

FRANCHISE DISCLOSURE DOCUMENT

Aaron's®

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AARON'S, LLC
(a Georgia limited liability company)
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Aaron's, LLC offers franchises for the operation of stores that lease and sell household furniture, electronics, computers and appliances. The total investment necessary to begin operation of your first Aaron's Sales & Lease Ownership® franchise ranges from \$307,170 to \$837,975. This includes \$163,070 to \$203,375 that must be paid to the franchisor and its affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats contact Russell Falkenstein, Aaron's Chief Financial Officer and Executive Vice President, Store Operations, at 400 Galleria Parkway SE, Suite 300, Atlanta, GA 30339 and 678-402-3500.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "Buying a Franchise, a Consumer's Guide," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: June 30, 2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D-1 and D-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Aaron's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Aaron's franchisee?	Item 20 or Exhibits D-1 and D-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit E.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.

General. Aaron's, LLC ("Aaron's" or the "Company") is a Georgia limited liability company, originally incorporated in a prior form on March 28, 1962, with its principal place of business located at 400 Galleria Parkway SE, Suite 300, Atlanta, Georgia 30339. Aaron's is a leading technology-enabled omnichannel provider of lease-to-own and retail purchase solutions of appliances, electronics, furniture and other home goods through its Company operated and franchised stores as well as its e-commerce platform. As of December 31, 2024, the Company operated 974 showrooms in 43 states and Canada. "Company operated" refers to those stores owned and operated by Aaron's.

Aaron's is a wholly owned subsidiary of The Aaron's Company, Inc., a Georgia corporation, which was previously a publicly-traded company whose stock was traded on the New York Stock Exchange under the symbol AAN. The Aaron's Company, Inc. is Aaron's immediate parent. On October 3, 2024, in connection with a going private and merger transaction, The Aaron's Company, Inc. became a privately held company, and KMJ, LLC, an Ohio limited liability company ("KMJ"), became Aaron's ultimate parent. KMJ's principal place of business is at 5165 Emerald Pkwy, Suite 110, Dublin, Ohio 43017.

Prior to April 2022, Aaron's conducted its operations entirely through the Aaron's Sales & Lease Ownership[®] division, "the Aaron's Business", which consists primarily of the lease-to-own and retail operations of the Aaron's branded stores. Aaron's became a public company in November 1982. In 2020, through a series of near simultaneous transactions, Aaron's was separated from its prior parent company, Aaron's Holdings Company, Inc. (n/k/a PROG Holdings Company, Inc.) and ownership transferred to the newly created, then publicly-traded company, The Aaron's Company, Inc. After that transaction, which closed on November 30, 2020, neither The Aaron's Company, Inc. nor Aaron's maintained any affiliation with PROG Holdings Company, Inc. ("PROG") or its operating divisions, Progressive Leasing, LLC (and its subsidiaries) or Vive Financial, LLC (f/k/a Dent-A-Med). This transaction is referred to as the "Spin Transaction" in this Disclosure Document.

Aaron's has one affiliate, Aaron Investment Company, LLC ("AIC") that must be disclosed in this Disclosure Document. AIC is a Delaware limited liability company with its principal place of business located at 500 Delaware Avenue, 11th Floor, Wilmington, DE 19801. AIC owns the "Aaron's[®]" and "Aaron's Sales and Lease Ownership[®]" marks and has licensed to Aaron's the right to use these marks and logos and to sublicense these marks and logos to franchisees. Aaron's agents for service of process are listed in the Addendum to Disclosure Document for Item 1. Prior to December 30 2024, Aaron's had another affiliate, Woodhaven Furniture Industries ("Woodhaven"), through which it manufactured its own line of furniture, which results were previously reported as part of the Aaron's Business.

On April 1, 2022, The Aaron's Company, Inc. closed on the acquisition of Interbond Corporation of America, Inc., now known as Interbond of America, LLC, d/b/a BrandsMart U.S.A. ("BrandsMart U.S.A."). Founded in 1977, BrandsMart U.S.A. is one of the leading appliance and consumer electronics retailers in the southeast United States and one of the largest appliance

retailers in the country with eleven stores in Florida and Georgia and a growing e-commerce presence on brandsmartusa.com. In addition to traditional credit offerings, BrandsMart U.S.A. customers also have the option to apply for an LTO plan through BrandsMart Leasing, operated by Aaron's affiliate Retail RTO Solutions, LLC, which provides the option to acquire ownership of merchandise through a renewable LTO plan.

Except as described above, our affiliates do not offer, and have not offered, franchises in any line of business and do not provide products or services to franchisees of Aaron's.

The Business. Aaron's offers franchises for the establishment and operation of retail businesses that lease and sell merchandise for consumer and/or business use, under the mark "Aaron's Sales & Lease Ownership[®]" ("Aaron's Stores" or "Stores"). Aaron's Sales & Lease Ownership[®] and any other service marks, trademarks, trade names, logos, signs, and other indicia of origin Aaron's develops for use in the franchise system (the "System") are referred to collectively as "Aaron's Marks" or the "Marks." Aaron's also operates company-operated Aaron's Stores. In this Disclosure Document, an individual that signs a Franchise Agreement or Area Development Agreement with Aaron's is referred to as "you." If you are an entity, the term "you" includes each of your shareholders, partners, members or principals.

Aaron's Stores sell and lease residential furniture, consumer electronics, and home appliances and accessories, and other home goods primarily to consumers who do not purchase them with cash or credit. Instead, customers make weekly, semi-monthly, or monthly payments to Stores, and may return the products to the Store at any time without any further payment obligations or penalty. Customers may also make continuous payments for the term stated in the lease agreement, after which the customers will own the products. Until a customer owns or returns the product, you must perform, or arrange for, repair services. Stores are typically located in free-standing locations or strip shopping centers in moderate income neighborhoods.

Aaron's began experimenting in the lease purchase business for consumer electronics and appliances in 1983. In 1987, Aaron's began operating Aaron's Rent-To-Own[®] stores, which were exclusively devoted to the rental purchase business. In May 1990, Aaron's began experimenting with a 12-month rental purchase program (rather than the traditional 18-month program) in 5 of its Aaron's Rent-To-Own[®] stores. Due to the success of this program, Aaron's converted all of its rental purchase units to the 12-month program in August 1990. In May 2000, Aaron's began transitioning its rental purchase units over to sales and lease ownership programs while continuing to use the 12-month program concept. Aaron's currently offers 6-month, 12-month, 18-month and 24-month sales and lease ownership programs to its customers.

As of December 31, 2024, Aaron's and its franchisees operated 1,201 Aaron's Stores in the United States and Canada. Before January 1, 2000, Aaron's offered Stores to be operated under the Aaron's Rental Purchase[®] service mark. Aaron's now offers Stores to be operated under the service mark "Aaron's Sales & Lease Ownership[®]" and other Marks.

Aaron's also operates 13 distribution centers, with 1 in each of the following states: Arizona, Florida, Georgia, Indiana, Maryland, Massachusetts, Mississippi, North Carolina, Ohio, Oklahoma, Oregon, Tennessee, and Texas.

Aaron's began offering franchises for Aaron's Stores in May 1992. As of December 31, 2024, 224 Franchise Agreements were in effect for the operation of Aaron's Stores in the United States, and there are an additional 3 franchised Aaron's Stores in Canada.

In April 2017, Aaron's opened "Smart Charlie's," an outlet store concept. Smart Charlie's sold pre-leased merchandise primarily on a retail sale basis, but did offer some limited rent-to-own options for customers. As of March 1, 2019, the Company closed all Smart Charlies' stores. Aaron's does not currently offer franchises for Smart Charlie's stores.

Between December 2005 and January 2014, Aaron's also operated and offered franchises for RIMCO® Stores which sell and lease custom wheels, tires, and related products. On January 21, 2014, Aaron's sold the RIMCO franchise system and all of the Aaron's-owned RIMCO® Stores.

Between December 2010 and May 2016, Aaron's also operated and offered franchises for HOMESMART® Stores which sold and leased household furniture, electronics, computers, appliances and related products. On May 13, 2016, Aaron's sold all of the Aaron's-owned HOMESMART® Stores and discontinued the HOMESMART® franchise system.

Aaron's believes that a successful Store will require a substantial time commitment, particularly during pre-opening period and during the Store's first two years of operation, for during this period you will become thoroughly acquainted with the Store and will be building clientele. To be successful, you must work full time on weekdays and most weekday evenings, and you will need to spend some time working on weekends.

Market and Competition. The sales and lease ownership market is highly competitive. Aaron's Stores compete with local, regional, national, and internet-based retailers and wholesalers offering office and household furniture, consumer electronics, home appliances, and related goods for purchase or lease.

Franchise Agreement. Under the Franchise Agreement attached as Exhibit A to this Disclosure Document (the "Franchise Agreement"), Aaron's grants qualified franchisees the right to operate a single Aaron's Store from a specified location (the "Designated Location"). The Franchise Agreement will establish a geographic area within which each Store must operate (the "Territory").

Under the Franchise Agreement, a Store must be established and operated in accordance with Aaron's proprietary business system, which includes standards and specifications for the design, layout and décor of an Aaron's Store, specialized procedures for leasing products and providing ongoing repair services to customers, supplier networks, procedures for management and inventory control, collections practices, training programs and assistance, advertising and promotional programs, and other standards, specifications, and know-how relating to the operation of an Aaron's Store (the "Aaron's Methods") which are intended to create, promote and maintain a uniform national image of high quality service throughout the System. Aaron's may periodically

change and improve parts of the Aaron's Methods, and franchisees must promptly comply with all new or changed items.

In conjunction with the Franchise Agreement, Aaron's will require you to sign a Technology Services Agreement ("TSA"), a copy of which is attached as Exhibit K to this Disclosure Document. The TSA sets forth the terms and conditions under which Aaron's will supply and support certain technology resources utilized by the chain (both franchise and corporate Stores). Signing the TSA is required of all new franchisees.

Area Development Agreement. Aaron's also offers qualified franchisees the right to establish and operate multiple Aaron's Stores in a designated area (the "Development Area") pursuant to the Area Development Agreement attached as Exhibit C to this Disclosure Document (the "Development Agreement"). Franchisees that enter into Development Agreements are referred to as "Developers." If you sign a Development Agreement, you must open each Aaron's Store subject to the Development Agreement according to the schedule described in Exhibit A to the Development Agreement (the "Development Schedule"). You will exercise each development right by executing Aaron's then-current form of Franchise Agreement for each Store.

The number of Aaron's Stores to be established under the Development Schedule will be mutually determined by you and Aaron's, based on the size of the Development Area, demographic and economic factors in the Development Area, and your desire and ability to establish and operate Aaron's Stores, among other factors. During the term of the Development Agreement, you must operate and maintain at least the number of Stores which are required to be established under the Development Schedule. After you fulfill your obligations under the Development Schedule, and if you are fully compliant with the terms of the Development Agreement and each of your Franchise Agreements, the Development Area will be converted into an area within which you will have, for 10 years, a right of first refusal to develop additional Aaron's Stores.

Regulatory Matters. Your franchised business will be extensively regulated by various federal, state, and local laws and regulations. In general, these laws regulate applications for leases, late fees, the form of disclosure statements, the substance and sequence of required disclosures, the content of advertising materials, maintaining consumer and data privacy, and certain collection procedures. Violations of certain provisions of these laws may result in penalties ranging from nominal amounts up to and including forfeiture of fees and other amounts on leases.

At the present time, while there are federal laws governing leasing transactions (discussed below), there are no federal laws that specifically regulate the lease-to-own industry. Also, federal legislation to regulate the industry has been proposed from time to time. Most of the states that regulate lease-to-own transactions have enacted disclosure laws which require lease-to-own businesses to disclose to their customers the total number of payments, the total amount and timing of all payments to acquire ownership of any item, any other charges that may be imposed by them and miscellaneous other items. Your lease transactions may be considered installment sales, and you may have to comply with the legal requirements governing installment sales. The more restrictive state lease purchase laws may limit the total amount that a customer may be charged for an item, or regulate the amount of the cost of lease services that lease-to-own companies may

charge on lease-to-own transactions, generally defining the cost of lease services as lease fees paid in excess of the “retail” price of the goods.

Generally, state laws that govern the lease-to-own industry only apply to lease agreements with an initial term of four months or less. Leases that are longer than four months are generally not governed by state lease-to-own laws, and are considered consumer leases that may be governed by federal and state consumer laws and regulations. The federal regulations applicable to the consumer lease require certain disclosures similar to the lease-to-own regulations, but generally have different requirements concerning pricing and other charges.

While you are responsible for complying with state and federal laws, all company-operated, and franchised, Stores must utilize an Aaron’s lease form with an initial term less than four months and to utilize the Aaron’s lease form designed to satisfy the specific state lease-to-own statutes for the states in which you operate.

You are responsible for evaluating and complying with all federal, state and local laws and regulations that apply to your franchised business and you should obtain legal assistance to help you.

ITEM 2 BUSINESS EXPERIENCE

Cory Miller: Interim Chief Executive Officer

Mr. Miller currently serves as the Interim Chief Executive Officer of Aaron’s and has served as President of IQVentures, in Dublin, Ohio, since January 2024. Prior to that, Mr. Miller served as Executive Vice President and Chief Financial Officer of The Scotts Miracle-Gro Company in Marysville, Ohio from January 2021 to September 2022, and as Vice President of Finance, CFO of Hawthorne from April 2016 to January 2021. Mr. Miller held various roles with The Scotts Miracle-Gro Company prior to that and was with the lawn and garden care consumer products company for over 20 years.

Steve Olsen: President

Mr. Olsen currently serves as the President of Aaron’s. He previously served as President of the Aaron’s Business from July 2020 to November 2020. Prior to that he served as Chief Operating Officer of the Aaron’s Business from April 2020 to June 2020 and as Chief Merchandising, Supply Chain and Transformation Officer of the Aaron’s Business from December 2016 to March 2020. He also served as Senior Vice President and General Merchandising Manager of Total Wine and More from April 2013 to November 2016. Previously Mr. Olsen served as Chief Strategy Officer and Senior Vice President of Supply, E-commerce and Information Technology of Orchard Supply Hardware from June 2011 to February 2013 and as General Merchandising Officer and Senior Vice President from June 2010 to June 2011. Prior to working at Orchard

Supply Hardware, Mr. Olsen served as Vice President, Merchandising in the Supplies/Office Products Division of Office Depot from November 2007 to May 2010.

Russell Falkenstein: Chief Financial Officer and Executive Vice President, Store Operations

Mr. Falkenstein serves as the Company's Chief Financial Officer and Executive Vice President, Store Operations. He previously served as Aaron's Executive Vice President, Chief Operating Officer, Lease-To-Own from September 2023 to February 2025 and as Senior Vice President, Chief Strategy, Analytics, & Development Officer from January 2021 to September 2023. Prior to that, he served as Aaron's Senior Vice President, Finance & Accounting, Vice President, Financial Planning & Strategic Analytics, and Vice President, Corporate Initiatives from February 2016 to December 2020. Prior to joining the Company, Mr. Falkenstein worked at Alvarez & Marsal from July 2010 to January 2016, first as an Analyst, then as an Associate, Turnaround and Restructuring, and then as a Senior Associate, Turnaround and Restructuring, in New York, New York.

Rachel G. George: Executive Vice President and Chief Legal Officer

Ms. George currently serves as the Executive Vice President and Chief Legal Officer. She previously served as the Executive Vice President, General Counsel, Corporate Secretary, Chief Compliance Officer & Chief Corporate Affairs Officer from July 2021 to February 2025, and as the Executive Vice President, General Counsel, Corporate Secretary & Chief Corporate Affairs Officer from November 2020 to July 2021. Prior to joining the Company, she served as Senior Vice President and Deputy General Counsel of Navient Solutions, a financial services company, a position she held since January 2018. Prior to that time, Ms. George was Vice President and Deputy General Counsel of Navient Solutions from July 2017 to December 2017, and Vice President and Associate General Counsel of Navient Solutions from April 2015 to June 2017. Prior to that, Ms. George was a partner at Chapman and Cutler LLP from 2012 to March 2015, in Washington, DC.

Carla Dodds: Chief Marketing Officer

Ms. Dodds has served as the Chief Marketing Officer since January 2025, leading the marketing strategy and tactics for Aaron's stores. Prior to joining Aaron's, Carla served as Chief Marketing Officer of NovoMercatus, LLC from April 2016 to December 2024 in Dallas, Texas. Prior to that Ms. Dodds has served as Chief Marketing Officer and other related executive leadership positions in such organizations as Walmart, MasterCard, Penske Media Corporation, Texas Pacific Group, Liberty Mutual International, PedMeds/PedCareRx,, Grupo Omnilife-Chivas, and Curacao.

Penny Meegan: Vice President, Corporate Controller

Ms. Meegan has served as the Vice President, Corporate Controller since March 2025. Ms. Meegan has over 23 years' experience with Aaron's. Ms. Meegan served as VP – Divisional Controller from January 2019 to February 2025, and as Director of Accounting from February 2002 to January 2019.

David Van Deventer: Chief People Officer

Mr. Van Deventer is the Company's Chief People Officer and leads the Aaron's human resources strategy. Mr. Van Deventer joined the team in June 2025. Before joining Aaron's, he spent over 18 years at HD Supply in a variety of human resources roles, including Vice President, Total Rewards & HR Operations (2024 – 2025), Vice President, HR Associate Experience (2021 – 2024), Vice President, HR Planning & Operations (2018 – 2021), Sr. Director, HR Planning & Operations (2016 – 2018), Director HR Planning & Operations (2011 – 2016), and other human resources manager roles (2006 – 2011).

Except as described above, the location of the employer for each of the officers, directors, and management personnel listed in this Item 2 is Atlanta, Georgia.

ITEM 3 LITIGATION

Pending Litigation and Government Actions:

1. Berrin Koksall v. Douglas A. Lindsay et al., Civil Action No. 1:25-cv-00754-LMM (N.D. Ga.): This matter was filed February 11, 2025. Plaintiff alleges violations of federal securities laws and a breach of fiduciary duties related to a proxy statement seeking shareholder approval of the Company's 2024 going-private transaction with IQVentures Holdings, LLC. Plaintiff seeks class certification, damages, fees, and costs. On May 22, 2025, Plaintiff filed a First Amended Class Action Complaint ("Amended Complaint"), and on June 20, 2015, the Company filed a motion to dismiss the Amended Complaint. This matter is pending.

Concluded Litigation and Government Actions:

1. Tracy Arnold v. Aaron's, LLC, et al., 2:22-cv-00024-TAV (E.D. Tenn. Mar. 4, 2022). On March 30, 2022, Aaron's received a class action lawsuit on ADA accessibility, alleging failure to comply with ADA accessibility guidelines in the parking lot of 55 stores in Tennessee, Kentucky, Indiana, and Illinois. The lawsuit purported to represent a national class and argued that the lawsuit should implicate all Aaron's stores (including franchise stores). The plaintiff is based in Johnson City, Tennessee, but alleges that her investigator went to the other listed 54 stores and found ADA compliance issues on the exterior of all of them. The alleged violations were generally: (1) parking surface of accessible parking spaces and aisles had too great of a slope; (2) lack of or improper accessible curb ramp; (3) no accessible parking signs; and (4) access curb ramps had too great of a slope. Many of the locations are franchise-owned, and impacted franchisees were put on notice of the case. Aaron's filed a motion to dismiss the Complaint on June 13, 2022. The parties entered into a settlement agreement in July 2022 to resolve the matter in full. The court approved the settlement agreement and entered dismissal of the case on October 19, 2022.

2. Turtle Creek Assets, Ltd. vs. Aaron's Inc., (State Court of Cobb County, 20-A-628, Feb. 18, 2020) Civil Action File No. 20102626). This was a contract dispute with third party debt buyer filed in the Superior Court of Cobb County on February 18, 2020. TCA claimed that Aaron's breached covenants to screen sold accounts for certain collectability issues before including in

sales pool. Aaron's denied the claim and counterclaimed for TCA's harassing actions against Aaron's former customers, including filing criminal actions. The parties resolved the dispute in September 2022 pursuant to the terms of a confidential settlement agreement signed on October 4, 2022. The court approved the settlement agreement and entered dismissal of the case on November 2, 2022.

3. Stein v. Aaron's, Inc., et. al., 1:20-cv-01796-LLS (S.D.N.Y., Feb. 28, 2020). Filed in U.S. District Court for the Southern District of New York on February 28, 2020. The Complaint alleges that from March 2, 2018 through February 19, 2020, Aaron's made certain misleading public statements about the Company's business, operations, and prospects. The allegations underlying the lawsuit principally relate to the Federal Trade Commission's inquiry into disclosures related to lease-to-own and other financial products offered by the Company through the Aaron's Business and Progressive Leasing segments. The case was transferred to the Northern District of Georgia, and a motion to dismiss in full was heard in October 2021. The Court granted Aaron's motion to dismiss on September 29, 2022.

4. Aaron's, Inc. v. Kaco, LLC and Randy Brown (Case No.01-20-0005-2953) ("Kaco Dispute"), American Arbitration Association, Atlanta Regional Office, filed May 18, 2020. On October 1, 2019, Aaron's received a Notice of Dispute and Request for Mediation from this franchise principal that owns eight locations across North Dakota, South Dakota, Nebraska, and Colorado. The Kaco dispute revolved around Aaron's operation of its Progressive Leasing division and regarding the cost of goods charged to Kaco LLC from Aaron's merchandise fulfillment centers. This case was mediated on May 13, 2020, in Atlanta, but the parties could not reach a resolution. On May 18, 2020, Aaron's filed the Arbitration Demand and Statement of Claims. On July 9, 2020, Kaco LLC filed a lawsuit in U.S. District Court for the District of South Dakota, alleging violations of the franchise agreements and alleging that the mandatory arbitration provisions of the franchise agreement were unenforceable as to certain matters. The case was settled in October 2020, and dismissal of the case was filed December 1, 2020.

5. Crystal and Brian Byrd v. Aaron's, Inc., Aspen Way Enterprises, Inc., John Does (1-100) Aaron's Franchisees and Designerware, LLC, (Civil No.:1:11-CV-101-SPD) ("Byrd Litigation"). U.S. District Court, Western District of Pennsylvania, filed May 16, 2011. Plaintiffs were customers of an Aaron's franchised Store. The plaintiffs alleged that Aaron's and its franchisees knowingly violated plaintiffs' privacy in violation of the Electronic Communications Privacy Act and the Computer Fraud Abuse Act through use of a software program called "PC Rental Agent." Plaintiffs seek certification of a putative nationwide class and injunctive relief. In August 2019, the Company reached a tentative global settlement of the *Byrd*, *Winslow*, and *Price* cases between Plaintiffs and Aaron's, Inc. The settlement agreement states that the Company will pay \$45,000 to Brian Byrd and \$45,000 to Crystal Byrd, and both Brian Byrd and Crystal Byrd released all claims against the Company. The U.S. District Court for the Eastern District of Pennsylvania entered a dismissal of the case on March 27, 2020.

6. Michael Winslow and Fonda Winslow v. Sultan Financial Corporation, Aaron's, Inc., John Does (1-10), Aaron's Franchisees and Designerware, LLC, (Case No. BC502304), Los Angeles Superior Court, filed March 5, 2013 and since moved to the United States District Court for the Central District of California (Case No. CV23-02684 MWF (SHx)). Plaintiffs were customers of

an Aaron's franchised Store. Plaintiffs have asserted claims against Aaron's and its franchisee Sultan Financial Corporation (as well as certain John Doe franchisees) for violation of the California Penal Code for unauthorized wiretapping, eavesdropping on confidential communications and electronic stalking and for violations of California's Unfair Competition Law and Comprehensive Computer Data Access and Fraud Act. Each of these claims arises out of the use of PC Rental Agent software and/or similar software and/or devices. On July 18, 2013, the Court stayed the case, and renewed that order on July 11, 2015. This case has been resolved as part of the global settlement discussed above in *Byrd v. Aaron's, Inc. et. al.* Pursuant to the settlement agreement, the Company paid \$10,000 to Michael Winslow and \$10,000 to Fonda Winslow, and Michael Winslow and Fonda Winslow released all claims against the Company. The case was dismissed by U.S. District Court for the Central District of California on September 16, 2019.

7. Lomi Price v. Aaron's, Inc. and NW Freedom Corporation, (Case No. 13-EV-016812B), filed on February 27, 2013. Plaintiff was an individual customer of an Aaron's franchised Store. Plaintiff asserted claims against Aaron's and its franchisee, NW Freedom Corporation, for Invasion of Privacy/Intrusion on Seclusion, Computer Invasion of Privacy – O.C.G.A. § 16-9-93(c) and Infliction of Emotional Distress. Each of these claims arises out of the alleged use of PC Rental Agent software. Aaron's motion to stay the proceeding was granted by the court on July 18, 2013 and the court issued an order removing the case from its active caseload on March 27, 2015. On June 15, 2015, the Court issued an order renewing its ruling granting Aaron's motion to stay the case. This case has been resolved as part of the global settlement discussed above in *Byrd v. Aaron's, Inc. et. al.* Pursuant to the settlement agreement, the Company paid \$20,000 to Lomi Price, and Lomi Price released all claims against the Company.

8. United States of America Federal Trade Commission Civil Investigative Demand to Aaron's, Inc. and Progressive Leasing, LLC (together, File No. 1823127). On July 2, 2018, Aaron's received civil investigative demands ("CIDs") from the U.S. Federal Trade Commission (the "FTC"). The CIDs requested the production of documents and answers to written questions to determine whether disclosures related to financial products offered by Aaron's through the Aaron's Business and Progressive Leasing are in violation of the Federal Trade Commission Act. Aaron's provided the FTC with the responses and document production from both Aaron's and Progressive on October 12, 2018. In July 2019 the FTC determined that it was taking no action regarding the Aaron's Business. In April 2020, the FTC and Progressive Leasing agreed to a Consent Order. Under the Consent Order Progressive Leasing paid \$175 M to a redress fund for certain consumers of Progressive Leasing transactions. The Consent Order was entered by the U.S. District Court for the Northern District of Georgia on April 22, 2020.

9. Aaron's, Inc. v. MKW Investments, Inc. et. al. (Civil No. 1:16-cv-01363-ELR). U.S. District Court for the Northern District of Georgia, filed April 27, 2016, alleging claims for breach of contract, a declaratory judgment, and attorney's fees. This case arises from a claim for employment discrimination and harassment filed by a former employee of franchisee MKW Investments in the Missouri State Court. The former employee alleged claims that the franchisee's employee, a GM, engaged in sexually harassing behavior and comments against the plaintiff, a store employee. The employee also named Aaron's, Inc. as a defendant under the joint employer theory. Aaron's retained separate counsel from the franchisee and settled with the employee as to

liability of Aaron's, Inc. Aaron's then demanded that franchisee reimburse Aaron's for the cost of settlement as well as its attorneys' fees expended in the underlying case based upon the indemnity provisions of the franchise agreement. The franchisee refused and Aaron's brought this breach of contract and declaratory judgment action in U.S. District Court seeking a judgment that the franchisee was obligated to reimburse the Attorneys' fees and settlement expense and to declare that franchisee was in breach of the franchise agreement for failing to do so. The court granted summary judgment to the franchisees and was appealed to the U.S. Eleventh Circuit Court of Appeals Aaron's, Inc. v. MKW Investments, Inc., MKW II Investments, LLC, Kevin Welker, and Susan Welker (11th Cir. Case No. 18-13666-H) filed November 20, 2018. On September 5, 2019, the Eleventh Circuit vacated the lower court's ruling and remanded the case to the district court. In November 2019 the parties settled the case. MKW Investments closed one of its two franchise stores. The Company agreed to forgo indemnification of the settlement payment in the underlying employment discrimination lawsuit by a franchise employee.

10. United States of America Federal Trade Commission Civil Investigative Demand to Aaron's, Inc. (File No. 191-0074). On April 12, 2019, Aaron's received a civil investigative demand ("CIDs") from the U.S. Federal Trade Commission (the "FTC"). The CID requested the production of documents and answers to written questions to determine whether certain reciprocal purchase agreements, (a/k/a store swaps) with other rent-to-own dealers constituted violations of the FTC Act. Aaron's provided the FTC with the responses and document production and is currently in discussions with the FTC on this matter. The parties agreed to a Consent Order in which Aaron's and other RTO dealers agreed to refrain from entering any reciprocal purchase agreements in the future and to provide periodic reporting on store sales and purchases for a designated period of time. The Consent Order was approved by the FTC full commission on May 11, 2020.

11. In Re: The State of Texas and Aaron Rents, Inc., (D-1-GV-07-000722), District Court of Travis County, Texas, filed April 25, 2007. On April 25, 2007, Aaron's entered into an Assurance of Voluntary Compliance ("AVC") with the State of Texas, agreeing to fully comply with the Texas Deceptive Trade Practices Act ("DTPA") and the Texas Debt Collection Act ("DCA") in connection with selling consumer leases and engaging in debt collection activities under consumer leases. Aaron's agreed to accurately disclose the condition of the goods sold pursuant to consumer leases, accurately disclose the payment terms and fees due under consumer leases, refrain from committing harassment or abuse in attempting to collect debt, maintain the confidentiality of consumer data, and accurately represent its rights as a lender in all collection activities. Aaron's further agreed to develop a compliance system and training programs to instruct Aaron's employees about, and to monitor their compliance with, the AVC. With respect to franchisees and franchised locations, Aaron's agreed to notify franchisees of the requirements of the AVC, of the franchisees' obligations to comply with the AVC, and that Aaron's will take appropriate action under the franchise agreements if a franchisee violates the DTPA, DCA, or the AVC. Aaron's agreed to reimburse the Office of the Attorney General of Texas \$100,000 for fees and costs incurred, and pay a civil penalty of \$150,000. The AVC does not constitute an admission by Aaron's of any violation of the DTPA or DCA, or any other law or regulation.

12. United States of America Federal Trade Commission Investigation of Aaron's, (File No. 1223264), Civil Investigation Commencement Date: August 5, 2011. The FTC issued a CID to

Aaron's in connection with a non-public FTC investigation into whether Aaron's may have engaged in deceptive or unfair practices related to consumer privacy and/or data security. The CID sought information and documents regarding Aaron's privacy policies and practices, including information regarding Aaron's franchisees' use of PC Rental Agent software or other geo-locational tracking or monitoring software, and Aaron's responsibility for such use. Aaron's denied using the PC Rental Agent software, and fully cooperated in the FTC's investigation. On March 11, 2014, the FTC approved a final Consent Order, which requires, among other things, that Aaron's and its franchisees (i) refrain from using PC Rental Agent software (or similar software) and other geo-locational tracking or monitoring technology, (ii) refrain from using or storing data gathered through such means and (iii) accurately and adequately disclose how they maintain and protect the security, privacy, and confidentiality of consumer data. The Consent Order further requires that Aaron's (i) require that its franchisees delete or destroy any consumer data previously gathered or stored using any monitoring or geophysical location tracking technology that does not comply with the provisions of the Consent Order, (ii) monitor each franchisee's compliance with the Consent Order with an annual review and (iii) take action to cause any franchisee known to Aaron's to be violating the obligations imposed by the Consent Order to correct its practices and terminate any franchisee failing to do so. In addition, Aaron's must provide a copy of the Consent Order to all current and future franchisees, and franchisees must execute a written acknowledgement of having received the Consent Order and agreeing to its terms. Exhibit J to this Disclosure Document includes the forms of disclosure letter that Aaron's will provide to new franchisees, and the acknowledgements that the franchisees must execute.

13. State of California Attorney General's Office Investigation of Aaron's, (Case No. BC 559774), Superior Court of the State of California, County of Los Angeles (October 14, 2014). In February 2012, Aaron's received a Subpoena from the California Attorney General's Office to Answer Interrogatories and Produce Documents relating to its retail transactional practices (including certain leasing and marketing practices), and information regarding security and privacy policies and practices (related to the alleged use of PC Rental Agent software by certain independently owned and operated Aaron's franchisees). On October 13, 2014, Aaron's and the California Attorney General filed a Joint Stipulation For Entry of Final Judgment and Permanent Injunction ("Stipulation") with the Los Angeles County Superior Court, which requires, among other things, that Aaron's and its franchisees: (i) conduct business operations in California in accordance with the provisions of the Kernet Rental-Purchase Act ("Act"), and disclose to customers their rights under the Act; (ii) with limited exception, refrain from using geo-locational tracking or monitoring technology; (iii) refrain from making any false statements to consumers for the purpose of gathering data regarding the consumers, including via sweepstakes that do not comply with California law; (iv) provide accurate disclosures regarding the security, privacy, and confidentiality of consumer data; and (v) train their respective employees to comply with the Act and the Stipulation. In addition, Aaron's agreed to offer an aggregate of \$25 million in restitution to California customers that entered into, or made payments on, a rent-to-own transaction with Aaron's or an Aaron's franchisee between April 1, 2010 and March 31, 2014. The Stipulation further requires that Aaron's develop, implement, and maintain a compliance program designed to be followed by Aaron's franchisees to cause the franchisees to comply with the Stipulation. Aaron's must monitor each California franchisee's compliance with the Stipulation, and (iv) take action to cause any California franchisee known to Aaron's to be violating the requirements of the Stipulation to correct its practices, and terminate any franchisee that fails to do so. In addition,

Aaron's must provide a copy of the Stipulation to all current and future franchisees operating stores in California, and each California franchisee must execute a written acknowledgement of having received the Stipulation and agreeing to its terms. Schedule A to the California addendum to this Disclosure Document includes the form of disclosure letter that Aaron's will provide to California franchisees, and the acknowledgement that the California franchisees must execute.

14. Commonwealth of Pennsylvania, Office of the Attorney General, Administrative Subpoena dated November 14, 2011. The Office of the Attorney General of the Commonwealth of Pennsylvania issued an Administrative Subpoena to Aaron's requesting documents concerning the use of PC Rental Agent as well as Aaron's privacy, sales and collection practices. In response to the subpoena, Aaron's has produced documents for the Office of the Attorney General, and Aaron's is continuing to cooperate in the investigation. On November 18, 2015, Aaron's and the Office of the Attorney General agreed to resolve this matter by entering into an Assurance of Voluntary Compliance which requires, among other things, that Aaron's and its franchisees (i) refrain, with certain exceptions, from including any geo-locational tracking or monitoring technology on any computer leased to a customer, (ii) refrain from using or storing data gathered through such means, (iii) accurately and adequately disclose how they use any software technology, including geo-locational tracking or monitoring technology, installed or otherwise made a part of any computers leased to customers, and (iv) accurately and adequately disclose how they maintain and protect the security, privacy, and confidentiality of consumer data. The AVC further requires that Aaron's (i) require that its franchisees delete or destroy any consumer data previously gathered or stored using any monitoring or geophysical location tracking technology that does not comply with the provisions of the AVC, (ii) help its franchisees develop and implement a privacy policy to inform consumers of their online information practices, (iii) monitor each franchisee's compliance with the AVC through, among other things, the conduct of field visits and an annual review and (iv) take action to cause any franchisee known to Aaron's to be violating the obligations imposed by the AVC to correct its practices. In addition, Aaron's agreed to reimburse the Office of the Attorney General of the Commonwealth of Pennsylvania \$100,000 for fees and costs incurred, and pay a civil penalty of \$200,000. The AVC does not constitute an admission by Aaron's of any violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, or any other law or regulation.

15. Margaret Korrow, et al. v. Aaron's Inc., (Docket No. MID-L-7840-10), Superior Court of New Jersey, Middlesex County, Law Division, filed October 26, 2010; removed to the U.S. District Court for the District of New Jersey (Civil Action No: 3:10-cv-06371 (MAS)(LHG)), on December 6, 2010. Plaintiff, a customer of an Aaron's-owned Store, filed a putative class action suit alleging that Aaron's lease agreements issued after March 16, 2006 violated the New Jersey Retail Installment Sales Act ("RISA"), the New Jersey Consumer Fraud Act ("CFA"), and the New Jersey Truth-in-Consumer Contract, Warranty, and Notice Act ("TCCWNA"). On July 31, 2013, the District Court certified a class comprising all persons who entered into a rent-to-own contract with Aaron's in New Jersey from March 16, 2006 through March 31, 2011. The parties participated in a settlement conference and reached tentative terms in March 2017. The District Court approved the comprehensive settlement agreement of the parties and dismissed the action with prejudice on March 12, 2018.

16. Michael Peterson v. Aaron's, Inc. and Aspen Way Enterprises, Inc. (Civil No.:1:11-CV-101-SPD). U.S. District Court, Northern District of Georgia, filed June 19, 2014. The plaintiff, a

customer of a franchised Store, sued the franchisee and Aaron's seeking damages for alleged violations of the Electronic Communications Privacy Act and the Computer Fraud Abuse Act arising out of the franchisee's use of the "PC Rental Agent" software. Plaintiff sought certification of a putative nationwide class, injunctive relief, and monetary damages in an unspecified amount. On January 25, 2017, the District Court denied Plaintiffs' motion for class certification. Subsequently, on October 3, 2017, the District Court granted summary judgment on all remaining claims against the Company, thereby dismissing the Company from the case.

17. In re: Franchise No Poaching Provisions (Aaron's, Inc.), State of Washington, King County Superior Court, Assurance of Discontinuance ("AOD") was entered in 2019. In 2018 the Washington Attorney General's office initiated an investigation into certain provisions of various franchisors' agreements with their franchisees which prohibited the franchisees and franchisors from hiring their respective employees during the duration of the franchise agreements. Aaron's was one franchisor that included such a provision in its standard agreement. Because the Attorney General's office viewed such provisions as anticompetitive and because Aaron's did not view such provision as essential to its franchise business, it agreed to an AOD whereby it would no longer enforce the applicable provision in its single existing franchise agreement in Washington, and would remove such provision from future franchise agreements.

18. Grogan v. Aaron's, Inc. Class action case filed on June 6, 2018 in USDC, ND GA (Case No. 1:18-cv-02821-JPB). This is a putative class action alleging violation of the Telephone Consumer Protection Act (TCPA). Plaintiff alleges that he received multiple calls from an automated dialer and pre-recorded messages originated by Aaron's despite having no account with Aaron's and not having given Aaron's prior authorization to call him. We resolved the case at mediation for \$2.175 million in January 2020. The Court approved the settlement in October 2020, and \$1.9 million in payments were issued to class members and attorneys.

19. FTC Transactions re: Store Swaps. On April 12, 2019, The FTC served a CID from its competition division related to the practice of "store swaps" among RTO dealers. The FTC grew out of the second level review of the failed RAC/Buddy's merger. On July 23, 2019, we entered a Consent Order with the FTC that requires no financial payment by Aaron's but agree to refrain from entering any reciprocal transactions with other RTO competitors. RAC & Buddy's also entered similar Consent Orders. The Order also requires periodic reporting on any qualifying transactions.

20. Pennsylvania AG Collections Practices and Price Disclosures Access Letter. On August 5, 2019, Aaron's received an Access Letter (similar to a CID) from the Pennsylvania AG's Bureau of Consumer Protection. The letter requests production of various documents related to Aaron's policies and practices regarding collections practices and price disclosures to consumers. It also requests information related to accounts of a list of 28 purported customers or former customers in Pennsylvania against whom Aaron's allegedly filed criminal charges. Aaron's responded to the request on October 7, 2019. In July 2020, we wrote to the Pennsylvania AG's office to confirm that we engaged outside counsel to conduct an audit of criminal charges filed. The audit found that most of the criminal charges were filed by franchisees, and Aaron's committed to have franchisees certify annually their compliance with a policy not to pursue criminal charges against customers for debt collection.

Other than these 20 actions, no litigation must be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5 INITIAL FEES

The Franchise Agreement. The initial franchise fee is \$35,000 (the “Initial Fee”) and is payable when you sign the Franchise Agreement. Except as described in this Item 5, the Initial Fee is not refundable.

Aaron’s from time to time will convert a third party chain of one or more rental purchase stores (“Conversion Program”) to an Aaron’s franchise. As part of the Conversion Program, the initial franchise fees described above are reduced. The percentage reduction of the Initial Fee for the Conversion Program is calculated based on the number of converted stores. By way of example, a rental purchase operator converting 1 to 5 stores would pay \$21,000 per Store (60% of the full Initial Fee). An operator converting 6 to 10 Stores would pay \$17,500 per Store (50% of the full Initial Fee). Finally, an operator converting more than 10 Stores would pay \$14,000 per Store (40% of the full Initial Fee). The Conversion Program’s reduced Initial Fee structure is reflective of the rental purchase operator’s demonstrated ability to have operated a competitive store, the goodwill associated with the rental purchase operator’s business and as an incentive for the decision to participate in the Conversion Program. Participants in the Conversion Program must follow the same requirements described below consistent with any other franchisee entering the franchise system.

You must begin operating the Store within 6 months after the effective date of the Franchise Agreement or Aaron’s may terminate the Franchise Agreement. However, if Aaron’s determines that you have made a good faith attempt to open the Store, you can obtain an extension of up to 24 months if you have paid the Initial Fee. If Aaron’s permits you to extend your opening date, you may be required to pay extension fees that are payable per the following schedule: \$500 per month extension option fee for months 1 to 12, \$1,500 per month for months 13 to 18 and \$2,500 per month for months 19 to 24. In each case, you must sign Aaron’s standard extension authorization form.

If you do not open the Store within the required time period (including any extensions), or if you and Aaron’s cannot agree on a site, Aaron’s may terminate the Franchise Agreement. If Aaron’s terminates the Franchise Agreement for either of these reasons and you have submitted to Aaron’s a proposed location for the Store within 90 days of the effective date of the Franchise Agreement, Aaron’s will refund the Initial Fee (not including any portion of the Initial Fee that was paid by you or a related party under a Development Agreement and credited toward the Initial Fee), less (i) \$4,500, plus (ii) broker fees or commissions paid by Aaron’s to recruit you and Aaron’s travel, meal, lodging, and payroll costs incurred in connection lodging costs incurred in

providing you with training, site selection assistance, and other pre-opening assistance. If you have not submitted to Aaron's a proposed location during this 90-day period, none of the Initial Fee will be refunded.

In addition, when you sign the Franchise Agreement, you must purchase from Aaron's an equipment package consisting of, among other things, price tags, price tag holders, acrylic advertising stands, vendor logos and interior signage and other items related to the operation of the franchised business. The cost of the equipment package may vary depending on the price available at the time of purchase. As of the date of this Disclosure Document, the cost of the package is approximately \$8,000, and is non-refundable. In addition, you must lease certain required computer hardware and software from Aaron's, as set forth in the Franchise Agreement, before you open for business, at an approximate cost of between \$50 and \$150 each week. Additionally, franchisees may, but are not required to, purchase or lease additional items, such as a lease for exterior signage referred to in this document as a "sign lease", from Aaron's. The sign lease will cost approximately \$20 to \$225 per week, paid over approximately 260 weeks.

Finally, you must purchase an initial inventory of merchandise for offer or sale by your Aaron's Store from Aaron's, which we estimate will cost approximately \$120,000 to \$160,000, including freight and shipping and handling charges, which may be assessed by Aaron's designated distribution center and/or its shipping vendor. Certain components of the initial inventory may be purchased from our approved third-party suppliers.

The Development Agreement. If you sign a Development Agreement, you must pay Aaron's a non-refundable development fee that is based on the number of Stores that you agree to develop under the Development Agreement calculated as follows: \$20,000 for each Store (the "Development Fee"). The calculation and structure of the Development Fee is uniform for all Developers. If you are compliant with the Development Agreement, then Aaron's will credit the portion of the Development Fee allocable to a particular Store against the Initial Fee due when you sign a Franchise Agreement for that Store.

If you enter into a Development Agreement, you must open the number of Stores specified in the Development Schedule, within the time frames set forth in the Development Schedule. If you fail to timely open a Store, Aaron's may terminate your Development Agreement. However, you may request an extension within which to open a Store before the Store opening deadline set forth in the Development Agreement. Aaron's may, but is not obligated to, grant your extension request if you are compliant with the terms of the Development Agreement (other than the Development Schedule) and the Franchise Agreement you have signed for the Store, have paid the Initial Fee for the Store, and Aaron's determines that you have made a good faith attempt to open the Store in a timely manner. If Aaron's approves your request for an extension within which to open a Store, you must sign Aaron's then-current extension authorization form and pay the following non-refundable monthly extension fees (the "Extension Fees"): (a) \$500 per month for months 1 to 12 of the extension; (b) \$1,500 per month for months 13 to 18 of the extension; and (c) \$2,500 per month for months 19 to 24 of the extension. Extensions will not exceed 24 months. An extension within which to open one Store will not affect the deadlines within which you must open any other Store(s) under the Development Schedule.

If Aaron's grants you an extension within which to open a Store and later determines that you are not using your best efforts to open the Store within a reasonable period of time following the grant of extension, Aaron's may terminate the extension granted for that Store. The termination of an extension grant is an Event of Default under the Franchise Agreement.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Continuing License Fee ¹	6% of Gross Revenues	Withdrawn by Aaron's weekly	Aaron's will withdraw continuing license fees via EFT from a specified bank account
Ad Production Fund Contribution ²	If established, the lesser of \$3,750 per year (subject to adjustment annually due to inflation and other market conditions) or .5% of Gross Revenues	Same as Continuing License Fee	Used to contribute to a fund Aaron's established to develop and prepare advertising materials; Aaron's will withdraw ad production fees from a specified bank account
Media Fund Contribution ³	If established, the greater of \$175 or 2% of Gross Revenues. (subject to adjustment for inflation annually)	Same as Continuing License Fee	If established, Aaron's will withdraw media fees from a specified bank account
Advertising Agency Fees ⁴	Amounts that, in Aaron's good faith opinion, would be charged in a bona fide arms-length transaction (Currently, about 15% of advertising expense)	On demand	Applicable to any advertising services provided or with respect to Ad Production Fund, Media Fund
Consulting Services Fee	Travel, meals and lodging costs for Aaron's team members ¹ , plus the daily salary of each employee for each day the employee provides services	15 days after demand	Required for services that you request at the Designated Location in addition to the consulting and auditing services Aaron's provides each year without any additional charge
Transfer Fee	\$6,000 for each Store if Aaron's is not engaged to locate transferee and assist in the sale; greater of \$6,000 or 6 - 10% (as negotiated between you and Aaron's) of the purchase price if Aaron's is engaged to locate transferee and assist in the sale	When transfer occurs	Applies to a sale or transfer of the Store, substantially all of its assets, an interest in you or the Franchise Agreement, or a change in control of an entity franchisee

¹ We use the term "Aaron's Team Members" or "Team Members" to reference the employees that work in Aaron's stores, as this is part of our company and brand culture. However, this does not mean, and it is not intended to mean, that any "Aaron's Team Members" that are employees of the franchisee (or you) are our employees. They are not our employees, and you are responsible for all employment, hiring, firing, compensation, and other matters related to your employees.

Type of Fee	Amount	Due Date	Remarks
Audit	Costs of audit or review	15 days after demand	Payable only if audit or review shows that you have understated Gross Revenues by 2% or more during the period audited or reviewed
Tax Reimbursement	Amount of sales, excise or other tax incurred	15 days after demand	Payable if Aaron's or an affiliate must pay a tax on amounts it receives from you in a fee, purchase, lease or other transaction
Renewal Fee	\$2,500	When you sign renewal Franchise Agreement	Other requirements must be met to renew
Site Evaluation Fee	Aaron's costs	30 days after demand	Required for on-site evaluations in addition to the one evaluation Aaron's provides without charge
Late Fee	18% per annum or maximum allowed by law (whichever is less) interest from due date	On demand	Required whenever a payment to Aaron's is made after the due date
Sign Lease Payments	Ranges from \$20 to \$225 per week depending on size and number of signs	On the commencement date of the Sign Lease Agreement	Aaron's will pay up to \$30,000 for the exterior signs; the lease amount is payable under lease agreement for exterior signs; Aaron's will withdraw lease payments from a specified bank account
Equipment Payments	Under a lease for the equipment, ranges from \$50 to \$90 per week depending on the amount of equipment, including freight and shipping and handling charges. Additionally, you may purchase additional items from us, such as signs, which additional items will cost between \$20 and \$225 per week. If you are required to purchase the equipment, ranges from \$11,800 to \$15,000 including freight and shipping and handling charges.	Same as Continuing License Fee if under a lease for the equipment. You must purchase new equipment approximately every 3-4 years.	Payable per the terms of the Equipment Lease Agreement or Franchise Agreement, as applicable
Software License Fee	Aaron's costs	15 days after request	To reimburse Aaron's for the license fees it incurs in providing certain software to you

Type of Fee	Amount	Due Date	Remarks
Sign Maintenance Administrative Fees ⁵	If you fail to adequately repair and maintain the Store's signage, Aaron's cost to repair and maintain the Store's signage, plus a 15% administrative fee	On demand	To compensate Aaron's for expenses it incurs to repair and maintain your Store's signage
Indemnification	Amount of Aaron's fines, losses, damages and costs (including court costs and reasonable attorneys' fees)	15 days after demand	Payable if Aaron's incurs losses due to your breach of the Franchise Agreement, Area Development Agreement, your lease for a Store, or any action or inaction by you or another person involving your Store(s)
Extension Option Fee	Monthly withdrawals per the following schedule: \$500 per month for months 1 to 12 after required opening date, \$1,500 per month for months 13 to 18 after required opening date, \$2,500 per month for months 19 to 24 after required opening date	When extension is granted	If Aaron's allows you to extend the opening date for a Store under the Area Development Agreement. The extension option fee is payable via EFT. See Item 5 for additional details
Aaron's Performance of Your Obligations	Reimbursement of Aaron's costs for fulfillment of your obligations plus interest at 18% per annum or the maximum rate allowed by law, whichever is less	On demand	If Aaron's performs any obligation that you must do, but have failed to do, you must reimburse Aaron's for all costs Aaron's reasonably incurs in performing these duties, as well as interest.
Attorney's Fees	Reimbursement of Aaron's costs and expenses plus reasonable attorney's fees incurred in investigating, prosecuting or defending an action	On demand	Payable if Aaron's is the prevailing party in any action brought by either Aaron's or you
Store Fixtures	A service and admin. fee up charge of about 12% can be charged for Store fixtures	On demand	Aaron's may charge for the assistance it provides in helping you install Store fixtures

NOTES

1. The Continuing License Fee (which is sometimes referred to as a "Royalty Fee") will be 6% of "Gross Revenues" each week during the initial term of the Franchise Agreement.

The term "Gross Revenues" includes all of the monies and receipts derived from the operation of the Aaron's Store, including, without limitation, Gross Revenues derived from all leasing and sales transactions, delivery receipts, service income and any other receipts or sources of revenue, whether evidenced by cash, credit, check, script, barter, or other payment method. Gross Revenues do not include (i) promotional allowances or rebates paid to you in connection with purchasing products or supplies, or (ii) sales, use, merchants' or other taxes measured on the basis of the gross revenues of the Store imposed by governmental authorities directly on sales or

use and collected from customers, provided that the taxes are added to the selling price of the goods and services. Cash refunded and credits given to customers in accordance with Aaron's standards and specifications, and receivables that are uncollectible from customers, will be deducted in computing Gross Revenues to the extent the amounts of the cash, credits or receivables represent sums previously included in Gross Revenues on which Continuing License Fees were paid.

Under the Conversion Program, Aaron's may offer the third party rental purchase operator an abatement of the Continuing Licensing Fee. The abatement of the Continuing Licensing Fee is based on the per-store revenue for each of the stores being converted under the Conversion Program (the "Converted Stores"). For the purposes of determining store revenue, the Converting Stores are evaluated based on the trailing 3-month average "net revenue" before conversion. Depending on the amount of revenue per store, Aaron's will abate the Continuing Licensing Fee for 1 to 4 months. By way of example, assuming a Converted Store has a revenue range of \$0 to \$30,000, the Continuing Licensing Fee abatement period would be 1 month per Converted Store. For converted stores in the \$30,000.01 to \$50,000 range, the abatement period would be 2 months per Store. For Converted Stores in the \$50,000.01 to \$80,000 range, the abatement period would be 3 months per Store. Finally, for Converted Stores over \$80,000, the abatement period would be 4 months per Store. The Conversion Program's Continuing License Fee abatement is based on the rental purchase operator's demonstrated ability to have operated a competitive store in the market, the goodwill associated with the rental purchase operator's business and as an incentive for the rental purchase operator's decision to participate in the Conversion Program.

If Aaron's is charged any receipt or gross revenue tax by any governmental authority for your payments to Aaron's under the Franchise Agreement, you must pay to Aaron's an additional fee in the amount of the tax.

Currently the Continuing License Fee is payable on a weekly basis. Aaron's may change the due date and method of payments due to us at any time, with written notice.

2. If we establish an ad production fund to meet the cost of developing and preparing advertising materials for use by all franchised and Aaron's-owned Stores in the United States and Canada (the "Ad Production Fund"), the Ad Production Fund contribution (the "Ad Production Fee") will be the lesser of \$3,750 per year or 0.5% of Gross Revenues. We reserve the right to increase the maximum contribution requirement, but not more than once in any 12 month period, by an amount equal to any increase in the Consumer Price Index ("CPI"). We may also increase the maximum Ad Production Fee requirement annually based upon other relevant economic factors and market conditions, including, without limitation, increases in labor rates, changes in the cost of marketing materials, and changes in the mediums through which advertising and marketing materials are distributed.

3. A Media Fund was established in the United States and Canada commencing as of January 1, 2011, and required contributions to the Media Fund were suspended on January 1, 2014. Media Fund contributions will be used to maintain, administer and direct advertising and promotions, such as television, radio, internet and social media campaigns, market surveys, other public relations activities, and employ advertising agencies in the United States. If reinstated, you

must contribute to the Media Fund on a weekly basis, an amount equal to the greater of \$175 or 2% of Gross Revenues for the previous week in the same manner as the Continuing License Fee. Aaron's does not anticipate establishing a Media Fund during the current calendar year.

4. Aaron's has reserved the rights to (i) provide, through an in-house advertising agency or division, advertising services with respect to advertising placed directly for franchisees, or with respect to advertising services provided to the Ad Production Fund or the Media Fund, and (ii) charge for such services amounts that, in Aaron's good faith opinion, are consistent with amounts that would be charged by a third-party advertising agency in a bona fide arms-length transaction for comparable services.

5. If you do not keep a maintenance or service contract in place for the cleaning and upkeep of the leased sign(s), Aaron's may arrange for these services and charge the cost to you, along with an administrative fee for arranging for these services.

6. All of the fees described above are payable only to Aaron's and are non-refundable.

7. After Aaron's sends you an invoice evidencing any amount(s) owed based on Aaron's computation with respect to any other fee(s) for sales or services Aaron's provided to you, Aaron's may withdraw the amount due from your bank account.

ITEM 7 ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

Type Of Expenditures	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment is to be Made
Initial Fee ¹	\$35,000	\$25,000	Lump Sum	After Signing Franchise Agreement	Aaron's
Real Estate ²	\$3,800	\$20,000	As Arranged	As Arranged	Landlord
Leasehold Improvements ³	\$8,000	\$275,000	As Arranged	As Arranged	Landlord or Contractors and Aaron's
Signs ⁴	\$20	\$225	Direct Withdrawal	Weekly	Aaron's
Computer Equipment Lease ⁴	\$50	\$150	Direct Withdrawal	Weekly	Aaron's
Computer Equipment ⁴	\$11,800	\$15,000	As Arranged	Before Opening	Aaron's and Vendors
Equipment and Fixtures ⁵	\$12,500	\$20,000	Financed or As Incurred	As Arranged	Aaron's and Vendors
Delivery Vehicle ⁶	\$1,500	\$7,600	As Arranged	As Arranged	Vendor or Lessor
Insurance ⁷	\$6,500	\$11,000	Down Payment	Before Opening	Insurance Companies

Type Of Expenditures	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment is to be Made
Cyber Liability Insurance ⁸	\$5,000	\$30,000	As Arranged	Before Opening	Insurance Companies or Brokers
Travel and Living Expenses While Training ⁹	\$1,000	\$4,000	As Arranged	Before Opening	Suppliers of Transportation, Food and Lodging
Pre-Opening Advertising ¹⁰	\$2,000	\$5,000	As Arranged	Before Opening	Vendors
Grand Opening Event Advertising	\$0	\$15,000	As Arranged	After Opening	Vendors
Initial Inventory ¹¹	\$120,000	\$160,000	As Arranged	Before Opening	Aaron's and Vendors
Additional Funds-6 to 15 Months ¹³	\$100,000	\$240,000	As Incurred	As Incurred	Employees, Vendors, Suppliers and Utilities
Totals	\$307,170	\$837,975			

The table above describes the estimated initial investment required for the construction and/or build-out of an Aaron's Store. Please review this table in conjunction with the notes that follow.

NOTES

1. As discussed in Item 5, the Initial Fee will be \$35,000. Also, as discussed in Item 5, if you sign a Development Agreement, you will be required to pay to Aaron's a Development Fee in an amount equal to \$20,000 for each Store identified in the Development Schedule. The chart does not reflect the payment of Development Fees.

2. Aaron's is unable to estimate the total cost of purchasing suitable premises for the Store or the amount of any down payment that would be required. The figures above assume that you will rent the premises for the Store and, thus, do not include the cost of acquiring real estate or constructing a building. The amounts in the chart above are monthly rental estimates. A Store will require 4,000 to 8,000 square feet of floor space. Rental costs in a strip-type shopping center or free-standing building vary considerably depending on the location and local market conditions. Aaron's estimates that the annual cost per square foot will range from \$7.00 to \$20.00 (and possibly higher in select markets). Aaron's also estimates that the annual cost per square foot for common area maintenance, real estate taxes, and insurance will range from \$1.50 to \$5.00 (and possibly higher in selected markets). These figures do not include security deposits (which may include one or two month's rent) which may be due to your landlord and utilities providers.

3. You must install flooring, counters, wiring, display shelving, painting and decor items that comply with the specifications in the blue-lined floor plans that Aaron's provides. The

cost will vary depending on the condition of the premises, square footage, zoning requirements, your ability to negotiate with your landlord, and the extent to which your landlord funds leasehold improvements. You must purchase from Aaron's and install the Aaron's equipment package consisting of, among other things, price tags, price tag holders, acrylic advertising stands, vendor logos and interior signage and other items related to the operation of the franchised business, which Aaron's estimates will cost approximately \$8,000. Aaron's is contemplating revising the prototypical Store model, and the estimates in the chart above include the leasehold improvement costs associated with the contemplated revised Store model.

4. Aaron's will purchase exterior signs, which Aaron's estimates will vary in cost from \$3,000 to \$30,000, and lease the signs to you for the first 5 years of the Franchise Agreement. You may prepay the 5-year lease. Certain lease terms are described in Item 10. After the initial 5-year term, you can renew the sign lease for \$1 per week. Aaron's will lease the computer equipment package to you, which Aaron's estimates will have a value of about \$11,800 to \$15,000. Aaron's will lease it to you per the terms of the Equipment Lease (Exhibit B to the Franchise Agreement).

5. You must purchase or lease equipment, such as office furniture, a telephone system, security equipment, file cabinets, calculators and "off the shelf" software that comply with the specifications in Aaron's Pre-Opening Manual. As described in Item 5, you must purchase from Aaron's a designated equipment package when you sign the Franchise Agreement. You also must lease computer hardware that meets Aaron's specifications from Aaron's.

6. You must purchase or lease at least one delivery vehicle that meets the specifications in Aaron's Confidential Operating Manuals before opening the Store. The estimated low figure is for the security deposit on a leased vehicle, and the estimated high figure is for a down payment to purchase a vehicle.

7. You must obtain the insurance required under Section 7.7 of the Franchise Agreement. Insurance cost and method of payment may not be uniform for each franchisee. Premiums will differ depending on the insurer, the location of the Store, your prior loss experience, insurer's adjustments, insurance requirements of applicable law and other factors. The figures above are Aaron's best estimate of the initial payment for the minimum coverage required. These estimates are subject to change depending on the status of the economy at any given point in time. Aaron's estimates a total annual insurance cost ranging from approximately \$6,500 to \$11,000.

8. In 2015, we began to require that franchisees obtain and maintain cyber liability insurance, with a \$1,000,000 coverage limit, and with Aaron's named as an additional insured. The premiums for this type of insurance will vary widely, depending on the number of stores covered, the customer count, the status of the franchisee, and other underwriting factors. We have been advised by our insurance advisors that the annual premiums might range from \$5,000 to \$30,000.

9. As described in Item 11, Aaron's will provide a tuition-free initial training program at Aaron's headquarters for you and your employees whom Aaron's has previously approved. The chart reflects the estimated cost for these approved trainees to attend the initial training program.

You must arrange and pay for all transportation, lodging, meals, and wages for yourself and any of your employees that receive training. These costs will vary depending on the distance traveled and the type of accommodations. The cost may be less if you already have received training for the operation of another Store.

10. Aaron's will assist you in developing a pre-opening advertising campaign which must be implemented within the time frame Aaron's specifies before your Store opens, as described in Section 6.11 of the Franchise Agreement ("Pre-Opening Advertising"). In addition, Aaron's may require you to spend up to \$15,000 on advertising and promotional programs in your Territory during the first few months after your Store opens (the "Grand Opening Event Advertising"). Your advertising costs will vary depending on your market and the type(s) of advertising used.

11. You must purchase or lease products as inventory for your store, and you must have sufficient capital in cash and/or a line of credit to stock your showroom and warehouse with products for lease and sale. Costs will vary depending on the size of the Store. You may be able to obtain financing for your inventory purchases under arrangements with a lender of your choice.

12. You must have sufficient capital in cash and/or a line of credit to cover employee salaries, floor plan payments on product re-orders of approximately \$3,000 to \$80,000 per month, and general operating expenses. The figures above are Aaron's best estimate for covering your ongoing expenses for approximately 6 to 15 months. The estimate does not include a salary or draw for you, your owners, or principals. The estimate also does not include Continuing License Fees due to us. New businesses often generate a negative cash flow. Your costs will vary depending on how rapidly your business grows. If you obtain financing for your inventory purchases, the amount of your investment also may depend on the terms of certain covenants in your financing documents, which may require you to maintain specific debt to equity or other ratios. This is only an estimate, and there is no assurance that additional working capital will not be required during the start-up phase or afterwards.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period. You will need to have staff on-hand before opening to prepare the Store for opening, for training, orientation, and related purposes.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and potential losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

13. In preparing the figures in this Item 7, Aaron's relied on the experience of existing Aaron's-owned Stores and franchised Stores. As of December 31, 2024, Aaron's and its franchisees operated about 1,201 Stores in the United States and Canada. These figures are only estimates. Your cost may vary considerably depending on, among other factors: local economic conditions, the local market for the products Aaron's officers, the length of time it may take to

build-out and open your Store, prevailing wage rates, competition, the sales level achieved during the initial period of operation, and your management and training experience, skill, and business acumen.

Each of the payments outlined in this section is non-refundable. Except as indicated, we do not offer direct or indirect financing to franchisees for any items.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not obligated to purchase or lease from Aaron's, its designee or Aaron's approved suppliers, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate for establishing or operating the Store.

You may stock, display and promote for lease and/or sale only the brands, types and models of products that meet Aaron's specifications and have been approved by Aaron's. If you want to offer any unapproved product, you must submit to Aaron's a written request for approval. Aaron's will not unreasonably withhold its approval if the proposed product is consistent with Aaron's system, image and marketing objectives, and the product meets Aaron's standards of quality and reliability. Aaron's typically notifies its franchisees within 14 days as to whether it approves of a proposed new product.

You may purchase products only from suppliers that Aaron's has approved in writing. If you wish to obtain any product from an unapproved supplier, you must submit to Aaron's a written request for approval. When determining whether to approve a proposed supplier, Aaron's considers the following factors (among others): whether the supplier can demonstrate, to Aaron's reasonable satisfaction, the ability to meet Aaron's then-current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the entire network of Aaron's Stores promptly and reliably; and whether the supplier's approval would enable the network of Aaron's Stores to take advantage of marketplace efficiencies. You may not buy from any supplier that Aaron's has not yet approved in writing, and you must stop buying from any approved supplier whom Aaron's subsequently disapproves.

Aaron's will issue to you, and modify, its product specifications by incorporating them into the Confidential Operating Manuals. Aaron's has the right to designate only one manufacturer, distributor, reseller and/or vendor for any particular product or service. Aaron's or its affiliates may be an approved supplier of any product or service, and Aaron's or its affiliates may be the sole approved supplier of any product or service.

Signage. Currently, we are the only approved supplier of signage of Aaron's Stores. You must lease one or more exterior sign(s) from Aaron's under an Exterior Sign Lease Agreement. The current form of Sign Lease Agreement is attached as Exhibit C to the Franchise Agreement attached to this Disclosure Document.

Construction and Buildout. The construction of the premises for the Store must be completed according to the floor plans and specifications Aaron's provides for the exterior and

interior design and layout, fixtures, office furnishings, and signs. Aaron's is currently the designated supplier for the Aaron's Equipment Package consisting of, among other things, price tags, price tag holders, acrylic advertising stands, vendor logos and interior signage and other items related to the operation of the franchised business. Aaron's may also lease certain computer equipment to you, as discussed in Items 5 and 7. You cannot install in the Store any office furnishings, fixtures computer equipment, or signs that do not meet Aaron's specifications. Aaron's may charge a service and administration fee of approximately 15% for Store fixtures.

Delivery Vehicle. Each delivery vehicle used in the operation of the Store must meet Aaron's specifications and must have affixed to it Aaron's standard decals. Aaron's issues and modifies its specifications for vehicles through updates to the Pre-Opening Manual.

Insurance. You must obtain insurance in the forms and minimum amounts Aaron's requires. You must obtain your insurance from an insurance agency that is qualified to sell insurance in the state in which the Store is located and is rated A+ or better by A.M. Best Rating Service or a comparable rating service. Insurance specifications appear in the Franchise Agreement and also are included in the Manuals. You must include Aaron's as an additional insured on your policies (except for worker's compensation insurance), and all insurance policies must contain a waiver of subrogation in Aaron's favor.

Customer Leases. You may use only a form of lease agreement that is mutually approved by Aaron's and your attorney and that complies with all federal and state laws applicable to lease transactions. You are responsible for preparing lease and purchase agreements for your Store, and ensuring that the lease and purchase agreements comply with all applicable laws.

Lease for Store Premises. You may not enter into a lease or purchase agreement for the premises for the Store until Aaron's has approved the location of the premises in writing. Any lease or sublease for the premises must include a provision permitting you to assign your interest in the lease or sublease to Aaron's when the Franchise Agreement expires or terminates.

Product Purchases from Aaron's. Currently, except for the sign(s), computer hardware and computer software that you must lease from Aaron's and the designated Equipment Package you must purchase from Aaron's, there are no goods or services that you must purchase for which Aaron's or its affiliates are the only approved suppliers. However, you may purchase from Aaron's distribution center certain products for lease and/or sale to customers, including consumer electronics, appliances, sofas, chairs, tables and bedroom furniture. To defray the cost of operating Aaron's distribution centers, Aaron's up charges certain products franchisees purchase from its distribution centers between 8% to 12%, including freight costs payable to Aaron's designated distribution center or the center's delivery service provider. Stores more than 200 miles away from their designated distribution centers may incur freight costs which exceed these estimates. Depending on your location and your distance from one of our distribution centers, you may be required to order and purchase a minimum amount of inventory, per order, to maximize the efficiency of the delivery. In the fiscal year ended December 31, 2024, Aaron's had total revenues of approximately \$2,046,385,000 and \$80,304,795 (3.9%) of these revenues were derived from Aaron's lease of signs and equipment, the sale of products by Aaron's distribution centers or

Woodhaven to Aaron's franchisees. None of our officers owns any interest in any supplier with whom you must or are recommended to do business.

Aaron's estimates that the cost of products to be purchased in accordance with its specifications will represent nearly 100% of your total purchases in establishing the Store, and that purchases of these items will represent nearly 100% of your overall purchases in operating the Store.

Advertising. All advertising that you conduct must conform to standards and requirements established by Aaron's. You must submit to Aaron's for approval samples of all advertising and promotional plans and materials, and all other materials displaying Aaron's Marks that you want to use but that Aaron's has not prepared or previously approved. If you do not receive disapproval within 15 days after Aaron's receives any plans or materials you submit, they will be deemed to be approved. Aaron's reserves the right to disapprove any materials it has previously approved. You also must place advertisements in phone directories that are in the form and size specified by Aaron's.

Aaron's remits to its franchisees their pro rata share (based on the amount of purchases franchisees made) of rebates from certain third-party suppliers. However, Aaron's retains all rebates associated with products that are sold to franchisees from Aaron's or its affiliate's distribution centers.

Rebates and promotional allowances Aaron's receives from certain other suppliers, including without limitation, suppliers of computers, home appliances, and electronics, are not paid or rebated to Aaron's franchisees. Although Aaron's is not obligated to do so, these funds are currently used to provide national advertising, including strategic media buys targeting its customer demographic. Aaron's has reserved the right to use these funds for other purposes permitted by the suppliers. The amount of supplier funds that went into national advertising in 2024 was \$28,989,504.

Purchasing Arrangements and Benefits. Aaron's negotiates purchase arrangements with certain suppliers (including price terms) for the benefit of its franchisees. If you become involved in a dispute with any supplier, Aaron's will have the authority, in its reasonable discretion, to resolve the dispute on your behalf. You will not be eligible for purchasing discounts or cooperative advertising dollars Aaron's receives from vendors for any products you purchase from Aaron's distribution centers.

Aaron's does not provide material benefits to its franchisees based on their use of designated or approved sources.

Card Payment-Program. You will participate in the Aaron's online credit or debit card payment program that will allow you to accept online credit and debit card payments from customers. These payments are made on the www.aarons.com website and are routed to your Store automatically.

As a participant in the program, you must use Aaron's designated provider, which is a third party payment processor, for online payments. You must pay for any transaction fees from our approved supplier that may be incurred for transactions designated collected by the program for your Store. Aaron's does not receive a benefit or rebate from our designated supplier for your participation in the program. Aaron's does not provide material benefit to its franchisees based on their use of our designated supplier.

