively impact our ability to successfully execute future strategies, which may result in a material adverse effect on our business and financial results. **If we are unable to successfully appeal to and engage with our target consumers**

and retail partners, our business and financial performance may be materially and adversely affected. We operate in the consumer retail industry through brick- and- mortar stores and digitally **including through retail partner channels** . As such, our success depends, among other things, on our ability to identify and successfully market products and services through various channels that appeal to our current and future target customer segments **and retail partners** , to align our offerings with consumer **and retail partner** preferences and to maintain favorable perceptions of our brands by our target consumers **and retail partners** . If we are unable to successfully appeal to and engage with our target consumers **and retail partners** , our business and financial performance may be materially and adversely affected **. We must maintain corporate brands that are recognized and trusted by consumers and retail partners** . Our brands could be adversely affected by situations that reflect negatively on us, whether due to our business practices, adverse financial developments, a data breach, perceptions of our corporate governance or how we address environmental or social responsibility initiatives, the conduct of our officers, directors, or employees, the actions of a significant partner or other businesses with which we do business, or other causes. The negative impacts of these or other events may be ~~aggravated~~ **amplified** as consumers and other stakeholders increase or change their expectations regarding the conduct of public companies, sustainability efforts, and corporate responsibility. These impacts may be further complicated such that perceptions are formed through rapid and broad interactions using modern communication and social media tools over which we have no control. Any such event could decrease demand for our products, reduce our ability to recruit and retain employees, and lead to greater regulatory scrutiny of our businesses. **Our proprietary algorithms and customer lease decisioning tools used to approve customers are subject to unexpected changes in behavior caused by macroeconomic conditions, which could cause these tools to no longer be indicative of our customers' ability to perform under their lease agreements with us.** We believe our proprietary customer lease decisioning process to be a key to the success of our business for both Acima and ~~our~~ Rent- A- Center ~~Business. As a result of the shift in operations driven by the COVID- 19 pandemic, we accelerated the rollout of centralized lease decisioning processes in our company- operated Rent- A- Center Business stores~~ . We assume behavior and attributes observed ~~for~~ **from** prior customers, among other factors, are indicative of performance by future customers. Unexpected changes in behavior caused by macroeconomic conditions, including, for example, impacts to the U. S. economy related to the COVID- 19 pandemic and changes in consumer behavior relating thereto as well as the current challenging macroeconomic conditions, could lead to increased incidence and costs related to lease merchandise write- offs. For example, we experienced higher losses in the fourth quarter of 2021 and during 2022 due to the impacts of changing consumer payment behaviors following the expiration of governmental stimulus programs ~~. Due to the nature~~ and **high inflation. Unexpected changes in behavior caused by macroeconomic conditions will impact** ~~novelty of the crisis and the governmental and other reactions to the crisis,~~ our decisioning process ~~will~~ **and** likely require frequent 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 ~~,~~ **and** avoid lease merchandise write- offs and could result in our accounts receivable allowance being insufficient. Even after the effect of the current macroeconomic conditions subside, unexpected changes in behavior caused by macroeconomic conditions such as the U. S. economy experiencing a recession **or slowdown in economic growth** and job losses related thereto, increases in interest rates **or a continued high interest rate environment** , inflationary pressures, reduced availability or elimination of government ~~stimulus~~ **subsidies** , 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 lease merchandise write- offs. We may take advantage of merger and acquisition opportunities from time to time with the intent of advancing our key initiatives, but such activities may not prove successful and may subject us to additional risks. From time to time, we may take advantage of merger and acquisition opportunities intended to advance our key strategic initiatives. Such merger and acquisition opportunities may involve numerous risks, including the following: • difficulties in integrating the operations, systems, technologies, products and personnel of the acquired businesses ; • difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets may have stronger market positions ; • application of regulatory regimes that have not previously applied to, and may significantly impact, our business; • diversion of management' s attention from normal daily operations of the business and the challenges of managing larger and more widespread operations ; • the potential loss of key employees, vendors and other business partners of the businesses we acquire ; • the incurrence of debt, contingent liabilities and amortization expenses and write - offs of goodwill in connection with such activities that could harm our financial condition; and • dilutive issuances of common stock or other equity securities. Mergers and acquisitions are inherently risky and subject to many factors outside of our control. We cannot assure you that our previous or future acquisitions will be successful and will not materially and adversely affect our business, operating results or financial condition. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. **Failure** ~~Although we believe our Acima segment will be a higher growth business over the long term, we remain highly dependent on the financial performance of our Rent- A- Center Business segment. Our financial performance has historically been highly dependent on our Rent- A- Center Business segment. Although the Rent- A- Center Business revenues now comprise less than 50 % of our consolidated net revenues following the acquisition of Acima Holdings, the Rent- A- Center Business segment remains important~~ to **effectively manage** our **costs could** ~~consolidated results. Any significant decrease in the financial performance of the Rent- A- Center Business segment may~~ have a material adverse effect on our **profitability** ~~ability to implement our growth strategies. Rent- A- Center Business revenues for the year- ended December 31, 2022 were approximately 46 % of our consolidated revenues~~ . Consumer spending remains uncertain and our continued profitability is largely dependent on our ability to effectively manage our cost structure, certain elements of which are largely fixed in nature. We have experienced, and may experience in the future, increases in the costs of purchasing certain merchandise from suppliers or retail partners as a result of various factors, including supply / demand trends, tariffs and other government regulations, increases in the prices of certain commodities, increases in shipping costs and general economic conditions. We have experienced and may experience in the future increases in labor costs as a result of wage inflation for employees in many regions or increased competition for employees as unemployment rates decline. We have limited or no control over many of these inflationary forces. In addition, due to the competitive environment in our industry and increasing price transparency, we may not be able to recover all or even a portion of such cost increases by increasing our merchandise prices, fees, or otherwise. Even if we are able to increase merchandise prices or fees, those cost increases to our customers could result in reduced demand for our products and services. As a result, the failure to manage our overall cost of operations, labor and benefit rates, advertising and marketing expenses, operating leases, charge- offs due to customer- stolen merchandise, other store expenses or indirect spending could materially and adversely affect our profitability **. We face risks in our Acima retail partner business and virtual locations that differ in some potentially significant respects from the risks of the traditional lease- to- own business conducted in Rent- A-Center store locations. These risks could have a material adverse effect on Acima, which could negatively impact our ability to grow the Acima segment and result in a material adverse effect on our results of operations** . Our Acima segment offers the lease- to- own transaction through the stores or websites of third- party retailers and, therefore, faces risks different from those that have historically been associated with our traditional lease- to- own business conducted in our Rent- A-Center ~~Business~~ store locations. These potential risks include, among others: • reliance on the ability of unaffiliated third- party retailers to attract customers and to maintain quality and consistency in their operations and their ability to continue to provide eligible durable goods desired by customers ; • establishing and maintaining relationships with unaffiliated third- party retailers; • reliance on unaffiliated third- party retailers for many important business functions, from advertising through assistance with lease transaction applications, including, for example, adhering to Acima' s merchant policies and procedures, properly explaining the nature of the lease- to- own transaction to potential customers, properly handling customer inquiries made directly to the retail partner and properly explaining that the **lease** transaction is with Acima and not with the third- party retailer ; • increased regulatory focus on the virtual lease- to- own transaction and / or the potential that regulators adopt new regulations or legislation (or existing laws and regulations may be interpreted in a manner) that negatively impact Acima' s ability to offer virtual lease- to- own programs or certain products or services through third- party retail partners, and / or that regulators may attempt to force the application of laws and regulations on Acima' s ~~virtual~~ lease- to- own business or certain products or services in inconsistent and unpredictable ways that could increase the compliance- related costs incurred by us, restrict certain business activities and negatively impact our financial and operational performance **(see, for example, the regulatory matters discussed in Note M to our consolidated financial statements included in this Annual Report on Form 10- K)** ; • reliance on automatic bank account drafts for lease payments, which may become disfavored as a payment method for these transactions by regulators and / or providers, or may otherwise become unavailable ; • more product diversity within Acima' s merchandise inventory relative to our traditional store- based lease- to- own business, which can complicate matters such as merchandise repair and disposition of merchandise that is returned and which exposes us to risks associated with products with which we have limited experience; • lower barriers to entry and start- up capital costs to launch a competitor due to the reliance of Acima and its competitors on the store locations