

**upbound**<sup>TM</sup>

**2022 Sustainability Report**  
April 2023

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# Introduction

At Upbound Group, we are committed to upholding our environmental, social and governance (ESG) responsibilities in ways that align with our overall business strategy. Our 2022 Sustainability Report highlights our ongoing efforts to develop and implement our ESG strategy, while also providing a data-driven overview of our current performance on topics that we believe are most relevant to our business. Throughout this report, we aim to provide updates on our progress toward achieving our short-term objectives while also establishing a framework for monitoring ESG risks and opportunities in the long term.

With the recent corporate rebrand, Upbound has entered an exciting new phase of the business. Under our new enterprise brand, we believe that our business segments will be even more unified in pursuit of our mission to elevate financial opportunities for all. This transition has also provided us with the opportunity to refine our ESG strategy, which is designed to effectively manage the evolving risks and opportunities across all areas of our business.

# Letter from the CEO

Our business was founded on the premise of providing people who are underserved by the mainstream financial system with the ability to access high-quality products under terms that work for a range of financial circumstances. To succeed in this business, it has been essential to integrate with and support the communities we operate in. Over time, this has imbued the Company with an ethos of opportunity, equity, and shared responsibility.

As part of this ethos, we are also taking strides to improve our sustainable business practices. In 2021, we conducted a materiality assessment, published our inaugural sustainability report, and set 2022 sustainability objectives. I am pleased to say that we met those objectives and we're proud to share our progress with you in this report, including:

- Environment
  - Completed our first greenhouse gas emissions inventory focused on Scope 1 and Scope 2 emissions, which will help us identify opportunities to decrease our climate impact and benchmark our performance going forward (pages 15-16)
  - Assessed how the risk of extreme weather events exacerbated by climate change may impact our physical locations and identified ways to improve the resiliency of our stores (page 18)
- Social
  - Engaged with a third-party firm to review and provide recommendations on training materials as well as policies and procedures relating to account management, which highlighted several opportunities for improvement that we will tackle in the coming years (page 22)
  - Increased engagement and education of contract terms with customers via our SundaySky platform (page 23)
  - Rolled out new online training for our coworkers on account management to help ensure that best practices are used consistently (page 26)
- Governance
  - Provided all members of our Board of Directors with a training provided by ESG consultants to gain a better understanding of the ESG landscape and how sustainability topics are impacting our company (page 36)

We will continue building upon this momentum by utilizing environmental data to identify specific opportunities for improvement and inform target-setting, applying recommendations to further enhance our account management practices, and engaging with our Board on ESG. We will also be assessing new opportunities in 2023 to address other material ESG topics including DEI, financial inclusion, and product lifecycle impacts.



# Letter from the CEO

The Company marked an important milestone in 2022: adopting a new parent company name and enterprise structure, Upbound Group, Inc. This change better reflects the value our solutions provide to consumers and our ambitions to help them achieve their aspirations for a better future. As part of that process, we also formalized our mission and core values, which will serve as important guiding principles for the company.

**Mission**

*Elevate financial opportunity for all*

**Core Values**

- ❖ *Winning Together*
- ❖ *Impact*
- ❖ *Empowerment*
- ❖ *Respect*
- ❖ *Simplicity*
- ❖ *Customer Centricity*

Our new parent company brand, mission, and core values also convey a continued commitment to sustainable business practices and will guide the development of our sustainability strategy toward promoting financial inclusion and minimizing our environmental footprint. By expanding our reach to include retail, digital and e-commerce channels, we can offer our customers greater access and opportunity to the solutions that will help make their financial aspirations a reality. Even in the face of tighter budgets and tough economic times in 2022, we ensured our customers were still able to access and enjoy the quality of life that our products and services provide. This was an especially challenging year for lower- and middle-income households as the highest rates of inflation in decades resulted in substantial price increases for essential items and cut into hard-earned savings and discretionary income. Even though employment and wage growth remained healthy overall, many households were still forced to reprioritize budgets and often go without in certain areas. We took steps to address these challenges by pursuing even more flexibility in our account management practices. Within our own organization, we also continued to monitor and adjust wages appropriately to help mitigate the pressure of inflation on our coworkers.

Looking forward to 2023, with many economists projecting a recession and tighter consumer credit conditions, our solutions may be a helpful resource to an even greater number of households. Guided by our mission, we stand ready to provide flexible and inclusive financial solutions, execute our mission through our services and product offerings, and continue to improve our sustainable business practices.

Mitchell E. Fadel,

Director & CEO

# Who is Upbound?



At **Upbound**, we're dedicated to driving innovation, growth and upward mobility to **elevate financial opportunities** for all

## Customer Centricity

*Ask, listen | Led by customer insight*

## Empowerment

*Upward movement | Promote financial confidence*

## Simplicity

*Easy to use | Easy to understand*

## Winning Together

*Create value for customers, coworkers, partners and shareholders*

## Respect

*Others above ourselves | Communicate with integrity*

## Impact

*Change lives | Make a difference | Ask & listen*

**Upbound** is our new enterprise brand, which encompasses our business segments, empowering us to serve more customers in more ways.

### Retail Store-Based Business

Our main store-based brand, **Rent-A-Center**, has been connecting with customers and operating across the country for 50 years, as well as operating stores in both Puerto Rico and Mexico. On top of that, we operate four subsidiary brands, including **Home Choice**, **Get It Now!**, **Rent-A-Center Mexico** and **Rent-A-Center Franchising**. Through these brands, we provide flexible solutions for accessing the best name brands in furniture, appliances, electronics, computers, and other durable goods.

### Virtual Lease-To-Own Business

In 2021, we further expanded into the virtual lease-to-own industry with the acquisition of Acima. This allowed us to provide our customers with the opportunity to improve their quality of life with a proprietary technology that enables them to shop through our mobile app, online or in stores at thousands of retailers across the nation. Today we are a quick and simple flexible lease-to-own option where consumers can apply for a lease agreement through thousands of merchant partner locations.

# Financial Performance

- 2022 Consolidated Revenues –11.2% on a pro forma basis compared to 2021
- Adjusted EBITDA<sup>1</sup> margin of 10.7% in 2022
- Business generates strong free cash flow<sup>1</sup>, 2022 cash from operations of \$468 million and free cash flow of \$407 million
- Strong balance sheet with leverage ratio of 2.8x as of 12/31/22
- In 2022, returned \$154 million to shareholders through dividends and share repurchases

Note: Pro forma results and metrics represent estimated financial results and metrics as if the acquisition of Acima had been completed on January 1, 2021. The pro forma results and metrics may not necessarily reflect the actual results of operations or metrics that would have been achieved had the acquisition been completed on January 1, 2021, nor are they necessarily indicative of future results of operations or metrics.

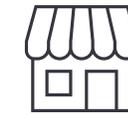
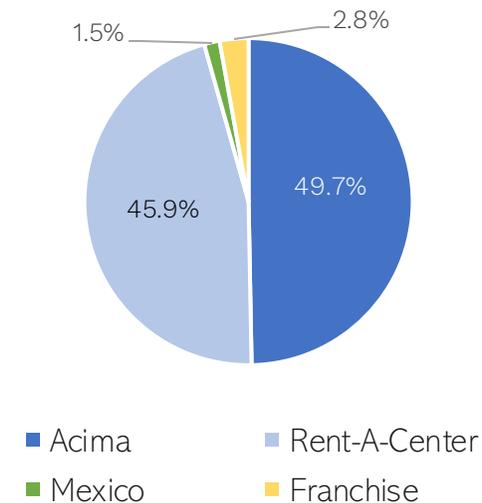
<sup>1</sup> Non-GAAP financial measure. Refer to explanations and reconciliations elsewhere in this presentation.

## Financial Highlights

**upbound**<sup>™</sup>

(\$M, except per share amounts)	FY'22	FY'21
Total Revenue	\$4,245.4	\$4,583.5
Operating Profit	\$148.5	\$280.5
Non-GAAP Diluted EPS <sup>1</sup>	\$3.70	\$5.57
Annual Dividend Per Share Declared	\$1.36	\$1.27

FY'22 Consolidated Revenue Mix By Business Segment



~2,400  
Owned & Franchised  
Retail Outlets

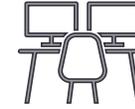
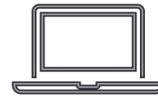


~1.95M  
Customers Served in  
FY'22



~29,000  
Active 3<sup>rd</sup> Party Retail  
Stores Enrolled in Acima

# Products & Services



## Products

Our rent-to-own products enable customers to achieve the quality of life they aspire to enjoy at home, school and work. Our products are from top brands, such as Ashley Furniture, Whirlpool, Samsung, LG, HP and Acer, and they're all backed by our Worry-Free Guarantee. This guarantee consists of numerous features, one of which allows our customers to pick up where they left off in the lease after previously needing to return a product.

Our virtual lease-to-own solution enables customers to shop at retail stores across the United States and get key items like:

- Furniture
- Electronics
- Mattresses
- Appliances
- Tires
- Smartphones

## Services

We pride ourselves in offering our customers flexible options that provide access to top-quality furniture, appliances, computers, electronics and smartphones, and allow our customers to achieve the quality of life they aspire to. We provide household and other durable goods to underserved cash and credit constrained customers and offer an affordable and flexible way to furnish a home and obtain access to other essential items without incurring a long-term debt obligation or accessing credit.

### Rent-to-Own Service Offerings

- **The No Credit Option.** Rent-to-own is not a loan or credit. It's a flexible lease agreement that helps our customers get the things they want for their homes without using credit or increasing debt.
- **Own It In 4-6 Months.** The 4-6 Months Early Purchase option in our Rent-A-Center segment means flexibility, affordability and getting customers the items they need when they need them, with affordable payments.
- **Free Same-Day Delivery.** We deliver and set up our customers' items for free, often on the same day they submit their order within our Rent-A-Center segment.
- **No Commitment.** Our customers make decisions that best fit their situation. If our arrangement does not meet their needs, they can return their products, and we'll stop payments at no penalty.
- **Product Repairs Included.** Normal wear and tear doesn't need to take a toll on our customers' wallets. We offer free product service and repairs for the life of your agreement in our Rent-A-Center segment.