Aaron's will make available to you reports that document all of the transactions collected by the program for your Store. These reports provide information for the purposes of reconciliation with your bank account. If more transaction detail is necessary, Aaron's will use commercially reasonable efforts to provide such documentation to you.

You will be responsible for handling any dispute of charges made on customers' cards.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

FRANCHISEE'S OBLIGATIONS

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 6.2 and 7.1 of the Franchise Agreement; Section 3 of the Development Agreement	Items 6 and 11
b.	Pre-opening purchases/leases	Sections 7.2, 7.6, and 7.13 of the Franchise Agreement	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 6.3 and 7.2 of the Franchise Agreement	Items 6, 7, 8 and 11
d.	Initial and ongoing training	Sections 6.4, 6.13, and 7.3 of the Franchise Agreement	Items 6, 7 and 11
e.	Opening	Sections 6.6 and 7.2 of the Franchise Agreement	Items 7 and 11
f.	Fees	Sections 3, 6.2, 6.5, 6.14, 7.2, 7.17, 7.22, and 12.14 of the Franchise Agreement; Sections 2, 3 and 7 of the Development Agreement	Items 5, 6, 7 and 17
g.	Compliance with standards and policies/Confidential Operating Manuals	Sections 1.1, 7.1(a), 7.4, 7.5, 7.6(a), 7.7(b), 7.7(e), 7.8(i), 7.12, 7.13, 7.14, 7.16, and 12.14 of the Franchise Agreement	Items 1, 8 and 11

	Obligation	Section in Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	Sections 7.8 and 7.19 of the Franchise Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Section 7.13 of the Franchise Agreement	Item 16
j.	Warranty and customer service requirements	Section 7.13 of the Franchise Agreement	None
k.	Territorial development and sales quotas	Sections 3 and 4 of the Development Agreement	Item 12
l.	Ongoing product/service purchases	Sections 7.13 and 7.18 of the Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 7.6 of the Franchise Agreement	Item 11
n.	Insurance	Section 7.7 of the Franchise Agreement	Items 7 and 8
o.	Advertising	Section 7.18 of the Franchise Agreement	Items 6, 7, 8 and 11
p.	Indemnification	Sections 7.20 and 10.4 of the Franchise Agreement	Item 6
q.	Owner's participation/management/staffing	Section 7.5 of the Franchise Agreement	Items 6, 7, 11 and 15
r.	Records and reports	Sections 7.14 and 7.15 of the Franchise Agreement	Item 6
s.	Inspections and audits	Section 7.17 of the Franchise Agreement	Items 6 and 11
t.	Transfer	Section 7.22 of the Franchise Agreement; Section 7 of the Development Agreement	Items 6 and 17
u.	Renewal	Section 2.2 of the Franchise Agreement	Items 6 and 17
v.	Post-termination obligations	Section 10 of the Franchise Agreement	Item 17
w.	Non-competition covenants	Section 7.21 of the Franchise Agreement; Section 8 of the Development Agreement	Item 17
x.	Dispute resolution	Sections 11, 12.8 and 12.15 of the Franchise Agreement; Section 11 of the Development Agreement	Item 17
y.	Other	N/A	N/A

ITEM 10 FINANCING

Aaron's does not offer direct or indirect financing.

Sign Lease. You must lease from Aaron's one or more exterior signs for the Store, the amount and manner of lease payments for which are described in Item 6. The lease payments due under the Sign Lease Agreement for the sign(s) are computed so that Aaron's cost for the sign(s) is repaid to Aaron's over 5 years, with interest being charged at a fixed annual rate of 6.5% (subject

to adjustment due to changing economic and market conditions). You can avoid the interest charge by paying to Aaron's the total amount of lease payments to be made before opening the Store. If you default under your Sign Lease Agreement, Aaron's can take possession of the sign(s) and require you to immediately make all past due lease payments.

The Sign Lease Agreement provides that Aaron's may assign the Sign Lease Agreement to a third party. If Aaron's makes an assignment, you could lose any defenses you have against Aaron's. Aaron's has not sold, assigned or discounted to any third party all or part of the financing arrangement under a Sign Lease Agreement with any Aaron's franchisee, and Aaron's currently has no intention to do so in the future.

Equipment Lease. Aaron's has entered into a business equipment lease agreement under which Aaron's leases point of sale and other business use computer equipment. You must sub-lease from Aaron's the point of sale computer equipment for the Store, the amount and manner of lease payments for which are described in Item 6. The lease payments due under the Equipment Lease Agreement for the equipment are computed so that Aaron's cost for the lease payments is covered along with a 12% up charge for service and administration. If you default under the Equipment Lease Agreement, Aaron's can take possession of the equipment and require you to immediately make all past due lease payments.

The Equipment Lease Agreement provides that Aaron's may assign the Equipment Lease Agreement to a third party. If Aaron's makes an assignment, you could lose any defenses you have against Aaron's. Aaron's has not sold, assigned or discounted to any third party all or part of the lease arrangement under an Equipment Lease Agreement with any Aaron's franchisee, and Aaron's currently has no intention to do so in the future.

Additionally, under the Franchise Agreement you must grant to Aaron's a security interest in all of your rights in your leasehold interest for the Store and in all of your assets, whether now owned or later acquired, used in the Store, including all Goods, Equipment (other than leasehold improvements that constitute fixtures), Accounts, Merchandise, Inventory, Investment Property, Equipment, General Intangibles (including general intangibles that are classified otherwise under Revised Article 9 of the UCC), Documents, Instruments, Chattel Paper, (including, but not limited to, the Lease Contracts), Balances, and Books and Records (as these terms are defined in the FDD), and all products and proceeds of the foregoing and any other property, and all additions and accessions thereto, all substitutions and replacements therefor and all products and proceeds thereof or proceeds of insurance thereon, as security for the payment of all obligations you owe to Aaron's or any of its Affiliates, including the Initial Fee, Development Fees, Continuing License Fees, Ad Production Fees (if any), Media Fees (if any), Sign Lease Payments and Equipment Lease payments, invoices for merchandise and all other fees and amounts you owe to Aaron's. Under the Franchise Agreement, you must acknowledge that the Franchise Agreement is a security agreement under the UCC for purposes of establishing the respective rights of Aaron's and you in the above-described personal property and the enforcement of the security interest against you.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND
TRAINING

Except as listed below, Aaron's is not required to provide you with any assistance. All citations of section numbers in this Item 11 are references to the Franchise Agreement.

- A. **Pre-Opening Assistance.** Before you open the Store, Aaron's will:
1. furnish to you a copy of Aaron's Confidential Operating Manuals (Section 6.1);
 2. furnish to you site selection guidelines and any site selection counseling and assistance as Aaron's considers necessary and appropriate, including one site selection evaluation (up to 2 days) for a proposed location. Aaron's also will review any proposed location for the Store premises and will approve or disapprove the location (Section 6.2);
 3. furnish to you a set of prototype plans and specifications (not for construction) for the Store and for the exterior and interior design and layout, fixtures, furnishings and signs. Aaron's is not responsible for conforming the premises to local ordinances and building codes or for obtaining any required permits. You must pay the cost of decorating, and construction or remodeling plans. (Section 6.3);
 4. train you and any other persons you must employ in Aaron's Methods. Training will be conducted at Aaron's headquarters in Atlanta, Georgia or at an Aaron's owned Aaron's Sales & Lease Ownership[®] Store Aaron's designates or at any alternative location Aaron's designates. Aaron's training program is described below in this Item 11 (Section 6.4);
 5. provide one or more exterior signs, depending on the size and location of the Store, which sign(s) Aaron's will lease to you (Section 6.5);
 6. provide, at the Designated Location, opening assistance in the operation of the Store (Section 6.6);
 7. make available for lease computer hardware, and software, for the computerization of customer and payment records, inventory control, and other operational aspects of the Store, including an interior Store decorating package and various promotional materials (Section 6.8, 6.9 and 6.10);
 8. assist you in conducting a pre-opening advertising campaign (Section 6.11); and
 9. subject to the availability of Aaron's personnel, assist you in dealing with and/or establishing relationships with third parties, such as the lessor for the Store premises, the lessor for any leased delivery vehicles, outside vendors and a qualified contractor. Aaron's also will counsel you in obtaining inventory financing from any financing companies that have agreed to offer financing assistance to Aaron's franchisees. However, any financing must be arranged under separate agreement(s) between you and the financing company(ies) (Section 6.12).

If you already operate a Store and you agree with Aaron's that training and/or opening assistance is not necessary, Aaron's will not provide the training and/or opening assistance described in paragraphs 4 and 6 above.

B. Ongoing Assistance. During the operation of the Store, Aaron's will:

1. be available to consult further on your reasonable request and subject to the availability of Aaron's personnel. Aaron's may require you to reimburse it for its costs, including the salaries of its employees that provide the services, incurred in providing the continuing services (Sections 6.13 and 6.14);

2. provide ongoing consultation and advisory assistance at the times and to the extent Aaron's deems necessary (Section 6.15);

3. if you desire to participate, Aaron's may pass along to you certain purchasing discounts Aaron's obtains in acquiring items that may be leased and/or sold from the Store; however, you will not be eligible for purchasing discounts or cooperative advertising dollars Aaron's receives from vendors for any products you purchase from Aaron's Distribution Centers (Section 6.12);

4. establish and maintain an inventory ordering system so that you may purchase items that may be leased and/or sold from the Store directly from suppliers with which Aaron's has negotiated product supply arrangements (Section 6.7);

5. periodically make available for you and your employees training programs on the operation of the Store (Section 6.13);

6. provide assistance by telephone during ordinary business hours to assist you in operating the Store (Section 6.17); and

7. review all advertising materials that you submit for review (Section 6.18).

C. Advertising.

Media Fund. Aaron's may establish a Media Fund for the benefit of Aaron's Stores. If established, the Media Fund will be maintained and administered by Aaron's or a designee, as follows:

1. Aaron's or a designee will have the right to direct all advertising programs, as well as all aspects of the advertising program, including the concept, materials, and media used in the programs and the placement and allocation of the programs. The Media Fund is intended to maximize general public recognition, acceptance, and patronage of Aaron's Stores; and Aaron's and its designee are not obligated, in administering the Media Fund, to make expenditures for you which are equivalent or proportionate to your contribution, to ensure that any particular franchisee

benefits directly or pro rata from expenditures by the Media Fund, or to expend any particular amount of money in any franchisee's Territory.

2. The Media Fund, and all contributions to and earnings from the Media Fund, will be used only (except as otherwise provided below) to meet any and all costs of maintaining, administering, directing, conducting, creating, and/or otherwise preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that Aaron's believes will enhance the image of the System. This includes, among other things, the costs of preparing and/or conducting media advertising campaigns, social media campaigns, direct mail advertising, marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising programs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs; customer retention programs; the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing and maintaining our Website (defined below); developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the network of Aaron's Stores, the Aaron's Marks and/or the "Aaron's" brand; providing promotional and other marketing materials and services to the Stores operated under the Aaron's Method; and the salaries of Aaron's employees to the extent such employees provide services in conjunction with marketing activities. The Media Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Aaron's, which products, services, or improvements we will have the right to determine, that we believe will promote general public awareness and favorable support for the System. Aaron's will have the sole right to decide how the Media Fund creates, places, and pays for marketing activities.

3. If you are a United States franchisee, you must contribute to the Media Fund in the manner Aaron's specifies, which may be via EFT, each week (see also Item 6, note 2). All sums you pay to the Media Fund will be maintained in an account separate from Aaron's other monies.

4. Aaron's will have the right to charge the Media Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Media Fund and marketing programs for you and the Aaron's Stores (for example, costs of personnel for creating and implementing advertising, merchandising, promotional and marketing programs, associated overhead, and accounting services reasonably related to the operation and functions of the Media Fund). The Media Fund and its earnings will not otherwise inure to Aaron's benefit or be used for the solicitation of franchisees. Aaron's or a designee will maintain separate bookkeeping accounts for the Media Fund.

5. The Media Fund is not and will not be used for ordinary operating expenses of our company, and it is not a trust. Aaron's does not assume any fiduciary obligation to you or any other franchisee for maintaining, directing, or administering the Media Fund or for any other

reason. A statement of the operations of the Media Fund as shown on the books of the Media Fund will be prepared annually by Aaron's, and will be made available to you on an annual basis, upon request. This annual statement is not required to be audited, but Aaron's may choose to provide an audited statement.

6. Aaron's may establish, terminate, and/or reestablish the Media Fund at any time without prior notice to you. If Aaron's terminates or suspends the Media Fund, Aaron's may, at its option, either expend all remaining Media Fund contributions prior to ceasing operations, or distribute all unspent contributions to Aaron's brand franchisees and Aaron's-owned Stores, in proportion to their, and our respective Media Fund contributions during the preceding 12-month period.

7. If the Media Fund is established, Aaron's-owned Stores will contribute to the Media Fund at a rate equal to the Media Fund Fee published in Aaron's current Disclosure Document, or the Media Fund Fee required by Aaron's of franchisees at the time the Aaron's-owned Store opened, whichever is less.

None of the amounts collected or held by the Media Fund will be used for marketing that is principally a solicitation for the sale of franchises. Aaron's may receive payment for providing goods or services to the Media Fund. As described above, Aaron's is not required to spend any particular amount on marketing in the area where your Store is located. As also described above, if amounts are unspent in the Media Fund at fiscal year-end, those amounts will be carried over by the Fund for expenditure in the following year(s). In addition, if the entire Media Fund is expended during a fiscal year, we may loan funds to the Media Fund (or obtain loans for the Media Fund from other lenders) to cover any deficit.

Ad Production Fund. Aaron's may in the future establish an Ad Production Fund with contributions from its franchisees. This fund, if established, will be used to meet the cost of developing and preparing advertising materials for use by all franchised and Aaron's-owned Aaron's Sales & Lease Ownership® Stores. Aaron's will determine the materials to be developed and prepared through expenditures of the Ad Production Fund, if established, and Aaron's will make these materials available to you.

All franchised and Aaron's-owned Aaron's Sales & Lease Ownership® Stores within the United States must contribute to the Ad Production Fund, if established (Section 3.4). Your contributions are described in Item 6 and all other Stores, and all Aaron's-owned units, must contribute on the same basis. Aaron's will administer the Ad Production Fund, if established.

If the Ad Production Fund is established and any amounts contributed to it are not spent in the fiscal year in which they are contributed, they will be spent in the following fiscal year. If the Ad Production Fund is established, Aaron's will provide to you, on request, an annual accounting of the fund's revenues and expenses. However, there are no current plans to arrange for an independent audit of the Ad Production Fund, if established.

No funds contributed to the Media Fund or Ad Production Fund will be used for advertising that is principally a solicitation for the sale of franchises.

Local Advertising. You may use your own advertising materials in promoting the Store, and you must spend in each month at least 4.5% of your monthly Gross Revenues to conduct advertising, unless otherwise approved in writing by Aaron's, (Section 7.18). All advertising must be conducted in a manner, and must conform to standards and requirements established by Aaron's from time to time. See Item 8 on the use and approval of advertising materials.

Aaron's has reserved the right to (i) provide, through an in-house advertising agency or division, advertising services for advertising placed directly for franchisees, or for advertising services provided to the Ad Production fund or the Media Fund, and (ii) charge for such services amounts that, in Aaron's good faith opinion, are consistent with amounts that would be charged by a third-party advertising agency in a bona fide arms-length transaction for comparable services. Currently those fees are approximately 15% for the production of direct mail items.

Opening Advertising and Promotional Advertising. As discussed in Item 7, you must spend a minimum of \$2,000 to \$5,000 on Pre-Opening Advertising in your Territory before your Store opens for business. In addition, Aaron's may require you to spend up to \$15,000 on Grand Opening Event Advertising during the period immediately after the opening of your Store. All materials used in connection with Pre-Opening Advertising and Grand Opening Event Advertising will be subject to our written approval, as described above for local advertising and promotion. Aaron's may finance all or a portion of your Grand Opening Event Advertising, as discussed in Item 10.

D. Computer System. You will be required to sign the TSA, which will govern the technology sold or leased to you by Aaron's and which will establish certain minimum privacy standards for customer and other data collected or input into technology Aaron's sells or leases to you. You must use the computer hardware Aaron's provides and the POS (Point of Sale) software program for the computerization of your customer and payment records, inventory control and other operational aspects of the Store (Section 7.13). You may not use any data obtained by or through the POS software program for any purpose other than the operation of your Aaron's Store. You must lease or purchase from Aaron's the following hardware items:

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Item	Function
Server	the file server for your computer system
Workstations	work stations
UPS	battery backup system for power failures
Monitors	monitors for your computer system
Handheld PC (bar code reader)	scans bar codes on inventory
MS SQL Server 2005 or later	database software
Thermal printers	prints receipts
Bar Code Printer	prints bar code stickers
Laser printer	prints price tags and agreements
Windows 10 or newer (Windows 11)	operating system for the server and workstations
Cables and miscellaneous parts (must purchase, not lease)	interconnect system components
16-port switch (must purchase not lease)	connects computer components
Meraki 24-port switch (must purchase not lease)	connects computer components
Meraki Firewall	Network rules and filters
Meraki Wireless Access Points	Provides Wireless Networks StoreD, StoreT, and StoreP
CloudeGenix ion 2000/3000	SD/Wan
LTE Cradlepoint	LTE backup connectivity
Ingenico Lane 7000	Customer Facing Payment devices
Fiserv SRed Keypads	Payment device
Rapid Customer Onboarding Kiosk	Approval Kiosk for customers
Tablets	Digital Checkout device

To lease the above-mentioned hardware from Aaron's, you must sign an "Equipment Lease" agreement with Aaron's (See Exhibit C of the Franchise Agreement). The term of the lease will be for 3 years. The rate will be determined based on the then current retail costs of the specific hardware items ordered. If Aaron's requires you to purchase the above-mentioned hardware, you may be required to purchase new hardware every 3-4 years. The purchase price will be determined based on the then current retail costs of the specific hardware items ordered.

Aaron's also makes available for lease its proprietary POS software system, which automates your customer and payment records, inventory control and other operational aspects of the Store. The Franchise Agreement provides for the lease of Aaron's proprietary POS software system to you.

The manufacturers of the computer hardware components Aaron's provides offer warranties ranging from 1 to 3 years. If a hardware component malfunctions and still is under the manufacturer's warranty, our support team will submit an on-site warranty repair or swap of failed components. If that is not an option the hardware should be returned to Aaron's. Aaron's will replace the component out of its stock, and will arrange to have the malfunctioning component repaired and returned to Aaron's stock. If the warranty has expired on a malfunctioning component, Aaron's will loan you a replacement component and you must forward the malfunctioning component to Aaron's. If the component can be repaired, Aaron's will arrange for

the repair. Aaron's will return the repaired component to you and you must then return the loaned component to Aaron's. You must pay all shipping and repair costs Aaron's incurs in having a malfunctioning component repaired. If a malfunctioning component cannot be repaired, you must purchase a replacement component that meets Aaron's specifications, and when you receive the replacement component, you must return the loaned component to Aaron's.

Under the Franchise Agreement, Aaron's can require you to upgrade or update any hardware component or software program used in the operation of the Store, and you must bear the cost of any such upgrade or update. In general, Aaron's will plan to refresh the hardware every 3 years, but is not required to do so. The Franchise Agreement does not limit the frequency or cost of your obligation to update or upgrade any hardware component or software program. Aaron's will provide to you copies of any upgrades to the POS software system at no additional charge, but is not required to do so. The average current monthly cost for an Aaron's franchisee to upgrade and update its hardware components is estimated to be less than \$500, but this amount may change in the future if more extensive upgrades or updates are required.

The POS system is Aaron's proprietary software program. Aaron's retains all rights to the POS system, including all intellectual property rights. You will use your computer system to maintain records for virtually all operational aspects of the Store. The POS system will be used to maintain, among other things, your customer and payment records, inventory control and other operational aspects of the Store. You also will use your computer system to print all of your reports, receipts, price tags and lease agreements.

Aaron's will have independent access to all information and data in your computer system, and the Franchise Agreement does not limit Aaron's right to access this information or data.

E. Confidential Operating Manuals and Other Operating Policies. Aaron's produces certain Confidential Operating Manuals and other operating policies, procedures, and other operational guidance in combination of both hardcopy and electronic publication (collectively the "Confidential Operating Manuals"). The tables of contents for the primary Confidential Operating Manuals are attached as Exhibit G; however these are not the exclusive documents within the scope of Confidential Operating Manuals. Aaron's reserves the right to add or subtract materials from the Confidential Operating Manuals at any time. The Confidential Operating Manuals may contain mandatory and suggested specifications, standards and operating procedures that Aaron's develops for the System and information relating to your other obligations. Any required specifications, standards, and/or operating procedures exist to protect Aaron's interests in the System and the Marks and to create a uniform customer experience. They are not for the purpose of establishing any control or duty to take control over the day-to-day operational matters reserved to you, or to control the hiring, firing, disciplining, or supervision of your employees, which duties remain exclusively within your control as their sole employer. (Franchise Agreement, Section 6.1.)

F. Site Selection. You must submit to Aaron's, and Aaron's must approve in writing, the Designated Location (Franchise Agreement, Section 6.2). Aaron's evaluates certain demographic and economic factors in determining whether to approve a proposed site. The factors include, among others: minimum square footage requirements; cost per square foot; population

makeup; parking availability; proximity to competition, traffic counts and access to public transportation; and proposed lease terms.

You must purchase or lease a suitable site for the Store. Before leasing or purchasing any site, you must submit to Aaron's a site submittal package substantially similar to the form in Aaron's Pre-Opening Manual. Aaron's will provide written notice of approval or disapproval of the proposed site. Typically, a review is completed within 7 days after Aaron's receives all of the required information and visits the proposed location. However, Aaron's failure to respond within 7 days will not be deemed an approval of the site.

If you and Aaron's cannot agree on a site, Aaron's can terminate the Franchise Agreement. If the Franchise Agreement is terminated for this reason, you may be entitled to a partial refund of your Initial Fee, as described in Item 5.

G. Start-Up Time. Aaron's estimates that the typical length of time between the signing of a Franchise Agreement and the opening of a Store is approximately 4 to 8 months. Factors affecting this period include, among others: ability to select a site; construction, leasing and financing arrangements; the completion of required training; making leasehold improvements; making decor and furnishing modifications; meeting local ordinances or community requirements; and delivery of equipment and signs. Before the Store opens, at your sole cost and expense, you must (i) procure all necessary licenses, permits and approvals, including approvals required by the state, city and country in which the Store is located, (ii) hire and train personnel, (iii) install equipment, (iv) obtain required insurance and (v) otherwise implement Aaron's Methods subject to Section 7.2 of the Franchise Agreement. If you do not begin operations by the commencement date on Exhibit A of the Franchise Agreement, Aaron's may terminate the Franchise Agreement.

H. Training. Below is a description of Aaron's training program as of the date of this Disclosure Document.

Initial training will be provided at no additional charge to you and any other persons that Aaron's designates. You must pay for the cost of travel to the site of training, and lodging, and meal costs incurred during training, for yourself and for any other person that receives initial training (Section 6.4). You will also be responsible for any wages, salary, or other remuneration owed to any employee or representative you send to the initial training.

You and any manager that supervises the Store must attend and satisfactorily complete the entire curriculum of initial training and any other training programs that Aaron's requires after the Store begins operations (Section 7.3). You and any manager that supervises the Store also must attend any national or regional Aaron's-sponsored managers' meetings, including, but not limited to, the annual managers' meeting.

Below is a table summarizing the subject matter, approximate number of hours, and location of the training program.

**New Associate Orientation
Week 1 & 2 Training Hours**

Position	Week 1: iMeet Training	Week 1: Online Development Program	Week 1: On the Job Training	Week 2: On the Job Training	Location
Franchise Principal Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
General Manager Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
Customer Accounts Manager Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
Customer Accounts Associates/ Manager Trainee Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
Sales Manager Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
Customer Service Representative Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
Product Technician Training	6	6.5	27.5	40	E-Training Classroom or Franchisee's Store
TOTAL*	42	45.5	192.5	280	

Week 1 and 2 Training: Consist of 40 hours beginning at 9am, ending at 6pm, includes 1 hour for lunch, and two 15 minute breaks per day.

Week 1 OJT (On the job training): Consist of 40 hours with a mix of live training, online development program training, and independent learning and observation.

Week 2 OJT: Consist of 40 hours which includes hands on, observation, and self-paced courses.

*The total number of hours will remain constant, but the mix between classroom and on the job training will vary.

Your training will be coordinated by your Aaron's field support representative. Training programs are held weekly for Aaron's Operational Training, monthly for GM training and quarterly for in-store training.

Aaron's Operational Training is conducted by Aaron's national trainers and GM Boot Camp Training is conducted by Aaron's regional management team. Aaron's Operational Training is supervised by our Learning and Development Department.

Based on the location of your franchise operation, our franchise management team or in some instances your field consultant also may assist in your training.

The instructional materials used consist of, but are not limited to, instructional materials, such as our Operating Manuals, PowerPoint presentations, videos and on-line training.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution, including but not limited to storefront or internet-based, or competitive brands that we control. Except as described below, during the original and any renewal term of the Franchise Agreement, Aaron's will not establish, or grant to any person any Store or license to establish, a business that leases and sells merchandise under any of Aaron's Marks from any physical store location within a radius of the Store to be agreed on between you and Aaron's (the "Territory"). Aaron's anticipates that a typical territory will contain about 6,000 to 8,000 households and will be a 1 to 3 mile radius from the Store.

Except as described above, you have no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on Aaron's activities or the location or development of other future company-owned Stores or Stores operating under Aaron's Marks. Aaron's may establish anywhere, or grant to any person any Store or license to establish, a business that leases and sells merchandise under any of Aaron's Marks or any other marks, anywhere outside of the Territory. Aaron's may acquire, operate, finance, establish or franchise others to establish at any location, including within the Territory, stores selling or leasing similar products or services that operate under trademarks or service marks different than Aaron's Marks ("Non-System Stores"). For the purpose of clarification, a Non-System Store may include physical locations, virtual locations, internet sites, virtual or physical locations within or physically accessed through physical locations not owned or operated by Aaron's, or any other channel or platform from which a business may be operated.

Aaron's and its other franchisees may make deliveries to customers in your Territory, and solicit, accept orders, sell to, or otherwise conduct business with customers and prospective customers residing within the Territory through other channels of distribution, such as, without limitation, the Internet, catalog sales, telemarketing, or other direct marketing sales (together "alternative distribution channels") using Aaron's Marks or any other marks without any compensation to you. You may not use alternative distribution channels to make sales or leases outside or inside your Territory. However, you may make deliveries outside of your Territory, and franchised and Aaron's-owned Stores may make deliveries within your Territory.

You may not relocate the Store without Aaron's prior written consent. Aaron's will not unreasonably withhold its approval if: (i) your proposed new location is within the Territory and

does not, in Aaron's opinion impinge on the trade area of any other Aaron's franchisee or Aaron's company-owned Store, (ii) your proposed new lease meets Aaron's then-current requirements and (iii) your proposed new construction and furnishings meet Aaron's then-current requirements. Your Territory will not be modified as a result of any relocation of the Store.

Except as described below, if you enter into a Development Agreement, then so long as you develop, operate and maintain a specified number of Stores over a fixed period of time within the Development Area, you will have the exclusive right to establish and operate Stores within the Development Area. This exclusivity will be effective for a time to be stated in your Development Agreement unless it is terminated before it expires. For 10 years after the expiration (but not if the Development Agreement is terminated before it expires) of this period, Aaron's will not open or operate, or license any other person to open or operate, within the Development Area, a Store (franchised or Aaron's-owned), unless Aaron's first offers to you the opportunity to open and operate the Store, and you do not accept the offer within 30 days after you receive it. Aaron's may terminate this right of first refusal if Aaron's has the right to terminate any Franchise Agreement between you and Aaron's or if the number of Stores open and operating in the Development Area falls below the minimum number you must develop under your Development Agreement. Aaron's also may terminate the right of first refusal at any time upon 30 days written notice.

Aaron's and its other franchisees may solicit, accept orders, sell to, or otherwise conduct business with customers and prospective customers residing within the Development Area through alternative distribution channels using the Aaron's Marks or any other marks, without any compensation to you.

We and certain of our affiliates currently operate businesses similar to Aaron's Stores under trademarks other than the Aaron's Marks. Our former affiliated entity, Progressive, offers point-of-sale lease and purchase programs directly to manufacturers and retailers of furniture, bedding, consumer electronics, appliances, and jewelry, among other items, under the "PROGRESSIVE" trademark. Progressive maintains its principal business address at 11629 South 700 East, Draper, Utah 84020.

While Aaron's is no longer affiliated with Progressive, it is possible that Aaron's may in the future launch or acquire a business similar to Progressive or other so-called Virtual Rent-to-Own ("VRTO") formats. In the event it does so Aaron's may solicit or accept orders, or otherwise do business with customers through such channel within or outside of your Territory or Development Area, without liability or compensation to you. As noted above, our territory is non-exclusive and the Company has the right to conduct certain operations or provide certain services in your Territory and Development Area, as applicable. We may share office space, staff, and other facilities and personnel with alternative business channels and brands owned by or affiliated with the Company.

As discussed in Item 1 above, BrandsMart Leasing, operated by Aaron's affiliate Retail RTO Solutions, LLC, also provides BrandsMart U.S.A. customers the option to acquire ownership of merchandise through a renewable LTO plan.

As discussed in Item 1, one of our former affiliated entities, Vive Financial, is in the business of offering open-ending financing programs for certain types of customers. Vive Financial is not in the lease-to-own business, and is no longer affiliated with Aaron's. However, it is possible that Aaron's may in the future launch or acquire a business similar to Vive Financial. In the event that it does, there could be situations in which an Aaron's customer secures financing from such business channel for products that might otherwise be leased from an Aaron's store. The territorial protection for an Aaron's store, as described in this Item 12 and in the Franchise Agreement, does not cover or extend to any financing arrangements provided by such business channel.

As noted in Item 1, in April 2017, Aaron's opened "Smart Charlie's," an outlet store concept. Smart Charlie's sold pre-leased merchandise primarily on a retail sale basis, but did offer some limited rent-to-own options for customers. As of March 1, 2019, the Company closed all Smart Charlie's stores. Aaron's does not currently offer franchises for Smart Charlie's stores. Smart Charlie's is not part of the System and the territorial protection for an Aaron's store, as described in this Item 12 and in the Franchise Agreement, does not cover or extend to any operations of Smart Charlie's.

Except as described above (with respect to other existing or potential ventures in the lease-to-own or financing industries), we do not operate, franchise, or have present plans to operate or franchise a business under marks other than the Aaron's Marks that sell goods or services similar to those offered by you, but we reserve the right to do so in the future.

If Aaron's acquires any Non-System Store located in the Territory or the Development Area, and Aaron's desires to convert the Non-System Store to a sales and leasing store operating under any of Aaron's Marks currently used in the Franchise System, Aaron's will notify you in writing. You will have the option, for 30 days, to notify Aaron's that you desire to purchase the Non-System Store and convert it to a System Store operating under the Aaron's Marks pursuant to the Aaron's Methods. If you elect to purchase and convert the Non-System Store, you must close the purchase and sign Aaron's then-current form of Franchise Agreement (which will require payment of the then-current Initial Fee) within 30 days from the day you notify Aaron's of your election to purchase and convert. If Aaron's purchased the Non-System Store within 180 days of your closing, the purchase price you must pay will be the cash equivalent of the consideration Aaron's paid for the Non-System Store, plus any additional amounts Aaron's invested in the store (or, if Aaron's purchased the Non-System Store in a transaction that was for more than one Non-System Store, the cash equivalent of Aaron's proportionate per store cost, as Aaron's determines, plus any additional amounts Aaron's invested in the store). If Aaron's did not purchase the Non-System Store within 180 days of your closing, the purchase price will be the fair market value of the Non-System Store. If you and Aaron's cannot agree on fair market value within a reasonable time, the value will be determined by 2 independent appraisers, one of which will be chosen by you and one by Aaron's. If the appraisers cannot agree, they will appoint a third appraiser, whose decision will be binding. If you do not elect to purchase and convert the Non-System Store, Aaron's may convert the Non-System Store to a Sales & Lease Ownership Store operating under any of Aaron's Marks, without liability to you.

Continuation of your limited territorial exclusivity under a Franchise Agreement does not depend on achievement of a certain sales volume, market penetration or other contingency. If you

enter into a Development Agreement, continuation of your territorial exclusivity will depend on your paying fees for the Stores developed under your Development Agreement, and opening and operating Stores in the Development Area according to the Development Schedule pursuant to individual Franchise Agreements.

ITEM 13 TRADEMARKS

Aaron's gives you the right to operate the Store under the Aaron's Marks. Aaron's principal service mark as of the date of this Disclosure Document is the name and logo "Aaron's®".

All of Aaron's Marks are owned by its affiliate, AIC. AIC has licensed to Aaron's the right to use these marks and logos, and the right to permit franchisees to operate Stores under these marks, under a License and Royalty Agreement between Aaron's and AIC (the "L&R Agreement"). The L&R Agreement was entered into on April 1, 1988 and had an initial 5-year term, and automatically renews for successive one-year periods. Either party can terminate the L&R Agreement upon 180 days' notice. The L&R Agreement imposes no limitation on Aaron's use of any mark.

AIC has registered the following marks with the U.S. Patent and Trademark Office ("PTO") on the Principal Register:

Mark	Registration Number	Registration Date
Aaron's	3,288,497	9/4/07
Aaron's Sales & Lease Ownership	2,539,518	2/19/02

Other than the L&R Agreement, there is no agreement currently in effect that significantly limits Aaron's rights to use or license the use of any of Aaron's Marks.

You must immediately notify Aaron's of any infringement of or challenge to your use of any of the Aaron's Marks. Aaron's will have the right to take any action that it deems appropriate, but the Franchise Agreement does not require Aaron's to take any action. Aaron's will have the right to control any administrative proceeding or litigation involving the Aaron's Marks.

The Franchise Agreement does not require Aaron's to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Aaron's Marks, or if the proceeding is resolved unfavorably to you.

If Aaron's decides that you should modify or discontinue using any of Aaron's Marks, or use one or more additional or substitute service marks or trademarks, you must comply with Aaron's directions, and Aaron's only obligation will be to reimburse you for the tangible cost of such compliance.

Aaron's is not aware of any superior prior rights or any infringing uses that could materially affect your use of any of the Aaron's Marks in the state in which your Store will be located.

No material determination with respect to any of the Aaron's Marks currently exists from: the PTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or court. Aaron's is not aware of any pending infringement, opposition or cancellation of any of the Aaron's Marks, or any material litigation involving any of the Aaron's Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents. No patents or pending patent applications are material to the Store.

Copyrights. Aaron's claims copyright protection covering various materials used in Aaron's business and the development and operation of Stores, including the Stores' trade dress and custom interiors, the Aaron's Confidential Operating Manuals, advertising and promotional materials, training materials, leasing contracts, and similar materials (discussed below). Aaron's has not registered these materials with the United States Registrar of Copyrights, and is not required to do so.

No agreement limits Aaron's rights to use or allow franchisees to use the copyrighted materials. Aaron's does not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires Aaron's to protect or defend its copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify Aaron's of claims by others of rights to, or infringements of, the copyrighted materials. You must immediately modify or discontinue using the copyrighted materials upon notice from Aaron's. Neither Aaron's nor its affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information. Except for the purpose of operating the Store under the Franchise Agreement, you may never (during the Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of the Store that may be communicated to you or that you may learn by virtue of your operation of the Store or your operations under the Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Store. Any and all information, knowledge, know how, and techniques disclosed to you by Aaron's or any of its employees, agents, contractors, representatives and/or affiliates will be deemed confidential for purposes of the Franchise Agreement, including any information gathered through our computer systems. However, this will not include information that you can show came to your attention before Aaron's disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, Aaron's may require you, your owners, and any employee who may have access to any confidential information to sign non-disclosure and non-competition covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality

of information that they receive in their employment or affiliation with you or the Store. These agreements must be in a form that Aaron's find satisfactory, and must include, among other things, specific identification of Aaron's as a third party beneficiary with the independent right to enforce the covenants. Aaron's current form for this agreement is attached to the Franchise Agreement as Exhibit D. You will be liable for any unauthorized disclosure by any person to whom you have disclosed Aaron's Confidential Information. There may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Confidential Operating Manuals.

ITEM 15

OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You (or at least one of your principals if you are a corporation, partnership, or other business entity) must devote your personal full time attention and best efforts to the management and operation of your Store. You may delegate the day-to-day operation of the Store to a full time manager whom Aaron's must approve, and who must complete the initial training program to Aaron's satisfaction (the "General Manager"). The Store must at all times be under the direct, on-premises supervision of a manager who has satisfactorily completed our training program. You must also maintain a competent, conscientious, trained staff. Aaron's does not make any recommendation as to whether you or a General Manager should supervise the Store. You and any General Manager must attend and satisfactorily complete Aaron's initial training program before supervising the Store, and you and any General Manager must attend and satisfactorily complete training programs Aaron's requires after the Store opens. Aaron's may require your General Manager to sign a non-disclosure agreement, as described in Item 14.

If Aaron's requests, you must have the following persons sign agreements containing non-competition covenants in a form Aaron's requires: all managers of the Store; if you are an entity or if you assign the Franchise Agreement to an entity, all officers, directors, managers and holders of 15% of the equity interests of that entity, or of any entity that controls that entity.

Each owner of an equity interest in franchisee (if an entity) ("Guarantor") must sign a guarantee of franchisee's obligations to Aaron's. The form of Guarantee is attached to the Franchise Agreement included in this Disclosure Document. A substantially identical form of Guarantee also must be signed by these persons when signing a Development Agreement. The form of that Guarantee is attached to the Development Agreement included in this Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer, sell, and lease only the products and services that conform to our standards and specifications (which are described in Items 1 and 8 above) and which we have previously approved in writing, and only from the Designated Location, exclusively in accordance with the requirements in the Franchise Agreement and the procedures set forth in Aaron's Confidential

Operating Manual. You may not use the Designated Location for any purpose other than to operate an Aaron's Store in accordance with Aaron's standards and specifications.

Aaron's has the right to require you to offer, sell, and/or lease, additional goods or services as Aaron's may designate. There are no limits on our right to do so. You must at all times maintain sufficient levels of inventory to meet consumer demand and maintain the goodwill associated with the Aaron's Marks and Aaron's Methods.

Until a customer owns or returns the product, you must perform, or arrange for, repair services at your expense. To the extent that you are not qualified to repair a product, you must assist the customer in getting the product to the proper repair facility. Aaron's may change its product service and warranties Stores are required to offer in connection with the sale or lease of approved products at any time.

You must stop using or offering disapproved products or services, or engaging in any lease or sales practices, which we disapprove immediately upon receipt of notice that such product, service, or business practice has been disapproved. If the law prohibits the use or sale of any product or service, or leasing method, you must immediately cease such activities.

Our grant of a Franchise Agreement to you does not include: (a) any right to offer any services via e-commerce, except through a website approved by us; (b) any right to distribute, market, or implement the Aaron's Methods in any channel of distribution not expressly identified in the Franchise Agreement.

You are not limited in the customers to whom you may lease or sell products or services from the Designated Location. There are no territorial limitations on your right or other franchisees' rights to make deliveries.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The table below lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 2.1	10 years
b.	Renewal or extension of the term	Section 2.2	If you have complied with the Franchise Agreement and meet other conditions, you can enter into a successor agreement for one additional 10-year term.
c.	Requirements for you to renew or extend	Section 2.2	Give notice, bring premises into compliance with current specifications, sign then-current Franchise Agreement, sign release and pay fee. The new agreement that you must sign

	Provision	Section in Franchise Agreement	Summary
			at renewal may contain terms that are materially different than the original contract. (See also Note 1.)
d.	Termination by you	Not applicable	Not applicable
e.	Termination by Aaron's without cause	Not applicable	Not applicable
f.	Termination by Aaron's with cause	Section 9.2	If you default under the Franchise Agreement or breach Section 8 (noncompetition) of the Development Agreement. (See also Notes 1 & 3.)
g.	"Cause" defined – curable defaults	Section 9.1	You have 5 days to cure a payment default (unless you have breached this provision twice during the last 3 years), 10 days to cease leasing a product or item for an unauthorized lease period, and 30 days to cure any other default that is not listed in Sections 9.1(a) through 9.1(e), 9.1(h) through 9.1(m), 9.1(o), 9.1(p) and 9.1(s) of the Franchise Agreement.
h.	"Cause" defined – noncurable defaults	Section 9.1	Failure to pay royalties or other fees after having been given 2 notices of non-payment within the immediately preceding 3 years; submission of 2 or more financial statements in any 1 year period that understate Gross Revenues by more than 2% or that intentionally misstate Gross Revenues or other material information; false or incomplete representations by you or any Guarantor; voluntary suspension of business operations for more than 2 days in any calendar year without Franchisor's consent; bankruptcy or similar proceeding is filed by or against you or any Guarantor and not discharged within 60 days after filing; non-permitted transfer of assets; insolvency of you or any Guarantor; non-permitted assignment of interest in Franchise Agreement, you, your assets or equity interest in Store; public accusal, charge, indictment, arrest, or conviction of you or any Guarantor of a felony, crime involving moral turpitude, consumer fraud or certain other crimes; failure to operate the Store in accordance with applicable law; failure to comply with the FTC Consent Order; default under financing agreements; breach of non-compete in Development Agreement; breach of the provisions of Section 7.8 of the Franchise Agreement.
i.	Your obligations on termination/non-renewal	Section 10	Obligations include payment of amounts due, return of proprietary information, complete de-identification, transfer of business to Aaron's, alteration of premises (if you do not vacate) and non-competition.
j.	Assignment of contract by Aaron's	Section 6.20	No restriction on Aaron's right to assign.
k.	"Transfer" by you – defined	Section 7.22(a)	Includes transfer of an interest in the Franchise Agreement, the license under that agreement, the Franchise or substantially all of the assets of the Franchise, or a change in control of an entity franchisee or certain transfers of equity interest in you.

	Provision	Section in Franchise Agreement	Summary
l.	Aaron's approval of transfer by you	Section 7.22(a) Section 7.22(b)	Aaron's has the right to approve all transfers, but will not unreasonably withhold approval if certain conditions are met.
m.	Conditions for Aaron's approval of transfer	Section 7.22(b)	All of your monetary obligations are satisfied, you haven't defaulted, you sign release, you agree to non-compete provisions, new franchisee agrees to discharge all of your obligations, new franchisee qualifies, meets training requirements and signs then-current Franchise Agreement for a 10 year term, you remain liable for obligations, and transfer fee is paid.
n.	Aaron's right of first refusal to acquire your business	Section 8	Aaron's can match any offer for any interest in you or in the franchise under the Franchise Agreement or for any equity interests.
o.	Aaron's option to purchase your business	Section 10.4	Aaron's can purchase any lease contracts, inventory, supplies, equipment and fixtures used in the Franchise, and your interest in your lease, after the Franchise Agreement terminates or expires. The purchase price will be the fair market value of the assets as agreed to by the parties. If the parties cannot agree on the fair market value, the value will be determined by 2 independent appraisers chosen by the franchisee and Aaron's. If the two appraisers cannot agree upon the value, they will choose a third appraiser whose decision will be binding.
p.	Your death or disability	Section 7.22(e)	Successors must qualify to operate Franchise or you must assign Franchise within 30 days, but if heirs or beneficiaries cannot meet transfer requirements, estate will have an additional 30 days to dispose of your interest to an approved transferee; Aaron's has an option to operate the Franchise for a period of time if a suitable transferee is not located.
q.	Non-competition covenants during the term of the Franchise	Section 7.21(a)	No diversion of business or a customer to a competitor. No involvement in any business selling or leasing electronics equipment, computers, appliances and furniture.
r.	Non-competition covenants after the Franchise is terminated or expires	Section 7.21(b)	No diversion of business or a customer to a competitor. No involvement in any business selling or leasing electronics equipment, computers, appliances and furniture located in the Territory for one year after termination or expiration (including after assignment).
s.	Modification of the agreement	Sections 6.1, 7.21 and 12.5	No modifications except when agreed to in writing, but Aaron's may unilaterally change or add to Aaron's specifications, standards or policies, including those in the Confidential Operating Manuals, and Aaron's may unilaterally reduce the scope, time and duration of the non-competition agreements in the Franchise Agreement.
t.	Integration/merger clause	Section 12.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement will disclaim or require you to waive reliance on any

	Provision	Section in Franchise Agreement	Summary
			representation we make in this disclosure document (including exhibits and amendments).
u.	Dispute resolution by arbitration or mediation	Section 11	All disputes other than Non-Mediation Matters (as defined in the Franchise Agreement) must be submitted to a process of negotiation and non-binding mediation before resorting to litigation.
v.	Choice of forum	Section 11.2	Litigation following unsuccessful negotiation and mediation must be in the state and federal serving Cobb County, Georgia unless otherwise agreed to by the parties or where state laws governing your franchise relationship with Aaron's provide otherwise. (See also Notes 3 & 4.) Litigation over all Non-Mediation Matters must be in the courts of the state of Georgia and the United States District Court for the Northern District of Georgia. (See also Notes 3 & 4.)
w.	Choice of law	Section 12.15	Georgia law applies. Georgia law may be superseded by applicable state laws governing your franchise relationship with Aaron's. (See also Notes 2, 3 & 4.)

The table below lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	Section 5; Exhibit A	Will depend on the number of Franchises to be developed.
b.	Renewal or extension of the term	Not applicable	Not applicable
c.	Requirements for you to renew or extend	Section 3	Not applicable
d.	Termination by you	Not applicable	Not applicable
e.	Termination by Aaron's without cause	Section 5	Aaron's may terminate a franchisee's right of first refusal inside the Development Area at any time upon 30 days written notice.
f.	Termination by Aaron's with cause	Section 6	If you do not open or operate Franchises in accordance with the development schedule or do not open and operate the number of Franchises required to be open and operating in the Development Area, if you breach Section 8 (noncompetition) of the Development Agreement, or if Aaron's terminates a Franchise Agreement due to your default. (See also Notes 1 & 3.)
g.	"Cause" defined – curable defaults	Not applicable	Not applicable

	Provision	Section in Development Agreement	Summary
h.	“Cause” defined – noncurable defaults	Section 6	Failure to open and operate Franchises in accordance with development schedule; your breach of Section 8 (noncompetition) of the Development Agreement; your failure to comply with FTC Consent Order; your default under a Franchise Agreement that results in termination.
i.	Your obligations on termination/non-renewal	Not applicable 8(b)	Not applicable
j.	Assignment of contract by Aaron’s	Section 7	No restriction on Aaron’s right to assign.
k.	“Transfer” by you defined	Section 7	Includes transfer of the Development Agreement or any rights granted to you under that agreement.
l.	Aaron’s approval of transfer by you	Section 7	Not assignable by you
m.	Conditions for Aaron’s approval of transfer	Not applicable	Not applicable
n.	Aaron’s right of first refusal to acquire your business	Not applicable	Not applicable
o.	Aaron’s option to purchase your business	Not applicable	Not applicable
p.	Your death or disability	Not applicable	Not applicable
q.	Non-competition covenants during the term of the Development Agreement	Section 8	No diversion of business or a customer to a competitor. No involvement in any business selling or leasing electronics equipment, computers, appliances and furniture located in the Development Area.
r.	Non-competition covenants after the Development Agreement is terminated or expires	Section 8	No diversion of business or a customer to a competitor. No involvement in any business selling or leasing electronics equipment, computers, appliances and furniture located in the Development Area for two years after termination or expiration of the last Franchise Agreement entered into between you and Aaron’s.
s.	Modification of the agreement	Section 2(a), 3, 8 and 14	No modifications except when agreed to in writing by Aaron’s. Aaron’s may unilaterally reduce the scope, time and duration of the non-competition agreements in the Development Agreement.

	Provision	Section in Development Agreement	Summary
t.	Integration/merger clause	Section 13	Only the terms of the Development Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Development Agreement will disclaim or require you to waive reliance on any representation we make in this disclosure document (including exhibits and amendments).
u.	Dispute resolution by arbitration or mediation	Section 11	All disputes other than Non-Mediation Matters (as defined in the Development Agreement) must be submitted to a process of negotiation and non-binding mediation before resorting to litigation.
v.	Choice of forum	Section 12(b)	Litigation following unsuccessful negotiation and mediation must be in the state and federal courts serving Cobb County, Georgia unless otherwise agreed to by the parties or where state laws governing your franchise relationship with Aaron's provide otherwise. (See also Notes 3 & 4.) Litigation over all Non-Mediation Matters must be in the state and federal courts serving Cobb County, Georgia. (See also Notes 3 & 4.)
w.	Choice of law	Section 11	Georgia law applies; Georgia law may be superseded by applicable state laws governing your franchise relationship with Aaron's. (See also Notes 2, 3 & 4.)

Notes:

1. Some states have statutes and/or court decisions which may supersede the Franchise Agreement or Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

2. In addition to the provisions noted in the chart above, the Franchise Agreement and Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 11 of the Franchise Agreement (as amended by applicable state law), and Section 12 of the Development Agreement (as amended by applicable state law). We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

3. If a state law requires any modification to these provisions of the Franchise Agreement or Development Agreement (or other provisions described in this Item 17) or requires additional terms, those modifications will be found in the disclosure addenda and contractual amendments appended to this disclosure document.

4. If any of the provisions in the Franchise Agreement or Development Agreement, including those summarized above, are inconsistent with, or contrary to, applicable state law, the

requirements of the applicable law or laws will be substituted for the inconsistent or contrary provisions in the agreements.

ITEM 18 PUBLIC FIGURES

Aaron's does not use any public figure to promote franchises.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Russell Falkenstein, Aaron's Chief Financial Officer and Executive Vice President, Store Operations, at 400 Galleria Parkway SE, Suite 300, Atlanta, GA 30339 and 678-402-3616, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
System wide Outlet Summary
For Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	233	229	-4
	2023	229	220	-9
	2024	220	224	+4
Company Owned	2022	1,052	1,015	-37
	2023	1,015	1,004	-11
	2024	1,004	959	-45

Total Outlets	2022	1,285	1,244	-41
	2023	1,244	1,224	-20
	2024	1,224	1,183	-41

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	Number Of Transfers
Kentucky	2022	0
	2023	2
	2024	0
Total	2022	0
	2023	2
	2024	0

Table No. 3
Status Of Franchise Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	1	10
AR	2022	12	0	0	0	0	0	12
	2023	12	0	0	0	0	0	12
	2024	12	0	0	0	0	0	12
AZ	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	6	0	0	0	0	6
CO	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
DE	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
FL	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
GA	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
IA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
ID	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IL	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	1	10
IN	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	1	8
	2024	8	0	0	0	0	0	8
KS	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
KY	2022	23	0	0	0	0	0	23
	2023	23	0	0	0	0	4	19
	2024	19	0	0	0	0	0	19
MD	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MI	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MO	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
MS	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MT	2022	8	0	0	0	0	1	7
	2023	7	0	0	0	0	1	6
	2024	6	0	0	0	0	0	6
NC	2022	15	0	0	0	0	0	15

State	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2023	15	0	0	0	0	0	15
	2024	15	0	0	0	0	0	15
ND	2022	6	0	0	0	0	1	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
NE	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NJ	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NM	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
OH	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	2	0	0	0	0	7
OK	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
OR	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
PA	2022	20	0	1	0	0	0	19
	2023	19	0	0	0	0	0	19
	2024	19	1	0	0	0	1	19
SC	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	1	3
SD	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
TN	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	2	3
	2024	3	0	0	0	0	0	3
TX	2022	26	0	0	0	0	1	25
	2023	25	0	0	0	0	0	25

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2024	25	0	0	0	0	0	25
UT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
VA	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
WA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
WV	2022	13	0	0	0	0	0	13
	2023	13	0	0	0	0	0	13
	2024	13	0	0	0	0	0	13
WY	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
TOTAL	2022	233	0	1	0	0	3	229
	2023	229	0	0	0	0	9	220
	2024	220	9	0	0	1	4	224

Table No. 4
Status of Company Owned Outlets
For Years 2021 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
AL	2022	33	0	0	3	0	30
	2023	30	0	0	0	0	30
	2024	30	0	0	1	0	29
AK	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
AR	2022	10	0	0	1	0	9
	2023	9	1	0	0	0	10
	2024	10	1	0	0	0	11

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
AZ	2022	27	0	0	1	0	26
	2023	26	0	0	1	0	25
	2024	25	2	0	4	6	17
CA	2022	36	0	0	3	0	33
	2023	33	0	0	1	0	32
	2024	32	2	0	7	0	27
CO	2022	10	0	0	2	0	8
	2023	8	0	0	0	0	8
	2024	8	0	0	1	0	7
CT	2022	11	0	0	2	0	9
	2023	9	0	0	0	0	9
	2024	9	0	0	1	0	8
DE	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
DC	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
FL	2022	78	0	0	3	0	75
	2023	75	1	0	0	0	76
	2024	76	1	0	4	0	73
GA	2022	71	0	0	2	0	69
	2023	69	0	0	1	0	68
	2024	68	1	0	4	0	65
IA	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
ID	2022	8	0	0	1	0	7
	2023	7	0	0	0	0	7
	2024	7	0	0	0	0	7
IL	2022	15	1	0	0	0	16
	2023	16	2	0	0	0	18
	2024	18	0	0	1	0	17
IN	2022	25	0	0	0	0	25
	2023	25	0	0	0	0	25
	2024	25	0	0	0	0	25
KS	2022	8	0	0	1	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2023	7	0	0	1	0	6
	2024	6	1	0	0	0	7
KY	2022	7	0	0	1	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
LA	2022	42	0	0	2	0	40
	2023	40	0	0	0	0	40
	2024	40	0	0	0	0	40
MA	2022	14	0	0	0	0	14
	2023	14	0	0	0	0	14
	2024	14	0	0	1	0	13
MD	2022	12	0	0	1	0	11
	2023	11	0	0	1	0	10
	2024	10	0	0	0	0	10
ME	2022	6	0	0	0	0	6
	2023	6	1	0	0	0	7
	2024	7	0	0	1	0	6
MI	2022	28	0	0	0	0	28
	2023	28	0	0	1	0	27
	2024	27	0	0	1	0	26
MO	2022	12	0	0	0	0	12
	2023	12	1	0	0	0	13
	2024	13	0	0	0	0	13
MS	2022	27	1	0	0	0	28
	2023	28	0	0	1	0	27
	2024	27	0	0	1	0	26
NC	2022	64	0	0	1	0	63
	2023	63	0	0	1	0	62
	2024	62	0	0	0	0	62
NE	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
NH	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
NJ	2022	10	0	0	0	0	10
	2023	10	0	0	1	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2024	9	0	0	2	0	7
NM	2022	19	0	0	0	0	19
	2023	19	0	0	0	0	19
	2024	19	0	0	1	0	18
NV	2022	6	0	0	1	0	5
	2023	5	0	0	0	0	5
	2024	5	1	0	1	0	5
NY	2022	32	0	0	0	0	32
	2023	32	0	0	1	0	31
	2024	31	0	0	1	0	30
OH	2022	61	0	0	3	0	58
	2023	58	0	0	0	0	58
	2024	58	0	0	3	2	53
OK	2022	24	0	0	0	0	24
	2023	24	0	0	0	0	24
	2024	24	0	0	0	0	24
OR	2022	22	0	0	2	0	20
	2023	20	0	0	0	0	20
	2024	20	0	0	2	0	18
PA	2022	38	0	0	2	0	36
	2023	36	0	0	2	0	34
	2024	34	0	0	1	0	33
RI	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
SC	2022	32	0	0	0	0	32
	2023	32	0	0	0	0	32
	2024	32	1	0	3	0	30
TN	2022	41	0	0	0	0	41
	2023	41	0	0	0	0	41
	2024	41	0	0	1	0	40
TX	2022	147	0	0	1	0	146
	2023	146	0	0	3	0	143
	2024	143	2	0	3	0	142
UT	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	1	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
VA	2022	37	0	0	2	0	35
	2023	35	0	0	1	0	34
	2024	34	0	0	2	0	32
VT	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
WA	2022	21	0	0	4	0	17
	2023	17	0	0	1	0	16
	2024	16	0	1	2	0	15
WV	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
WY	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
TOTAL	2022	1,052	2	0	39	0	1,015
	2023	1,015	6	0	17	0	1,004
	2024	1,004	13	1	51	8	959

Table No. 5
Projected Openings
As of December 31, 2024

State	Franchised Agreements Signed But Outlets Not Opened	Projected New Franchise Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
All States	0	0	0
TOTAL	0	0	0

On Exhibit D-1 attached to this Disclosure Document, are the names of all current franchisees and the address and telephone number of each of their Stores. On Exhibit D-2 are the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under any franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Aaron's system. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

There are currently no franchisee organizations associated with the franchise system that have been created, sponsored, or endorsed by Aaron's. The following independently organized franchisee association has asked to be included in this disclosure document:

Aaron's Franchise Association, Inc.
c/o Spencer Smith
50 Henry Street
Cortez, CO 81321
Email: spencer@smithgrp.net

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit B to this Disclosure Document are audited consolidated financial statements of The Aaron's Company, Inc. for the periods from October 4, 2024 to December 31, 2024, January 1, 2024 to October 3, 2024, and the year ended December 31, 2023, which financial statements include the consolidated balance sheets as of December 31, 2024, December 31, 2023, and December 31, 2022, and the related consolidated and combined statements of earnings, comprehensive income, shareholders' equity and cash flows for each of the three years in the periods ended December 31, 2024, 2023, and 2022. The Aaron's Company, Inc. absolutely and unconditionally guarantees our obligations under your Franchise Agreement. A copy of the signed Guarantee of Performance is also included with Exhibit B.

ITEM 22

CONTRACTS

The following sample contracts are attached to this Disclosure Document:

Exhibit A Franchise Agreement,
including the following
exhibits:

- Payment and Performance
Guarantee
- Exhibit B – Exterior Sign
Lease Agreement
- Exhibit C – Equipment
Lease Agreement
- Exhibit D – Electronic
Funds Transfer Agreement

Exhibit A-1	State-Specific Addenda to the Franchise Agreement
Exhibit C	Area Development Agreement, including the following exhibits: Payment and Performance Guarantee
Exhibit C-1	State-Specific Addenda to the Area Development Agreement
Exhibit F-1	[Reserved]
Exhibit F-2	[Reserved]
Exhibit H-1	General Release (Renewal)
Exhibit H-2	General Release (Transfer)
Exhibit I	Marketing Program Promissory Note
Exhibit J-1	March 11, 2014 FTC Consent Order and Certification
Exhibit J-2	May 11, 2020 FTC Consent Order and Certification
Exhibit K	Technology Services Agreement
Exhibit L	Dynamic Decision Engine Opt In Agreement

ITEM 23 RECEIPTS

The last 2 pages of this Disclosure Document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

**ADDENDUM TO AARON’S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR ITEM 1**

List of Aaron’s Agents for Service of Process

We may register this disclosure document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll free: (866) 275-2677	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director, Department of Business Regulation, Securities Division John O. Pastore Complex–Bldg. 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9585
INDIANA Indiana Secretary of State 302 West Washington Street, Room E018 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Department of Attorney General Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 373-7117	WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760

MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	WISCONSIN Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower, Suite 400 Madison, Wisconsin 53705 (608) 261-9555

**STATE-SPECIFIC ADDENDA
TO AARON'S, LLC
FRANCHISE DISCLOSURE DOCUMENT**

1. California
2. Illinois
3. Maryland
4. North Dakota
5. Rhode Island
6. Virginia

**ADDENDUM TO AARON'S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

To the extent the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTIONS AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO AARON’S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO AARON'S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO AARON’S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys’ fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

**ADDENDUM TO AARON’S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Item 17 of the Franchise Disclosure Document is hereby amended to include the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.”

**ADDENDUM TO AARON’S, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT**

Form of Franchise Agreement

(Attached)

FRANCHISE AGREEMENT

among

AARON'S, LLC
(Franchisor),

(Franchisee)

and

(Guarantor(s))

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EXHIBITS:

- Exhibit A - Summary of Selected Terms
- Exhibit B - Form of Exterior Sign Lease Agreement
- Exhibit C - Form of Equipment Lease Agreement
- Exhibit D - Electronic Funds Transfer Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on Exhibit A attached hereto (the “Effective Date”) (Exhibit A and all other exhibits hereto are hereby incorporated herein by this reference) by and among **AARON’S, LLC**, a Georgia limited liability company with its principal place of business at the address set forth on Exhibit A (“Aaron’s” or “Franchisor”), _____, a/an _____ corporation/limited liability company/other (“Franchisee”), _____ and _____ (each individually a “Guarantor”, and all being collectively the “Guarantors”).

WHEREAS, Franchisor owns a format and system (the “System”) relating to the establishment and operation of retail sales and lease ownership stores that bear Franchisor’s interior and exterior trade dress and operate under the Aaron’s Sales & Lease Ownership® name and marks, which sell and lease residential and office furniture, consumer electronics, and home appliances and accessories, and such additional or alternate products as Franchisor may designate from time to time (the “Aaron’s Stores,” “Stores,” or “Franchised Businesses”).

WHEREAS, the distinguishing characteristics of the System include, without limitation, specially developed Store designs, layouts, signage, trade dress and accessories; specialized procedures for selling and leasing furniture, consumer electronics, home appliances, and accessories, and procedures for sourcing such products; procedures for operations and inventory control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark “Aaron’s Sales & Lease Ownership®” and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the “Marks”);

WHEREAS, Franchisor continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance, and service;

WHEREAS, Franchisee desires to enter into the business of operating a Store under the System and Marks, and Franchisor is willing to grant such license on the terms and conditions hereinafter provided;

WHEREAS, Franchisee understands and acknowledges the importance of the Franchisor’s high standards of service and quality, and the necessity of operating the Franchised Business in accordance with Franchisor’s standards and specifications;

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1 Grant and Territory.

1.1 Grant. Upon the terms and conditions herein contained, Franchisor grants to Franchisee a non-exclusive right and franchise, and Franchisee hereby accepts and undertakes the obligation to: (a) operate one (1) Aaron's Store under the System; (b) use only in connection with the Store, the Marks and System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) to do so only at the location to be agreed upon by Franchisor and Franchisee pursuant to Section 7.1(a) below (the "Designated Location") and within the Territory identified in Exhibit A-2. If, at the time of execution of this Agreement, a location for the Store has not been obtained by Franchisee and approved by Franchisor, Franchisee shall lease, sublease, or acquire a site for the Store, subject to Franchisor's approval, which shall be located within the non-exclusive Search Area identified in Exhibit A hereto. When the Designated Location and the Territory (as hereinafter defined) are agreed upon, Franchisor and Franchisee will complete and initial Exhibit A-1.

1.2 Territorial Protection.

(a) During the term of this Agreement, provided that Franchisee is in compliance with the terms and conditions of this Agreement, and subject to the provisions of Section 1.2(c), Franchisor shall not establish, or grant to any person a franchise or license to establish, a business engaged in the leasing and sale of merchandise under the Marks from a premises within a radius of the Designated Location to be agreed upon between Franchisor and Franchisee (the "Territory"). When the Designated Location and the Territory are agreed upon, Franchisor and Franchisee will complete and initial Exhibit A-1. Except as otherwise provided herein, Franchisee has no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on the location or development of other or future franchises under the Marks or on Franchisor's activities. Without limiting the foregoing, Franchisor specifically reserves the right to establish, or grant to any person a franchise or license to establish, a business engaged in the leasing and sale of merchandise under the Marks, or any other marks, anywhere outside of the Territory, and Franchisor and its other franchisees shall have the right to solicit, sell and deliver products and services to customers and prospective customers residing within the Territory under the Marks or any other marks via alternative channels of distribution, including without limitation, via catalog, direct advertising over the Internet or other electronic means, without incurring any liability to Franchisee.

(b) Franchisor shall have the right to acquire, operate, finance or establish, or franchise others to establish, stores, including any point of sale, channel, or format at any location (including without limitation within the Territory) that operate under proprietary marks other than the Marks. Franchisor shall also have the right to acquire, merge with or into, consolidate with or otherwise affiliate with any franchisor or other company that operates stores, or has franchisees or licensees that operate stores, under marks other than the Marks. Such stores and other points of sale or customer contact may be within or outside of the Territory and may sell or lease the same, similar

or different products and services as those offered and sold by Franchisee. Such stores and any other points of sale or customer contact are referred to herein as “Non-System Stores,” and Franchisor is under no obligation to grant Franchisee any rights therein, except as expressly provided herein.

(c) If Franchisor acquires any Non-System Store within the Territory and Franchisor desires to convert such Non-System Store into a sales and lease ownership store operating under any of the Marks, Franchisor shall notify Franchisee in writing of such intent to convert. Provided that Franchisee is in compliance with all of the provisions of this Agreement and no Event of Default, or event that with the giving of notice or passage of time or both, would become an Event of Default, exists hereunder, Franchisee shall have the option, exercisable within thirty (30) days after receipt of such notification, to purchase the Non-System Store and convert it to a Franchisee-owned store operating under the Marks by notifying Franchisor in writing. If Franchisee elects to purchase and convert the Non-System Store, Franchisee must consummate such purchase and execute Franchisor’s then-current form of franchise agreement (which shall require payment of the then-current initial franchise fee) within thirty (30) days from the date of notice to Franchisor of Franchisee’s election to purchase and convert. If Franchisor purchased the Non-System Store during the one hundred eighty (180) days prior to such closing, the purchase price to be paid by Franchisee shall be the cash equivalent of the consideration paid by Franchisor for the Non-System Store (or, if Franchisor purchased the Non-System Store in a transaction that was for more than one Non-System Store, the cash equivalent of Franchisor’s proportionate per store cost, as determined by Franchisor in its sole discretion). In addition to the purchase price payable as herein provided, Franchisee shall reimburse Franchisor for the costs and expenses Franchisor incurred in connection with Franchisor’s acquisition of the Non-System Store (prorated if the non-System Store was acquired as part of a multiple store purchase by Franchisor). Franchisee acknowledges that the value of the Non-System Store may have diminished during the one hundred eighty (180) day period. If Franchisor did not purchase the Non-System Store during the one hundred eighty (180) days prior to closing, the purchase price, which shall be paid in cash, will be the fair market value of the Non-System Store. If the parties cannot agree on fair market value within a reasonable time, such fair market value shall be determined by two independent appraisers, one of whom shall be chosen by Franchisor and the other of whom shall be chosen by Franchisee. If such appraisers cannot agree on such fair market value, they shall jointly choose a third independent appraiser, whose decision shall be final and binding. Each party shall bear the cost for its chosen appraiser, and the cost for a third appraiser, if any, shall be shared equally between the parties. If Franchisee does not elect to purchase and convert the Non-System Store, Franchisor may convert the Non-System Store to a sales and lease ownership store operating under any of the Marks, without incurring any liability to Franchisee.

Section 2 Term and Successor Franchise Agreement.

2.1 Initial Term. The initial term of this Agreement begins on the Effective Date and ends at 11:59 p.m. on the day before the tenth (10th) anniversary of the Effective Date (the “Expiration Date”) unless earlier terminated as provided herein.

2.2 Successor Franchise Agreement.

(a) Franchisee may, at its option obtain the right to operate the Store for one (1) additional ten (10) year successor term, subject to the following conditions, each of which must be met:

(i) Franchisee shall give Franchisor written notice of Franchisee's election to operate the Store for one (1) additional successor term, at least six (6), but no more than twelve (12), months before the Expiration Date;

(ii) Franchisee shall deliver to Franchisor a fully executed franchise agreement on Franchisor's then-current form of successor franchise agreement (the "Successor Franchise Agreement"). Franchisee acknowledges that the provisions of the Successor Franchise Agreement may be different than those in this Agreement and less advantageous to Franchisee, but such Successor Franchise Agreement (A) will not provide for Continuing License Fees (as herein defined), Ad Production Fees (as herein defined), Media Fees (as herein defined) or any other fees in excess of those being charged to new franchisees of Franchisor as of the Expiration Date, or for payment of any Franchise Fee (as herein defined), and (B) shall provide for a term of ten (10) years;

(iii) Franchisee shall have refurbished and remodeled the Store's premises at Franchisee's expense to comply with Franchisor's then-current standards in effect for new Stores;

(iv) Franchise and the Guarantors shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, its affiliates, and each of the officers, directors, shareholders, agents and employees of Franchisor and each of its affiliates, whether or not such claims relate to the specific franchise being renewed;

(v) Franchisee shall present evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Store for the duration of the successor term, or shall obtain approval by Franchisor of a new location for the Store for the duration of the successor term; and

(vi) Franchisee shall pay to Franchisor the Successor Fee (as herein defined), in lieu of an initial franchise fee.

(b) Notwithstanding the provisions of Section 2.2(a), Franchisee shall not have the option to operate the Store for a successor term unless: (i) from the time of Franchisee's election to enter into a successor agreement through the expiration of the original term Franchisee shall have been fully compliant with the provisions of this Agreement, any amendment to this Agreement, any successor to this Agreement, or any other agreement between Franchisee and Franchisor or its subsidiaries and affiliates; (ii) in the reasonable judgment of Franchisor, Franchisee shall have substantially complied with all the terms and conditions of this Agreement, such other agreements, as well as the operating standards prescribed by Franchisor during the term of this Agreement, (iii) Franchisee and its personnel shall have complied with Franchisor's then-current qualification requirements for store operations to deliver products, services, and customer

service in accordance with Franchisor's brand standards, and shall have completed such additional training as Aaron's may then require of franchisees obtaining successor terms.

Section 3 Fees.

3.1 Franchise Fee.

(a) Franchisee has paid to Franchisor the franchise fee (the "Franchise Fee") specified on Exhibit A in full prior to or upon execution of this Agreement. The Franchise Fee shall be Fifteen Thousand Dollars (\$15,000). Except as provided in Section 3.1(b) below, the Franchise Fee shall be deemed fully earned and nonrefundable by Franchisor upon payment to Franchisor.