and inventories of third- party retailers, and online connections with retailers, rather than incurring the cost to obtain and maintain brick and mortar locations and in- store or in- warehouse inventories ; • indemnification obligations to Acima' s retail partners and their service providers for losses stemming from Acima' s failure to perform with respect to its products and services, to comply with applicable laws or regulations or to take steps to protect its retail ~~partner~~ **partners** ' ~~s~~ **'** and their customers' data and information from being accessed or stolen by unauthorized third **-** parties, including through **cyberattacks** ~~cyber- attacks~~ ; • increased risk of consumer fraud with respect to Acima' s ~~virtual~~ lease- to- own business and e- commerce business as compared to the traditional store- based Rent - A - Center Business; • increased risk of merchant fraud due to the planned growth in retail partners and other merchants from which customers can select products to lease from Acima; • reduced gross margins compared to the Rent- A- Center ~~Business~~ **segment** because Acima **generally** purchases merchandise it leases to customers at retail, rather than wholesale, prices; • operational, financial, regulatory or other risks associated with the development and implementation of new digital technologies that are intended to enhance the customer and retail partner experience and to differentiate Acima from competing consumer offerings, including Acima direct to consumer offerings; and • the ability of Acima to adequately protect its proprietary technologies or to address any claims of infringement by third **-** parties. These risks could have a material adverse effect on Acima, which could negatively impact our ability to grow the Acima segment and result in a material adverse effect on our results of operations. In addition, these risks have become more significant ~~as a result of the Merger~~ due to the size of the Acima segment as a percentage of our overall company **. Our strategy to grow the retail partner business depends on our ability to develop and offer robust virtual lease- to- own technology, including algorithmic decisioning programs and waterfall integrations** . Although our retail partner business began as a staffed model, our strategy to grow the retail partner business depends on significantly expanding our unstaffed or virtual lease- to- own solution. The acquisitions of Merchants Preferred and Acima Holdings in recent years, including scalable technology offering, robust decision engine, enhanced infrastructure and experienced management team members accelerated the development of our virtual lease- to- own offering. ~~In~~ **Since** 2021 ~~and 2022~~ , we have further executed on our virtual growth strategy through, among other things, continued investments in Acima' s proprietary offerings, technologies and organizational enhancements. We may not realize the intended benefits from these investments and initiatives. If we are unable to maintain and continuously improve our technologies and decisioning methodologies, our business and financial results may be materially and adversely affected. If we are unable to compete effectively ~~with~~ **within** the growing e- commerce sector, our business and results of operations may be materially and adversely affected. Competition from the e-commerce sector continues to grow and has been accelerated by trends that developed as a result of ~~social~~ restrictions implemented due to COVID- 19. To compete in this e- commerce sector, we must be able to innovate and develop technologies and digital solutions that appeal to our customer. We **utilize** ~~have launched~~ virtual capabilities within our Acima and Rent- A-

Center ~~Business~~ segments. There can be no assurance we will be successful in **continuing to** ~~developing~~ --- **develop** the technologies and digital solutions necessary to grow our e- commerce business in a profitable manner. Certain of our competitors, and a number of e- commerce retailers, have established e- commerce operations against which we compete for customers. It is possible that the increasing competition from the e- commerce sector may reduce or prevent us from growing our market share, gross and operating margins, and may materially and adversely affect our business and results of operations in other ways. Our operations are dependent on effective information management systems. Failure of our systems or those of our host retailers could negatively impact our business, financial condition and results of operations. We utilize integrated information management systems. The efficient operation of our business is dependent on these systems to effectively manage our financial and operational data. The failure of our information management systems to perform as designed due to " bugs, " crashes, computer viruses, security breaches, cyberattacks, phishing attacks, internet failures and outages, operator error, or catastrophic events, and any associated loss of data or interruption of such information management systems for a significant period of time could disrupt our business. If the information management systems sustain repeated failures, we may not be able to manage our store **and virtual** operations, which could have a material adverse effect on our business, financial condition and results of operations. We continuously need to improve and upgrade our systems and technology while maintaining their reliability and integrity. We invest in new information management technology and systems and implement modifications and upgrades to existing systems. These investments include replacing legacy systems, making changes to existing systems, building redundancies, and acquiring new systems and hardware with updated functionality. We take actions and implement procedures designed to ensure the successful implementation of these investments, including the testing of new systems and the transfer of existing data. These efforts may take longer and may require greater financial and other resources than anticipated, may cause distraction of key personnel, may cause disruptions to our existing systems and our business, and may not provide the anticipated benefits. A disruption in our information management systems, or our inability to improve, upgrade, integrate or expand our systems to meet our evolving business requirements, could impair our ability to achieve critical strategic initiatives and could materially and adversely affect our business, financial condition and results of operations. Similar risks associated with Acima host retailer information management systems, which we do not control, may also materially and adversely affect our business, financial condition and results of operations. In the ordinary course of business, we collect, store and process certain personal information provided to us by our customers, including social security numbers, dates of birth, banking information, credit and debit card information and data we receive from consumer reporting companies, including credit report information, as well as certain confidential information about our retail partners and employees, 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 liability as further discussed below. To our knowledge, we have not suffered a significant security breach during ~~2022~~ **2023 or during 2024** through February ~~24~~ **27** , ~~2023~~ **2024** , the date of ~~our~~ **this** ~~annual~~ **Annual** ~~report~~ **Report** ~~filed~~ on Form 10- K. However, despite instituted safeguards for the protection of such information, our systems are subject to significant risk of compromise 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 information technology systems. Our IT systems are subject to constant attempts to gain unauthorized access in order to disrupt our business operations and capture, misappropriate, destroy or manipulate various types of information that we rely on, including confidential PII or other confidential information. In addition, one of our employees, contractors or other third **-** parties with whom we do business may attempt to circumvent our security measures in order to obtain such information, or if a third party we are engaged with suffers a breach, we could potentially also suffer from the loss of such information. Loss or misuse of customer, employee **, supplier** or retail partner information could disrupt our operations, damage our reputation, and expose us to claims from customers, employees **, suppliers** , retail partners, regulators and other persons, any of which could have a material adverse effect on our business, financial condition and results of operations. Successful data breaches or other cybersecurity incidents at other companies, whether or not we are involved, could lead to a general loss of customer confidence that could similarly negatively affect us, including harming the market perception of the effectiveness of our security measures or financial technology in general. Further, if any such compromise, breach or misuse is not detected quickly, the effect could be compounded. **The** ~~In addition, the~~ costs associated with information security, such as increased investment in technology, the costs of compliance with privacy laws and industry standards, fines, penalties, or liability, and costs incurred to prevent or remediate information security breaches, could materially and adversely affect our business. In addition, we rely on the secure operation of our website and other third- party systems generally to assist us in the collection and transmission of the sensitive data we collect. Similar risks associated with Acima host retailers' failure to protect the integrity and security of customer information, which we do not control, may also materially and adversely affect our business, financial condition and results of operations. Failure to achieve and maintain effective internal controls could have a material adverse effect on our business. Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our brand and operating results could be harmed. Additionally, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 so that our management can certify, on an annual basis, that our internal control over financial reporting is effective. We are also required to, among other things, establish and periodically evaluate procedures with respect to our disclosure controls and procedures. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. While we continue to evaluate and improve our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act. Failure to achieve and maintain an effective internal control environment could cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our ability to raise capital, and may also expose us to potential claims and losses. Additionally, any such failure could subject us to increased regulatory scrutiny, which could also have a material adverse effect on our business and **the** ~~our stock~~ price **of our securities** . ~~Certain~~ **Many** categories of products we lease and sell from time to time, including furniture, appliances and electronics such as televisions, computers and smartphones, are the subject of intense competition from a number of types of competitors, including national, regional and local operators of lease- to- own stores, virtual lease- to- own companies, traditional and online providers of used goods and merchandise, traditional, " big- box " and e- commerce retailers, ~~Fintech~~ **fintech** firms and others. These competitors may have significantly greater financial...... websites than does Upbound Group, Inc - **In addition,** ~~. The increasing competition from all of these~~ -- **the** ~~sources may also reduce the market share held by our Rent- A- Center Business and Acima segments. The~~ lease- to- own industry faces competition from ~~the retailers and lease- to- own companies mentioned above, including many retailers who offer~~ layaway programs ~~,~~ **and** various types of consumer finance companies, including Buy **-** Now **-** Pay **-** Later, installment, payday and title loan companies, that may enable our customers to shop at traditional or online retailers, as well as rental stores that do not offer their customers a purchase option. These competitors may have significantly greater financial and operating resources,greater name recognition in certain markets,and offer a larger selection of products at more competitive prices than our Rent- A- Center ~~Business~~ and Acima ~~segment~~ **segments** .Competitors with greater financial resources may be able to grow faster than us,including through acquisitions.Our competitors may also employ aggressive marketing strategies involving frequent sales and discounts,including the use of certain products as " loss leaders " to increase customer traffic.Engaging in these pricing strategies could cause a material reduction in our sales revenue and gross margins.Alternatively,we may be unable to or elect not to engage in these pricing strategies,which could decrease our ~~sales~~ **lease** volumes.The expansion of digital retail has increased the number and variety of retailers with which we compete,and certain online retailers may have greater brand recognition,social media following and engagement and sophisticated websites than ~~does Upbound~~ **we do.** Some of these competitors may be willing to offer products and services on an unprofitable basis in an effort to gain market share or be willing to **finance or** lease certain types of products that we are not willing to or are unable to lease. Additionally, these competitors may be willing to enter into customer leases where services, rather than goods, comprise the significant portion of the lease value, or be willing to engage in other practices related to pricing, compliance, and other areas in which we are not willing to or cannot engage. **The increasing competition from all of these sources may also reduce the market share held by our Rent- A- Center and Acima segments.** Our Acima ~~business~~ **segment** relies heavily on relationships with retail partners. An increase in competition, which we continue to face, could cause our retail partners to no longer offer the Acima ~~product~~ **lease- to- own solutions** in favor of those of our competitors, or to offer the Acima ~~product~~ **lease- to- own solutions** and the products of our competitors simultaneously at the same store locations, which could slow growth in the Acima ~~business~~ **segment** and limit or reduce profitability. Furthermore, Acima' s ~~virtual~~ lease **-** to **-** own competitors may deploy different business models, such as direct- to- consumer strategies, that forego reliance on retail partner relationships that may prove to be more successful. We may be unable to retain key employees. The success of Upbound Group, Inc. depends in part upon its ability to retain its executive leadership, management team and other key employees. Key personnel may depart because of a variety of reasons. The loss of these individuals without adequate replacement could materially and adversely affect our ability to sustain and grow our business. The inability to attract and retain qualified individuals, or a significant increase in the costs to do so, would materially and adversely affect our operations. Our workforce is comprised primarily of employees who work on an hourly basis. We rely on our sales associates in our store locations and staffed Acima locations to provide customers with an enjoyable and informative shopping experience and to help ensure the efficient processing and delivery of products. To grow our operations and meet the needs and expectations of our customers, we must attract, train, and retain a large number of hourly associates, while at the same time controlling labor costs. We compete with other retail businesses as well as restaurants for many candidates for employment at our store locations and staffed Acima locations. These positions have historically had high turnover rates, which can lead to increased training, retention and other costs. Our ability to control labor costs is also subject to numerous external factors and compliance with regulatory structures, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, governmental regulatory bodies such as the Equal Employment Opportunity Commission and the National Labor Relations Board, prevailing wage rates and wage and hour laws, minimum wage laws, the impact of legislation governing labor and employee relations or benefits, such as the Affordable Care Act, health insurance costs and our ability to maintain good relations with our employees. If we are unable to attract and retain quality employees at reasonable cost, or fail to comply with the regulations and laws impacting personnel, it could have a material adverse effect on our business, financial condition and results of operations. Acts of nature ~~and pandemic~~ , whether due to climate change **, pandemic** or otherwise, can disrupt our operations and those of our retail partners. Our store operations, as well as those of our retail partners at Acima, are subject to the effects of adverse acts of nature, such as **pandemics and other public health crises,** 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 and those of our retail partners in specific geographic locations, including in Mexico, Puerto Rico, Florida, Louisiana and Texas, and may, depending upon the location and severity of such events, materially and unfavorably impact our business continuity. We cannot guarantee that the amount of any hurricane, windstorm, earthquake, flood, business interruption or other casualty insurance we may maintain from time to time would cover any or all damages caused by any such event. **We are subject to the risk of pandemics and other threats to public health, and the reactions of governmental authorities to those emergencies. The**

lease- to- own industry can benefit during recessionary economic cycles or credit- constrained environments because it provides credit constrained customers with a viable option to obtain merchandise they may not otherwise be able to obtain through other retailers offering traditional financing options. However, there are no assurances that the continuing or future pandemics will not lead to future government actions negatively impacting our business. In addition, pandemics could lead to lasting changes in consumer behavior detrimental to our business. The COVID- 19 pandemic and the measures taken in response to it prevented us from continuing our operations in the ordinary course, which had an immediate adverse effect on our business as we experienced operational restrictions, delays on our timing or ability to obtain desired merchandise and increased costs. To the extent that similar measures are implemented in the future in response to **a** ~~the COVID- 19~~ pandemic or other public ~~heath~~ **health** or safety crises, our business and results of operations may be adversely affected. Climatologists predict the long- term effects of climate change and global warming will result in the increased frequency, intensity, unpredictability and duration of weather events, which could significantly disrupt supply chains, potentially impacting our vendors' costs and the production of products leased at our stores. These weather events could also lead to an increased rate of temporary store closures and reduced customer traffic at our stores and impact the availability and costs of products, commodities and energy, 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. In addition, concern over climate change may result in new or increased regional, federal or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases **, including increased disclosure requirements** . These requirements may lead to an increase in tax, transportation, ~~and~~ utility **and other** expenses. Lastly, there is increased focus, including by governmental and non- governmental organizations, investors, customers and ~~consumers~~ **communities** on these and other environmental sustainability matters, including deforestation, land use, climate impact and recyclability or recoverability of packaging, including plastic. Our reputation could be damaged if we or others in our industry do not act, or are perceived not to act, responsibly with respect to our impact on the environment. In addition, our host retailers in our Acima segment may face similar risks, which could adversely impact the ~~performance~~ **results** of our Acima ~~results~~ **segment** . The success of our Franchising segment is dependent on the ability and success of our third **-** party franchisees, over which we have limited control. The franchisees of our Franchising segment are independent third **-** party businesses that are contractually obligated to operate in accordance with the operational and other standards set forth in their respective franchise agreements. Although we evaluate potential franchisee candidates before entering into a franchisor - franchisee relationship with them, we cannot be certain that management of a given candidate will have the business acumen or financial resources necessary to operate successful franchises in their approved territories. Because franchisees are independent businesses and not employees, we are not able to control them to the same extent as our Rent - A - Center ~~Business~~ stores, and the ultimate success and quality of a franchise ultimately rests with the franchisee. Certain state franchise laws may also limit our ability to terminate, not renew or modify our franchise agreements. Our franchisees may fail in key areas, or experience significant business or financial difficulties, which could slow our growth, reduce our franchise fees, royalties and revenue, damage our reputation, expose us to regulatory enforcement actions or private litigation and / or cause us to incur additional costs. If we fail to adequately mitigate any such future losses, our business and financial condition could be materially and adversely affected. Our businesses are typically subject to seasonality, which causes our revenues and operating cash flows to fluctuate and may adversely affect our ability to borrow on our credit facilities, service our debt obligations and fund our operations. Our business typically experiences moderate seasonality with the first quarter of each fiscal year generally providing higher merchandise sales than any other quarter, due to customers' receipt of federal tax refunds, followed by reduced demand in the second and third quarters of each fiscal year. This seasonality requires us to manage our cash flows over the course of the year. If our revenues were to fall substantially below what we would normally expect during certain periods, our annual financial results, our ability to borrow on our credit facilities, and our ability to service our debt obligations or fund our operations could be adversely affected. Our current insurance program may expose us to unexpected costs and negatively affect our financial performance. Our insurance coverage is subject to deductibles, self- insured retentions, limits of liability and similar provisions that we believe are prudent based on our operations. We may elect to accept higher deductibles or reduce the amount of coverage to reduce ~~exposure~~ **insurance cost** . Because we self- insure a significant portion of expected losses under