### Virtual Lease-to-Own Service Offerings

- **The No Credit Option.** Get the things you want without using credit you may have or increasing your debt.
- **No commitment.** Our customers make decisions that best fit their situation. If our arrangement does not meet their needs, they can terminate the lease without penalty.
- **Easy Payment Options.** Make flexible payments that are conveniently scheduled with your payday.
- **Thousands of Choices.** Choose from over 29,000 retail locations to shop for the items of your choice.
- **Application Ease.** Get approved for up to \$4,000 with our fast and easy to complete application

# Where are Rent-A-Center<sup>1</sup> Stores?



2,424 locations

52 US states + territories

126 stores in Mexico

1,719 cities

819 metro areas

Data as of December 31, 2022

## TOP 10 METRO AREAS\*

1. New York-Newark-Jersey City, NY-NJ-PA
2. Dallas-Fort Worth-Arlington, TX
3. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
4. Houston-The Woodlands-Sugar Land, TX
5. Atlanta-Sandy Springs-Roswell, GA
6. Chicago-Naperville-Elgin, IL-IN-WI
7. Miami-Fort Lauderdale-West Palm Beach, FL
8. Boston-Cambridge-Newton, MA-NH
9. Detroit-Warren-Dearborn, MI
10. Los Angeles-Long Beach-Anaheim, CA

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\* Based on number of stores per metro area served.

<sup>1</sup>Rent A Center Business Segment stores include: Rent-A-Center, Get It Now, Home Choice, Franchise

# Where are Acima Merchant Locations?



Active Merchant

~29,000 Partner Locations

46 US states

~5,350 cities

~930 metro areas

Data as of December 31, 2022

## TOP 10 METRO AREAS\*

1. New York-Newark-Jersey City, NY-NJ-PA
2. Houston-The Woodlands-Sugar Land, TX
3. Los Angeles-Long Beach-Anaheim, CA
4. Dallas-Fort Worth-Arlington, TX
5. Miami-Fort Lauderdale-West Palm Beach, FL
6. Riverside-San Bernardino-Ontario, CA
7. Atlanta-Sandy Springs-Roswell, GA
8. Phoenix-Mesa-Scottsdale, AZ
9. Orlando-Kissimmee-Sanford, FL
10. Chicago-Naperville-Elgin, IL-IN-WI

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\* Number of active merchant partner locations per metro area served.

# Our Approach to ESG

“ At Upbound we view sustainability as a holistic framework that can not only help us operate more responsibly, but also uncover unseen risks and opportunities that can have a significant impact on performance and value for stakeholders.

Fahmi Karam EVP, Chief Financial Officer



# Focusing on the Priority Topics

In 2021, Upbound Group took important steps towards integrating ESG considerations into our business operations. To help guide us in this work, we engaged third-party ESG experts to conduct a comprehensive materiality assessment using a standards-driven approach. This involved an in-depth analysis of various reporting frameworks, ratings providers, market trends, industry benchmarking and expert insights. The results were then applied to our unique and ever-evolving business model to reflect our current and future risks and opportunities. The materiality assessment identified 16 priority ESG topics, which we used to inform our short-term priorities and establish key metrics for reporting on our ESG performance.

We plan to conduct a refresh of our materiality assessment in 2024 and every three years after that, to identify and respond to emerging trends impacting our business.

## Upbound's 16 Priority ESG Topics



- Climate Change
- Energy Management



- Access & Affordability
- Selling Practices, Account Management & Product Labeling
- Labor Practices and Employee Health and Safety
- Employee Development
- Diversity, Equity & Inclusion
- Customer Privacy
- Data Security



- Business Ethics & Integrity
- Board & Executive Leadership Characteristics
- Executive Pay
- Ownership & Control
- Tax Transparency & Accounting



- Product Design & Lifecycle Management
- Supply Chain Management

# ESG Progress Updates

In 2022, we set out to make progress in the following areas:

## **Measure our company's greenhouse gas (GHG) emissions**

- ✓ We worked with third-party experts to measure our GHG inventory. (See the results on pages 15-16.) This baseline measurement will help us identify opportunities to decrease our climate impact and benchmark our performance going forward.

## **Provide ESG training for our Board of Directors**

- ✓ An ESG consulting firm hosted training sessions in 2022 to provide a better understanding of the ESG landscape and best practices for ESG strategy development. We recognize continuous engagement of leadership on ESG topics is key to assessing the evolving ESG risks and opportunities for our business, so we will continue to offer training during 2023. See page 36 for more.

## **Assess our exposure to climate risks**

- ✓ We conducted an assessment in 2022 to give us a better understanding of where and how our physical locations may be at risk to extreme weather events exacerbated by climate change. We have also pinpointed some ways for us to make our stores more resilient. Read more on page 18.

## **Enhance our trainings on account management and augment the accountability structures in place**

- ✓ We engaged with a third-party firm to review training materials as well as policies and procedures relating to account management. We also increased engagement and education with customers via our SundaySky platform and rolled out new online training for our coworkers. Read more about our efforts on page 22-23.

# ESG Commitments

In 2023, we will continue making progress on our priority issues:

## **Measure our company's greenhouse gas (GHG) emissions**

- ❑ Conduct an additional GHG inventory in 2023 to further establish baseline data (following our 2022 inventory) with a goal of identifying reduction targets for fleet and/or energy consumption in 2024.

## **Provide ESG training for our Board of Directors**

- ❑ Continue annual training for our Board of Directors in addition to our Executives over the next 2 years (following our 2022 trainings).

## **Assess our exposure to climate risks**

- ❑ Follow-up on key action items that impact our high-risk categories following the identification of physical risks to top metro areas in our 2022 risk assessment. For details, refer to page 18.

## **Enhance our trainings on account management and augment the accountability structures in place.**

- ❑ Follow-up on action items identified in the execution of our account management assessment in 2022 (read more on page 22).

# Our Environmental Impact

“ With such a large retail footprint and fleet of vehicles, we appreciate the real impact factors like energy consumption and climate can have on our business and the communities we serve. Accordingly, as an organization we embrace the pursuit of more sustainable and efficient operations.

Anthony Blasquez EVP, Rent-A-Center Business Segment



We believe that assessing and managing our environmental impact and contributing to a sustainable future for our planet can help us create a more resilient business. We will leverage our baseline GHG data to evaluate and improve the efficiency of our operations and further assess risks and opportunities related to the environmental impact of our products and service offerings.

# Our Climate Impact

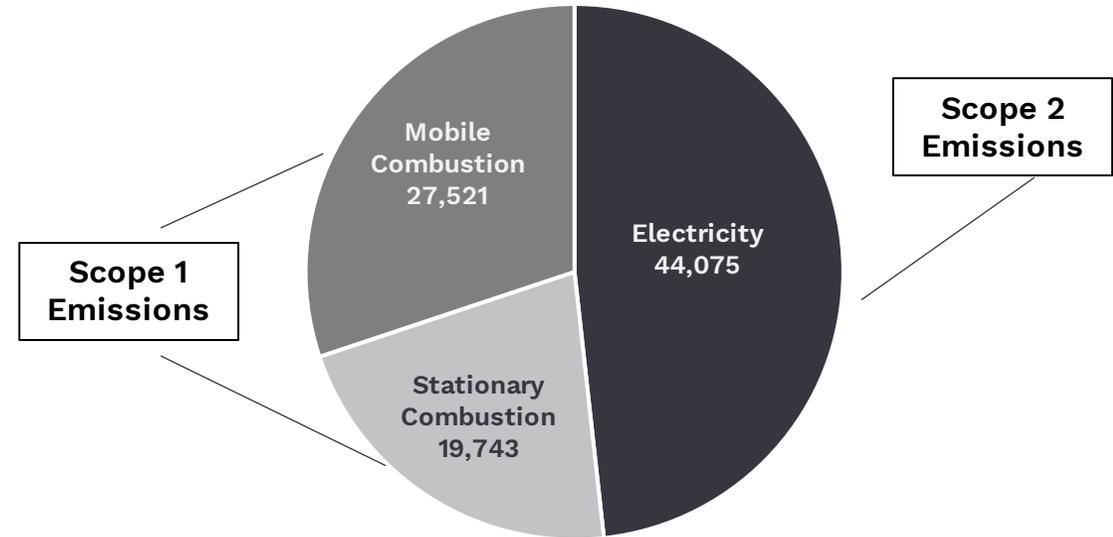
## Greenhouse Gas Inventory

Upbound retained a third-party firm to help conduct an initial greenhouse gas (GHG) emissions inventory based on 2022 data. Direct (Scope 1) and indirect (Scope 2) emissions were calculated using the Greenhouse Gas Protocol guidance and captured emissions from our retail locations, corporate headquarters, fleet of vehicles, retail kiosks, data center, and distribution centers across the United States, Puerto Rico and Mexico.

Our rent-to-own retail segment made up the vast majority of emissions (>90% ) due to energy usage of approximately 2,000 corporate operated stores and the mobile combustion emissions from our fleet. Most of this was attributable to electricity usage, but fleet also represented a large portion.

Now that we have data on our climate impact, we will use this to identify potential areas of improvement and to benchmark our progress.

2022 Greenhouse Gas Inventory	
	Metric Tonnes CO <sub>2</sub> e
<b>Total Emissions</b>	<b>91,338</b>
Scope 1	<b>47,263</b>
Scope 2	<b>44,075</b>



# Our Climate Impact

2022 Greenhouse Gas Inventory – by Resource Type			
Scope of Emissions	Resource Type	Metric Tonnes CO <sub>2</sub> e	% of Total Emissions
Scope 1	<b>Stationary Combustion</b>	<b>19,743</b>	<b>21.6%</b>
	Natural Gas	19,224	21.0%
	Propane	357	0.4%
	Fuel Oil	98	0.1%
	Diesel	64	0.1%
	<b>Mobile Combustion</b>	<b>27,521</b>	<b>30.1%</b>
	Cube Trucks	22,142	24.2%
Van	5,379	5.9%	
Scope 2	<b>Electricity</b>	<b>44,075</b>	<b>48.3%</b>

## Additional Takeaways

Comparing retail store emissions by state, we found that over 38% of emissions came from operations in six states: Ohio, Indiana, Pennsylvania, Michigan, and Texas. There are also variations between energy use intensity between stores in states with similar climates. We hope to use this information to focus our improvement efforts on the areas we can have the greatest impact.