(b) Except as provided below, if the operation of the Store is not commenced within the time period specified in Section 7.2(a), or Franchisor and Franchisee cannot agree upon a site for the Designated Location, and Franchisor terminates this Agreement pursuant to Section 9.1(d), then upon Franchisee's execution of a release acceptable to Franchisor in form and substance, the Franchise Fee (not including any portion of the Franchise Fee that Franchisee or a related party has paid under an Area Development Agreement and that has been credited toward the Franchise Fee) will be refunded to Franchisee, less the sum of (i) \$4,500, plus (ii) Franchisor's actual out-of-pocket costs and expenses, including, without limitation, its expenses in connection with the search for a site location; travel, lodging and meals expenses; brokerage commissions incurred in connection with recruiting you, and legal and other related expenses. However, if Franchisee has not submitted to Franchisor at least one site for approval, together with such supporting information as Franchisor shall have reasonably requested, during the sixty (60) day period specified in Section 7.1(a), Franchisor shall retain all of the Franchise Fee paid by Franchisee. Refunds of any portion of the Franchise Fee to which Franchisee is entitled will be made by Franchisor within seven (7) business days after Franchisor receives a written demand for such refund.

3.2 Continuing License Fee.

(a) Franchisee shall pay to Franchisor an amount (the "Continuing License Fee" or "Royalty Fee") equal to six percent (6%) of Gross Revenues (as herein defined).

(b) The term "Gross Revenues" means the total of all monies and receipts derived by Franchisee in the operation of the Store, including, without limitation, the amount of all leasing and sales transactions, delivery receipts, service income and any other receipts or sources of revenue that Franchisor designates from time to time, whether evidenced by cash, credit, check, script or other property or services. Gross Revenues do not include (i) promotional allowances or rebates paid to Franchisee in connection with its purchase of products or supplies, or (ii) sales, use, merchants' or other taxes measured on the basis of the gross revenues of the Store imposed by governmental authorities directly on sales or use and collected from customers, provided that the taxes are added to the selling price of Franchisee's goods and services and are in fact paid by Franchisee to the appropriate governmental authorities. Cash refunded and credits given to customers, and receivables uncollectible from customers, shall be deducted in computing Gross Revenues to the extent the amounts of such cash, credits or receivables represent sums previously included in Gross Revenues on which Continuing License Fees were paid.

(c) All services shall be rendered for cash or cash equivalents unless Franchisor otherwise agrees in writing in advance.

(d) If Franchisor is charged any receipt, gross revenue or other form of tax by any governmental authority in connection with Franchisee's payments to Franchisor pursuant to this Agreement, other than income tax, Franchisee shall pay to Franchisor an additional fee equal to the amount of such taxes.

3.3 Advertisement Production Fee. Franchisor (or its designee) may, but is not obligated to, establish an advertisement production fund to cover the cost of developing and preparing advertising materials for use within Franchisor's franchise system (the "Ad Production Fund"). If the Ad Production Fund is established, Franchisee shall contribute weekly, for use by the Ad Production Fund, an amount (the "Ad Production Fee") equal to one-half of one percent (0.5%) of the Gross Revenues arising out of or in connection with the operation of the Store during the immediately preceding week. However, Franchisee shall not be required to pay more than \$3,750 in Ad Production Fees in any year for the Store. The Franchisor shall have the right to modify the maximum Ad Production Fee contribution requirement, but not more than once annually, by an amount equal to the increase in the Consumer Price Index (1982-84 = 100; all items; CPI-U; all urban consumers) published by the United States Department of Labor, Bureau of Labor Statistics (or if the index is no longer published, the successor index that Franchisor may reasonably specify in the Confidential Operating Manuals or otherwise in writing), with any such adjustment to be calculated by multiplying the fixed dollar amount by a fraction the numerator of which is the CPI for the year and month of the adjustment, and the denominator of which is the CPI as of January 1 of the year in which this Agreement is signed. Franchisor may also increase or decrease the Ad Production Fee annually based upon changes in market and economic conditions, including, without limitation, increased costs for labor and materials, and changes in the mediums through which marketing and advertising materials are distributed. Franchisor reserves the right to waive collection of Ad Production Fees from time to time from Franchisee or any other franchisee of Franchisor, but no such waiver shall prevent Franchisor from collecting any other such fees due thereafter.

3.4 Media Fund. Franchisor (or its designee) may, but is not obligated to, establish and administer a system-wide advertising, marketing, and promotional fund for the common benefit of franchised and non-franchised Aaron's Stores (the "Media Fund"). Upon receiving written notice from Franchisor that Franchisor has established a Media Fund, Franchisee shall contribute weekly to the Media Fund, an amount (the "Media Fee") equal to the greater of \$175 or two percent (2%) of the Store's Gross Revenues during the immediately preceding week to the Media Fund. Franchisee shall not be required to pay more than \$15,000 in Media Fees in any year for the Store. Franchisor shall have the right to increase the maximum Media Fund contribution annually on January 1st of each year, by an amount not to exceed the CPI Increase, using 2014 as the base year. Franchisor reserves the right to waive collection of Media Fees from time to time from Franchisee or any other franchisee of Franchisor, but no such waiver shall prevent Franchisor from collecting any Media Fees that are due thereafter.

3.5 Sign Lease and Equipment Lease Payments. Franchisee shall pay to Franchisor Sign Lease Payments (“Sign Lease Payments”) and Equipment Lease Payments (“Equipment Lease Payments”), as specified elsewhere in this Agreement.

3.6 Payment of Fees.

(a) Continuing License Fees, Ad Production Fees (if any), Media Fees (if any), Sign Lease Payments and Equipment Lease Payments shall be paid to Franchisor weekly as follows:

(i) Each Sunday, Franchisor shall compute Franchisee’s Gross Revenues for the period beginning at midnight on the preceding Sunday and ending at 11:59 p.m. on the Saturday after such preceding Sunday.

(ii) Before 12:00 p.m. Atlanta, Georgia time on the next business day after Franchisor makes the computation in (i) above, Franchisor shall notify Franchisee of the amount of Gross Revenues computed by Franchisor.

(iii) After 2:00 p.m. Atlanta, Georgia time on the next business day after Franchisee is notified of the amount of Franchisor’s computation, Franchisor shall withdraw, from a bank account maintained by Franchisee and that permits direct withdrawals by Franchisor, the next Sign Lease Payments and Equipment Lease Payments due and owing to Franchisor, and any Continuing License Fees, Ad Production Fees and Media Fees due from Franchisee based on the Gross Revenues computed by Franchisor. Franchisee shall at all times maintain a sufficient amount of funds in such account to allow permitted withdrawals by Franchisor.

(iv) If Franchisor is unable to calculate any fees or other amounts due hereunder, as provided in this Section 3.6, whether as a result of Franchisee’s failure to make the necessary information available to Franchisor, communications failures, force majeure or otherwise, Franchisor may estimate the amount of fees due and may make a corresponding withdrawal from Franchisee’s bank account. If Franchisor has overestimated the amount of fees due from Franchisee, then Franchisee shall receive a credit for the overestimated amount against future fees when such amount has been determined. If Franchisor has underestimated the amount of fees due from Franchisee, then Franchisor shall be authorized to withdraw the amount of the underpayment from Franchisee’s bank account immediately upon such determination.

(b) If Franchisee gives a cash refund or credit to any customer, which refund or credit is for an amount previously included in Gross Revenues upon which Franchisor has withdrawn Continuing License Fees from Franchisee’s bank account, Franchisee shall promptly enter the amount of such refund or credit into its computer system. Franchisor shall deduct the amount of each such refund or credit from its first computation of Gross Revenues that occurs after Franchisee enters the amount of such refund or credit into its computerized payment system.

Franchisor may, under limited circumstances and as specified in Franchisor’s Operating Manuals, deduct from Gross Revenue certain revenues which Franchisee is unable to collect from customers, provided such uncollectible accounts are promptly entered into Franchisor’s designated

computerized system in the manner Franchisor specifies. If any amount entered into the computerized payment system by Franchisee as uncollected is subsequently collected by Franchisee, Franchisee shall promptly enter such amount into its computerized payment system, and Franchisor shall add such amount to its first computation of Gross Revenues that occurs after Franchisee has entered such amount into its computerized payment system.

(c) If any dispute arises as to the amount of any payment or fee withdrawn by Franchisor from Franchisee's bank account, the books and records of Franchisor shall be treated as conclusive evidence of the correct amount. The amounts set forth in Franchisor's books and records with respect to each withdrawal shall be final and binding, unless either Franchisor or Franchisee notifies the other in writing of any objection to the amount of such withdrawal no later than thirty (30) days after such withdrawal. Franchisor and Franchisee shall promptly make all reasonable efforts to resolve any such dispute within a reasonable time after such notification.

(d) Franchisor reserves the right to modify its policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from Gross Revenues as circumstances, business practices, and technology change. For example, and by way of illustration and not limitation, in the event new technologies and practices, such as "Groupon," "Living Social" and other "deal-of-the-day" discounts, generate revenue for the Store that may not be associated with a particular sale of products, Franchisor may establish policies to identify which revenues are, and are not, part of Gross Revenues, and whether and at what time uncollectible accounts may be deducted from Gross Revenues.

3.7 Successor Fee. Prior to or contemporaneously with the execution and delivery of a Successor Franchise Agreement pursuant to Section 2.2, Franchisee shall pay to Franchisor a successor fee (the "Successor Fee") of \$2,500, which shall constitute reimbursement for Franchisor's legal and administrative expenses in connection with such successor agreement.

3.8 Late Fee. If Franchisee fails to make any payment to Franchisor on or before the due date of such payment, or if Franchisee fails to notify Franchisor of any missed withdrawals, Franchisee shall be required to pay to Franchisor, in addition to the past due amount, interest computed from the due date at an annual rate of 18% or the maximum rate allowed by law, whichever is less. The provisions of this Section 3.8 shall apply if Franchisee's bank account from which payments are to be drawn pursuant to Section 3.6 has insufficient funds to permit the withdrawal by Franchisor of any amount that Franchisor attempts to withdraw from such account. Nothing contained in this section shall prevent Franchisor from exercising, in Franchisor's sole discretion, any other rights or remedies available to Franchisor under this Agreement.

3.9 Software License Fee. Franchisee shall pay to Franchisor from time to time, within fifteen (15) days after requested by Franchisor, a software license fee ("Software License Fee") to reimburse Franchisor for the costs and expenses Franchisor incurs to provide certain third-party software to Franchisee. Franchisee agrees that the Software License Fee is subject to change, based on Franchisor's vendor's then-current rates, technological advances, and changes in Franchisor's technology requirements.

3.10 Payment of Fees for Sales or Services. After Franchisee is presented with an invoice by Franchisor evidencing any amount(s) owed based upon Franchisor's computation with respect to any other fee(s) for sales or services provided to Franchisee by the Franchisor, Franchisor may elect to withdraw from a bank account maintained by Franchisee that permits direct withdrawals by Franchisor an amount consistent with the incurred fees pursuant to the payment schedule set forth on any invoice presented to Franchisee by Franchisor. In the event of dispute with respect to any amounts owed by Franchisee to Franchisor for sales or services the provisions set forth in Section 3.6(c) of this Agreement shall govern.

3.11 Payment Method. If requested by Franchisor, Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments due to Franchisor or its affiliates. Franchisee shall execute Franchisor's current form of "EFT Authorization Form," a copy of which is attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Confidential Operating Manuals. To ensure that payments are received by Franchisor within the time frame Franchisor specifies, such policies and procedures may require that Franchisee shall have sufficient funds in its account at least one day prior to the due date. If Franchisee makes any payments to Franchisor under this Agreement by check, and such check is returned to Franchisee without having made payment to Franchisor, or if there are insufficient funds in Franchisee's account to complete the required electronic funds transfer or deposit, then Franchisor shall have the right to charge Franchisee a late fee described in Section 3.8 above for each such returned check, and/or each instance of insufficient funds. Franchisor also may resubmit EFT payment processing requests. In addition, Franchisor has the right to require that future payments by Franchisee be made using a certified, bank, or cashier's check, or some other form of payment specified by Franchisor. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees, Media Fees, Ad Production Fees, Software License Fees, and all other amounts provided for in this Agreement, shall be absolute, unconditional, fully earned, and due upon Franchisee's generation of Gross Revenues. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set off same against any claims or alleged claims Franchisee may allege against Franchisor, the Ad Production Fund or Media Fund, or others. Franchisee shall not, on grounds of any alleged nonperformance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees, Ad Production Fees or Media Fees, nor shall Franchisee withhold or delay submission of any reports due hereunder including but not limited to periodic sales reports.

3.12 Application of Payments. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee, and any credits received by Franchisor on Franchisee's behalf from third party vendors to any of Franchisee's past due indebtedness to Franchisor for amounts due under this Agreement. Franchisee acknowledges that Franchisor has the right to set-off any amounts Franchisee may owe to Franchisor against any amounts Franchisor might owe to Franchisee. If requested by Franchisor, Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments due to Franchisor or its affiliates. Franchisee shall execute Franchisor's current form of "EFT Authorization Form" and comply with the payment and reporting procedures specified in the Operating Manuals.

Section 4 Representations of Franchisor.

To induce Franchisee to enter into this Agreement, Franchisor represents and warrants as follows:

4.1 Due Organization. Franchisor is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia and has full power and authority to execute, deliver and perform this Agreement.

4.2 Due Authority. This Agreement has been duly authorized by all corporate actions required by Franchisor and constitutes the valid and binding obligation of Franchisor, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership and other similar laws affecting the rights of creditors generally.

Section 5 Representations of and Acknowledgments by Franchisee and Guarantors.

In order to induce Franchisor to enter into this Agreement, Franchisee and each Guarantor jointly and severally represent, warrant and acknowledge as follows:

5.1 Truth of Information. The information (including, without limitation, the information set forth in the Confidential Personal Information Form completed by Franchisee or any Guarantor) furnished and to be furnished to Franchisor by Franchisee or any Guarantor is as of the Effective Date or such other date such information is furnished to Franchisor, as the case may be, true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances.

5.2 Due Authority. This Agreement has been duly authorized and executed by or on behalf of Franchisee and each Guarantor and constitutes the valid and binding obligation of Franchisee and each Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership and other similar laws affecting the rights of creditors generally, and Franchisee has full power and authority to execute, deliver and perform this Agreement.

5.3 Receipt of Agreement and Disclosure Document. Franchisee has received a copy of the form of this Agreement and a Disclosure Document or Disclosure Document required by applicable state and/or federal laws (the “Disclosure Document”) regarding the terms of this Agreement, among other things, at least fourteen (14) calendar days before execution of this Agreement, the execution of any related agreements, or the payment of any consideration to Franchisor, and Franchisee and each Guarantor have reviewed this Agreement and the Disclosure Document, and have had ample opportunity to consult with, and ask questions of, Franchisor’s representatives regarding the content of this Agreement and the Disclosure Document. Franchisee and each Guarantor also have received a completed copy of this Agreement, and each related agreement, at least seven (7) calendar days before Franchisee’s or each Guarantor’s execution of such agreements. Franchisee and Guarantor have been accorded ample time to consult with their own legal and other advisors about the potential risks and benefits of entering into this Agreement and any related agreements.

5.4 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that Franchisee's success will be largely dependent upon the ability of Franchisee, and if Franchisee is a corporation or a partnership or other business organization, its owners as independent businesspersons. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received from Franchisor or any employee, representative or other party purporting to act on Franchisor's behalf, any warranty, promise or guarantee, express or implied, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Franchisee acknowledges that it has read and understood this Agreement, the exhibits hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors (including attorneys) of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

5.5 Non-Contravention. Franchisee represents and warrants to Franchisor that Franchisee's execution of this Agreement, and all exhibits and addenda hereto, does not violate or breach any other agreement, contract or covenant to which Franchisee is bound, and further represents and warrants to Franchisor that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict Franchisee from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

5.6 System Modifications. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System as Franchisor deems appropriate, including, without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Aaron's Stores. Franchisor's changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the sales, lease promotion and marketing of products and services, and new trademarks, service marks and copyrighted materials. Notwithstanding the provisions and limitations of Section 7.6, Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Store any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Aaron's Store or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder.

Section 6 Franchisor's Duties.

6.1 Confidential Operating Manuals and Policies. Franchisor shall lend or make available to Franchisee, upon payment in full of the Franchise Fee, the Franchisor's Confidential Operating Manuals or make available electronically, which Franchisee acknowledges having received on loan from Franchisor for the initial term of this Agreement. The Confidential Operating Manuals may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, and various and periodic or episodic operational and/or management bulletins or policies, in any format, and Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Confidential Operating Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the Internet. (as so amended, modified or supplemented, the "Confidential Operating Manuals"). The provisions of the Confidential Operating Manuals shall be binding upon Franchisee to the same extent as the provisions of this Agreement. Franchisor may amend the Confidential Operating Manuals from time to time, in its sole and absolute discretion, by delivering amendments to Franchisee or by announcements to the general franchise community. Amendments shall be effective upon receipt by Franchisee. The Confidential Operating Manuals shall at all times remain the sole and exclusive property of Franchisor and be kept in a secure place at the Store premises, and shall be returned to Franchisor immediately upon expiration or any earlier termination of this Agreement. Franchisee shall at all times treat the Confidential Operating Manuals, any other manuals created for or approved for use in the operation of the Store, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential, protect it from viewing by others, and treat the Confidential Operating Manuals with the same degree of care as it would treat its most highly confidential documents. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. Franchisee shall ensure that the Confidential Operating Manuals are kept current and up to date; and, in the event of any dispute as to the contents of the Confidential Operating Manuals, the terms of the master copy of the Confidential Operating Manuals maintained by Franchisor at Franchisor's home office shall be controlling.

6.2 Site Selection Assistance. Franchisor shall furnish to Franchisee site selection guidelines, any site selection counseling and assistance Franchisor considers necessary and appropriate, and such on-site evaluation as Franchisor considers necessary and appropriate as part of its evaluation of Franchisee's request for approval of the location of the Store premises pursuant to Section 7.1(a). If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisor shall provide one such evaluation (to last not more than two (2) days unless otherwise agreed to by Franchisor) at its own expense. If Franchisor provides any additional on-site evaluations (at the same or any other location), Franchisee shall reimburse Franchisor for all reasonable costs and expenses incurred by Franchisor in relation to each such additional evaluation, including, without limitation, the cost of travel, lodging and meals for Franchisor's personnel. Franchisor's site selection assistance, guidance, or any approval or consent to a site for the Store is not, and shall not be deemed to be, a representation, warranty, or guaranty of any specific level of sales at the Store, or any level of profitability or success. Any such advice, approval or consent is only an indication that a site satisfies Franchisor's then-current standards for a Store.

6.3 Plans and Specifications. Franchisor shall make available to Franchisee a set of prototype plans and specifications (not for construction) for the Store and for the exterior and interior design and layout, fixtures, furnishings, and signs. Franchisee shall be responsible for the cost of conforming Franchisor's blueprint plans and any remodeling blueprint plans for Franchisee's Designated Location.

6.4 Initial Training. Franchisor shall provide training to Franchisee, and any other persons required to be employed by Franchisee in the Store in Franchisor's methods of doing business and other policies and procedures, for the operation and management of the Store in accordance with Franchisor's brand standards, which are contained in Franchisor's Confidential Operating Manuals. Training shall be provided at various locations throughout the United States as Franchisor designates. The cost of providing such training to Franchisee and its required employees shall be borne by Franchisor, except that Franchisee shall be responsible for paying Franchisee's and its employees' travel, lodging and meal costs. The training program for Franchisee and its required employees shall be provided as soon as practicable after the execution and delivery of this Agreement. If Franchisee operates a sales and lease ownership store under any of the Marks at the time initial training is to occur, Franchisor may elect not to provide initial training to Franchisee, or to some or all of Franchisee's required employees, if Franchisor and Franchisee agree that such training is not necessary.

6.5 Exterior Sign(s). Franchisor may lease to Franchisee certain signage for the exterior of Franchisee's Store, pursuant to an Exterior Sign Lease Agreement, substantially in the form of Exhibit B attached hereto. The size of the signs shall be determined by Franchisor in its sole discretion. In no event shall Franchisor's cost to purchase such signage exceed \$30,000.

6.6 Opening Assistance. Franchisor shall provide to Franchisee, at the Store premises and at Franchisor's expense, initial on-site assistance for at least three (3) days. If Franchisee operates a sales and lease ownership store under any of the Marks at the time the operation of the Store commences, Franchisor may elect not to provide initial on-site assistance if Franchisor and Franchisee agree that such assistance is not necessary.

6.7 Inventory Specifications and Ordering. Franchisor shall specify in the Confidential Operating Manuals the brands, types, models and amounts of lease products and accessory items to be maintained in Franchisee's inventory. Franchisor shall establish an inventory ordering system so that Franchisee may purchase inventory items directly from Franchisor-operated distribution centers, and from other suppliers with which Franchisor has negotiated product supply arrangements. Notwithstanding the foregoing, Franchisor shall have the right to cease acting as a supplier or distributor of products at any time without incurring any liability to Franchisee as a result of such withdrawal.

6.8 Computer Software.

(a) Franchisor or its designee may make available for lease Franchisor's proprietary point of sale ("POS") computer software system, for the computerization of Franchisee's customer and payment records, inventory control and other operational aspects of the Store. Franchisee's use of the technology sold or leased to it by Franchisor will be subject to the terms and provisions

of a Technology Services Agreement (“TSA”). Franchisee shall not install any unauthorized software.

(b) Franchisee shall not attempt to reverse engineer Franchisor’s POS computer software system. Franchisor shall retain all right, title, copyright, trade secrets, patents and other proprietary rights in and to the POS computer software system, and all modifications and/or enhancements thereof and any derivative works created therefrom, regardless of origin. Franchisee acknowledges and agrees that Franchisee has not and will not acquire any rights, express or implied, in the POS computer software system and any derivative works thereof, other than the right to use the POS computer software system as specified in this Agreement and the Confidential Operating Manual. Franchisee shall not, and will not permit others to, copy, modify, adapt, translate, reverse engineer, decompile, disassemble or otherwise attempt to create derivative work from the POS computer software system, or otherwise alter the POS computer software system or discover its code.

(c) Franchisor disclaims any and all warranties relating to the POS software system, including warranties of merchantability, fitness for a particular use, and the warranty of non-infringement.

(d) Franchisee shall be responsible for purchasing or obtaining a license for any third party software, programs, content, documentation, equipment, hardware or other products that are designated by Franchisor as being necessary for the use and operation of the POS computer software system (the "Third Party Materials"). Franchisee acknowledges and agrees that from time to time Franchisor may require additional Third Party Materials, or may substitute other Third Party Materials for those originally or previously required. To the extent any Third Party Materials are packed with, incorporated into, or embedded in the POS computer software system, or otherwise provided by Franchisor hereunder, Franchisee agrees to comply with the terms and conditions of the third party licenses associated with such Third Party Materials.

(e) Franchisor has the right to alter the POS computer software system and/or to cease leasing or selling the POS computer software system at any time; provided, however, that in the event that Franchisor shall elect to cease providing the POS computer software system, it will provide Franchisee with either (i) access to an alternative system/systems with the same or substantially similar capabilities as the POS computer software system or (ii) a list of systems with the same or substantially similar capabilities as the POS computer software system which have been approved by Franchisor for use by Franchisee

(f) The cost for the POS computer software system is included in the Continuing License Fee. As described in Section 3.9, however, Franchisee must pay to Franchisor a Software License Fee to reimburse Franchisor for the costs and expenses it incurs to provide certain third-party software to Franchisee.

6.9 Designated Equipment Package; Promotional Materials. Franchisor shall make available for purchase by Franchisee an equipment package, an interior store decorating package and other promotional items, which are specified in Franchisor’s Confidential Operating Manuals.

6.10 Computer Hardware. Franchisor shall make available for lease computer hardware, which shall be leased from Franchisor by Franchisee pursuant to an Equipment Lease Agreement substantially in the form of Exhibit C attached hereto and subject to the TSA.

6.11 Pre-Opening Advertising Assistance. Franchisor will assist Franchisee in conducting a pre-opening advertising campaign prior to the commencement of operations of the Store (the “Pre-Opening Advertising Program”), and a grand opening advertising program during the period immediately following the opening of Franchisee’s Store (the “Grand Opening Event Advertising”). Such assistance shall include consultation on an initial marketing plan for the grand opening of the Store and sample copies of marketing materials.

6.12 Assistance With Third Party Arrangements.

(a) Subject to the availability of Franchisor’s personnel, Franchisor shall, prior to the commencement of operations of the Store, provide assistance to Franchisee in dealing with and/or establishing relationships with third parties, including assistance in (i) establishing fleet leasing rates or a purchase price for delivery vehicles, (ii) establishing relationships with outside vendors, and (iii) locating and securing a qualified contractor, as required by Section 7.2(a)(i). Franchisor may also counsel Franchisee in obtaining inventory financing from financing companies (if any) that have agreed to offer such financing assistance to Franchisor’s franchisees. However, any such financing assistance must be arranged by separate agreement between Franchisee and its finance company, and Franchisor shall not be obligated to guarantee Franchisee’s obligations under such agreement in whole or in part, or any obligation assumed by such finance company.

(b) Franchisor has negotiated and may in the future negotiate product supply arrangements with certain approved suppliers of products that may be leased and sold in connection with the operation of the Store. These arrangements establish terms and discount prices applicable to purchases of certain products by all sales and lease ownership stores operated under the Marks, whether franchised or Franchisor-owned. These terms and discount prices are sometimes available to Franchisee, but agreements must be entered into separately between each such supplier and Franchisee (except for agreements with Franchisor operated distribution centers). Franchisee also must meet each such supplier’s qualification requirements, including financial and credit requirements. Franchisor periodically renegotiates product supply arrangements, and the terms of future arrangements, which may be different from current arrangements, may be affected by many factors, including market conditions and competition, the willingness of suppliers to enter into further arrangements on competitive terms, and requirements of applicable law. Franchisee recognizes that Franchisee’s failure to pay a supplier may interfere with such supplier’s willingness to supply the network of Aaron’s Stores, which may result in other Aaron’s Stores’ inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay suppliers as and when payments are due.

6.13 Additional Training and On-Site Consulting Services. Franchisor shall periodically conduct advanced training programs at various locations, which Franchisee and/or Franchisee’s employees may attend free of charge. However, Franchisee is responsible for travel,

meal, lodging, payroll, and benefits expenses for Franchisee and Franchisee's employees to attend such conferences.

6.14 Requested Consulting Services. Franchisor shall provide to Franchisee additional consulting services with respect to the operation of the Store upon Franchisee's reasonable request and subject to the availability of Franchisor's personnel. If such services are rendered and Franchisor so requests, Franchisee shall pay to Franchisor, within fifteen (15) days after such request is made, a service charge equal to the sum of (i) the travel, lodging and meal costs incurred by Franchisor for its employees and agents rendering such consulting services, plus (ii) the daily salary for each of such employees and agents for each day services are rendered. Such additional consulting services shall be rendered at a mutually convenient time.

6.15 Continuing Consultation and Advisory Assistance. Franchisor shall provide pre-opening and continuing consultation and advisory assistance at such times and to such extent as Franchisor deems appropriate. Franchisor will provide such assistance, in Franchisor's discretion, via telephone, facsimile, and internet and electronic communications.

6.16 Training for New Employees. If requested by Franchisee, Franchisor shall provide training for any new employee of Franchisee that Franchisee believes needs initial training, which training will be similar to the training provided to Franchisee's employees pursuant to Section 6.4. Such training will pertain to operations of the Store and the delivery of products and services in accordance with brand standards, and will be provided at various locations as may be designated by Franchisor at a mutually convenient time. The cost of such training shall be borne by Franchisor, except that Franchisee shall be responsible for paying for such employee's travel, lodging, meal, wages and benefits costs.

6.17 Additional Ongoing Assistance. During the term of this Agreement, Franchisor may provide to Franchisee assistance in the operation of the Store as follows:

(a) Franchisor or its designee may establish and maintain an inventory ordering system in such manner as it determines in its sole discretion, so that Franchisee may purchase items that may be leased and sold in connection with the operation of the Store directly from Franchisor's or its designee's distribution centers and from other suppliers with which Franchisor has negotiated product supply arrangements.

(b) Franchisor may periodically conduct advanced training programs on the operation of the Store, which programs Franchisee and/or Franchisee's employees may attend at no charge, except that Franchisee must pay travel, meals and lodging, and wages and benefits expenses for Franchisee and Franchisee's employees to attend such advanced training programs.

(c) During ordinary business hours, Franchisor shall provide assistance via telephone or by other means of electronic communication in the operation of the Store, including technical support regarding the operation of the computer system provided by Franchisor pursuant to Section 6.8 and Section 6.10 and to be leased by Franchisee in the operation of the Store.

6.18 Advertising.

(a) Franchisor shall review all advertising materials submitted for review by Franchisee pursuant to Section 7.18(a).

(b) Franchisor (or its designee) may, but is not obligated to, establish and administer the Ad Production Fund. If the Ad Production Fund is established, Franchisor shall make available to Franchisee all advertising and promotional materials produced by the Ad Production Fund. Franchisor shall use the Ad Production Fund to meet the costs of developing and preparing advertising materials for use by Franchisor's franchise system. The Ad Production Fund shall not be used to purchase space or time in the media. Franchisor shall choose and determine, in its sole discretion, the materials (as to kind and quantity) to be provided to Franchisee through the Ad Production Fund.

(c) Franchisor (or its designee) may, but is not obligated to, establish a Media Fund. If established, the Media Fund, and all contributions to and earnings from the Media Fund, will be used only (except as otherwise provided below), to meet any and all costs of maintaining, administering, directing, conducting, creating, and/or otherwise preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that Franchisor believes will enhance the image of the System. This includes, among other things, the costs of preparing and/or conducting media advertising campaigns, social media campaigns, direct mail advertising, marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising programs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs; customer retention programs; the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing and maintaining our Website (defined below); developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the network of Aaron's Stores, the Marks and/or the "Aaron's" brand; providing promotional and other marketing materials and services to the Stores operated under the System; and the salaries of Aaron's employees to the extent such employees provide services in conjunction with marketing activities. The Media Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Aaron's, which products, services, or improvements Franchisor will have the right to determine, that Franchisor believes will promote general public awareness and favorable support for the System. Franchisor will have the sole right to decide how the Media Fund creates, places, and pays for marketing. Franchisor shall use the Media Fund solely for the purposes contained in this Section, including the costs of administering the Media Fund, and not for the solicitation of franchisees or the sale of franchises.

(d) If an Ad Production Fund or Media Fund is established by Franchisor, such fund shall be maintained and administered by Franchisor as follows:

(i) Franchisor shall direct all advertising and promotional programs and activities, with sole discretion over the concepts, materials and media used in such programs and activities and the placement and allocations thereof. Franchisor (or its designee) is not obligated in administering any Ad Production Fund or the Media Fund, to make expenditures for Franchisee that are equivalent or proportionate to any payments to such fund by Franchisee or to ensure that any particular franchisee or any particular franchised location benefits directly or pro rata from advertising or promotion conducted by such fund; provided, however, Franchisor shall use commercially reasonable efforts to ensure the expenditures from the Media Fund maintain and enhance the brand image of the Marks for the benefit of all stores operating under the Marks in the United States.

(ii) Franchisor may, for each Franchisor-owned sales and leasing store operated under the Marks, contribute to the Ad Production Fund or the Media Fund, as applicable, an amount equal to that provided for in Franchise Disclosure Document in the year that the company-owned unit is established. Should the Ad Production Fee or the Media Fee be decreased at any time, Franchisor has the right to reduce the contribution from the Franchisor-owned units to the rate specified in Franchisor's then-current offering.

(iii) Franchisor may engage its in-house advertising agency or division to perform services on behalf of Franchisee individually or on behalf of or with respect to the Ad Production Fund and/or the Media Fund, and to charge for its services fees in amounts that, in the good faith opinion of Franchisor, would be charged for those services by a third-party advertising agency in a bona fide arms-length transaction for comparable services.

(iv) Franchisor shall maintain separate bookkeeping accounts for any Ad Production Fund or Media Fund.

(v) Franchisor is not obligated to expend any Ad Production Fund or the Media Fund within any particular time period or in any particular manner and may terminate any Ad Production Fund or Media Fund upon thirty (30) days written notice to its franchisees for any reason; provided, however, such Ad Production Fund and/or Media Fund shall continue to exist until all amounts contributed to such fund have been expended for advertising and promotional purposes.

(e) Franchisor may, but is not obligated to, establish an advisory council for one or both of the Ad Production Fund or the Media Fund. Franchisor may utilize an advisory council to advise Franchisor in determining the concepts, materials, and media to be utilized in any advertising or promotional activity funded by the Ad Production Fund and/or Media Fund. Any advisory council, if established, may include representation from Franchisor's franchisees and Franchisor-owned sales and leasing stores located within the United States. The Franchisor shall make the final determination as to the administration of the Ad Production Fund and Media Fund, and the expenditures made by Ad Production Fund and Media Fund.

(f) Franchisor has the right to require that any Ad Production Fund or Marketing Fund, or any advisory council relating to the same, be formed, changed, dissolved, or merged at any time.

(g) Franchisor may from time to time place orders with suppliers for advertising materials. If Franchisee desires, it may join with Franchisor and other franchisees of Franchisor for the purpose of placing bulk orders for such materials. If Franchisee requests that specific changes be made to the materials it is to receive from such order, Franchisee shall bear the cost of such changes. Provided that Franchisor shall have acted in good faith in placing any such order and specifying the content for materials ordered thereby, Franchisor shall have no liability to Franchisee for any loss, cost, claim, damage, expense or liability suffered or incurred by Franchisee that arises out of, results from or relates to the content of, or any mistake, error or inaccuracy appearing in, any such advertising materials. Franchisor may from time to time make materials created by any Ad Product Fund or Media Fund available to Aaron's Stores operating outside of the United States.

6.19 Assignment. Franchisor may assign all or part of its rights, benefits, duties or obligations under this Agreement to any person or entity, provided that Franchisor reasonably believes that the assignee of any duty or obligation has the ability to perform such duty or obligation. Upon Franchisor's assignment of any duty or obligation hereunder, Franchisor shall have no further liability for the performance of such duty or obligation, and Franchisee and each Guarantor hereby agree that upon such assignment, Franchisor shall thereby (without the execution of any further documentation or the taking of any further action) be released from all liability for any further performance of such duty or obligation.

Section 7 Covenants and Agreements of Franchisee.

Franchisee covenants and agrees as follows:

7.1 Franchise Premises.

(a) Franchisee must secure, by purchase or lease, a Designated Location reasonably suited for the operation of the Store as directed in the Confidential Operating Manuals. Before entering into any lease or purchase agreement for any premises for such facilities, Franchisee shall submit to Franchisor any information Franchisor requires about the location of such premises. Franchisee must submit information for at least one (1) prospective location within sixty (60) days after the Effective Date. Franchisee may not lease or purchase any premises for the operation of the Store until Franchisor has approved the location and the lease terms in writing. Franchisor's approval of the lease shall be conditioned upon, among other conditions, the inclusion of all of the following terms and conditions in the lease:

(i) That the lessor consents to Franchisee's use of the Marks and signage as Franchisor may prescribe for the operation of the Store;

(ii) That the use of the premises be restricted solely to the operation of the Store during the term of this Agreement;

(iii) That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or from extending the term of or renewing the lease without Franchisor's prior written consent;

(iv) That lessor simultaneously provide to Franchisor copies of all notices of default given to Franchisee under the lease and that Franchisor has a reasonable opportunity to cure any such default;

(v) That Franchisor have the right to enter the premises to make modifications necessary to protect the Marks or to cure any default under this Agreement or under the lease and, upon expiration or any earlier termination of the lease or this Agreement, to remove any materials, signs, equipment or other items containing any of the Marks;

(vi) That Franchisor (or Franchisor's designee) have the option, within thirty (30) days after expiration or any earlier termination of this Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease, including any right to assign or sublease;

(vii) That the tenant under the lease has the right to remodel the premises without the prior approval of the lessor; and

(viii) That Franchisor must receive a copy of any renewal notice given to Franchisee by lessor, and Franchisor shall have the right to renew the lease should Franchisee fail to do so; Franchisor agrees that so long as no Event of Default exists under the lease, Franchisor shall not exercise its right to renew unless Franchisee has not made adequate provision to relocate the Store to a location acceptable to Franchisor.

(b) It is the responsibility of Franchisee to select a suitable site for the Store. Franchisor's provision of site selection services are for the benefit of Franchisor and not for the benefit of Franchisee. Franchisor provides any such services for the purpose of assuring that the site selected by Franchisee would be minimally acceptable to Franchisor upon expiration or termination of this Agreement. Franchisor recommends that Franchisee seek the counsel of an experienced real estate agent familiar with the protected territory. Franchisee hereby acknowledges and agrees that Franchisor's approval of a proposed site shall not constitute a warranty or representation of any kind as to the potential success or profitability of Franchisee's franchise.

(c) Franchisee shall not use the premises for any purpose other than the operation of the Store, nor shall Franchisee lease, as lessor, or sublease or assign the lease for, all or any portion of the premises, without the prior written consent of Franchisor.

(d) Franchisee shall not relocate the Store without the prior written consent of Franchisor. Such approval shall not be unreasonably withheld, provided that (i) the relocation is within the Territory and does not, in Franchisor's opinion, infringe upon the territory or trade area of any other franchisee of Franchisor or of any Franchisor-operated business, (ii) Franchisee's lease, if any, for the new location complies with Franchisor's then-current requirements, (iii) Franchisee complies with Franchisor's then-current requirements for construction at and furnishing of the new location. Franchisee's Territory shall not be modified as a result of any relocation of the Store and (iv) Franchisee shall, at Franchisee's expense, remove signs from the original location prior to relocation.

(e) If Franchisee breaches or otherwise violates any term or condition of the lease, sublease or other agreement under which Franchisee occupies the Store premises and Franchisee does not cure such breach or violation before the expiration of any applicable cure period, Franchisor shall have the right, but not the obligation, to take whatever action and to expend whatever monies as are necessary to cure such breach or violation before the expiration of the applicable cure period. In the event Franchisor takes any such action, Franchisee shall reimburse Franchisor for the reasonable costs and expenses incurred by Franchisor in connection therewith within seven (7) days after Franchisor provides Franchisee with a written statement that sets forth the amount of such costs and expenses, accompanied by such invoices or other data as are reasonably necessary to substantiate such costs or expenses. Franchisee must provide notice to Franchisor of any lease termination, amendment, modification or default. Such notice should be sent to both Franchisor's General Counsel, via certified mail, return receipt requested, and Chief Financial Officer.

7.2 Commencement of Operations; Construction.

(a) Franchisee shall open the Store and commence operations by the date specified on Exhibit A. If Franchisor determines, in its sole discretion, that Franchisee in good faith is using its best efforts to commence operations within such time period, then upon Franchisee's written request, and execution of Franchisor's withdrawal authorization form, Franchisor will permit Franchisee to extend, for up to twenty-four (24) months, the date by which Franchisee must commence operating the Store. Franchisee shall pay the entire initial Franchise Fee. Only then will Franchisee be eligible for the extension program which may consist of monthly withdrawals by Franchisor from Franchisee's bank account (in accordance with Section 3.6) per the following schedule: \$500 for each of the first 12 months of extension, \$1,500 per month for months 13-18, and \$2,500 per month for months 19-25. Extension option fee amounts shall be drafted from the account specified in such withdrawal authorization form until the Store opens. The extension option fee paid for any month shall not be refunded under any circumstances and shall not be credited against any fee payable to Franchisor. Notwithstanding the foregoing, if Franchisor grants Franchisee an extension for the Store and subsequently determines in its sole discretion that Franchisee is not using its best efforts to open and operate such Franchise within a reasonable period of time following the date of the grant of extension, Franchisor may terminate the extension grant for such Franchise. The termination of the extension grant shall be deemed an Event of Default for purposes of this Agreement. Prior to opening, Franchisee shall complete all construction and furnishing in accordance with this Section 7.2. Before commencing any construction, Franchisee, at its expense, shall:

- (i) employ a qualified contractor to supervise the construction and completion of all improvements, and Franchisee shall submit to Franchisor a statement identifying the general contractor and describing his qualifications and financial responsibility; and
- (ii) obtain all permits and certifications required for lawful construction of the Store premises, including, without limitation, zoning, access, sign and fire requirements, and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

(b) Franchisee shall notify Franchisor in writing promptly after construction begins. Franchisee shall maintain continuous construction and shall complete construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all fixtures, equipment and signs, in accordance with the approved site layout and plan, at Franchisee's expense, within ninety (90) days of Franchisor's approval of Franchisee's proposed location. Franchisor and its agents may inspect the construction at all reasonable times. After completion of construction, Franchisee shall obtain a certificate of occupancy and promptly submit a copy of it to Franchisor. After obtaining Franchisor's approval for opening, Franchisee shall open for business to the public promptly, but not less than ten (10) days following receipt of Franchisor's written approval to open. Time is of the essence in both the construction of the premises and the opening of the Store.

(c) In connection with construction, Franchisee will cause the general contractor to maintain commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, completed operations and independent contractors and/or subcontractors coverage) in at least the amount of One Million Dollars (\$1,000,000), or such greater amount as Franchisee deems appropriate, with Franchisor listed as a named additional insured, and workers' compensation and employer's liability insurance, as well as such other insurance that may be required by law, all with a reputable insurer satisfactory to Franchisor. Prior to commencing construction, Franchisee shall submit to Franchisor evidence of the contractor having satisfactory insurance and proof of payment therefor, together with copies of all policies and policy amendments, upon Franchisor's request. Evidence of insurance shall include a statement by the insurer that the policy or policies shall not be canceled or materially altered without at least thirty (30) days prior written notice to Franchisor.

(d) All construction must be conducted in accordance with applicable law, including without limitation the Americans With Disabilities Act, and Franchisee shall be responsible for ensuring such compliance.

(e) Franchisee must construct the Store in accordance with the plans prepared by Franchisor whether it be a new store, or the remodel of an existing store.

7.3 Training.

(a) Franchisee and at least one manager who Franchisor shall have the right to approve must attend, and complete to Franchisor's satisfaction, Franchisor's approval or consent shall be limited to Franchisor's evaluation of the potential manager's skills to manage a Store and deliver services in accordance with Franchisor's brand standards. Franchisor's initial, tuition free training program. If Franchisee is a legal entity, at least one of the trainee's must be Franchisee's general partner, principal shareholder, or General Manager (as defined in Section 7.5 below). The initial training program (which may be non-consecutive) shall consist of training in store operations, sales and advertising, and inventory management. Should Franchisee or such additional personnel as Franchisor may recommend, fail to complete initial training program to Franchisor's satisfaction, the respective person may repeat the course or, in the case of an employee, Franchisee may send a replacement to attend the next available training program. Failure by Franchisee and any required personnel to successfully complete the initial training program to Franchisor's satisfaction may result in sanctions imposed by Franchisor against the Franchisee including but not limited to

restricting Franchisee's ability to participate in certain offerings of programs provided to corporate-owned stores or to other franchisees, up to possible termination of the Franchise Agreement.

(b) In addition, during the term of this Agreement, Franchisee (or Franchisee's manager if Franchisee is not an individual) shall personally attend and satisfactorily complete the training programs described in Section 6.4. Franchisee (or Franchisee's manager if Franchisee is not an individual) shall personally attend and satisfactorily complete such other training programs as Franchisor may from time to time require after Franchisee begins operations. Franchisee and any manager for the Store shall, at Franchisee's expense, attend any Franchisor-sponsored national or regional managers' meetings when required by Franchisor.

7.4 Hours of Operation. Franchisee will keep the Store open for business to the public at least during the hours as Franchisor may from time to time prescribe in the Confidential Operating Manuals or otherwise, unless prohibited by applicable law or by the lease for the Store premises.

7.5 Franchisee's Participation; Personnel. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership, or other business entity) must devote their personal full time attention and best efforts to the management and operation of Franchisee's Store. Franchisee may delegate the day-to-day operation of the Store to a full time manager whom Franchisor must approve, and who must complete the initial training program to Franchisor's satisfaction (the "General Manager"). Franchisee must also maintain a competent, conscientious, and well trained staff to operate the Store in accordance with brand standards. Franchisee shall have sole authority and discretion regarding all employment matters relating to Franchisee's personnel, including, without limitation, hiring, firing, discipline, compensation, benefits, and scheduling. Franchisee acknowledges and agrees that all personnel decisions shall be made by Franchisee, without any interference or advice from Franchisor, and such decisions and actions shall not be, nor deemed to be, a decision or action of Franchisor or any collective or joint decision or action of Franchisor and Franchisee. In addition, Franchisee agrees to retain such additional management and other personnel as Aaron's may require. The Store must at all times be managed by at least one (1) individual who has completed the initial training program to Aaron's satisfaction. Franchisee, the General Manager, and/or each of Franchisee's other managers must devote their full time and best efforts to supervising the operation of the Store. Franchisee shall also employ, at a minimum, such other personnel as Franchisor may recommend from time to time in the Confidential Operating Manuals to provide customer service and operate the Store in accordance with our standards.

7.6 Interior Premises, Exterior Sign(s) and Delivery Vehicle(s).

(a) Franchisee shall maintain at the Store premises, at Franchisee's expense, all fixtures, office furnishings and interior signs as Franchisor may reasonably direct from time to time in the Confidential Operating Manuals, and shall refrain from installing or permitting to be installed any fixtures, office furnishings or signs that do not meet Franchisor's specifications. Franchisee shall maintain the premises in a clean, attractive condition and in good repair. At Franchisor's request, which shall not be made more than once every five (5) years, and within a reasonable time after such request, Franchisee shall refurbish the Store premises at its expense to

conform to the decor, color schemes and presentation of the Marks and signs to be consistent with Franchisor's then-current image. At Franchisor's direction, such refurbishing shall include remodeling, redecoration and other modifications to existing improvements as Franchisor deems necessary. Franchisor reserves the right to complete such refurbishing and bill Franchisee for all costs incurred by Franchisor should Franchisee fail to refurbish the Store premises within six (6) months after Franchisor requests refurbishing.

(b) Franchisee shall maintain at the Store premises one or more exterior signs, which shall be owned by Franchisor and leased to Franchisee. Franchisee shall maintain such sign(s) in good condition and repair during the term of this Agreement. Lease payments for such sign(s) shall be withdrawn by Franchisor from Franchisee's bank account each week, as provided in Section 3.6.

(c) Each delivery vehicle used by Franchisee in the operation of the Store must meet Franchisor's specifications and shall have affixed to it Franchisor's standard decals. Franchisee shall be responsible for the cost of decal affixation and shall be required to pay for any decal kits. Upon expiration or termination of this Agreement or in the event Franchisor as part of an agreement to purchase the assets of the Store elects not to purchase any delivery vehicles used by Franchisee in the operation of the Store, Franchisee shall provide Franchisor immediate access to any delivery vehicles used by Franchisee in the operation of the Store for the purposes of removing any decals containing the Marks from Franchisee's delivery vehicles.

7.7 Insurance.

(a) Franchisee shall procure, prior to the commencement of business operations from the Store, and maintain in full force and effect during the term of this Agreement an insurance policy or policies protecting Franchisee and Franchisor, and their respective officers, directors, partners, members, affiliates, subsidiaries, employees and agents, against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the Store, as well as insurance to protect against risks such as flood, earthquake, pollution liability, theft and such other risks as Franchisor may reasonably require. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord or otherwise. Each insurance policy shall (i) name Franchisor and our respective officers, directors, partners, members, affiliates, subsidiaries and employees as a named additional insured parties on all policies, except for the policy that provides the coverages set forth in Sections 7.7(b)(iii) and (v)); and (ii) contain a waiver of subrogation in Aaron's and its designee's favor. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or any other form that we approve in writing that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) our negligent acts, errors or omissions or other additional insureds. You shall maintain such additional insured status for us on your general liability policies continuously during the term of the Franchise Agreement. With the exception of the policies of insurance specified in Sections 7.7(b)(ii) and (v), which shall be written on a claims-made basis, or as expressly provided for in this Agreement or the Confidential Operating Manuals, all policies must be written on an "occurrence" basis.

(b) Each policy shall be written by a responsible insurance company that is qualified to sell such insurance in the state in which the Store is located, is satisfactory to Franchisor and is rated A or better by A.M. Best rating service or a comparable rating service, and shall be in accordance with the standards and specifications set forth by Franchisor in the Confidential Operating Manuals or otherwise in writing, and shall include, at a minimum (except additional coverages and higher policy limits as may reasonably be specified from time to time by Franchisor), the following:

(i) Commercial general liability insurance, including coverage for products and completed operations, personal injury, advertiser's liability and automobile liability for owned, non-owned and hired vehicles, in amounts specified from time to time in writing by Franchisor.

(ii) Fire, vandalism and other perils typically covered by a standard fire and extended coverage property insurance policy, and flood and earthquake coverage where such coverages reasonably would be required to protect the interests of Franchisee and Franchisor, with limits of not less than the full replacement value (or greater, if required by applicable law or the lease for the Store premises) of any leasehold improvements, exterior signs, computer hardware, fixtures, personal property and business inventory located on or about the Store premises.

(iii) Workers' compensation and employer's liability insurance, as well as any other insurance as may be required by the laws or ordinances of the state, municipality or other governmental authority having jurisdiction over the Store or the Store premises.

(iv) Business interruption insurance for no less than four months of interruption or such higher amount as necessary to cover Franchisee's loss of revenues and ongoing expenses and any amounts owed to Franchisor for the prior three-month average during the period the business is interrupted; the amount determined by the insurance company to be lost Gross Revenues resulting from the business interruption for the period at issue shall be used to calculate any fees owing to Franchisor;

(v) Cyber liability coverage, including coverage for electronic media activities, network security, privacy, network extortion threats, and regulatory proceedings, in an amount that shall not be less than the minimum amount required by Franchisor from time to time, which minimum required amount is currently One Million Dollars (\$1,000,000.00) per claim made for electronic media activities liability.

(c) Franchisee's obligations to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited or affected in any way by any insurance that Franchisor may elect to maintain, nor shall the fact that Franchisee maintains the insurance policies and coverages required under this Agreement relieve it from liability under the indemnity provisions of Section 7.20.

(d) Within ten (10) days before the Store commences operations and from time to time upon request from Franchisor, Franchisee shall deliver to Franchisor such evidence as Franchisor may require that Franchisee has obtained and maintained all of the insurance coverages required

hereunder, including certificates of insurance endorsements, insurance declarations, copies of insurance policies, and/or other documents requested by Franchisor (collectively “certificates”), evidencing the proper coverage with limits not less than those required hereunder (including, where applicable, evidence that Franchisor is listed as a named additional insured), together with proof of the payment of each premium associated therewith. All certificates shall expressly provide that no less than 30 days’ prior written notice shall be given Franchisor in the event of material alternation to, cancellation, or non-renewal of the coverages evidenced by such certificates. Further certificates evidencing the insurance required by this Section shall name Franchisor, and each of its affiliates, directors, agents and employees as additional insureds, and shall expressly provide that any interest of the same therein shall not be affected by any breach by Franchisee of any policy provisions for which such certificates evidence coverage. Upon request by Franchisor, Franchisee shall provide copies of all policies and policy amendments and endorsements. Evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days prior written notice to Franchisor.

(e) Should Franchisee, for any reason, fail to procure or maintain any insurance coverage required by this Agreement, as revised or supplemented from time to time by the Confidential Operating Manuals or otherwise in writing, or fail to provide evidence reasonably satisfactory to Franchisor of the insurance policies required by this Section or the Confidential Operating Manuals, Franchisor may, but shall not be obligated to, procure such insurance coverage on Franchisee’s behalf and charge the cost of such insurance to Franchisee, which charge, together with a reasonable fee for Franchisor’s expenses in so acting, shall be paid to Franchisor immediately upon presentation of evidence of such amounts having been paid by Franchisor. Franchisee’s obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee’s procurement of required insurance relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee’s insurance procurement obligations under this Section are separate and independent of Franchisee’s indemnity obligations. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase, or which Franchisor procures on Franchisee’s behalf, will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Franchisor’s protection. Franchisee should consult with its own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor. Franchisor’s review and verification of certain elements of Franchisee’s insurance does not in any way reduce or eliminate Franchisee’s obligations to fully comply with all insurance requirements. It is Franchisee’s sole obligation to fully comply with these insurance requirements and it is Franchisee’s sole obligation to confirm with its insurance providers that it policies are in compliance.

7.8 Marks.

(a) Franchisee acknowledges that Franchisor’s affiliate, Aaron Investment Company, a Delaware corporation (“AIC”), is and will be the owner of the Marks, and that AIC has licensed to Franchisor the right to use the Marks and to grant to Franchisee the right and license to use the Marks in connection with the Store. Franchisee acknowledges that it has no interest in the Marks beyond the nonexclusive license granted herein, and that Franchisor, together with AIC, has the

exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them.

(b) Franchisee will use the Marks only in compliance with written rules prescribed from time to time by Franchisor. Franchisee shall not use any of the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to Franchisee hereunder), or use any of the Marks in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by Franchisor.

(c) Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of any of the Marks, and Franchisor shall have the right, in its sole discretion, to take any action it deems appropriate.

(d) If Franchisor decides at any time, in its sole discretion, that Franchisee should modify or discontinue using any of the Marks or use one or more additional or substitute service marks or trademarks, Franchisee will do so, and Franchisor's only obligation in such event shall be to reimburse Franchisee for the tangible costs incurred by Franchisee in complying with this obligation. Franchisee acknowledges that the value of the Marks or any substitute marks results or will result primarily from their collective use by Franchisor and its franchisees and accordingly consents to any such substitution by Franchisor.

(e) Franchisee shall not contest, directly or indirectly, Franchisor's or AIC's ownership, title, right or interest in or to the Marks, or any trade secrets, methods, procedures or advertising techniques that are part of Franchisor's franchise system, or contest Franchisor's sole right to register, use or license others to use the Marks, trade secrets, methods, procedures, advertising techniques or any other mark or name which incorporates the words "Aaron's Sales & Lease Ownership", or any similar words.

(f) Franchisee shall use the Marks only in connection with its operation of the Store hereunder and only at the location authorized hereunder, or in advertising for the Store conducted at or from such location.

(g) Franchisee shall post a notice at the Store premises that indicates that Franchisee is an independently-owned franchised operator under Franchisor's system and that the Marks are used by Franchisee under a license.

(h) Franchisee shall comply with Franchisor's instructions in filing and maintaining trade name or fictitious name registrations, and shall execute any documents required by Franchisor to obtain protection for the Marks or to maintain their continued validity and enforceability.

(i) Franchisee shall display the Marks and Franchisee's business name, address and phone number on all promotional, sales and advertising materials, including, without limitation, all printed advertising of every kind and nature, business stationery and cards, signs, decals for delivery and service vehicles, and decals or stickers for products. Franchisee shall not, however,

display any of the Marks on Franchisee's lease agreements, except that Franchisee shall list its corporate or legal name as the contracting party on all lease agreements followed by an Aaron's Sales & Lease Ownership® designation in the form and style specified in the Confidential Operating Manuals.

(j) As between Franchisor and Franchisee, all Internet domain names including the name "Aaron" or "Aaron's," or any of the Marks, shall be the exclusive property of Franchisor. Franchisee shall not use any such name or any of the Marks on any Internet website, or by any other means of electronic display, posting or communication, in any manner without Franchisor's prior written consent. Without limiting the foregoing, any such use by Franchisee of the Marks shall be pursuant to the franchise granted hereby, and Franchisee shall have no ownership or other rights therein.

(k) All provisions of this Agreement applicable to the Marks shall apply to any other trade names, trademarks, service marks or other commercial symbols licensed to Franchisee by Franchisor.

(l) Upon the expiration or termination of this Agreement for any reason, all rights of Franchisee to use the Marks in any manner in connection with the Store, including, without limitation, on any Internet website or through any other means of electronic display, posting or communication, shall automatically revert to Franchisor without cost and without the execution or delivery of any document. Upon request by Franchisor, Franchisee shall execute such documents as Franchisor may reasonably request to evidence or confirm such reversion.

(m) This Section 7.8 shall survive the expiration or any earlier termination of this Agreement.

7.9 Compliance with Laws. Franchisee shall, and hereby represents and warrants that it will, operate the Store, and any lease or purchase agreements used by Franchisee in the operation of the Store shall be in compliance with all applicable federal, state and local laws, regulations and ordinances. Franchisee shall obtain and thereafter maintain in good standing any and all licenses, permits and consents necessary for Franchisee to lawfully operate the Store. Franchisee acknowledges that it is responsible for keeping apprised of the requirements of all laws applicable to the operation of the Store. Any breach of the foregoing obligations, representations and warranties will entitle Franchisor to any and all relief otherwise provided under Sections 9.2 and 12.6. Franchisee acknowledges and agrees that no provision of this Agreement, or any other agreement or document delivered pursuant to or in connection with this Agreement, nor any requirement of Franchisor, shall be construed to (a) require Franchisee to take any action inconsistent with any applicable federal, state or local law, rule or ordinance, or (b) prevent Franchisee from complying with any such federal, state or local law, rule or ordinance.

7.10 Notice of Proceedings. Franchisee shall notify Franchisor in writing within five (5) days of the date it becomes aware of the commencement of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality in connection with the operation or financial condition of the Store, other than civil proceedings against customers to collect monies owed, but

including, without limitation, any criminal action or proceeding brought by Franchisee against any employee, customer or other person. Franchisee acknowledges that legislation regarding certain aspects of the sales and lease ownership business is considered from time to time by the federal and various state governments, which legislation, if enacted into law, may alter certain business practices of Franchisee and may adversely affect the performance of the Store. Franchisee shall notify Franchisor of any statutory or regulatory changes that may affect the operation of the business. Franchisee acknowledges that legal action taken against customers may negatively impact the System image and reputation, and that Franchisor may institute policies restricting Franchisee's ability to pursue certain legal action against its customers, both civil and criminal, in the interest of protecting the image and value of the System.

7.11 Taxes. Franchisee shall timely file complete and accurate tax returns as required by applicable law, and pay when due all taxes, assessments and governmental charges upon or against Franchisee or Franchisee's real or personal properties, income and revenues, accurately complete, and timely file with the appropriate authority all required forms relating to such taxes and timely provide all supporting documentation required to produce in connection with the determination and payment of such taxes; provided that no such tax, assessment or governmental charge need be paid so long as the validity, applicability or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained therefor. In addition, if Franchisor or any of its affiliates is required to pay any sales, excise or other similar tax or other form of tax (other than income tax) as a result of its sale, lease or other provision to Franchisee of any goods or services, or as a result of Franchisor or any of its affiliates receiving any fee from Franchisee, then Franchisee shall reimburse Franchisor for the amount of such tax within fifteen (15) days after Franchisor's demand therefor.

7.12 Compliance With Confidential Operating Manuals and Policies. Franchisee shall comply with and abide by each rule, procedure, standard, specification and requirement contained in Franchisor's Confidential Operating Manuals and such other written rules, procedures, standards, specifications and requirements as Franchisor may issue from time to time. Franchisee acknowledges that Franchisor may amend, modify or supplement the Confidential Operating Manuals so long as such amendments, modifications or supplements will, in the good faith opinion of Franchisor, benefit Franchisor and Franchisor's existing and future franchisees or shall otherwise improve Franchisor's franchise system. Franchisee agrees to keep Franchisee's copies of the Confidential Operating Manuals up-to-date, and if there is any dispute as to the current contents of the Confidential Operating Manuals, the terms of Franchisor's master copies maintained at its main office shall control. Franchisee acknowledges that the Confidential Operating Manuals are and shall remain the sole and exclusive property of Franchisor. Franchisee shall treat the Confidential Operating Manuals, and the information contained therein, as confidential, and shall maintain the confidentiality of such information. Franchisee shall not, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce in any way the Confidential Operating Manuals, in whole or in part, or otherwise make their contents available to any unauthorized person in any format whatsoever, including but not limited to hard copies, electronic copies, internet-based copies, or any other format. The Confidential Operating Manuals may be provided in electronic form.

7.13 Inventory, Equipment, Services, Lease Agreements and Software.

(a) Franchisee shall offer to the public only such brands, types and models of products and accessory items as Franchisor approves in writing and does not thereafter disapprove. Franchisee shall obtain such products and items only from vendors that Franchisor has approved in writing and has not thereafter disapproved. Franchisor has the right, in its sole discretion, to designate one manufacturer, distributor, reseller and/or vendor for any particular product or service. Franchisor or its affiliates may be an approved supplier of any product or service, and Aaron's or its affiliates may be the sole approved supplier of any product or service. Aaron's and its affiliates reserve the right to derive revenue as a result of Franchisee's purchases and leases from approved and designated suppliers, and to collect and retain all such monies without restriction.

(b) Franchisee shall make arrangements with a sufficient number of trained and competent service technicians as may be necessary to complete all service work proficiently and timely. Franchisee will not download, install or otherwise activate any type of software on any computers, tablet computers or similar devices sold by Franchisee at the Store premises that could be utilized for user tracking, monitoring, keystroke logging, webcam recording, kill switch activating or any other similarly-situated functionality.

(c) Franchisee shall stock the Store with an inventory of products, and shall display and promote each brand, type and model of product comprising such inventory, so as to comply with the applicable procedures, standards, specifications and requirement contained in Franchisor's Confidential Operating Manuals and such other written procedures, standards, specifications and requirements as Franchisor may issue from time to time. Franchisee acknowledges that the products and accessory products and services to be offered by Franchisee may be supplemented, improved or otherwise modified from time to time by Franchisor.

(d) If Franchisee desires to offer any unapproved product, Franchisee shall submit to Franchisor a written request for approval, which approval will not be unreasonably withheld, provided that such product is, in Franchisor's sole discretion, consistent with Franchisor's system, image and marketing objectives, provided further that the product meets Franchisor's standards of quality and reliability, and provided that the product does not, in the sole discretion of Franchisor, present unacceptable legal or regulatory risks or exposure to Franchisor or the System. If Franchisee desires to obtain products from any unapproved supplier, Franchisee shall submit to Franchisor a written request for approval, which approval will not be unreasonably withheld, provided that such supplier provides, in Franchisor's sole discretion, adequate quality control and prompt, reliable service and such supplier meets Franchisor's marketing objectives, and provided that the product does not, in the sole discretion of Franchisor, present unacceptable legal or regulatory risks or exposure to Franchisor or the System.

(e) Before commencing operation of the Store, Franchisee shall purchase from Franchisor a designated equipment package. A complete list of the equipment package is included in the Confidential Operating Manuals.

(f) Franchisee shall use only a form of lease agreement that is mutually approved by Franchisor and Franchisee's attorney, and which complies with all federal and state laws applicable to lease to own transactions. Franchisee is responsible for complying with the terms of

such agreement and ensuring that it complies with applicable law, and may not rely on Franchisor in determining if the lease agreement complies with applicable law.

(g) Franchisee shall install and utilize the computer software and hardware specified in Sections 6.8 and 6.10 of this Agreement for customer and payment records, inventory control and all other operational aspects of the Store. Franchisee shall also upgrade and update its computer hardware and software from time to time within thirty (30) days of any notice from Franchisor requiring such upgrade or update. Any such upgrade or update shall be at Franchisee's cost and expense, except that Franchisor shall provide upgrades to its proprietary POS software system without additional charge. Franchisee shall promptly enter all information required to be entered into Franchisee's computer system by the Confidential Operating Manuals, and shall permit Franchisor to poll Franchisee's computer system each day on which Franchisee operates the Store. Franchisor hereby leases to Franchisee one copy of the POS software system (referred to below in this Section 7.13(f) as the "Program"), subject to the following terms and provisions:

(i) Franchisor hereby grants a non-exclusive license to use the machine executable version of the Program on Franchisee's computers at the location of the Store.

(ii) Franchisee acknowledges that the Program, all manuals, data and other materials relating to the Program and any copies of such materials, in whatever format, (collectively, the "Licensed Materials") are and shall remain the property of Franchisor. No right is granted hereunder to (1) copy, print, transfer, transmit (other than to Franchisor) or display all or any part of Franchisor's Marks or other proprietary material, (2) modify the Program and/or merge or utilize all or any part of the Program with or into other computer programs, or (3) compile, reverse compile or disassemble all or any part of the Program.

(iii) All copyrights in all of Franchisor's proprietary and confidential information belong to and are retained by Franchisor. Franchisee shall not remove or alter, or permit any person to remove or alter, any of the copyright or other notices of Franchisor on, stated in or affixed to the Program.

(iv) The Program and other Licensed Materials are provided "as is", and Franchisor makes no other representations or warranties of any kind, express or implied, with respect to the Program or the other Licensed Materials, including, without limitation, any warranty of merchantability, non-infringement or fitness for a particular use, all of which are hereby expressly disclaimed.

(v) In no event shall Franchisor be liable, whether in contract or in tort, or under any other legal theory (including, without limitation, negligence), for any indirect, special, consequential or incidental damages arising out of or in connection with the Program or the other Licensed Materials, including, without limitation, lost profits or revenues, lost discounts, loss of data, costs for recreating lost data, costs for replacement programs, or any similar damages, or for any claim made against Franchisee by any other party, even if Franchisor has been advised of the possibility of such claim.

(vi) Franchisee may not rent, lease, lend, license, assign, sublicense or transfer in any manner all or part of the Program or the Franchisor's proprietary and confidential information to any other person or entity.

(vii) Upon the expiration or any earlier termination of this Agreement for any reason, the lease of the Program shall correspondingly terminate, and Franchisee shall return the Program and the other Licensed Materials, and all data included therein, to Franchisor and destroy all copies thereof.

(viii) The computers, Licensed Material, and all data included therein may be subject to the TSA, if applicable.

(h) Franchisee must have access to the Internet from its computer. Franchisor provides Franchisee with an Internet connection at the store. Franchisor also manages the vendor providing the secured remote access appliance that provides Franchisee with secured access to Franchisor's networking system. Franchisor also provides network cabling, POS workstations and servers for access to the POS and POS information ("Networking Infrastructure") and approved items posted to Franchisor's Internet system. Franchisor shall not make any modifications to the Networking Infrastructure without the approval and cooperation of Franchisor's networking staff. In the event of a breach resulting from any modification of Franchisor's Networking Infrastructure, Franchisee should notify Franchisor's IT Security department immediately to determine what if any course of action should be taken for the purposes of investigating the impact on Franchisor's systems and information. Information posted on any website designated by Franchisor for access by franchisees shall be deemed to have been delivered to Franchisee at the time of such posting. Franchisee shall not directly or indirectly create or use any website in connection with the Store unless Franchisor expressly consents thereto. Such consent may be arbitrarily withheld. With respect to any Franchisee website that Franchisor might consent to, Franchisor shall have the right to monitor the use and content of any Internet website owned or used by Franchisee in connection with the Store, and upon Franchisor's request, Franchisee shall provide to Franchisor such access and any other information related to any such website as is requested by Franchisor. Further, Franchisee acknowledges that the requirements of this section may be subject to the TSA.

(i) This Section 7.13 shall survive the expiration or any earlier termination of this Agreement.

(j) Franchisee must comply with Franchisor's requirements and policies (as described in the Confidential Operating Manuals (or otherwise in writing)) with respect to the transmission of all e-mails in connection with the Store and the business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Store and the business. Such activities include, without limitation, participation in any Internet "blogs" or social networking sites. Any such activities which are not expressly permitted in the Confidential Operating Manuals or otherwise in writing, or for which Franchisee has not previously received approval from Franchisor, shall be subject to Franchisor's approval. In addition, Franchisee shall comply with the following:

(i) Franchisee agrees that exchanging information with Franchisor by e-mail and fax is an important way to enable quick, effective, and efficient communication, and that Franchisor is entitled to rely upon each other's use of e-mail and faxes for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail and fax to exchange information, Franchisee authorizes the transmission of e-mail by Franchisor and Franchisor's employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, "Official Senders") to Franchisee and Franchisee's employees during the term of this Agreement. Franchisor's list of Official Senders shall be the master and official list of Official Senders.

(ii) Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee agrees that it will be solely responsible for complying with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and obtaining any pre-authorization required from the recipients.

(iii) Franchisee agrees that: (a) Official Senders are authorized to send e-mails and faxes to Franchisee and its employees; (b) Franchisee will cause its officers, directors, and employees (as a condition of their employment or position with Franchisee) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as Franchisor may reasonably require) to Official Senders' transmission of e-mails and faxes to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive e-mails, from Official Senders during the time that such person works for or is affiliated with Franchisee; and (c) Franchisee will not opt-out, or otherwise ask to no longer receive e-mails and/or faxes, from Official Senders during the term of this Agreement.

(iv) The consent given above in this Section 7.13(j) will not apply to the provision of formal notices under this Agreement by either party using e-mail unless and until the parties have otherwise agreed, in a pen-and-paper writing that both parties have signed.

(k) Franchisee shall comply with Franchisor's requirements regarding the acceptance of payments from customers, including the acceptance of credit and debit card payments, and the facilitation and reporting of such payments. Currently, as of the date of this Agreement, Franchisor has established a "VIP-Program" that Franchisee must implement and comply with, which program and other payment programs may be modified from time to time by Franchisor. As a participant in the VIP-Program, Franchisee shall use Franchisor's designated third-party payment processor, for online payments. Franchisee shall pay for any transaction fees from such approved supplier that may be incurred for transactions designated collected by the VIP-Program for the Store. Franchisor shall make available to Franchisee reports that document the transactions collected by the VIP-Program for the Store, for the purposes of reconciliation with Franchisee's bank account.

7.14 Bookkeeping and Records. Franchisee shall maintain and utilize the record keeping system contained in the program for Franchisee's customer, payment and inventory records. Franchisee shall maintain its financial and accounting records in accordance with generally accepted accounting principles. Franchisee shall maintain copies of all of its records, in the form and manner as Aaron's may specify from time to time, for a period of five (5) years from their preparation, or such longer period as Aaron's may require from time to time, or as required by applicable law.