our workers' compensation, general liability, vehicle and group health insurance programs, unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including potential increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs. This could have a material adverse effect on our financial condition and results of operations. If we were not able to send or accept electronic payments, our business and financial results could be adversely affected. We rely on access to various financial networks to process payments received from our customers. These include credit card and debit card networks and the Automated Clearing House (ACH) network. Our ability to participate in these networks depends on our compliance with applicable laws and regulations and with the complex rules of each network and any related industry supervisory groups. If we fail to comply with legal requirements or rules and best practices established by a network or industry group, including those related to data security, we could be assessed significant monetary fines and other penalties, including, in certain cases, the termination of our right to use the applicable network or system. Such fines and penalties, and any disruption in or termination of our ability to process customer payments electronically, could materially adversely affect our business and our brand. Risks Relating to Legal and Compliance Matters In addition to laws and regulations regarding our lease - to - own transactions, we are subject to consumer protection and data privacy laws and other laws and regulations. As we execute on our strategic plans, we may continue to expand into complementary businesses that engage in financial, banking or lending services, or lease- to- own 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 additional statutory and regulatory requirements not presently applicable to our operations. We have defended against, continue to defend against, and may in the future defend against, legal and regulatory proceedings from time to time, including class action lawsuits and regulatory enforcement proceedings alleging various regulatory violations. We have incurred and may in the future incur significant damages, fines, penalties, obligations to post bonds pending appeal or legal fees or expenses in connection with such legal and regulatory proceedings or may pay significant amounts to settle legal or regulatory proceedings, which could materially and adversely affect our **results of operations,** liquidity and capital resources. The failure to pay any material judgment would constitute a default under the ABL Credit Facility, the Term Loan Facility and the Notes (as defined in " ~~Item 7.~~ Management' s Discussion and Analysis of Financial Condition and Results of ~~Operation~~ **Operations** " **contained in Item 7 of this Annual Report on Form 10- K**). In addition, we may become subject to significant restrictions on or changes to our business practices, operations or methods, including pricing **, account management,** or similar terms, as a result of existing or future governmental or other proceedings or settlements, any of which could significantly harm our reputation, both with consumers as well as with retail partners and materially and adversely affect our business, prospects and financial condition. In an attempt to limit costly and lengthy consumer, employee and other litigation, including class actions, we require our customers and employees to sign arbitration agreements, including class action waivers. However, in addition to opt- out provisions contained in such agreements, judicial, regulatory or legislative actions may restrict or eliminate the enforceability of such agreements and waivers. In the past, various courts and administrative authorities have concluded that arbitration agreements with class action waivers are unenforceable, particularly where a small dollar amount is in controversy on an individual basis. 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, employees 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. See Note M **to our consolidated financial statements included** in this Annual Report on Form 10- K for additional information regarding certain legal and regulatory proceedings impacting our company. **In December 2020,** ~~Prior~~ **prior** to the execution of the ~~Merger~~ **definitive** ~~Agreement~~ **agreement to acquire Acima** , Acima received a Civil Investigative Demand dated October 1, 2020 (the " CID ") from the CFPB requesting certain information, documents and data relating to Acima' s products, services and practices for the period from January 1, 2015 to the ~~date~~ **dates** on which responses to the CID are provided in full. The purpose of the CID ~~is~~ **was** to determine whether Acima extends credit, offers leases, or otherwise offers or provides a consumer financial product or service and whether Acima complies with certain consumer financial protection laws. ~~We are fully~~ **After the original CID, the CFPB issued subsequent CIDs requesting further information, documents and testimony. Acima has completed its responses to all CIDs and has been** cooperating with the CFPB **throughout their** investigation **. On May 16, 2023, in accordance with the CFPB' s Notice and Opportunity to Respond and Advise (" NORA ") process, the CFPB staff notified Acima that the staff may allege that Acima violated the Consumer Financial Protection Act of 2010; the Truth in Lending Act and its implementing regulation, Regulation Z; the Electronic Fund Transfer Act and its implementing regulation, Regulation E; and the Fair Credit Reporting Act and its implementing regulation, Regulation V** . The CFPB ~~has~~ **staff further stated that the CFPB' s Office of Enforcement may recommend that the CFPB take legal action against Acima based on these potential allegations, and, in connection therewith, the staff may seek remedies including restitution, disgorgement, damages, injunctive relief, and civil money penalties. On June 20, 2023, Acima submitted its response to the NORA notice, in which Acima asserted that the staff' s potential allegations lacked merit. As of the date of this Annual Report on Form 10- K, we have** not **yet received** ~~made any allegations in~~ the ~~investigation, and we~~ **CFPB' s response to Acima' s submission in accordance with the NORA process. We** are currently unable to predict the ~~eventual scope,~~ **CFPB' s response to the NORA process or the** ultimate timing or outcome of the CFPB investigation **or any legal proceedings arising therefrom** . On the terms and subject to the conditions set forth in the ~~Merger~~ **definitive** ~~Agreement~~ **agreement to acquire Acima** , the former owners of Acima agreed to indemnify Upbound Group, Inc. for certain losses arising after the consummation of the ~~Merger~~ **transaction** with respect to the CID ~~and certain pre- closing taxes~~ . The indemnification obligations of the former owners of Acima **with respect to the CID** are limited to **the remaining amount of** an indemnity holdback ~~in the aggregate amount~~ **which is now approximately $ 45 million** of **a** $ 50 million **initial holdback** ~~, which was~~ escrowed at the closing of the ~~Merger,~~ **transaction for the CID** and ~~is~~ **other matters and will be** Upbound Group, Inc.' s sole recourse against the former owners of Acima with respect to all of the indemnifiable claims under the **definitive** ~~Merger Agreement. In respect of certain pre- closing taxes, a portion of the escrowed funds were released to Acima' s former owners on the first business day following the date that was 18 months after the closing date of the~~ transaction ~~, in accordance with the Merger Agreement~~ **agreement** . **On May 19** ~~In respect of the CID~~ , **2023, in light of** ~~other than with respect to any then~~ - **the above** - **referenced NORA notice,** ~~pending or unresolved claims for indemnification submitted by~~ Upbound Group, Inc. ~~, remaining escrowed funds~~ **submitted an indemnification claim notice pursuant to the definitive agreement to acquire Acima. As** of **the date of this Annual Report on Form 10- K, approximately** $ 45 million **remains escrowed in respect** ~~will be released on the earlier~~ of ~~the third anniversary of the closing date of the Merger and the date on which a final determination is entered providing for a resolution of the matters regarding~~ the CID. There can be no assurance that the **remaining** ~~CID will be finally resolved prior to the release to the former owners of Acima of the escrowed funds reserved therefor, or that such~~ escrowed amount will be sufficient to address all covered losses or that the CFPB' s ongoing investigation or future exercise of its enforcement, regulatory, discretionary or other powers will not result in findings or alleged violations of consumer financial protection laws that could lead to enforcement actions, proceedings or litigation, whether by the CFPB, other state or federal agencies, or other parties, and the imposition of damages, fines, penalties, restitution, other monetary liabilities, sanctions, **settlements** or changes to Acima' s business practices or operations that could materially and adversely affect our business, financial condition, results of operations or reputation. **In addition, Acima is also subject to the pending multi- state attorneys' general matter and New York Attorney General matter, as described further in Note M to our consolidated financial statements included in this Annual Report on Form 10- K. There can be no assurance that either of these additional matters will not result in findings or alleged violations of**

consumer financial protection laws that could lead to enforcement actions, proceedings or litigation, whether by the multi- state attorneys' general group, New York Attorney General, other state or federal agencies, or other parties, and the imposition of damages, fines, Although there is currently no comprehensive federal legislation regulating rental purchase transactions, federal regulatory authorities such as the United States Federal Trade Commission and the CFPB are increasingly focused on the subprime financial marketplace in which the lease- to- own industry operates and adverse federal legislation may be enacted in the future. Any federal agency, or any state regulatory authority, may propose and adopt new regulations or interpret existing regulations in a manner that could materially increase both our costs of complying with laws and the risk that we could be sued or be subject to government sanctions if we are not in compliance or to alter our business practices in a manner that reduces the economic potential of our operations. Any such new laws, regulations or interpretations could include, by way of example only, those that seek to re- characterize store- based or virtual lease- to- own transactions as credit sales and to apply consumer credit laws and regulations to our business. In addition, federal and state regulators are increasingly holding businesses operating in the lease- to- own industry to higher standards of monitoring, disclosure and reporting, notwithstanding the adoption of any new laws or regulations applicable to our industry. Furthermore, regulators and courts may apply laws or regulations to our businesses in incorrect, inconsistent or unpredictable ways that may make our 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 affect the manner in which we operate. In addition, legislative or regulatory proposals regarding our industry, or interpretations of them, may subject Upbound Group, Inc. to " headline risks " whereby media attention to these matters could negatively impact our business in a particular