There were also instances where we needed to use estimations. For any facility for which electricity and/or stationary combustion data was missing, we used benchmarking figures from the Commercial Buildings Energy Consumption Survey and square footage to approximate usage. We also needed to make estimates for fuel used by our fleet. Given that fleet (mobile consumption) represents a significant portion of our emissions, we will focus on refining our data collection processes in order to yield results with more accuracy, insight, and actionability in future measurement efforts.

# Energy Initiatives

While our GHG Inventory provides us with important information about where we should focus our efforts next, we didn't wait for the results before taking action. Here are some of the energy reduction initiatives that were already underway:

➤ **Server Migration** – In 2022 we completed the build of new AWS, VMC, and Azure cloud landing zones with a goal to transition our physical servers to cloud services. This followed a full application inventory conducted by third party consultants to assess our full integration strategy. With both AWS and Azure having committed to powering their cloud services with 100% renewable energy by 2025, we are reducing our contribution to greenhouse gas emissions as well by shifting to these platforms. As we reassess our strategy following company reorganization, we will continue to monitor and optimize our cloud usage to minimize our environmental impact while ensuring high-quality services to our customers. We have since decommissioned roughly 10% of applications and their servers prior to the overall migration to save on energy consumption.

Reference: [Amazon Sustainable Bond Framework](#); [Azure Sustainability](#)

➤ **New Store Concepts** – In 2022 we launched our new store concepts featuring **digital solutions** catered towards bridging the gap between our physical and digital retail experience. This smaller footprint is fully equipped with endless aisle capabilities, allowing us to offer even more options to our customers in fewer square feet.



[To learn more about our new store concepts.](#)

# Climate Risk Assessment

In 2022, we engaged a third-party consultant to evaluate the climate-related risks to our physical locations. The scope of this assessment included assumptions relating to extreme weather events that are most likely to impact our operations within the U.S. and Puerto Rico and most likely to be exacerbated by climate change, including sea level rise, severe storms, extreme rainfall, heat stress, and wildfires. These events can have severe impacts on our stores and inventory, and more importantly, the health and safety of our coworkers.

## Top Risk Metro Regions

The following areas were identified as top risk regions for our retail footprint given the concentration of our stores and their vulnerability to extreme weather events:

- Fort Lauderdale, FL
- Philadelphia, PA
- West Palm Beach, FL
- Miami, FL

The risk assessment provided us with a better understanding of our risk exposure and the potential financial implications of climate change. We know we need to take a proactive approach to mitigate these risks.

We already have emergency response plans in place, which are highlighted on our internal communications system to coworkers on both an annual and seasonal basis. We also contract with a third-party to help provide us with any necessary supplies to prepare our stores for incoming storms.

Taking into account the findings from this assessment, we will be re-assessing our emergency response plans through the lens of climate risk in 2023. As part of this re-assessment, we expect to, as appropriate:

- Share and validate climate risk findings with district managers, while also reinforcing related emergency response protocol and getting their feedback on how prepared they feel to handle such emergencies
- Communicate to coworkers the particular risks they should be prepared for and how they can stay safe
- Review our insurance coverage in the areas identified as high risk
- Verify our due diligence checklist for vetting future locations for resiliency during extreme weather
- Separately account for and evaluate financial impacts from costs due to severe weather events
- Some of these costs are already documented. See the Appendix for costs relating to hurricane impacts

# Product Repair and Reuse

Our business prides itself on elevating financial opportunities for all. As part of this value proposition, we offer our customers affordable options through the access of new and previously-rented products (furniture, appliances, electronics, etc.).

## **New vs. Previously Rented Products**

In our rent-to-own retail business segment, during 2022 we rented out approximately 3.2 million products:

- New – 1.8 million
- Previously Rented – 1.4 million



In addition to the resale of previously rented products, as part of our Worry-Free Guarantee, Rent-A-Center offers free product service and repairs for the duration of our customers’ rental agreement. This allows us to put our customers’ needs first through the management of our own service programs, while aiding in the diversion of waste from landfills and extending the life of our products through repair and refurbishment.

## **Service Calls by Category**

In our rent-to-own retail business segment received approximately the following amount of ticketed service requests for products rented out through our stores in 2022:

- Furniture – 84,000
- Electronics – 74,000
- Mobile Devices/ Other – 32,000
- Appliances – 108,000
- Computers – 34,000

# Social Responsibility and Impact

“

We are not simply in the retail business, we're in the relationship business...relationships built on respect. We strive to create a culture of care that builds up and empowers our customers, our coworkers, and our community.

**Tran Taylor** EVP, Chief Human Resources Officer & Chief Diversity Officer



At Upbound, we understand that our performance extends beyond financial performance and is linked to the social and human impacts of our operations. We believe we can create value for our investors and other stakeholders, including employees, customers, and communities, by fostering a culture of respect, diversity, and inclusion. This section highlights our efforts to build and maintain strong relationships with our valued stakeholders and contribute to the well-being of society as a whole.

# Our Customers

Our customers are at the core of our business. Their satisfaction and loyalty are essential to our success, and we strive to provide them with high-quality products and services while maintaining transparency and ethical standards in all our operations. Actively listening to customer feedback and responding to their needs is a critical piece of that.

## Voice of the Customer

Upbound's Voice of the Customer program takes active listening a step further by proactively soliciting feedback from our customers at different points in their journey. This helps us identify ways to better service them and customize our offerings.

## Benefits Plus

To help protect our customers, we have programs, benefits, and services in place to help during a crisis. The Benefits Plus Program allows our customers to pause payments, penalty-free in the event of sickness, injury, or involuntary unemployment. In addition, the Benefits Plus Program provides customers with access to 24/7 telemedicine, discounts on local carry-out meals, and discounts for online shopping.



**~1.95 million** Total Customers  
Served in 2022

**~1.05 million** Rent-to-Own  
Retail Customers

**~900 thousand** Virtual Lease-to-  
Own Customers

Data as of December 31, 2022

# Our Customers: Enhancing the Customer Experience In-Person

## Customer Account Management

To ensure our customers have a positive experience, it is imperative that we have best practices for Account Management. Upbound is committed to monitoring compliance, updating and enhancing training programs, and implementing accountability structures to ensure our coworkers have the skills and tools available to serve our customers. Our main goal is to successfully support coworkers to ensure a great customer experience.

Our coworkers receive detailed training on account management practices at the time of hire and annual refresher courses. We have a robust handbook that outlines the dos and don'ts of account management, which is complemented by online training videos and virtual classes.

## Third Party Review

To assist Upbound in our pursuit to ensure rigorous account management practices we engaged a third party to review current practices, policies, and training materials with a particular focus on managing past due accounts. We are assessing the feedback they provided to develop ways to further enhance our practices and policies. This includes re-assessing the key performance metrics we track and monitor as well as providing other ways to empower our customers to report a negative experience.



# Our Customers: Enhancing the Customer Experience Virtually

## Increasing Online Resources

As our online customer base began to grow, we leveraged our **Voice of the Customer** program to get feedback on how to enhance and personalize customers' experience so that we could better provide the same best-in-class customer service we provide in our stores.

This inspired us to modernize our account management processes with **enhanced 2-way communication platforms** between customers and coworkers, **centralized functions** to better support our online customer base after hours, and **new SaaS solutions** to bridge the gap in our online checkout in comparison to store transactions.

We also partnered with SundaySky to implement a personalized agreement video which explains the customer's specific contract terms in an accessible way. We are working to further increase visibility of our new offerings and monitor key performance indicators. To date, we have seen a promising increase in engagement with customers during off-hours and an estimated 60% viewership rate from customers who have clicked on the video. Visit our SundaySky [announcement](#) for more details.

## Centralized Call Center

Through the expansion of our centralized functions, we have been able to put customer service on the forefront by increasing accessibility to support in the areas of product information, sales, and account management both during the day and after hours.

“ Since the pandemic, we've significantly grown our online presence and needed a digital component to engage, inform and improve the customer experience. With SundaySky, we executed on that need in rapid time and without the need of traditional video production methods. In turn, our Net Promoter Score is showing early signs of improvement for online customers as is first payment non-renewal now that we've found a medium and platform to further explain the benefits of our offering.

**Sarah Philips** VP, Marketing, Rent-A-Center Segment

# Our Coworkers



**12,687** coworkers  
**11,459** in U.S.  
**1,228** in Mexico

Data as of Dec. 31, 2022

## Coworker Engagement

Upbound measures coworker engagement semi-annually through an enterprise-wide engagement survey we call Voice of The Coworker. The survey asks a myriad of questions focusing on Professional Development, Communication, Leadership Effectiveness and Coworker Experience.

Additionally, we ask a single question graded on a Net Promoter Scale of “How Likely are you to recommend Upbound to a friend or family member?” The promoters would be considered “engaged,” the detractors, “disengaged” and the passives would be in the middle.

During 2022, a total of 5,157 coworkers across all segments completed the survey, up from 3,437 in 2021.

The scores from our latest survey completed in 2022 are below:

	2022	2021
<b>Engaged</b>	47.6%	43.6%
<b>Disengaged</b>	28.8%	31.7%
<b>Passives</b>	23.6%	24.7%

# Our Coworkers: Health & Benefits



When our coworkers thrive, so does our business. They are vital to the Company's success. To support our most valued asset, we offer coworkers' resources to promote their health and well-being, training and professional development opportunities, and foster an inclusive workplace.

## Health and Wellness

We offer the following benefits to provide our coworkers with the security and peace of mind they need to achieve the quality of life they desire for themselves and their families.

- Medical, dental, vision and prescription coverage options for individuals and families
- Basic Life and Accidental Death and Dismemberment Insurance
- Health Savings Accounts (\$250 individual/\$500 family annual contribution from Upbound Group), Flexible Spending Accounts, MDLive remote healthcare options
- 50% company 401(k) match of up to 6% of coworker earnings
- Discretionary Time Off, Paid vacation, holidays, bereavement leave and jury duty
- Work-from-home policy for Corporate coworkers

**Coworker Discounts** provides gym membership, cellular, travel and corporate discounts. **Coworker Purchase** offers the opportunity to purchase merchandise from our third-party partners at significant discounts.