7.15 Financial Information. Franchisee shall submit to Franchisor:

(a) within twenty (20) business days after the end of each calendar month, a profit and loss statement of the Store for the preceding month and a cumulative profit and loss statement and balance sheet from the beginning of Franchisee's fiscal year to the end of such preceding month, each such report being in a form approved by Franchisor and signed by Franchisee, attesting that the information contained therein is true and correct;

(b) within thirty (30) calendar days after the end of each fiscal quarter of Franchisee, unaudited financial statements, including a balance sheet as of the end of such quarter, and a statement of profit and loss of the Store for the preceding quarter and year to date; and

(c) within ninety (90) calendar days after the end of Franchisee's fiscal year, a profit and loss statement for such fiscal year and a balance sheet as of the end of such fiscal year, audited, if requested by Franchisor, by an independent certified public accountant.

7.16 Financing Arrangements. Franchisee shall maintain financing arrangements that are sufficient, in Franchisor's opinion, to enable Franchisee to adequately stock and display each brand, type and model of product and accessory item required to be offered by Franchisor in the Confidential Operating Manuals. Franchisee shall comply with all requirements imposed by any company(ies) that provide(s) financing for the operation of the Store. If Franchisor acts as paying agent or performs any other function in connection with the administration of any financing arrangement (including, without limitation, the transfer of funds on behalf of Franchisee), Franchisor shall have no liability whatsoever to Franchisee or any other party for any act or omission of Franchisor in performing such function unless such act or omission is the result of gross negligence or willful misconduct on the part of Franchisor.

7.17 Inspection.

(a) Franchisor, through its employees and any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee, enter upon and inspect the Store premises and examine Franchisee's operation of the Store, inventory, business records, invoices, payroll records, check stubs, sales tax records and returns and other supporting records and documents of the Store, Franchisee's income tax records and any other information, records or properties relating to the ownership, management or operation of the Store. The right to inspect and examine provided to Franchisor hereunder shall include, by example and not limitation, the right to videotape, photograph and otherwise record the operation of the Store at any time, including during normal business hours.

(b) Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with any provision of this Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including, without limitation, travel expenses, room and board, and compensation of Franchisor's employees and agents.

(c) Without limiting the foregoing, Franchisor may audit or cause to be audited the financial statements that Franchisee is required to submit pursuant to Section 7.15, and Franchisor may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by Franchisee in connection with the Store. If any such audit or review discloses an understatement of the Gross Revenues for any period or periods, Franchisee shall pay to Franchisor, within fifteen (15) days after demand for payment is made, all additional Continuing License Fees, Ad Production Fees, Media Fees and other fees or contributions required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is two percent (2%) or more of the Gross Revenues for such period or periods, Franchisee shall, reimburse Franchisor for the cost of such audit or review, including, without limitation, the charges of any independent accountant and the travel expenses, room and board, and compensation of such accountant and of employees or other agents of Franchisor, and Franchisee shall pay to Franchisor on any delinquent fees interest at the rate of eighteen percent (18%) per annum or the maximum rate of interest allowed by law, whichever is less, calculated from the date when the fees should have been paid to the date of actual payment; provided, however, the foregoing shall not apply in any circumstance where an understatement occurred as a direct result of incomplete or inaccurate financial information provided by Franchisor. The receipt by Franchisor of any reimbursements or payments from Franchisee pursuant to this Section 7.17(c) shall in no way be deemed or construed to limit the rights of Franchisor to exercise any other remedies it may have under this Agreement, at law or in equity in connection with Franchisee's breach of its obligations under this Agreement.

(d) The provisions of this Section 7.17 shall survive the expiration or any earlier termination of this Agreement.

7.18 Advertising and Promotion.

(a) All advertising and promotion of the Store, including, without limitation, any advertising or promotion through the use of the Internet or any Internet website as well as by email, text messaging, or any other form of electronic or hard copy delivery methods, by Franchisee shall be conducted in such manner, and shall conform to such standards and requirements, as Franchisor may specify. Franchisee shall submit to Franchisor, for its prior written approval, samples of all advertising and promotional plans and materials, and all other materials and electronic messages or postings, displaying the Marks that Franchisee desires to use, but that have not been prepared or previously approved by Franchisor. If written disapproval is not received by Franchisee within fifteen (15) days from the date of receipt by Franchisor of such plans and materials, Franchisor shall be deemed to have given its approval.

(b) Franchisee shall obtain listings and place approved advertisements, at Franchisee's expense, in the yellow and white pages of local telephone directories, in the form and size specified by Franchisor's Advertising department.

(c) Except to the extent otherwise expressly provided for in writing by Franchisor, Franchisee shall expend monthly at least four and one-half percent (4.5%) of the Gross Revenues arising out of or in connection with the operation of the Store to conduct advertising, unless Franchisor specifies otherwise in writing.

(d) Franchisee agrees not to establish or use any Website without Franchisor's prior written approval. Franchisee agrees that any Website that it owns or that is maintained for its benefit will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's prior written approval pursuant to this Section 7.18. (The term "**Website**" as used in this provision means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Google Wave, YouTube, etc.), blogs, vlogs, and other applications, etc.). If Franchisor approves in writing a request for Franchisee to create a Website, then Franchisor has the right to require that Franchisee meet any or all of the following requirements (but this provision is not meant to imply that Franchisor is obligated to permit Franchisee to have its own Website):

(i) Franchisee agrees that before establishing any Website, Franchisee will submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta data and meta tags) in the form and manner Franchisor may reasonably require.

(ii) Franchisee agrees not to use or modify any such Website without Franchisor's prior written approval as to such proposed use or modification.

(iii) Franchisee agrees, in addition to any other applicable requirements, to comply with Franchisor's written standards and specifications for Websites, whether set forth in the Confidential Operating Manual or otherwise.

(iv) Franchisee agrees that, upon Franchisor's written request, Franchisee will promptly establish and maintain links from Franchisee's Website to Franchisor's Website (and such other Websites as Franchisor may request).

7.19 Proprietary and Personal Information.

(a) Franchisee understands and agrees that Franchisee will come into possession of certain of Franchisor's trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; software; and other materials clearly marked or labeled as trade secrets. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to

Franchisor. Franchisee agrees that Franchisor derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. Franchisee acknowledges that during the term of this Agreement, Franchisor may disclose in confidence to Franchisee, either orally or in writing, certain of these trade secrets, know-how and other confidential information (collectively, "Proprietary Information") relating to the management, operation or promotion of the Store. Franchisee shall not, nor permit any person to, use, disclose, divulge, publish, copy, reproduce or disseminate any Proprietary Information (including, without limitation, all or any portion of the Confidential Operating Manuals) to any other person, except that Franchisee may disclose Proprietary Information to the extent necessary for its employees to perform their functions in the operation of the Store.

(b) Proprietary Information does not include, and the provisions of this Section 7.19 shall not apply to, (i) information that becomes generally known to the public through no fault of Franchisee, (ii) information disclosed to Franchisee by a third party having legitimate and unrestricted possession of such information before the date of this Agreement, (iii) information that Franchisee can demonstrate was within its legitimate and unrestricted possession before the date of the first franchise agreement executed by Franchisor and Franchisee, or (iv) information that is not a trade secret two (2) years after the expiration or any earlier termination of this Agreement.

(c) Franchisee shall take reasonable precautions to protect the Proprietary Information from unauthorized disclosure, including, without limitation, conducting orientation and training programs for its employees to inform such employees of Franchisee's obligation to protect such Proprietary Information from unauthorized disclosure, and such employees' responsibilities and obligations therefor. At Franchisor's request, Franchisee shall obtain from its employees non-disclosure agreements, in form and substance satisfactory to Franchisor, naming Franchisor as a third-party beneficiary with the independent right to enforce the covenants therein. Franchisee shall be liable for any unauthorized disclosure by any person to whom Franchisee has disclosed Proprietary Information.

(d) Franchisee will comply with (i) all applicable federal, state and local laws, rules, regulations and governmental requirements, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting and any other obligations attaching or arising from the possession or use of Personal Information (hereinafter defined), including without limitation, the Gramm-Leach-Bliley Act ("GLBA"), 15 U.S.C. § § 6801-6827, and all regulations implementing GLBA; the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. § 1681 *et seq.*, as amended by the Fair and Accurate Credit Transactions Act ("FACTA"), and all regulations implementing the FCRA and FACTA; the Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM); security breach notification laws (such as Cal. Civ. Code §§ 1798.29, 1798.82 - 1798.84); laws imposing minimum security requirements (such as 201 Mass. Code Reg. 17.00); laws requiring the secure disposal of records containing certain Personal Information (such as N.Y. Gen. Bus. Law § 399-H) (collectively, the "Privacy Laws"); and (ii) all applicable prevailing industry standards concerning privacy, data protection, confidentiality or information security, including, without limitation, (a) the then-current Payment Card Industry Data Security Standard of the PCI Security

Standards Council (the “PCI-DSS”), and (b) such industry standards as are specified or communicated to Franchisee by Franchisor. “Personal Information” shall mean any information that (i) can be used to identify, locate or contact an individual; or (ii) is subject to the Privacy Laws or PCI-DSS. If there is a conflict between Franchisor’s standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee shall:

- (i) comply with the requirements of applicable law;
- (ii) immediately give Franchisor written notice of said conflict; and
- (iii) promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to meet its standards and policies pertaining to Privacy Laws within the bounds of applicable law.

Franchisee acknowledges that Franchisor, or its parent company, is a publicly-traded corporation whose stock is traded on the New York Stock Exchange. From time to time Franchisor may provide Franchisee with material non-public information related to the operations and business strategies of Franchisor. Material non-public information is information that is (1) confidential and (2) the type of information investors would consider important to their decision as to whether to buy, hold or sell Franchisor’s stock. For example, information that is likely to cause Franchisor’s stock price to move up or down after it is publicly disclosed is almost always considered to be material. Franchisee agrees that it shall keep such information confidential and neither it, nor its employees or other agents, shall engage in any trading of Franchisor’s stock or other securities while in possession of material non-public information.

(f) This Section 7.19 shall survive the expiration or any earlier termination of this Agreement.

7.20 Indemnification. Franchisee shall indemnify, defend and hold harmless Franchisor and its affiliates and their respective officers, directors, employees, agents and representatives for and from any and all claims, demands, suits, proceedings, fines, losses, damages, costs and expenses (including reasonable attorneys’ fees) suffered or incurred, directly or indirectly, by Franchisor or any of them (collectively, “Damages”) as a result of (i) any breach or other failure by Franchisee to perform its obligations hereunder, or (ii) any other action or inaction by Franchisee, Franchisee’s employee, or any other person resulting from or in connection with the operation of the Store or the relationship between the parties, including, without limitation, the failure of Franchisee or any Guarantor to fulfill their obligations to any person or entity that provides financing to Franchisee and claims brought by the Franchisee; provided, however, that Franchisee shall not be liable for Damages resulting from Franchisor’s gross negligence or reckless conduct. Franchisor shall have the option, in its sole discretion, to defend any action or to allow Franchisee to defend such action with counsel satisfactory to Franchisor. Provided, however, that Franchisor reserves the right, at its sole discretion, at any time during such matter, to determine that joint representation of Franchisor and Franchisee by one attorney or law firm presents a conflict of interest, and to retain, at Franchisee’s expense, separate counsel than Franchisee’s counsel. Any amount required to be paid to Franchisor under this Section 7.20 shall

be paid by Franchisee within fifteen (15) days of Franchisor's demand therefor. This Section 7.20 shall survive the expiration or earlier termination of this Agreement.

7.21 Franchisee's Covenant Not to Compete.

(a) During the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity:

(i) Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system; or,

(ii) Own, maintain, engage in or have any interest in any "Competitive Business." A "Competitive Business" is any business which offers, for sale or lease, residential and office furniture, consumer electronics, home appliances, related accessories, or any other goods or services authorized for sale by Aaron's Stores.

(b) Except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration and non-renewal or any earlier termination of this Agreement, regardless of the cause, and continuing for two (2) years thereafter (which two (2) years shall be extended by the length of time during which this Section 7.21(b) is being violated), either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity:

(i) Divert or attempt to divert any business or customer of the Store or of any Stores using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Marks and the System; or

(ii) own, maintain, engage in or have any interest in any Competitive Business which is located within the Territory or within a ten (10) mile radius of the Territory.

(c) Franchisee acknowledges that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants contained in this Section 7.21.

(d) Franchisee acknowledges that the failure to comply with any requirement of this Section 7.21 will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 7.21. Franchisor may also avail itself of any other legal or equitable rights and remedies that it may have under this Agreement or otherwise, including, without limitation, the right to terminate this Agreement.

(e) At Franchisor's request, Franchisee shall require and obtain execution of agreements containing noncompetition covenants in a form acceptable to Franchisor (including

covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (i) all managers of Franchisee; (ii) all officers, directors, members, managers and holders of fifteen percent (15%) or more of the equity interests of Franchisee, and of any entity directly or indirectly controlling Franchisee, if Franchisee is an entity. Each agreement required by this Section 7.21(e) shall identify Franchisor as a third party beneficiary with the independent right to enforce the covenants therein.

(f) To the extent that this Section 7.21 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

(g) Ownership of less than five percent (5%) of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 7.21.

(h) Franchisor may unilaterally reduce the terms of the time, territory and scope of the covenants contained in Section 7.21(a)(iii) or 7.21(b).

(i) This Section 7.21 shall survive the expiration or any earlier termination of this Agreement.

7.22 Transfer of Interest.

(a) This Agreement and all of the rights granted to Franchisee herein are personal to Franchisee, and Franchisor has entered into this Agreement in reliance on the individual and collective business skill, financial capacity and personal character of Franchisee and Guarantor. Accordingly, neither Franchisee nor any successor to any part of Franchisee's interest in this Agreement or the Store, nor any Guarantor, nor any individual, partnership, limited liability company, corporation or other entity that directly or indirectly owns any interest in Franchisee, shall sell, assign, bequeath, transfer, convey, pledge, mortgage or otherwise encumber any interest in this Agreement or the rights granted to Franchisee herein, Franchisee, substantially all the assets of the Store or any of the equity securities of Franchisee ("Equity Securities") without Franchisor's prior written consent. Any purported assignment or transfer, without the prior written consent of Franchisor, shall be null and void and shall constitute an Event of Default (as herein defined). For purposes of this Section 7.22, the sale or issuance of Equity Securities alone or together with a previous, simultaneous or proposed transfer that results in a change of control of Franchisee, the License, or substantially all of the assets of Franchisee (as determined by Franchisor), constitutes an assignment.

(b) Franchisor shall not unreasonably withhold its consent to a transfer of any interest in this Agreement or the rights granted to Franchisee herein, Franchisee, substantially all the assets of the Store or any Equity Securities; provided, however, that if a Transfer, alone or together or Equity Securities with other previous, simultaneous, or proposed transfers, would have the effect of transferring a controlling interest (as reasonably determined by Franchisor) in this Agreement, the License or any of the rights granted to Franchisee herein, Franchisee or substantially all the assets of the Store, Franchisor may require any or all of the following as conditions of its approval:

(i) all of Franchisee's accrued monetary obligations to Franchisor are satisfied;

- (ii) no Event of Default has occurred and is continuing;
- (iii) the transferor (and the guarantors of the franchise agreement) has executed a general release, in a form required by Franchisor, of any and all claims against Franchisor, its affiliates and the officers, directors, shareholders, agents and employees of Franchisor and its affiliates, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and regulations;
- (iv) the transferor and each Guarantor has agreed in writing to be bound by the provisions of Sections 7.8, 7.9, 7.12, 7.19, 7.20 and 7.21 as if they were the Store and this Agreement had expired or terminated as of the effective date of the transfer;
- (v) the transferee (and, if the transferee is not an individual, such owners of equity interests in the transferee as Franchisor may request) enters into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge such obligations as Franchisor requires;
- (vi) the transferee (or, if the transferee is not an individual, all owners of any equity interests in transferee) demonstrates to Franchisor's satisfaction that he meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Store Franchise; and has adequate financial resources and capital to operate the Store;
- (vii) the transferee (and, if the transferee is not an individual, such owners of any equity interests in the transferee as Franchisor may request) executes, for the initial term set forth in Franchisor's then-current Franchise Agreement, Franchisor's then-current franchise agreement and guaranty for new franchisees and such other agreements as Franchisor may require, which agreements shall supersede this Agreement in all respects and the terms of which may differ from the terms of this Agreement and may be less advantageous to the transferee; provided, however, that the transferee shall not be required to pay any initial franchise fee, and the Territory shall remain the same;
- (viii) Franchisee and each Guarantor shall remain liable for all of the obligations to Franchisor in connection with the Store prior to the effective date of the transfer, and executes any and all instruments reasonably requested by Franchisor to evidence such liability;
- (ix) at the transferee's expense, the transferee, or, if requested by Franchisee and consented to by Franchisor, the transferee's manager, completes any training program then in effect for Franchisor's franchisees upon such terms and conditions as Franchisor may reasonably require;
- (x) except in the case of a transfer to an entity formed by Franchisee in which Franchisee owns more than fifty percent (50%) of each class of equity, Franchisee pays to Franchisor a transfer fee of \$2,500. However, if Franchisee engages Franchisor to locate

the transferee for a single Franchise and assist in arranging the sale to such transferee, the transfer fee shall be equal to the greater of (i) \$2,500, or (ii) six to ten percent (6-10%), as negotiated between Franchisor and Franchisee, of the total purchase price paid by such transferee for the Store; and

(xi) any purchase and sale agreement between the transferor and transferee shall provide for and require that the Store shall continue to operate without interruption during the transfer.

(c) Franchisee shall grant no security interest in this Agreement, the Store or in any of its assets without the prior written consent of Franchisor in Franchisor's sole and absolute discretion.

(d) If Franchisee proposes to assign this Agreement or the rights granted to Franchisee herein to an entity formed by Franchisee, Franchisor's consent to such transfer (which consent may be withheld) shall be, in addition to the requirements set forth in Sections 7.22(b)(i), (ii), (iv), (v) and (viii) of this Agreement, conditioned on the following requirements:

(i) Franchisee owns, and agrees that Franchisee will continue to own during the term of this Agreement, more than fifty percent (50%) of each class of equity of the entity; and

(ii) each transferor executes a written agreement under seal personally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor from the date of transfer.

(e) Upon the death or mental incompetence of Franchisee or, if Franchisee is an entity, any person who owns fifty percent (50%) or more of the equity or voting interest in, or controls the management of, Franchisee, the executor, administrator, or personal representative of such person shall transfer such person's interest within thirty (30) days after such death or mental incompetence to a third party approved by Franchisor. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7.22, the executor, administrator or personal representative of the deceased Franchisee or such equity owner shall have thirty (30) additional days to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions herein for transfers. If the interest is not disposed of within the period specified in this Section 7.22(e), Franchisor shall have the option either to (i) terminate this Agreement immediately, or (ii) at Franchisee's expense, operate the Store for the benefit of Franchisee until such time as such executor, administrator or personal representative can transfer the Store in accordance with this Section 7.22, or such earlier time as Franchisor desires to terminate this Agreement.

(f) Franchisor's consent to a transfer of any interest in this Agreement or the rights granted to Franchisee herein shall not constitute a waiver of any claims it may have against the transferring party.

(g) Notwithstanding any other provision in this Agreement, Franchisee represents and promises that it shall not enter into any Reciprocal Purchase Agreement whereby a Reciprocal Purchase Agreement is defined as a contingent agreement or series of contingent agreements through which Franchisee agrees to close a System store and sell the customer accounts of such store to a competing entity in the rental purchase industry, and, in conjunction with such sale, the competing entity (whether operating under a competing franchised brand or independently) agrees to close one or more of its stores and sell such customer accounts to Franchisee. Nor shall it be deemed unreasonable for Franchisor to refuse to approve any transfer of interest in the Franchise Agreement if such transfer involves a Reciprocal Purchase Agreement.

(h) Franchisee agrees that in the event it has previously engaged in any Reciprocal Purchase Agreements, whether or not such Reciprocal Purchase Agreements had been approved by Franchisor, Franchisee will enforce, in whole or part, any Non-Competition Agreement that was part of, or contingent on, the Reciprocal Purchase Agreement.

7.23 Information Regarding Franchisee. Franchisee acknowledges and agrees that if Franchisor is required by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Store, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. If Franchisor is not in possession of any such information required to be disclosed, Franchisee shall provide such information to Franchisor upon Franchisor's request. In addition, Franchisee shall also provide to Franchisor in a timely fashion any other reports or information reasonably requested by Franchisor from time to time relating to Franchisee or the Store. Franchisor is hereby authorized to release to any person or entity from whom Franchisee applies for credit any information Franchisor may have concerning Franchisee or any Guarantor.

7.24 Owners of Equity. If Franchisee is a corporation, partnership, limited liability company or other entity, the owners of Franchisee, by executing the attached "Payment and Performance Guarantee", shall be bound by the provisions contained in this Agreement, including, without limitation, the restrictions set forth in Sections 7.19 and 7.21. Further, a violation of any of the provisions of this Agreement, including the covenants contained in Sections 7.21 or 7.22 by any owner shall also constitute a violation by Franchisee of Franchisee's obligations under this Agreement. The individuals executing this Agreement under "Payment and Performance Guarantee" represent that they are the sole owners of Franchisee.

7.25 Grant of Security Interest.

(a) For valuable consideration, receipt of which is hereby acknowledged, Franchisee hereby grants to Franchisor a security interest in all of Franchisee's rights in its leasehold interest for the Store and in all of Franchisee's assets, whether now owned or hereafter acquired, used in connection with the Store, including, without limitation, all Goods, Equipment (other than leasehold improvements that constitute fixtures), Accounts, Merchandise, Inventory, Investment Property, Equipment, General Intangibles (including general intangibles that are classified otherwise under Revised Article 9 of the UCC), Documents, Instruments, Chattel Paper, (including, but not limited to, the Lease Contracts), Balances and Books and Records (as such terms are defined in the FDD), and all products and proceeds of the foregoing and any other property, and any and all additions and accessions thereto, all substitutions and replacements therefore and all products and proceeds thereof or proceeds of insurance thereon, as security for

the payment of all obligations owed by Franchisee to Franchisor or any of its Affiliates, including, without limitation, the Initial Fee, ADA Fees, Continuing License Fees, Ad Production Fees (if any), Media Fees (if any), Sign Lease Payments and Equipment Lease Payments, invoices for merchandise and any and all other fees and amounts owed by Franchisee to Franchisor hereunder. Franchisee acknowledges that this Franchise Agreement shall constitute a security agreement under the UCC for purposes of establishing the respective rights of Franchisor and Franchisee in the above-described personal property and the enforcement of such security interest against Franchisee.

(b) Franchisee hereby authorizes Franchisor simultaneously with the execution of this Franchise Agreement to file one or more financing statements pursuant to the UCC. Franchisor agrees not to record any such financing statement until a mutually acceptable location for the Store has been agreed upon by Franchisor and Franchisee. Upon the occurrence of any of the events described in Section 9 of this Agreement, Franchisor shall have the rights and remedies of a secured party under the UCC.

Section 8 Right of First Refusal.

(a) Franchisee or any owner of a beneficial interest in Franchisee that desires to accept a bona fide offer from a Franchisor-approved third party to purchase any interest in this Agreement or the rights granted to Franchisee herein, Franchisee or substantially all the assets of the Store shall notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor requires. Franchisor has the option, exercisable within thirty (30) days after receipt of such written notification and of all additional information and documentation requested by Franchisor, to send written notice to Franchisee or such owner that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party, except that Franchisor shall not be required to assume any employment or other agreement between Franchisee and any of its employees. If Franchisor elects to purchase the seller's interest, no material change in any offer and no other offers by any third party for such interest shall be considered with respect to Franchisor's right of first refusal. If Franchisor elects to purchase the seller's interest, closing must occur within ninety (90) days from the date of notice to Franchisee of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change in the terms of the offer prior to closing by any third party shall constitute a new offer subject to the same right of first refusal described in this Section 8(a).

(b) If the consideration, terms or conditions offered by a Franchisor-approved third party are such that Franchisor cannot reasonably furnish the same consideration, terms and conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the consideration, terms and conditions offered by the third party, such equivalent shall be determined by two independent appraisers, one of which shall be chosen by Franchisor and the other of which shall be chosen by Franchisee. If such independent appraisers cannot agree on such equivalent, they shall jointly choose a third appraiser, whose decision shall be final and binding. Each party shall bear the cost for its chosen appraiser, and the cost for a third appraiser, if any, shall be shared equally between the parties.

Section 9 Defaults.

9.1 Events of Default. Any one or more of the following constitutes an Event of Default hereunder:

(a) Franchisee fails to pay when due any fee, expense, charge or other amount due and owing to Franchisor or any of its affiliates or divisions after five (5) days written notice thereof, or if Franchisee has previously been given at least two (2) notices of nonpayment for any reason within the immediately preceding three (3) year period and Franchisee thereafter fails to pay when due any such fee, expense, charge or other amount or Franchisee fails to pay any approved supplier or distributor any fee, expense, charge or other amount owing to such supplier or distributor within (10) days after written notice thereof to Franchisee.

(b) Franchisee understates Gross Revenues by more than two percent (2%) or otherwise materially distorted any other pertinent information more than two (2) times in any one (1) year period, or if Franchisee fails to submit timely reports or remittances for any two (2) reporting periods within any one (1) year period; provided, however, that the foregoing shall not apply in any circumstance where an understatement occurred as a direct result of incomplete or inaccurate financial information provided by Franchisor.

(c) any of the representations of Franchisee or Guarantor herein or in any other instrument, document or certificate furnished pursuant to this Agreement or in connection therewith are untrue in any material respect or omit any material fact necessary to make such representation not misleading in light of the circumstances in which such representation was made.

(d) Franchisee fails to open the Store and commence operations on or before the date specified in Sections 1.1 and 7.2(a) (as extended, if applicable, in accordance with such Section), Franchisee and Franchisor cannot agree upon a site for the Designated Location, or Franchisee fails to maintain possession of the Store premises and fails to secure suitable alternative premises approved by Franchisor, and Franchisee fails to cure within thirty (30) days after written notice of default.

(e) Franchisee voluntarily suspends operation of the Store without the prior written consent of Franchisor for more than two (2) calendar days in any calendar year, provided that if through no fault of Franchisee the premises of the Store is damaged or destroyed, then Franchisee shall have an additional seven (7) days within which to apply for Franchisor's approval to relocate or reconstruct such premises, which approval shall not be unreasonably withheld.

(f) Franchisee fails to enter promptly into its computer system any information required to be entered by Franchisor in the Confidential Operating Manuals or elsewhere, or Franchisee fails to permit Franchisor to poll Franchisee's computer system at the end of any day during which Franchisee operates the Store (except where the failure to enter such information or permit such polling is due to circumstances beyond the reasonable control of Franchisee) and in either case, Franchisee fails to cure such breach within three (3) days after written notice thereof; provided no notice of such breach need be given if Franchisee has committed such a breach with the immediately preceding twelve (12) month period.

(g) Franchisee takes any action that prevents Franchisor from accessing Franchisee's bank account to withdraw any fees payable to Franchisor, as described in Section 3.6, and Franchisee fails to cure such breach within three (3) days after written notice thereof; provided, that no notice of such breach need be given if Franchisee has committed such a breach with the immediately preceding twelve (12) month period.

(h) Franchisee or any Guarantor files a petition for relief from Franchisee's or such Guarantor's debts, liabilities or obligations, or for appointment of a receiver for Franchisee or any Guarantor or for all or a substantial portion of Franchisee's or such Guarantor's assets, or makes a general assignment for the benefit of Franchisee's or and Guarantor's creditors; or a petition is filed against Franchisee or any Guarantor or a receiver is appointed for Franchisee or any Guarantor or for all or a substantial portion of Franchisee's or such Guarantor's assets, or a judgment is entered against Franchisee or any Guarantor, and such petition, appointment or judgment is not stayed or vacated or otherwise discharged within sixty (60) days or becomes non-appealable or is acquiesced in or consented to by Franchisee or such Guarantor.

(i) Franchisee sells or otherwise disposes of all or any significant portion of its assets other than in the ordinary course of business.

(j) Franchisee or any Guarantor becomes bankrupt, insolvent or otherwise unable to pay its or his obligations as they become due.

(k) Franchisee or any Guarantor, without Franchisor's prior written approval, has assigned, conveyed, transferred, sublicensed or encumbered all or any portion of Franchisee's rights, benefits, responsibilities, obligations or duties in, to or under this Agreement or the rights granted to Franchisee herein, or any interest in the Store or in any of Franchisee's assets, except in accordance with the provisions of this Agreement.

(l) Franchisee or any Guarantor is arrested for, charged with, indicted of, convicted of, or publicly accused of, a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that Franchisor reasonably believes is likely to have an adverse effect on Franchisor's franchise system, the Marks, the goodwill associated therewith, or Franchisor's interests therein, or Franchisee fails to in any way to comply with any law, rule or regulation of any governing authority having appropriate jurisdiction that in any way relates to the operation of the Store.

(m) Franchisee uses any of the Marks or any other identifying characteristic of Franchisor other than in compliance with Section 7.8, or Franchisee otherwise impairs the goodwill associated with Franchisor's franchise system.

(n) Franchisee leases any product or item for a lease period other than the period that is required by Franchisor in the Confidential Operating Manuals or otherwise in writing and does not cease such activity within ten (10) days after Franchisor's written request to cease such activity.

(o) Franchisee defaults under any financing arrangement for the Store.

(p) Franchisee breaches or otherwise fails to comply fully with any provision contained in Section 8 of any Area Development Agreement executed by Franchisee and Franchisor.

(q) Franchisee breaches or otherwise violates any term(s) or condition(s) contained in a lease, sublease or other agreement whereby Franchisee occupies and/or operates the Store premises, and Franchisee does not cure such breach or violation before the expiration of any applicable period of time during which Franchisee has the right to effect such cure.

(r) Franchisee breaches or violates its obligations under Section 7.21(a) hereof.

(s) The revocation or lack of enforceability of the Payment and Performance Guarantee of any Guarantor.

(t) Franchisee breaches or fails to comply with any other covenant, agreement, standard, procedure, practice or rule of Franchisor, whether contained herein, in the Confidential Operating Manuals or elsewhere, and fails to cure such breach or failure within thirty (30) days after written notice thereof.

(u) If Franchisee breaches or violates any federal or state consent order, injunctive order, or similar decree, including without limitation, FTC Consent Order “In the Matter of Aaron’s Inc.”, No. C 4714 issued May 11, 2020, regarding reciprocal purchase agreements; FTC Agreement Containing Consent Order, File No. 1223264, issued March 11, 2014, regarding the use of certain consumer monitoring technology or practices; or any other consent order or similar order about which Aaron’s advises Franchisee in any manner.

(v) Franchisee commits three breaches of any of the provisions of this Agreement within any twelve (12) month period (which breaches need not be of the same provision).

9.2 Franchisor’s Remedies. Subject to applicable laws, if any Event of Default occurs, Franchisor may, at its election and without notice or demand of any kind, declare this Agreement and any and all other rights granted hereunder to be immediately terminated and of no further force or effect, except as otherwise expressly provided herein. No such termination shall relieve Franchisee or any Guarantor of any of Franchisee’s or such Guarantor’s obligations, debts or liabilities hereunder, including, without limitation, any debts, obligations or liabilities that have accrued prior to such termination. The right of termination herein granted is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity or otherwise, all of which are cumulative. Franchisor has no obligation at any time to perform or to comply with any of its obligations to Franchisee, whether pursuant to this Agreement or otherwise, unless (i) Franchisee has fully complied with and performed all of its obligations under this Agreement, and (ii) no Event of Default, or event that with the giving of notice or passage of time or both would become an Event of Default, exists hereunder.

9.3 Applicable State Law Controlling. If the termination, renewal or other provisions set forth herein are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of franchisors and franchisees, the provisions of such statute shall apply hereto, but only to the extent of such inconsistency.

9.4 Other Remedies. If Franchisor is entitled to terminate this Agreement in accordance with Sections 9.1 or 9.2 above, Franchisor shall have the right to undertake any one or more of the following actions instead of terminating this Agreement:

(a) Franchisor may terminate or modify any rights that Franchisee may have with respect to protection, “exclusivity,” or quasi-exclusivity in the Territory, as granted under Section 1.2 above, effective ten (10) days after delivery of written notice thereof to Franchisee; and/or

(b) Franchisor may modify, or eliminate completely, the Territory described in Section 1.2 above.

(c) Franchisor may withhold from Franchisee certain benefits, plans, promotions or products that might be available to other franchisees, and/or Franchisor may not authorize Franchisee (or may revoke any prior authorization granted to Franchisee) to engage in certain activities, or participate in certain meetings or events, unless and until Franchisee cures its default(s) and operates in compliance with this Agreement and Franchisor’s rules, policies and standards; or Franchisor may impose certain pre-conditions on Franchisee’s ability to receive or participate in certain benefits, plans, promotions offered to other Franchisees until such time as Franchisee is fully compliant with the franchise agreement.

(d) Franchisor may refuse to grant Franchisee any additional franchises or other rights.

If any of such rights, options, arrangements, or areas are terminated or modified in accordance with this Section 9.4, such action shall be without prejudice to Franchisor’s right to terminate this Agreement in accordance with Sections 9.1 or 9.2 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

Section 10 Covenants of Franchisee Regarding Activities Upon Expiration or Termination of Agreement.

Franchisee covenants and agrees that upon expiration or termination of this Agreement:

10.1 Payment of Fees. Franchisee shall pay upon demand all sums owing to Franchisor, any of Franchisor’s affiliates or divisions, all approved suppliers and distributors and any third party(ies) that provide(s) inventory financing to Franchisee. If this Agreement is terminated due to an Event of Default, Franchisee shall promptly pay all damages, costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of Franchisee’s default, which obligations shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, fixtures, equipment and inventory owned by Franchisee and against the Store premises at the time of the occurrence of the Event of Default. Franchisee shall also pay to Franchisor all damages, costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 10.

Franchisee hereby agrees that it shall execute U.C.C. financings statements and such other documents as Franchisor may require to evidence and perfect the lien created hereunder, and Franchisee hereby authorizes Franchisor to execute the same on Franchisee's behalf and to file any and all U.C.C. financing statements executed by or on behalf of Franchisee in the appropriate public records.

10.2 Return of Proprietary Information. Franchisee shall immediately return to Franchisor, at Franchisee's expense, all copies of the Confidential Operating Manuals, Franchisee's exterior sign(s) described in Section 7.6(b) and all other Proprietary Information, including, without limitation, software (and all copies thereof).

10.3 Cease Identification With Franchisor. Franchisee shall immediately take all action required to cancel all assumed name or equivalent registrations relating to the use of the Marks by Franchisee and to notify the telephone company, the postal service and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers, post office boxes and all classified and other directory listings of the Store, and to authorize the telephone company, the postal service and all listing agencies to transfer to Franchisor or its designee all such numbers, post office boxes and classified or directory listings on or before five (5) days after the date of expiration, or any earlier termination of this Agreement. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone numbers, post office boxes and directory listings associated with any of the Marks. Franchisee hereby authorizes Franchisor, and appoints Franchisor or its designee as its attorney-in-fact, to direct the telephone company, the postal service and all listing agencies to transfer such numbers, boxes and listings to Franchisor or its designee, should Franchisee fail to do so (and to execute on Franchisee's behalf any documents necessary to do so). The telephone company, the postal service and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such telephone numbers, post office boxes and directory listings and its authority to direct their transfer.

10.4 Transfer of Franchise.

(a) Within ninety (90) days prior to the date of termination or expiration of this Agreement, Franchisee and Franchisor shall arrange for a review to be made, at Franchisee's expense, by an auditor appointed by Franchisor and an independent, licensed, certified public accountant appointed by Franchisee, of all lease contracts, inventory, supplies, equipment and fixtures utilized by Franchisee in the operation of the Store, and such auditor and such accountant shall jointly prepare a reasonably detailed schedule of all of such assets upon the completion of such review. Franchisor shall have the option, to be exercised by written notice to Franchisee within fourteen (14) days after Franchisor receives such schedules, to purchase from Franchisee all of such lease contracts, inventory, supplies, equipment and fixtures, specifically excluding inventory, supplies, equipment and fixtures not customarily utilized in Franchisor-operated sales and lease ownership stores and any factor or increment for any goodwill or "going concern" value (the "Assets"). In connection with such purchase, Franchisor shall assume no liabilities of Franchisee whatsoever, except for the lease obligation described in Section 10.4(f) and any other obligations expressly agreed to in writing by Franchisor.

(b) If Franchisor exercises its option to purchase the Assets, the purchase price of the Assets, except for lease contracts and the items leased thereunder, shall be their then current fair market value. If Franchisor and Franchisee are unable to agree upon the fair market value of any Assets other than lease contracts and the items leased thereunder within ten (10) days after Franchisor notifies Franchisee that Franchisor desires to exercise its option to purchase the Assets, such value shall be determined by two independent appraisers, one of whom shall be chosen by Franchisor and the other of whom shall be chosen by Franchisee. If such independent appraisers cannot agree upon such value, they shall jointly choose a third appraiser, whose decision shall be final and binding. Each party shall bear the cost for its chosen appraiser, and the cost for a third appraiser, if any, shall be shared equally between the parties. The purchase price for the Assets shall be paid by Franchisor in cash at the closing of the purchase and sale of the Assets, which purchase price shall be reduced by any amounts then owed by Franchisee to Franchisor and any of its affiliates or divisions, under this Agreement or otherwise. The closing of the purchase of the Assets shall take place not later than 90 days after all appraisals have been finalized; provided, however, that Franchisor shall have the unilateral right to accelerate the date of closing for such transaction.

(c) If Franchisor exercises its option to purchase the Assets, the purchase price for each lease contract and the items leased thereunder, except for the lease contracts and the items leased thereunder described in Section 10.4(d), shall be the lesser of:

(i) five (5) times the net monthly lease payment attributable to such lease contract, excluding delivery charges, pick-up charges, late charges, extended warranty charges, fees, sales income or taxes. If weekly payments are made under such lease contract, the weekly payments shall be converted to monthly payments by multiplying the weekly payment, excluding delivery charges, pick-up charges, late charges, waiver fees, extended warranty charges, sales income, or taxes, by fifty-two (52) and dividing such total by twelve (12); or

(ii) fifty percent (50%) of the remaining payments attributable to such lease contract; provided, that for any monthly lease contract with a term in excess of twelve (12) months, no more than twenty-four (24) payments shall be considered in computing such amount and for any weekly lease contract with a term in excess of fifty-two (52) weeks, no more than one hundred and three (103) payments shall be considered in computing such amount.

(d) Notwithstanding anything contained herein to the contrary, Franchisee shall transfer to Franchisor, but Franchisor shall not be obligated to pay for, any lease contract and the items leased thereunder with respect to which any sum due under such lease contract is fifteen (15) days or more past due. Franchisor will give no consideration to any credits or payment extensions posted to an account under such lease contract or any partial payment to an account under such lease contract within thirty (30) days preceding the closing of the purchase and sale of the Assets.

(e) Any advance lease payments received by Franchisee under any of the lease contracts included in the Assets shall be the property of Franchisor to the extent such advance payments relate to periods after the closing of the purchase and sale of the Assets. The purchase

price to be paid by Franchisor for the Assets shall be reduced by the total amount of all such advance lease payments to the extent such advance payments relate to periods after such closing.

(f) If Franchisor exercises its option to purchase the Assets, Franchisee shall also assign to Franchisor or its designee Franchisee's interest in any lease or sublease for the Store premises, and Franchisor agrees to assume the obligations of Franchisee thereunder, subject to any consents that may be required from Franchisee's landlord under such lease or sublease. Such assignment and assumption shall be self-operative and shall be deemed to have been made simultaneously with the closing of the purchase of the Assets. No further assignment or agreement, written or otherwise, need be executed by Franchisee or Franchisor to effect such assignment. Franchisee hereby authorizes the landlord or sub-landlord under such lease or sublease to accept and recognize Franchisor as a substitute tenant or sub-tenant in the event of any such assignment, without requiring any further action on the part of Franchisee or Franchisor. Franchisee shall indemnify and hold harmless Franchisor from, against and in respect of any claim, liability, damage, loss, cost or expense, including reasonable attorney's fees and court costs, suffered or incurred by Franchisor that arises out of or relates to the assignment to Franchisor of Franchisee's lease or Franchisee's failure to have performed any of its obligations under such lease prior to Franchisor's assumption of such obligations. Any amount required to be paid to Franchisor pursuant to such indemnification obligation shall be paid by Franchisee within fifteen (15) days after Franchisor's demand therefor. Notwithstanding the foregoing, Franchisor or its designee may reassign such lease or sublease to Franchisee, and Franchisee shall upon such reassignment assume all of the duties and obligations thereunder, upon sixty (60) days written notice to Franchisee, provided that neither Franchisor nor its designee shall be permitted to notify Franchisee of any such reassignment before the date that is one hundred twenty (120) days after the date of the closing of the purchase and sale of the Assets.

(g) If Franchisor exercises its option to purchase the Assets, Franchisee shall execute such documents and do such other acts or things as may be necessary in the opinion of Franchisor to consummate the purchase and sale of the Assets, including, but not limited to, a general release in a form prescribed by Franchisor, of any and all claims against Franchisor, its affiliates and the officers, directors, shareholders, agents and employees of Franchisor and its affiliates in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and regulations, the assignment by Franchisee of its interest in any lease or sublease, and the assumption by Franchisee of the obligations under such lease or sublease in the event of any reassignment by Franchisor to Franchisee. If Franchisor exercises its option to purchase the Assets, Franchisee shall refrain from interfering, directly or indirectly, with the conduct of business by Franchisor or its designee with respect to the lease contracts included in the Assets or with respect to any customers under such lease contracts.

10.5 Franchisee Remains Liable. Notwithstanding the foregoing provisions of this Section 10, Franchisee acknowledges that unless otherwise agreed by Franchisor in writing, if Franchisor purchases the Assets from Franchisee and assumes the lease for the Store premises, Franchisee shall remain liable for all of its obligations, and Franchisor assumes no such obligations, contractual or otherwise, including, without limitation, Franchisee's obligations to pay rent, salaries, vendors or applicable taxes, in connection with the prior operation by Franchisee of the Store.

10.6 Alteration of Premises. If Franchisor does not notify Franchisee in writing within fourteen (14) days after Franchisor's receipt of the schedule of assets, as described in Section 10.4(a), of Franchisor's intent to exercise its option to purchase the Assets and assume the obligations of Franchisee under any lease or sublease for the Store premises, Franchisee shall immediately make such modifications or alterations to such premises as may be necessary to distinguish the appearance of such premises from that of any other premises operated under Franchisor's franchise system, and shall make such specific additional changes as Franchisor may reasonably request. If Franchisee does not comply with the requirements of this Section 10.6, Franchisor may enter the premises without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes, at the expense of Franchisee, which expense Franchisee shall reimburse Franchisor for upon demand.

10.7 Promote Separate Identity. Franchisee will not, directly or indirectly, in any manner, identify Franchisee, or any individual connected with Franchisee, as a "former Aaron's Rental Purchase" or "Aaron's Sales & Lease Ownership" franchisee or as otherwise having been associated with Franchisor, or use in any manner or for any purpose any of the Marks, including, without limitation, use on any Internet website or through any other means of electronic display, posting or communication.

10.8 Injunctive and Other Relief.

(a) Franchisee acknowledges that Franchisee's failure to abide by the provisions of this Section 10 will result in irreparable harm to Franchisor, and that Franchisor's remedy at law for damages will be inadequate. Accordingly, Franchisee agrees that upon any breach by Franchisee of the provisions of this Section 10, Franchisor is entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

(b) Without limiting the foregoing, upon the expiration or termination of this Agreement or the rights granted herein, Franchisor and its agents and representatives have the right, without incurring any liability to Franchisee, to enter the Store premises or any other premises where the books, records, accounts or other assets used in connection with the Store are kept, to enforce the provisions of this Section 10, without obtaining any legal process or any consent from Franchisee.

10.9 Survival of Covenants. The covenants and agreements contained in this Section 10 shall survive the expiration or any earlier termination of this Agreement.

Section 11 Dispute Resolution

11.1 Mediation.

(a) Except for the Non-Mediation Matters (as defined in Section 11.1(h) below), any and all claims, demands, controversies or other disputes relating to this Agreement, the Store or the relationship between Franchisor and any of its affiliates and Franchisee or any Guarantor ("Disputes") shall be submitted to non-binding mediation in accordance with this Section 11 in a good faith effort to resolve any Disputes.

(b) The disputing party shall give the other party written notice (the "Notice") of the Dispute within thirty (30) days of becoming aware of the existence of the Dispute. The Notice shall describe in reasonable detail the Dispute and shall name a designee to participate in the meeting described in this section. Within fifteen (15) days of receipt of the Notice, the other party shall appoint a designee to meet and confer in an attempt to resolve the Dispute. The failure of either party to appoint a designee or to present that designee for a meeting shall be considered a material breach of this Agreement. The designees of Franchisor and Franchisee shall meet at 400 Galleria Parkway SE, Suite 300, Atlanta, Georgia 30339 at a time mutually acceptable to Franchisor and Franchisee to attempt to settle the Dispute in good faith. This meeting shall be held within thirty (30) days after receipt of the disputing party's Notice. In the event that no resolution of the Dispute is reached within thirty (30) days following the meeting, the Dispute shall be submitted for a non-binding mediation with a mediator selected from a list of mediators to be obtained from the CPR Institute for Dispute Resolution ("CPR"). Upon expiration of the thirty (30) day period following the meeting, either Franchisor or Franchisee may petition the CPR for a regional list of mediators to be sent to all parties to the Dispute. Within ten (10) days after receipt of such list, each of Franchisor and Franchisee shall choose three names from the regional list provided by CPR and submit such names to the other party. If any of these names match, such person shall act as the mediator for the Dispute. In the event that none of the names match, and if the parties to the Dispute cannot otherwise agree on a mediator, the mediator shall be chosen by CPR. The costs and expenses of the mediation process shall be shared equally by Franchisor and Franchisee.

(c) The mediator shall promptly hear presentations from Franchisor and Franchisee in such manner and at such times and locations as shall be determined by the mediator. The mediator may request, and Franchisor and Franchisee shall provide, any documents that in the mediator's sole opinion will assist in resolving the Dispute. The mediator shall review the Dispute and offer to Franchisor and Franchisee his or her comments on their respective positions. Franchisor and Franchisee may have ex parte communication with the mediator as deemed necessary by either party or the mediator. Franchisor and Franchisee shall not be bound by any comments, conclusions or decisions of the mediator. All verbal and written communications among Franchisor and Franchisee or among Franchisor or Franchisee and the mediator, issued and prepared in connection with this Section, shall be deemed prepared and communicated in furtherance and in the context of the Dispute settlement and shall be exempt from discovery and production and shall not be admissible into evidence in any proceeding for the resolution of the subject Dispute. No legal proceedings for the resolution of the Dispute shall be commenced by Franchisor or Franchisee until the conclusion of this mediation, which shall in no event extend past one hundred and twenty (120) days from the receipt of the Notice. Upon conclusion of the mediation, each of Franchisor and Franchisee shall have all rights and remedies available to it at law or in equity.

(d) The periods set forth in this Section 11.1 may be extended or shortened by mutual agreement of the parties. In no event shall a party who has refused or failed to participate in the dispute resolution process described in this Section 11.1 be permitted to commence legal proceedings without first complying with the provisions of this Section 11.1.

(e) The parties hereto agree that notwithstanding, and in addition to, the rights and remedies available hereunder, each of Franchisor and Franchisee reserves the right to seek and

obtain temporary restraining orders or other emergency temporary or preliminary equitable injunctive relief from a state court of Georgia or from any federal district court located in that state, to preserve the status quo by enjoining or restraining a party hereto pending mediation hereunder or to compel mediation as provided herein, and the parties hereto acknowledge and agree to the right to seek such relief. The parties hereto expressly agree and acknowledge that seeking relief from the courts as provided in this Section 11.1 shall not be deemed a waiver of any party's right to mediate nor shall the existence or exercise of such right be deemed to be an adequate remedy at law in connection therewith.

(f) Service of process in any suit or action, including those to compel mediation in accordance with the provisions of this Section 11, may be made in the manner in this Agreement set forth for the giving of notices and the same shall constitute valid personal service for all purposes, each party hereby waiving personal service by other means.

(g) The mediation provisions of this Section 11.1 are self-executing and shall remain in full force and effect after expiration or any earlier termination of this Agreement.

(h) The obligations in Section 11.1 to mediate shall not be required with respect to Disputes relating to: (a) the Marks or trade dress; (b) Franchisee's covenants not to compete in Section 7.21; (c) any breach that results in the immediate termination of this Agreement; (d) Franchisee's confidentiality obligations under Section 7.19; or (e) requests by Franchisor or Franchisee for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by mediation of the actual dispute.

11.2 Venue. Except as set forth in Section 11.1 above, any proceeding arising out of or relating to this Agreement must be commenced exclusively in a court of competent jurisdiction serving Cobb County, Georgia, unless the parties to the dispute agree otherwise. Notwithstanding the foregoing, any proceeding brought against Franchisee for injunctive, mandatory, or other extraordinary relief may be brought in any court of competent jurisdiction. **Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and Franchisee waives any and all rights to proceed on a consolidated, common, or class basis. Franchisee acknowledges and agrees this Section shall survive the termination or expiration of this Agreement.**

11.3 Waiver of Jury Trial FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

11.4 Limitation of Actions. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 11, ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE STORE, INCLUDING ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING (INCLUDING ANY

DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) ONE (1) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED. CLAIMS OF FRANCHISOR ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF THE PARTIES FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.

11.5 Costs and Expenses. Each party shall bear its own attorneys' fees and expenses and the fees and expenses of other experts or professionals utilized by such party in connection with any mediation or litigation proceeding.

11.6. Waiver of Damages. FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY SUCH PARTY, PROVIDED THAT FRANCHISOR SHALL RETAIN THE RIGHT TO COLLECT LOST FUTURE PROFITS.

11.7 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged non-performance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

Section 12 Miscellaneous.

12.1 Survival of Representations. All statements herein or in any certificate, agreement, instrument or other document delivered by or on behalf of Franchisee pursuant hereto or in connection with the transactions contemplated hereby constitute representations and warranties made by such party and shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

12.2 Entire Agreement. This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any and all prior or contemporaneous negotiations, discussions, understandings and agreements concerning the subject matter hereof. Franchisee acknowledges and agrees that neither it nor any of its principals have relied on any representations other than those contained in this Agreement in executing this Agreement. There are no other oral or written understandings or agreements between Franchisor and Franchisee, or oral

representations by Franchisor, or written representations by Franchisor (other than those set forth in our Disclosure Document that Franchisor provided to Franchisee), relating to the subject matter of this Agreement, the franchise relationship, or the Store (and any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). However, and notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the Disclosure Document that Franchisor furnished to Franchisee. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

12.3 Notices. All notices, requests, demands, tenders and other communications required or permitted hereunder shall be in writing and shall be duly given (i) if delivered, mailed (certified or registered mail, postage prepaid) or sent by overnight courier service to the other party at its address set forth on Exhibit A, or (ii) if transmitted by facsimile to the facsimile number of the other party set forth on Exhibit A or (iii) if transmitted by e-mail to the e-mail address of the other party set forth on Exhibit A. Any party may change its mailing address or facsimile number by giving notice to the other party in the manner provided in this Section 12.3.

12.4 Waiver. Any term or condition of this Agreement may be waived at any time by the party hereto that is entitled to the benefit thereof, but such waiver is effective only if evidenced by a written document signed by such party. A waiver on one occasion shall not be a waiver of the same or any other breach on any other occasion. No course of dealing or performance by any party, and no failure, omission, delay or forbearance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy. In addition, acceptance by Franchisor of any payments or partial payments due to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement, or other amounts due.

12.5 Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party hereto.

12.6 Cumulative Remedies. No remedy conferred upon Franchisor is intended to be exclusive of any other remedy, and each and every such remedy shall be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

12.7 Independent Contractor Relationship. Nothing herein or in any instrument, agreement or other document delivered pursuant hereto or in connection herewith shall make either party hereto the partner, joint venturer, agent or employee of the other, nor make Franchisor in any way the operator of the Store. It is intended that Franchisee is and shall continue to be an independent contractor responsible for all of Franchisee's obligations and liabilities with respect to the establishment and operation of the Store. Franchisee acknowledges and agrees that Franchisor is not, and nothing in this Agreement or the Confidential Operating Manuals is intended to make Franchisor, the employer or joint employer of Franchisee's Employees. Franchisee shall

have no authority, express, implied or apparent, to act on behalf of or to bind Franchisor, and Franchisee shall take no action to create any such authority or the appearance of an employer-employee relationship between the parties. In indicating its affiliation with Franchisor, Franchisee shall at all times clearly represent to both its customers and employees that the Store is independently owned and operated, consistent with applicable law, including, without limitation, by exhibiting a notice of such fact in a conspicuous place in the Store's premises (as provided in Section 7.8(g)), and, as directed by Franchisor, in Franchisee's advertising and on Franchisee's contracts, forms, stationery and promotional materials. No fiduciary relationship exists between Franchisor and Franchisee.

12.8 Cost of Enforcement. If Franchisor is the prevailing party in any action brought by either party hereunder, Franchisor shall be entitled to recover its costs and expenses, plus reasonable attorneys' fees, incurred in investigating, prosecuting or defending such action.

12.9 Singulars and Plurals; Pronouns. Where the context so requires, the use of the singular form herein shall include the plural, and the use of the plural form the singular, and the use of any gender shall include any and all genders.

12.10 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document.

12.11 Inconsistent Terms; Additional Terms.

(a) To the extent that the provisions of this Agreement are in direct conflict with the provisions of any Exhibit hereto, the provisions of such Exhibit shall control.

(b) The parties acknowledge that additional terms and conditions may be made a part of this Agreement by attaching an Exhibit containing such additional terms and conditions, or by including such terms or conditions on Exhibit A. Such terms and conditions are hereby incorporated into this Agreement by this reference without further action by the parties.

12.12 Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

12.13 Severability. If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection herewith is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such

other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained therein.

12.14 Performance of Franchisee's Obligations by Franchisor. Franchisor shall have the right, but not the obligation, to undertake or perform on behalf of Franchisee any obligation or duty that Franchisee is required to, but fails to, perform under this Agreement. Franchisee shall reimburse Franchisor upon demand for all costs and expenses reasonably incurred by Franchisor in performing any such obligation or duty, and Franchisee and Guarantor shall pay to Franchisor interest on the amount of such costs and expenses at the rate of eighteen percent (18%) per annum or the maximum rate allowed by law, whichever is less.

12.15 Governing Law. Subject to Franchisor's rights under federal trademark laws, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by, and will be interpreted in accordance with, the procedural and substantive laws of the State of Georgia, irrespective of any conflict of laws. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

12.16 Anti-Terrorism. Franchisee, Franchisee's principals, and the Guarantor(s) hereby warrant and represent to Franchisor that neither the Franchisor nor its officers, directors, General Manager, nor the Guarantors have: (i) been designated as suspected terrorists under U.S. Executive Order 13244; (ii) is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at www.treas.gov/offices/enforcement/ofac/); (iii) have not violated and will not violate any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), the Foreign Corrupt Practices Act, or any similar law. Franchisee and its principals and the Guarantor(s) recognize that Franchisor approved Franchisee in reliance on all of the statements made by them to Franchisor in connection therewith, and that each of them has a continuing obligation to advise Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the franchise application.

12.17 Time of Performance. Time is of the essence of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:

AARON’S, LLC, a Georgia limited liability company

By: _____

Name: C. Kelly Wall

Its: EVP and Chief Financial Officer

FRANCHISEE:

_____, a/an _____
_____ corporation/limited liability company/other
entity

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

GUARANTOR(s):

AARON'S, LLC
PAYMENT AND PERFORMANCE GUARANTEE

(Franchise Agreement)

In order to induce Aaron's, LLC ("Franchisor") to enter into a certain Franchise Agreement (the "Franchise Agreement") by and between Franchisor and the Franchisee named in the Franchise Agreement to which this Payment and Performance Guarantee (the "Guarantee") is attached, the undersigned (each individually a "Guarantor", and all being collectively the "Guarantors") hereby covenant(s) and agree(s) as follows:

1. Guarantee of Payment and Performance. Each of the Guarantors individually and together jointly and severally unconditionally guarantee to Franchisor and its affiliates, successors, and assigns, the payment and performance when due, whether by acceleration or otherwise, of all of Franchisee's monetary and other obligations, indebtedness and liabilities of Franchisee, whether direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal or modification thereof in whole or in part (the "Guaranteed Liabilities"), and agree that if any of the Guaranteed Liabilities is not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred by Franchisor in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Indemnification. The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

3. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest and all other notices whatsoever, including, without limitation, notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes or controversies between Franchisor and Franchisee and of the settlement, compromise or adjustment thereof. This Guarantee is primary and not secondary, and shall be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee shall be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger or consolidation of Franchisee, or any change in the ownership of Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

4. Term: No Waiver. This Guarantee shall be irrevocable, absolute and unconditional and shall remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full, or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy shall preclude other further exercise of such right or any other right or remedy.

5. Other Covenants. Each of the Guarantors agrees to comply with the provisions of Sections 7.8, 7.9, 7.12, 7.19, 7.20, 7.21, 7.22, 9, 10, 11, and 12.5 of the Franchise Agreement if applicable, as though he or she were the “Franchisee” named therein and agrees that he or she shall take any and all actions as may be necessary or appropriate to cause Franchisee to comply with all of the provisions of the Franchise Agreement and shall not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

6. Mediation. Section 11 of the Franchise Agreement is hereby incorporated herein by reference and shall be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the “Franchisee” referred to therein. With respect to the appointment of any mediators pursuant to such provision, it is understood and agreed that the mediator selected by Franchisee, if Franchisee is also a party to such proceeding, shall be the mediator selected by each of the Guarantors, and each of the Guarantors hereby consents to such appointment. This consent, being coupled with an interest, shall survive the death, dissolution or any other incapacity of each of the Guarantors.

7. Governing Law; Choice of Forum. This Guarantee has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of, the State of Georgia, without regard to its conflicts of law rules. Except as expressly provided for elsewhere in this Agreement, any proceeding arising out of or relating to this Agreement must be commenced exclusively in the state and federal courts serving Cobb County, Georgia. Notwithstanding the foregoing, any proceeding brought against Guarantor for injunctive, mandatory, or other extraordinary relief may be brought in any court of competent jurisdiction

8. Miscellaneous. This Guarantee shall be binding upon the Guarantors and their respective heirs, executors, successors and assigns, and shall inure to the benefit of Franchisor and its successors and assigns.

[Signatures to Appear on Following Page(s)]

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of this _____ day of _____, 20__.

EXHIBIT A
TO FRANCHISE AGREEMENT
(Summary of Selected Terms)

Address and facsimile number of Franchisor: 400 Galleria Parkway SE, Suite 300
Atlanta, Georgia 30339
(855) 734-1598
E-mail: _____

Address and facsimile number of Franchisee: _____

E-mail: _____

Effective Date: _____

Search Area: _____
_____.

Date by which operations must be commenced: N/A; this Franchise Agreement is being executed in connection with the renewal of the franchise for Aaron's franchise store No.: _____, which commenced business operations on _____, 20____.

Franchise Fee:

The Franchise Fee is:

- ☐ \$2,500 Renewal Fee.
- ☐ \$15,000.

Continuing Licensing Fee:

- ☐ 6%: (Assessed for all Franchisees signing Franchise Agreements after January 1, 2003 for new stores or renewals of existing Franchise Agreements.)

**EXHIBIT A-1
TO FRANCHISE AGREEMENT**

Location and Territory

Designated Location: _____

Territory: Franchisee's exclusive territory shall be the area included in the eight and three quarter (8.75) mile radius surrounding Franchisee's Designated Location.

Franchisor and Franchisee acknowledge that the Designated Location and the radius of the Territory have been inserted into the Franchise Agreement on _____.

Initials: _____ (Franchisor) _____ (Franchisee)

**EXHIBIT B
TO FRANCHISE AGREEMENT**

Form of Exterior Sign Lease Agreement

(Attached)

EXTERIOR SIGN LEASE AGREEMENT

THIS EXTERIOR SIGN LEASE AGREEMENT (this “Lease”) is made and entered into on this ____ day of _____, 20__ (the “Effective Date”), by and among **AARON’S, LLC**, a Georgia limited liability company (“Franchisor”), a Georgia corporation with its principal place of business at the address set forth on Exhibit A (“Aaron’s” or “Franchisor”), _____, a/an _____ corporation/limited liability company/other (“Franchisee”), _____ and _____ (each individually a “Guarantor”, and all being collectively the “Guarantors”).

1. Lease. Franchisor hereby leases to Franchisee, and Franchisee hereby leases from Franchisor, for use for the exterior of the premises of the Franchise, as such term is defined in the certain Franchise Agreement dated _____ 20__ between Franchisor, Franchisee and Guarantor (the “Franchise Agreement”), the sign or signs (the “Sign(s)”) described on Exhibit A attached hereto and hereby made a part hereof, with the following phrase appearing on the front: **[AARON’S SALES & LEASE OWNERSHIP]®**.

2. Rent. Commencing as of the day on which the Franchise commences operations, Franchisee shall pay as rent for the use of the Sign(s) the amount set forth in Exhibit A-1, which is attached hereto and incorporated herein by reference, each week during the first five (5) years of the term of the Franchise Agreement and one dollar (\$1.00) per week thereafter until Franchisee no longer operates the Franchise where the Sign(s) is(are) located, such amounts to be paid to Franchisor on a weekly basis, as described in Section 3.5 of the Franchise Agreement. Franchisee shall be responsible for all shipping and installation costs incurred with respect to the Sign(s), and for any sales, use or other similar taxes required to be paid in connection with the lease of the Sign(s) to Franchisee.

3. Term. The term of this Lease begins on the day on which the Franchise commences and expires upon the expiration or earlier termination of the Franchise Agreement (or any renewal thereof).

4. Warranties. FRANCHISOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING THE CONDITION, QUALITY, DURABILITY OR SUITABILITY OF THE SIGN(S), ITS(THEIR) MERCHANTABILITY OR ITS(THEIR) FITNESS FOR ANY PARTICULAR PURPOSE. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR DOES NOT MANUFACTURE THE SIGN(S) AND HAS NOT INSPECTED THE SIGN(S) PRIOR TO DELIVERY TO FRANCHISEE.

5. Insurance. Franchisee shall procure, at its expense, prior to the installation of the exterior Sign(s), and maintain in full force during the term of the Franchise Agreement an insurance policy or policies to protect Franchisee and Franchisor against risks such as flood, fire, vandalism and other perils typically covered by a standard fire and extended coverage property insurance policy, with limits of not less than the full replacement value (or greater, if required by applicable law or the lease for Franchisee’s business premises) of any exterior Sign(s) located on

or about Franchisee's business premises. Franchisor shall be listed as a named additional insured under each such policy.

6. Use; Repairs. Franchisee shall keep the Sign(s) at the premises of the Franchise and shall not move it (them) to a different location without Franchisor's prior written consent. Until the return of any Sign(s) to Franchisor, Franchisee, at its expense, shall properly maintain such Sign(s), shall use it(them) in a careful manner, shall keep it(them) in good condition and repair, and shall not make any alterations of, or additions or improvements to, such Sign(s) without Franchisor's prior written consent. Without limiting the foregoing, Franchisee shall, at Franchisee's expense, enter into and maintain in effect during the term of this Lease a maintenance or service contract providing for the cleaning of the Sign(s) at least once every six (6) months. If Franchisee fails to enter into or maintain such contract as required hereunder, Franchisor may, but is not required to, procure such cleaning services for the Sign(s) and charge the cost thereof to Franchisee, together with a reasonable fee to cover Franchisor's expenses in procuring such services. Franchisor may charge Franchisee for such costs and expenses by adding such amounts to the amount of lease payments to be withdrawn from Franchisee's bank account pursuant to Section 3.5 of the Franchise Agreement.

7. Ownership. The Sign(s) shall at all times remain the property of Franchisor. Franchisee shall at all times protect and defend the ownership of Franchisor against all claims, liens and legal processes of creditors of Franchisee and other persons, and keep the Sign(s) free and clear from all such claims, liens and processes. The Sign(s) is(are) and shall remain personal property, and shall not become a part of any real estate, whether as a fixture or otherwise. Franchisee shall execute any financing statements regarding any Sign(s), pursuant to the Uniform Commercial Code that Franchisor reasonably requests Franchisee to execute. Franchisee authorizes Franchisor and its assigns to file financing statements (signed only by Franchisor or its assignees where allowed by law) in all places where necessary or desirable to protect its or their interest in and to each Sign in any jurisdiction where such authorization is permitted by law.

8. Assignment. Franchisee shall not assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein without the prior written consent of Franchisor. Franchisor may assign this Lease and/or grant a security interest in any Sign(s), in whole or in part, without notice to Franchisee.

9. Default. Upon the occurrence of a default hereunder or an Event of Default, as defined in the Franchise Agreement, or upon the expiration or termination of the Franchise Agreement, Franchisor and/or its agents may, without notice, liability or legal process, enter upon the premises of the Franchise, or upon any other premises where the Sign(s) may be located at the time of such default, Event of Default, expiration or termination, and repossess the Sign(s), disconnecting and separating it(them) from any other property and using all means necessary to do so. Franchisor may recover all rents and other amounts due as of the date of such default, Event of Default, expiration or termination.

10. Miscellaneous. The terms of this Lease and the Franchise Agreement constitute the entire agreement between Franchisor and Franchisee with respect to the Sign(s). This Lease has been executed and delivered in, and shall be governed, construed and enforced in accordance with the laws of, the State of Georgia. In the event of any controversy, claim or dispute arising out of or relating to this Lease or its breach, such controversy, claim or dispute shall be subject to the provisions of Section 11 of the Franchise Agreement, which provisions are incorporated herein by this reference and hereby made applicable to this Lease.

11. Binding Effect. This Lease binds, and inures to the benefit of, the parties to this Lease and their respective heirs, executors, administrators, legal representatives, successors, and assigns when this Lease permits.

12. Survival of Obligations. All covenants, agreements, representations and warranties contained in this Lease, or in any document attached hereto, shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

13. Severability. If any one or more of the terms, covenants or conditions in this Lease, or the application thereof, are for any reason held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect any other term, covenant or condition of the Lease, and the remainder of the Lease, or the application thereof, will be construed as if it had not included the invalid, illegal or unenforceable term, covenant or condition, and be valid and enforced to the fullest extent permitted by law.

14. Amendment/Modification. No amendment, modification, or alteration of this Lease is binding unless in writing, dated subsequent to the date of this Lease, and duly executed by the parties hereto or their respective successors in interest. No act or omission of any employee or other agent of either party hereto shall alter, change or modify any of the provisions hereof.

15. Cumulative Remedies/Waiver. The rights and remedies provided by this Lease are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have under the Franchise Agreement or by law, statute, ordinance or otherwise. The parties hereto also agree that the failure of either party to insist upon strict observance of any of the terms, covenants or conditions of this Lease at any time shall not be deemed a waiver of such party's right to insist upon strict observance thereafter.

16. Warranties of Signatures. The individuals executing this Lease hereby warrant that they have all necessary authority to bind the respective party to this Lease.

17. Lease Construction. The captions and section numbers appearing in this Lease are inserted only as a matter of convenience and in no way define the scope or intent of such sections of this Lease or in any way affect this Lease. Whenever herein the singular number is used, the same shall include the plural and the masculine gender shall include the feminine and neutral genders.

18. Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same

instrument. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document.

[Signatures to Appear on Following Page(s)]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

FRANCHISOR:

AARON’S, LLC, a Georgia limited liability company

By: _____

Name: C. Kelly Wall

Its: EVP and Chief Financial Officer

FRANCHISEE:

_____, a/an _____
_____ corporation/limited liability company/other
entity

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

GUARANTORS:

EXHIBIT A

The Sign(s) subject to this Lease is(are) described

Exhibit A-1

Sign Lease Amount

**EXHIBIT C
TO FRANCHISE AGREEMENT**

Form of Equipment Lease Agreement

(Attached)

EQUIPMENT LEASE

THIS EQUIPMENT LEASE (this “Lease”) is made and entered into between **AARON’S, LLC**, a Georgia limited liability company (“Franchisor”), _____ (“Franchisee”), and _____ (“Guarantor”)

1. Franchise Agreement. Franchisor and Franchisee have prior to this date or simultaneously herewith executed an agreement (the “F###” Franchise Agreement”) for Franchisee’s acquisition of a license to operate a rental and retail business similar to the one conducted by Franchisor (“Franchise”).

2. Lease. Subject to the terms and conditions set forth in this Lease, Franchisor hereby leases and grants to Franchisee the right to use, and Franchisee hereby leases and accepts the right to use the equipment, software and related services listed on an **Equipment Inventory List (“Equipment List”)** incorporated herein by reference (collectively, the equipment, software and services are referred to herein as the “Equipment”), which shall be available to Franchisee electronically through secure internet access or in writing upon request. The Equipment subject to this Lease shall include all additions to or substitutions of Equipment hereafter provided to Franchisee pursuant to this Lease, whether or not such Equipment is listed on the Equipment List on the date this Lease is originally signed. Franchisee shall at all times protect and defend the Equipment against all claims, liens and legal processes of creditors and other persons. Franchisee shall have no right or property interest in the Equipment except for the right to use the Equipment in the normal operation of its business at the location of installation or as otherwise provided herein. The Equipment is and shall remain personal property even if installed in or attached to real property. Franchisee shall execute any financing statements regarding any Equipment, pursuant to the Uniform Commercial Code, that Franchisor reasonably requests Franchisee to execute. Franchisee authorizes Franchisor and its assignees to file a financing statement in all places where necessary or desirable to protect its or their interest in the Equipment in any jurisdiction where such authorization is permitted by law and acknowledges its responsibility to reimburse Franchisor for the cost of any fee(s) associated with this filing.