region or in general or investor sentiment **,** and may materially and adversely affect our **securities** ~~share price~~ . Moreover, an adverse outcome from a lawsuit, even one against one of our competitors, could result in changes in the way we and others in the industry do business, possibly leading to significant costs or decreased revenues or profitability. See Note M **to our consolidated financial statements included** in this Annual Report on Form 10- K for additional information regarding certain legal and regulatory proceedings impacting our company. Currently, 46 states, the District of Columbia and Puerto Rico have passed laws that regulate rental purchase transactions as separate and distinct from credit sales. One additional state has a retail installment sales statute that excludes leases, including lease- to- own transactions, from its coverage if the lease provides for more than a nominal purchase price at the end of the rental period. The specific rental purchase laws generally require certain contractual and advertising disclosures. They also provide varying levels of substantive consumer protection, such as requiring a grace period for late fees and contract reinstatement rights in the event the rental purchase agreement is terminated. The rental purchase laws of 11 states limit the total amount that may be charged over the life of a rental purchase agreement **,** and the laws of six states limit the cash prices for which we may offer merchandise. Furthermore, there is currently no comprehensive federal legislation regulating lease- to- own transactions. We have incurred and will continue to incur substantial costs to comply with federal and state laws and regulations, many of which are evolving, unclear and inconsistent across various jurisdictions as described above. In addition to compliance costs, we **have in the past and** 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. Similar to other consumer transactions, our lease- to- own ~~purchase~~ transactions are also governed by various federal and state consumer protection statutes, in addition to the lease- to- own purchase statutes under which we operate, that provide various consumer remedies, including monetary penalties, for violations. We have been and continue to be subject to disputes alleging that we have violated some of these statutory provisions, including matters initiated by regulatory authorities. See " ~~—~~The outcome of the **previously disclosed** ~~Consumer Financial Protection Bureau' s investigation~~ **investigations by the CFPB, multi- state attorneys' general group and the New York Attorney General** into certain of Acima' s business practices is uncertain and may materially and adversely affect our business " above and Note M **to our consolidated financial statements included** in this Annual Report on Form 10- K for additional information regarding certain legal and regulatory proceedings impacting our company. The regulatory environment related to information security and data collection, use and privacy is increasingly rigorous, with new and constantly- changing requirements applicable to certain aspects of our business, including our collection practices (as well as those of third **-** parties), the manner in which we contact our customers, our decisioning process regarding whether to lease merchandise to customers, any payment information we may decide to furnish to consumer reporting agencies, our credit reporting practices, and the manner in which we process and store certain customer, employee and other information. All states have adopted laws requiring the timely notification to individuals and, at times, regulators, the media or credit reporting agencies, if a company experiences the unauthorized access or acquisition of PII. Many states have enacted additional data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of PII and other information. For instance, the California Consumer Privacy Act of 2018 (the " CCPA "), which became effective on January 1, 2020, contains, among other things, new disclosure obligations for businesses that collect PII from California residents and affords those individuals numerous rights relating to their PII. The CCPA has changed the manner in which we collect, store and use consumer data and has resulted in increased regulatory oversight, litigation risks and costs of compliance. Furthermore, ~~a California ballot initiative from privacy rights advocates intended to augment and expand the CCPA called~~ the California Privacy Rights Act (the " CPRA ") was passed in November 2020 **and is intended to augment and expand the CCPA,** and many of the CPRA' s provisions became effective on January 1, 2023 (with respect to information collected from and after January 2022). The CPRA significantly ~~modifies~~ **modified** the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency that is vested with authority to implement and enforce the CCPA and the CPRA. Moreover, other states have adopted and may continue to adopt privacy- related laws whose restrictions and requirements differ from those of California, which could require 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. These costs, including others relating to increased regulatory oversight and compliance, could materially and adversely affect our business. In addition, given that privacy and customer data protection laws may be interpreted and applied inconsistently and are in a state of flux that varies by jurisdiction, our data protection policies and practices may not be consistent with the most recent interpretations and applications of such laws at all times. Complying with these varying requirements could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. Any failure, or perceived failure, by us to comply with our own privacy policies or with any legal or regulatory requirements or orders or other privacy or consumer protection related laws and regulations could result in proceedings or actions against us by governmental entities or others, subject us to significant penalties and negative publicity and materially and adversely affect our operating results. While our policies and compliance programs are intended to promote legal and ethical business practices, there is a risk that our employees, agents or business partners, including retail partners and franchisees, could engage in misconduct that materially and adversely affects our reputation, ability to do business or our operating results or financial condition. For instance, our operations in the U. S. and abroad are subject to certain laws generally prohibiting companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, such as the U. S. Foreign Corrupt Practices Act, and similar anti- bribery laws in other jurisdictions. Violations by our employees, contractors or agents of policies and procedures we have implemented to ensure compliance with these laws could subject us to civil or criminal investigations in the U. S. and in other jurisdictions, could lead to substantial civil and criminal, monetary and non- monetary penalties, and related ~~shareholder~~ **stockholder** lawsuits, could cause us to incur significant legal fees and could damage our reputation. Other misconduct, including discrimination or harassment in the workplace, illegal or suspicious activity and breaches in the protection of consumer information, could similarly subject us to regulatory sanctions and negatively impact our reputation, business, operating results or financial condition. In addition, misconduct by our employees or agents could prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect violations of such rules. Furthermore, alleged or perceived misconduct by our employees, agents or business partners, including retail partners, even if not substantiated, may attract negative publicity that could damage our reputation and impair our ability to maintain and develop relationships with our vendors, customers and other third **-** parties with whom we do business and to attract and retain employees. Our products and services may be negatively characterized by consumer advocacy groups, the media and certain federal, state and local government officials, and if those negative characterizations become increasingly accepted by consumers and / or our retail partners, demand for our goods and the transactions we offer could decrease and our business could be materially and adversely affected. Certain **third- parties, including** consumer advocacy groups, media reports, **and** federal and state **government** ~~regulators and legislators, and certain candidates for political offices~~ **officials** have asserted that laws and regulations regarding lease- to- own transactions should be broader and more restrictive. The 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 seeking to borrow money to finance purchases. This “ cost- of- rental ” amount, which is generally defined as total lease 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 the fundamental difference between a credit transaction and a lease transaction **, lease customers' early purchase options** , the fact that consumers can return their leased merchandise at any time without penalty or further payment obligations or the numerous other benefits to consumers of lease- to- own programs compared to traditional financing, or the lack of viable alternatives available to many of these consumers to obtain critical household items. If the negative characterization of lease- to- own transactions becomes increasingly accepted by consumers or our retail and merchant partners, demand for our products and services could significantly decrease, which could have a material adverse effect on our business, results of operations and financial condition. Additionally, if the negative characterization of lease - to - own transactions is accepted by regulators and legislators, our business may 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 and 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 and our relationships with our retail partners may suffer, which could have a material adverse effect on our business, results of operations and financial condition. Additionally, any failure by our competitors, including smaller, regional competitors, to comply with the laws and regulations applicable to the traditional and / or virtual lease- to- own models, or any actions by our competitors that are challenged by consumers, advocacy groups, the media or governmental agencies or entities as being abusive or predatory, could result in Upbound Group, Inc. being perceived as engaging in similar unlawful or inappropriate activities or business practices, merely because we operate in the same general industries as such competitors. Such perception, whether or not accurate, could have a material adverse effect on our business, results of operations and financial condition. Disputes with or involving our franchisees may lead to litigation with our franchisees, which may materially and adversely affect our relationships with franchisees or our reputation, or cause us to incur significant expenses that materially and adversely affect our results of operations. As a franchisor, we are subject to regulation by various federal and state laws and regulations that govern the relationship between us and our franchisees and the offer and sale of franchises. If we fail to comply with these laws, we could be liable for damages to franchisees and fines or other penalties, as well as the loss of franchise fees and ongoing royalty revenues. 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 for a variety of reasons, including disputes related to alleged breaches of contract or wrongful termination under the franchise arrangements.