**Employee Assistance Program** is available 24/7 and includes:

- Advice on everyday life issues (e.g., parenting, childcare)
- Budgeting and financial assistance
- Legal help for family matters
- Up to 5 sessions with a professional counselor

# Our Coworkers: Learning and Development

## Corporate Office Training

To provide coworkers improved professional development resources and opportunities, we launched *MyCareer*, an intranet site for our coworkers designed to outline the multiple pathways available for growth. One feature also launched – *LinkedIn Learning* – provides coworkers on-demand access to over 16,000 online professional development courses.

## Rent-A-Center Business Segment

The Rent-A-Center business segment provides coworkers with a variety of ongoing development at all different levels through multiple channels. For coworkers who need informal, on-the-job refreshers, materials are available on our intranet's training-on-demand page. For more formalized training around strategic initiatives, we use our Learning Management System and corporate communications to optimize our current tools' usage.

Several leadership programs launched this year for our Store Managers (SMs) and District Managers (DMs). Our *Year of the Store Manager* initiative empowered and elevated our SMs' skillset to lead our stores using a variety of tools, training and development throughout the year.

### DRIVE Training Program

This program provides resources (*differentiated by line of business*) to help a new field coworker onboard during their first 90 days, as well as develop current coworkers through new positions.

In 2022, we piloted a program with the intent to launch this new platform – *RAC University* – to all stores across all lines of business in 2023. We aim to continue adding content to this new platform to all coworkers through the coming years.

## Acima Business Segment

The Acima business segment offers coworkers a hybrid-training model that provides self-guided and formal training with a leader either one-on-one or in a group setting. We offer development opportunities through multiple channels, available any time to coworkers.

Coworkers can access official training documents, job aids and training videos through their virtual e-file in our performance management system, Performyard. All other training documents and materials are available on-demand through our compliance-regulated learning website, Document 360.

We continue to create several performance development programs so coworkers can upgrade their skills. Most notably, we offer a monthly program for our Area Sales Managers (ASMs) that allows them to give feedback on what they need from a leader, receive documented feedback on their performance and take a routine knowledge assessment to identify performance gaps and learning opportunities.

# Diversity, Equity & Inclusion

Our approach to DEI aims to promote an inclusive workplace, facilitate career growth for our underrepresented colleagues and create opportunities for team members to share their cultural heritage and personal stories. Our top priority is to make sure all our colleagues feel appreciated and heard, and to achieve this goal, we are developing and executing programs and initiatives that prioritize their values, needs and goals.

We officially started our DEI journey six years ago, but we know this work requires commitment for the long-haul. In 2022, we established a new process to diversify our talent pipeline and increase accountability so we can enable the recruitment and accelerate advancement of diverse talent.

We will continue to focus on strengthening a diverse, equitable and inclusive workplace and company culture.



# Diversity Data

Diversity and inclusion are essential components of a thriving workplace, and we are committed to fostering an environment that celebrates and embraces differences. Due to these efforts, we have seen an increase in diverse representation in leadership positions. Some highlights include:

- Increased management level representation for:
  - Black/African Americans by 11.6%
  - Hispanic/Latino by 3.8%
  - Multi-racial coworkers by 3.5%
- Increased VP/SVP level representation for:
  - Hispanic/Latino representation by 11%
  - Asian representation by 4%

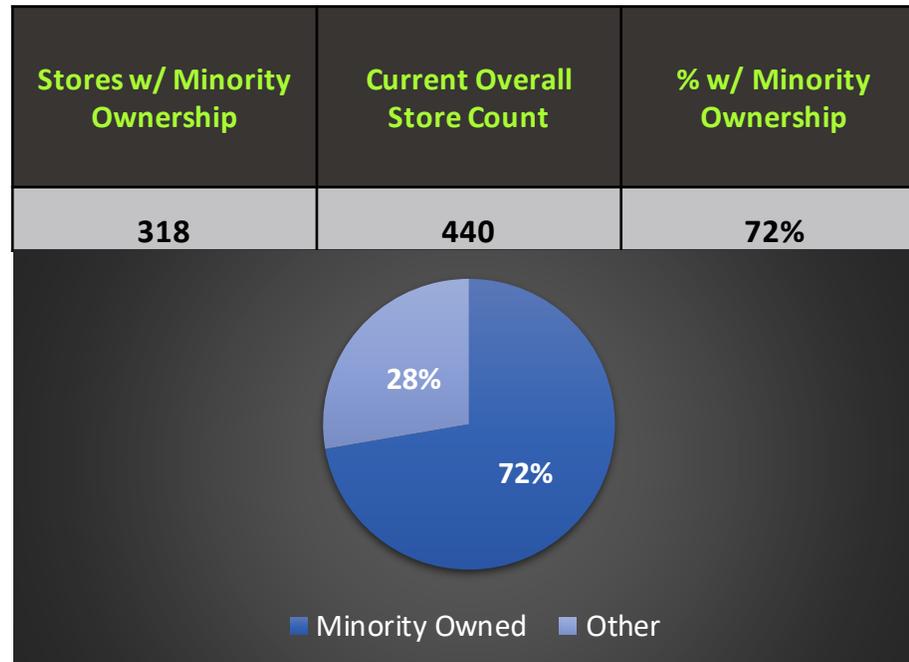
## 2022 Workforce Diversity

	Gender Representation		Racial/Ethnic Group Representation							
	Female	Male	American Indian / Alaska Native	Asian	African American / Black	Hispanic / Latino	Hawaiian / Pacific Islander	Multi-racial	White	Not Specified
<b>Executive</b>	25%	75%	0.0%	16.6%	8.3%	8.3%	0.0%	0.0%	66.8%	0.0%
<b>Management</b>	40%	60%	0.5%	1.5%	18.5%	17.6%	0.4%	9.7%	49.7%	2.1%
<b>Technical</b>	19%	81%	0.0%	27.0%	2.9%	2.9%	0.0%	5.8%	41.6%	19.8%
<b>All Other Employees</b>	28%	72%	0.8%	0.7%	23.6%	22.2%	0.6%	7.2%	41.9%	3.0%

# Diversity Data

In addition to our owned-and-operated locations, we have another 440 franchise stores across the United States through Upbound's franchise subsidiary, Rent-A-Center Franchising International Inc. We're proud to say that most of these stores are minority-owned, as minority-owned businesses can contribute to local economic growth and job creation, increase diversity and innovation, and help to bridge socio-economic gaps in communities.

## 2022 Franchisee Diversity



# Supporting an Inclusive Culture



We have intensified our investment and commitment to DEI and have become more intentional about our aspiration to be an enterprise where people are respected for who they are, and everyone feels a sense of belonging.

Upbound now has three affinity groups, also known as Coworker Resource Groups. Their mission is to promote culture and diversity, as well as empower coworkers by providing meaningful opportunities to network and participate in career enriching experiences.

These Coworker Resource Groups are open to everyone and play a vital role in ensuring an inclusive workplace by creating a greater sense of belonging and community across our company.

## **Coworker Resource Groups**

**Women Resource Group** – empowers women in the workplace by providing opportunities for women to bond over shared experiences and support each other through professional development and networking activities.

**Black Professional Resource Group** - creates a safe space where coworkers feel heard and included. Their cultural awareness activities provide opportunities for coworkers to connect and learn from one another.

**Hispanic Resource Group** - dedicated to building a supportive and uplifting space while providing coworkers with a platform to share their culture and experiences.

# Community Impact

Our charitable giving is aligned with our mission of empowering families to thrive, and we support causes that promote a sense of security and offer children opportunities to reach their full potential. We divide our efforts among four pillars:

Hunger Relief

Disaster Relief

Family & Youth Empowerment

Veterans Affairs

# MORE THAN \$3.6M DONATED

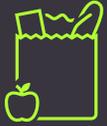
*Figure cumulative through 2022*

To Organizations Including:

- American Red Cross
- Kids Across America
- Boys and Girls Club
- Habitat For Humanity
- Junior Achievement
- Hire Heroes USA
- Spring for Kids



# Relief Efforts



## Hunger Relief

We are proud to support organizations who are fighting hunger in their own communities and empowering families each day.

**North Texas Food Bank (NTFB)** – Upbound has proudly partnered with the NTFB and supported their mission for 20 years. During 2022, Upbound donated nearly \$153K for hunger relief in the Dallas area. Through this 20-year period, Upbound has raised over \$1.6 million, amounting to around 4.8 million nutritious meals for North Texans.

**Utah Food Bank** – Upbound supported the Utah Food Bank and its mission of fighting hunger statewide by providing food to a network of 230 emergency food pantries. During 2022, Upbound donated \$37,000, which provided 164,000 meals to Utahns.

**Buffalo, New York, Food Drive** - When a mass shooting took place at a supermarket in the East Side neighborhood of Buffalo, it had a devastating impact on the neighborhood and to members of our RAC community. To provide easier access to food for families in Buffalo's East Side during this time of need, Store Manager Colton Johnson and his coworkers collaborated with FeedMore WNY, a mobile food bank, to set up a mini grocery store in RAC's parking lot. We also donated \$2,500 to FeedMore.



## Disaster Relief

One of our community pillars focuses on disaster relief and the desire to help families thrive during times of need.

**American Red Cross** – Upbound is proud of our long-term partnership with the American Red Cross and the work they do to help those in the aftermath of disasters. Driven from our extended partnership, Upbound was recognized as a Gold Partner in the American Red Cross North Texas Region's Ready 365 Giving Circle.

During 2022, we:

Met our commitment to donating annually:

**\$100,000**

-and-

participating in blood drives

**Team Eastern Kentucky Flood Relief Fund** – During July 2022, the state of Kentucky was affected by a severe weather system and subsequent catastrophic flooding in eastern Kentucky. With over 50 retail stores operating across the state affected by this weather, it compelled the company to help, donating \$25,000 to directly assist those affected by the flooding.

# Family & Veteran Support



## Family & Youth Empowerment

We partner with several local and national nonprofits to help families thrive, as well as provide students with scholarship opportunities.

**Boys and Girls Clubs of America** – Upbound has partnered with the Boys & Girls Clubs of America for 10 years. In our latest campaign, Spring for Kids 2022, Upbound donated \$143,000 for youth empowerment efforts across the United States and Puerto Rico.

**Habitat for Humanity** – Upbound donated over \$78,000 to Habitat for Humanity and coworkers volunteered over 750 hours on 11 different builds, across major cities, including Dallas, New Orleans, Cleveland, Atlanta, Boston, Detroit and Miami.