3. Substitutions or Changes. The Equipment List subject to this Lease may be revised at any time at Franchisor’s sole discretion or by agreement of the parties hereto with an addition to, subtraction from, or modification of that Equipment and such Equipment shall be subject to the same Term (as hereinafter defined) and shall also be referred to as the “Equipment.” Franchisee shall be responsible for all Equipment in Franchisee’s possession, whether or not all or any of the Equipment is listed on the most current version of the Equipment List. Any time that Franchisee becomes aware that the Equipment in its possession does not match the Equipment listed on the most current version of the Equipment List as maintained by Franchisor, Franchisee shall inform Franchisor of the discrepancy, and Franchisor shall be entitled to adjust the Equipment List and lease payments in order to match the appropriate inventory in Franchisee’s possession.

4. Rent. Franchisee shall pay as rent (“Rent”) for the use of the Equipment the amount reflected on the **Equipment List** incorporated herein by reference. With the execution of this

Lease, Franchisee hereby authorizes Franchisor to withdraw the funds necessary for the payment of all Rent and any other costs, fees and taxes Franchisee is required to pay herein from the Designated Account (as hereinafter defined). For purposes of this Lease, the term "Designated Account" shall mean that certain bank account maintained by Franchisee that permits direct withdrawals by Franchisor and for which Franchisee has previously provided Franchisor in writing with the name of the financial institution at which the account is kept, account number, and such other information identifying the account as may have been required by Franchisor, or such other account as may be designated by Franchisee from time to time; provided, however, that Franchisee shall not be entitled to change the Designated Account upon less than thirty (30) days prior written notice to Franchisor. Franchisee acknowledges that this authorization shall not impose any legal obligation on Franchisor to make such withdrawals. Franchisee agrees that at all times during the term of this Lease (i) Franchisor shall have all necessary access to make direct withdrawals in an amount not to exceed the then current Rent and other costs, fees, and taxes associated with the Equipment (including any fines, penalties, or other similar charges) reflected on the FIRS reporting system as of the date of the withdrawal from the Designated Account without interference and that Franchisee shall not take any action that would restrict or interfere with Franchisor's ability to make such withdrawals or (ii) Franchisee shall maintain sufficient funds in the Designated Account to meet all of its obligations under this Lease as the same shall become due and payable. Franchisee further agrees that Franchisor shall incur no liability as a result of any withdrawal being dishonored by said bank of record and that no payment shall be considered paid until Franchisor actually receives the funds for such payment.

In the event of a good faith dispute of all or any portion of any amount withdrawn by Franchisor, Franchisor will refund the disputed amount to Franchisee within thirty (30) days following written notice from Franchisee of the amount in dispute and the reasoning for the dispute. Further, to the extent the amount an amount in dispute would otherwise be included in future withdrawals by Franchisor, Franchisor shall refrain from including the disputed amount in said future withdrawals until such time as the dispute between the parties has been resolved so long as Franchisee takes no action which would prohibit Franchisor from withdrawing any undisputed amounts owed by Franchisee as they come due; (ii) Franchisee timely notifies Franchisor of the nature of the dispute; and (iii) Franchisor and Franchisee confer in good faith to resolve the dispute at the earliest possible opportunity. Upon resolution of any dispute concerning an amount withdrawn by Franchisor, except as otherwise expressly agreed to by Franchisor in writing, Franchisor shall be entitled to immediately withdraw any amounts owed by Franchisee as a result of such resolution from the Designated Account and, to the extent applicable, resume including the disputed amount in Franchisor's scheduled withdrawals from the Designated Account. Notwithstanding anything hereinabove or elsewhere to the contrary, if Franchisee fails to notify Franchisor of its dispute of any amount withdrawn by Franchisor within ninety (90) days after the date upon which Franchisor shall have withdrawn the disputed amount, then Franchisee shall be deemed to have waived its right to dispute the amount in question and Franchisor shall be entitled to retain said amount.

5. Payment of Costs and Taxes. Franchisee shall be responsible for all shipping and installation costs and for the reimbursement to Franchisor of any license or registration fees, assessments, and any property, sales, use or other similar taxes required to be paid in connection with the lease of the Equipment.

6. Term. With respect to each item of Equipment subject to this Lease, the term of this Lease (“Term”) shall commence on the first date on which Franchisee receives the Equipment (“Commencement Date”) and continue on week to week basis until the earlier of (i) the date of last actual possession of the Equipment in Franchisee’s Store, provided that Franchisee obtained prior written approval or request from Franchisor to surrender the Equipment to Franchisor or to a third party; (ii) the expiration or termination of the Franchise Agreement other than in connection with a Default or Event of Default as discussed in Section 16 below; or (iii) when otherwise mutually agreed to in writing by the parties (“Termination Date”). In addition, in the event that Franchisee elects to discontinue using any Equipment other than upon the occurrence of any of items (i)–(iii) in the immediately preceding sentence, then, as to such Equipment, the Term shall continue until Franchisee shall pay to Franchisor an amount equivalent to either (i) an amount to be determined in accordance with the early purchase option of any third party lease to which the Equipment is subject, or (ii) if the Equipment is not subject to any third party lease, an amount which shall be calculated in accordance with the formula provided in Section 16 of this Lease, and, upon receipt of Franchisor’s receipt of such payment, as to the subject Equipment, the Term shall be deemed to have expired and the Termination Date shall be deemed to be the date Franchisor received such payment. Franchisee may not use the Equipment as part of the Franchise after the Termination Date unless expressly agreed to in writing by Franchisor. Outstanding Rent obligations due and owing at the time of the Termination Date shall survive the termination of this Lease.

7. Return to Franchisor. Except where Franchisee shall have exercised the purchase option provided in Section 14 of this Lease, made the payment discussed in the second sentence of Section 6 of this Lease, or made the payment discussed in Section 14 of this Lease, not later than three (3) business days’ following the Termination Date, Franchisee shall cause and pay for the Equipment to be de-installed, packed using the manufacturer’s standard packing materials and shipped to a location designated by Franchisor (“Return Location”). If Franchisee fails to timely return the Equipment to the Return Location, Franchisee shall be responsible for reimbursing Franchisor for all costs incurred by Franchisor for Franchisee’s failure to timely return the Equipment, including but not limited to any third party rent obligations attached to the Equipment. Franchisee retains the risk of loss until the Equipment reaches the Return Location.

8. Use. Franchisee shall keep the Equipment at the premises of the Franchise and shall not move it to a different location without Franchisor’s prior written consent.

9. Inspection. Franchisor, or its designated agent, may, after reasonable notice and at reasonable times during business hours, enter Franchisee’s premises, or upon any other premises where the Equipment may be located at the time, for the purposes of inspecting the Equipment and the manner in which it is being used.

10. Maintenance. Until the return of the Equipment to Franchisor, Franchisee, at its expense, shall properly maintain such Equipment, shall use it in a careful manner, shall keep it in good working order and repair, and shall not make any alterations or attachments to such Equipment without Franchisor’s prior written consent. If, at any time during the Term, Franchisee fails to maintain the Equipment as required herein or if the Equipment is not operating according

to the manufacturer's specifications, Franchisor may charge Franchisee for all costs, losses, expenses and fees associated with such Equipment and the repair or replacement thereof by adding such amounts to the amount of lease payments to be withdrawn from Franchisee's bank account pursuant to Section 3.5 of the Franchise Agreement.

11. Loss and Damage. With the exception of normal wear and tear, Franchisee shall assume and bear the risk of loss, theft and damage to the Equipment and all component parts thereof from any and every cause whatsoever, whether or not covered by insurance. No loss or damage to the Equipment or any component part thereof shall impair any obligation of Franchisee under this Lease. Franchisee, at its expense, shall repair or cause to be repaired all damage to the Equipment, provided the cost of repairs do not exceed the current, depreciated, fair market value of the equipment.

12. Insurance. With regard to the Equipment, Franchisee shall, at all times throughout the term of this Agreement, including any renewal or extension periods, maintain insurance coverage in accordance with the terms of the Franchise Agreement.

13. Indemnity. Franchisee agrees to indemnify and hold Franchisor harmless at all times after the date hereof against and with respect to any claims, actions, suits, proceedings, demands, assessments, judgments, damages, losses, costs, expenses (including, without limitation, reasonable attorneys' fees at trial and on appeal) or deficiencies, of any nature whatsoever, asserted against Franchisor (except for, and to the extent of, Franchisor's own negligence or intentional wrongful conduct) and (i) arising out of or resulting from Franchisee's failure to satisfy any of its respective liabilities or obligations under this Lease, (ii) arising out of or resulting from or related to any misrepresentation or breach of warranty or breach or violation of any covenant or agreement on the part of Franchisee that is contained in this Lease, (iii) arising out of or resulting from or in connection with Franchisee's use of any Equipment leased under or pursuant to this Lease, or (iv) arising out of, resulting from or in connection with the performance by Franchisee of any obligation under or pursuant to this Lease. Franchisee's duty to defend and indemnify Franchisor shall survive the expiration, termination, cancellation or assignment of this Lease and shall be binding upon Franchisee's successors and permitted assigns.

14. Purchase Option. In connection with the expiration or mutually agreed upon termination of this Lease, the Franchise Agreement, or both, Franchisee may, by written notice provided to Franchisor no later than five (5) business days prior to the Termination Date, purchase the Equipment for its then fair market value, or, if the Equipment is subject to any third party lease, subject to the terms of and at the cost specified in any early purchase option in such agreement. However, Franchisee may not use the Equipment as part of the Franchise after the Termination Date unless expressly agreed to in writing by Franchisor.

15. Assignment. Franchisee shall not assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein without the prior written consent of Franchisor, which Franchisor may withhold in its sole and absolute discretion. Franchisor may assign this Lease and/or grant a security interest in any Equipment, in whole or in part, without notice to Franchisee.

16. Default. Upon the occurrence of a default by Franchisee of any obligation of payment, obligation to perform, or of any term, covenant or condition of this Lease (“Default”); or the occurrence of an Event of Default, as defined in the Franchise Agreement; or upon the expiration or termination of the Franchise Agreement, Franchisor and/or its agents may, without notice, liability or legal process, enter upon the premises of the Franchise during regular business and operating hours, or upon any other premises where the Equipment may be located at the time of such Default, Event of Default, expiration or termination, and repossess the Equipment, disconnecting and separating it from any other property and using all means necessary to do so. Franchisee acknowledges that Franchisor has the right to repossess the Equipment should a Default or Event of Default occur. As additional remedies, Franchisor may recover all rents and other amounts due as of the date of such Default, Event of Default, expiration or termination; if, in connection with the occurrence of an Event of Default which results in the termination of the Franchise Agreement, Franchisor shall exercise its right under the Franchise Agreement to assume control of, and continue operating, the Franchise, then Franchisor shall be entitled to recover an amount equivalent to the unamortized portion of the book value of the Equipment according to Franchisor’s records as of the date of the Event of Default, which amount shall be determined based upon a thirty-six (36) month straight line method of depreciation that does not include a salvage value; recover the casualty loss value of the Equipment; terminate any or all of Franchisee’s rights, but not its obligations associated with this Lease; require Franchisee to deliver the Equipment to a location designated by Franchisor; or pursue any other remedy Franchisor may otherwise have, at law, equity or under any statute, and recover damages and expenses, including attorney’s fees, incurred by Franchisor by reason of Franchisee’s Default or Event of Default. Franchisor may accept past due payments in any amount without modifying the terms of this Lease and without waiving any rights of Franchisor hereunder.

Upon a failure by Franchisor to comply with any applicable notice requirement contained in this Agreement, Franchisee shall be excused from performance as to the item for which such notice requirement applies (including the making of payments) until such time as Franchisor shall have complied with the subject notice requirement. For sake of clarity, in the event that Franchisor fails to give any required notice of an increase in any amount payable by Franchisee hereunder, Franchisee shall only be excused from making payment of the amount of the increase, and not the entire amount due, until Franchisor shall have complied with the notice requirement. In addition, should Franchisor fail to make timely delivery of any Equipment which it is solely responsible for delivering to Franchisee, then Franchisee’s obligations regarding such Equipment, including the making of payments therefor, shall not commence until such time as the Equipment is delivered by Franchisor.

17. Attorney’s Fees. In any action, suit or proceeding to enforce, defend or interpret the rights of either Franchisor or Franchisee under the terms of this Lease or to collect any amounts due Franchisor or Franchisee hereunder, the prevailing party, pursuant to a final order of a court having jurisdiction over said matter as to which applicable periods within which to appeal have elapsed, shall be entitled to recover all reasonable costs and expenses incurred by said prevailing party in enforcing, defending or interpreting its rights hereunder.

18. Entire Agreement. The terms of this Lease and the Franchise Agreement constitute the entire agreement between Franchisor and Franchisee with respect to the Equipment. Nothing

in this Agreement shall be deemed to excuse or modify any obligations or duties of Franchisee set forth in the Franchise Agreement. In the event of a conflict between this Agreement and the Franchise Agreement, the Franchise Agreement shall control. This Agreement supersedes and replaces any and all Equipment Leases between the parties prior to the date of this Agreement. Any dispute regarding this Agreement shall be addressed under the same dispute resolution procedure set forth in the Franchise Agreement.

19. Governing Law. This Lease has been executed and delivered in, and shall be governed, constructed and enforced in accordance with the laws of, the State of Georgia. In the event of any controversy, claim or dispute arising out of or relating to this Lease or its breach, such controversy, claim or dispute shall be subject to the provisions of Section 11 of the Franchise Agreement, which provisions are incorporated herein by this reference and hereby made applicable to this Lease.

20. Binding Effect. This Lease binds, and inures to the benefit of, the parties to this Lease and their respective heirs, executors, administrators, legal representatives, successors, and assigns when this Lease permits.

21. Survival of Obligations. All covenants, agreements, representations, and warranties contained in this Lease, or in any document attached hereto, shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

22. Severability. If any one or more of the terms, covenants or conditions in this Lease, or the application thereof, are for any reason held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other term, covenant or condition of the Lease, and the remainder of the Lease, or the application thereof, will be construed as if it had not included the invalid, illegal or unenforceable term, covenant or condition, and be valid and enforced to the fullest extent permitted by law.

23. Amendment/Modification. Except for the List of Equipment referenced herein, no amendment, modification, or alteration of this Lease is binding unless in writing, dated subsequent to the date of this Lease, and duly executed by the parties hereto or their respective successors in interest. No act or omission of any employee or other agent of either party hereto shall alter, change or modify any of the provisions hereof.

24. Cumulative Remedies/Waiver. The rights and remedies provided by this Lease are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have under the Franchise Agreement or by law, statute, ordinance, or otherwise. The parties hereto also agree that the failure of either party to insist upon strict observance of any of the terms, covenants or conditions of this Lease at any time shall not be deemed a waiver of such party's right to insist upon strict observance thereafter.

25. Warranties of Signatures. The individuals executing this Lease hereby warrant that they have all necessary authority to bind the respective party to this Lease.

26. Lease Construction. The captions and section numbers appearing in this Lease are inserted only as a matter of convenience and in no way define the scope or intent of such sections of this Lease or in any way affect this Lease. Whenever herein the singular number is used, the same shall include the plural and the masculine gender shall include the feminine and neutral genders.

27. Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document.

[Signatures to Appear on Following Page(s)]

IN WITNESS WHEREOF, the parties have executed this Lease with an Effective Date as herein provided.

FRANCHISOR:

AARON’S, LLC, a Georgia limited liability company

By: _____
Name: C. Kelly Wall
Its: EVP and Chief Financial Officer

FRANCHISEE:

_____,
a/an _____

By: _____
Name: _____
Its: _____
Date: _____

GUARANTOR:

Name: _____

Exhibit A
Equipment and Rent Schedule

**EXHIBIT D
TO FRANCHISE AGREEMENT**

Electronic Funds Transfer Agreement

AUTHORIZATION AGREEMENT FOR ALL PAYMENTS DUE UNDER THE FRANCHISE
AGREEMENT
(DIRECT DEBITS)

_____(Name of Person or Legal Entity)
_____(ID Number)

The undersigned depositor (“**Depositor**”) (“**Franchisee**”) hereby authorizes Aaron’s, LLC (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) (“**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

_____ Depository	_____ Branch	
_____ City	_____ State	_____ Zip Code
_____ Bank Transit/ABA Number	_____ Account Number	

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depositor:

Sign:_____

Print:_____

Title:_____

Company:_____

Date:_____

Franchisee/Depositor: Please attach to this form a voided check from the Depositor’s checking and/or savings account indicated above.

EXHIBIT A-1
TO FRANCHISE DISCLOSURE DOCUMENT

State-Specific Addenda to Franchise Agreement

1. California
2. Illinois
3. Maryland
4. North Dakota
5. Rhode Island
6. Virginia
7. Washington

California Addendum to the Franchise Agreement

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

(1) Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Each of the undersigned has executed this Addendum on _____, 20__.

AARON'S, LLC

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

FRANCHISEE (Corporation):

FRANCHISEE (Partnership):

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

By: _____

Name: _____

Title: _____

FRANCHISEE (Limited Liability Company):

FRANCHISEE (Individual):

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Illinois Addendum to the Franchise Agreement

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature page follows.]

Each of the undersigned has executed this Addendum on _____, 20__.

AARON'S, LLC

By: _____

Printed Name: _____

Title: _____

(CORPORATE SEAL)

(Signatures Continued on Following Page(s))

FRANCHISEE (Corporation):

FRANCHISEE (Partnership):

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

(CORPORATE SEAL)

FRANCHISEE (Limited Liability Company):

FRANCHISEE (Individual):

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Maryland Addendum to the Franchise Agreement

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature page follows.]

Each of the undersigned has executed this Addendum under seal this _____ day of _____, 202____.

AARON’S, LLC

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

(Signatures Continued on Following Page(s))

FRANCHISEE (Corporation):

FRANCHISEE (Partnership):

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

By: _____
Name: _____
Title: _____

FRANCHISEE (Limited Liability Company):

FRANCHISEE (Individual):

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

North Dakota Addendum to the Franchise Agreement

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Each of the undersigned has executed this Addendum under seal this ____ day of _____, 202____.

AARON’S, LLC

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

FRANCHISEE (Corporation):

FRANCHISEE (Partnership):

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

By: _____

Name: _____

Title: _____

FRANCHISEE (Limited Liability Company):

FRANCHISEE (Individual):

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Rhode Island Addendum to the Franchise Agreement

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Each of the undersigned has executed this Addendum on _____, 202____.

AARON’S, LLC

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

FRANCHISEE (Corporation):

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

FRANCHISEE (Partnership):

By: _____
Name: _____
Title: _____

FRANCHISEE (Limited Liability Company): FRANCHISEE (Individual):

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Virginia Addendum to the Franchise Agreement

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature page follows.]

Each of the undersigned has executed this Addendum under seal this ____ day of _____, 202____.

AARON’S, LLC

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

FRANCHISEE (Corporation):

FRANCHISEE (Partnership):

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

By: _____
Name: _____
Title: _____

(Signatures Continued on Following Page(s))

FRANCHISEE (Limited Liability Company):

FRANCHISEE (Individual):

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,
THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. Questionnaires and Acknowledgments. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT

Financial Statements

THE AARON'S COMPANY, INC. AND SUBSIDIARIES (SUCCESSOR AND PREDECESSOR)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS FROM OCTOBER 4, 2024 TO DECEMBER 31, 2024 (SUCCESSOR), JANUARY 1, 2024 TO OCTOBER 3, 2024 (PREDECESSOR), AND THE YEAR ENDED DECEMBER 31, 2023 (PREDECESSOR)



THE AARON'S COMPANY, INC.

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Independent Auditor's Report

Board of Directors and Shareholders
The Aaron's Company, Inc.
Atlanta, Georgia

Opinion

We have audited the consolidated financial statements of The Aaron's Company, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024 (Successor), the related consolidated statements of earnings (loss), comprehensive income (loss), equity, and cash flows for the period from October 4, 2024 through December 31, 2024 (Successor) and the period from January 1, 2024 through October 3, 2024 (Predecessor), and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 (Successor), and the results of its operations and its cash flows for the period from October 4, 2024 through December 31, 2024 (Successor) and the period from January 1, 2024 through October 3, 2024 (Predecessor), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Control

As discussed in Note 1 to the financial statements, the Company experienced a change in control and elected pushdown accounting as of October 4, 2024. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Company as of and for the year ended December 31, 2023 were audited by other auditors whose report dated February 29, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Charlotte, North Carolina
April 30, 2025

THE AARON'S COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Data)

	Successor December 31, 2024	Predecessor December 31, 2023
ASSETS:		
Cash and Cash Equivalents	\$ 64,622	\$ 59,035
Accounts Receivable (net of allowances of \$9,385 in 2024 and \$9,029 in 2023)	36,004	39,782
Loans Receivable	2,211	—
Lease Merchandise (net of accumulated depreciation and allowances of \$115,632 in 2024 and \$411,641 in 2023)	637,501	622,262
Merchandise Inventories, Net	93,516	90,172
Property, Plant and Equipment, Net	145,171	269,833
Operating Lease Right-of-Use Assets	413,218	465,824
Goodwill	—	55,750
Other Intangibles, Net	—	108,158
Income Tax Receivable	8,437	10,363
Prepaid Expenses and Other Assets	86,571	105,397
Assets Held for Sale	16,645	—
Total Assets	<u>\$ 1,503,896</u>	<u>\$ 1,826,576</u>
LIABILITIES & SHAREHOLDERS' EQUITY:		
Accounts Payable and Accrued Expenses	\$ 253,947	\$ 292,175
Deferred Income Taxes Payable	66,092	83,217
Customer Deposits and Advance Payments	64,147	68,391
Operating Lease Liabilities	425,987	502,692
Other Liabilities	19,998	—
Debt	589,555	193,963
Total Liabilities	1,419,726	1,140,438
Commitments and Contingencies (Note 10)		
SHAREHOLDERS' EQUITY:		
Common Stock: Par Value \$.01, 100 Shares Authorized, 100 Issued and Outstanding at December 31, 2024; Par Value \$0.50, 112,500,000 Shares Authorized, 36,656,650 Shares Issued and 30,361,434 Outstanding at December 31, 2023	—	18,328
Additional Paid-in Capital	94,909	750,751
Retained (Losses) Earnings	(8,970)	66,202
Accumulated Other Comprehensive Loss	(1,769)	(1,355)
	84,170	833,926
Treasury Shares at Cost: 6,295,216 Shares at December 31, 2023	—	(147,788)
Total Shareholders' Equity	84,170	686,138
Total Liabilities & Shareholders' Equity	<u>\$ 1,503,896</u>	<u>\$ 1,826,576</u>

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

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

	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
REVENUES:			
Lease Revenues and Fees	\$ 319,296	\$ 1,019,703	\$ 1,399,514
Retail Sales	168,354	419,434	620,665
Non-Retail Sales	26,330	69,720	96,710
Franchise Royalties and Other Revenues	5,774	17,774	23,001
	519,754	1,526,631	2,139,890
COSTS OF REVENUES:			
Depreciation of Lease Merchandise and Other Lease Revenue Costs	108,235	329,261	466,648
Retail Cost of Sales	129,982	323,513	471,946
Non-Retail Cost of Sales	22,706	59,207	81,977
	260,923	711,981	1,020,571
GROSS PROFIT	258,831	814,650	1,119,319
OPERATING EXPENSES:			
Personnel Costs	119,525	372,881	507,819
Other Operating Expenses, Net	113,660	384,961	498,019
Provision for Lease Merchandise Write-Offs	8,831	65,921	81,495
Restructuring Expenses, Net	1,192	12,457	15,597
Separation Costs	—	17	201
Acquisition-Related Costs	5,704	13,224	3,638
	248,912	849,461	1,106,769
OPERATING PROFIT (LOSS)	9,919	(34,811)	12,550
Interest Expense	(22,439)	(13,693)	(15,512)
Other Non-Operating (Expense) Income, Net	(20)	1,940	1,904
LOSS BEFORE INCOME TAXES	(12,540)	(46,564)	(1,058)
INCOME TAX BENEFIT	(6,137)	(8,903)	(3,881)
NET (LOSS) EARNINGS	\$ (6,403)	\$ (37,661)	\$ 2,823

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

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

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Net Earnings (Loss)	\$ (6,403)	\$ (37,661)	\$ 2,823
Other Comprehensive (Loss) Income:			
Unrealized Loss on Derivative Instruments, net of Tax ¹	—	(508)	(425)
Foreign Currency Translation Adjustment, net of Tax ¹	(1,769)	(156)	466
Total Other Comprehensive (Loss) Income	(1,769)	(664)	41
Comprehensive (Loss) Income	<u>\$ (8,172)</u>	<u>\$ (38,325)</u>	<u>\$ 2,864</u>

¹ The tax effect to the Unrealized Loss on Derivative Instruments and the Foreign Currency Translation Adjustment for the period from October 4, 2024 to December 31, 2024 (Successor), for the period from January 1, 2024 to October 3, 2024 (Predecessor) and for the year ended December 31, 2023 (Predecessor) is not significant.

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

THE AARON'S COMPANY, INC.
CONSOLIDATED STATEMENTS OF EQUITY

For the Period from October 4, 2024 to December 31, 2024 (Successor) and the Period from January 1, 2024 to October 3rd, 2024 and
the Year Ended December 31, 2023 (Predecessor)
(In Thousands)

	Predecessor							
	Treasury Stock		Common Stock		Additional Paid-In Capital	Retained Earnings (Losses)	Accumulated Other Comprehensive Loss	Total Equity
(In Thousands, Except Per Share)	Shares	Amount	Shares	Amount				
Balance at January 1, 2023	(5,480)	(138,753)	36,100	18,050	738,428	79,073	(1,396)	695,402
Cash Dividends, \$0.125 per share	—	—	—	—	—	(15,694)	—	(15,694)
Stock-Based Compensation	—	—	—	—	12,196	—	—	12,196
Issuance of Shares under Equity Plans	(207)	(2,536)	557	278	127	—	—	(2,131)
Acquisition of Treasury Stock	(608)	(6,499)	—	—	—	—	—	(6,499)
Net Earnings	—	—	—	—	—	2,823	—	2,823
Unrealized Loss on Derivative Instrument, net of tax	—	—	—	—	—	—	(425)	(425)
Foreign Currency Translation Adjustment	—	—	—	—	—	—	466	466
Balance at December 31, 2023	(6,295)	(147,788)	36,657	18,328	750,751	66,202	(1,355)	686,138
Cash Dividends, \$0.125 per share	—	—	—	—	—	(11,858)	—	(11,858)
Stock-Based Compensation	—	—	—	—	8,148	—	—	8,148
Issuance of Shares under Equity Plans	(182)	(1,323)	2,051	1,026	(704)	—	—	(1,001)
Net Loss	—	—	—	—	—	(34,364)	—	(34,364)
Unrealized Loss on Derivative Instrument, net of tax	—	—	—	—	—	—	(546)	(546)
Foreign Currency Translation Adjustment	—	—	—	—	—	—	(118)	(118)
Balance at October 3, 2024	(6,477)	(149,111)	38,708	19,354	758,195	19,980	(2,019)	646,399
Successor								
Balance at October 4, 2024	—	—	—	—	93,184	—	—	93,184
Issuance of Warrants	—	—	—	—	1,725	—	—	1,725
Net Loss	—	—	—	—	—	(6,403)	—	(6,403)
Foreign Currency Translation Adjustment	—	—	—	—	—	—	(1,769)	(1,769)
Dividend	—	—	—	—	—	(2,567)	—	(2,567)
Balance at December 31, 2024	—	—	—	—	94,909	(8,970)	(1,769)	84,170

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

THE AARON'S COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
OPERATING ACTIVITIES:			
Net (Loss) Earnings	\$ (6,403)	\$ (37,661)	\$ 2,823
Adjustments to Reconcile Net Earnings (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation of Lease Merchandise	106,497	323,852	459,242
Other Depreciation and Amortization	13,112	69,099	90,341
Provision for Lease Merchandise Write-Offs	9,135	65,620	81,495
Accounts Receivable Provision	11,230	31,926	39,889
Stock-Based Compensation	—	8,148	11,949
Deferred Income Taxes	(4,626)	(13,753)	(12,101)
Impairment of Assets	271	4,187	3,734
Non-Cash Lease Expense	31,479	90,958	119,610
Other Changes, Net	1,472	(6,435)	(8,326)
Changes in Operating Assets and Liabilities:			
Lease Merchandise	(149,909)	(379,099)	(472,155)
Merchandise Inventories	(661)	(4,726)	5,965
Accounts Receivable	(9,650)	(31,795)	(41,469)
Prepaid Expenses and Other Assets	5,611	(2,850)	(2,422)
Income Tax Receivable	(1,078)	3,004	(4,647)
Operating Lease Right-of-Use Assets and Liabilities	(30,259)	(92,427)	(122,313)
Accounts Payable and Accrued Expenses	(16,660)	(21,682)	35,427
Customer Deposits and Advance Payments	12,165	(16,408)	(6,628)
Cash (Used in) Provided by Operating Activities	(28,274)	(10,042)	180,414
INVESTING ACTIVITIES:			
Purchases of Property, Plant & Equipment	(14,139)	(56,478)	(94,415)
Proceeds from Dispositions of Property, Plant, and Equipment	899	12,769	17,294
Proceeds from Disposition of Business	(544)	1,572	—
Advances on Loans Receivable	(1,010)	—	—
Proceeds from Loans Receivable	1,280	—	—
Proceeds from Other Investing-Related Activities	—	470	245
Cash Used in Investing Activities	(13,514)	(41,667)	(76,876)
FINANCING ACTIVITIES:			
Repayments on Swing Line Loan, Net	—	—	(19,250)
Proceeds from Revolver and Term Loan	—	38,281	71,094
Repayments on Revolver, Term Loan and Financing Leases	—	(7,657)	(100,469)
Proceeds from Credit Facilities	198,225	—	—
Repayments on Credit Facilities	(169,580)	—	—
Net Proceeds from Acquisition	34,334	—	—
Due to Parent	19,998	—	—
Dividends Paid	(822)	(11,808)	(14,994)
Acquisition of Treasury Stock	—	—	(6,499)
Issuance of Stock Under Stock Option Plans	—	323	405
Shares Withheld for Tax Payments	—	(1,323)	(2,536)
Debt Issuance Costs	—	(729)	—
Cash Provided by (Used in) Financing Activities	82,155	17,087	(72,249)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH			
	(132)	(26)	30
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	40,235	(34,648)	31,319
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	26,012	60,660	29,341
Cash and Cash Equivalents at End of Period:			
Cash and Cash Equivalents	\$ 64,622	\$ 24,387	\$ 59,035
Restricted Cash included in Prepaid Expenses and Other Assets	23,048	1,625	1,625
Total Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 87,670	\$ 26,012	\$ 60,660

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Overview

Description of Business

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

Aaron's, BrandsMart Leasing and Woodhaven are collectively referred to as the Aaron's Business. The Aaron's Business provides consumers with LTO and retail purchase solutions through the Company's Aaron's stores in the United States and Canada and the aarons.com e-commerce platform. Aaron's also supports franchisees of its Aaron's stores. BrandsMart Leasing offers LTO solutions to BrandsMart customers. Woodhaven manufactures and supplies upholstered furniture which is leased and sold in Company-operated and franchised Aaron's stores.

BrandsMart is a leading appliance and consumer electronics retailers in the southeast United States and one of the largest appliance retailers in the country with 12 stores in Florida and Georgia and a growing e-commerce presence on brandsmartusa.com.

Basis of Presentation

On June 16, 2024, the Company entered into an Agreement and Plan of Merger (the "Agreement") with IQVentures Holdings, LLC, an Ohio limited liability company ("IQV" or "Parent") and Polo Merger Sub, Inc., a Georgia corporation and wholly owned subsidiary of Parent ("Merger Sub"), to consummate the acquisition of the Company by Parent (the "Acquisition"). The Acquisition was subject to shareholder approval which was obtained on September 25, 2024. The Acquisition closed on October 3, 2024. Upon closing of the Acquisition, Merger Sub was merged with and into the Company. Merger Sub was then dissolved and the Company continued as the surviving corporation as an indirect, wholly owned subsidiary of Parent. The Company has elected pushdown accounting in which the Company uses the Parent basis of accounting, which reflects the fair market value of the Company assets and liabilities at the time of the Acquisition, unless otherwise prescribed by accounting principles generally accepted in the United States ("U.S. GAAP").

Predecessor

The period from January 1, 2024 through October 3, 2024 and the year ended December 31, 2023 reflect the historical financial information for the Company and its subsidiaries prior to the closing of the Acquisition.

Successor

The period from October 4, 2024 to December 31, 2024 reflects the historical financial information for the Company and its subsidiaries subsequent to the closing of the Acquisition.

The accompanying consolidated financial statements of the Successor and Predecessor for the periods presented herein are not comparable due to the impacts of the Acquisition including the application of acquisition accounting in the Successor consolidated financial statements as of October 4, 2024 (see Note 2). The results are further separated by a black line to indicate the effective date of the new basis of accounting. The new basis of accounting for the assets and liabilities that existed on the Acquisition date will be used in the preparation of future consolidated financial statements and footnotes of the Company.

The Company and its wholly-owned subsidiaries for the Successor and Predecessor periods reflect the historical results of operations, financial position and cash flows of the Company in accordance with U.S. GAAP. Intercompany balances and transactions between consolidated entities have been eliminated and reflect the historical results of operations, financial position and cash flows of the Company in accordance with U.S. GAAP.

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Generally, actual experience has been consistent with management's prior estimates and assumptions. In many cases, management's estimates and assumptions are dependent on estimates of such future developments and may change in the future. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the accompanying consolidated financial statements.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies

Revenue Recognition

The Company provides lease and retail merchandise, consisting of appliances, electronics, furniture, and other home goods to its customers for lease under certain terms agreed to by the customer and through retail sales. The Company's Aaron's stores, aarons.com e-commerce platform, and BrandsMart Leasing components of the Aaron's Business offer leases with flexible ownership plans that can be generally renewed weekly, bi-weekly, semi-monthly, or monthly up to 12, 18 or 24 months. The Aaron's Business also earns revenue from the sale of merchandise to customers and Aaron's franchisees, and earns ongoing revenue from Aaron's franchisees in the form of royalties and through advertising efforts that benefit the franchisees.

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

See Note 6 to these consolidated financial statements for further information regarding the Company's revenue recognition policies and disclosures.

Lease Merchandise

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

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

(In Thousands)	Successor	Predecessor
	December 31, 2024	December 31, 2023
Merchandise on Lease, net of Accumulated Depreciation and Allowances	\$ 422,383	\$ 419,531
Merchandise Not on Lease, net of Accumulated Depreciation and Allowances ¹	215,118	202,731
Lease Merchandise, net of Accumulated Depreciation and Allowances	<u>\$ 637,501</u>	<u>\$ 622,262</u>

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

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

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Merchandise Inventories

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

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

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

(In Thousands)	Successor	Predecessor
	December 31, 2024	December 31, 2023
Merchandise Inventories, gross	\$ 95,789	\$ 91,093
Reserve for Merchandise Inventories	(2,273)	(921)
Merchandise Inventories, net	\$ 93,516	\$ 90,172

Retail and Non-Retail Cost of Sales

Included in retail cost of sales, as well as non-retail cost of sales, is the net book value of merchandise sold via retail and non-retail sales, primarily using specific identification. The components of cost of sales are further described below.

Depreciation of Lease Merchandise and Other Lease Revenue Costs

The primary items classified under the expense category "Depreciation of Lease Merchandise and Other Lease Revenue Costs" are:

- Depreciation of the capitalized costs (recorded at the lower of depreciated costs or net realizable value) of available and on rent lease merchandise at the Aaron's Business. Capitalized costs include:
 - Landed Inventory Costs
 - Overhead Costs incurred at our internal distribution centers, including transportation costs incurred to transfer inventory from the Company's fulfillment centers to Company Operated stores
 - Freight expenses associated with receiving the inventory from our vendors
 - Costs of manufactured inventory at our Woodhaven operations including overhead from production facilities, shipping costs and warehousing costs
- Accelerated depreciation associated with early payout transactions
- Amortization of Aaron's Business cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products
- Amortization of rebate credits associated with the leasing of lease merchandise at the Aaron's Business
- External service provider fees associated with hosting the Aaron's Club program

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Retail Cost of Sales - Aaron's Business

The primary items classified under the expense category "Retail Cost of Sales" for the Aaron's Business are:

- Costs of the NBV of lease merchandise (recorded at the lower of depreciated costs or net realizable value) at the Aaron's Business including:
 - Landed Inventory Costs
 - Overhead Costs incurred at our internal distribution centers, including transportation costs incurred to transfer inventory from the Company's fulfillment centers to Company Operated stores
 - Freight expenses associated with receiving the inventory from our vendors
 - Costs of manufactured inventory at our Woodhaven operations including overhead from production facilities, shipping costs and warehousing costs
- Amortization of Aaron's Business cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products
- Amortization of rebate credits associated with the retail sale of lease merchandise at the Aaron's Business

Retail Cost of Sales - BrandsMart

The primary items classified under the expense category "Retail Cost of Sales" for BrandsMart are:

- Weighed average costs of landed inventory invoice costs (recorded at the lower of weighted average costs or net realizable value)
- Overhead Costs incurred at our internal distribution centers
- Freight expenses associated with receiving the inventory from our vendors
- Transportation costs incurred to transfer inventory from the Company's fulfillment centers to stores
- Cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products
- Vendor rebate credits associated with the retail sale of merchandise inventories
- Subsequent markdowns of merchandise inventories
- Third party transportation and internal vehicle charges associated with customer shipping and handling
- Charges/Provisions for shrink and obsolescence
- Cost of services provided including personnel related costs, replacement costs, and freight expenses

Non-Retail Cost of Sales - Aaron's Business

The primary items classified under the expense category "Non-Retail Cost of Sales" for the Aaron's Business are:

- Cost of the NBV of lease merchandise (recorded at the lower of depreciated costs or net realizable value) sold to Aaron's Business franchisees or wholesale customers of our Woodhaven operations which includes:
 - Landed Inventory Costs
 - Overhead Costs incurred at our internal distribution centers
 - Freight expenses associated with receiving the inventory from our vendors
 - Costs of manufactured inventory at our Woodhaven operations including overhead from production facilities, shipping costs and warehousing costs
 - Transportation costs incurred to transfer inventory from the Company's fulfillment centers to franchisees and non-retail customers
- Amortization of Aaron's Business cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Shipping and Handling Costs

Shipping and handling costs are primarily classified within other operating expenses, net in the accompanying consolidated statements of earnings (loss) and to a lesser extent, capitalized into the cost of lease merchandise and subsequently depreciated or recognized as cost of retail sales.

Advertising

Advertising production costs are initially recognized as a prepaid advertising asset and are expensed when an advertisement appears for the first time. The prepaid advertising asset was \$0.3 million and \$0.1 million at December 31, 2024 (Successor) and December 31, 2023 (Predecessor), respectively, and is reported within Prepaid Expenses and Other Assets on the consolidated balance sheets.

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

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

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Advertising Costs, Gross	\$ 23,738	\$ 66,014	\$ 75,153
Less: Cooperative Advertising Considerations	(11,187)	(26,963)	(33,792)
Advertising Costs, Net	\$ 12,551	\$ 39,051	\$ 41,361

Stock-Based Compensation (Predecessor)

The Company had stock-based employee compensation plans, which are more fully described in Note 12 to these consolidated financial statements. The Company estimated the fair value for the options granted on the grant date using a Black-Scholes-Merton option-pricing model. The fair value of each share of restricted stock units ("RSUs"), restricted stock awards ("RSAs") and performance share units ("PSUs") with Company-specific performance criteria was equal to the market value of a share of the Company's common stock on the grant date. For PSUs that are granted with a total shareholder return ("TSR") component, management estimated the fair value using a Monte Carlo simulation valuation model, as these awards were subject to a market condition. For all stock award types, the Company considered whether any material nonpublic information was known to the Company at the time the awards were granted that could impact the determined grant date fair value. No adjustments to fair value were deemed necessary for the period from January 1, 2024 to October 3, 2024 or the year ended December 31, 2023 based on these considerations.

The Company estimated the fair value of awards issued under the Company's employee stock purchase plan ("A&R ESPP") using a series of Black-Scholes-Merton pricing models that considered the components of the "lookback" feature of the plan, including the underlying stock, call option, and put option. The design of awards issued under the A&R ESPP is more fully described in Note 12 to these consolidated financial statements.

Acquisition-Related Costs

Acquisition-related costs of \$5.7 million, \$13.2 million and \$3.6 million were incurred for the period from October 4 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor) and the year ended December 31, 2023 (Predecessor), respectively, and primarily represent third-party consulting and legal fees.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

The Company and its subsidiaries file U.S. federal consolidated income tax returns in the United States, and separate legal entities file in various state and foreign jurisdictions. In all periods presented, the income tax provision has been computed for the entities comprising the Company on a standalone, separate return basis as if the Company were a separate taxpayer.

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. Income taxes as presented attribute deferred income taxes of the Company's standalone consolidated financial statements in a manner that is systematic, rational and consistent with the asset and liability method.

The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax basis of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when such changes are enacted. The Company's largest temporary differences arise principally from the use of accelerated depreciation methods on lease merchandise for tax purposes. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Company recognizes uncertain tax positions in the consolidated financial statements when it is more likely than not that the tax position will be sustained upon examination. Uncertain tax positions are measured based on the probabilities that the uncertain tax position will be realized upon final settlement.

See further details on income taxes within Note 9 to these consolidated financial statements.

Sales Taxes

The Company applies the net basis for sales taxes imposed on goods and services in the consolidated statements of earnings (loss). The Company is required by the applicable governmental authorities to collect and remit sales taxes. Accordingly, such amounts are charged to the customer, collected, and remitted directly to the appropriate jurisdictional entity.

Cash and Cash Equivalents

The Company classifies as cash equivalents any highly liquid investments that have maturity dates of three months or less at the time they are purchased. The Company maintains its cash and cash equivalents at various banks. Bank balances may exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). However, due to the size and strength of the banks in which balances that exceed the FDIC coverage are held, any exposure to loss is believed to be minimal. Cash and cash equivalents also includes amounts in transit due from financial institutions related to credit card and debit card transactions, which generally settle within three business days from the original transaction.

Supplemental Cash Flow Information

The following table shows supplemental cash flow information:

	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
(In Thousands)			
Net Cash Paid During the Year:			
Interest	\$ 18,874	\$ 10,661	\$ 15,973
Income Taxes	\$ 123	\$ 1,126	\$ 11,680

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable

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

The Company maintains an accounts receivable allowance for the Aaron's Business customer lease agreements, under which its policy is to record a provision for returns and uncollectible contractually due renewal payments based on historical payments experience, which is recognized as a reduction of lease revenues and fees within the consolidated statements of earnings (loss). Other qualitative factors are considered in estimating the allowance, such as current and forecasted business trends. The Company writes off customer lease receivables for its Aaron's Business operations that are 60 days or more past due on pre-determined dates twice monthly. The Company writes off customer lease receivables for its BrandsMart Leasing operations that are 90 days or more past due on pre-determined dates twice monthly.

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

The allowance related to corporate receivables is not significant for the periods ended December 31, 2024 (Successor) and December 31, 2023 (Predecessor).

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

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Beginning Balance	\$ —	\$ 9,029	\$ 8,895
Accounts Written Off, net of Recoveries	(1,845)	(31,597)	(39,755)
Accounts Receivable Provision	11,230	31,926	39,889
Ending Balance	\$ 9,385	\$ 9,358	\$ 9,029

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	December 31, 2023
Bad Debt Expense	\$ —	\$ 54	\$ 355
Provision for Returns and Uncollectible Renewal Payments	11,230	31,872	39,534
Accounts Receivable Provision	\$ 11,230	\$ 31,926	\$ 39,889

Loans Receivable (Successor)

The Company established lines of credit with certain franchisees in relation to the Acquisition to provide the franchisees with financing to fund the franchisee operations. The aggregate commitment is \$3.3 million and amounts borrowed by the franchisees earn interest at the prime rate plus 4%. The maturity date on the line of credit provided to a US franchisee is March 31, 2025. The maturity date on the line of credit provided to a Canadian franchisee is March 30, 2030. Outstanding principal is due on the maturity date. The outstanding amount borrowed by franchisees totaled \$2.2 million and is classified within Loans Receivable as of December 31, 2024 (Successor).

Property, Plant and Equipment

The Company records property, plant and equipment at cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, which range from five to 20 years for buildings and improvements and from one to 15 years for other depreciable property and equipment.

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful life of the software, which ranges from five to ten years. Management uses an agile development methodology in which feature-by-feature updates are made to its software. Certain costs incurred during the application development stage of an internal-use software project are capitalized when members of management who possess the authority to do so authorize and commit to funding a feature update and it is probable that the project will be completed and the software will be used to perform the function intended. Generally, the life cycle for each feature update implementation is one month. Capitalization of costs ceases when the feature update is substantially complete and ready for its intended use. All costs incurred during preliminary and post-implementation project stages are expensed appropriately.

Gains and losses related to dispositions and retirements are recognized as incurred. Maintenance and repairs are also expensed as incurred, and leasehold improvements are capitalized and amortized over the lesser of the expected lease term or the asset's useful life. Depreciation expense for property, plant and equipment is classified within other operating expenses, net in the accompanying consolidated statements of earnings (loss) and was \$11.6 million, \$61.4 million and \$79.9 million for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor), respectively. Amortization of previously capitalized internal use software development costs, which is a component of depreciation expense for property, plant and equipment, was \$3.5 million, \$14.9 million and \$19.6 million for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor) and the year ended December 31, 2023 (Predecessor), respectively.

Management assesses its long-lived assets other than goodwill for impairment whenever facts and circumstances indicate that the carrying amount may not be fully recoverable. If it is determined that the carrying amount of an asset is not recoverable, based on analysis of undiscounted cash flows expected to be generated by the asset or asset group, management compares the carrying amount of the asset to its fair value as estimated using discounted expected future cash flows, market values or replacement values for similar assets. The amount by which the carrying amount exceeds the fair value of the asset, if any, is recognized as an impairment loss.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

(In Thousands)	Successor December 31, 2024	Predecessor December 31, 2023
Prepaid Expenses	\$ 11,344	\$ 14,482
Insurance Related Assets	26,067	33,035
Company-Owned Life Insurance	—	15,231
Deferred Tax Assets	11,379	24,137
Restricted Cash ¹	23,048	1,625
Other Assets ²	14,733	16,887
	<u>\$ 86,571</u>	<u>\$ 105,397</u>

¹ Amounts as of December 31, 2024 (Successor) include restricted cash of \$21.4 million held as collateral for the Company's letters of credit and \$1.6 million held as collateral for BrandsMart U.S.A.'s workers' compensation and general liability insurance policies. Amounts as of December 31, 2023 (Predecessor) include \$1.6 million held as collateral for BrandsMart U.S.A.'s worker's compensation and general liability insurance policies.

² Amounts included \$1.5 million and \$0.9 million for the years ended December 31, 2024 (Successor) and December 31, 2023 (Predecessor) of certain properties classified as held for sale. Assets held for sale are recorded at the lower of their carrying value or fair value less estimated cost to sell and are classified within prepaid expenses and other assets in the consolidated balance sheets. Depreciation is suspended on assets upon classification as held for sale. The highest and best use of these assets is as real estate land parcels for development or real estate properties for use or lease, though the Company has chosen not to develop or use these properties, and plans to sell them to third parties as quickly as practicable.

Derivative Instruments (Predecessor)

In March 2023, the Company entered into a non-speculative interest rate swap agreement for an aggregate notional amount of \$100.0 million with an effective date of April 28, 2023 and a termination date of March 31, 2027. The purpose of this hedge is to limit the Company's exposure of its variable interest rate debt by effectively converting it to fixed interest rate debt. Under the terms of the agreement, the Company will receive a floating interest rate based on 1-month Chicago Mercantile Exchange ("CME") Term Secured Overnight Financing Rate ("SOFR") and pay a fixed interest rate of 3.87% on the notional amount. The Company has accounted for the interest rate swap as a cash flow hedge instrument in accordance with ASC 815, *Derivatives and Hedging*. Accordingly, the effective portion of the gains and losses associated with the changes in the fair value of the cash flow hedge instrument are recognized as a component of accumulated other comprehensive loss in the Company's consolidated balance sheets. Such amounts are reclassified into earnings in the same period during which the cash flow hedging instrument affects earnings. As of October 3, 2024 (Predecessor), the facts and circumstances of the hedged relationship remain consistent with the initial effectiveness assessment and the hedging instrument remains an effective accounting hedge.

The fair value of the hedge as of October 3, 2024 (Predecessor) was a liability of \$1.2 million, and has been recorded within accounts payable and accrued expenses in the Company's consolidated balance sheet. During the period from January 1, 2024 to October 3, 2024 (Predecessor), the Company reclassified \$1.1 million of net losses from accumulated other comprehensive loss to interest expense. Gains and losses related to the hedge were classified within operating activities in the consolidated statements of cash flows. See Note 4 to these consolidated financial statements for further information regarding the fair value determination of the Company's interest rate swap agreement. The Company settled the derivative subsequent to the Acquisition and the derivative was no longer in place as of December 31, 2024.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive income (loss) ("AOCI") by component for the period October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor) and the year ended December 31, 2023 (Predecessor) are summarized below:

Successor			
Period from October 4, 2024 to December 31, 2024			
(In Thousands)	Foreign Currency		Total
Balance at October 4, 2024 (Successor)	\$	—	\$ —
Other Comprehensive (Loss), net of Tax		(1,769)	(1,769)
Balance at December 31, 2024 (Successor)	\$	(1,769)	\$ (1,769)

Predecessor			
Period from January 1, 2024 to October 3, 2024			
(In Thousands)	Derivative Instruments	Foreign Currency	Total
Balance at December 31, 2023	\$ (442)	\$ (913)	\$ (1,355)
Other Comprehensive (Loss), net of Tax	(546)	(118)	(664)
Balance at October 3, 2024 (Predecessor)	\$ (988)	\$ (1,031)	\$ (2,019)

Predecessor			
Year Ended December 31, 2023			
(In Thousands)	Derivative Instruments	Foreign Currency	Total
Balance at January 1, 2023	\$ (17)	\$ (1,379)	\$ (1,396)
Other Comprehensive (Loss) Income, net of Tax	(425)	466	41
Balance at December 31, 2023	\$ (442)	\$ (913)	\$ (1,355)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

(In Thousands)	Successor	Predecessor
	December 31, 2024	December 31, 2023
Accounts Payable	\$ 92,523	\$ 134,191
Estimated Claims Liability Costs	58,019	64,082
Accrued Salaries and Benefits	33,350	39,058
Accrued Real Estate and Sales Taxes	27,144	20,146
Other Accrued Expenses and Liabilities	42,911	34,698
	<u>\$ 253,947</u>	<u>\$ 292,175</u>

Estimated Claims Liability Costs

Estimated claims liability costs are accrued primarily for workers compensation and vehicle liability at the Aaron's Business segment, as well as general liability and group health insurance benefits provided to team members. These liabilities are recorded within estimated claims liability costs within accounts payable and accrued expenses in the consolidated balance sheets. Estimates for these claims liabilities are made based on actual reported but unpaid claims and actuarial analysis of the projected claims run off for both reported and incurred but not reported claims. This analysis is based upon an assessment of the

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

likely outcome or historical experience and considers a variety of factors, including the actuarial loss forecasts, company-specific development factors, general industry loss development factors and third-party claim administrator loss estimates of individual claims. The Company makes periodic prepayments to its insurance carriers to cover the projected claims run off for both reported and incurred but not reported claims, considering its retention or stop loss limits. In addition, we have prefunding balances on deposit and other insurance receivables with the insurance carriers which are recorded within prepaid expenses and other assets in our consolidated balance sheets.

Asset Retirement Obligations

The Company accrues for asset retirement obligations, which relate to expected costs to remove exterior signage, in the period in which the obligations are incurred. These costs are accrued at fair value. When the related liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its settlement value and updated for changes in estimates. Upon settlement of the liability, the Company recognizes a gain or loss for any differences between the settlement amount and the liability recorded. Asset retirement obligations, which are included in accounts payable and accrued expenses in the consolidated balance sheets, amounted to \$2.1 million and \$2.1 million as of December 31, 2024 (Successor) and December 31, 2023 (Predecessor), respectively. The capitalized cost is depreciated over the useful life of the related asset.

Fair Value Measurement

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

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

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

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

The fair values of the Company's current financial assets and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, approximate their carrying values due to their short-term nature. The Company's outstanding debt borrowings as of December 31, 2024 (Successor) and December 31, 2023 (Predecessor) were subject to a variable interest rate. The Company's Loans Receivable as of December 31, 2024 (Successor) were also subject to a variable interest rate. Therefore, the fair value of these borrowings and loan receivables also approximates its carrying value. These assets and liabilities are measured within Level 2 of the fair value hierarchy. The Company also measures certain non-financial assets at fair value on a nonrecurring basis, such as goodwill, intangible assets, operating lease right-of-use assets, and property, plant and equipment, in connection with periodic evaluations for potential impairment.

The Company measures a liability related to its non-qualified deferred compensation plan, which represents benefits accrued for participants that are part of the plan and is valued at the quoted market prices of the participants' investment election, at fair value on a recurring basis. The Company measures assets held for sale at fair value on a nonrecurring basis and records impairment charges when they are deemed to be impaired.

During 2023 and 2024, the Company performed its annual goodwill impairment analysis for its reporting units. This evaluation required multiple Level 3 inputs and assumptions, such as estimates about costs of capital, future projected performance, and cash flows. Further details about these goodwill impairment evaluations are described in Note 3 to these consolidated financial statements.

Foreign Currency

The financial statements of the Company's Canadian subsidiary are translated from the Canadian dollar functional currency to U.S. dollars using month-end rates of exchange for assets and liabilities, and average rates of exchange for revenues, costs and expenses. Translation gains and losses of the subsidiary are recorded in accumulated other comprehensive loss as a component of equity. The Company's assets include assets from Canadian operations of \$10.3 million and \$13.4 million as of December 31, 2024 (Successor) and December 31, 2023 (Predecessor), respectively.

Foreign currency remeasurement gains and losses are recorded primarily due to remeasurement of the financial assets and liabilities of the Company's Canadian stores between the Canadian dollar and the U.S. dollar and were not significant in 2024 or 2023.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Effective in Future Periods

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

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

In November 2024, the FASB issued an accounting pronouncement (ASU 2024-04) related to induced conversions of convertible debt instruments. The amendments in this update clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as induced conversions rather than as debt extinguishments. This update is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years, though early adoption is permitted. We plan to adopt this pronouncement for our fiscal year beginning January 1, 2026, and we do not expect it to have a material effect on our consolidated financial statements.

NOTE 2: PURCHASE ACCOUNTING

The Parent closed the Acquisition on October 3, 2024. Each share of the Company's common stock issued and outstanding immediately prior to the effective time of the Acquisition (other than shares owned by the Company as treasury stock, shares owned by IQV or any direct or indirect wholly owned subsidiary of IQV and shares owned by shareholders who properly exercised dissenters' rights under the Georgia Business Corporation Code) was converted into the right to receive \$10.10 per share in cash, without interest ("Merger Consideration"). The Acquisition will provide the Company with more flexible long-term capital and pursue the execution of the Company's operating strategy and business plan to increase shareholder value over the long-term, including investments in stores, omnichannel lease decisions and customer acquisition platforms, and other innovations, as well as the execution of growth strategies and cost reductions for increased profitability. The total consideration was \$586.3 million. The Acquisition was financed through proceeds from term loan borrowings in the amount of \$585.5 million under newly established credit agreements (See Note 8).

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Acquisition was accounted for as a business combination, with the purchase price allocated based on the estimated fair values of the assets acquired and liabilities assumed. The following tables provide summary preliminary information about purchase consideration and identifiable assets acquired and liabilities assumed:

	(in thousands)
Cash paid for acquisition	\$ 569,412
Deferred payment	16,861
Total fair value of consideration given	\$ 586,273
Cash and Cash Equivalents	\$ 24,387
Accounts Receivable, Net	37,597
Loans Receivable	2,481
Lease Merchandise, Net	604,157
Merchandise Inventories, Net	92,856
Prepaid Expenses and Other Assets	127,600
Assets Held for Sale	16,646
Property, Plant and Equipment, Net	147,025
Operating Lease Right-of-Use Asset	423,157
Income Tax Receivable	7,359
Total assets acquired	1,483,265
Accounts Payable and Accrued Expenses	270,630
Deferred Income Taxes Payable	85,912
Customer Deposits and Advance Payments	51,983
Operating Lease Liabilities	434,480
Other Liabilities	19,998
Total liabilities assumed	863,003
Total identifiable assets acquired and liabilities assumed	620,262
Bargain Purchase Gain	<u><u>\$ (33,989)</u></u>

All assets and liabilities associated with the Acquisition were recorded at their estimated fair value. Since the estimated fair value of net asset and liabilities assumed exceeded the purchase price, the Company recorded a gain on bargain purchase as additional paid in capital in the period of acquisition.

The Company incurred \$2.5 million in transaction costs which are included in acquisition costs in the consolidated statement of operations for the period January 1, 2024 through October 3, 2024 (Predecessor). Certain employees of the Predecessor company had pre-existing employment agreements which vested upon the Acquisition. Certain success fees to service providers were also contingent on the Acquisition. A total of \$33.6 million, inclusive of employer payroll related taxes, are recorded "on the line" as these payments were solely contingent on the consummation of the transaction and are therefore not reflected as expenses in either the Predecessor or the Successor period.

The following activity related to the Acquisition were treated as non-cash activities and therefore are not presented within the consolidated statement of cash flows: 1) Gross proceeds of \$585.5 million from newly established credit agreements, net of \$24.3 million deferred financing fees; 2) Gross proceeds of \$68.0 million in additional capital contributions made by Parent; 3) disbursements totaling \$327.4 million to legacy shareholders to purchase their equity interests; 4) repayment of \$225.4 million of outstanding debt from the Predecessor; 5) payment of \$9.6 million of Seller transaction expenses; 6) \$16.9 million in transaction bonuses; and 7) payment of \$13.8 million in success fees which were included in the deferred payment and ultimately disbursed in December 2024. The Company incurred a \$6.8 million non-cash charge related to acceleration of stock-based compensation awards which were also recorded on the line. The Company also paid \$8.8 million of transaction costs on behalf of the Parent which has been recorded within additional paid in capital.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Below is a reconciliation of net proceeds from the Acquisition and opening equity:

	(in thousands)
Proceeds from terms loans	\$ 585,547
Deferred financing costs related to term loans	(24,321)
Proceeds from capital contributions	68,000
Purchase of equity interests	(324,178)
Repayment of Legacy Term Loan	(165,290)
Repayment of Legacy Revolver	(60,045)
Payment of Performance Cash Units	(3,193)
Transaction fees and expenses	(20,845)
Cash to balance sheet	55,675
Transaction bonuses paid through payroll	(7,537)
Success fee paid in December	(13,804)
Net proceeds from Acquisition	<u>\$ 34,334</u>

	(in thousands)
Capital contributions	\$ 68,000
Buyer transaction costs paid by Aaron's	(8,805)
Bargain purchase gain	33,989
Beginning equity as of October 4, 2024	<u>\$ 93,184</u>

Sale of Woodhaven

The Company classifies assets as held for sale after the following conditions have been satisfied: (1) management, having the appropriate authority, commits to a plan to sell the asset, (2) the asset is available for immediate sale in its present condition, (3) the Company has initiated an active program to sell the asset, (4) it is probable the sale of the asset will be completed within one year, (5) the asset is actively marketed for a sales price that is reasonable in relation to its current fair value, and (6) it is unlikely the plan to sell the asset will change.

On December 20, 2024, Woodhaven Furniture Industries, LLC, an indirect wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement (the "Sale Agreement") with Woodhaven Enterprises, LLC ("Purchaser"). Under the Sale Agreement, Purchaser agreed to purchase accounts receivable, inventory, and certain property, plant and equipment from the Company for \$16.6 million effective January 1, 2025.

Management determined the assets related to this sale met the criteria for classification as held for sale at October 3, 2024 and December 31, 2024. The accompanying consolidated balance sheet as of December 31, 2024 includes amounts related to this transaction under the caption Assets Held for Sale, the details of which are as follows as of December 31, 2024:

Assets held for sale	(in thousands)
Accounts Receivable, net	\$ 965
Inventories	9,292
Property, Plant and Equipment	6,388
Total	<u>\$ 16,645</u>

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: GOODWILL AND INTANGIBLES (PREDECESSOR)

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net tangible and intangible assets acquired in connection with business acquisitions. All acquisition-related goodwill balances are allocated amongst the Company's reporting units based on the nature of the acquired operations that originally created the goodwill and are comprised of the following:

- (i) Aaron's Business (a component of the Aaron's Business)
 - Aaron's branded Company-operated and franchise operated stores,
 - Aarons.com e-commerce platform ("aarons.com") and,
 - Woodhaven
- (ii) BrandsMart Leasing (a component of the Aaron's Business)
- (iii) BrandsMart (the sole component of BrandsMart)

Management considered the aggregation of the BrandsMart Leasing reporting unit and Aaron's Business reporting unit as a single reporting unit and determined that these components were economically dissimilar and reviewed separately by the managers of the Aaron's Business, and therefore should not be aggregated.

The Company's goodwill is not amortized but is subject to an impairment test at the reporting unit level annually as of October 1 and more frequently if events or circumstances indicate that an impairment may have occurred. An interim goodwill impairment test is required if the Company believes it is more likely than not that the carrying amount of its reporting unit exceeds the reporting unit's fair value.

The Company performed its annual goodwill impairment test on the goodwill balance allocated to BrandsMart Leasing and BrandsMart reporting units as of its annual testing dates, October 1, 2023 and 2024, respectively, and determined that no impairment had occurred and that the fair value of the reporting units were in excess of their carrying amounts.

Management engaged the assistance of a third-party valuation firm to perform the goodwill impairment tests mentioned above. This entailed assessments of the Aaron's Business, BrandsMart, and BrandsMart Leasing reporting units' fair values relative to their respective carrying values that were derived using a combination of both income and market approaches and by performing a market capitalization reconciliation, which included assessments of the control premiums implied from the Company's estimated fair values of its reporting units. The fair value measurements involved significant unobservable inputs (Level 3 inputs, as discussed more fully below). The income approaches utilized the discounted future expected cash flows, which required assumptions about short-term and long-term revenue growth or decline rates, operating margins, capital requirements, and a weighted-average cost of capital.

The market approaches, which includes the guideline public company methods, utilized pricing multiples derived from an analyses of comparable publicly traded companies. We believe the comparable companies we evaluate as marketplace participants serve as an appropriate reference when calculating fair value because those companies have similar risks, participate in similar markets, provide similar products and services for their customers, and compete with us directly.

The following table provides information related to the carrying amount of the Company's goodwill:

(In Thousands)	BrandsMart	BrandsMart Leasing	Total
Balance at January 1, 2023	\$ 28,193	\$ 26,517	\$ 54,710
Acquisitions	—	—	—
Currency Translation Adjustments	—	—	—
Acquisition Accounting Adjustments	1,040	—	1,040
Balance at December 31, 2023	\$ 29,233	\$ 26,517	\$ 55,750
Acquisitions	—	—	—
Currency Translation Adjustments	—	—	—
Acquisition Accounting Adjustments	—	—	—
Balance at October 3, 2024	\$ 29,233	\$ 26,517	\$ 55,750

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Definite-Lived Intangible Assets (Predecessor)

The following table summarizes information related to the Company's definite-lived intangible assets at December 31, 2023:

(In Thousands)	Predecessor December 31, 2023		
	Gross	Accumulated Amortization	Net
Customer Relationships	\$ 209	\$ (164)	\$ 45
Reacquired Franchise Rights	4,122	(2,976)	1,146
Non-Compete Agreements	256	(152)	104
Expanded Customer Base	862	(818)	44
Trade Names	108,000	(9,450)	98,550
Customer List	14,700	(6,431)	8,269
Total	\$ 128,149	\$ (19,991)	\$ 108,158

The Company's definite-lived intangible assets were acquired in connection with store-based business acquisitions, asset acquisitions of customer contracts, franchisee acquisitions, and the BrandsMart U.S.A. acquisition. The customer relationship intangible asset is amortized on a straight-line basis over a three-year estimated useful life. Reacquired franchise rights are amortized on a straight-line basis over the remaining life of the franchisee's ten-year license term. The non-compete intangible asset is amortized on a straight-line basis over the life of the agreement (generally one to five years). The expanded customer base intangible asset represents the estimated fair value paid in an asset acquisition for the ability to advertise and execute lease agreements with a larger pool of customers in the respective markets, and is generally amortized on a straight-line basis over two to six years. The trade names acquired in the BrandsMart U.S.A. acquisition are amortized over a 20-year estimated useful life, and the customer list acquired in the BrandsMart U.S.A. acquisition is amortized over a four-year estimated useful life.

Total amortization expense of the Company's definite-lived intangible assets included in other operating expenses, net in the accompanying consolidated statements of earnings (loss) was \$7.4 million and \$10.3 million during the period January 1, 2024 to October 3, 2024 and the year ended December 31, 2023, respectively.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: FAIR VALUE MEASUREMENT

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

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

(In Thousands)	Successor			Predecessor		
	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Deferred Compensation Liability	\$ —	\$ —	\$ —	\$ —	\$(10,574)	\$ —
Interest Rate Swap Asset	\$ —	\$ —	\$ —	\$ —	\$ (468)	\$ —
Assets Held for Sale	\$ —	\$ 16,645	\$ —	\$ —	\$ —	\$ —

The Company maintains The Aaron's Company, Inc. Deferred Compensation Plan, which is an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. The liability represents benefits accrued for plan participants and is valued at the quoted market prices of the participants’ investment elections, which consist of equity and debt "mirror" funds. As such, the Company has classified the deferred compensation liability as a Level 2 liability, which is recorded in accounts payable and accrued expenses in the consolidated balance sheet as of December 31, 2023. The deferred compensation plan was paid as part of the Acquisition and was not outstanding as of December 31, 2024.

In March 2023, the Company entered into an interest rate swap agreement for an aggregate notional amount of \$100.0 million which is further described in Note 1 to these consolidated financial statements. The fair value of the interest rate swap agreement is derived by using widely accepted valuation techniques and reflects the contractual terms of the interest rate swap including the period to maturity and uses observable market-based inputs, including interest rate curves. The fair value associated with the interest rate swap is recorded within prepaid expenses and other assets (when the resulting fair value is an asset) or accounts payable and accrued expenses (when the resulting fair value is a liability) within the Company's consolidated balance sheets. The Company settled the swap as a result of the Acquisition and was no longer party to the arrangement as of December 31, 2024.

The Company identified assets which met the held for sale criteria related to the sale of Woodhaven. The fair value of the assets were determined based on the purchase price paid by the Purchaser.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: PROPERTY, PLANT, AND EQUIPMENT

The following is a summary of the Company's property, plant, and equipment:

(In Thousands)	Successor	Predecessor
	December 31, 2024	December 31, 2023
Land	\$ 8,560	\$ 10,043
Buildings and Improvements	7,664	44,013
Leasehold Improvements and Signs	41,576	155,912
Vehicles	35,528	103,067
Fixtures and Equipment	26,088	102,848
Software - Internal Use	29,914	164,262
Construction in Progress	8,953	8,212
	158,283	588,357
Less: Accumulated Depreciation and Amortization ¹	(13,112)	(318,524)
	<u>\$ 145,171</u>	<u>\$ 269,833</u>

¹ Includes accumulated amortization of internal-use software development costs of \$3.5 million and \$113.6 million as of December 31, 2024 (Successor) and December 31, 2023 (Predecessor), respectively.

NOTE 6: REVENUE RECOGNITION

The following table disaggregates revenue by source:

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Lease Revenues and Fees	\$ 319,296	\$ 1,019,703	\$ 1,399,514
Retail Sales	168,354	419,434	620,665
Non-Retail Sales	26,330	69,720	96,710
Franchise Royalties and Fees	5,646	17,191	22,312
Other	128	583	689
Total ¹	<u>\$ 519,754</u>	<u>\$ 1,526,631</u>	<u>\$ 2,139,890</u>

¹ Includes revenues from Canadian operations of \$3.8 million, \$12.3 million and \$17.2 million for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor), which are primarily lease revenues and fees.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lease Revenues and Fees

The Aaron's Business, which includes BrandsMart Leasing, provides lease merchandise, consisting of furniture, appliances, electronics, computers, and other home goods to their customers for lease under certain terms agreed to by the customer. The Aaron's Business segment offers leases with flexible ownership plans that can be generally renewed weekly, bi-weekly, semi-monthly, or monthly up to 12, 18 or 24 months and does not require deposits upon inception of customer agreements. The customer has the right to acquire ownership either through an early purchase option or through payment of all required lease payments through the end of the ownership plan. Aaron's also offers customers the option to obtain a membership in the Aaron's Club program. The benefits to customers of the Aaron's Club program are separated into three general categories: (a) lease protection benefits; (b) health & wellness discounts; and (c) dining, shopping and consumer savings. Lease agreements offered by the Aaron's Business segment including the Aaron's Club program memberships and BrandsMart Leasing, are cancellable at any time by either party without penalty, and as such, these offerings are renewable period to period arrangements.

Lease revenues related to the leasing of merchandise and Aaron's Club membership fees are recognized as revenue in the month they are earned. Payments received prior to the month earned are recorded as deferred lease revenue, and this amount is included in customer deposits and advance payments in the accompanying consolidated balance sheets. Substantially all of the prior year deferred lease revenue was recognized in the current year according to lease terms. Lease payments due but not received prior to month end are recorded as accounts receivable in the accompanying consolidated balance sheets. Lease revenues are recorded net of a provision for returns and uncollectible renewal payments.