We may also have disputes with franchisees in connection with transactions whereby we have re- franchised previously company- owned locations and sold them to the franchisee, including disputes regarding our indemnification obligations pursuant to those transaction agreements. Further, we may engage in 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, or to enforce any applicable contractual indemnification rights if we are brought into a matter involving a third party due to an alleged act or omission by the franchisee. 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 and adversely affect our relationships with or ability to attract new franchisees. Any negative outcome of these or any other claims could materially and adversely affect our results of operations as well as our ability to expand our franchise system and may damage our reputation and brand. Moreover, federal and state laws that regulate substantive aspects of our relationships with franchisees may limit our ability to terminate our franchise arrangements or otherwise resolve conflicts with our franchisees or enforce contractual duties or rights we believe we have with respect to our franchisees, which could materially and adversely affect our operations. We may face liability or reputational harm for the actions, omissions and liabilities of our franchisees, which could materially and adversely affect our results of operation. 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. However, under the franchise business model, we may face claims, liabilities and reputational harm based on vicarious liability, joint - employer liability, or other theories ~~or~~ **of** ~~liabilities~~ **liability** . Expansion of these bases for liability not only could result in expensive litigation with our franchisees **, third- parties** or government agencies, but also could make it more difficult to appropriately support our franchisees while managing our risk of liability and reputational harm, all of which could impact our results of operations. For instance, in 2015, the National Labor Relations Board adopted a broad standard for determining when two or more otherwise unrelated employers may be found to be a joint employer of the same employees under the National Labor Relations Act. The National Labor Relations Board then issued a rule in 2020 requiring " substantial direct and immediate control " over one or more " essential terms or conditions of employment " in order to establish joint liability. On ~~September 6~~ **October 27** , ~~2022~~ **2023** , the National Labor Relations Board ~~issued~~ **adopted** a ~~notice of proposed rulemaking~~ **new rule, which went into effect** on **February 26** ~~the joint- employer standard~~ , ~~and the comment period for the proposed rule ended on December 7, 2022~~ **2024** ~~. The proposed rule would overturn the 2020 rule and reestablish the rule adopted in 2015~~ , ~~under~~ **pursuant to** which two or more employers ~~would~~ **will** be considered joint employers if they " share or codetermine ~~those~~ -- **the** ~~matters governing~~ employees' essential terms and conditions of employment. " In making this determination, the National Labor Relations Board **will** ~~proposes to~~ consider both direct evidence of control and evidence of reserved and indirect control over the essential terms and conditions **to the extent such reserved or indirect control supplements and reinforces evidence of the entity' s possession or exercise of direct and immediate control over a particular essential term of employment. There is currently litigation pending challenging the rule** . If ~~the proposal is adopted~~ **this rule becomes effective** , it could cause us or our franchisees to be liable or held responsible for unfair labor practices, violations of wage and hour laws, or other violations or require our franchises to conduct collective bargaining negotiations regarding employees of our franchisees. If ~~such changes occur~~ **this rule becomes effective** , 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 and civil liability, which could materially and adversely affect our results of operations. The success of our business depends in part on identification of the names" Upbound"," Rent- A- Center" and" Acima", and the success of our lease- to- own model depends in large part on our proprietary decisioning algorithm, our e - commerce platform and other proprietary technologies that we currently have or may develop in the future. To protect our intellectual property rights, we rely, or may from time to time rely, on a combination of trademark, trade dress, domain name, copyright, trade secret and patent laws, as well as confidentiality and license agreements with our employees, contractors and other third **-** parties with whom we have relationships. However, our efforts to protect our intellectual property rights may not be sufficient or effective to prevent misappropriation or infringement of our intellectual property or proprietary information, which could result in a loss of our competitive advantage. In addition, any of our intellectual property rights may be challenged, which could result in their being narrowed in scope or declared invalid or unenforceable. Any litigation or claims relating to our intellectual property and proprietary information brought by or against us, whether with or without merit, or whether successful or not, could result in substantial costs and diversion of our resources, which could have a material adverse effect on us. Moreover, competitors or other third **-** parties may allege that we, or agents, consultants or other third **-** parties retained or indemnified by us, have infringed on their intellectual property rights. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property- related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts of money to defend the claim (even if we ultimately prevail). We may also be required to pay significant money damages. In the event of a settlement or adverse judgment, our results of operation may materially decline if we are prohibited from using the relevant systems, processes, technologies or other intellectual property, especially if we are forced to cease offering certain products or services, or are required to pay to the alleged owner of the relevant intellectual property licensing fees, royalties or technology development expenses. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims may be time consuming and expensive and may result in the diversion of time and attention of our management and employees. The taxes applicable to our operations can be difficult to determine and are subject to change, and our 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 lease- to- own industry generally and our virtual lease- to- own

Acima and e- commerce businesses more specifically. Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the lease- to- own industry and e- commerce and, therefore, in many cases it is not clear how existing statutes apply to our various business activities. Failure to comply with such statutes, or a successful assertion by applicable tax authorities requiring us to collect taxes in a location or for transactions where we presently do not, could result in substantial tax liabilities, including for past sales and leases, as well as penalties and interest. In addition, if the tax authorities in jurisdictions where we are already subject to sales tax or other indirect tax obligations were to successfully challenge our positions, our tax liability could increase substantially. For instance, following a United States Supreme Court decision in June 2018, states may require a remote seller with no physical presence in the state to collect and remit sales tax on goods and services provided to purchasers in the state. Our Acima ~~business~~ **segment** may become subject to additional taxes if state or municipal legislatures adopt tax reform that subjects our lease- to- own transactions originated at the locations of Acima' s retail partners to taxation in that jurisdiction, despite Upbound Group, Inc. having no physical presence in that jurisdiction. As governments increasingly search for ways to increase revenues, states may adopt tax reform or take other legislative action designed to raise tax revenues, including by expanding the scope of transactions subject to taxation or by increasing applicable tax rates, or interpreting existing sales, income and other tax regulations in a manner adverse to our business. Such changes could subject our business to new or increased tax obligations, which could have a material adverse effect on our results of operations. As of December 31, ~~2022~~ **2023** , our total indebtedness was approximately $ 1. ~~4~~ **3** billion. We also had undrawn commitments available for borrowings of an additional $ ~~395~~ **429** . 6 million under the ABL Credit Facility (after giving effect to approximately $ ~~64~~ **50** . 4 million of outstanding letters of credit). ~~Notwithstanding the~~ **In addition, our indebtedness could further** increase ~~in our total indebtedness following our acquisition of Acima Holdings~~ **, and the related risks that we face could intensify. For example** , we expect to continue to evaluate the possibility of acquiring additional businesses and making strategic investments, and we may elect to finance these endeavors by incurring additional indebtedness. Moreover, to respond to competitive challenges, we may be required to raise substantial additional capital to finance new product or service offerings. **We may also require additional capital to fund purchases of merchandise during high volume periods** ~~As a result, our indebtedness could further increase, and the related risks that we face could intensify~~ . Our level of indebtedness, together with any additional indebtedness we may incur in the future, could materially and adversely affect us in a number of ways. For example, the anticipated level of indebtedness or any additional financing could: • make it more difficult for us to pay or refinance our debts as they become due during adverse economic, financial market and industry conditions, resulting in possible defaults on such indebtedness; • require us to use a larger portion of our cash flow for debt service, reducing funds available for other purposes; • impair our ability to take advantage of business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; • increase our vulnerability to adverse economic, industry or competitive developments, including interest rate fluctuations, and decrease our ability to respond to such changes as compared to our competitors with less leverage; • materially and adversely affect our ability to refinance our existing indebtedness or obtain additional financing in the future to fund working capital, capital expenditures and other general corporate purposes, particularly as substantially all of our assets **are** ~~will be~~ subject to liens securing certain of our existing indebtedness; • decrease our profitability and / or cash flow or require us to dispose of significant assets in order to satisfy our debt service and other obligations if cash from operations or other sources is insufficient to satisfy such obligations; • place us at a competitive disadvantage compared to our competitors with proportionally less debt or comparable debt at more favorable interest rates which, as a result, may be better positioned to withstand economic downturns; • increase the risk of a downgrade in the credit rating of us or any indebtedness of us or our subsidiaries which could increase the cost of further borrowings; and • limit our financial resources available to continue paying dividends on our common stock or to repurchase our common stock, as determined in the discretion of our Board of Directors and subject to the restrictive covenants in our debt agreements and applicable law. Although the terms of the indenture that governs the Notes and the terms of the ABL Credit Facility and the Term Loan Facility contain restrictions on the incurrence of additional debt, including secured debt, these restrictions are subject to a number of important exceptions, and debt incurred in compliance with these restrictions could be substantial. If we incur significant additional debt, the related risks could intensify. **The amount of borrowings permitted under the ABL Credit Facility is limited to the value of certain of our assets, and Upbound Group, Inc. relies in part on available borrowings under the ABL Credit Facility for cash to operate its business, which subjects it to market and counterparty risk, some of which is beyond Upbound Group, Inc.' s control.