**Make A Difference Scholarship** – Upbound is committed to improving the quality of life for students each year, helping them to achieve their dreams through the Make A Difference Scholarship program. During 2022, Upbound awarded 40 scholarships of \$2,500 each for higher education expenses to current or prospective students. Recipients are selected based on academic record, demonstrated leadership, participation in school, community involvement, honors, work experience, statement of goals/aspirations and personal or family circumstances.



## Veterans Affairs

We are excited to make a difference in veterans lives through our newest community pillar.

**Hire Heroes USA** – We forged a new partnership with this organization in 2022, which is dedicated to supporting veterans and military spouses in the job market. Upbound donated \$100,000 and partnered with the organization to offer meaningful employment opportunities.

“Upbound’s embodiment of our mission – to improve the quality of life for our customers and coworkers – along with our commitment to veterans’ organizations through the years has led to this wonderful partnership with Hire Heroes USA. We are thrilled to help them in their efforts to empower our veterans and their families through meaningful employment opportunities.”

**Ann Davids**, EVP - Chief Customer Officer/Chief Marketing Officer

“We are thrilled to partner with Upbound. Working together, we will be able to help thousands of veterans, not just in the current year, but moving forward.”

**Andrew Sandoe** – Hire Heroes USA’s Chief Executive Officer

# Governance

“

Effective corporate governance is not a luxury, but a necessity for companies that want to thrive in today's complex business environment.

**Bryan Pechersky** EVP, General Counsel and  
Corporate Secretary



Strong governance is essential to creating long-term value for our investors and other stakeholders, and is integral to maintaining sustainable business practices. This section outlines our approach to corporate governance, including the policies, practices, and structures that guide our decision-making and contribute to accountability and transparency.

# Board of Directors

**Jeffrey Brown**

Chairman of the Board, Upbound Group, Inc.; CEO of Brown Equity Partners

**Mitchell Fadel**

Director & CEO, Upbound Group, Inc.

**Christopher Hetrick**

Director of Research, Engaged Capital

**Harold Lewis**

President and Chief Operating Officer, BSI Financial Services

**Glenn Marino**

Executive Vice President, CEO - Payment Solutions and Chief Commercial Officer of Synchrony Financial, Inc. (retired)

**Carol McFate**

Chief Investment Officer, Xerox Corporation (retired)

**Jen You**

Head of Product, Uber Rides



Robust corporate governance, transparency, and accountability are foundational to fostering trust with our investors, customers, and coworkers and enabling innovation and growth for our business. We are proud of the independence and diversity of our Board, which contribute to our ability to provide good governance. All of our directors, other than our CEO, serve on one or more of the following committees:

- [Audit and Risk Committee](#) assists the Board in fulfilling its oversight responsibilities by reviewing risks related to accounting, financial reporting, legal and regulatory compliance, and other enterprise-wide risks, including cybersecurity risk management.
- [Compensation Committee](#) assists the Board in fulfilling its oversight responsibilities with respect to all forms of compensation of our Chief Executive Officer, Chief Financial Officer, and each of our Executive Vice Presidents, including assessing the risks associated with our executive compensation policies and practices and employee benefits. The committee also administers our equity incentive plans.
- [Nominating and Corporate Governance Committee](#) assists the Board in fulfilling its oversight of risks associated with corporate governance and potential conflicts of interest and assists the Board by identifying future members, overseeing and reviewing governance recommendations, and coordinating succession plans for executive and management positions. This is the Board Committee with the primary responsibility of assisting the Board with the oversight of ESG matters.

**Board Diversity**

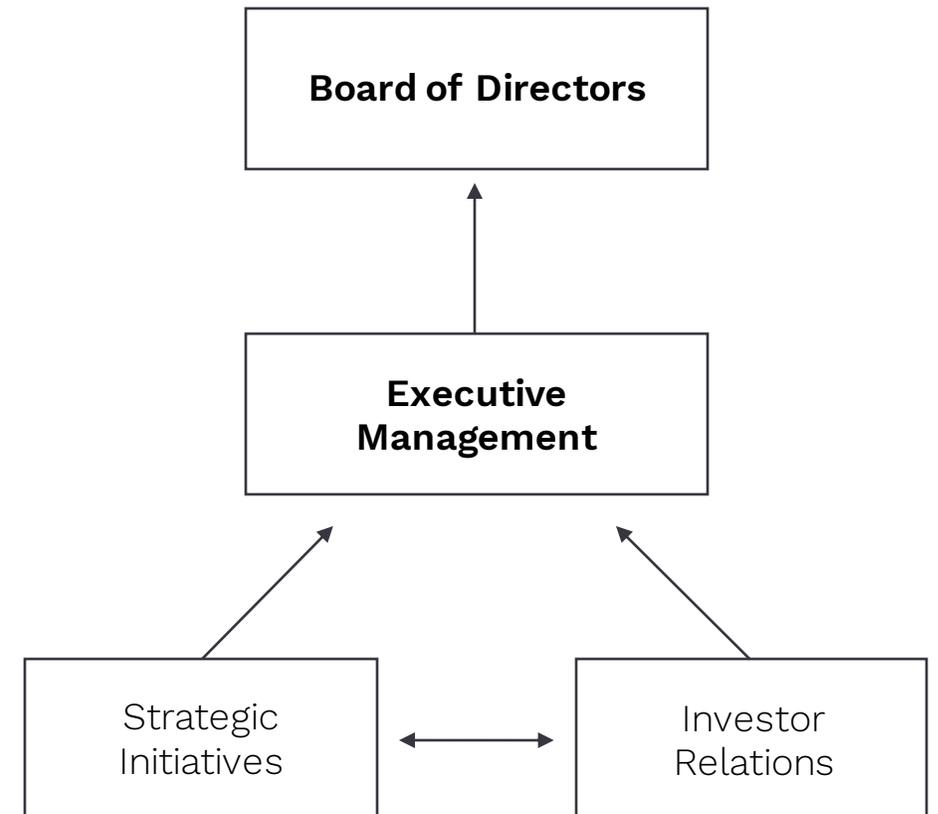
We recognize the value of having a diverse leadership team which can lead to more creative problem-solving and innovative solutions through bringing different perspectives, experiences, and ideas to the table. We are proud of the progress we have made in adding new voices and perspectives to the Board and will continue to make this a priority.

# Governance for Sustainability

As environmental, social, and governance ('ESG') topics become more important to our business, our investors, and other stakeholders, we are continuing our efforts of assessing and integrating ESG initiatives into our operations and strategic business objectives. We will keep our stakeholders informed on our ongoing efforts, and we expect to continue to assess and report our progress on ESG objectives.

In 2022, board members participated in a trainings provided by ESG consultants to better understand the ESG landscape and how sustainability topics are impacting Upbound. To stay up-to-date on emerging and evolving material topics and to stay informed on ESG best practices, the Board will continue to receive ESG training into the future.

## Upbound ESG Organizational Structure



# Policies & Codes of Conduct

Our ability to create sustained success lies in our unwavering dedication to acting with integrity. Each member of our team – from the board room to the retail floor – must live up to this commitment every day.

Our Code of Conduct provides the guidance for every coworker in any role to lead by example. Our Open-Door Policy is designed for our lines of communication to stay open as we hold each other accountable. And our Anti-Discrimination, Harassment, and Retaliation Policy outlines specific guiding principles designed to foster an environment at Upbound where everyone is treated fairly, with dignity, and with equal opportunity to thrive.



[CODE OF CONDUCT](#)

[OPEN-DOOR POLICY](#)

[ANTI-DISCRIMINATION, HARASSMENT, AND RETALIATION](#)

# ESG Performance

## 2022 Metrics

In the following table, we disclose data about our performance on the ESG topics that we believe are most important to our business. For this report, we are disclosing available accounting metrics in alignment with the Sustainability Accounting Standards Board's (SASB) guidance for Multiline and Retail, e-Commerce, and Software and IT, as we believe these best reflect our current business activities. We have also included select metrics recommended by the Global Reporting Initiative (GRI) to provide a more comprehensive assessment, as well as additional metrics that align with industry best practices for disclosure. Certain codes indicate SASB metrics, while others indicate supplemental GRI metrics. Metrics without a code are additional, industry best practices that we have elected to disclose but are not currently included in a standard reporting framework. Unless otherwise stated, all metrics are for calendar year 2022 and pertain to all of Upbound's business segments. Our aim is to continuously refine and enhance our data collection, monitoring, and disclosure practices.

# Upbound 2022 ESG Disclosure Table

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
<b>Environment</b>					
Energy Management					
Energy Management in Retail & Distribution	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	CG-MR-130a.1; CG-EC-130a.1; TC-SI-130a.1	(1) 356,274 GJ (2) 100% grid electricity (3) 0% renewable energy  <i>*The data above is specific to 1,828 US and Puerto Rico based Corporate Rent-A-Center, Get It Now, and Home Choice retail stores that we have control over contracts with energy providers. The data does not include corporate offices at this time.</i>	(1) 339,455 GJ (2) 100% grid electricity (3) 0% renewable energy  <i>*The data above is specific to US and Puerto Rico based facilities that we have control over contracts with energy providers.</i>
Water Management					
Hardware Infrastructure Energy and Water Management	Discussion of the integration of environmental considerations into strategic planning for data center needs	n/a	TC-SI-130a.3; CG-EC-130a.3	We are evaluating options to migrate data from the CyrusOne Data Center to the cloud (primarily AWS). This will enable us to increase our uptime and reduce environmental impact as AWS is 3.6 times more energy efficient than a median US Data Center, and is on a path to be powered 100% by renewable energy by 2025.	We have an overall "cloud first" mindset and continue to evaluate options for application migration to cloud-hosted solutions. Each decision goes through a rigorous process and includes the merits of cloud hosting. As of this update, we have an active evaluation of our Enterprise Backup solution that includes weighing on-premise vs. cloud. We believe cloud-hosted solutions provide us with better reliability, scalability, and a reduction in our environmental impact. For example, AWS, one of the cloud-based solutions we use at, is on a path to power 100% of operations with renewable energy by 2025 and uses infrastructure that is 3.6 times more energy efficient than the median of U.S. enterprise data centers.