The Company's customer lease agreements are accounted for as operating leases. In accounting for its customer lease agreements as operating leases, the Company has considered that (1) the leases do not transfer ownership of the underlying asset to the lessee by the end of the lease term; (2) the leases do not grant the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise; (3) the lease term is not for the major part of the remaining economic life of the underlying asset; (4) the present value of the sum of the lease payments does not equal or exceed substantially all of the fair value of the underlying asset; and (5) the underlying asset is not of a specialized nature that it is expected to have no alternative use to the Company at the end of the lease term.

Substantially all lease revenues and fees were within the scope of ASC 842, *Leases*, for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor). Included in lease revenues and fees above, the Company had \$5.8 million, \$18.8 million and \$24.8 million of other revenue for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor), respectively, within the scope of ASC 606, *Revenue from Contracts with Customers*, which is included in lease revenues and fees in the accompanying consolidated statements of earnings (loss).

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Retail Sales

All retail sales revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*, for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor).

Aaron's Business

Revenues from the retail sale of lease merchandise to individual consumers are recognized at the point of sale and are recorded within retail sales in the accompanying consolidated statements of earnings (loss). Generally, the transfer of control occurs near or at the point of sale for retail sales. Aaron's Business retail sales are not subject to a returns policy. All retail sales revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*, for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor).

BrandsMart

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

Retail sales at the BrandsMart segment, both in store and online, are subject to the segment's 30-day return policy. Accordingly, an allowance, based on historical returns experience, for sales returns is recorded as a component of retail sales in the period in which the related sales are recorded as well as an asset for the returned merchandise. The return asset and allowance for sales returns was \$2.8 million and \$3.7 million as of December 31, 2024 (Successor) and \$2.5 million and \$3.4 million as of December 31, 2023 (Predecessor), respectively. The return asset and allowance for sales returns was recorded within prepaid and other assets and accounts payable and accrued expenses within the accompanying consolidated balance sheets, respectively.

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

Non-Retail Sales

Revenues for the non-retail sale of merchandise to Aaron's franchisees are recognized when control transfers to the franchisee, which is upon delivery of the merchandise and are recorded within non-retail sales in the accompanying statements of earnings (loss). All non-retail sales revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*, during the Successor and Predecessor periods.

Franchise Royalties and Fees

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

The Company guarantees certain debt obligations of some of the franchisees and receives guarantee fees based on the outstanding debt obligations of such franchisees. Refer to Note 10 to these consolidated financial statements for additional discussion of the franchise-related guarantee obligation. The Company also charges fees for advertising efforts that benefit the franchisees, which are recognized at the time the advertising takes place.

Substantially all franchise royalties and fee revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*. Of the franchise royalties and fees, \$4.3 million, \$13.4 million and \$17.8 million for the period from October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor) respectively, is related to franchise royalty income that is recognized as the fees become due. The remaining revenue is primarily related to advertising fees charged to franchisees. Franchise royalties and fees are recorded within franchise royalties and other revenues in the accompanying consolidated statements of earnings (loss).

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: LEASES

Lessor Information

Refer to Note 6 to these consolidated financial statements for further information about the Company's revenue generating activities as a lessor. All of the Company's customer lease agreements are considered operating leases, and the Company currently does not have any sales-type or direct financing leases.

Lessee Information

The Company leases retail store and warehouse space for most of its store-based operations, as well as corporate office space for store and e-commerce supporting functions (collectively "real estate leases"), transportation vehicles, and office equipment under operating leases expiring at various times through 2039. The Company does not record lease liability or right-of-use assets for any leases that have a lease term of under 12 months or less at commencement. For all leases in which it is a lessee, the Company has elected to include both lease and non-lease components as a single component and account for it as a lease. Operating lease costs are recorded on a straight-line basis and are primarily classified within other operating expenses, net in the consolidated statements of earnings (loss).

Real Estate Leases

Most of the Company's real estate leases contain renewal options for additional periods ranging from one to 20 years. At lease inception or upon modification, the Company does not consider renewal options to be reasonably certain for exercise except for leases associated with restructuring programs described in Note 11 to these consolidated financial statements. Additionally, renewal option rental rates are in line with market rates and do not include significant penalties or business disruptions if the Company elects not to exercise. Leases related to restructuring programs variable occupancy costs that continue to be incurred after the impairment of operating lease right-of-use assets are recognized within restructuring expenses, net in the consolidated statements of earnings (loss).

Residual Value Guarantees

Real estate and office equipment leases do not contain any material residual value guarantees; however, vehicle leases include a residual value that is guaranteed to the lessor, which ensures that the vehicles will be returned to the lessor in reasonable working condition.

Other Lease Information

The Company did not have any finance lease costs in 2024 or 2023. The Company's total operating lease costs are comprised of the following:

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Operating Lease cost:			
Non-Cash Lease Expense classified within Other Operating Expenses, Net ¹	\$ 31,016	\$ 90,810	\$ 118,759
Non-Cash Lease Expense classified within Restructuring Expenses, Net ²	463	147	851
Sublease Receipts ³	(315)	(1,007)	(1,663)
Total Operating Lease cost	\$ 31,164	\$ 89,950	\$ 117,947

¹ Includes short-term and variable lease costs, which are not significant. Short-term lease expense include lease terms of greater than one month, but not greater than 12 months.

² Excludes right-of-use asset impairment charges of \$0.2 million, \$2.1 million and \$3.1 million recognized during the period October 4, 2024 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor), and the year ended December 31, 2023 (Predecessor), respectively, which were recognized within restructuring expenses, net in the consolidated statements of earnings (loss) and within impairment of assets in the consolidated statements of cash flows.

³ The Company has anticipated future sublease receipts from executed sublease agreements of \$1.2 million in 2025, \$0.6 million in 2026, \$0.4 million in 2027, \$0.2 million in 2028, \$0.1 million in 2029, and \$0.1 million thereafter.

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Additional information regarding the Company's leasing activities is as follows:

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Cash paid for amounts included in measurement of Operating Lease Liabilities	\$ 28,781	\$ 97,556	\$ 130,221
Right-of-Use Assets obtained in exchange for new Operating Lease Liabilities	\$ 13,973	\$ 62,759	\$ 114,564

The Company uses its incremental borrowing rate as the discount rate for its leases, as the implicit rate in the lease is not readily determinable. Below is a summary of the weighted-average discount rate and weighted-average remaining lease term for operating leases:

	Successor		Predecessor	
	December 31, 2024		December 31, 2023	
	Weighted Average Discount Rate ¹	Weighted Average Remaining Lease Term (in years)	Weighted Average Discount Rate	Weighted Average Remaining Lease Term (in years)
Operating Leases	9.1 %	5.6	4.7 %	6.0

The table below is a summary of undiscounted operating lease liabilities that have terms in excess of one year and reconciles to the present value of the operating lease liabilities included in the consolidated balance sheets as of December 31, 2024.

(In Thousands)	Total
2025	\$ 122,548
2026	106,752
2027	91,442
2028	70,045
2029	48,093
Thereafter	105,966
Total Future Undiscounted Cash Flows	544,846
Less: Interest	118,859
Present Value of Lease Liabilities	<u>\$ 425,987</u>

The Company entered into three sale and leaseback transactions during the period January 1, 2024 to October 3, 2024. The 2024 transactions related to six Company-owned Aaron's store properties. Net proceeds from the 2024 (predecessor) sale was \$9.0 million. The Company recognized gains of \$5.2 million in 2024 (predecessor).

The Company entered into one sale and leaseback transaction during the year ended December 31, 2023. The 2023 transaction related to five Company-owned properties. Net proceeds from the sale was \$9.1 million. The Company recognized gains of \$5.4 million in 2023.

Proceeds are presented within proceeds from dispositions of property, plant, and equipment in the consolidated statement of cash flows. Gains are classified within other operating expenses, net in the consolidated statements of earnings (loss).

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NOTE 8: INDEBTEDNESS

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

(In Thousands)	Successor	Predecessor
	December 31, 2024	December 31, 2023
Loan Facility	\$ 399,065	\$ —
Term Loan	84,313	—
Inventory ABL	67,677	—
Overadvance Facility	38,500	—
Revolving Facility	—	25,000
Legacy Term Loan, Due in Installments through April 2027	—	168,963
Total Debt¹	\$ 589,555	\$ 193,963

¹ Includes unamortized debt issuance costs of \$22.9 million and \$0.6 million at December 31, 2024 (Successor) and December 31, 2023 (Predecessor). The Company has included \$1.7 million related to the warrant issued with the debt as a debt discount as of December 31, 2024. The Company has included \$2.2 million of debt issuance costs as of December 31, 2023 related to the revolving credit facility within prepaid expenses and other assets in the consolidated balance sheets.

Successor

Master Loan and Security Agreement (Loan Facility)

During October 2024, the Company entered into a \$425.0 million master loan and security agreement (the "Loan Facility") in relation to and upon closing of the Acquisition. The Loan Facility operates as a credit facility that allows the Company to purchase assets and is secured by the Company's lease agreements and related lease merchandise. The Loan Facility has a maturity date of September 30, 2028. In the event the Company is unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the debt obligations under the Loan Facility, which would be immediately due in full upon an event of default.

Borrowings under the Loan Facility bear interest at a rate per annum as follows: (1) for Class A Advances, the greater of 6.5% and the Term SOFR plus the Class A applicable margin (4.5%); for Class A ABR Advances, the greater of 6.5% and the ABR plus the Class A applicable margin (4.5%); (2) for Class B-1 Advances, the greater of 11.0% and the Term SOFR plus the Class B-1 applicable margin (9.0%); for Class B-1 ABR Advances, the greater of 11.0% and the ABR plus the Class B-1 applicable margin (9.0%); (3) for Class B-2 Advances, the greater of 14.5% and the Term SOFR plus the Class B-2 applicable margin (12.5%); for Class B-2 ABR Advances, the greater of 14.5% and the ABR plus the Class B-2 applicable margin (12.5%); and (4) for Class C Advances, the greater of 16.75% and the Term SOFR plus the Class C applicable margin (14.75%); for Class C ABR Advances, the greater of 16.75% and the ABR plus the Class C applicable margin (14.75%). The effective interest rate of the Loan Facility was 13.08% for the period October 4, 2024 to December 31, 2024 (Successor).

As of December 31, 2024, \$399.1 million was outstanding under the Master Loan Facility.

Term Loan Agreement (Term Loan)

During October 2024, the Company entered into a \$125.0 million term loan agreement (the "Term Loan") in relation to and upon closing of the Acquisition. The Term Loan operates as a credit facility that allows the Company to purchase assets and is secured by the Company's property and interests that are not pledged on a first lien basis. The term loan has a maturity date of October 1, 2029.

In connection with the Term Loan Agreement, IQV Holdco ("Holdco"), an indirect subsidiary of IQV, issued Warrants to certain lenders under the Term Loan ("Warrant Holders"). The Warrants have a 10-year exercise period and are exercisable into Class W Units of Holdco, LLC (the "Class W Units") at the option of the Warrant Holder. The Warrants had a fair value \$1.7 million when issued. While the Company is not party to the Warrants arrangements, the Warrants were issued as an inducement to the Warrant Holders. Management determined this inducement represented a financing cost of obtaining the Term Loan. The Company recorded the fair value of the Warrants as a reduction of the Term Loan carrying value with an offset to additional paid in capital.

In the event the Company is unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the debt obligations under the Term Loan, which

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would be immediately due in full upon an event of default. Borrowings under the Term Loan bear interest at a fixed rate per annum of 16.50%. The effective interest rate of the Term Loan was 16.08% for the period October 4, 2024 to December 31, 2024.

As of December 31, 2024, \$84.3 million was outstanding under the Term Loan.

Credit Agreement (Inventory ABL)

During October 2024, the Company entered into a \$120.0 million credit agreement (the "Inventory ABL") in relation to and upon closing of the Acquisition. The Inventory ABL operates as a credit facility that allows the Company to purchase assets and is secured by the Company's merchandise inventory related to its BrandsMart facilities and inventory related to its Aaron's Company facilities. The Inventory ABL has a maturity date of October 1, 2027.

In the event the Company is unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the debt obligations under the Inventory ABL, which would be immediately due in full upon an event of default. Borrowings under the Inventory ABL bear interest at a rate per annum of SOFR plus 5.00%. The effective interest rate of the Inventory ABL was 11.19% for the period October 4, 2024 to December 31, 2024.

As of December 31, 2024, \$67.7 million was outstanding under the Inventory ABL.

Master Loan and Security Agreement (Overadvance Facility)

During October 2024, the Company entered into a \$40.0 million master loan and security agreement (the "Overadvance Facility") in relation to and upon closing of the Acquisition. The Overadvance Facility operates as a credit facility that allows the Company to purchase assets and is secured by a second lien on the Company's leases and lease merchandise that secure the Loan Facility. The Overadvance Facility has a maturity date of September 30, 2028.

In the event the Company is unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the debt obligations under the Overadvance Facility, which would be immediately due in full upon an event of default.

Borrowings under the Overadvance Facility bear interest at a rate per annum as follows: (1) for Class A Advances, the greater of 16.8% and the Term SOFR plus the Class A applicable margin (14.8%); for Class A ABR Advances, the greater of 16.8% and the ABR plus the Class A applicable margin (14.8%); (2) for Class B Advances, the greater of 16.8% and the Term SOFR plus the Class B applicable margin (14.8%); for Class B ABR Advances, the greater of 16.8% and the ABR plus the Class B applicable margin (14.8%). The effective interest rate of the Inventory ABL was 18.85% for the period October 4, 2024 to December 31, 2024.

As of December 31, 2024, \$38.5 million was outstanding under the Overadvance Facility.

Financial covenants

The Loan Facility, Overadvance Facility, and Term Loan contain customary financial covenants including (a) minimum Interest Coverage Ratio of 1.15 to 1.00, (b) maximum Leverage Ratio for each respective fiscal quarter as outlined in the agreement, (c) minimum liquidity of at least \$30.0 million, and a (d) minimum Tangible Asset Coverage Ratio of 1.15 to 1.00. In addition, the Term Loan contains an additional financial covenant for a minimum Portfolio Value of at least \$310 million in merchandise book value on a rolling four month average at the end of each calendar month.

The Inventory ABL has a financial covenant which includes (a) minimum Availability which must be less than the greater of \$10.0 million or 10.0% of the borrowing base as defined in the agreement.

If the Company fails to comply with these covenants, the Company will be in default under these agreements, and all borrowings outstanding could become due immediately. Under the Loan Facility, the Company may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, the Company maintains compliance with its financial covenants and no event of default has occurred or would result from the payment. The Company is not aware of any violations of these covenants as of December 31, 2024.

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The table below shows all scheduled maturities for borrowings outstanding under the Loan Facility, Overadvance Loan, Term Loan and Inventory ABL as of December 31, 2024:

(In Thousands)	Total
2027	\$ 69,098
2028	455,093
2029	90,000
Total	\$ 614,191

Predecessor

Revolving Credit Facility and Legacy Term Loan

To finance the BrandsMart U.S.A. acquisition, on April 1, 2022 the Company entered into a new unsecured credit facility (the "Credit Facility") which replaced its previous \$250 million unsecured credit facility. The Credit Facility provides for a \$175 million term loan (the "Legacy Term Loan") and a \$375 million revolving credit facility (the "Revolving Facility"), which includes (i) a \$35 million sublimit for the issuance of letters of credit on customary terms, and (ii) a \$35 million sublimit for swing line loans on customary terms. The Company pays a commitment fee on unused balances related to the revolving facility, which ranges from 0.20% to 0.30% as determined by the Company's ratio of total net debt to EBITDA (as defined by the agreement). All borrowings for swing line loans under the Revolving Facility are short-term in nature. The weighted average interest rate on the outstanding short-term borrowings as of December 31, 2023 under the Revolving Facility was 7.08%.

On April 1, 2022, the Company borrowed \$175 million under the Legacy Term Loan and \$117 million under the Revolving Facility to finance the purchase price for the BrandsMart U.S.A. acquisition and other customary acquisition and financing-related closing costs and adjustments. As of December 31, 2023, \$169.5 million and \$25 million remained outstanding under the Legacy Term Loan and Revolving Facility, respectively. The Legacy Term Loan and Revolving Facility were repaid on October 3, 2024.

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

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

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

Franchise Loan Facility Amendment

On April 1, 2022, the Company also entered into a new \$12.5 million unsecured franchise loan facility (the "Franchise Loan Facility"), which replaced its previous \$15.0 million amended and restated unsecured franchise loan facility dated as of November 10, 2021. The Franchise Loan Facility operates as a guarantee by the Company of certain debt obligations of certain Aaron's franchisees (the "Borrower") under a franchise loan program.

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In the event these franchisees are unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the franchisees' debt obligations under the Franchise Loan Facility, which would be due in full within 90 days of such event of default. Borrowings under the Franchise Loan Facility bear interest at a rate per annum equal to SOFR plus an applicable margin ranging between 1.50% and 2.25%, based on the Company's Total Net Debt to EBITDA Ratio (as defined in the Franchise Loan Facility). The Franchise Loan Facility is available for a period of 364 days commencing on April 1, 2022, and permits the Borrower to request extensions for additional 364-day periods. As of December 31, 2023, the Franchise Loan Facility has a total commitment amount of \$10.0 million and a maturity date of March 30, 2024, due to amendments executed in 2023. On February 23, 2024, the Company amended its Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility (described above), and to extend the maturity date to March 29, 2025. Franchise Loan Facility was repaid on October 3, 2024.

Financial Covenants

The Credit Facility and the Franchise Loan Facility contain customary financial covenants including (a) a maximum Total Net Debt to EBITDA Ratio of 2.75 to 1.00 and (b) a minimum Fixed Charge Coverage Ratio of 1.75 to 1.00.

If the Company fails to comply with these covenants, the Company will be in default under these agreements, and all borrowings outstanding could become due immediately. Under the Credit Facility and Franchise Loan Facility, the Company may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, the Company maintains compliance with its financial covenants and no event of default has occurred or would result from the payment. The Company was in compliance with all of these covenants at December 31, 2023.

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NOTE 9: INCOME TAXES

On October 3, 2024, the Parent acquired the Company in a stock acquisition for federal and state income tax purposes. In connection with business combination accounting, the Company recorded a deferred tax asset of \$58.3 million related to fair value measurement which was primarily related to an increase in book basis for lease merchandise and a decrease in book basis for goodwill and intangibles. The deferred tax impact of these adjustments was an increase in the deferred tax liability for lease merchandise and an increase in the deferred tax asset for goodwill and intangibles. The \$58.3 million deferred tax asset was offset by an increase to the valuation allowance of \$72.3 million. The increase in net deferred tax liabilities of \$14.0 million was offset by a reduction of the bargain purchase gain. It should be noted the tax basis of assets and liabilities did not change but remained as the predecessor's carryover basis due to the stock acquisition.

The following is a summary of the Company's income tax (benefit) expense:

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Current Income Tax (Benefit) Expense:			
Federal	\$ (1,728)	\$ 4,054	\$ 3,697
State	441	582	3,786
Foreign	(225)	214	(162)
	(1,512)	4,850	7,321
Deferred Income Tax Benefit:			
Federal	(6,340)	(12,115)	(3,411)
State	879	(1,638)	(8,067)
Foreign	836	—	276
	(4,625)	(13,753)	(11,202)
Income Tax (Benefit) Expense	\$ (6,137)	\$ (8,903)	\$ (3,881)

Significant components of the Company's deferred income tax liabilities and assets are as follows:

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	Successor	Predecessor
(In Thousands)	December 31, 2024	December 31, 2023
Deferred Tax Liabilities:		
Lease Merchandise and Property, Plant and Equipment	\$ 107,943	\$ 151,687
Operating Lease Right-of-Use Assets	99,754	116,372
Prepaid Expenses	3,251	4,578
Other, Net	4,796	5,476
Total Deferred Tax Liabilities	215,744	278,113
Deferred Tax Assets:		
Goodwill and Other Intangibles	75,562	49,104
Accrued Liabilities	16,452	16,893
Advance Payments	11,360	11,812
Operating Lease Liabilities	105,555	126,437
Net Operating Losses	8,469	8,207
Interest Expense Limitation	6,575	—
Stock-Based Compensation	420	3,364
263A Inventory Capitalization	2,309	2,028
Other Comprehensive Income	471	449
Other, Net	1,496	1,151
Total Deferred Tax Assets	228,669	219,445
Less Valuation Allowance	67,637	412
Net Deferred Tax Liabilities	\$ 54,712	\$ 59,080

Activity in the Company's deferred tax asset valuation allowance is as follows:

	Successor	Predecessor	
(In Thousands)	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Beginning Balance	\$ 412	\$ 412	\$ —
Valuation allowance provided for taxes related to:			
Purchase accounting - federal and state	72,341	—	—
Federal	(4,746)	—	412
State	(370)	—	—
Ending Balance	\$ 67,637	\$ 412	\$ 412

The Company's effective tax rate differs from the statutory United States federal income tax rate as follows:

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	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Statutory Rate	21.0 %	21.0 %	21.0 %
Increases (Decreases) in United States Federal Taxes			
Resulting From:			
State Income Taxes, net of Federal Income Tax Benefit	(17.7)	2.4	(38.9)
Nondeductible Transaction Costs	(11.5)	—	—
Nondeductible Officers Compensation	5.9	(1.6)	(36.6)
Permanent Differences	3.9	(1.4)	(60.6)
Remeasurement of net Deferred Tax Liabilities	4.7	—	504.6
Federal Tax Credits	5.1	4.1	125.2
Stock-Based Compensation - Tax Deficiency	(11.4)	(2.8)	(89.2)
Valuation Allowance	40.8	—	(39.0)
Other, net	8.1	(2.6)	(19.7)
Effective Tax Rate	48.9 %	19.1 %	366.8 %

The net income tax benefit recognized in 2023 includes a \$5.3 million deferred income tax benefit generated by the remeasurement of state deferred tax assets and liabilities in connection with an election to file a consolidated state income tax return and a change in the expected state apportionment percentages related to an election to treat Aaron's, LLC, a subsidiary of the Company, as a corporation for income tax purposes effective January 1, 2023.

The net income tax benefit recognized during the period from October 4 to December 31, 2024 includes a \$5.1 million deferred income tax benefit related to a reduction in the valuation allowance.

At December 31, 2024, the Company had \$0.5 million of federal tax credit carryforwards which will begin to expire in 2031. In addition, at December 31, 2024, the Company had \$8.5 million of tax-effected state net operating loss carryforwards which will begin to expire in 2027 and state tax credit carryforwards of \$0.9 million which will begin to expire in 2031.

A valuation allowance has been provided where it is more likely than not that certain deferred tax assets will not be realized. As part of purchase accounting, the Company recorded a valuation allowance of \$72.3 million primarily related to goodwill and intangibles, fixed assets, and state net operating loss carryforwards. During the period from October 4 to December 31, 2024, the Company reduced the valuation allowance by \$5.1 million related to a reduction in deferred tax assets, primarily related to fixed assets. As of December 31, 2024, the valuation allowance totaled \$67.6 million.

The Company files a federal income tax return in the United States and files in various state and foreign jurisdictions. The Company filed its initial U.S. federal income tax return for the year ended December 31, 2020; currently, there are no open IRS examinations. With few exceptions, the Company is no longer subject to foreign and state and local tax examinations by tax authorities for years before 2021.

The following table summarizes the activity related to the Company's uncertain tax positions:

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	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
(In Thousands)			
Beginning Balance	\$ 566	\$ 566	\$ 439
Additions Based on Tax Positions Related to the Current Year	—	—	—
Additions for Tax Positions of Prior Years	274	—	281
Prior Year Reductions	—	—	—
Statute Expirations	(95)	—	(154)
Settlements	—	—	—
Amounts Transferred to Former Parent	—	—	—
Ending Balance	\$ 745	\$ 566	\$ 566

As of December 31, 2024 and 2023, the amount of uncertain tax benefits that, if recognized, would affect the effective tax rate is \$0.9 million and \$0.7 million, respectively, including interest and penalties.

During the period from October 4 to December 31, 2024 (Successor), the period from January 1, 2024 to October 3, 2024 (Predecessor) and the year ended December 31, 2023, the Company did not recognize any interest and penalties. The amount of accrued interest and penalties at December 31, 2024 (Successor) and December 31, 2023 (Predecessor) is not significant. The Company recognizes potential interest and penalties related to uncertain tax benefits as a component of income tax (benefit) expense.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Guarantees

Predecessor

The Company has guaranteed certain debt obligations of some of its Aaron's franchisees under a franchise loan program (the "Franchise Loan Facility") as described in further detail in Note 8 to these consolidated financial statements. The Company has recourse rights to franchisee assets securing the debt obligations, which consist primarily of lease merchandise and fixed assets. Since the inception of the franchise loan program in 1994, the Company's losses associated with the program have been insignificant. However, such losses could be significant in a future period due to potential adverse trends in the liquidity and/or financial performance of Aaron's franchisees resulting in an event of default or impending defaults by franchisees.

The Company entered into a new Franchise Loan Facility agreement on April 1, 2022, which has been amended several times since that date. As of December 31, 2023, the Franchise Loan Facility has a total commitment amount of \$10.0 million and a commitment termination date of March 30, 2024. On February 23, 2024, the Company amended its Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility (described above), and to extend the maturity date to March 29, 2025. The Company settled the Credit Facility in relation to the Acquisition and no longer guarantees franchisee debt obligations.

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

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Legal Proceedings

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

At December 31, 2024 (Successor) and 2023 (Predecessor), the Company had accrued \$1.5 million and \$0.7 million, respectively, for pending legal and regulatory matters for which it believes losses are probable and is management's best estimate of its exposure to loss. The Company records these liabilities in accounts payable and accrued expenses in the consolidated balance sheets.

Those matters for which a loss is reasonably possible but not probable and those matters for which a reasonable estimate is not possible are not included within these estimated ranges and, therefore, the estimated ranges do not represent the Company's maximum loss exposure.

In *Jacob Atkinson v. Aaron's, LLC dba Aaron's Sales & Lease Ownership, LLC*, No. 23-2-19649, filed on October 11, 2023, currently pending in Washington state court, plaintiff alleges that the Company violated Washington's Equal Pay and Opportunity Act, RCW 49.58.110, because certain of the Company's job postings did not include a wage scale or salary range. Because the statute is new, issues including standing, applicability as to who it covers, and the constitutionality of the statutory penalty have not been determined. Plaintiff seeks injunctive and declaratory relief and also seeks certification of a putative class. An estimate of the possible loss or range of loss cannot be made with reasonable accuracy.

In *Berrin Koksall v. Douglas A. Lindsay et al.*, Civil Action No. 1:25-cv-00754-LMM (N.D. Ga.), plaintiff alleges violations of federal securities laws and a breach of fiduciary duties related to a proxy statement seeking shareholder approval of the Company's 2024 going-private transaction with IQVentures Holdings, LLC. An estimate of the possible loss or range of loss cannot be made with reasonable accuracy.

The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such losses is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. Other than as described above, there is no material pending or threatened litigation against the Company that remains outstanding as of December 31, 2024.

Other Contingencies

At December 31, 2024, the Company had non-cancelable commitments primarily related to certain advertising and marketing programs, software licenses, and hardware and software maintenance of \$16.2 million. Payments under these commitments are scheduled to be \$10.7 million in 2025, \$4.2 million in 2026 and \$1.2 million thereafter.

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

NOTE 11: RESTRUCTURING

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

Operational Efficiency and Optimization Restructuring Program

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total net restructuring expenses under the Operational Efficiency and Optimization Restructuring Program related to the initiatives described above were \$0.1 million and \$9.1 million for the period from October 4, 2024 to December 31, 2024 (Successor) and the period from January 1, 2024 to October 3, 2024 (Predecessor), respectively. Such expenses were recorded within the Unallocated Corporate category for segment reporting and were comprised mainly of professional advisory fees, severance, operating lease right-of-use asset impairment charges, fixed asset impairment charges and continuing variable occupancy costs incurred related to closed stores. Management expects future restructuring expenses (reversals) due to potential early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

Since inception of the Operational Efficiency and Optimization Restructuring Program, the Company has incurred charges of \$27.3 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, continuing variable occupancy costs incurred related to closed stores, professional advisory fees, and severance related to reductions in its store support center and Aaron's Business store oversight functions.

Real Estate Repositioning and Optimization Restructuring Program

During the first quarter of 2020, the Company initiated a real estate repositioning and optimization restructuring program. This program includes a strategic plan to remodel, reposition, and consolidate our Company-operated Aaron's store footprint over the next one to two years. We believe that such strategic actions will allow Aaron's to continue to successfully serve our markets while continuing to utilize our growing aarons.com platform. Management expects that this strategy, along with our increased use of technology, will enable us to reduce store count while retaining a significant portion of our existing customer relationships as well as attract new customers. Since initiation, the program has resulted in the closure, consolidation, or relocation of over 250 Company-operated stores through 2024. This program also resulted in the closure of one administrative store support building and a further rationalization of our store support center staff, which included a reduction in employee headcount in those areas to more closely align with current business conditions.

Total net restructuring expenses under the real estate repositioning and optimization restructuring program of \$1.1 million and \$3.3 million were recorded for the period from October 4, 2024 to December 31, 2024 (Successor) and the period from January 1, 2024 to October 3, 2024 (Predecessor), respectively. Restructuring expenses were recorded within the Unallocated Corporate category for segment reporting and were comprised mainly of operating lease right-of-use asset and fixed asset impairment charges related to the vacancy or planned vacancy of stores identified for closure.

Since inception of the real estate repositioning and optimization program, the Company has incurred charges of \$75.2 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, losses recognized related to contractual lease obligations, and severance related to reductions in store support center and field support staff headcount. We expect future restructuring expenses (reversals) due to potential future early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

The following table summarizes restructuring charges incurred under the Company's restructuring programs:

(In Thousands)	Successor	Predecessor	
	Period from October 4, 2024 to December 31, 2024	Period from January 1, 2024 to October 3, 2024	Year Ended December 31, 2023
Right-of-Use Asset Impairment	\$ 174	\$ 2,275	\$ 3,121
Operating Lease Charges	828	4,303	7,129
Fixed Asset Impairment	59	2,025	967
Severance	115	2,948	2,096
Professional Advisory Fees	3	617	1,720
Other Expenses	33	374	665
Gain on Sale of Store Properties	—	(105)	(101)
Total Restructuring Expenses, Net	\$ 1,212	\$ 12,437	\$ 15,597

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(In Thousands)	Successor		
	Severance	Operating Lease Charges ¹	Professional Advisory Fees
Balance at October 4, 2024	\$ 40	\$ 93	\$ 19
Restructuring Charges	115	828	3
Payments	(75)	(538)	(20)
Balance at December 31, 2024	\$ 80	\$ 383	\$ 2

(In Thousands)	Predecessor		
	Severance	Operating Lease Charges ¹	Professional Advisory Fees
Balance at December 31, 2023	\$ 171	\$ 849	\$ 4
Restructuring Charges	2,948	3,922	617
Payments	(3,079)	(4,678)	(602)
Balance at October 3, 2024	\$ 40	\$ 93	\$ 19

¹ Operating lease charges payable at December 31, 2024 relate to accrued maintenance charges at various properties vacated in conjunction with the restructuring programs discussed herein. These liabilities are included within Accounts Payable and Accrued Expenses in the consolidated balance sheets. All other operating lease charges incurred during the year ended December 31, 2024 were expensed as incurred and are not reflected in this table as they do not impact the restructuring accrual.

NOTE 12: STOCK COMPENSATION (Predecessor)

Description of Plans

The Company granted stock options, RSUs, RSAs and PSUs to certain employees and directors of the Company under the 2020 Equity and Incentive Plan ("the 2020 Plan"). The 2020 Plan was approved by the Company's Board of Directors on November 11, 2020 and subsequently amended and restated with shareholder approval on August 25, 2021 to increase the number of shares available under the 2020 Plan. Beginning in 2021, as part of the Company's long-term incentive compensation program and pursuant to the Company's 2020 Plan, the Company granted a mix of stock options, RSUs, RSAs and PSUs to eligible employees and directors. The 2020 Plan was terminated upon closing of the Acquisition.

Stock-based Compensation Expense

The Company elected a policy to estimate forfeitures in determining the amount of stock compensation expense. Total long-term incentive stock-based compensation expense recognized by the Company was \$8.1 million and \$11.9 million for the period from January 1, 2024 to October 3, 2024 and the year ended December 31, 2023, respectively. These costs were included as components of personnel costs, separation costs, and retirement charges, as applicable, in the consolidated statements of earnings (loss).

The total income tax benefit recognized in the consolidated statements of earnings (loss) for stock-based compensation arrangements was \$2.2 million and \$2.9 million for the period ended October 3, 2024 and the year ended December 31, 2023, respectively. For the period January 1, 2024 to October 3, 2024 and the year ended December 31, 2023, compensation cost exceeded the tax deduction resulting in recognition of a tax deficiency of \$2.4 million and \$0.9 million, respectively. Tax deficiencies and benefits related to compensation cost are included within operating cash flows.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Options

Under the 2020 Plan, options granted became exercisable after a period of one to three years and unexercised options lapsed 10 years after the date of the grant. The vesting schedules of converted awards were unchanged by the conversion. Unvested options were subject to forfeiture upon termination of service. The Company recognized compensation expense for options that had a graded vesting schedule on a straight-line basis over the requisite service period. Upon stock option exercises, shares were to be issued by the Company with common stock or from its treasury shares, based on treasury share availability.

The Company determined the fair value of stock options on the grant date using a Black-Scholes-Merton option pricing model that incorporated expected volatility, expected option life, risk-free interest rates and expected dividend yields. The expected volatility was based upon a time-weighted average of the Company's historical life-to-date volatility and the historical volatility of a group of similar peers over the most recent period generally commensurate with the expected estimated life of each respective grant, as well as implied volatilities from traded options on the Company's stock. The expected life of the options was derived utilizing the simplified method, which finds the midpoint of the vesting date and the end of the contractual term. The risk-free interest rates were determined using the implied yield available for zero-coupon U.S. Treasury STRIPS that had a term equal to the expected life of the grant. The expected dividend yields were based on the approved annual dividend rate and market price of the underlying common stock at the time of grant.

The Company granted no stock options during the period January 1, 2024 to October 3, 2024 and 273,000 stock options during the year ended December 31, 2023, respectively. The weighted-average fair value of options granted and the weighted-average assumptions used in the Black-Scholes-Merton option pricing model for the 2023 grants were as follows:

	Predecessor December 31, 2023
Dividend Yield	4.17 %
Expected Volatility	53.86 %
Risk-free Interest Rate	4.17 %
Expected Term (in years)	6.0
Fair Value of Stock Options Granted	\$ 4.58

The tables below summarize the Company's stock option activity for the period from January 1, 2024 to October 3, 2024 (Predecessor) and for the period from January 1, 2023 to December 31, 2023 (Predecessor):

	Options (In Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Thousands)	Weighted Average Fair Value
Outstanding at January 1, 2024	1,121	\$ 14.66			
Granted	—	—			
Exercised	(3)	7.86		6	
Forfeited/expired	(16)	21.56			
Outstanding at October 3, 2024	<u>1,102</u>	14.65	5.86	\$ 359	\$ 5.76

	Options (In Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Thousands)	Weighted Average Fair Value
Outstanding at January 1, 2023	879	\$ 15.45			
Granted	273	12.00			
Exercised	(8)	10.78			
Forfeited/expired	(23)	14.80			
Outstanding at December 31, 2023	<u>1,121</u>	14.66	6.61	\$ 527	\$ 5.77
Expected to Vest	<u>400</u>	15.61	8.17	—	6.44
Exercisable at December 31, 2023	<u>708</u>	14.16	5.42	527	5.40

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aggregate intrinsic value amounts in the table above represent the closing price of the Company's common stock on October 3, 2024 in excess of the exercise price, multiplied by the number of in-the-money stock options as of that same date. Options outstanding that are expected to vest are net of estimated future option forfeitures.

192,000 options with a total grant-date fair value vested during the period January 1, 2024 to October 3, 2024 was \$1.4 million.

As part of the Acquisition, each outstanding stock option was accelerated and became fully vested (to the extent not yet vested) and cancelled and converted into the right to receive cash payment equal to the product of (i) the total number of Company common stock subject to stock option multiplied by (ii) the excess, if any, of the merger consideration over the applicable exercise price per share, provided that each stock option that had an exercise price per share that was equal to or greater than the merger consideration was cancelled for no consideration.

Restricted Stock

Restricted stock units or restricted stock awards (collectively, "restricted stock") were granted to employees and directors under the 2020 Plan and typically vested over one to three-year periods. Restricted stock grants were settled in stock and were subject to one or more objective employment, performance or other forfeiture conditions as established at the time of grant. The Company generally recognized compensation expense for restricted stock with a graded vesting schedule on a straight-line basis over the requisite service period as restricted stock was not subject to performance metrics. Upon vesting, shares were issued by the Company with common stock or from its treasury shares, based on treasury share availability. Any shares of restricted stock that were forfeited became available for issuance. Certain unvested time-based restricted stock awards entitled participants to vote and accrue dividends, if declared by the Board of Directors, during the vesting period. The accrued dividends for these awards were forfeitable upon termination prior to vesting.

The Company granted 553,000 and 683,000 shares of restricted stock at a weighted-average fair value of \$7.34 and \$11.99 during the period January 1, 2024 to October 3, 2024 and year ended December 31, 2023, respectively. The following table summarizes information about restricted stock activity for the period January 1, 2024 to October 3, 2024:

	Restricted Stock (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2024	1,104	\$ 16.44
Granted	553	7.34
Vested	(466)	19.61
Forfeited/unearned	(65)	14.27
Non-vested at October 3, 2024	<u>1,126</u>	<u>13.40</u>

The total vest-date fair value of restricted stock described above that vested was \$3.8 million during the year ended December 31, 2024. As part of the Acquisition, each outstanding restricted stock unit became fully vested (to the extent not yet vested), cancelled, and converted into the right to receive a cash payment equal to the merger consideration. Each restricted stock award was modified and converted to a restricted cash unit award. See Note 13: Compensation Arrangements.

Performance Share Units

For performance share units granted prior to December 31, 2021, the number of shares earned was determined at the end of a one-year performance period based upon achievement of various Company-specific performance criteria, which have included adjusted EBITDA, revenue, adjusted pre-tax profit and return on capital metrics. When the performance criteria were met, the award was earned and one-third of the award vests. Another one-third of the earned award was subject to an additional one-year service period and the remaining one-third of the earned award was subject to an additional two-year service period. For performance share units granted during the year ended December 31, 2023, the number of shares earned was determined at the end of a three-year performance period based upon the average achievement of Company-specific adjusted EBITDA metrics for each of the three performance years. When the performance criteria were met, the award was earned and cliff vested.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of performance share units with Company-specific performance criteria was based on the fair market value of common stock on the date of grant. The compensation expense associated with performance share units with a graded vesting schedule was amortized on an accelerated basis over the vesting period and performance share units with a cliff vesting schedule were amortized on a straight-line basis over the requisite service period based on the projected assessment of the level of performance that was achieved and earned. In the event the Company determined it is no longer probable that the minimum Company-specific performance criteria specified in the plan would be achieved, all previously recognized compensation expense was reversed in the period such a determination is made.

During the period January 1, 2024 to October 3, 2024 and the year ended December 31, 2023, the Company also issued performance share units with a relative total shareholder return ("TSR") component. For the TSR performance share units, the number of shares earned was determined based on the Company's share price performance relative to a specified peer group's stock performance at the end of a three-year performance period. When the market-based performance criteria were met, the TSR performance share units would cliff vest.

The fair value of each TSR performance share unit was determined using a Monte Carlo simulation. The compensation expense associated with performance share units with a cliff vesting schedule was amortized on a straight-line basis over the requisite service period and was based upon the assumption of 100% achievement of the TSR goal. In the event that the market-based performance criteria was not achieved, the TSR awards did not vest; however the compensation expense associated with TSR awards was not reversed even if the threshold level of TSR was not achieved.

The assumptions used in the Monte Carlo valuation for the TSR performance share units granted during the period January 1, 2024 to October 3, 2024 and the year ended December 31, 2023 were as follows:

	Predecessor	Predecessor
	October 3, 2024	December 31, 2023
Risk-free Interest Rate	4.31 %	4.61 %
Expected Dividend Yield	6.91 %	4.17 %
Expected Volatility	49.72 %	57.35 %
Expected Term (in years)	2.82 years	2.82 years
Fair Value of TSR Performance Share Units Granted	\$ 6.50	\$ 15.81

Upon vesting, all performance share units were issued by the Company with common stock or from its treasury shares, based on treasury share availability. The number of performance-based shares potentially issued ranged from zero to 200% of the target award. The vesting schedules and performance achievement levels of converted awards were unchanged by the conversion.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company granted 444,000 and 398,000 performance share units at weighted-average fair values of \$9.02 and \$13.91 during the period January 1 to October 3, 2024 and the year ended December 31, 2023, respectively. The following table summarizes information about the Company's performance share unit activity during the period ended October 3, 2024:

	Performance Share Units (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2024	648	\$ 16.18
Granted	444	9.02
Vested	(75)	13.49
Forfeited/unearned	(17)	14.00
Non-vested at October 3, 2024	<u>1,000</u>	<u>13.14</u>

The total vest-date fair value of performance share units described above that vested during the period was \$0.5 million and \$2.3 million during the period January 1 to October 3, 2024 and the year ended December 31, 2023, respectively. As part of the Acquisition, each outstanding performance share unit became vested with respect to the target number of performance units subject to such award, and each vested award was cancelled and converted into the right to receive cash in an amount equal to that number of vested units covered by such award multiplied by \$1.00 per unit.

Employee Stock Purchase Plan

Effective November 30, 2020, the Company's Board of Directors approved the Employee Stock Purchase Plan (the "2020 ESPP"), which is a tax-qualified plan under Section 423 of the Internal Revenue Code. The 2020 ESPP was subsequently amended and restated with shareholder approval on May 3, 2023 in the form of The Aaron's Company, Inc. Amended and Restated Employee Stock Purchase Plan (the "A&R ESPP") to:

- Increase the Share Reserve from 200,000 to 1,050,000;
- Allow participation of highly compensated employees of the Company or a subsidiary who are subject to the disclosure requirements of Section 16(a) of the Securities and Exchange Act of 1934 ("Section 16 officers"); and
- Remove the requirement that employees must hold shares of Common Stock purchased for one year prior to exercise.

The purpose of the A&R ESPP is to encourage ownership of the Company's common stock by eligible employees. Eligible employees are allowed to purchase common stock of the Company during six-month offering periods at the lower of: (a) 85% of the closing trading price per share of the common stock on the first trading date of an offering period in which a participant is enrolled; or (b) 85% of the closing trading price per share of the common stock on the last day of an offering period. Employees participating in the A&R ESPP can contribute up to an amount not exceeding 10% of their base salary and wages up to an annual maximum of \$25,000 in total fair market value of the common stock. The first offering period began on January 1, 2021. On October 3, 2024, the aggregate number of shares of common stock that may be issued under the A&R ESPP was 800,890.

The compensation cost is measured on the grant date based on eligible employees' expected withholdings and is recognized over each six-month offering period. During the period January 1 to October 3, 2024 and the year ended December 31, 2023, the Company issued 35,545 and 34,092, shares to employees under the A&R ESPP at a weighted average purchase price of \$8.48 and \$9.25, respectively. Total compensation cost recognized in connection with the A&R ESPP was \$0.1 million, and \$0.1 million during the period January 1 to October 3, 2024 and the year ended December 31, 2023, respectively and are included as a component of personnel costs in the consolidated statements of earnings (loss). The A&R ESSP was terminated effective immediately prior to the effective time of the Acquisition.

NOTE 13: COMPENSATION ARRANGEMENTS

Deferred Compensation (Predecessor)

The Company maintained The Aaron's Company, Inc. Deferred Compensation Plan, which was an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. On a pre-tax basis, eligible employees could defer receipt of up to 75% of their base compensation and up to 75% of their incentive pay compensation, and eligible non-employee directors could defer receipt of up to 100% of their cash and stock director fees. The plan was terminated on October 16, 2024 and account distributions were paid to participants on November 15, 2024.

Compensation deferred under the plan was recorded as a deferred compensation liability, which was recorded in accounts payable and accrued expenses in the consolidated balance sheets. The deferred compensation plan liability was \$10.9 million and \$10.6 million as of October 3, 2024 and as of December 31, 2023, respectively. Liabilities under the plan were recorded at amounts due to participants, based on the fair value of participants' selected investments, which consist of equity and debt "mirror" funds. The obligations were unsecured general obligations of the Company and the participants had no right, interest or claim in the assets of the Company, except as unsecured general creditors. The Company established a rabbi trust to fund obligations under the plan primarily with company-owned life insurance policies. The value of the assets within the rabbi trust, which was primarily the cash surrender value of the life insurance, was \$17.1 million and \$15.2 million as of October 3, 2024 and as of December 31, 2023, respectively, and was included in prepaid expenses and other assets in the consolidated balance sheets. The Company recorded a gain of \$1.4 million and \$1.9 million during the period January 1, 2024 to October 3, 2024 and during year ended December 31, 2023, respectively, related to changes in the cash surrender value of the life insurance plans. These gains were recorded within other non-operating (expense) income, net in the consolidated statements of earnings (loss).

Benefits of \$1.7 million and \$0.7 million were paid to plan participants during the period January 1 to October 3, 2024 and during the year ended December 31, 2023, respectively. The terms of The Aaron's Company, Inc. deferred compensation plan included a discretionary match. The match allowed eligible employees to receive 100% matching by the Company on the first 3% of contributions and 50% on the next 2% of contributions for a total of a 4% match. The annual match did not exceed \$13,200 and \$13,200 for an individual employee for 2024 and 2023, respectively, and was subject to a three-year cliff vesting schedule. Deferred compensation expense for the matching contributions was not significant during the periods presented herein.

401(k) Defined Contribution Plan

The Company maintains a 401(k) retirement savings plan for employees who meet certain eligibility requirements. The Aaron's Company, Inc. 401(k) savings plan allows employees to contribute up to 75% of their annual compensation in accordance with federal contribution limits with 100% matching by the Company on the first 3% of compensation and 50% on the next 2% of compensation for a total of a 4% match. The Company's expense related to the plan was \$1.5 million during the period October 4, 2024 to December 31, 2024 (Successor), \$4.8 million during the period January 1 to October 3, 2024 (Predecessor), and \$6.3 million in during the year ended December 31, 2023 (Predecessor).

Incentive Plan

In March 2024, the Company established an incentive plan whereby the Company issues restricted cash unit awards to certain employees which provide for cash payments subject to the employee's continued employment. The restricted cash unit awards generally vest 33% annually over a three year period. Expense is recognized over the requisite service period on a straight-line methodology. The Company also issues performance cash unit awards to certain employees which provide for cash payments if certain performance metrics are achieved subject to the employee's continued employment. The performance cash unit awards generally vest 33% annually over a three-year period. No compensation expense is recognized for performance awards until the performance criteria are met, at which point the Company will cumulatively record expense for the service period completed.

As part of the Acquisition, 824,000 restricted stock awards were modified and converted to restricted cash units equal to the merger consideration that vest under the same three year period as the former restricted stock awards. The Company recognized a \$3.1 million liability included in other long-term liabilities in the consolidated balance sheet related to the modification.

The Company recognized \$0.5 million and \$0.2 million of expense, net of forfeitures, related to the incentive plan for the periods January 1, 2024 to October 3, 2024 (Predecessor) and October 4, 2024 to December 31, 2024 (Successor), respectively.

As of December 31, 2024, there was \$3.8 million of unrecognized compensation expense related to restricted cash unit awards which are expected to be recognized over a remaining weighted-average period of approximately 0.9 years.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Stock Purchase Plan (Predecessor)

See Note 12: Stock Compensation to these consolidated financial statements for more information regarding the Company's compensatory Employee Stock Purchase Plan.

NOTE 14: RELATED PARTY TRANSACTIONS

On October 3, 2024, the Company entered into a Collateral Benefactor Agreement with Hawthorn Horizon Credit Funds, LLC, Series 15 ("Hawthorn"), a wholly owned subsidiary of IQV, to have Hawthorn provide cash to Truist Bank in an amount up to \$20.0 million to serve as cash collateral for the Company's letters of credit. This amount is presented within Prepaid Expenses and Other Assets and Other Liabilities in the Consolidated Balance Sheet as of December 31, 2024. This Collateral Benefactor Agreement was subsequently amended and restated on January 3, 2025, to change the financial institution from Truist Bank to First Merchants Bank.

In return for Hawthorn providing cash collateral, the Company is required to pay certain administrative and pledged collateral fees to Hawthorn under the agreement. Total fees amounted to \$1.3 million for the period October 4, 2024 to December 31, 2024 (Successor) and are recorded in other operating expenses, net on the Company's consolidated statement of earnings (loss).

NOTE 15: SUBSEQUENT EVENTS

Management evaluated events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. The Company has evaluated subsequent events through April 30, 2025, the date the financial statements were available to be issued.

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission file number. 1-39681

THE AARON'S COMPANY, INC.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

85-2483376

(I. R. S. Employer
Identification No.)

400 Galleria Parkway SE Suite 300 Atlanta Georgia
(Address of principal executive offices)

30339-3182
(Zip Code)

Registrant's telephone number, including area code: (678) 402-3000

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

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

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to [§240.10D-1\(b\)](#). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2023 was \$300,964,232 based on the closing price of the common stock on that date as reported by the New York Stock Exchange. Solely for the purpose of this calculation and for no other purpose, the non-affiliates of the registrant are assumed to be all shareholders of the registrant other than (i) directors of the registrant, (ii) executive officers of the registrant, and (iii) any shareholder that beneficially owns 10% or more of the registrant's common stock.

As of February 23, 2024, there were 30,361,434 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2024 annual meeting of shareholders, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of The Aaron's Company, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Aaron's Company, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of earnings, comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2024 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Description of the Matter

Estimated claims liabilities costs

At December 31, 2023, the Company recorded \$64.1 million associated with its estimated claims liabilities costs, which primarily relate to workers compensation and vehicle liability insurance for the Aaron's Business segment (collectively, the estimated claims liabilities). As discussed in Note 1 to the consolidated financial statements, the estimated claims liabilities are recorded based on actual reported but unpaid claims and actuarial analysis of the projected claims run off for both reported and incurred but not reported claims. This analysis is based upon an assessment of the likely outcome or historical experience.

How We Addressed the Matter in Our Audit

Auditing the Company's estimated claims liabilities is complex and required us to involve our actuarial specialists due to the measurement uncertainty associated with the estimates and the use of various actuarial methods. The Company's analyses of the estimated claims liabilities consider a variety of factors, including the actuarial loss forecasts, company-specific development factors, and general industry loss development factors. The estimated claims liabilities are sensitive to changes in these factors.

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls over the estimated claims liabilities process. For example, we tested controls over the factors mentioned above that management used in the calculations and the completeness and accuracy of the historical claims data underlying the ultimate expected losses.

To evaluate the reserve for estimated claims liabilities, we performed audit procedures that included, among others, testing the completeness and accuracy of the underlying claims data used in the Company's actuarial analyses. Additionally, we involved our actuarial specialists to assist in our evaluation of the key factors mentioned above and management's methodologies to establish the actuarially determined ultimate expected losses and to develop a range for ultimate expected loss estimates based on independently developed assumptions, which we compared to the Company's recorded estimated claims liabilities.

*Description of the
Matter*

Valuation of Goodwill – BrandsMart and BrandsMart Leasing reporting units

As discussed in Note 3 of the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level. This requires management to estimate the fair value of the reporting units with goodwill allocated to them. The Company estimates the fair value based on a combination of the discounted cash flow method and guideline public-company method for the BrandsMart reporting unit and based on the discounted cash flow method for the BrandsMart Leasing reporting unit. As of the annual impairment testing date of October 1, 2023, the BrandsMart reporting unit goodwill balance totaled \$29.2 million and the BrandsMart Leasing reporting unit goodwill balance totaled \$26.5 million.

*How We Addressed
the Matter in Our
Audit*

Auditing management's goodwill impairment tests involved especially subjective judgments due to the significant estimation required in determining the fair value of the reporting units. In particular, the estimate of the fair value for the Company's BrandsMart and BrandsMart Leasing reporting units is sensitive to changes in assumptions such as the discount rate, and expected future net cash flows, specifically projected revenue and operating results and as it relates to the BrandsMart reporting unit capital expenditures. These assumptions are affected by expectations about future reporting unit operating performance, market and economic conditions.

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment review process. For example, we tested controls over the estimation of the fair value of the reporting unit, including the Company's controls over the valuation model, the mathematical accuracy of the valuation model and development of underlying assumptions used to estimate the fair value of the reporting units. We also tested management's review of the reconciliation of the aggregate estimated fair value of the reporting units to the market capitalization of the Company.

To test the estimated fair value of the Company's BrandsMart and BrandsMart Leasing reporting units, our audit procedures included, among others, assessing the valuation methodologies and the completeness and accuracy of the underlying data used by the Company in its analyses, including testing the significant assumptions discussed above. We compared the significant assumptions used by management to current industry and economic trends and historical trends at the reporting units. We performed sensitivity analyses over the significant assumptions to evaluate the changes in the fair value of the reporting units that would result from changes in these assumptions. We involved valuation specialists to assist in our evaluation of the valuation methodology and the significant assumptions used in determining the fair value of the reporting units. We also tested the reconciliation of the aggregate estimated fair value of the reporting units to the market capitalization of the Company.

We have served as the Company's auditor since 2020.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 29, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of The Aaron's Company, Inc.

Opinion on Internal Control over Financial Reporting

We have audited The Aaron's Company, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, The Aaron's Company, Inc. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment.

Management identified a material weakness in internal control over financial reporting in the BrandsMart segment. The design of information technology general controls ("ITGCs") related to user access, program change or appropriate segregation of duties for certain IT applications within the BrandsMart segment was not effective. This ineffective design impacted controls over the completeness and accuracy of information used in the BrandsMart segment's business process controls resulting in the impacted controls also being deemed ineffective.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of earnings, comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated February 29, 2024, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 29, 2024

Management Report on Internal Control over Financial Reporting

Management of The Aaron's Company, Inc. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in Internal Control-Integrated Framework.

Management identified a material weakness in internal control over financial reporting in the BrandsMart segment. The design of information technology general controls ("ITGCs") related to user access, program change and appropriate segregation of duties for certain IT applications within the segment was not effective. This ineffective design impacted controls over the completeness and accuracy of information used in the segment's business process controls resulting in the impacted controls also being deemed ineffective.

While this material weakness did not result in a material misstatement of our financial statements, these control deficiencies were not remediated as of December 31, 2023, and there is a reasonable possibility that it could have resulted in a material misstatement in the Company's annual or interim financial statements that would not be detected. Accordingly, we determined that this control deficiency constituted a material weakness.

As a result of this material weakness, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2023.

Our auditors, Ernst & Young LLP, an independent registered public accounting firm, have audited and reported on our consolidated financial statements and on the effectiveness of our internal control over financial reporting. Ernst & Young LLP has issued a report expressing an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. Their reports are contained in Part II, Item 8 of this Annual Report on Form 10-K.

THE AARON'S COMPANY, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
	(In Thousands, Except Share Data)	
ASSETS:		
Cash and Cash Equivalents	\$ 59,035	\$ 27,716
Accounts Receivable (net of allowances of \$9,029 in 2023 and \$8,895 in 2022)	39,782	38,191
Lease Merchandise (net of accumulated depreciation and allowances of \$411,641 in 2023 and \$431,092 in 2022)	622,262	693,795
Merchandise Inventories, Net	90,172	95,964
Property, Plant and Equipment, Net	269,833	267,457
Operating Lease Right-of-Use Assets	465,824	459,950
Goodwill	55,750	54,710
Other Intangibles, Net	108,158	118,528
Income Tax Receivable	10,363	5,716
Prepaid Expenses and Other Assets	105,397	96,436
Total Assets	\$ 1,826,576	\$ 1,858,463
LIABILITIES & SHAREHOLDERS' EQUITY:		
Accounts Payable and Accrued Expenses	\$ 292,175	\$ 264,043
Deferred Income Taxes Payable	83,217	87,008
Customer Deposits and Advance Payments	68,391	73,196
Operating Lease Liabilities	502,692	496,401
Debt	193,963	242,413
Total Liabilities	1,140,438	1,163,061
Commitments and Contingencies (Note 10)		
SHAREHOLDERS' EQUITY:		
Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at December 31, 2023 and December 31, 2022; Shares Issued: 36,656,650 at December 31, 2023 and 36,100,011 at December 31, 2022	18,328	18,050
Additional Paid-in Capital	750,751	738,428
Retained Earnings	66,202	79,073
Accumulated Other Comprehensive Loss	(1,355)	(1,396)
	833,926	834,155
Treasury Shares at Cost: 6,295,216 Shares at December 31, 2023 and 5,480,353 Shares at December 31, 2022	(147,788)	(138,753)
Total Shareholders' Equity	686,138	695,402
Total Liabilities & Shareholders' Equity	\$ 1,826,576	\$ 1,858,463

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

THE AARON'S COMPANY, INC.
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended December 31,		
	2023	2022	2021
	(In Thousands, Except Per Share Data)		
REVENUES:			
Lease Revenues and Fees	\$ 1,399,514	\$ 1,529,125	\$ 1,633,489
Retail Sales	620,665	585,624	57,568
Non-Retail Sales	96,710	110,531	128,299
Franchise Royalties and Other Revenues	23,001	24,154	26,148
	2,139,890	2,249,434	1,845,504
COSTS OF REVENUES:			
Depreciation of Lease Merchandise and Other Lease Revenue Costs	466,648	513,659	531,859
Retail Cost of Sales	471,946	474,879	38,033
Non-Retail Cost of Sales	81,977	99,123	116,123
	1,020,571	1,087,661	686,015
GROSS PROFIT	1,119,319	1,161,773	1,159,489
OPERATING EXPENSES:			
Personnel Costs	507,819	515,144	495,411
Other Operating Expenses, Net	498,019	490,143	434,491
Provision for Lease Merchandise Write-Offs	81,495	97,564	67,888
Restructuring Expenses, Net	15,597	32,717	9,218
Impairment of Goodwill	—	12,933	—
Separation Costs	201	1,204	6,732
Acquisition-Related Costs	3,638	14,616	—
	1,106,769	1,164,321	1,013,740
OPERATING PROFIT (LOSS)	12,550	(2,548)	145,749
Interest Expense	(15,512)	(9,875)	(1,460)
Other Non-Operating Income (Expense), Net	1,904	(2,320)	1,581
LOSS BEFORE INCOME TAXES	(1,058)	(14,743)	145,870
INCOME TAX (BENEFIT) EXPENSE	(3,881)	(9,463)	35,936
NET EARNINGS (LOSS)	\$ 2,823	\$ (5,280)	\$ 109,934
EARNINGS (LOSS) PER SHARE	\$ 0.09	\$ (0.17)	\$ 3.33
EARNINGS (LOSS) PER SHARE ASSUMING DILUTION	\$ 0.09	\$ (0.17)	\$ 3.26

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

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

(In Thousands)	Year Ended December 31		
	2023	2022	2021
Net Earnings (Loss)	\$ 2,823	\$ (5,280)	\$ 109,934
Other Comprehensive Income (Loss):			
Unrealized (Loss) on Derivative Instruments, net of Tax ¹	(425)	(17)	—
Foreign Currency Translation Adjustment, net of Tax ¹	466	(640)	58
Total Other Comprehensive Income (Loss)	41	(657)	58
Comprehensive Income (Loss)	\$ 2,864	\$ (5,937)	\$ 109,992

¹ For the year ended December 31, 2023, the Unrealized Loss on Derivative Instruments is presented net of a tax benefit of \$0.1 million, and the Foreign Currency Translation Adjustment is presented net of a tax benefit of \$0.3 million. The tax components of the prior year amounts are insignificant.

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

THE AARON'S COMPANY, INC.
CONSOLIDATED STATEMENTS OF EQUITY

	Treasury Stock		Common Stock						
(In Thousands, Except Per Share)	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity	
Balance, January 1, 2021	(895)	\$ (15,977)	35,100	\$ 17,550	\$ 708,668	\$ 1,881	\$ (797)	\$ 711,325	
Cash Dividends, \$0.10 per share	—	—	—	—	—	(13,269)	—	(13,269)	
Stock-Based Compensation	—	—	—	—	11,517	—	—	11,517	
Reclassification of liability awards to equity awards	—	—	—	—	1,841	—	—	1,841	
Issuance of Shares under Equity Plan	(114)	(2,729)	459	229	2,358	—	—	(142)	
Acquisition of Treasury Stock	(3,571)	(103,098)	—	—	—	—	—	(103,098)	
Net Earnings	—	—	—	—	—	109,934	—	109,934	
Foreign Currency Translation Adjustment	—	—	—	—	—	—	58	58	
Balance at December 31, 2021	(4,580)	(121,804)	35,559	17,779	724,384	98,546	(739)	718,166	
Cash Dividends, \$0.11 per share	—	—	—	—	—	(14,193)	—	(14,193)	
Stock-Based Compensation	—	—	—	—	12,814	—	—	12,814	
Issuance of Shares under Equity Plans	(165)	(3,565)	541	271	1,230	—	—	(2,064)	
Acquisition of Treasury Stock	(735)	(13,384)	—	—	—	—	—	(13,384)	
Net Loss	—	—	—	—	—	(5,280)	—	(5,280)	
Unrealized Loss on Fuel Hedge Derivative Instrument	—	—	—	—	—	—	(17)	(17)	
Foreign Currency Translation Adjustment	—	—	—	—	—	—	(640)	(640)	
Balance at December 31, 2022	(5,480)	(138,753)	36,100	18,050	738,428	79,073	(1,396)	695,402	
Cash Dividends, \$0.125 per share	—	—	—	—	—	(15,694)	—	(15,694)	
Stock-Based Compensation	—	—	—	—	12,196	—	—	12,196	
Issuance of Shares under Equity Plans	(207)	(2,536)	557	278	127	—	—	(2,131)	
Acquisition of Treasury Stock	(608)	(6,499)	—	—	—	—	—	(6,499)	
Net Earnings	—	—	—	—	—	2,823	—	2,823	
Unrealized Loss on Derivative Instruments, net of tax	—	—	—	—	—	—	(425)	(425)	
Foreign Currency Translation Adjustment	—	—	—	—	—	—	466	466	
Balance at December 31, 2023	(6,295)	\$ (147,788)	36,657	\$ 18,328	\$ 750,751	\$ 66,202	\$ (1,355)	\$ 686,138	

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

THE AARON'S COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
OPERATING ACTIVITIES:			
Net Earnings (Loss)	\$ 2,823	\$ (5,280)	\$ 109,934
Adjustments to Reconcile Net Earnings (Loss) to Net Cash Provided by Operating Activities:			
Depreciation of Lease Merchandise	459,242	505,966	524,155
Other Depreciation and Amortization	90,341	86,083	69,687
Provision for Lease Merchandise Write-Offs	81,495	97,564	67,888
Non-Cash Inventory Fair Value Adjustment	—	23,074	—
Accounts Receivable Provision	39,889	41,460	27,964
Stock-Based Compensation	11,949	12,390	13,148
Deferred Income Taxes	(12,101)	(13,581)	28,725
Impairment of Assets	3,734	29,478	5,224
Non-Cash Lease Expense	119,610	112,613	93,113
Other Changes, Net	(8,326)	(10,312)	(5,840)
Changes in Operating Assets and Liabilities:			
Lease Merchandise	(472,155)	(527,511)	(665,381)
Merchandise Inventories	5,965	5,026	—
Accounts Receivable	(41,469)	(45,881)	(23,679)
Prepaid Expenses and Other Assets	(2,422)	6,284	(3,863)
Income Tax Receivable	(4,647)	(2,129)	(2,494)
Operating Lease Right-of-Use Assets and Liabilities	(122,313)	(124,393)	(106,128)
Accounts Payable and Accrued Expenses	35,427	(1,995)	6,609
Customer Deposits and Advance Payments	(6,628)	(18,424)	(3,022)
Cash Provided by Operating Activities	180,414	170,432	136,040
INVESTING ACTIVITIES:			
Purchases of Property, Plant & Equipment	(94,415)	(107,980)	(92,704)
Proceeds from Dispositions of Property, Plant, and Equipment	17,294	21,519	14,942
Acquisition of BrandsMart U.S.A., Net of Cash Acquired	—	(265,630)	—
Acquisitions of Businesses and Customer Agreements, Net of Cash Acquired	—	(1,062)	(10,121)
Proceeds from Other Investing-Related Activities	245	1,776	2,508
Cash Used in Investing Activities	(76,876)	(351,377)	(85,375)
FINANCING ACTIVITIES:			
Repayments on Swing Line Loans, Net	(19,250)	9,250	—
Proceeds from Revolver and Term Loan	71,094	291,700	—
Repayments on Revolver, Term Loan and Financing Leases	(100,469)	(67,793)	9,260
Repayments on Inventory Loan Program, Net	—	(15,541)	—
Dividends Paid	(14,994)	(13,530)	(9,971)
Acquisition of Treasury Stock	(6,499)	(13,384)	(103,098)
Issuance of Stock Under Stock Option Plans	405	1,501	2,587
Shares Withheld for Tax Payments	(2,536)	(3,565)	(2,729)
Debt Issuance Costs	—	(2,758)	—
Cash (Used in) Provided by Financing Activities	(72,249)	185,880	(103,951)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH			
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	30	(51)	(5)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	29,341	22,832	76,123
Cash and Cash Equivalents at End of Year:			
Cash and Cash Equivalents	\$ 59,035	\$ 27,716	\$ 22,832
Restricted Cash included in Prepaid Expenses and Other Assets	1,625	1,625	—
Total Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 60,660	\$ 29,341	\$ 22,832

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As described elsewhere in this Annual Report, the lingering effects of the global pandemic, continued inflationary pressures, general macroeconomic conditions and rising interest rates have led to significant market disruption and has impacted various aspects of our operations, directly and indirectly. Throughout these notes to the consolidated financial statements, the impacts of these items on the financial results for the year ended December 31, 2023 and comparable prior periods have been identified to the best of our ability under the respective sections. For a discussion of trends that we believe have affected our business as a result of these items, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations", including the "Highlights," "Consolidated Results of Operations" and "Liquidity and Capital Resources", and Part I, Item 1A "Risk Factors", above.

BrandsMart U.S.A. Acquisition

On April 1, 2022, the Company completed the previously announced transaction to acquire a 100% ownership of Interbond Corporation of America, doing business as BrandsMart U.S.A. The Company paid total consideration of \$230 million in cash under the terms of the agreement and additional amounts for working capital adjustments and transaction related fees. Refer to Note 2 to these consolidated financial statements for additional information regarding the acquisition.

Management believes that the BrandsMart U.S.A. acquisition will strengthen the Company's ability to deliver on its mission of enhancing people's lives by providing easy access to high quality furniture, appliances, electronics, and other home goods through affordable lease-to-own and retail purchase options. Management also believes that value creation opportunities include leveraging the Company's lease-to-own expertise to provide BrandsMart U.S.A.'s customers enhanced payment options and offering a wider selection of products to millions of Aaron's customers, as well as generating procurement savings and other cost synergies.

Business Overview

Description of Business

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

As of December 31, 2023, the Company's operating and reportable segments are the Aaron's Business and BrandsMart, each as described below.

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

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

Aaron's Business Segment

Since its founding in 1955, Aaron's has been committed to serving the overlooked and underserved customer with a dedication to inclusion and improving the communities in which it operates. Through a portfolio of approximately 1,240 stores and its aarons.com e-commerce platform, Aaron's, together with its franchisees, provide consumers with LTO and retail purchase solutions for the products they need and want, with a focus on providing its customers with unparalleled customer service, high approval rates, lease plan flexibility, and an attractive value proposition, including competitive monthly payments and total cost of ownership, as compared to other LTO providers.

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

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

BrandsMart Segment

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The accompanying consolidated financial statements of the Company and its wholly-owned subsidiaries for the years ended December 31, 2023, December 31, 2022, and December 31, 2021 reflect the historical results of operations, financial position and cash flows of the Company in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Intercompany balances and transactions between consolidated entities have been eliminated and reflect the historical results of operations, financial position and cash flows of the Company in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates. Generally, actual experience has been consistent with management's prior estimates and assumptions. In many cases, management's estimates and assumptions are dependent on estimates of such future developments and may change in the future. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the accompanying consolidated financial statements.

Reclassifications

The following reclassifications have been made to the prior periods to conform to the current period presentation.

For all previously reported periods prior to April 1, 2022, the Company presented all revenues derived from lease agreements and the related fees, as well as the retail sale of both new and returned lease merchandise from our Company-operated Aaron's stores and fees from our Aaron's Club program within one line in the consolidated statements of earnings, presented as lease and retail revenues. Effective April 1, 2022, the Company revised its presentation to separately present revenues derived from lease agreements at our Company-operated Aaron's stores and e-commerce platform and fees from our Aaron's Club program as lease revenues and fees in the consolidated statements of earnings, with the sale of both new and returned lease merchandise from our Company-operated Aaron's stores being classified as retail sales. This revised presentation does not have an impact on total revenues presented in prior periods.

Similarly, for all previously reported periods prior to April 1, 2022, the Company presented the depreciation expense associated with lease merchandise as well as the depreciated costs of merchandise sold within one line in the consolidated statements of earnings, presented as the cost of lease and retail revenues.

Effective April 1, 2022, the Company revised its presentation to separately present the depreciation expense associated with lease merchandise in the consolidated statements of earnings, with the costs associated with merchandise sold through our Company-operated Aaron's stores presented as retail cost of sales. This revised presentation does not have an impact on total costs of revenues presented in prior periods.

Significant Accounting Policies

Segment Reporting

As of December 31, 2023, the Company has two operating and reportable segments: Aaron's Business and BrandsMart. During the year ended December 31, 2022, the Company changed its composition of reportable segments to align the reportable segments with the current organizational structure and the operating results that the chief operating decision maker regularly reviews to analyze performance and allocate resources, which includes separate segments for the Aaron's Business and BrandsMart, along with an Unallocated Corporate category for remaining unallocated costs. The Company has retroactively adjusted, for all periods presented, its segment disclosures to align with the current composition of reportable segments.