** In addition to cash we generate from our business, our principal existing sources of cash are borrowings available under the ABL Credit Facility. Our borrowing capacity under the ABL Credit Facility varies according to our eligible ~~rental~~ **lease** contracts, eligible installment sales accounts and inventory, net of certain reserves. In the event of any material decrease in the amount or appraised value of these assets, our borrowing capacity would similarly decrease, which could materially and adversely affect our business and liquidity. The documentation governing the ABL Credit Facility contains customary affirmative and negative covenants, and certain restrictions on operations become applicable if our available credit falls below certain thresholds. These covenants could impose significant operating and financial limitations and restrictions on us, including restrictions on our ability to enter into particular transactions and to engage in other actions that we may believe are advisable or necessary for our business. Subject to certain exceptions, our obligations under the ABL Credit Facility are secured by liens on substantially all of our assets. In the event of a default that is not cured or waived within any applicable cure periods, the lenders' commitment to extend further credit under the ABL Credit Facility could be terminated, our outstanding obligations could become immediately due and payable, outstanding letters of credit may be required to be cash collateralized and remedies may be exercised against the collateral. Our access to such financing may be unavailable or reduced, or such financing may become significantly more expensive for any reason, including, but not limited to, adverse economic conditions. In addition, if certain of our lenders experience difficulties that render them unable to fund future draws on the facility, we may not be able to access all or a portion of these funds. If our access to borrowings under the ABL

Credit Facility is unavailable or reduced, we may not have the necessary cash resources for our operations, and, if any event of default occurs, there is no assurance that we would have the cash resources available to repay such accelerated obligations, refinance such indebtedness on commercially reasonable terms, or at all, or cash collateralize our letters of credit, which would have a material adverse effect on our business, financial condition, results of operations and liquidity. We may not be able to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. Our failure to meet our debt service obligations could have a material adverse effect on our business, financial condition and results of operations. As of December 31, ~~2022~~ **2023** , the annual cash interest payments on our indebtedness are approximately $ ~~71~~ **106** million, which could fluctuate depending on changes in interest rates. We depend on cash on hand and cash flows from operations to make scheduled debt payments. We expect to be able to meet the estimated cash interest payments on our indebtedness through our cash flows from operations. However, our ability to generate sufficient cash flow from operations and to utilize other methods to make scheduled payments will depend on a range of economic, competitive and business factors, many of which are outside of our control, and there can be no assurance that these sources will be adequate. If we are unable to service our indebtedness and fund our operations, we will be forced to adopt an alternative strategy that may include: • reducing or delaying capital expenditures; • limiting our growth; • seeking additional capital; • selling assets; • reducing or eliminating the dividend on our common stock; or • restructuring or refinancing our indebtedness. Even if we adopt an alternative strategy, the strategy may not be successful and we may be unable to service our indebtedness and fund our operations, which could have a material adverse effect on our business, financial condition or results of operations. In addition, the ABL Credit Facility and the Term Loan Facility are secured by liens on substantially all of our and our restricted subsidiaries' assets, and any successor credit facilities are likely to be secured on a similar basis. As such, our ability to refinance our indebtedness or seek additional financing, or our restricted subsidiaries' ability to make cash available to us, by dividend, debt repayment or otherwise, to enable us to repay the amounts due under our indebtedness, could be impaired as a result of such security interests and the agreements governing such security interests. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations. In addition, if we cannot make scheduled payments on our debt, we will be in default and lenders under the ABL Credit Facility could terminate their commitments to loan money, holders of the Notes and lenders under the ABL Credit Facility and the Term Loan Facility could declare all outstanding principal and interest to be due and payable, and lenders under the ABL Credit Facility and the Term Loan Facility could foreclose against the assets securing such indebtedness and Upbound Group, Inc. could be forced into bankruptcy or liquidation. Restrictive covenants in certain of the agreements and instruments governing our indebtedness may materially and adversely affect our financial and operational flexibility. The terms of our indebtedness include restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interest, including restrictions on our ability to, among other things, (i) create liens; (ii) transfer or sell assets; (iii) incur indebtedness or issue certain preferred stock; (iv) pay dividends, redeem stock or make other distributions; (v) make other restricted payments or investments; (vi) create restrictions on payment of dividends or other amounts by us to our restricted subsidiaries; (vii) merge or consolidate with other entities; (viii) engage in certain transactions with affiliates; and (ix) designate our subsidiaries as unrestricted subsidiaries. In addition, our ability to access the full amount available under the ABL Credit Facility is subject to compliance with a financial maintenance covenant requiring that we maintain at least a specified fixed charge coverage ratio (as such ratio is defined in the ABL Credit Facility). Our failure to comply with any of these covenants could result in reduced borrowing capacity and / or an event of default that, if not cured or waived, could result in the acceleration of certain of our debt, which could have a material adverse effect on our business, financial condition and results of operations. Our ability to comply with these covenants may be affected by events beyond our control, and any material deviations from our forecasts could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We cannot assure you that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to us. A breach of any of the covenants or restrictions could result in an event of default. Such a default, if not cured or waived, could allow our debt holders to accelerate the related debt, as well as any other debt to which a cross- acceleration or cross- default provision applies, or to declare all borrowings outstanding thereunder to be due and payable. In the event our debt is accelerated, our assets may not be sufficient to repay such debt in full. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. A portion of our indebtedness bears interest at variable rates that are linked to changing market interest rates. As a result, an increase in market interest rates will increase our interest expense and our debt service obligations on the variable rate indebtedness, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of December 31, ~~2022~~ **2023** , approximately $ ~~950~~ **881** million of our indebtedness was variable rate indebtedness, and, assuming all loans were fully drawn, each quarter - point (0. 25 %) change in interest rates would result in an additional $ 2. ~~4~~ **2** million annualized pretax charge or credit to our Consolidated ~~Statement~~ **Statements** of Operations. As of the date of this Annual Report on Form 10- K, we have not entered into any interest rate swap agreements. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate interest rate risk. A change in control could accelerate our obligation to pay our outstanding indebtedness, and we may not have sufficient liquid assets at that time to repay these amounts. Under the agreements governing our ABL Credit Facility and our Term Loan Facility, an event of default will result if a third party becomes the beneficial owner of 40 % or more of our voting stock, in which case our obligations under such facilities may become immediately due and payable. In addition, under the indenture governing the Notes, we are obligated to offer to purchase the Notes at a purchase price equal to 101 % of the principal amount of the Notes, plus accrued and unpaid interest to the date of the purchase, upon the occurrence of certain changes in control, including, subject to certain exceptions, the consummation of any transaction that results in any person becoming the beneficial owner of at least 50 % of our voting stock or a sale of substantially all of our assets. Upbound Group, Inc. may enter into additional financing arrangements in the future that require the repayment of outstanding amounts in similar circumstances. If a specified change in control occurs and the lenders or debt holders under our debt instruments accelerate our obligations, we may not have sufficient liquid assets to repay amounts outstanding under such agreements or be able to arrange for additional financing to fund such obligations, which could result in an event of default under the relevant instrument and could cause any other debt that we may have at that time to become automatically due, further exacerbating the adverse impacts on our financial condition. Upbound Group, Inc.' s organizational documents contain provisions that authorize its Board of Directors to issue blank check preferred stock and establish advance notice requirements on its stockholders for director nominations and actions to be taken at meetings of the stockholders. In addition, as a Delaware corporation, Upbound Group, Inc. is subject to Section 203 of the Delaware