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Production Process					
Product Packaging & Distribution	Total greenhouse gas (GHG) footprint of product shipments	Metric tons (t) CO <sub>2</sub> -e	CG-EC-410a.1	We are currently assessing data collection and management processes for this metric. Please see page 15 of the Rent-A-Center Inc. 2021 Sustainability report for more information on 2022 Sustainability Priorities	During 2022 we completed our first greenhouse gas (GHG) inventory. Please see pages 15 - 16 of this report for more information on our GHG footprint.
	Discussion of strategies to reduce the environmental impact of product delivery	n/a	CG-EC-410a.2	We are evaluating options for further reducing the environmental impact of product delivery. Please see page 31 of the Rent-A-Center Inc. 2021 Sustainability report for more information on Fleet Optimization..	At Upbound, we are continuously evaluating options to reduce the environmental impact of our product delivery to consumers. Within our rent-to-own retail segment, over the past several years, we have focused on optimizing our fleet size. Since 2020 we have reduced our gallons of fuel purchased by just over one million gallons annually. We will continue to evaluate our fleet impact on a yearly basis and continue to find ways to best optimize our delivery function. See pages 15-16 of this report for more information on our GHG footprint.
Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	Reporting currency	CG-MR-410a.1	We are currently assessing data collection and management processes for this metric.	Nearly 80% of our product portfolio spend is from suppliers with environmental and social sustainability standards and programs in place. These programs include energy star certified products in both appliances and consumer electronics, using sustainable materials in the production of products, reducing GHG emissions and CO2 emissions and lowering waste initiatives.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	n/a	CG-MR-410a.2	We are currently assessing data collection and management processes for this metric.	Nearly 80% of our product portfolio spend is from suppliers with environmental and social sustainability standards and programs in place. In one of our most significant product categories, furniture, our leading suppliers offer products that are Greenguard Gold Certified, which meet rigorous third-party chemical emissions standards. We will continue to improve our data collection processes so that we have greater insight on this topic.

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Product Sourcing, Packaging & Marketing	Discussion of strategies to reduce the environmental impact of packaging	n/a	CG-MR-410a.3	We are evaluating options for reducing the environmental impact of product packaging. Please see page 30 of the Rent-A-Center Inc. 2021 Sustainability report for more information about our efforts to reduce waste within our operations.	Within our retail store based business segments we continue to evaluate options on reducing our environmental impact from our products and packaging. We continue to implement our product reuse and repair program which reuses parts from non-functional products to repair and refurbish other products. We are focused on growing this program as we see an important opportunity to continue diverting waste from landfills through the reuse and repurposing of our products.
<b>Social</b>					
Labor Practices and Employee Health and Safety					
Labor Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, region	reporting currency, percentage (%)	CG-MR-310a.1	(1) The average hourly rate for 2021 as of 12/31 was \$16.68 (2) 0% of our coworkers are paid at minimum wage. All of our hourly-paid coworkers located in a RAC location earn more than the minimum wage.  <i>*The data above is specific to US and Puerto Rico based Corporate Rent-A-Center, Get It Now, and Home Choice retail store employees.</i>	(1) The average hourly rate for 2022 as of 12/31 was \$17.16 (2) 0% of our coworkers are paid at minimum wage. All of our hourly-paid coworkers located in a Rent-A-Center retail location earn more than the minimum wage.  <i>*The data above is specific to US and Puerto Rico based Corporate Rent-A-Center, Get It Now, and Home Choice retail store employees.</i>
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Reporting currency	CG-MR-310a.3	Any material legal and/or regulatory topics are disclosed in our <a href="#">annual 10-K</a> and <a href="#">quarterly 10-Qs</a> in accordance with regulatory requirements.	Any material legal and/or regulatory topics are disclosed in our annual 10-K and quarterly 10-Qs in accordance with regulatory requirements
Health and Safety	A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks	n/a	GRI 403-2	We currently identify work-related hazards and assess risks through a monthly store safety inspection. This information is currently tracked at the store and district levels. We are evaluating a plan to migrate inspection documents to a shared drive accessible to all levels of management for greater accountability. These changes will allow daily review of new accident and injury claims for immediate needs and quarterly and yearly trend analysis and review.	We currently identify work-related hazards and assess risks through a monthly store safety inspection that is tracked at the store and district levels. We continue to evaluate plans to improve accountability and work towards the ability to review new accident and injury claims daily, for immediate needs. This includes a shared drive for inspection documents, as well as evaluating other opportunities for improvement.
	For all employees (1) The number and rate of high-consequence work-related injuries (excluding fatalities); (2) The number and rate of recordable work-related injuries; (3) The main types of work-related injury	n/a	GRI 403-9	1308 Total Incidents. Using 1,000,000 hours worked 1. The number and rate of "high-consequence" work-related injuries (excluding fatalities)? 556 with a Rate = 0.000556 2. The number and rate of "recordable" work-related injuries? 644 with a Rate = 0.000644 3. Main types of work-related injury? Material Handling (cause) - sprains/strains (nature)	963 Total Incidents, using 23,789,057 hours worked. 1. 76 with a Rate = 0.0000032 2. 577 with a Rate = 0.0000242 3. Material Handling (cause) - sprains/strains (nature)

# Upbound 2022 ESG Disclosure Table

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Employee Development					
Training & Education	Type and scope of programs implemented, and assistance provided to upgrade employee skills and transition assistance programs in place	n/a	GRI 404-2	Please see refer to page 33 of the <a href="#">Rent-A-Center, Inc. 2021 Sustainability Report</a> for information on employee training and education programs in place during 2021.	Please see page 26 of this report for information on employee training and education programs in place during 2022.
Diversity, Equity & Inclusion					
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	percentage (%)	CG-MR-330a.1; CG-EC-330a.3; TC-SI-330a.3; GRI 405-1	Please refer to page 34 of the <a href="#">Rent-A-Center, Inc. 2021 Sustainability Report</a> for information on workforce diversity and inclusion during 2021.	Please see page 28 of this report for information on workforce diversity and inclusion.
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	number, reporting currency	CG-MR-330a.2	Any material legal and/or regulatory topics are disclosed in our <a href="#">annual 10-K</a> and <a href="#">quarterly 10-Qs</a> in accordance with regulatory requirements.	Any material legal and/or regulatory topics are disclosed in our annual 10-K and quarterly 10-Qs in accordance with regulatory requirements

# Upbound 2022 ESG Disclosure Table

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Diversity, Equity & Inclusion					
Employee Recruitment, Inclusion & Performance	Employee engagement as a percentage	Percentage (%)	CG-EC-330a.1; TC-SI-330a.2	Please see refer to page 34 of the <a href="#">Rent-A-Center, Inc. 2021 Sustainability Report</a> for information on employee engagement during 2021.	Please see page 24 of this report for information on employee engagement in 2022.
	(1) Voluntary and (2) involuntary turnover rate for all employees	Rate	CG-EC-330a.2; CG-MR-310a.2	Total Turnover: 82% (1) Voluntary: 62% (2) Involuntary: 20%  <i>*The data above is specific to US and Puerto Rico based Corporate Rent-A-Center, Get It Now, and Home Choice retail store employees.</i>	Total Turnover: 90% (1) Voluntary: 62.2% (2) Involuntary: 27%
	Percentage of technical employees who are H-1B visa holders	Percentage (%)	CG-EC-330a.4 GRI 405-1	10%	11%
	Percentage of employees that are (1) foreign nationals and (2) located offshore	Percentage (%)	TC-SI-330a.1	Approximately 2% of employees hired in 2021 were foreign nationals. We aim to broaden the geographic scope of this response in future disclosures.	Approximately 15.7% of employees hired in 2022 were foreign nationals.

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Diversity, Equity & Inclusion					
Discrimination & Harassment Management	Formalized group-wide policy on workplace discrimination and harassment in place	n/a		Rent-A-Center has implemented multiple formalized policies to ensure that workplace discrimination and harassment are not tolerated. These policies include the Equal Employment Opportunity Policy; Anti-Discrimination, Harassment, and Retaliation Policy; and Open Door Reporting Policy. More information can be found on page 10 of the Rent-A-Center Inc. 2021 Sustainability Report.	Upbound has implemented multiple formalized policies to ensure that workplace discrimination and harassment are not tolerated. These policies include the Equal Employment Opportunity Policy; Anti-Discrimination, Harassment, and Retaliation Policy; and Open Door Reporting Policy.  More information can be found on page 37 of this report.
	Remediation procedure in place for identified cases of discrimination and/or harassment	n/a		Under the Open Door Reporting Policy, if it is determined that discrimination, harassment, or retaliation of any kind has occurred, or if a manager knowingly allows the policy to be violated without reporting it, corrective action, commensurate with the circumstances, will be taken, up to and including termination. The Company will also take appropriate action to deter future discrimination, harassment, or retaliation concerns.	At Upbound, we maintain an Open Door Reporting Policy, which provides all coworkers with several options for reporting discrimination and/or harassment. Under the Open Door Reporting Policy, there will be a prompt, thorough, fair, and objective investigation by qualified personnel and will endeavor to protect the privacy and confidentiality of all parties involved. If it is determined that discrimination, harassment, or retaliation of any kind has occurred, or if a manager knowingly allows the policy to be violated without reporting it, corrective action, commensurate with the circumstances, will be taken, up to and including termination. The Company will also take appropriate action to deter future discrimination, harassment, or retaliation concerns.
	Total number of incidents of discrimination during the reporting period		GRI 406-1	Any material legal and/or regulatory topics are disclosed in our <a href="#">annual 10-K</a> and <a href="#">quarterly 10-Qs</a> in accordance with regulatory requirements.	Any material legal and/or regulatory topics are disclosed in our annual 10-K and quarterly 10-Qs in accordance with regulatory requirements