The Aaron's Business segment provides consumers with LTO and retail purchase solutions through the Company's Aaron's stores in the United States and Canada and the aarons.com e-commerce platform. This operating segment also supports franchisees of its Aaron's stores. In addition, the Aaron's Business segment includes the operations of BrandsMart Leasing, which offers lease-to-own solutions to BrandsMart U.S.A. customers, and Woodhaven, which manufactures and supplies a significant portion of the upholstered furniture leased and sold in Company-operated and franchised Aaron's stores.

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

THE AARON'S COMPANY, INC.
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Revenue Recognition

The Company provides lease and retail merchandise, consisting of appliances, electronics, furniture, and other home goods to its customers for lease under certain terms agreed to by the customer and through retail sales. The Company's Aaron's stores, aarons.com e-commerce platform, and BrandsMart Leasing components of the Aaron's Business segment offer leases with flexible ownership plans that can be generally renewed weekly, bi-weekly, semi-monthly, or monthly up to 12, 18 or 24 months. The Aaron's Business segment also earns revenue from the sale of merchandise to customers and Aaron's franchisees, and earns ongoing revenue from Aaron's franchisees in the form of royalties and through advertising efforts that benefit the franchisees.

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

See Note 6 to these consolidated financial statements for further information regarding the Company's revenue recognition policies and disclosures.

Earnings (Loss) Per Share

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

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

(Shares In Thousands)	Year Ended December 31,		
	2023	2022	2021
Weighted Average Shares Outstanding	30,778	30,881	32,992
Dilutive Effect of Share-Based Awards ¹	327	—	730
Weighted Average Shares Outstanding Assuming Dilution	31,105	30,881	33,722

¹ There was no dilutive effect to the loss per common share for the year ended December 31, 2022 due to the net loss incurred in the period.

For the years ended December 31, 2023 and December 31, 2021, 1.3 million and 0.1 million weighted-average share based awards were excluded from the computation of earnings per share assuming dilution, respectively, as the awards would have been anti-dilutive for the period.

Lease Merchandise

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

THE AARON'S COMPANY, INC.
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The following is a summary of lease merchandise, net of accumulated depreciation and allowances:

(In Thousands)	December 31,	
	2023	2022
Merchandise on Lease, net of Accumulated Depreciation and Allowances	\$ 419,531	\$ 446,923
Merchandise Not on Lease, net of Accumulated Depreciation and Allowances ¹	202,731	246,872
Lease Merchandise, net of Accumulated Depreciation and Allowances ²	<u>\$ 622,262</u>	<u>\$ 693,795</u>

¹ Includes Woodhaven's inventory, which is primarily comprised of raw materials, that has been classified within lease merchandise in the consolidated balance sheets of \$8.7 million and \$12.9 million as of December 31, 2023 and 2022, respectively.

² General and administrative overhead costs capitalized into the cost of lease merchandise were \$54.0 million, \$55.7 million, and \$55.0 million for the years ended December 31, 2023, 2022 and 2021, respectively. Capitalized overhead costs remaining in lease merchandise were \$55.9 million and \$55.1 million as of December 31, 2023 and 2022, respectively.

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

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

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

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Beginning Balance	\$ 13,894	\$ 12,339	\$ 11,599
Merchandise Written off, net of Recoveries	(82,477)	(96,009)	(67,148)
Provision for Write-offs	81,495	97,564	67,888
Ending Balance	<u>\$ 12,912</u>	<u>\$ 13,894</u>	<u>\$ 12,339</u>

Merchandise Inventories

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

During the year ended December 31, 2022, the Company recognized a one-time non-cash charge for a fair value adjustment to the acquired BrandsMart merchandise inventories of \$23.1 million, which was included within retail cost of sales in the consolidated statements of earnings.

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

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

(In Thousands)	December 31, 2023	December 31, 2022
Merchandise Inventories, gross	\$ 91,093	\$ 96,945
Reserve for Merchandise Inventories	(921)	(981)
Merchandise Inventories, net	<u>\$ 90,172</u>	<u>\$ 95,964</u>

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

(In Thousands)	December 31, 2023	Year Ended	December 31, 2022
Beginning Balance	\$ 981		\$ —
Merchandise Written off	(618)		—
Provision for Write-offs	558		981
Ending Balance	<u>\$ 921</u>		<u>\$ 981</u>

Retail and Non-Retail Cost of Sales

Included in retail cost of sales, as well as non-retail cost of sales, is the net book value of merchandise sold via retail and non-retail sales, primarily using specific identification. The components of cost of sales are further described below.

Depreciation of Lease Merchandise and Other Lease Revenue Costs

The primary items classified under the expense category "Depreciation of Lease Merchandise and Other Lease Revenue Costs" are:

- Depreciation of the capitalized costs (recorded at the lower of depreciated costs or net realizable value) of available and on rent lease merchandise at the Aaron's Business segment. Capitalized costs include:
 - Landed Inventory Costs
 - Overhead Costs incurred at our internal distribution centers, including transportation costs incurred to transfer inventory from the Company's fulfillment centers to Company Operated stores
 - Freight expenses associated with receiving the inventory from our vendors
 - Costs of manufactured inventory at our Woodhaven operations including overhead from production facilities, shipping costs and warehousing costs
- Accelerated depreciation associated with early payout transactions
- Amortization of Aaron's Business cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products
- Amortization of rebate credits associated with the leasing of lease merchandise at the Aaron's Business
- External service provider fees associated with hosting the Aaron's Club program

THE AARON'S COMPANY, INC.
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Retail Cost of Sales - Aaron's Business

The primary items classified under the expense category "Retail Cost of Sales" for the Aaron's Business segment are:

- Costs of the NBV of lease merchandise (recorded at the lower of depreciated costs or net realizable value) at the Aaron's Business segment including:
 - Landed Inventory Costs
 - Overhead Costs incurred at our internal distribution centers, including transportation costs incurred to transfer inventory from the Company's fulfillment centers to Company Operated stores
 - Freight expenses associated with receiving the inventory from our vendors
 - Costs of manufactured inventory at our Woodhaven operations including overhead from production facilities, shipping costs and warehousing costs
- Amortization of Aaron's Business cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products
- Amortization of rebate credits associated with the retail sale of lease merchandise at the Aaron's Business

Retail Cost of Sales - BrandsMart

The primary items classified under the expense category "Retail Cost of Sales" for the BrandsMart Business segment are:

- Weighed average costs of landed inventory invoice costs (recorded at the lower of weighted average costs or net realizable value)
- Overhead Costs incurred at our internal distribution centers
- Freight expenses associated with receiving the inventory from our vendors
- Transportation costs incurred to transfer inventory from the Company's fulfillment centers to stores
- Cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products
- Vendor rebate credits associated with the retail sale of merchandise inventories
- Subsequent markdowns of merchandise inventories
- Third party transportation and internal vehicle charges associated with customer shipping and handling
- Charges/Provisions for shrink and obsolescence
- Cost of services provided including personnel related costs, replacement costs, and freight expenses

Non-Retail Cost of Sales - Aaron's Business

The primary items classified under the expense category "Non-Retail Cost of Sales" for the Aaron's Business segment are:

- Cost of the NBV of lease merchandise (recorded at the lower of depreciated costs or net realizable value) sold to Aaron's Business franchisees or wholesale customers of our Woodhaven operations which includes:
 - Landed Inventory Costs
 - Overhead Costs incurred at our internal distribution centers
 - Freight expenses associated with receiving the inventory from our vendors
 - Costs of manufactured inventory at our Woodhaven operations including overhead from production facilities, shipping costs and warehousing costs
 - Transportation costs incurred to transfer inventory from the Company's fulfillment centers to franchisees and non-retail customers
- Amortization of Aaron's Business cooperative advertising consideration, received from vendors, that are not specifically identifiable incremental costs incurred in selling those vendor's products

THE AARON'S COMPANY, INC.
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Shipping and Handling Costs

Shipping and handling costs are primarily classified within other operating expenses, net in the accompanying consolidated statements of earnings and to a lesser extent, capitalized into the cost of lease merchandise and subsequently depreciated or recognized as cost of retail sales. Shipping and handling costs classified within other operating expenses, net were \$64.1 million, \$70.1 million and \$60.4 million for the years ended December 31, 2023, 2022 and 2021, respectively. Shipping and handling costs capitalized into the cost of lease merchandise were \$23.3 million, \$27.4 million and \$25.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Advertising

The Company expenses advertising costs as incurred. Advertising production costs are initially recognized as a prepaid advertising asset and are expensed when an advertisement appears for the first time. The prepaid advertising asset was \$0.1 million and \$4.6 million at December 31, 2023 and December 31, 2022, respectively, and is reported within prepaid expenses and other assets on the consolidated balance sheets.

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

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

(In Thousands)	Year Ended December 31,			
	2023		2022	2021
Advertising Costs, Gross	\$ 75,153	\$	74,864	\$ 80,602
Less: Cooperative Advertising Considerations	(33,792)		(35,743)	(26,951)
Advertising Costs, Net	\$ 41,361	\$	39,121	\$ 53,651

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are more fully described in Note 13 to these consolidated financial statements. The Company estimates the fair value for the options granted on the grant date using a Black-Scholes-Merton option-pricing model. The fair value of each share of restricted stock units ("RSUs"), restricted stock awards ("RSAs") and performance share units ("PSUs") with Company-specific performance criteria is equal to the market value of a share of the Company's common stock on the grant date. For PSUs that are granted with a total shareholder return ("TSR") component, management estimates the fair value using a Monte Carlo simulation valuation model, as these awards are subject to a market condition. For all stock award types, the Company considers whether any material nonpublic information is known to the Company at the time the awards are granted that could impact the determined grant date fair value. No adjustments to fair value were deemed necessary for the years ended December 31, 2023, 2022 or 2021 based on these considerations.

The Company estimates the fair value of awards issued under the Company's employee stock purchase plan ("A&R ESPP") using a series of Black-Scholes-Merton pricing models that consider the components of the "lookback" feature of the plan, including the underlying stock, call option, and put option. The design of awards issued under the A&R ESPP is more fully described in Note 13 to these consolidated financial statements.

THE AARON'S COMPANY, INC.
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Separation Costs

Separation costs include actual expenses after November 30, 2020 associated with the separation and distribution from PROG Holdings, Inc. (referred to herein as "PROG Holdings"), including personnel-related costs and incremental stock-based compensation expense associated with the conversion and modification of unvested and unexercised equity awards related to Company employees, as well as an allocation of similar expenses related to PROG Holdings' corporate and shared function employees. See Note 13 to these consolidated financial statements for additional information regarding the modification of awards that were converted concurrent with the separation and distribution. Separation costs also include one-time expenses incurred by the Company in order to begin operating as an independent, standalone public entity after the completion of the separation and distribution. These costs will be fully expensed in the first quarter of 2024.

Acquisition-Related Costs

Acquisition-related costs of \$3.6 million and \$14.6 million were incurred during the years ended December 31, 2023 and 2022, respectively, and primarily represent third-party consulting in 2023, while in 2022 it included third-party consulting as well as banking and legal expenses associated with the acquisition of BrandsMart U.S.A completed April 1, 2022.

Income Taxes

The Company and its subsidiaries file U.S. federal consolidated income tax returns in the United States, and separate legal entities file in various state and foreign jurisdictions. In all periods presented, the income tax provision has been computed for the entities comprising the Company on a standalone, separate return basis as if the Company were a separate taxpayer.

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. Income taxes as presented attribute deferred income taxes of the Company's standalone consolidated financial statements in a manner that is systematic, rational and consistent with the asset and liability method.

The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax basis of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when such changes are enacted. The Company's largest temporary differences arise principally from the use of accelerated depreciation methods on lease merchandise for tax purposes. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Company recognizes uncertain tax positions in the consolidated financial statements when it is more likely than not that the tax position will be sustained upon examination. Uncertain tax positions are measured based on the probabilities that the uncertain tax position will be realized upon final settlement.

See further details on income taxes within Note 9 to these consolidated financial statements.

Sales Taxes

The Company applies the net basis for sales taxes imposed on goods and services in the consolidated statements of earnings. The Company is required by the applicable governmental authorities to collect and remit sales taxes. Accordingly, such amounts are charged to the customer, collected, and remitted directly to the appropriate jurisdictional entity.

Cash and Cash Equivalents

The Company classifies as cash equivalents any highly liquid investments that have maturity dates of three months or less at the time they are purchased. The Company maintains its cash and cash equivalents at various banks. Bank balances may exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). However, due to the size and strength of the banks in which balances that exceed the FDIC coverage are held, any exposure to loss is believed to be minimal. Cash and cash equivalents also includes amounts in transit due from financial institutions related to credit card and debit card transactions, which generally settle within three business days from the original transaction.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Cash Flow Information

The following table shows supplemental cash flow information:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Net Cash Paid During the Year:			
Interest	\$ 15,973	\$ 6,618	\$ 991
Income Taxes	\$ 11,680	\$ 5,498	\$ 9,654

Accounts Receivable

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

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

(In Thousands)	December 31,	
	2023	2022
Customers	\$ 8,737	\$ 9,721
Corporate	23,660	20,597
Franchisee	7,385	7,873
	<u>\$ 39,782</u>	<u>\$ 38,191</u>

The Company maintains an accounts receivable allowance for the Aaron's Business customer lease agreements, under which its policy is to record a provision for returns and uncollectible contractually due renewal payments based on historical payments experience, which is recognized as a reduction of lease revenues and fees within the consolidated statements of earnings. Other qualitative factors are considered in estimating the allowance, such as current and forecasted business trends. The Company writes off customer lease receivables for its Aaron's Business operations that are 60 days or more past due on pre-determined dates twice monthly. The Company writes off customer lease receivables for its BrandsMart Leasing operations that are 90 days or more past due on pre-determined dates twice monthly.

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

The allowance related to corporate receivables is not significant for the years ended December 31, 2023 and 2022.

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

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Beginning Balance	\$ 8,895	\$ 7,163	\$ 7,613
Accounts Written Off, net of Recoveries	(39,755)	(39,728)	(28,414)
Accounts Receivable Provision	39,889	41,460	27,964
Ending Balance	<u>\$ 9,029</u>	<u>\$ 8,895</u>	<u>\$ 7,163</u>

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

(In Thousands)	Year Ended December 31,			
	2023		2022	
Bad Debt Expense	\$	355	\$	124
Provision for Returns and Uncollectible Renewal Payments		39,534		41,336
Accounts Receivable Provision	\$	39,889	\$	41,460

Property, Plant and Equipment

The Company records property, plant and equipment at cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, which range from five to 20 years for buildings and improvements and from one to 15 years for other depreciable property and equipment.

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful life of the software, which ranges from five to ten years. Management uses an agile development methodology in which feature-by-feature updates are made to its software. Certain costs incurred during the application development stage of an internal-use software project are capitalized when members of management who possess the authority to do so authorize and commit to funding a feature update and it is probable that the project will be completed and the software will be used to perform the function intended. Generally, the life cycle for each feature update implementation is one month. Capitalization of costs ceases when the feature update is substantially complete and ready for its intended use. All costs incurred during preliminary and post-implementation project stages are expensed appropriately.

Gains and losses related to dispositions and retirements are recognized as incurred. Maintenance and repairs are also expensed as incurred, and leasehold improvements are capitalized and amortized over the lesser of the expected lease term or the asset's useful life. Depreciation expense for property, plant and equipment is classified within other operating expenses, net in the accompanying consolidated statements of earnings and was \$79.9 million, \$76.8 million and \$64.2 million during the years ended December 31, 2023, 2022 and 2021, respectively. Amortization of previously capitalized internal use software development costs, which is a component of depreciation expense for property, plant and equipment, was \$19.6 million, \$20.8 million and \$18.6 million during the years ended December 31, 2023, 2022 and 2021, respectively.

Management assesses its long-lived assets other than goodwill for impairment whenever facts and circumstances indicate that the carrying amount may not be fully recoverable. If it is determined that the carrying amount of an asset is not recoverable, based on analysis of undiscounted cash flows expected to be generated by the asset or asset group, management compares the carrying amount of the asset to its fair value as estimated using discounted expected future cash flows, market values or replacement values for similar assets. The amount by which the carrying amount exceeds the fair value of the asset, if any, is recognized as an impairment loss.

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Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

(In Thousands)	December 31,	
	2023	2022
Prepaid Expenses	\$ 14,482	\$ 20,218
Insurance Related Assets	33,035	25,103
Company-Owned Life Insurance	15,231	13,443
Deferred Tax Assets	24,137	16,277
Other Assets ^{1,2}	18,512	21,395
	<u>\$ 105,397</u>	<u>\$ 96,436</u>

¹ Amounts as of December 31, 2023 and 2022 included restricted cash of \$1.6 million held as collateral for BrandsMart U.S.A.'s workers' compensation and general liability insurance policies.

² Amounts included \$0.9 million and \$1.9 million for the years ended December 31, 2023 and 2022, respectively, of certain properties classified as held for sale. Assets held for sale are recorded at the lower of their carrying value or fair value less estimated cost to sell and are classified within prepaid expenses and other assets in the consolidated balance sheets. Depreciation is suspended on assets upon classification as held for sale. The highest and best use of these assets is as real estate land parcels for development or real estate properties for use or lease, though the Company has chosen not to develop or use these properties, and plans to sell them to third parties as quickly as practicable.

Derivative Instruments

In March 2023, the Company entered into a non-speculative interest rate swap agreement for an aggregate notional amount of \$100.0 million with an effective date of April 28, 2023 and a termination date of March 31, 2027. The purpose of this hedge is to limit the Company's exposure of its variable interest rate debt by effectively converting it to fixed interest rate debt. Under the terms of the agreement, the Company will receive a floating interest rate based on 1-month Chicago Mercantile Exchange ("CME") Term Secured Overnight Financing Rate ("SOFR") and pay a fixed interest rate of 3.87% on the notional amount. The Company has accounted for the interest rate swap as a cash flow hedge instrument in accordance with ASC 815, *Derivatives and Hedging*. Accordingly, the effective portion of the gains and losses associated with the changes in the fair value of the cash flow hedge instrument are recognized as a component of accumulated other comprehensive loss in the Company's consolidated balance sheets. Such amounts are reclassified into earnings in the same period during which the cash flow hedging instrument affects earnings. As of December 31, 2023, the facts and circumstances of the hedged relationship remain consistent with the initial effectiveness assessment and the hedging instrument remains an effective accounting hedge.

The fair value of the hedge as of December 31, 2023 was a liability of \$0.5 million, and has been recorded within accounts payable and accrued expenses in the Company's consolidated balance sheets. During the year ended December 31, 2023, the Company reclassified \$0.9 million of net gains from accumulated other comprehensive loss to interest expense. Gains and losses related to the hedge were classified within operating activities in the consolidated statements of cash flows. See Note 4 to these consolidated financial statements for further information regarding the fair value determination of the Company's interest rate swap agreement. Derivative instruments in place in prior years were not significant.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive income (loss) ("AOCI") by component for the years ended December 31, 2023 and 2022 are summarized below:

(In Thousands)	Year Ended December 31, 2023		
	Derivative Instruments	Foreign Currency	Total
Balance at December 31, 2022	\$ (17)	\$ (1,379)	\$ (1,396)
Other Comprehensive (Loss) Income, net of Tax	(425)	466	41
Balance at December 31, 2023	\$ (442)	\$ (913)	\$ (1,355)

(In Thousands)	Year Ended December 31, 2022		
	Derivative Instruments	Foreign Currency	Total
Balance at December 31, 2021	\$ —	\$ (739)	\$ (739)
Other Comprehensive Loss, net of Tax	(17)	(640)	(657)
Balance at December 31, 2022	\$ (17)	\$ (1,379)	\$ (1,396)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

(In Thousands)	December 31,	
	2023	2022
Accounts Payable	\$ 134,191	\$ 106,966
Estimated Claims Liability Costs	64,082	58,549
Accrued Salaries and Benefits	39,058	33,932
Accrued Real Estate and Sales Taxes	20,146	24,030
Other Accrued Expenses and Liabilities	34,698	40,566
	<u>\$ 292,175</u>	<u>\$ 264,043</u>

Estimated Claims Liability Costs

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Asset Retirement Obligations

The Company accrues for asset retirement obligations, which relate to expected costs to remove exterior signage, in the period in which the obligations are incurred. These costs are accrued at fair value. When the related liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its settlement value and updated for changes in estimates. Upon settlement of the liability, the Company recognizes a gain or loss for any differences between the settlement amount and the liability recorded. Asset retirement obligations, which are included in accounts payable and accrued expenses in the consolidated balance sheets, amounted to \$2.1 million and \$2.2 million as of December 31, 2023 and 2022, respectively. The capitalized cost is depreciated over the useful life of the related asset.

Fair Value Measurement

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

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

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

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

The fair values of the Company's current financial assets and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, approximate their carrying values due to their short-term nature. The Company's outstanding debt borrowings as of December 31, 2023 and December 31, 2022 were subject to a variable interest rate. Therefore, the fair value of these borrowings also approximates its carrying value. These assets and liabilities are measured within Level 2 of the fair value hierarchy. The Company also measures certain non-financial assets at fair value on a nonrecurring basis, such as goodwill, intangible assets, operating lease right-of-use assets, and property, plant and equipment, in connection with periodic evaluations for potential impairment.

The Company measures a liability related to its non-qualified deferred compensation plan, which represents benefits accrued for participants that are part of the plan and is valued at the quoted market prices of the participants' investment election, at fair value on a recurring basis. The Company measures assets held for sale at fair value on a nonrecurring basis and records impairment charges when they are deemed to be impaired.

On April 1, 2022, the Company completed the previously announced acquisition of all of the issued and outstanding shares of capital stock of BrandsMart U.S.A. For the fair value measurements performed related to the net assets acquired, including acquired intangible assets, the Company utilized multiple Level 3 inputs and assumptions, such as estimates about costs of capital, future projected performance and cash flows.

The Company performed an interim goodwill impairment analysis for its reporting units as of August 31, 2022 which resulted in the full impairment of the Aaron's Business reporting unit goodwill. During the fourth quarter of 2022 and 2023, the Company also performed its annual goodwill impairment analysis for its reporting units. These evaluations required multiple Level 3 inputs and assumptions, such as estimates about costs of capital, future projected performance, and cash flows. Further details about these goodwill impairment evaluations are described in Note 3 to these consolidated financial statements.

Foreign Currency

The financial statements of the Company's Canadian subsidiary are translated from the Canadian dollar functional currency to U.S. dollars using month-end rates of exchange for assets and liabilities, and average rates of exchange for revenues, costs and expenses. Translation gains and losses of the subsidiary are recorded in accumulated other comprehensive loss as a component of equity. The Company's assets include assets from Canadian operations of \$13.4 million and \$13.1 million as of December 31, 2023 and 2022, respectively.

Foreign currency remeasurement gains and losses are recorded primarily due to remeasurement of the financial assets and liabilities of the Company's Canadian stores between the Canadian dollar and the U.S. dollar and were not significant in 2023, 2022 or 2021.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Adopted

In October 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08"), which requires contract assets and contract liabilities (e.g., deferred revenue) acquired in a business combination to be recognized and measured in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, rather than at its assumed acquisition date fair value. The Company elected to early adopt ASU 2021-08 in the second quarter of 2022, and therefore accounted for deferred revenue contracts acquired in connection with the BrandsMart U.S.A. acquisition under this standard. The adoption of the standard has no retrospective impact to the Company's historical consolidated and combined financial statements.

Effective in Future Periods

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

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

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

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: ACQUISITIONS

BrandsMart U.S.A. Acquisition

On April 1, 2022, the Company completed the acquisition of BrandsMart U.S.A for a total consideration of \$230 million in cash under the terms of the agreement and additional amounts for working capital adjustments and transaction related fees. Consideration transferred also included the off-market value associated with certain operating leases entered into in conjunction with the transaction, which is further described in the table below. Measurement period adjustments recorded during the year ended December 31, 2023 primarily relate to opening balance adjustments to certain asset and liability balances further illustrated in the table below:

(In Thousands)	Preliminary Amounts Recognized as of Acquisition Date	2023 Measurement Period Adjustments	Final Amounts Recognized as of Acquisition Date
Cash Consideration to BrandsMart U.S.A.	\$ 230,000	\$ —	\$ 230,000
Acquired Cash	15,952	—	15,952
Estimated Excess Working Capital, net of Cash	35,599	—	35,599
Non-Cash Off-Market Lease Agreement	6,823	—	6,823
Aggregate Consideration Transferred	288,374	—	288,374
Total Purchase Consideration, Net of Cash Acquired	\$ 272,422	\$ —	\$ 272,422
Estimated Fair Value of Identifiable Assets Acquired and Liabilities Assumed			
Accounts Receivable	4,310	—	4,310
Merchandise Inventories	124,064	173	124,237
Property, Plant and Equipment	22,053	(1,361)	20,692
Operating Lease Right-of-Use Assets	160,210	—	160,210
Other Intangibles	122,950	—	122,950
Prepaid Expenses and Other Assets	9,049	(80)	8,969
Total Identifiable Assets Acquired	442,636	(1,268)	441,368
Accounts Payable and Accrued Expenses	25,340	(2,050)	23,290
Customer Deposits and Advance Payments	25,332	1,822	27,154
Operating Lease Liabilities	158,712	—	158,712
Debt	15,540	—	15,540
Total Liabilities Assumed	224,924	(228)	224,696
Net Assets Acquired	217,712	(1,040)	216,672
Goodwill	54,710	1,040	55,750
Total Estimated Fair Value of Net Assets Acquired	\$ 272,422	\$ —	\$ 272,422

Franchisee Acquisitions

The Company acquired the store operations of various Aaron's franchisees during the year ended December 31, 2021, for a combined purchase price of \$10.6 million. The franchisee acquisitions have been accounted for as business combinations and the results of operations of the acquired businesses are included in the Company's results of operations from their dates of acquisition. The primary tangible asset acquired as part of these transactions was lease merchandise and the primary intangible assets allocated to were reacquired franchise rights and customer lease contracts during the year ended December 31, 2021. As a result of these business combinations, the Company recorded \$5.6 million in goodwill during the year ended December 31, 2021. The effect of these acquisitions on the consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 was not significant. There were no material measurement period adjustments recognized in 2023 or 2022 related to the 2021 franchisee acquisitions and there were no franchise acquisitions in 2023 or 2022.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: GOODWILL AND INTANGIBLES

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net tangible and intangible assets acquired in connection with business acquisitions. All acquisition-related goodwill balances are allocated amongst the Company's reporting units based on the nature of the acquired operations that originally created the goodwill and are comprised of the following:

- (i) Aaron's Business (a component of the Aaron's Business operating segment)
 - Aaron's branded Company-operated and franchise operated stores,
 - Aarons.com e-commerce platform ("aarons.com") and,
 - Woodhaven
- (ii) BrandsMart Leasing (a component of the Aaron's Business operating segment)
- (iii) BrandsMart (the sole component of the BrandsMart operating segment)

Management considered the aggregation of the BrandsMart Leasing reporting unit and Aaron's Business reporting unit as a single reporting unit and determined that these components were economically dissimilar and reviewed separately by the segment managers of the Aaron's Business operating segment, and therefore should not be aggregated.

The Company's goodwill is not amortized but is subject to an impairment test at the reporting unit level annually as of October 1 and more frequently if events or circumstances indicate that an impairment may have occurred. An interim goodwill impairment test is required if the Company believes it is more likely than not that the carrying amount of its reporting unit exceeds the reporting unit's fair value.

The Company concluded that the need for an interim goodwill impairment test was triggered as of August 31, 2022. Factors that led to this conclusion included:

- (i) the continued decline in the Company's stock price and market capitalization during the third quarter of 2022,
- (ii) uncertainty regarding the short-term and long-term impacts that adverse macroeconomic conditions, including inflation and rising interest rates, may have on the financial health of our Aaron's Business customers and franchisees.

The Company determined that the Aaron's Business Reporting Unit's goodwill was fully impaired and recorded a goodwill impairment charge of \$12.9 million during the quarter ended September 30, 2022. The Company concluded that given the recency of the BrandsMart acquisition, the provisional nature of the goodwill balance, the carrying value of our acquisition accounting as preliminary and subject to adjustment during the measurement period, the BrandsMart reporting unit goodwill was not impaired as of September 30, 2022.

The Company also performed its annual goodwill impairment test on the remaining goodwill balance allocated to BrandsMart Leasing and BrandsMart reporting units as of its annual testing dates, October 1, 2022, and 2023, respectively, and determined that no impairment had occurred and that the fair value of the reporting units were in excess of their carrying amounts. The Company also determined that there were no events that occurred or circumstances that changed during the fourth quarter of 2023 that would more likely than not reduce the fair value of the reporting units below their carrying amounts.

Management engaged the assistance of a third-party valuation firm to perform the goodwill impairment tests mentioned above. This entailed assessments of the Aaron's Business, BrandsMart, and BrandsMart Leasing reporting units' fair values relative to their respective carrying values that were derived using a combination of both income and market approaches and by performing a market capitalization reconciliation, which included assessments of the control premiums implied from the Company's estimated fair values of its reporting units. The fair value measurements involved significant unobservable inputs (Level 3 inputs, as discussed more fully below). The income approaches utilized the discounted future expected cash flows, which required assumptions about short-term and long-term revenue growth or decline rates, operating margins, capital requirements, and a weighted-average cost of capital.

The market approaches, which includes the guideline public company methods, utilized pricing multiples derived from an analyses of comparable publicly traded companies. We believe the comparable companies we evaluate as marketplace participants serve as an appropriate reference when calculating fair value because those companies have similar risks, participate in similar markets, provide similar products and services for their customers, and compete with us directly.

The following table provides information related to the carrying amount of the Company's goodwill:

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands)	Aaron's Business	BrandsMart	BrandsMart Leasing	Total
Balance at January 1, 2022	\$ 13,134	\$ —	\$ —	\$ 13,134
Acquisitions	—	62,268	—	62,268
Currency Translation Adjustments	(94)	—	—	(94)
Acquisition Accounting Adjustments	(107)	(34,075)	26,517	(7,665)
Impairment Loss	(12,933)	—	—	(12,933)
Balance at December 31, 2022	\$ —	\$ 28,193	\$ 26,517	\$ 54,710
Acquisitions	—	—	—	—
Currency Translation Adjustments	—	—	—	—
Acquisition Accounting Adjustments	—	1,040	—	1,040
Balance at December 31, 2023	\$ —	\$ 29,233	\$ 26,517	\$ 55,750

Definite-Lived Intangible Assets

The following table summarizes information related to the Company's definite-lived intangible assets at December 31:

(In Thousands)	2023			2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer Relationships	\$ 209	\$ (164)	\$ 45	\$ 696	\$ (455)	\$ 241
Reacquired Franchise Rights	4,122	(2,976)	1,146	5,440	(3,539)	1,901
Non-Compete Agreements	256	(152)	104	320	(111)	209
Expanded Customer Base	862	(818)	44	1,440	(1,157)	283
Trade Names	108,000	(9,450)	98,550	108,000	(4,050)	103,950
Customer List	14,700	(6,431)	8,269	14,700	(2,756)	11,944
Total	\$ 128,149	\$ (19,991)	\$ 108,158	\$ 130,596	\$ (12,068)	\$ 118,528

The Company's definite-lived intangible assets were acquired in connection with store-based business acquisitions, asset acquisitions of customer contracts, franchisee acquisitions, and the BrandsMart U.S.A. acquisition. The customer relationship intangible asset is amortized on a straight-line basis over a three-year estimated useful life. Reacquired franchise rights are amortized on a straight-line basis over the remaining life of the franchisee's ten-year license term. The non-competite intangible asset is amortized on a straight-line basis over the life of the agreement (generally one to five years). The expanded customer base intangible asset represents the estimated fair value paid in an asset acquisition for the ability to advertise and execute lease agreements with a larger pool of customers in the respective markets, and is generally amortized on a straight-line basis over two to six years. The trade names acquired in the BrandsMart U.S.A. acquisition are amortized over a 20-year estimated useful life, and the customer list acquired in the BrandsMart U.S.A. acquisition is amortized over a four-year estimated useful life.

Total amortization expense of the Company's definite-lived intangible assets included in other operating expenses, net in the accompanying consolidated statements of earnings was \$10.3 million, \$9.3 million and \$5.5 million during the years ended December 31, 2023, 2022 and 2021, respectively.

As of December 31, 2023, estimated future amortization expense for the next five years related to the Company's definite-lived intangible assets is as follows:

(In Thousands)	
2024	\$ 9,776
2025	9,489
2026	6,512
2027	5,432
2028	5,400

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: FAIR VALUE MEASUREMENT

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

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

(In Thousands)	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Deferred Compensation Liability	\$ —	\$ (10,574)	\$ —	\$ —	\$ (8,621)	\$ —
Interest Rate Swap Liability	\$ —	\$ (468)	\$ —	\$ —	\$ —	\$ —

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

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

NOTE 5: PROPERTY, PLANT, AND EQUIPMENT

The following is a summary of the Company's property, plant, and equipment:

(In Thousands)	December 31	
	2023	2022
Land	\$ 10,043	\$ 11,740
Buildings and Improvements	44,013	43,309
Leasehold Improvements and Signs	155,912	134,312
Vehicles	103,067	96,543
Fixtures and Equipment	102,848	105,362
Software - Internal Use	164,262	143,091
Construction in Progress	8,212	15,080
	588,357	549,437
Less: Accumulated Depreciation and Amortization ¹	(318,524)	(281,980)
	\$ 269,833	\$ 267,457

¹ Includes accumulated amortization of internal-use software development costs which amounted to \$113.6 million and \$93.4 million as of December 31, 2023 and 2022, respectively.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: REVENUE RECOGNITION

The following table disaggregates revenue by source:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Lease Revenues and Fees	\$ 1,399,514	\$ 1,529,125	\$ 1,633,489
Retail Sales	620,665	585,624	57,568
Non-Retail Sales	96,710	110,531	128,299
Franchise Royalties and Fees	22,312	23,376	25,129
Other	689	778	1,019
Total ¹	\$ 2,139,890	\$ 2,249,434	\$ 1,845,504

¹ Includes revenues from Canadian operations of \$17.2 million, \$18.6 million and \$22.7 million during the years ended December 31, 2023, 2022, and 2021, which are primarily lease revenues and fees.

Lease Revenues and Fees

The Aaron's Business segment, which includes BrandsMart Leasing, provides lease merchandise, consisting of furniture, appliances, electronics, computers, and other home goods to their customers for lease under certain terms agreed to by the customer. The Aaron's Business segment offers leases with flexible ownership plans that can be generally renewed weekly, bi-weekly, semi-monthly, or monthly up to 12, 18 or 24 months and does not require deposits upon inception of customer agreements. The customer has the right to acquire ownership either through an early purchase option or through payment of all required lease payments through the end of the ownership plan. Aaron's also offers customers the option to obtain a membership in the Aaron's Club program. The benefits to customers of the Aaron's Club program are separated into three general categories: (a) lease protection benefits; (b) health & wellness discounts; and (c) dining, shopping and consumer savings. Lease agreements offered by the Aaron's Business segment including the Aaron's Club program memberships and BrandsMart Leasing, are cancellable at any time by either party without penalty, and as such, these offerings are renewable period to period arrangements.

Lease revenues related to the leasing of merchandise and Aaron's Club membership fees are recognized as revenue in the month they are earned. Payments received prior to the month earned are recorded as deferred lease revenue, and this amount is included in customer deposits and advance payments in the accompanying consolidated balance sheets. Substantially all of the prior year deferred lease revenue was recognized in the current year according to lease terms. Lease payments due but not received prior to month end are recorded as accounts receivable in the accompanying consolidated balance sheets. Lease revenues are recorded net of a provision for returns and uncollectible renewal payments.

All of Aaron's customer lease agreements, including BrandsMart Leasing, are considered operating leases. The Company maintains ownership of the lease merchandise until all payment obligations are satisfied under lease agreements. Initial direct costs related to customer agreements are expensed as incurred and have been classified as other operating expenses, net in the accompanying consolidated statements of earnings. The consolidated statements of earnings effects of expensing the initial direct costs as incurred are not materially different from amortizing initial direct costs over the lease ownership plan.

Substantially all lease revenues and fees were within the scope of ASC 842, *Leases*, during the years ended December 31, 2023, 2022, and 2021. Included in lease revenues and fees above, the Company had \$24.8 million, \$27.2 million and \$27.3 million of other revenue during the years ended December 31, 2023, 2022, and 2021, respectively, within the scope of ASC 606, *Revenue from Contracts with Customers*, which is included in lease revenues and fees above in the accompanying consolidated statements of earnings.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Retail Sales

All retail sales revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*, during the years ended December 31, 2023, 2022 and 2021.

Aaron's Business

Revenues from the retail sale of lease merchandise to individual consumers are recognized at the point of sale and are recorded within retail sales in the accompanying consolidated statements of earnings. Generally, the transfer of control occurs near or at the point of sale for retail sales. Aaron's Business retail sales are not subject to a returns policy. All retail sales revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*, during the years ended December 31, 2023, 2022 and 2021.

BrandsMart

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

Retail sales at the BrandsMart segment, both in store and online, are subject to the segment's 30-day return policy. Accordingly, an allowance, based on historical returns experience, for sales returns is recorded as a component of retail sales in the period in which the related sales are recorded as well as an asset for the returned merchandise. The return asset and allowance for sales returns was \$2.5 million and \$3.4 million as of December 31, 2023 and \$3.0 million and \$4.0 million as of December 31, 2022, respectively. The return asset and allowance for sales returns was recorded within prepaid and other assets and accounts payable and accrued expenses within the accompanying consolidated balance sheets, respectively.

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

Non-Retail Sales

Revenues for the non-retail sale of merchandise to Aaron's franchisees are recognized when control transfers to the franchisee, which is upon delivery of the merchandise and are recorded within non-retail sales in the accompanying statements of earnings. All non-retail sales revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*, during the years ended December 31, 2023, 2022 and 2021.

Franchise Royalties and Fees

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

The Company guarantees certain debt obligations of some of the franchisees and receives guarantee fees based on the outstanding debt obligations of such franchisees. Refer to Note 10 to these consolidated financial statements for additional discussion of the franchise-related guarantee obligation. The Company also charges fees for advertising efforts that benefit the franchisees, which are recognized at the time the advertising takes place.

Substantially all franchise royalties and fee revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*. Of the franchise royalties and fees, \$17.8 million, \$18.6 million and \$19.8 million during the years ended December 31, 2023, 2022 and 2021 respectively, is related to franchise royalty income that is recognized as the fees become due. The remaining revenue is primarily related to advertising fees charged to franchisees. Franchise royalties and fees are recorded within franchise royalties and other revenues in the accompanying consolidated statements of earnings.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: LEASES

Lessor Information

Refer to Note 6 to these consolidated financial statements for further information about the Company's revenue generating activities as a lessor. All of the Company's customer lease agreements are considered operating leases, and the Company currently does not have any sales-type or direct financing leases.

Lessee Information

The Company leases retail store and warehouse space for most of its store-based operations, as well as corporate office space for store and e-commerce supporting functions (collectively "real estate leases"), transportation vehicles, and office equipment under operating leases expiring at various times through 2038. The Company does not record lease liability or right-of-use assets for any leases that have a lease term of under 12 months or less at commencement. For all leases in which it is a lessee, the Company has elected to include both lease and non-lease components as a single component and account for it as a lease. Operating lease costs are recorded on a straight-line basis and are primarily classified within other operating expenses, net in the consolidated statements of earnings.

Real Estate Leases

Most of the Company's real estate leases contain renewal options for additional periods ranging from one to 20 years. At lease inception or upon modification, the Company does not consider renewal options to be reasonably certain for exercise except for leases associated with restructuring programs described in Note 11 to these consolidated financial statements. Additionally, renewal option rental rates are in line with market rates and do not include significant penalties or business disruptions if the Company elects not to exercise. Leases related to restructuring programs variable occupancy costs that continue to be incurred after the impairment of operating lease right-of-use assets are recognized within restructuring expenses, net in the consolidated statements of earnings.

Residual Value Guarantees

Real estate and office equipment leases do not contain any material residual value guarantees; however, vehicle leases include a residual value that is guaranteed to the lessor, which ensures that the vehicles will be returned to the lessor in reasonable working condition.

Other Lease Information

The Company did not have any finance lease costs in 2023 or 2022. In 2021, finance lease costs and their associated cash flow impacts were immaterial. The Company's total operating lease costs are comprised of the following:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Operating Lease cost:			
Non-Cash Lease Expense classified within Other Operating Expenses, Net ¹	118,759	111,452	91,467
Non-Cash Lease Expense classified within Restructuring Expenses, Net ²	851	1,161	1,616
Sublease Receipts ³	(1,663)	(2,090)	(2,442)
Total Operating Lease cost	\$ 117,947	\$ 110,523	\$ 90,641

¹ Includes short-term and variable lease costs, which are not significant. Short-term lease expense include lease terms of greater than one month, but not greater than 12 months.

² Excludes right-of-use asset impairment charges of \$3.1 million, \$11.2 million and \$4.2 million recognized during the years ended December 31, 2023, 2022 and 2021, respectively, which were recognized within restructuring expenses, net in the consolidated statements of earnings and within impairment of assets in the consolidated statements of cash flows.

³ The Company has anticipated future sublease receipts from executed sublease agreements of \$1.2 million in 2024, \$0.9 million in 2025, \$0.5 million in 2026, \$0.1 million in 2027, \$0.1 million in 2028, and \$0.1 million thereafter.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional information regarding the Company's leasing activities is as follows:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in measurement of Operating Lease Liabilities	130,221	130,273	111,555
Right-of-Use Assets obtained in exchange for new Operating Lease Liabilities ¹	\$ 114,564	\$ 294,109	\$ 133,528

¹ During the year ended December 31, 2022, \$160.2 million of the right-of-use assets obtained in exchange for new operating lease liabilities relates to the acquisition of BrandsMart U.S.A. The carrying value of these right-of-use assets was subsequently reduced by the \$6.8 million value of the off-market element of the BrandsMart U.S.A. lease agreements, which is reflected in the amounts noted in the table above.

The Company uses its incremental borrowing rate as the discount rate for its leases, as the implicit rate in the lease is not readily determinable. Below is a summary of the weighted-average discount rate and weighted-average remaining lease term for operating leases:

	December 31,			
	2023		2022	
	Weighted Average Discount Rate ¹	Weighted Average Remaining Lease Term (in years)	Weighted Average Discount Rate	Weighted Average Remaining Lease Term (in years)
Operating Leases	4.7 %	6.0	4.1 %	6.3

The table below is a summary of undiscounted operating lease liabilities that have terms in excess of one year and reconciles to the present value of the operating lease liabilities included in the consolidated balance sheets as of December 31, 2023.

(In Thousands)	Total
2024	\$ 119,504
2025	110,368
2026	91,546
2027	77,169
2028	56,777
Thereafter	124,852
Total Future Undiscounted Cash Flows ¹	580,216
Less: Interest	77,524
Present Value of Lease Liabilities	\$ 502,692

¹ Future undiscounted cash flows do not include \$6.0 million of future operating lease payments for leases that have not yet commenced. These leases will commence during 2024.

Sale-Leaseback Transactions

The Company entered into one and four sale and leaseback transactions during the years ended December 31, 2023, and 2022, respectively. The 2023 transaction related to five Company-owned Aaron's store properties and the 2022 transactions related to a total of seven Company-owned Aaron's store properties. Net proceeds from the sales were \$9.1 million and \$12.9 million, respectively. Proceeds are presented within proceeds from dispositions of property, plant, and equipment in the consolidated statement of cash flows. The Company recognized gains of \$5.4 million in 2023 and \$8.5 million in 2022, which were classified within other operating expenses, net in the consolidated statements of earnings.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: INDEBTEDNESS

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

(In Thousands)	December 31, 2023	December 31, 2022
Revolving Facility	\$ 25,000	\$ 69,250
Term Loan, Due in Installments through April 2027 ¹	168,963	173,163
Total Outstanding Borrowings under the Credit Facility	193,963	242,413
Total Debt	193,963	242,413
Less: Current Maturities	6,388	23,450
Long-Term Debt	\$ 187,575	\$ 218,963

¹ Includes unamortized debt issuance costs of \$0.6 million and \$0.7 million at December 31, 2023 and December 31, 2022. The Company has included \$2.2 million and \$2.9 million of debt issuance costs as of December 31, 2023 and December 31, 2022, respectively, related to the revolving credit facility within prepaid expenses and other assets in the consolidated balance sheets.

Revolving Credit Facility and Term Loan

To finance the BrandsMart U.S.A. acquisition, on April 1, 2022 the Company entered into a new unsecured credit facility (the "Credit Facility") which replaced its previous \$250 million unsecured credit facility. The Credit Facility provides for a \$175 million term loan (the "Term Loan") and a \$375 million revolving credit facility (the "Revolving Facility"), which includes (i) a \$35 million sublimit for the issuance of letters of credit on customary terms, and (ii) a \$35 million sublimit for swing line loans on customary terms. The Company pays a commitment fee on unused balances related to the revolving facility, which ranges from 0.20% to 0.30% as determined by the Company's ratio of total net debt to EBITDA (as defined by the agreement). All borrowings for swing line loans under the Revolving Facility are short-term in nature. The weighted average interest rate on the outstanding short-term borrowings as of December 31, 2023, under the Revolving Facility was 7.08%.

On April 1, 2022, the Company borrowed \$175 million under the Term Loan and \$117 million under the Revolving Facility to finance the purchase price for the BrandsMart U.S.A. acquisition and other customary acquisition and financing-related closing costs and adjustments. The Company expects that future additional borrowings under the Revolving Facility will be used to provide for working capital and capital expenditures, to finance future permitted acquisitions and for other general corporate purposes. As of December 31, 2023, \$169.5 million and \$25.0 million remained outstanding under the Term Loan and Revolving Facility, respectively, compared to \$173.9 million and \$69.3 million outstanding at December 31, 2022.

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

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

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

Franchise Loan Facility Amendment

On April 1, 2022, the Company also entered into a new \$12.5 million unsecured franchise loan facility (the "Franchise Loan Facility"), which replaced its previous \$15.0 million amended and restated unsecured franchise loan facility dated as of November 10, 2021. The Franchise Loan Facility operates as a guarantee by the Company of certain debt obligations of certain Aaron's franchisees (the "Borrower") under a franchise loan program.

THE AARON'S COMPANY, INC.
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In the event these franchisees are unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the franchisees' debt obligations under the Franchise Loan Facility, which would be due in full within 90 days of such event of default. Borrowings under the Franchise Loan Facility bear interest at a rate per annum equal to SOFR plus an applicable margin ranging between 1.50% and 2.25%, based on the Company's Total Net Debt to EBITDA Ratio (as defined in the Franchise Loan Facility). The Franchise Loan Facility is available for a period of 364 days commencing on April 1, 2022, and permits the Borrower to request extensions for additional 364-day periods. As of December 31, 2023, the Franchise Loan Facility has a total commitment amount of \$10.0 million and a maturity date of March 30, 2024, due to amendments executed in 2023. On February 23, 2024, the Company amended its Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility (described above), and to extend the maturity date to March 29, 2025.

Financial Covenants

The Credit Facility and the Franchise Loan Facility contain customary financial covenants including (a) a maximum Total Net Debt to EBITDA Ratio of 2.75 to 1.00 and (b) a minimum Fixed Charge Coverage Ratio of 1.75 to 1.00.

If the Company fails to comply with these covenants, the Company will be in default under these agreements, and all borrowings outstanding could become due immediately. Under the Credit Facility and Franchise Loan Facility, the Company may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, the Company maintains compliance with its financial covenants and no event of default has occurred or would result from the payment. The Company is in compliance with all of these covenants at December 31, 2023.

The table below shows all scheduled maturities for borrowings outstanding under the Revolving Facility and Term Loan as of December 31, 2023:

(In Thousands)	Total
2024	\$ 6,388
2025	8,575
2026	8,575
2027 ¹	170,425
Total	\$ 193,963

¹ Amount includes \$25.0 million of outstanding borrowings under the Revolving Facility as of December 31, 2023.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: INCOME TAXES

On April 1, 2022, the Company acquired BrandsMart U.S.A. in a deemed asset acquisition for federal and state income tax purposes. Due to the early adoption of ASU 2021-08, the Company recorded a deferred tax asset of \$1.1 million related to the assumed acquisition date fair value of deferred revenue with an offsetting reduction to goodwill. No additional deferred tax assets or liabilities were recorded as part of business combination accounting.

The following is a summary of the Company's income tax (benefit) expense:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Current Income Tax (Benefit) Expense			
Federal	\$ 3,697	\$ 152	\$ 140
State	3,786	2,988	6,073
Foreign	(162)	(131)	998
	7,321	3,009	7,211
Deferred Income Tax (Benefit) Expense:			
Federal	(3,411)	(4,417)	28,505
State	(8,067)	(8,074)	172
Foreign	276	19	48
	(11,202)	(12,472)	28,725
Income Tax (Benefit) Expense	\$ (3,881)	\$ (9,463)	\$ 35,936

Significant components of the Company's deferred income tax liabilities and assets are as follows:

(In Thousands)	December 31,	
	2023	2022
Deferred Tax Liabilities:		
Lease Merchandise and Property, Plant and Equipment	\$ 151,687	\$ 182,070
Operating Lease Right-of-Use Assets	116,372	114,868
Prepaid Expenses	4,578	5,412
Other, Net	5,476	5,697
Total Deferred Tax Liabilities	278,113	308,047
Deferred Tax Assets:		
Goodwill and Other Intangibles	49,104	55,733
Accrued Liabilities	16,893	16,614
Advance Payments	11,812	12,913
Operating Lease Liabilities	126,437	125,056
Net Operating Loss	8,207	15,436
Stock-Based Compensation	3,364	3,695
263A Inventory Capitalization	2,028	2,018
Other Comprehensive Income	449	—
Other, Net	1,151	5,851
Total Deferred Tax Assets	219,445	237,316
Less Valuation Allowance	412	—
Net Deferred Tax Liabilities	\$ 59,080	\$ 70,731

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Activity in the Company's deferred tax asset valuation allowance is as follows:

(In Thousands)	Year Ended	
	December 31, 2023	December 31, 2022
Beginning Balance	\$ —	\$ —
Valuation allowance provided for taxes related to:		
State net operating loss carryforwards	412	—
Ending Balance	\$ 412	\$ —

The Company's effective tax rate differs from the statutory United States federal income tax rate as follows:

	Year Ended December 31,		
	2023	2022	2021
Statutory Rate	21.0 %	21.0 %	21.0 %
Increases (Decreases) in United States Federal Taxes			
Resulting From:			
State Income Taxes, net of Federal Income Tax Benefit	(38.9)	1.5	3.7
Nondeductible Officers Compensation	(36.6)	(9.1)	0.3
Permanent Differences	(60.6)	(2.0)	0.4
Remeasurement of net Deferred Tax Liabilities	504.6	34.1	0.2
Federal Tax Credits	125.2	15.1	(1.6)
Stock-Based Compensation - Tax Deficiency	(89.2)	(1.6)	0.1
Valuation Allowance	(39.0)	—	—
Other, net	(19.7)	5.2	0.5
Effective Tax Rate	366.8 %	64.2 %	24.6 %

The net income tax benefit recognized in 2022 includes a \$5.1 million deferred income tax benefit generated by the remeasurement of state deferred tax assets and liabilities in connection with the acquisition of BrandsMart U.S.A.

The net income tax benefit recognized in 2023 includes a \$5.3 million deferred income tax benefit generated by the remeasurement of state deferred tax assets and liabilities in connection with an election to file a consolidated state income tax return and a change in the expected state apportionment percentages related to an election to treat Aaron's, LLC, a subsidiary of the Company, as a corporation for income tax purposes effective January 1, 2023.

At December 31, 2023, the Company had \$0.2 million of federal tax credit carryforwards which will begin to expire in 2031. In addition, at December 31, 2023, the Company had \$8.2 million of tax-effected state net operating loss carryforwards which will begin to expire in 2027 and state tax credit carryforwards of \$0.8 million which will begin to expire in 2031.

A valuation allowance has been provided where it is more likely than not that deferred tax assets related to state net operating loss carryforwards will not be realized. As of December 31, 2023, the valuation allowance totaled \$0.4 million for state net operating loss carryforwards.

The Company files a federal income tax return in the United States and files in various state and foreign jurisdictions. The Company filed its initial U.S. federal income tax return for the year ended December 31, 2020; currently, there are no open IRS examinations. With few exceptions, the Company is no longer subject to foreign and state and local tax examinations by tax authorities for years before 2020.

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The following table summarizes the activity related to the Company's uncertain tax positions:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Balance at January 1,	\$ 439	\$ 470	\$ 683
Additions Based on Tax Positions Related to the Current Year	—	—	—
Additions for Tax Positions of Prior Years	281	109	—
Prior Year Reductions	—	—	(104)
Statute Expirations	(154)	(140)	(109)
Settlements	—	—	—
Amounts Transferred to Former Parent	—	—	—
Balance at December 31,	\$ 566	\$ 439	\$ 470

As of December 31, 2023, 2022 and 2021, the amount of uncertain tax benefits that, if recognized, would affect the effective tax rate is \$0.7 million, \$0.5 million and \$0.5 million, respectively, including interest and penalties.

During the years ended December 31, 2023, 2022, and 2021 the Company did not recognize any interest and penalties. The Company had \$0.2 million of accrued interest and penalties at December 31, 2023, 2022, and 2021, respectively. The Company recognizes potential interest and penalties related to uncertain tax benefits as a component of income tax (benefit) expense.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Guarantees

The Company has guaranteed certain debt obligations of some of its Aaron's franchisees under a franchise loan program (the "Franchise Loan Facility") as described in further detail in Note 8 to these consolidated financial statements. The Company has recourse rights to franchisee assets securing the debt obligations, which consist primarily of lease merchandise and fixed assets. Since the inception of the franchise loan program in 1994, the Company's losses associated with the program have been insignificant. However, such losses could be significant in a future period due to potential adverse trends in the liquidity and/or financial performance of Aaron's franchisees resulting in an event of default or impending defaults by franchisees.

The Company entered into a new Franchise Loan Facility agreement on April 1, 2022, which has been amended several times since that date. As of December 31, 2023, the Franchise Loan Facility has a total commitment amount of \$10.0 million and a commitment termination date of March 30, 2024. On February 23, 2024, the Company amended its Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility (described above), and to extend the maturity date to March 29, 2025. At December 31, 2023, the maximum amount that the Company would be obligated to repay in the event franchisees defaulted was \$4.9 million. The Company is subject to financial covenants under the Franchise Loan Facility as detailed in Note 8 to these consolidated financial statements. At December 31, 2023, the Company was in compliance with all covenants under the Franchise Loan Facility agreement.

The Company records a liability related to estimated future losses from repaying the franchisees' outstanding debt obligations upon any possible future events of default. This liability is included in accounts payable and accrued expenses in the consolidated balance sheets and was \$1.0 million and \$1.3 million at December 31, 2023 and 2022, respectively. The balances at December 31, 2023 and 2022 included qualitative consideration of potential losses, associated with uncertainties impacting the operations and liquidity of our franchisees. Uncertainties include inflationary pressures in the current macroeconomic environment.

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Legal Proceedings

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

At December 31, 2023 and 2022, the Company had accrued \$0.7 million and \$2.7 million, respectively, for pending legal and regulatory matters for which it believes losses are probable and is management's best estimate of its exposure to loss. The Company records these liabilities in accounts payable and accrued expenses in the consolidated balance sheets.

Those matters for which a loss is reasonably possible but not probable and those matters for which a reasonable estimate is not possible are not included within these estimated ranges and, therefore, the estimated ranges do not represent the Company's maximum loss exposure.

In *Jacob Atkinson v. Aaron's, LLC dba Aaron's Sales & Lease Ownership, LLC*, Civil Action No. 2:23-cv-01742-BJR (W.D. Wash.), filed on October 11, 2023, currently before the United States District Court for the Western District of Washington, plaintiff alleges that the Company violated Washington's Equal Pay and Opportunity Act, RCW 49.58.110, because certain of the Company's job postings did not include a wage scale or salary range. Because the statute is new, issues including standing, applicability as to who it covers, and the constitutionality of the statutory penalty have not been determined. Plaintiff seeks injunctive and declaratory relief and also seeks certification of a putative class. On January 22, 2024, the Company filed a motion to dismiss the lawsuit.

The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such losses is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. Other than as described above, there is no material pending or threatened litigation against the Company that remains outstanding as of December 31, 2023.

Other Contingencies

At December 31, 2023, the Company had non-cancelable commitments primarily related to certain advertising and marketing programs, software licenses, and hardware and software maintenance of \$18.0 million. Payments under these commitments are scheduled to be \$11.3 million in 2024, \$5.6 million in 2025 and \$1.1 million in 2026.

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

NOTE 11: RESTRUCTURING

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

Operational Efficiency and Optimization Restructuring Program

During the third quarter of 2022, the Company initiated the Operational Efficiency and Optimization Restructuring Program intended to strengthen operational efficiencies and reduce the Company's overall costs. Management believes that this restructuring program will help the Company sharpen its operational focus, optimize its cost profile, allocate capital resources towards long-term strategic objectives, and generate incremental value for shareholders through investments in technological capabilities, and fulfillment center logistics competencies. Since initiation, the program resulted in the closure or consolidation of 38 Company-operated Aaron's stores through the year ended December 31, 2023. This program also includes the Hub and Showroom model to optimize labor in markets, store labor realignments, optimization of the Company's supply chain, the centralization and optimization of store support center, operations, and multi-unit store oversight functions, as well as other real estate and third party spend costs reductions.

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Total net restructuring expenses under the Operational Efficiency and Optimization Restructuring Program related to the initiatives described above were \$6.4 million during the year ended December 31, 2023. Such expenses were recorded within the Unallocated Corporate category for segment reporting and were comprised mainly of professional advisory fees, severance, operating lease right-of-use asset impairment charges, fixed asset impairment charges and continuing variable occupancy costs incurred related to closed stores. Management expects future restructuring expenses (reversals) due to potential early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

Since inception of the Operational Efficiency and Optimization Restructuring Program, the Company has incurred charges of \$18.0 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, continuing variable occupancy costs incurred related to closed stores, professional advisory fees, and severance related to reductions in its store support center and Aaron's Business store oversight functions.

In January 2024, the Company completed a headcount reduction of its store support center to more closely align with current business conditions resulting in the recognition of \$2.1 million in severance charges.

Real Estate Repositioning and Optimization Restructuring Program

During the first quarter of 2020, the Company initiated a real estate repositioning and optimization restructuring program. This program includes a strategic plan to remodel, reposition, and consolidate our Company-operated Aaron's store footprint over the next two to three years. We believe that such strategic actions will allow Aaron's to continue to successfully serve our markets while continuing to utilize our growing aarons.com platform. Management expects that this strategy, along with our increased use of technology, will enable us to reduce store count while retaining a significant portion of our existing customer relationships as well as attract new customers. Since initiation, the program has resulted in the closure, consolidation, or relocation of 250 Company-operated stores through 2023. This program also resulted in the closure of one administrative store support building and a further rationalization of our store support center staff, which included a reduction in employee headcount in those areas to more closely align with current business conditions. As of December 31, 2023, we have identified approximately 12 remaining stores for closure, consolidation, or relocation that have not yet been closed and vacated, which generally are expected to close during 2024.

Total net restructuring expenses under the real estate repositioning and optimization restructuring program of \$9.2 million were recorded for the year ended December 31, 2023. Restructuring expenses were recorded within the Unallocated Corporate category for segment reporting and were comprised mainly of operating lease right-of-use asset and fixed asset impairment charges related to the vacancy or planned vacancy of stores identified for closure.

Since inception of the real estate repositioning and optimization program, the Company has incurred charges of \$70.8 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, losses recognized related to contractual lease obligations, and severance related to reductions in store support center and field support staff headcount. We expect future restructuring expenses (reversals) due to potential future early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

The following table summarizes restructuring charges incurred under the Company's restructuring programs:

(In Thousands)	Year Ended December 31,		
	2023	2022	2021
Right-of-Use Asset Impairment	\$ 3,121	\$ 11,214	\$ 4,162
Operating Lease Charges	7,129	7,150	4,827
Fixed Asset Impairment	967	5,032	658
Severance	2,096	3,137	262
Professional Advisory Fees	1,720	4,881	—
Other Expenses	665	1,362	384
Gain on Sale of Store Properties	(101)	(59)	(1,075)
Total Restructuring Expenses, Net	\$ 15,597	\$ 32,717	\$ 9,218

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The following table summarizes the corresponding accrual balances as of December 31, 2023 and December 31, 2022 for the restructuring programs:

(In Thousands)	Severance	Operating Lease Charges ¹	Professional Advisory Fees
Balance at December 31, 2022	\$ 695	\$ 2,200	\$ 1,032
Restructuring Charges	\$ 2,096	\$ 2,016	\$ 1,720
Payments	\$ (2,620)	\$ (3,367)	\$ (2,748)
Balance at December 31, 2023	\$ 171	\$ 849	\$ 4

¹ Operating lease charges payable at December 31, 2023 relate to accrued maintenance charges at various properties vacated in conjunction with the restructuring programs discussed herein. These liabilities are included within accounts payable and accrued expenses in the consolidated balance sheets. All other operating lease charges incurred during the year ended December 31, 2023 were expensed as incurred and are not reflected in this table as they do not impact the restructuring accrual.

NOTE 12. SEGMENTS

Segment Reporting

For all periods prior to April 1, 2022, the Company only had one operating and reportable segment. Effective as of April 1, 2022 and in connection with the acquisition of BrandsMart U.S.A., the Company updated its reportable segments to align the reportable segments with the current organizational structure and the operating results that the chief operating decision maker regularly reviews to analyze performance and allocate resources, which includes two operating and reportable segments: Aaron's Business and BrandsMart, along with an Unallocated Corporate category for remaining unallocated costs.

The Aaron's Business segment provides consumers with LTO and retail purchase solutions through the Company's Aaron's stores, along with its franchisees, in the United States and Canada and the aarons.com e-commerce platform. In addition, the Aaron's Business segment includes the operations of BrandsMart Leasing, which offers a lease-to-own solution to customers of BrandsMart U.S.A., and Woodhaven, which manufactures and supplies a significant portion of the upholstered furniture leased and sold in Company-operated and franchised Aaron's stores.

The BrandsMart segment includes the operations of BrandsMart U.S.A. (other than BrandsMart Leasing), which is one of the leading appliance and consumer electronics retailers in the southeastern United States and one of the largest appliance retailers in the country with 11 stores in Florida and Georgia and a growing e-commerce presence on brandsmartusa.com. The results of BrandsMart have been included in the Company's consolidated results from the April 1, 2022 acquisition date.

Measurement of Segment Profit or Loss and Segment Assets

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2023					
(In Thousands)	Aaron's Business	BrandsMart	Elimination of Intersegment Revenues	Total	
Lease Revenues and Fees	\$ 1,399,514	\$ —	\$ —	\$ 1,399,514	
Retail Sales	27,248	604,413	(10,996)	620,665	
Non-Retail Sales	96,710	—	—	96,710	
Franchise Royalties and Fees	22,312	—	—	22,312	
Other	689	—	—	689	
Total	\$ 1,546,473	\$ 604,413	\$ (10,996)	\$ 2,139,890	

Year Ended December 31, 2023					
(In Thousands)	Aaron's Business ¹	BrandsMart	Unallocated Corporate ²	Elimination	Total
Gross Profit	\$ 976,547	\$ 143,660	\$ —	\$ (888)	\$ 1,119,319
Earnings (Loss) Before Income Taxes	99,041	(5,029)	(94,416)	(654)	(1,058)
Depreciation and Amortization ³	75,221	14,244	876	—	90,341
Capital Expenditures	75,497	13,195	5,723	—	94,415

¹ Earnings before income taxes for the Aaron's Business segment during the year ended December 31, 2023 included gains of \$5.4 million related to a sale and leaseback transaction for five Company-owned Aaron's store properties.

² The loss before income taxes for the Unallocated Corporate category during the year ended December 31, 2023 was impacted by restructuring charges of \$15.6 million, BrandsMart U.S.A. acquisition-related costs of \$3.6 million and separation-related costs of \$0.2 million.

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

Year Ended December 31, 2022					
(In Thousands)	Aaron's Business	BrandsMart	Elimination of Intersegment Revenues	Total	
Lease Revenues and Fees	\$ 1,529,125	\$ —	\$ —	\$ 1,529,125	
Retail Sales	39,693	552,465	(6,534)	585,624	
Non-Retail Sales	110,531	—	—	110,531	
Franchise Royalties and Fees	23,376	—	—	23,376	
Other	778	—	—	778	
Total	\$ 1,703,503	\$ 552,465	\$ (6,534)	\$ 2,249,434	

Year Ended December 31, 2022					
(In Thousands)	Aaron's Business ¹	BrandsMart ²	Unallocated Corporate ³	Elimination	Total
Gross Profit	\$ 1,061,266	\$ 101,364	\$ —	\$ (857)	\$ 1,161,773
Earnings (Loss) Before Income Taxes	122,220	(11,171)	(125,021)	(771)	(14,743)
Depreciation and Amortization ⁴	74,333	10,520	1,230	—	86,083
Capital Expenditures	98,305	3,499	6,176	—	107,980

¹ Earnings before income taxes for the Aaron's Business segment during the year ended December 31, 2022 included gains of \$8.5 million related to sale and leaseback transactions for seven Company-owned Aaron's store properties.

² The loss before income taxes for the BrandsMart segment during the year ended December 31, 2022 was impacted by a one-time, non-cash charge for a fair value adjustment to the acquired merchandise inventories of \$23.1 million.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

³ The loss before income taxes for the Unallocated Corporate category during the year ended December 31, 2022 was impacted by restructuring charges of \$32.7 million, BrandsMart U.S.A. acquisition-related costs of \$14.6 million, a goodwill impairment charge of \$12.9 million to fully write-off the goodwill balance of the Aaron's Business reporting unit and separation-related costs of \$1.2 million.

⁴ Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

(In Thousands)	Year Ended December 31, 2021			
	Aaron's Business	BrandsMart	Elimination of Intersegment Revenues	Total
Lease Revenues and Fees	\$ 1,633,489	\$ —	\$ —	\$ 1,633,489
Retail Sales	57,568	—	—	57,568
Non-Retail Sales	128,299	—	—	128,299
Franchise Royalties and Fees	25,129	—	—	25,129
Other	1,019	—	—	1,019
Total	\$ 1,845,504	\$ —	\$ —	\$ 1,845,504

(In Thousands)	Year Ended December 31, 2021				
	Aaron's Business	BrandsMart	Unallocated Corporate ²	Elimination	Total
Gross Profit	\$ 1,159,489	\$ —	\$ —	\$ —	\$ 1,159,489
Earnings (Loss) Before Income Taxes	223,448	—	(77,578)	—	145,870
Depreciation and Amortization ¹	67,836	—	1,851	—	69,687
Capital Expenditures	85,053	—	7,651	—	92,704

¹ Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

² The loss before income taxes for the Unallocated Corporate category during the year ended December 31, 2021 was impacted by restructuring charges of \$9.2 million and separation-related costs of \$6.7 million.

NOTE 13: STOCK COMPENSATION

Description of Plans

The Company grants stock options, RSUs, RSAs and PSUs to certain employees and directors of the Company under the 2020 Equity and Incentive Plan ("the 2020 Plan"), and previously did so under Aaron's Inc. stock-based compensation plans. The Aaron's Inc. stock-based compensation plans were discontinued in connection with the separation and distribution from PROG Holdings effective November 30, 2020. The 2020 Plan was approved by the Company's Board of Directors on November 11, 2020 and subsequently amended and restated with shareholder approval on August 25, 2021 to increase the number of shares available under the 2020 Plan. Beginning in 2021, as part of the Company's long-term incentive compensation program and pursuant to the Company's 2020 Plan, the Company granted a mix of stock options, RSUs, RSAs and PSUs to eligible employees and directors. As of December 31, 2023, the aggregate number of shares of common stock that may be issued or transferred under the 2020 Plan is 1,301,147.

Conversion at Separation and Distribution

In accordance with the terms of the Employee Matters Agreement between The Aaron's Company and PROG Holdings, all unexercised, unissued and/or unvested share-based awards previously granted to The Aaron's Company employees and directors under the Aaron's, Inc. equity plans through the separation and distribution date of November 30, 2020 were converted at the time of distribution to replacement stock options, RSUs, PSUs and RSAs.

The replacement awards were converted using formulas designed to preserve the intrinsic economic value of the awards after taking into consideration the distribution. Employees who held unvested RSAs and PSUs of Aaron's Holdings Company, Inc. on the record date of November 27, 2020 generally had the option to elect one of two conversion methods for determining the replacement awards:

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

i) to receive replacement awards of both The Aaron's Company and PROG Holdings for the number of whole units, rounded down to the nearest whole unit, of The Aaron's Company and PROG Holdings common stock that they would have received as a shareholder of Aaron's Holdings Company, Inc. at the date of separation, which is one share of The Aaron's Company for every two shares of PROG Holdings (i.e., "the shareholder method"); or

ii) to receive replacement awards only of the respective employer's common stock of an amount determined by a conversion ratio determined by calculating the product of the pre-distribution share price of Aaron's Holdings Company, Inc. and the pre-distribution number of awards being cancelled and replaced pursuant to this conversion, and then dividing the product by the post-distribution volume weighted adjusted three-day average share price of the respective employer's common stock rounded down to the nearest whole share (i.e., "the employee method").

In accordance with the Employee Matters Agreement, the conversion of certain awards, including substantially all unvested and unexercised vested stock options, was required to be determined following the employee method. The conversion of RSUs held by the Company's board of directors was required to be determined following the shareholder method.