General Corporation Law, which prohibits persons that acquire, or are affiliated with any person that acquires, more than 15 % of our outstanding common stock from engaging in any business combination with Upbound Group, Inc. for a three- year period following the date of such acquisition, subject to limited exceptions. Furthermore, the terms of our indebtedness include various change in control provisions which, in the event of a change in control, would cause a default under such indebtedness. These provisions and arrangements could delay, deter or prevent a merger, consolidation, tender offer or other business combination or change in control involving us, whether favored or opposed by our management or our stockholders. For instance, the consummation of any such transaction in certain circumstances may require the redemption or repurchase of the Notes, and there can be no assurance that we or the potential ~~acquiror~~ **acquirer** will have sufficient financial resources to ~~affect~~ **effect** such a redemption or repurchase. If our goodwill or other intangible assets become impaired, we may be required to record a significant charge to earnings. We assess our goodwill and intangible assets for impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill for impairment at the reporting unit level. If goodwill or intangible assets are deemed to be impaired, an impairment loss equal to the amount by which the carrying amount exceeds the fair value of the assets would be recognized. We would be required to record a charge in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, which may be significant and would negatively affect our results of operations reported under U. S. GAAP ~~. We expect to realize potential revenue and cost synergies as a result of the Merger. While we believe these synergies are achievable, our ability to achieve such estimated synergies and the timing of achieving any such synergies is subject to various assumptions by our management, which may or may not be realized, as well as the incurrence of other costs in our operations that offset all or a portion of such synergies. As a consequence, we may not be able to realize all of these synergies within the timeframe expected or at all. In addition, we may incur additional and / or unexpected costs in order to realize these synergies. Failure to achieve the expected synergies could significantly reduce the expected benefits associated with the Merger and materially and adversely affect our business, financial condition and results of operations. We may be unable to successfully integrate Acima' s business and realize the anticipated benefits of the Merger. Upbound Group, Inc. and Acima operated as independent companies prior to the consummation of the Merger in February 2021. We have devoted, and expect to continue to devote, significant management attention and resources to integrating the business practices and operations of Acima with the other business of Upbound Group, Inc. Potential difficulties we may encounter in the integration process include the following: • the inability to successfully combine the businesses of Upbound Group, Inc. and Acima in a manner that permits Upbound Group, Inc. to achieve the cost savings or revenue enhancements anticipated to result from the Merger, which would result in the anticipated benefits of the Merger not being realized in the time frame currently anticipated or at all; • the complexities associated with managing Upbound Group, Inc. out of several different locations and integrating personnel from Acima, resulting in a significantly larger combined company, while at the same time attempting to provide consistent, high quality products and services; • the complexities of consolidating retail partner locations; • the additional complexities of integrating a company with different products, services, markets, suppliers, vendors and customers; • coordinating corporate and administrative infrastructures; • coordinating accounting, information technology, communications, administration and other systems; • complexities associated with implementing necessary controls for Acima' s business activities to address Upbound Group, Inc.' s requirements as a public company; • identifying and eliminating redundant and underperforming functions and assets; • difficulty addressing possible differences in corporate culture and management philosophies; • the failure to retain key employees of either Acima or Upbound Group, Inc.; • potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger, including litigation relating to the Merger or the ultimate outcome of the previously disclosed CFPB investigation or multi- state attorney general matter; • performance shortfalls at one or both of the two companies as a result of the diversion of management' s attention to efforts to integrate Acima' s operations; and • a deterioration of credit ratings. For all these reasons, the integration process could result in the distraction of Upbound Group, Inc.' s management, the disruption of Upbound Group, Inc.' s ongoing business or inconsistencies in its products, services, standards, controls, procedures and policies, any of which could materially and adversely affect our ability to maintain relationships with our customers, retail partners, vendors and employees or to achieve the anticipated benefits of the Merger, or could otherwise materially and adversely affect our business and financial results. An inability to realize the full extent of the anticipated benefits and cost synergies of the Merger, as well as any delays encountered in the integration process, could have a material adverse effect on the revenues, level of expenses and operating results of the combined company, which may materially and adversely affect the value of Upbound Group, Inc.' s securities. In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefit of our plan for integration may not be realized. Actual synergies, if achieved at all, may be lower than what we expect and may take longer to achieve than anticipated. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, or the benefits from the Merger may be offset by costs incurred or delays in integrating the companies. If we are not able to adequately address these challenges, we may be unable to successfully integrate Acima' s operations into our~~

~~other businesses or, even if we are able to combine such business operations successfully, to realize the anticipated benefits of the integration of the two companies~~ . Risks Relating to Our Structure or an Investment in Our Common Stock We are a holding company and are dependent on the operations and funds of our subsidiaries. We are a holding company, with no revenue generating operations and no assets other than our ownership interests in our direct and indirect subsidiaries. Accordingly, we are dependent on the cash flow generated by our direct and indirect operating subsidiaries and must rely on dividends or other intercompany transfers from our operating subsidiaries to generate the funds necessary to meet our obligations, including the obligations under the ABL Credit Facility, Term Loan Facility and the Notes. The ability of our subsidiaries to pay dividends or make other payments to us is subject to applicable state laws. Should one or more of our subsidiaries be unable to pay dividends or make distributions, our ability to meet our ongoing obligations could be materially and adversely affected. If we are unable to satisfy the financial and other covenants in our debt agreements, our lenders could elect to terminate the agreements and require us to repay the outstanding borrowings, or we could face other substantial costs. Our stock price is volatile, and you may not be able to recover your investment if our stock price declines. The price of our common stock has been volatile and can be expected to be significantly affected by factors such as: • our perceived ability to meet market expectations with respect to the growth and profitability of each of our operating segments ~~and to timely achieve the expected benefits of the Merger~~ ; • quarterly variations in our results of operations, which may be impacted by, among other things, changes in same store sales, invoice volume or when and how many locations we acquire, franchise, open, sell or close; • quarterly variations in our competitors' results of operations; • changes in earnings estimates or buy / sell recommendations by financial analysts; • how our actual financial performance compares to the financial performance guidance we provide; • state or federal legislative or regulatory proposals, initiatives, actions or changes that are, or are perceived to be, adverse to our business; • the stock price performance of comparable companies; • the unpredictability of global and regional economic and political conditions; • general conditions in the consumer financial service industry, the domestic or global economy or the domestic or global credit or capital markets; • negative commentary regarding us and corresponding short- selling market behavior; • adverse developments in our relationships with our customers **, retail partners** or vendors; • legal proceedings brought against us or our officers and directors **, including the matters described in Note M to our consolidated financial statements included in this Annual Report on Form 10- K** ; • changes in our senior management team; and • the impact of any of the other risk factors discussed or incorporated by reference herein. In addition, the stock market as a whole historically has experienced price and volume fluctuations that have affected the market price of many specialty retailers in ways that may have been unrelated to such companies' operating performance. There can be no assurance as to the dividends that we may pay on our common stock or as to future stock repurchases. Holders of our common stock are only entitled to receive such dividends as our Board of Directors may declare **in its discretion** out of funds legally available for such payments. Although we have paid quarterly cash dividends on our common stock since 2019, we are not required to declare or pay any dividends and there may be circumstances under which we may be unable to declare and pay dividends or repurchase our shares under applicable Delaware law or due to the impact of restrictive covenants in our debt agreements. In addition, we may elect to eliminate or reduce our common stock dividend or not to implement additional stock repurchases in the future for any reason. Any elimination of or reduction in the amount of our common stock dividend or the failure to implement future stock repurchases could materially and adversely affect the market price of our common stock. A lowering or withdrawal of the ratings assigned to Upbound Group, Inc.' s debt by rating agencies may increase our future borrowing costs and reduce our access to capital. Our indebtedness currently has a non- investment grade rating, and any rating assigned to our debt could be lowered or withdrawn entirely by a rating agency if, in that rating agency' s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Credit ratings are not recommendations to purchase, hold or sell any securities of our company. Additionally, credit ratings may not reflect the potential effect of risks relating to any securities of our company. Any downgrade by either S & P or Moody' s may result in higher borrowing costs. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. ~~32~~