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Data Privacy					
Customer Privacy	Number of users whose information is used for secondary purposes	number	TC-SI-220a.2; CG-EC-220a.1	We do not process personal data for secondary purposes.	
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	number, reporting currency	FN-CF-220a.2; TC-SI-220a.3	Any material legal and/or regulatory topics are disclosed in our <a href="#">annual 10-K</a> and <a href="#">quarterly 10-Qs</a> in accordance with regulatory requirements.	Any material legal and/or regulatory topics are disclosed in our annual 10-K and quarterly 10-Qs in accordance with regulatory requirements
Data Privacy and Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	n/a	TC-SI-220a.1; CG-EC-220a.2	Both Rent-A-Center Inc. and Acima disclose information related to behavioral advertising and user privacy in our Privacy Policies, including the use of cookies, tracking technologies and third party analytics services. The policies include instructions for users who wish to opt out of certain tracking activities. The information collected is used to enable targeted advertising and the processing of rental orders and payments. It also provides demographic information that is used to improve customer offerings. The Rent-A-Center Inc. and Acima policies include additional disclosures required by the California Consumer Privacy Act and will be updated to accommodate future state law requirements as such requirements become effective. The Rent-A-Center Inc. and Acima websites also provide more specific disclosures regarding the use of cookies and enable users to adjust their cookie preferences.	At Upbound, we disclose information related to behavioral advertising and user privacy in our Privacy Policies, for both the <a href="#">Rent-A-Center</a> and <a href="#">Acima</a> business segments, including the use of cookies, tracking technologies, and third party analytics services. The policies include instructions for users who wish to opt out of certain tracking activities. The information collected is used to enable targeted advertising and the processing of rental orders and payments. It also provides demographic information that is used to improve customer offerings. Upbound and its operating business segment policies include additional disclosures required by the California Consumer Privacy Act and will be updated to accommodate future state law requirements as such requirements become effective. Visit the Upbound corporate website or our business segment websites for more specific disclosures regarding the use of cookies and enable users to adjust their cookie preferences.
	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	number	TC-SI-220a.4	Data is pending following the in-progress enhancement of the data management system.	At Upbound, we disclose information related to user information privacy within our Privacy Policies, for both the <a href="#">Rent-A-Center</a> and <a href="#">Acima</a> business segments. During 2022, we received 13 law enforcement requests for individual user information, and responded to all 13. We are still working on enhancements on our data management system to improve future disclosure on this data.
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	n/a	TC-SI-220a.5	Our core products and services are regulated by the United States and Mexico. However, our core product and services do not include content that is subject to monitoring.	

# Upbound 2022 ESG Disclosure Table

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Data Security					
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Reporting currency	TC-SI-520a.1	Any material legal and/or regulatory topics are disclosed in our <a href="#">annual 10-K</a> and <a href="#">quarterly 10-Qs</a> in accordance with regulatory requirements.	Any material legal and/or regulatory topics are disclosed in our <a href="#">annual 10-K</a> and quarterly 10-Qs in accordance with regulatory requirements
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Number, Days	TC-SI-550a.1	No disclosure.	In 2022 there were a total of 4 unplanned outages resulting in website downtime (1), connection failures/ page loading issues (2), and delayed application approvals.
	Description of business continuity risks related to disruptions of operations	n/a	TC-SI-550a.2	This does not apply to Rent-A-Center's business, as we do not provide cloud-based services.  See Item 1A. Risk Factors of Upbound's Annual Report on Form 10-K for the fiscal year ended 2022 for information regarding the risk of disruptions caused by the operation of store management information systems or disruptions in the systems of host retailers"	
Data Security	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standard	n/a	CG-MR-230a.2; CG-EC-230a.2	Upbound deploys a multi-layered strategy for identifying, detecting, and containment of security events. This includes using state-of-the-art controls deployed within the network and cloud perimeter, endpoints, and at all data communication channels, such as email. Upbound measures its security effectiveness in our internal evaluation of our ability to absorb security attacks while maintaining reliable revenue streams by measuring cyber resilience in relation to technology-dependent critical business functions. In addition, Upbound partners with several external assessors to evaluate security capability and maturity under the standard National Institute of Standards and Technology (NIST) framework.	
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)	CG-MR-230a.2; FN-CF-230a.1; CG-EC-230a.2 GRI 418-1	(1) 0 (2) 0 (3) 0	(1) 0 (2) 0 (3) 0

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
<b>Governance</b>					
Business Ethics and Integrity					
Ethical Standards	Description of the company's initiatives to ensure business ethics compliance across its operations (i.e., implementation of the internal Code of Business Conduct and Ethics)	n/a		To ensure that all Upbound members and affiliates are aware of our standard practices in regards to Business Ethics Compliance, we have integrated this information throughout our <a href="#">Code of Conduct and Ethics</a> . More information can be found on page 10 of the Rent-A-Center Inc. 2021 Sustainability Report.	To make all Upbound members and affiliates aware of our standard practices in regards to Business Ethics Compliance, we have integrated this information throughout our Code of Conduct and Ethics. More information can be found on page 37 of the Rent-A-Center Inc. 2022 Sustainability Report.
	Formalized, group-wide Code of Business Conduct and Ethics in place	n/a		Upbound Group has a formalized <a href="#">Code of Conduct</a> and Ethics in place	
	Percentage of employees trained on Code of Business Conduct and Ethics	percentage (%)		All coworkers in our corporate offices and field locations must complete the Code of Conduct training.	All coworkers in our corporate and field offices must complete the Code of Conduct training annually. During 2022 85.4% of all coworkers completed the Code of Conduct training.  <i>*Code of Conduct training statistics excludes contractors hired by Upbound.</i>
Ethics Advice and Reporting	A description of internal and external mechanisms for: (1) Seeking advice about ethical and lawful behaviour and organizational integrity; and (2) Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity	n/a	GRI 102-17	Our Code of Conduct and Ethics is a living document that is subject to changes but is used to advise all parties of their expectations while working with the Upbound Group. We have a supplemental <a href="#">Open Door Policy</a> to maintain accountability structures. The Open Door Policy mandates that all matters reported in good faith regarding unethical behavior will be kept confidential.	

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Board and Executive Leadership Characteristics					
Governance Body Composition	Description of the organization's governance structure, including committees of the highest governance body	n/a	GRI 102-22	<a href="#">Refer to our 2021 Proxy on pages 17-21.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.
	Composition of the highest governance body and its committees by (1) competencies relating to economic, environmental and social topics; (2) executive or non-executive; (3) independence; (4) tenure on the governance body; (5) number of each individual's other significant positions and commitments, and the nature of the commitments; (6) gender; (7) membership of under-represented social groups; (8) stakeholder representation	multiple	GRI 102-22, GRI 405-1a	<a href="#">Refer to our 2021 Proxy on pages 32-33.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.
Nominations	Description of nomination and selection processes for the highest governance body and its committees	n/a	GRI 102-24	<a href="#">Refer to our 2021 Proxy on pages 25-26.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.

# Upbound 2022 ESG Disclosure Table

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Board and Executive Leadership Characteristics					
Nominations	Description of criteria used for nominating and selecting highest governance body members, including whether and how: (1) stakeholders (including shareholders) are involved; (2) diversity is considered; (3) independence is considered; (4) expertise and experience relating to economic, environmental, and social topics are considered	n/a	GRI 102-24	<a href="#">Refer to our 2021 Proxy on pages 25-28.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.
Conflicts of Interest	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	n/a	GRI 102-25	<a href="#">Refer to our 2021 Proxy on pages 18-21.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.
	Description of whether conflicts of interest are disclosed to stakeholders, including, as a minimum: (1) Cross-board membership; (2) Cross-shareholding with suppliers and other stakeholders; (3) Existence of controlling shareholder; (4) Related party disclosures.	n/a	GRI 102-25	<a href="#">Refer to our 2021 Proxy on pages 18-21.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.

Upbound 2022 ESG Disclosure Table

Topic	Accounting Metric	Unit of Measurement	Code	2021 Response	2022 Response
Pay					
Pay Terms	Remuneration policies for the highest governance body and senior executives for the following types of remuneration: (1) Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares (2) Sign-on bonuses or recruitment incentive payments, (3) Termination payments, (4) Clawbacks, (5) Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees	multiple	GRI102-35	<a href="#">Refer to our 2021 Proxy on pages 35-46.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.
Pay Figures	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	number, ratio	GRI102-38	The estimated 2020 CEO Pay Ratio is approximately 246:1. <a href="#">Refer to our 2021 Proxy on page 53</a> to understand how this number was calculated.	The estimated 2022 CEO Pay Ratio is approximately 181:1. The calculation method will be disclosed in our Proxy Statement, due to release on April 25, 2023.
Pay					
Ownership Structure	Description of ownership management	n/a		<a href="#">Refer to our 2021 Proxy on page 78.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.
	Assessment of potential of elements of concern in ownership structure (e.g., controlling shareholders, differential voting rights), takeover defenses preventing shareholders to accept external bids	n/a		<a href="#">Refer to our 2021 Proxy on page 77.</a>	This information will be disclosed in our Proxy Statement, due to release on April 25, 2023.

# Appendix

## About this report

Upbound Group, Inc.'s 2022 Sustainability Report provides an overview of our company's ESG commitments as well as progress against certain ESG priorities and objectives. In this report, the use of the term "materiality assessment" and other similar terms refers to topics that may be relevant or significant ESG topics for us or our stakeholders. We are not using such terms as they are used under the securities or other laws of the United States or any other jurisdiction or as these terms are used in the context of financial statements and financial reporting.

## Approach to disclosure

Our approach to the disclosures included in this report differs from our approach to the disclosures we include in our filings with the SEC. This report is intended to provide information from a different perspective and, in certain cases, in more detail than that required to be included in our filings with the SEC. For example, this report includes certain information that may be significant, but any significance should not be read as necessarily rising to the level of materiality or disclosure in our filings with the SEC, even if words such as "material" or "materiality assessment" are used in this report.

## Evolving methodology

Our ESG strategy and analysis, particularly as they relate to our commitments, targets and performance on climate-related topics, remain under development. The science and methodology, as well as the quality

and completeness of the data (including data provided to us by third parties), in each case, underlying our analysis and strategy remain subject to evolution over time, and we expect to continue to refine our analysis of and response to potential future climate risks and opportunities. For example, we believe the methodologies for greenhouse gas accounting and climate risk assessments will continue to evolve and improve over time as underlying science and procedures evolve. Therefore, in future reports or other disclosures, we may include information that differs from the information contained in this report.

## ESG Frameworks

### Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) is an independent, private sector, standards-setting organization dedicated to enhancing the efficiency of capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. For this report, we disclosed all recommended accounting metrics in accordance with the Sustainability Accounting Standards Board's (SASB) guidance for Multiline and Retail, e-Commerce, and Software and IT industries, as we believe these best reflect our current business activities.

# Appendix

## Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) serves the same purpose as SASB but provides a broader approach that is not sector specific. We have disclosed select GRI metrics to provide a more comprehensive assessment of our performance on significant ESG topics not captured by SASB metrics.

## Forward-looking statements

This report contains forward-looking statements that involve risks and uncertainties. For example, statements about our expectations, beliefs, goals, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "predict," "continue," "maintain," "should," "anticipate," "believe," "confident," "aim," "may," "potential," "plan," "project," or the negative thereof or variations thereon or similar terminology. All forward-looking statements are necessarily only estimates of future results and developments and are not guarantees of future results or performance. There can be no assurance that actual results or developments will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Factors that could cause or contribute to these differences include, but are not limited to, the factors discussed throughout our public filings under the Securities Exchange Act of 1934, as amended. Unless otherwise specified, all information (including forward-looking information) speaks only as of the date on which it is made, and we disclaim any obligation to update or delete any outdated information contained in this report.

## Non-GAAP Financial Disclosures

This communication contains certain financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles (GAAP), including (1) Non-GAAP diluted earnings per share (net earnings or loss, as adjusted for special items (as defined below), net of taxes, divided by the number of shares of our common stock on a fully diluted basis), (2) Adjusted EBITDA (net earnings before interest, taxes, stock-based compensation, depreciation and amortization, as adjusted for special items) and Adjusted EBITDA margin (Adjusted EBITDA divided by Total Revenue), (3) Free Cash Flow (net cash provided by operating activities less capital expenditures), (4) net debt to Adjusted EBITDA ratio, or Leverage Ratio.

# Appendix

“Special items” refers to certain gains and charges we view as extraordinary, unusual, non-recurring in nature or which we believe do not reflect our core business activities. For the periods presented herein, these special items are described in the quantitative reconciliation tables included in the appendix of this communication. Because of the inherent uncertainty related to the special items, management does not believe it is able to provide a meaningful forecast of the comparable GAAP measures or reconciliation to any forecasted GAAP measure without unreasonable effort.

These non-GAAP measures are additional tools intended to assist our management in comparing our performance on a more consistent basis for purposes of business decision-making by removing the impact of certain items management believes do not directly reflect our core operations. These measures are intended to assist management in evaluating operating performance and liquidity, comparing performance and liquidity across periods, planning and forecasting future business operations, helping determine levels of operating and capital investments and identifying and assessing additional trends potentially impacting our company that may not be shown solely by comparisons of GAAP measures. Consolidated Adjusted EBITDA is also used as part of our incentive compensation program for our executive officers and others. We believe these non-GAAP financial measures also provide supplemental information that is useful to investors, analysts and other external users of our consolidated financial statements in understanding our financial results and evaluating our performance and liquidity from period to period. However, non-GAAP financial measures have inherent limitations and are not substitutes for or superior to, and they should be read together with, our consolidated financial statements prepared in accordance with GAAP. Further, because non-GAAP financial measures are not standardized, it may not be possible to compare such measures to the non-GAAP financial measures presented by other companies, even if they have the same or similar names.

# Reconciliation of Net Earnings Excluding Special Items and Non-GAAP Diluted Earnings Per Share

**upbound**

Twelve Months Ended December 31, 2022

<i>(in thousands, other than per share amounts)</i>	<b>Gross Profit</b>	<b>Operating Profit</b>	<b>Pre-Tax Income</b>	<b>Tax Expense (Benefit)</b>	<b>Net Earnings (Loss)</b>	<b>Diluted Earnings (Loss) per Share</b>
<b>GAAP Results</b>	<b>\$2,079,532</b>	<b>\$148,538</b>	<b>\$61,471</b>	<b>\$49,114</b>	<b>\$12,357</b>	<b>\$0.21</b>
Plus: Special Items						
Acima equity consideration vesting	-	143,210	143,210	15,431	127,779	2.16
Acima acquired assets depreciation and amortization <sup>(1)</sup>	(2,853)	77,939	77,939	8,397	69,542	1.18
IT asset disposals	-	5,808	5,808	626	5,182	0.09
Cost savings initiatives	-	1,726	1,726	186	1,540	0.03
Store closure costs	-	1,368	1,368	147	1,221	0.02
Retail partner conversion losses	-	1,169	1,169	126	1,043	0.02
State tax audit assessment reserves	-	1,165	1,165	126	1,039	0.02
Legal settlement	-	(831)	(831)	(90)	(741)	(0.01)
Legal settlement reserves	-	650	650	70	580	0.01
Hurricane impacts	-	249	249	27	222	-
Other	-	(210)	(210)	(23)	(187)	-
Acima Transaction costs	-	187	187	20	167	-
Discrete Income Tax Items	-	-	-	1,532	(1,532)	(0.03)
<b>Non-GAAP Adjusted Results</b>	<b>\$2,076,679</b>	<b>\$380,968</b>	<b>\$293,901</b>	<b>\$75,689</b>	<b>\$218,212</b>	<b>\$3.70</b>

<sup>1</sup> Includes amortization of approximately \$64.9 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$15.9 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(2.9) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

# Reconciliation of Net Earnings Excluding Special Items and Non-GAAP Diluted Earnings Per Share

**upbound**

Twelve Months Ended December 31, 2021

<i>(in thousands, other than per share amounts)</i>	Gross Profit	Operating Profit	Pre-Tax Income	Tax Expense	Net Earnings (Loss)	Diluted Earnings (Loss) per Share
<b>GAAP Results</b>	<b>\$2,235,012</b>	<b>\$280,539</b>	<b>\$194,304</b>	<b>\$59,364</b>	<b>\$134,940</b>	<b>\$2.02</b>
Plus: Special Items						
Acima equity consideration vesting	-	127,060	127,060	-	127,060	1.90
Acima acquired assets depreciation and amortization <sup>(1)</sup>	(14,265)	100,694	100,694	24,241	76,453	1.14
Acima transaction costs	-	17,680	17,680	4,256	13,424	0.20
Legal settlement reserves	-	17,500	17,500	4,213	13,287	0.20
Acima integration costs	-	10,305	10,305	2,481	7,824	0.12
Hurricane impacts	-	1,424	1,424	343	1,081	0.02
Store closure costs	-	531	531	128	403	0.01
COVID-19 testing	-	293	293	71	222	-
State tax audit assessment reserves	-	161	161	39	122	-
Debt refinancing charge	-	-	15,582	3,751	11,831	0.18
Discrete income tax items	-	-	-	14,316	(14,316)	(0.22)
<b>Non-GAAP Adjusted Results</b>	<b>\$2,220,747</b>	<b>\$556,187</b>	<b>\$485,534</b>	<b>\$113,203</b>	<b>\$372,331</b>	<b>\$5.57</b>

<sup>1</sup> Includes amortization of approximately \$101.7 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$13.2 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(14.2) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

# Reconciliation of Operating Profit to Adjusted EBITDA (Consolidated and by Segment)

**upbound**

Twelve Months Ended December 31, 2022

<i>(in thousands)</i>	<b>Rent-A-Center Business</b>	<b>Acima</b>	<b>Mexico</b>	<b>Franchising</b>	<b>Corporate</b>	<b>Consolidated</b>
GAAP Operating Profit (Loss)	\$334,525	\$151,301	\$6,267	\$19,124	\$(362,679)	\$148,538
Plus: Amortization, Depreciation	20,526	1,928	711	146	29,768	53,079
Plus: Stock-based compensation	-	-	-	-	19,399	19,399
Plus: Special Items						
Acima equity consideration vesting	-	-	-	-	143,210	143,210
Acima acquired assets depreciation and amortization <sup>(1)</sup>	-	62,052	-	-	15,887	77,939
IT Asset disposals	-	-	-	-	5,808	5,808
Cost savings initiatives	118	(384)	-	-	1,992	1,726
Store closure costs	1,368	-	-	-	-	1,368
Retail partner conversion losses	-	1,169	-	-	-	1,169
State tax audit assessment reserves	-	1,165	-	-	-	1,165
Legal settlement	-	-	-	-	(831)	(831)
Legal settlement reserves	-	-	-	-	650	650
Hurricane impacts	249	-	-	-	-	249
Other	-	77	-	-	(287)	(210)
Acima transaction costs	-	-	-	-	187	187
<b>Adjusted EBITDA</b>	<b>\$356,786</b>	<b>\$217,308</b>	<b>\$6,978</b>	<b>\$19,270</b>	<b>\$(146,896)</b>	<b>\$453,446</b>

<sup>1</sup> Includes amortization of approximately \$64.9 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$15.9 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(2.9) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

# Reconciliation of Operating Profit to Adjusted EBITDA (Consolidated and by Segment)

**upbound**

Twelve Months Ended December 31, 2021

<i>(in thousands)</i>	<b>Rent-A-Center Business</b>	<b>Acima</b>	<b>Mexico</b>	<b>Franchising</b>	<b>Corporate</b>	<b>Consolidated</b>
GAAP Operating Profit (Loss)	\$448,905	\$176,496	\$7,858	\$20,321	\$(373,041)	\$280,539
Plus: Amortization, Depreciation	18,588	2,122	511	93	33,516	54,830
Plus: Stock-based compensation	-	-	-	-	20,494	20,494
Plus: Special Items						
Acima equity consideration vesting	-	-	-	-	127,060	127,060
Acima acquired assets depreciation and amortization <sup>(1)</sup>	-	87,455	-	-	13,239	100,694
Acima transaction costs	-	-	-	-	17,680	17,680
Legal settlement reserves	-	-	-	-	17,500	17,500
Acima integration costs	14	6,849	-	-	3,442	10,305
Hurricane impacts	1,276	148	-	-	-	1,424
Store closure costs	528	-	3	-	-	531
COVID-19 testing	293	-	-	-	-	293
State tax audit assessment reserves	-	-	-	-	161	161
<b>Adjusted EBITDA</b>	<b>\$469,604</b>	<b>\$273,070</b>	<b>\$8,372</b>	<b>\$20,414</b>	<b>\$(139,949)</b>	<b>\$631,511</b>

<sup>1</sup> Includes amortization of approximately \$101.7 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$13.2 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(14.2) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

# Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	Twelve Months Ended December 31,	
	2022	2021
	Amount	Amount
<i>(in thousands)</i>		
<b>Net cash provided by operating activities</b>	<b>\$468,460</b>	<b>\$392,298</b>
Purchase of property assets	(61,387)	(62,450)
<b>Free cash flow</b>	<b>\$407,073</b>	<b>\$329,848</b>