Under both the shareholder method and the employee method, the terms and conditions of the converted awards were replicated, and, as necessary, adjusted to ensure that the vesting schedules were unchanged and the awards were converted in accordance with the Employee Matters Agreement. As a result, on the separation date, 2.9 million shares of The Aaron's Company, Inc. common stock (the "converted awards") were converted and deemed issued under the 2020 Plan. In connection with the conversion, certain employees and directors of The Aaron's Company have outstanding equity awards of PROG Holdings, which are not reflected in the tables below.

The Company accounted for the conversion of the awards as award modifications in accordance with ASC 718. The Company compared the fair value of the outstanding awards immediately prior to the conversion with the fair value immediately after the conversion, and determined that the conversion of equity awards held by The Aaron's Company employees resulted in incremental compensation expense of \$5.5 million which reflects the incremental fair value of the converted awards. Of this total amount, \$1.1 million was related to vested but unexercised or unissued equity awards and was recognized immediately on the separation and distribution date. The remaining incremental expense was amortized and recognized over the remaining service periods of the respective awards, with \$2.7 million being recognized during the year ended December 31, 2021. The amount recognized during the years ended December 31, 2022 and 2023 was immaterial. The incremental compensation expense associated with the converted award modifications was included as a component of separation costs in the consolidated statements of earnings during the years ended December 31, 2023, 2022 and 2021.

Stock-based Compensation Expense

The Company has elected a policy to estimate forfeitures in determining the amount of stock compensation expense. Total long-term incentive stock-based compensation expense recognized by the Company was \$11.9 million, \$12.1 million and \$12.8 million for the years ended December 31, 2023, 2022 and 2021, respectively. These costs were included as components of personnel costs, separation costs, and retirement charges, as applicable, in the consolidated statements of earnings.

The total income tax benefit recognized in the consolidated statements of earnings for stock-based compensation arrangements was \$2.9 million, \$3.1 million and \$3.2 million in the years ended December 31, 2023, 2022 and 2021, respectively. For the year ended December 31, 2023, compensation cost exceeded the tax deduction resulting in recognition of a tax deficiency of \$0.9 million. For the years ended December 31, 2022 and 2021, tax deductions exceeded compensation cost, resulting in recognition of tax benefits of \$0.1 million and \$0.6 million, respectively. Tax deficiencies and benefits related to compensation cost are included within operating cash flows.

As of December 31, 2023, there was \$14.8 million of total unrecognized compensation expense related to non-vested stock-based compensation. This expense is expected to be recognized by the Company over a period of 1.42 years.

Stock Options

Under the 2020 Plan, options granted become exercisable after a period of one to three years and unexercised options lapse 10 years after the date of the grant. The vesting schedules of converted awards were unchanged by the conversion. Unvested options are subject to forfeiture upon termination of service. The Company recognizes compensation expense for options that have a graded vesting schedule on a straight-line basis over the requisite service period. Upon stock option exercises, shares are to be issued by the Company with common stock or from its treasury shares, based on treasury share availability.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company determines the fair value of stock options on the grant date using a Black-Scholes-Merton option pricing model that incorporates expected volatility, expected option life, risk-free interest rates and expected dividend yields. The expected volatility is based upon a time-weighted average of the Company's historical life-to-date volatility and the historical volatility of a group of similar peers over the most recent period generally commensurate with the expected estimated life of each respective grant, as well as implied volatilities from traded options on the Company's stock. Due to limited Company-specific exercise history following the November 30, 2020 separation and distribution, the expected life of the options is derived utilizing the simplified method, which finds the midpoint of the vesting date and the end of the contractual term. The risk-free interest rates are determined using the implied yield available for zero-coupon U.S. Treasury STRIPS that have a term equal to the expected life of the grant. The expected dividend yields are based on the approved annual dividend rate and market price of the underlying common stock at the time of grant.

The Company granted 273,000, 148,000, and 194,000 stock options during the years ended December 31, 2023, 2022, and 2021, respectively. The weighted-average fair value of options granted and the weighted-average assumptions used in the Black-Scholes-Merton option pricing model for such grants were as follows:

	2023	2022	2021
Dividend Yield	4.17 %	2.10 %	1.84 %
Expected Volatility	53.86 %	55.38 %	55.73 %
Risk-free Interest Rate	4.17 %	1.90 %	0.87 %
Expected Term (in years)	6.0	6.0	6.0
Fair Value of Stock Options Granted	\$ 4.58	\$ 9.45	\$ 9.56

The table below summarizes the Company's stock option activity for the year ended December 31, 2023:

	Options (In Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Thousands)	Weighted Average Fair Value
Outstanding at January 1, 2023	879	\$ 15.45			
Granted	273	12.00			
Exercised	(8)	10.78			
Forfeited/expired	(23)	14.80			
Outstanding at December 31, 2023	1,121	14.66	6.61	\$ 527	\$ 5.77
Expected to Vest	400	15.61	8.17	—	6.44
Exercisable at December 31, 2023	708	14.16	5.42	527	5.40

The aggregate intrinsic value amounts in the table above represent the closing price of the Company's common stock on December 31, 2023 in excess of the exercise price, multiplied by the number of in-the-money stock options as of that same date. Options outstanding that are expected to vest are net of estimated future option forfeitures.

The aggregate intrinsic value of options exercised by the Company's employees, which represents the value of The Aaron's Company, Inc. common stock at the time of exercise in excess of the exercise price was insignificant for the year ended December 31, 2023, and was \$0.1 million and \$1.8 million for the years ended December 31, 2022 and 2021, respectively.

The total grant-date fair value of options vested during the years ended December 31, 2023, 2022, and 2021 was \$1.4 million, \$1.2 million, and \$0.9 million, respectively.

The following table summarizes information about the Company's stock options outstanding at December 31, 2023:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding December 31, 2023 (In Thousands)	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price	Number Exercisable December 31, 2023 (In Thousands)	Weighted Average Exercise Price
\$0.00-\$10.00	124	2.61	\$ 7.19	124	\$ 7.19
\$10.01-\$20.00	672	6.88	12.67	411	13.09
\$20.01-\$30.00	325	7.60	21.63	173	21.67
\$0.00-\$30.00	1,121	6.61	14.66	708	14.16

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Stock

Restricted stock units or restricted stock awards (collectively, "restricted stock") may be granted to employees and directors under the 2020 Plan and typically vest over one to three-year periods. Restricted stock grants are settled in stock and may be subject to one or more objective employment, performance or other forfeiture conditions as established at the time of grant. The Company generally recognizes compensation expense for restricted stock with a graded vesting schedule on a straight-line basis over the requisite service period as restricted stock is not subject to performance metrics. Upon vesting, shares are issued by the Company with common stock or from its treasury shares, based on treasury share availability. Any shares of restricted stock that are forfeited may again become available for issuance. Certain unvested time-based restricted stock awards entitle participants to vote and accrue dividends, if declared by the Board of Directors, during the vesting period. The accrued dividends for these awards are forfeitable upon termination prior to vesting. As of December 31, 2023, there are 882,000 unvested restricted stock awards that contain voting rights, but are not presented as outstanding on the consolidated balance sheet.

The fair value of restricted stock is generally based on the fair market value of common stock on the date of grant. The fair value of the converted awards was adjusted in accordance with the Employee Matters Agreement and conversion methodology to ensure that the economic value of the awards was unchanged by the conversion.

The Company granted 683,000, 557,000, and 347,000 shares of restricted stock at weighted-average fair values of \$11.99, \$21.38, and \$22.89 during the years ended December 31, 2023, 2022, and 2021, respectively. The following table summarizes information about restricted stock activity during 2023:

	Restricted Stock (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2023	857	\$ 21.16
Granted	683	11.99
Vested	(326)	19.30
Forfeited/unearned	(110)	17.04
Non-vested at December 31, 2023	<u>1,104</u>	<u>16.44</u>

The total vest-date fair value of restricted stock described above that vested during the period was \$3.8 million, \$4.3 million, and \$3.1 million during the years ended December 31, 2023, 2022, and 2021, respectively.

Performance Share Units

For performance share units granted prior to December 31, 2021, the number of shares earned is determined at the end of a one-year performance period based upon achievement of various Company-specific performance criteria, which have included adjusted EBITDA, revenue, adjusted pre-tax profit and return on capital metrics. When the performance criteria are met, the award is earned and one-third of the award vests. Another one-third of the earned award is subject to an additional one-year service period and the remaining one-third of the earned award is subject to an additional two-year service period. For performance share units granted during the years ended December 31, 2023 and 2022, the number of shares earned is determined at the end of a three-year performance period based upon the average achievement of Company-specific adjusted EBITDA metrics for each of the three performance years. When the performance criteria are met, the award is earned and will cliff vest.

The fair value of performance share units with Company-specific performance criteria is based on the fair market value of common stock on the date of grant. The compensation expense associated with performance share units with a graded vesting schedule is amortized on an accelerated basis over the vesting period and performance share units with a cliff vesting schedule are amortized on a straight-line basis over the requisite service period based on the projected assessment of the level of performance that will be achieved and earned. In the event the Company determines it is no longer probable that the minimum Company-specific performance criteria specified in the plan will be achieved, all previously recognized compensation expense is reversed in the period such a determination is made.

During the years ended December 31, 2023 and 2022, the Company also issued performance share units with a relative total shareholder return ("TSR") component. For the TSR performance share units, the number of shares earned is determined based on the Company's share price performance relative to a specified peer group's stock performance at the end of a three-year performance period. When the market-based performance criteria are met, the TSR performance share units will cliff vest.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of each TSR performance share unit is determined using a Monte Carlo simulation. The compensation expense associated with performance share units with a cliff vesting schedule is amortized on a straight-line basis over the requisite service period and is based upon the assumption of 100% achievement of the TSR goal. In the event that the market-based performance criteria are not achieved, the TSR awards will not vest; however the compensation expense associated with TSR awards will not be reversed even if the threshold level of TSR is not achieved.

The assumptions used in the Monte Carlo valuation for the TSR performance share units granted during the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Risk-free Interest Rate	4.61 %	1.72 %
Expected Dividend Yield	4.17 %	2.10 %
Expected Volatility	57.35 %	60.68 %
Expected Term (in years)	2.82 years	2.85 years
Fair Value of TSR Performance Share Units Granted	\$ 15.81	\$ 32.09

Upon vesting, all performance share units are to be issued by the Company with common stock or from its treasury shares, based on treasury share availability. The number of performance-based shares which could potentially be issued ranges from zero to 200% of the target award. The vesting schedules and performance achievement levels of converted awards were unchanged by the conversion.

The Company granted 398,000, 355,000, and 136,000 performance share units at weighted-average fair values of \$13.91, \$26.77, and \$27.54 during the years ended December 31, 2023, 2022 and 2021, respectively. The following table summarizes information about the Company's performance share unit activity during the year ended December 31, 2023:

	Performance Share Units (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2023	485	\$ 23.17
Granted	398	13.91
Vested	(189)	18.42
Forfeited/unearned	(46)	19.82
Non-vested at December 31, 2023	648	16.18

The total vest-date fair value of performance share units described above that vested during the period was \$2.3 million and \$4.6 million, and \$3.9 million during the years ended December 31, 2023, 2022, and 2021, respectively.

Employee Stock Purchase Plan

Effective November 30, 2020, the Company's Board of Directors approved the Employee Stock Purchase Plan (the "2020 ESPP"), which is a tax-qualified plan under Section 423 of the Internal Revenue Code. The 2020 ESPP was subsequently amended and restated with shareholder approval on May 3, 2023 in the form of The Aaron's Company, Inc. Amended and Restated Employee Stock Purchase Plan (the "A&R ESPP") to:

- Increase the Share Reserve from 200,000 to 1,050,000;
- Allow participation of highly compensated employees of the Company or a subsidiary who are subject to the disclosure requirements of Section 16(a) of the Securities and Exchange Act of 1934 ("Section 16 officers"); and
- Remove the requirement that employees must hold shares of Common Stock purchased for one year prior to exercise.

The purpose of the A&R ESPP is to encourage ownership of the Company's common stock by eligible employees. Eligible employees are allowed to purchase common stock of the Company during six-month offering periods at the lower of: (a) 85% of the closing trading price per share of the common stock on the first trading date of an offering period in which a participant is enrolled; or (b) 85% of the closing trading price per share of the common stock on the last day of an offering period. Employees participating in the A&R ESPP can contribute up to an amount not exceeding 10% of their base salary and wages up to an annual maximum of \$25,000 in total fair market value of the common stock. The first offering period began on January 1, 2021. As of December 31, 2023, the aggregate number of shares of common stock that may be issued under the A&R ESPP was 836,435.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The compensation cost is measured on the grant date based on eligible employees' expected withholdings and is recognized over each six-month offering period. During the years ended December 31, 2023, 2022, and 2021, the Company issued 34,092, 110,911, and 68,562, shares to employees under the A&R ESPP at a weighted average purchase price of \$9.25, \$11.21, and \$18.28, respectively. Total compensation cost recognized in connection with the A&R ESPP was \$0.1 million, \$0.3 million, and \$0.3 million for the years ended December 31, 2023, 2022 and 2021, respectively and are included as a component of personnel costs in the consolidated statements of earnings.

NOTE 14: COMPENSATION ARRANGEMENTS

Deferred Compensation

The Company maintains The Aaron's Company, Inc. Deferred Compensation Plan, which is an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. On a pre-tax basis, eligible employees can defer receipt of up to 75% of their base compensation and up to 75% of their incentive pay compensation, and eligible non-employee directors can defer receipt of up to 100% of their cash and stock director fees.

Compensation deferred under the plan is recorded as a deferred compensation liability, which is recorded in accounts payable and accrued expenses in the consolidated balance sheets. The deferred compensation plan liability was \$10.6 million and \$8.6 million as of December 31, 2023 and 2022, respectively. Liabilities under the plan are recorded at amounts due to participants, based on the fair value of participants' selected investments, which consist of equity and debt "mirror" funds. The obligations are unsecured general obligations of the Company and the participants have no right, interest or claim in the assets of the Company, except as unsecured general creditors. The Company has established a rabbi trust to fund obligations under the plan primarily with company-owned life insurance policies. The value of the assets within the rabbi trust, which is primarily the cash surrender value of the life insurance, was \$15.2 million and \$13.4 million as of December 31, 2023 and 2022, respectively, and is included in prepaid expenses and other assets in the consolidated balance sheets. The Company recorded a gain of \$1.9 million during the year ended December 31, 2023, a loss of \$2.3 million during the year ended December 31, 2022, and a gain of \$1.6 million during the year ended December 31, 2021, related to changes in the cash surrender value of the life insurance plans. These gains and losses were recorded within other non-operating income (expense), net in the consolidated statements of earnings.

Benefits of \$0.7 million, \$1.3 million and \$2.3 million were paid to plan participants during the years ended December 31, 2023, 2022 and 2021, respectively. The terms of The Aaron's Company, Inc. deferred compensation plan include a discretionary match. The match allows eligible employees to receive 100% matching by the Company on the first 3% of contributions and 50% on the next 2% of contributions for a total of a 4% match. The annual match is not to exceed \$13,200, \$12,200, and \$11,600 for an individual employee for 2023, 2022, and 2021, respectively, and is subject to a three-year cliff vesting schedule. Deferred compensation expense for the matching contributions was not significant during the periods presented herein.

401(k) Defined Contribution Plan

The Company maintains a 401(k) retirement savings plan for employees who meet certain eligibility requirements. The Aaron's Company, Inc. 401(k) savings plan allows employees to contribute up to 75% of their annual compensation in accordance with federal contribution limits with 100% matching by the Company on the first 3% of compensation and 50% on the next 2% of compensation for a total of a 4% match. The Company's expense related to the plan was \$6.3 million in 2023, \$6.3 million in 2022 and \$5.6 million in 2021.

Employee Stock Purchase Plan

See Note 13 to these consolidated financial statements for more information regarding the Company's compensatory Employee Stock Purchase Plan.

THE AARON'S COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: RELATED PARTY TRANSACTIONS

Related Party Transactions with the Sellers of BrandsMart U.S.A.

Effective as of the BrandsMart U.S.A. acquisition date, the Company entered into lease agreements for six store locations retained by the sellers of BrandsMart U.S.A., including Michael Perlman, who was employed by the Company for a short period following the acquisition. While Mr. Perlman was no longer employed by the Company as of December 31, 2022, the Company continued to treat the lease agreements as potential related party transactions under the Company's Related Party Transactions Policy through December 2023. The lease agreements include initial terms of ten years, with options to renew each location for up to 20 years thereafter. The Company has recorded these leases within operating lease right-of-use assets and operating lease liabilities in the Company's consolidated balance sheets. The six operating leases are considered to be above market. The value of the off-market element of the lease agreements has been included as a component of the consideration transferred to the sellers of BrandsMart U.S.A. and has been recognized as a reduction to the operating lease right-of-use-asset.

The total amounts paid to the sellers of BrandsMart U.S.A. during the year ended December 31, 2023 and 2022 related to real estate activities, including rental payments, maintenance and taxes, were \$12.9 million and \$9.9 million, respectively.

The remaining receivable related to the finalized working capital settlement due from the sellers of BrandsMart U.S.A. was insignificant as of December 31, 2022, and was fully paid off in the second quarter of 2023.

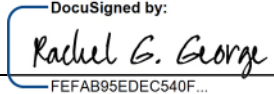
GUARANTEE OF PERFORMANCE

For value received, The Aaron's Company, Inc., a Georgia corporation (the "Guarantor"), located at 400 Galleria Parkway SE, Suite 300, Atlanta, Georgia 30339, absolutely and unconditionally guarantees to assume the duties and obligations of Aaron's, LLC, located at 400 Galleria Parkway SE, Suite 300, Atlanta, Georgia 30339 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Atlanta, Georgia, on the 30th day of June, 2025.

Guarantor:

THE AARON'S COMPANY, INC.

By: 
FEFAB95EDEC540F...
 Rachel G. George

Name: _____

Title: EVP, Chief Legal Officer

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT

Form of Area Development Agreement

AREA DEVELOPMENT AGREEMENT

among

AARON'S, LLC
(Franchisor),

(Developer)

and

(Guarantor(s))

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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into as of _____, _____ among **AARON’S, LLC**, a Georgia limited liability company (“Franchisor”), _____ (“Franchisee”), and _____ (each individually a “Guarantor, and all being collectively the Guarantors”).

WHEREAS, upon the terms and conditions set forth herein, Franchisor desires to grant to Franchisee the exclusive right to establish and operate a specified number of Aaron’s Sales & Lease OwnershipSM franchise stores (“Stores”) within a specified geographical area;

WHEREAS, Franchisee desires to establish and operate Stores upon the terms and conditions contained in Franchisor’s standard franchise agreement; and

WHEREAS, Guarantor/Guarantors has/have agreed to personally guarantee the performance of Franchisee under this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1: Grant of Development Area.

Subject to the terms and conditions herein contained, Franchisor hereby grants to Franchisee the exclusive right to establish and operate Stores in the area (the “Development Area”) designated on Exhibit A attached hereto (Exhibit A and all other exhibits hereto being hereby incorporated herein by reference).

Section 2: Development Fees.

(a) Contemporaneously with the execution and delivery of this Agreement, Franchisee has paid to Franchisor the sum of the development fees as specified on Exhibit A (each, a “Development Fee” and collectively, the “Development Fees”) for all Stores to be developed hereunder, receipt of which is hereby acknowledged by Franchisor. The Development Fee shall be \$15,000 for each Store to be developed hereunder.

(b) Franchisee shall pay Franchisor a territory modification fee of \$2,500 if Franchisee chooses to re-define its Territory as noted in Exhibit A, provided Franchisor consents to such territory modification.

(c) Each time Franchisee executes a franchise agreement for a new Store to be operated by Franchisee in the Development Area in accordance with the development schedule set forth on Exhibit A (the “Schedule”), the Development Fee corresponding to the Store to be established and

operated shall be deducted from the franchise fee payable to Franchisor under such franchise agreement.

Section 3: Development Schedule.

Franchisee shall open Stores in accordance with the Schedule. Prior to the execution of any letter of intent, lease, purchase agreement or other document by which Franchisee would commit to occupy or acquire a location for any Store to be established hereunder, Franchisee shall execute and deliver to Franchisor three (3) copies of Franchisor's then-current standard franchise agreement (the current form of which is attached hereto as Exhibit B). The franchise fees payable thereunder shall be paid in accordance with the terms thereof, subject to the provisions of Section 2 of this Agreement. Franchisor may, at its absolute discretion, grant Franchisee an extension of up to twenty four (24) months within which to open a Store (an "Extension") if Franchisor determines, in its sole discretion, that Franchisee in good faith is using its best efforts to comply with the Schedule, and Franchisee: (i) submits a written request for an Extension; (ii) has timely executed a Franchise Agreement for the Store and paid all of the initial franchise fees due under the Franchise Agreement for the Store; and (iii) has executed Franchisor's withdrawal authorization form. If Franchisor grants Franchisee an Extension, then, as to that Store, Franchisee may be required to pay to Franchisor monthly fees in accordance with the following schedule: \$500 for each of the first 12 months of the Extension, \$1,500 per month for months 13-18 of the Extension, and \$2,500 per month for months 19-24 of the Extension (the "Extension Option Fee"). Extension Option Fee shall be drafted from the account specified in the withdrawal authorization form signed by Franchisee in connection with the subject Store until the Store opens. Any such Extension granted by Franchisor with respect to a Store shall apply to that Store only and shall not in any way be deemed or construed as applying to any other Store on the Schedule. The Extension Option Fee paid for any month shall not be refunded under any circumstances and shall not be credited against any franchise fee payable to Franchisor. Notwithstanding the foregoing, if Franchisor grants Franchisee an Extension for a Store and subsequently determines in its sole reasonable discretion that Franchisee is not using its best efforts to open and operate such Store within a reasonable period of time following the date of the grant of an Extension, Franchisor may terminate the Extension for that Store and the Franchise Agreement for such Store.

In no event will Franchisee be permitted to enter into a Franchise Agreement for or commence the operation of a Store so long as any Event of Default (as hereinafter defined), or any event that with the giving of notice or passage of time or both would become an Event of Default, exists hereunder or under any franchise agreement by and between Franchisor and Franchisee or any affiliate of Franchisee.

The Agreement grants Franchisee the right to operate the number of Stores set forth in the Schedule within the Development Area, and no additional Stores. Upon Franchisee's request, Franchisor may, but is not obligated to, grant Franchisee the right to additional Stores in the Territory, provided that Franchisee: (i) submits a written request to Franchisor for approval to open the additional location and (ii) executes Franchisor's then-current form of Franchise Agreement for each such additional Store, and pays Franchisor's then current initial franchise fee in full. As part of its evaluation of any request from Franchisee to open an additional Store, Franchisor shall consider, among other factors, the saturation of the Aaron's brand and the

competitive brands in the Development Area, franchisee's compliance with the terms of this Agreement and any Franchise Agreements or other agreements between Aaron's and Franchisee, and the performance of each of Franchisee's existing Stores, including, among other things, operational results, financial performance (including compliance with applicable loan covenants) and compliance by Franchisee with all provisions of the executed franchise and area development agreements. Franchisor may withhold recommendations for financing and other items related to the proposed additional location during its review of Franchisee's request and may approve or deny such request at its sole discretion.

Section 4: Territorial Protection.

(a) Except as provided in this Section 4 and in Section 5, so long as Franchisee shall open and operate Stores in accordance with the Schedule and provided that the number of Stores open and operating within the Development Area is not less than the minimum number to be developed within the Development Area at any given time, then Franchisor shall not operate, or permit any other person to operate, a Store within the Development Area.

(b) Franchisor may acquire, operate, finance, establish, franchise another to establish, or acquire a franchisor with franchisees who have established or establish stores at any location (including without limitation within the Development Area), or outside of the Development Area, which operate under proprietary marks other than Franchisor's Marks (as defined in the form of franchise agreement attached as Exhibit B) for the sale of the same, similar, or different products and services ("Non-System Stores"), on any terms and conditions Franchisor deems advisable and without granting Franchisee any rights therein.

(c) If Franchisor desires to convert to an Aaron's Sales & Lease OwnershipSM store any Non-System Store located in the Development Area that Franchisor has acquired or established, Franchisor shall notify Franchisee in writing of such intent to convert. Franchisee shall have the option, exercisable within thirty (30) days after receipt of such notification, to send written notice to Franchisor that Franchisee desires to purchase the Non-System Store and convert such store to a Store. If Franchisee elects to purchase and convert the Non-System Store, Franchisee must consummate such purchase and execute Franchisor's then-current form of franchise agreement (which shall require payment of the then-current initial franchise fee) within thirty (30) days from the date of notice to Franchisor of Franchisee's election to purchase and convert. If Franchisor purchased the Non-System Store during the one hundred eighty (180) days prior to such closing, the purchase price to be paid by Franchisee shall be the cash equivalent of the consideration paid by Franchisor for the Non-System Store (or, if Franchisor purchased the Non-System Store in a transaction that was for more than one Non-System Store, the cash equivalent of Franchisor's proportionate per store cost, as determined by Franchisor in its sole discretion). If Franchisor did not purchase the Non-System Store during the one hundred eighty (180) days prior to closing, the purchase price, which shall be paid in cash, will be the fair market value of the Non-System Store. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by mutual agreement of parties, and his determination shall be final and binding. If Franchisor and Franchisee cannot agree on an appraiser, then the dispute as to fair market value shall be submitted to mediation and such mediation shall be subject to, and conducted in accordance with, the provisions of Section 12 of

this Agreement. If, as a result of any such mediation, Franchisee does not purchase and convert the subject Non-System Store, Franchisor may convert the Non-System Store to an Aaron's Sales & Lease OwnershipSM store, without incurring any liability to Franchisee.

Section 5: Term.

This Agreement expires at 11:59 p.m. on the date set forth opposite the last Store to be opened pursuant to the Schedule, unless earlier terminated as hereinafter provided. Except as provided in Section 4, after this Agreement expires, Franchisor shall not open or operate, or license any other person to open or operate Stores for a period of ten (10) years within the Development Area, unless prior to doing so it has offered Franchisee the opportunity to open and operate Stores to Franchisee and Franchisee shall not have provided its written acceptance within thirty (30) days after its receipt of such offer. Franchisor shall have the right to terminate such right of first refusal if during the term thereof Franchisor shall have the right to terminate any franchise agreement between Franchisor and Franchisee pursuant to the provisions thereof or if the number of Stores open and operating in the Development Area falls below the minimum number to be developed within the Development Area. Franchisor may terminate the right of first refusal described in this Section 5 at any time upon thirty (30) days written notice, and Franchisee will not be entitled to a refund of any amounts paid to Franchisor pursuant to this Agreement or any Franchise Agreement(s).

Section 6: Termination.

(a) Event of Default.

Any one or more of the following constitutes an Event of Default hereunder:

(i) Franchisee fails to establish and operate Stores in accordance with the Schedule (as extended, if applicable, in accordance with Section 3 of this Agreement), including, without limitation, the failure to execute a Franchise Agreement or pay any initial franchise fee owed thereunder for any such Store;

(ii) An Event of Default occurs under any franchise agreement between Franchisor and Franchisee, and such Event of Default results in a termination of such franchise agreement.

(iii) Franchisee breaches or otherwise fails to comply fully with any provision contained in Section 8 of this Agreement.

(iv) Franchisee or any Guarantor files a petition for relief from such party's debts, liabilities or obligations, or for appointment of a receiver for Franchisee or any Guarantor or for all or a substantial portion of such party's assets; Franchisee or any Guarantor makes a general assignment for the benefit of such party's creditors; a petition is filed against Franchisee or any Guarantor or a receiver is appointed for Franchisee or any Guarantor or for all or a substantial portion of such party's assets, or a judgment is entered against Franchisee or any Guarantor, and such petition, appointment or judgment is not stayed, vacated or otherwise discharged within sixty (60) days or becomes unappealable or is acquiesced in or consented to by Franchisee or the relevant Guarantor.

(v) Franchisee sells or otherwise disposes of all or any significant portion of its assets other than in the ordinary course of business; or

(vi) Franchisee or any Guarantor becomes bankrupt, insolvent or otherwise unable to pay its or his obligations as they become due.

(b) **Franchisor's Remedies.** If any Event of Default occurs, Franchisor may declare this Agreement any and all rights granted to Franchisee hereunder to be immediately terminated and of no further force or effect, as follows: If any Event of Default occurs under Section 6(b)(ii) or under Section 6(b)(iii) above, and Franchisee does not cure said Event of Default within twenty (20) days after Franchisor gives Franchisee written notice of the existence and nature of said Event of Default, or if an Event of Default occurs under Section 6(b)(i), (iv), (v) and (vi) above, but with respect to which there is no specified cure period, Franchisor may declare this Agreement and any and all rights granted to Franchisee hereunder to be immediately terminated and of no further force or effect. Notwithstanding the foregoing, upon termination due to Franchisee's failure to open and operate Stores in accordance with the Schedule, Franchisor's sole remedy under this Agreement with respect to such breach shall be retention of the amounts paid by Franchisee to Franchisor upon execution hereof. Upon termination of this Agreement for any other reason whatsoever, Franchisee will not be relieved of any of its obligations, debts or liabilities hereunder, including, without limitation, any debts, obligations or liabilities that have accrued prior to the date of such termination. The right of termination provided for in this subsection is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity or otherwise, including, without limitation, the right to an injunction as set forth in Section 8(d) of this Agreement, all of which are cumulative.

Section 7: Assignment.

This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor. This Agreement is personal to Franchisee and neither this Agreement, nor any of the rights granted to Franchisee hereunder, may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred or encumbered by Franchisee. A transfer of any equity interest in Franchisee that would be prohibited under the Franchise Agreement if made without Franchisor's consent shall constitute a violation of this Section.

Section 8: Franchisee's Covenant Not to Compete.

(a) During the term of (i) this Agreement or (ii) any franchise agreement between Franchisor and Franchisee, except as otherwise approved in writing by Franchisor, Franchisee shall not nor shall it permit any Guarantor of Franchisee's obligations to Franchisor to, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity:

(1) Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system.

(2) Own, engage in, maintain, or have any interest in any “Competitive Business.” A “Competitive Business” is any business which offers, for sale or lease, residential and office furniture, consumer electronics, home appliances, related accessories, or any other goods or services authorized for sale by Aaron’s Stores.

(b) Except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the later of the (i) termination or expiration of this Agreement and (ii) any franchise agreement between Franchisor and Franchisee, regardless of the cause, and continuing for two (2) years thereafter (which two (2) year shall be extended by the length of time during which this Section 7(b) is being violated), either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity:

(i) Divert or attempt to divert any business or customer of the Store or of any Stores using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Marks and the System; or

(ii) own, maintain, engage in or have any interest in any Competitive Business which is located within the Development Area or within a ten (10) mile radius of the Development Area.

(c) Franchisee acknowledges that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants contained in this Section 8.

(d) Franchisee acknowledges that the failure to comply with any requirement of this Section 8 will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 8. Franchisor may also avail itself of any other legal or equitable rights and remedies that it may have under this Agreement or otherwise, including, without limitation, the right to terminate this Agreement.

(e) At Franchisor’s request, Franchisee shall require and obtain execution of agreements containing non-competition covenants at least as stringent as those provided for in this Section 8 and in a form acceptable to Franchisor (including covenants applicable upon the termination of a person’s relationship with Franchisee) from any or all of the following persons: (i) all managers of Franchisee; (ii) all officers, directors, members, managers and holders of fifteen percent (15%) or more of the equity interests of Franchisee, and of any entity directly or indirectly controlling Franchisee, if Franchisee is an entity. Each agreement required by this Section 8 shall identify Franchisor as a third party beneficiary with the independent right to enforce the covenants therein.

(f) To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought

(g) Ownership of less than five percent (5%) of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 8.

(h) Franchisor may unilaterally reduce the terms of the time, territory and scope of the covenants contained in Section 8(a) of this Agreement or Section 7.21(b) of any franchise agreement between Franchisor and Franchisee.

(i) This Section 8 shall survive the expiration or any earlier termination of this Agreement.

Section 9: Waiver of Provisions.

Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any other right granted hereunder or of any other term or condition of this Agreement, unless such waiver is in a writing signed by both parties hereto.

Section 10: Notices.

Any notice or other communication required or permitted hereunder shall be deemed sufficiently given if (i) delivered, mailed (registered or certified mail, postage prepaid) or sent by overnight courier to the address specified on Exhibit A, or (ii) transmitted by facsimile to the facsimile number set forth on Exhibit A. Any party may change its mailing address or facsimile number by giving notice to the other party in the manner herein provided.

Section 11: Governing Law.

Subject to Franchisor's rights under federal trademark laws, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by, and will be interpreted in accordance with, the procedural and substantive laws of the State of Georgia, irrespective of any conflict of laws. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

Section 12: Dispute Resolution.

(a) Except for the Non-Mediation Matters defined in Section 12 (a)(vii) below, any and all claims, demands, controversies or other disputes arising out of or relating to this Agreement, the development of Stores within the Development Area, and the relationship between Franchisor and any of its affiliates and Franchisee or any Guarantor ("Disputes") shall be submitted to non-binding mediation in accordance with this Section 12(a) in a good faith effort to resolve any Disputes.

(i) The disputing party shall give the other party written notice (the “Notice”) of the Dispute within thirty (30) days of becoming aware of the existence of the Dispute. The Notice shall describe in reasonable detail the Dispute and shall name a designee to participate in the meeting described in this section. Within fifteen (15) days of receipt of the Notice, the other party shall appoint a designee to meet and confer in an attempt to resolve the Dispute. The failure of either party to appoint a designee or to present that designee for a meeting shall be considered a material breach of this Agreement. The designees of Franchisor and Franchisee shall meet at 400 Galleria Parkway, SE, Suite 300, Atlanta, Georgia 30339 at a time mutually acceptable to Franchisor and Franchisee to attempt to settle the Dispute in good faith. This meeting shall be held within thirty (30) days after receipt of the disputing party’s Notice. In the event that no resolution of the Dispute is reached within thirty (30) days following the meeting, the Dispute shall be submitted for a non-binding mediation with a mediator selected from a list of mediators to be obtained from the CPR Institute for Dispute Resolution (“CPR”). Upon expiration of the thirty (30) day period following the meeting, either Franchisor or Franchisee may petition the CPR for a regional list of mediators to be sent to all parties to the Dispute. Within ten (10) days after receipt of such list, each of Franchisor and Franchisee shall choose three names from the regional list provided by CPR and submit such names to the other party. If any of these names match, such person shall act as the mediator for the Dispute. In the event that none of the names match, and if the parties to the Dispute cannot otherwise agree on a mediator, the mediator shall be chosen by CPR. The costs and expenses of the mediation process shall be shared equally by Franchisor and Franchisee.

(ii) The mediator shall promptly hear presentations from Franchisor and Franchisee in such manner and at such times and locations as shall be determined by the mediator. The mediator may request, and Franchisor and Franchisee shall provide, any documents that in the mediator’s sole opinion will assist in resolving the Dispute. The mediator shall review the Dispute and offer to Franchisor and Franchisee his or her comments on their respective positions. Franchisor and Franchisee may have ex parte communication with the mediator as deemed necessary by either party or the mediator. Franchisor and Franchisee shall not be bound by any comments, conclusions or decisions of the mediator. All verbal and written communications among Franchisor and Franchisee or among Franchisor or Franchisee and the mediator, issued and prepared in connection with this Section, shall be deemed prepared and communicated in furtherance and in the context of the Dispute settlement and shall be exempt from discovery and production and shall not be admissible into evidence in any proceeding for the resolution of this Dispute. No legal proceedings for the resolution of the Dispute shall be commenced by Franchisor or Franchisee until the conclusion of this mediation, which shall in no event extend past one hundred and twenty (120) days from the receipt of the Notice. Upon conclusion of the mediation, each of Franchisor and Franchisee shall have all rights and remedies available to it at law or in equity.

(iii) The periods set forth in this Section 12(a) may be extended or shortened by mutual agreement of the parties. In no event shall a party who has refused or failed to participate in the dispute resolution process described in this Section 12(a) be permitted to commence legal proceedings without first complying with the provisions of this Section 12(a).

(iv) The parties hereto agree that notwithstanding, and in addition to, the rights and remedies available hereunder, each of Franchisor and Franchisee reserves the right to seek and

obtain temporary restraining orders or other emergency temporary or preliminary equitable injunctive relief from the state and federal courts serving Cobb County, Georgia, to preserve the status quo by enjoining or restraining a party hereto pending mediation hereunder or to compel mediation as provided herein, and the parties hereto acknowledge and agree to the right to seek such relief. The parties hereto expressly agree and acknowledge that seeking relief from the courts as provided in this Section 12(a) shall not be deemed a waiver of any party's right to mediate nor shall the existence or exercise of such right be deemed to be an adequate remedy at law in connection therewith.

(v) Service of process in any suit or action, including those to compel mediation in accordance with the provisions of this Section 11, may be made in the manner in this Agreement set forth for the giving of notices and the same shall constitute valid personal service for all purposes, each party hereby waiving personal service by other means.

(vi) The mediation provisions of this Section 12(a) are self-executing and shall remain in full force and effect after expiration or any earlier termination of this Agreement.

(vii) The obligations in Section 12 to mediate shall not be required with respect to Disputes relating to: (a) the Marks or trade dress; (b) Franchisee's covenants not to compete in Section 7; (c) any breach that results in the immediate termination of this Agreement; (d) Franchisee's confidentiality obligations; or (e) requests by Franchisor or Franchisee for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by mediation of the actual dispute.

(b) Except as set forth in Section 12(a) above, any proceeding arising out of or relating to this Agreement must be commenced exclusively in the state and federal courts serving Cobb County, Georgia, unless the parties to the dispute agree otherwise. Notwithstanding the foregoing, any proceeding brought against Franchisee for injunctive, mandatory, or other extraordinary relief may be brought in any court of competent jurisdiction.

(c) WAIVER OF JURY TRIAL. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

(d) LIMITATION OF ACTIONS. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 11, ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE STORE, INCLUDING ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE

UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) ONE (1) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED. CLAIMS OF FRANCHISOR ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF THE PARTIES FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.

(e) Each party shall bear its own attorneys' fees and expenses and the fees and expenses of other experts or professionals utilized by such party in connection with any mediation or litigation proceeding.

(f) **WAIVER OF DAMAGES.** FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY SUCH PARTY, PROVIDED THAT FRANCHISOR SHALL RETAIN THE RIGHT TO COLLECT LOST FUTURE PROFITS.

Section 13: Entire Agreement; Amendment and Modification.

(a) This Agreement contains the sole and entire agreement between the parties hereto with respect to the matters contained herein and supersedes all prior or contemporaneous discussions and agreements between the parties, either oral or written, and any such prior or contemporaneous agreements shall, from and after the date hereof, be null and void. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require Franchisee to waive reliance on any representation Franchisor makes in its most recent disclosure document (including exhibits and amendments) delivered to Franchisee or Franchisee's representative. This Agreement shall not be modified or amended except by an instrument in writing signed by both of the parties hereto.

(b) If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection herewith is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained therein.

Section 14: Successors and Assigns.

Except as otherwise provided herein to the contrary, this Agreement shall be binding upon, and shall inure to the benefit of, Franchisee and Franchisor, and their respective heirs, executors, legal representatives, successors and assigns.

Section 15: Execution in Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document.

Section 16: Time of Performance.

Time is of the essence of this Agreement.

[Signatures to Appear on Following Page(s)]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the date first above written.

FRANCHISOR:

AARON'S, LLC, a Georgia limited liability company

By: _____

Name: C. Kelly Wall

Title: EVP and Chief Financial Officer

FRANCHISEE (Corporation):

By: _____

Print Name: _____

Title: _____

FRANCHISEE (Partnership):

By: _____

Name: _____

Title: _____

FRANCHISEE (Limited Liability Company):

By: _____

Name: _____

Title: _____

FRANCHISEE (Individual):

Name: _____

GUARANTOR:

Name: _____

AARON'S, LLC
PAYMENT AND PERFORMANCE GUARANTEE

(Area Development Agreement)

In order to induce Aaron's, LLC ("Franchisor") to enter into a certain Area Development Agreement (the "Area Development Agreement") by and between Franchisor and the Franchisee named in the Area Development Agreement to which this Payment and Performance Guarantee (the "Guarantee") is attached, the undersigned (each individually a "Guarantor", and all being collectively the "Guarantors") hereby covenant(s) and agree(s) as follows:

1. Guarantee of Payment and Performance. Each Guarantor individually and together jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Area Development Agreement or otherwise, together with any extension, renewal or modification thereof in whole or in part (the "Guaranteed Liabilities"), and agree that if any of the Guaranteed Liabilities is not so paid or performed by Franchisee when due, the Guarantors will immediately do so. Each Guarantor further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Waivers by Guarantors. Each Guarantor waives presentment, demand, notice of dishonor, protest and all other notices whatsoever, including, without limitation, notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes or controversies between Franchisor and Franchisee and of the settlement, compromise or adjustment thereof. This Guarantee is primary and not secondary, and shall be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee shall be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger or consolidation of Franchisee, or any change in the ownership of Franchisee.

3. Term: No Waiver. This Guarantee shall be irrevocable, absolute and unconditional and shall remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full, or (ii) the Area Development Agreement and all obligations of Franchisee thereunder expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy shall preclude other further exercise of such right or any other right or remedy.

4. Other Covenants. Each of the Guarantors agrees to comply with the provisions of Section 8 of the Area Development Agreement, as amended if applicable, as though he or she were the "Franchisee" named therein and agrees that he or she shall take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Area Development Agreement

and shall not take any action that would cause Franchisee to be in breach of the Area Development Agreement.

5. Mediation. Section 12 of the Area Development Agreement is hereby incorporated herein by reference and shall be applicable to any all disputes between Franchisor and each of the Guarantors, as though each such Guarantor were the “Franchisee” referred to therein. With respect to the appointment of any mediators pursuant to such provision, it is understood and agreed that the mediator selected by Franchisee, if Franchisee is also a party to such proceeding, shall be the mediator selected by each of the Guarantors, and each of the Guarantors hereby consents to such appointment. This consent, being coupled with an interest, shall survive the death, dissolution or any other incapacity of each of the Guarantors.

6. Governing Law; Choice of Forum. This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of, the State of Georgia. Any litigation relating to Non-Mediation Matters (as defined in the Franchise Agreement) shall be brought in the state in which Franchisor’s principal place of business is located at the time the action is brought, or in the federal district court for the district where such principal place of business is located at the time the action is brought. **Each Guarantor hereby consents to the jurisdiction of such courts and waives any defense that such court lacks jurisdiction or venue with respect to such proceeding.**

7. Miscellaneous. This Guarantee shall be binding upon the Guarantors and their respective heirs, executors, successors and assigns, and shall inure to the benefit of Franchisor and its successors and assigns.

[Signatures to Appear on Following Page(s)]

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of this ____ day of _____, 20____.

Name: _____

Name: _____

Name: _____

**EXHIBIT A
TO AREA DEVELOPMENT AGREEMENT**

1. Development Area: _____

2. Development Fees:

Franchise	Development Fee	Location of Franchise
1	\$	
2	\$	
3	\$	
4	\$	
Total Development Fees:	\$	

3. Development Schedule:

Franchises in Area

Last Day for Opening

1	_____, _____
2	_____, _____
3	_____, _____
4	_____, _____

4. Addresses and facsimile numbers for notices:

If to Franchisor: 400 Galleria Parkway, SE
Suite 300
Atlanta, Georgia 30339
(678) 402-6540
E-mail: _____

If to Franchisee: _____

Facsimile Number: _____

EXHIBIT C-1
TO FRANCHISE DISCLOSURE DOCUMENT

State-Specific Addenda to Area Development Agreement

1. California
2. Illinois
3. Maryland
4. North Dakota
5. Virginia
6. Washington

California Addendum to the Area Development Agreement

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

(1) Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Area Development Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Area Development Agreement upon certain bankruptcy-related events. If the Area Development Agreement is inconsistent with the law, the law will control.

The Area Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

Each of the undersigned has executed this Addendum on _____, 20__.

AARON'S, LLC

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

AREA DEVELOPER (Corporation):

AREA DEVELOPER (Partnership):

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

By: _____

Name: _____

Title: _____

AREA DEVELOPER (Limited Liability
Company):

AREA DEVELOPER (Individual):

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Illinois Addendum to the Area Development Agreement

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Area Development Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a development agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a development agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

[Signature page follows.]

Each of the undersigned has executed this Addendum on _____, 202____.

AARON’S, LLC

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

(Signatures Continued on Following Page(s))

AREA DEVELOPER (Corporation):

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

AREA DEVELOPER (Partnership):

By: _____

Name: _____

Title: _____

AREA DEVELOPER (Limited Liability
Company):

By: _____

Name: _____

Title: _____

AREA DEVELOPER (Individual):

By: _____

Name: _____

Title: _____

Maryland Addendum to the Area Development Agreement

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective area developers to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Area Development Agreement prevents you from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Area Development Agreement operates to reduce the 3-year statute of limitations afforded to an area developer for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the area developer franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the area developer.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

[Signature page follows.]

AARON'S, LLC

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

(Signatures Continued on Following Page(s))

AREA DEVELOPER (Corporation):

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

AREA DEVELOPER (Partnership):

By: _____

Name: _____

Title: _____

AREA DEVELOPER (Limited Liability
Company):

By: _____

Name: _____

Title: _____

AREA DEVELOPER (Individual):

By: _____

Name: _____

Title: _____

North Dakota Addendum to the Area Development Agreement

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Area Development Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that mediation be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation will be held at a site agreeable to all parties.

The Area Development Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Area Development Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

The Area Development Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

Each of the undersigned has executed this Addendum under seal this ____ day of _____, 202____.

AARON'S, LLC

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

AREA DEVELOPER (Corporation):

AREA DEVELOPER (Partnership):

By: _____

Name: _____

Title: _____

(CORPORATE SEAL)

By: _____

Name: _____

Title: _____

AREA DEVELOPER (Limited Liability Company):

AREA DEVELOPER (Individual):

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Virginia Addendum to the Area Development Agreement

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

Each of the undersigned has executed this Addendum under seal this ____ day of _____, 202____.

AARON’S, LLC

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

AREA DEVELOPER (Corporation):

AREA DEVELOPER (Partnership):

By: _____
Name: _____
Title: _____
(CORPORATE SEAL)

By: _____
Name: _____
Title: _____

(Signatures Continued on Following Page(s))

AREA DEVELOPER (Limited Liability **AREA DEVELOPER** (Individual):
Company):

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

WASHINGTON ADDENDUM TO AREA DEVELOPMENT AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the area development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the area development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the area development agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the area development agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the area development agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims

under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

AREA DEVELOPER

**EXHIBIT D-1
TO FRANCHISE DISCLOSURE DOCUMENT**

List of Franchisees

(Attached)

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	AL	859-371-2109
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	AL	859-371-2109
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	AL	859-371-2109
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	AL	859-371-2109
FT Got Three, LLC	Steve Walling	2200 US Hwy 98 Ste 4 - #377 Daphne, AL 36536	AL	251-970-2404
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	AL	251-533-7703
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	AL	251-533-7703
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	AL	251-533-7703
HPH Investments, LLC	Mike Hickey	3134 S. Oates Street Suite 3 Dothan, AL 36301	AL	334-671-7011
HPH Investments, LLC	Mike Hickey	3134 S. Oates Street Suite 3 Dothan, AL 36301	AL	334-671-7011
HA Ventures, LLC	David Fender	2617 Crooked Creek Place Fayetteville, AR 72703	AR	479-582-1215
Hawpond Partners, Inc.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Hawpond Partners, Inc.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Hawpond Partners, Inc.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Hawpond Partners, Inc.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Hawpond Partners, Inc.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Hawpond Partners, Inc.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Natural State Leasing Corp.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Natural State Leasing Corp.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Natural State Leasing Corp.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Natural State Leasing Corp.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Natural State Leasing Corp.	Mitch Raines	733 North Street Ashburn, GA 31714	AR	229-567-4000
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	AZ	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	AZ	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	AZ	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	AZ	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	AZ	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	AZ	701-730-4176
Kaco, II LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	CO	701-730-4176
TUR Colorado, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	CO	970-560-0475
TUR Colorado, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	CO	970-560-0475
TUR Colorado, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	CO	970-560-0475
J.R. Rents, Inc.	Jay Richards	59 Marrows Ave Newark, DE 19713	DE	610-357-5061
J.R. Rents, Inc.	Jay Richards	59 Marrows Ave Newark, DE 19713	DE	610-357-5061
J.R. Rents, Inc.	Jay Richards	59 Marrows Ave Newark, DE 19713	DE	610-357-5061
J.R. Rents, Inc.	Jay Richards	59 Marrows Ave Newark, DE 19713	DE	610-357-5061
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	FL	251-533-7703
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	FL	251-533-7703
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	FL	251-533-7703
HPH Investments, LLC	Mike Hickey	3134 S. Oates Street Suite 3 Dothan, AL 36301	FL	334-671-7011

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	GA	859-371-2109
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	GA	859-371-2109
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	GA	859-371-2109
Fairway Leasing GA, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	GA	859-371-2109
Jersey Leases, LLC	David Hill	492 Lakeshore Way Cordele, GA 31015	GA	229-881-4448
P&S Ventures, LLC	Peter Higgins	323 Merion Rd Rincon, GA 31326	GA	912-663-2729
Northern Rental Corp.	Steve Willis	3538 South Western Sioux Falls, SD 57105	IA	800-946-5070
LTL Investments, LLC	David Lyons	120 W. Williams Street PO Box 1368 Ennis, MT 59729	ID	406-682-3250
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Action Development Corp.	Gopal Reddy	2600 Marketplace Drive Springfield, IL 62702	IL	217-840-0026
Commodore Leasing, LLC	Paul Huffman III	PO Box 58924 Nashville, TN 37205	IL	310-709-2227
Dunning Partners, LLC	Roy Dunning	141 Carolyn Dr Eatonton, GA 31024	IL	404-863-8137
Dunning Partners, LLC	Roy Dunning	141 Carolyn Dr Eatonton, GA 31024	IL	404-863-8137
Circle City Rentals, LLC	Jeff Furlin	10142 Brooks School Road Suite 196 Fishers, IN 46037	IN	317-509-0627

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Circle City Rentals, LLC	Jeff Furlin	10142 Brooks School Road Suite 196 Fishers, IN 46037	IN	317-509-0627
Circle City Rentals, LLC	Jeff Furlin	10142 Brooks School Road Suite 196 Fishers, IN 46037	IN	317-509-0627
Commodore Leasing, LLC	Paul Huffman III	PO Box 58924 Nashville, TN 37205	IN	310-709-2227
DW3, LLC	Nathan Tooker	12305 Westport Road Suite 102 Louisville, KY 40245	IN	502-333-5616
DW3, LLC	Nathan Tooker	12305 Westport Road Suite 102 Louisville, KY 40245	IN	502-333-5616
Indy Leasing, Inc.	Jack Hamilton	807 E 16th Ave Cordele, GA 31015	IN	229-938-2794
Indy Leasing, Inc.	Jack Hamilton	807 E 16th Ave Cordele, GA 31015	IN	229-938-2794
Flores Rentals, LLC	Rosemary Flores	10100 Reunion Place #660 San Antonio, TX 78216	KS	210-602-8080
Flores Rentals, LLC	Rosemary Flores	10100 Reunion Place #660 San Antonio, TX 78216	KS	210-602-8080
Flores Rentals, LLC	Rosemary Flores	10100 Reunion Place #660 San Antonio, TX 78216	KS	210-602-8080
Flores Rentals, LLC	Rosemary Flores	10100 Reunion Place #660 San Antonio, TX 78216	KS	210-602-8080
Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109
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Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109
Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109
Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109
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Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109
Fairway Leasing, LLC	Todd Wilkins	705 Buttermilk Pike Suite 200 Crescent Springs, KY 41017 United States of America	KY	859-371-2109
Haytess, LLC	Nathan Tooker	545 Rutile Drive Louisville, KY 40245	KY	502-333-5616
Haytess, LLC	Nathan Tooker	545 Rutile Drive Louisville, KY 40245	KY	502-333-5616
Suanne, LLC	John Whittle	3703 Taylorsville Rd, Ste 219 Louisville, KY 40220	KY	502-418-9239
Tame, LC	Thomas Martin	1507 Foliage Court Wichita, KS 67206	KY	316-239-6767
Tame, LC	Thomas Martin	1507 Foliage Court Wichita, KS 67206	KY	316-239-6767
CDR Investments, LLC	Carl Rosberg	2932 Plantation Lane Waynesboro, VA 22980	MD	540-241-3511
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	MD	717-977-4616
Great American Rent-to-Own, Inc.	Jack Powell	1170 W. Michigan Ave #1 Three Rivers, MI 49093	MI	269-506-1662
Great American Rent-to-Own, Inc.	Jack Powell	1170 W. Michigan Ave #1 Three Rivers, MI 49093	MI	269-506-1662

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Keller's Rental Place, Inc.	Eric Glissman	P.O. Box 1580 Rolla, MO 65402	MO	573-368-2832
Keller's Rental Place, Inc.	Eric Glissman	P.O. Box 1580 Rolla, MO 65402	MO	573-368-2832
Keller's Rental Place, Inc.	Eric Glissman	P.O. Box 1580 Rolla, MO 65402	MO	573-368-2832
Keller's Rental Place, Inc.	Eric Glissman	P.O. Box 1580 Rolla, MO 65402	MO	573-368-2832
MKW Investments, Inc.	Kevin Welker	1119 Beacon Pointe Circle Lake Ozark, MO 65049	MO	573-692-6244
RTD Ventures, LLC	David Fender	2617 Crooked Creek Place Fayetteville, AR 72703	MO	479-582-1215
Tame, LC	Thomas Martin	1507 Foliage Court Wichita, KS 67206	MO	316-239-6767
Tame, LC	Thomas Martin	1507 Foliage Court Wichita, KS 67206	MO	316-239-6767
Turk R-T-O, LLC	Ross Thomason	#9 Antilles Street St. Joseph, MO 64506	MO	816-232-3744
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	MS	251-533-7703
GNS & Associates, Inc.	Brent Smith	940 N Schillinger Rd Ste. 2 Mobile, AL 36608	MS	251-533-7703
Aspen Way Enterprises, Inc.	Rohnn Lampi	3031 Grand Avenue Suite 100 Billings, MT 59102	MT	406-294-9432
Aspen Way Enterprises, Inc.	Rohnn Lampi	3031 Grand Avenue Suite 100 Billings, MT 59102	MT	406-294-9432
Double T, Inc.	Julie Thornton	11103 Highway 287 S Three Forks, MT 59752	MT	406-599-1593
LTL Investments, LLC	David Lyons	120 W. Williams Street PO Box 1368 Ennis, MT 59729	MT	406-682-3250
LTL Investments, LLC	David Lyons	120 W. Williams Street PO Box 1368 Ennis, MT 59729	MT	406-682-3250
No Three Putts Enterprises, LLC	Ryan Wagner	1128 Cross Creek Court Sheridan, WY 82801	MT	307-763-0001
Cox Management Enterprises, LLC	Tony Cox	2267 Big Landing Drive Little River, SC 29566	NC	843-390-4244
Day Ventures of NC, Inc.	Allan Day	2409 Tram Rd New Bern, NC 28562	NC	843-390-4244
Day Ventures of NC, Inc.	Allan Day	2409 Tram Rd New Bern, NC 28562	NC	843-390-4244
Day Ventures of NC, Inc.	Allan Day	2409 Tram Rd New Bern, NC 28562	NC	843-390-4244
Elliott Cox Enterprises, LLC	Tony Cox	2267 Big Land Drive Little River, SC 29566	NC	843-390-4244

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Heath Investment Group II, Inc.	Duffy Heath	8801 Fast Park Drive Ste 301 Raleigh, NC 27617	NC	919-518-1338
Heath Investment Group, Inc.	Duffy Heath	8801 Fast Park Drive Ste 301 Raleigh, NC 27617	NC	919-518-1338
Tworog Holding, LLC	Marsh Rogers	1520 Holbrook Court Albemarle, NC 28001	NC	704-438-1298
Tworog Holding, LLC	Marsh Rogers	1520 Holbrook Court Albemarle, NC 28001	NC	704-438-1298
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Tworog Holding, LLC	Marsh Rogers	1520 Holbrook Court Albemarle, NC 28001	NC	704-438-1298
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	ND	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	ND	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	ND	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	ND	701-730-4176
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	ND	701-730-4176
Hanson Holdings, Co.	Scott Johnson	3067 Sagely Lane Springdale, AR 72764	NE	308-627-6487
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	NE	701-730-4176
Passaic Ventures, LLC	Russ Moserowitz	598 Bloomfield Ave Bloomfield, NJ 07003	NJ	973-680-1100
Passaic Ventures, LLC	Russ Moserowitz	598 Bloomfield Ave Bloomfield, NJ 07003	NJ	973-680-1100
DNH Enterprises, LLLP	David Holland	3000 N Garfield Ste 107 Midland, TX 79705	NM	432-684-5829
DNH HS Enterprises, LLLP	David Holland	3000 N Garfield Ste 107 Midland, TX 79705	NM	432-684-5829
Moody Investments, Inc.	Ann Moody	2107 Tiffin Ave Findlay, OH 45840	OH	419-425-5444
Moody Investments, Inc.	Ann Moody	2107 Tiffin Ave Findlay, OH 45840	OH	419-425-5444

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Moody Investments, Inc.	Ann Moody	2107 Tiffin Ave Findlay, OH 45840	OH	419-425-5444
Shining Star Ventures, Inc.	Tom Vande Guchte	10800 World Trade Blvd Raleigh, NC 27617	OH	919-313-3726
Shining Star Ventures, Inc.	Tom Vande Guchte	10800 World Trade Blvd Raleigh, NC 27617	OH	919-313-3726
Shining Star Ventures, Inc.	Tom Vande Guchte	10800 World Trade Blvd Raleigh, NC 27617	OH	919-313-3726
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	OH	717-977-4616
N.C.R. Leasing, Inc.	Kris Rydholm	5-905 Tungsten Street Thunder Bay P7B 5Z3 Canada	ON	807-620-3050
N.C.R. Leasing, Inc.	Kris Rydholm	5-905 Tungsten Street Thunder Bay P7B 5Z3 Canada	ON	807-620-3050
N.C.R. Leasing, Inc.	Kris Rydholm	5-905 Tungsten Street Thunder Bay P7B 5Z3 Canada	ON	807-620-3050
The Modish Corporation	Bob Magid	11830 SW Kerr Parkway Lake Oswego, OR 97035	OR	503-245-0880
The Modish Corporation	Bob Magid	11830 SW Kerr Parkway Lake Oswego, OR 97035	OR	503-245-0880
The Modish Corporation	Bob Magid	11830 SW Kerr Parkway Lake Oswego, OR 97035	OR	503-245-0880
The Modish Corporation	Bob Magid	11830 SW Kerr Parkway Lake Oswego, OR 97035	OR	503-245-0880
Cambria Rentals, Inc.	Dan Speck	360 Travelers Road East Freedom, PA 16637	PA	814-525-0874
CMH Leasing Partners, LLC	Cindy Clark	362 Broadland Rd Atlanta, GA 30342	PA	404-925-1720
CMH Leasing Partners, LLC	Cindy Clark	362 Broadland Rd Atlanta, GA 30342	PA	404-925-1720
CMH Leasing Partners, LLC	Cindy Clark	362 Broadland Rd Atlanta, GA 30342	PA	404-925-1720
CMH Leasing Partners, LLC	Cindy Clark	362 Broadland Rd Atlanta, GA 30342	PA	404-925-1720
KFJ Enterprises, LLC	Khodi Irani	2525 Paxton Street Harrisburg, PA 17111	PA	484-318-7468
KFJ Enterprises, LLC	Khodi Irani	2525 Paxton Street Harrisburg, PA 17111	PA	484-318-7468
KFJ Enterprises, LLC	Khodi Irani	2525 Paxton Street Harrisburg, PA 17111	PA	484-318-7468
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KFJ Enterprises, LLC	Khodi Irani	2525 Paxton Street Harrisburg, PA 17111	PA	484-318-7468

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
KFJ Rimco, Inc.	Khodi Irani	2525 Paxton Street Harrisburg, PA 17111	PA	484-318-7468
KFJ Rimco, Inc.	Khodi Irani	2525 Paxton Street Harrisburg, PA 17111	PA	484-318-7468
Madison Capital Investments, LLC	Bandy Saluja	20 Madison Circle Collegeville, PA 19426	PA	610-415-9700
Madison Capital Investments, LLC	Bandy Saluja	20 Madison Circle Collegeville, PA 19426	PA	610-415-9700
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	PA	717-977-4616
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	PA	717-977-4616
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	PA	717-977-4616
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	PA	717-977-4616
Cox Management Enterprises, LLC	Tony Cox	2267 Big Landing Drive Little River, SC 29566	SC	843-390-4244
Elliott Cox Enterprises, LLC	Tony Cox	2267 Big Land Drive Little River, SC 29566	SC	843-390-4244
Elliott Cox Enterprises, LLC	Tony Cox	2267 Big Land Drive Little River, SC 29566	SC	843-390-4244
Aspen Way Enterprises, Inc.	Rohnn Lampi	3031 Grand Avenue Suite 100 Billings, MT 59102	SD	406-294-9432
Kaco, LLC	Randy Brown	5427 S. 12th Street Fargo, ND 58104	SD	701-730-4176
Northern Rental Corp.	Steve Willis	3538 South Western Sioux Falls, SD 57105	SD	800-946-5070
Pinnacle Group, LLC	Bill Jenkins	721 E. Broadway Blvd Jefferson City, TN 37760 United States of America	TN	423-839-2480
Pinnacle Group, LLC	Bill Jenkins	721 E. Broadway Blvd Jefferson City, TN 37760 United States of America	TN	423-839-2480
Suanne, LLC	John Whittle	3703 Taylorsville Rd, Ste 219 Louisville, KY 40220	TN	502-418-9239
Arthus Enterprises, Inc.	AJ Arthus	5009 117th Street Lubbock, TX 79424	TX	806-786-8569
Arthus Enterprises, Inc.	AJ Arthus	5009 117th Street Lubbock, TX 79424	TX	806-786-8569
Arthus Enterprises, Inc.	AJ Arthus	5009 117th Street Lubbock, TX 79424	TX	806-786-8569
Arthus Enterprises, Inc.	AJ Arthus	5009 117th Street Lubbock, TX 79424	TX	806-786-8569
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Bear Rental-Purchase, Ltd.	Wallace Vernon	304 E. Church St. Ste B Killeen, TX 76541	TX	254-289-4540
Briley Investments, Inc.	Robert Briley	5701 Buffalo Gap Road Suite A Abilene, TX 79606-4926	TX	325-660-4309
Briley Investments, Inc.	Robert Briley	5701 Buffalo Gap Road Suite A Abilene, TX 79606-4926	TX	325-660-4309
Briley Investments, Inc.	Robert Briley	5701 Buffalo Gap Road Suite A Abilene, TX 79606-4926	TX	325-660-4309
JPG Athens, LP	John Grove	PO Box 484 Malakoff, TX 75148	TX	903-880-8824

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
JPG Canton, LP	John Grove	PO Box 484 Malakoff, TX 75148	TX	903-880-8824
JPG Gun Barrel City, LP	John Grove	PO Box 484 Malakoff, TX 75148	TX	903-880-8824
JPG Mineola, LP	John Grove	PO Box 484 Malakoff, TX 75148	TX	903-880-8824
TUR Utah, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	UT	970-560-0475
Pinnacle Group, LLC	Bill Jenkins	721 E. Broadway Blvd Jefferson City, TN 37760 United States of America	VA	423-839-2480
Pinnacle Group, LLC	Bill Jenkins	721 E. Broadway Blvd Jefferson City, TN 37760 United States of America	VA	423-839-2480
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	VA	717-977-4616
CDR Investments, LLC	Carl Rosberg	2932 Plantation Lane Waynesboro, VA 22980	WV	540-241-3511
CDR Investments, LLC	Carl Rosberg	2932 Plantation Lane Waynesboro, VA 22980	WV	540-241-3511
Howard Rents, LLC	Tim Howard	905 Star of Danube Way Lexington, KY 40509	WV	859-312-3502
Howard Rents, LLC	Tim Howard	905 Star of Danube Way Lexington, KY 40509	WV	859-312-3502
Howard Rents, LLC	Tim Howard	905 Star of Danube Way Lexington, KY 40509	WV	859-312-3502
Howard Rents, LLC	Tim Howard	905 Star of Danube Way Lexington, KY 40509	WV	859-312-3502
Serious Black Investments, LLC	Sarah Vincent	PO Box 468 Buckhannon, WV 26201	WV	304-669-0808
Serious Black Investments, LLC	Sarah Vincent	PO Box 468 Buckhannon, WV 26201	WV	304-669-0808
Shining Star Ventures, Inc.	Tom Vande Guchte	10800 World Trade Blvd Raleigh, NC 27617	WV	919-313-3726
Shining Star Ventures, Inc.	Tom Vande Guchte	10800 World Trade Blvd Raleigh, NC 27617	WV	919-313-3726
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	WV	717-977-4616
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	WV	717-977-4616
The Mid-Atlantic Wolf Pack, LLC	Paul Morgan	311 S. Central Ave. Canonsburg, PA 15317	WV	717-977-4616
Aspen Way Enterprises, Inc.	Rohnn Lampi	3031 Grand Avenue Suite 100 Billings, MT 59102	WY	406-294-9432
Aspen Way Enterprises, Inc.	Rohnn Lampi	3031 Grand Avenue Suite 100 Billings, MT 59102	WY	406-294-9432
Rento, Inc.	Greg Ressler	200 2nd Street Havre, MT 59501	WY	307-752-0173

Franchise Company Name	Franchise Principal Name	Address	State Store Located	Franchise Principal Office #
Rento, Inc.	Greg Ressler	200 2nd Street Havre, MT 59501	WY	307-752-0173
TUR Wyoming, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	WY	970-560-0475
TUR Wyoming, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	WY	970-560-0475
TUR Wyoming, LLC	Spencer Smith	50 Henry Street Cortez, CO 81321	WY	970-560-0475

EXHIBIT D-2
TO FRANCHISE DISCLOSURE DOCUMENT

Former Franchisees – Last Fiscal Year

The following is a list of the names, last known address and telephone numbers of each franchisee in the Franchisor's total operating territory who operated a franchise of the type being offered that has been terminated, cancelled, not renewed, reacquired or otherwise left the system within the previous fiscal year:

Franchise Name	Franchise Principal	City	State	Phone
GNS & Associates, Inc.	Brent Smith	Mobile	AL	251-533-7703
Commodore Leasing, LLC	Paul Huffman	Nashville	TN	310-709-2227
Madison Capital Investments, LLC	Bandy Saluja	Collegeville	PA	610-415-9700
Elliott Cox Enterprises, LLC	Tony Cox	Little River	SC	843-390-4244
Cram Leasing, Inc.	Melissa Goulter	Vancouver	WA	360-740-6060

	= Ceased Operations
	= Reacquired by Franchisor

EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT

List of State Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)	CONNECTICUT Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, Connecticut 06103 (860) 240-8233
FLORIDA Department of Agriculture and Consumer Services 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 922-2770	HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	INDIANA Indiana Securities Commissioner Securities Division 302 West Washington Street, Room E111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	MICHIGAN Michigan Department of Attorney General Consumer Protection Division Attn: Kathryn A. Barron G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 373-7117
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	NEBRASKA Department of Banking and Finance Commerce Court 1230 “O” Street, Suite 400 PO Box 95006 Lincoln, Nebraska 68509-5006
NEW YORK Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8236 (212) 416-6042 Fax	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712

OREGON Department of Consumer and Business Services Division of Finance Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	RHODE ISLAND Director, Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center–Bldg. 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	TEXAS Secretary of State Statutory Document Section P.O. Box 12887 Austin, Texas 78711 (512) 475-1769
UTAH Director, Division of Consumer Protection Utah Department of Commerce 160 East 300 South P.O. Box 146704 Salt Lake city, Utah 84114-6704 (801) 530-6601	VIRGINIA Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760	WISCONSIN Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower, Suite 400 Madison, Wisconsin 53705 (608) 261-9555

**EXHIBIT F-1
TO FRANCHISE DISCLOSURE DOCUMENT**

[Reserved.]

**EXHIBIT F-2
TO FRANCHISE DISCLOSURE DOCUMENT**

[Reserved.]

**EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT**

Confidential Operating Manuals Tables of Contents

(Attached)

**PRE-OPENING MANUAL
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**EXHIBIT H-1
TO FRANCHISE DISCLOSURE DOCUMENT**

Form of General Release (Renewal)

(Attached)

GENERAL RELEASE

(RENEWAL)

THIS GENERAL RELEASE (“Release”) is entered into by _____, a _____, (“Franchisee”), _____ (“Guarantor”) and AARON’S, LLC, a Georgia limited liability company (“Franchisor”), as follows:

RECITALS

- A. Franchisee is currently a franchisee of Franchisor pursuant to those certain Franchise Agreements entered into between Franchisee and Franchisor (collectively the “Franchise Agreements”), which are numbered and dated as follows:

Franchise Store Number

Date

_____	_____, ____
_____	_____, ____

- B. Guarantor has personally guaranteed the performance of Franchisee under each of the Franchise Agreements.
- C. Franchisee desires to renew each of the Franchise Agreements upon the terms and conditions therein described.
- D. As a condition to Franchisor’s consent to the renewal of the Franchise Agreements, Franchisee and Guarantor agree to execute and deliver to Franchisor this form of Release.

NOW, THEREFORE, for and in consideration of Franchisor’s agreement to renew the Franchise Agreements, and other good and valuable consideration the receipt, adequacy and sufficiency of which are hereby acknowledged by Franchisee and Guarantors, Franchisee and Guarantor hereby covenant, agree, acknowledge and represent as follows:

1. **General Release of Claims.** Franchisee and Guarantor jointly and severally, on behalf of themselves and their heirs, executors, successors and assigns, do hereby release, acquit, satisfy and forever discharge Franchisor, its current and former affiliates and subsidiaries, and each of their respective past and present officers, directors, shareholders, agents, employees and representatives, and each of their respective heirs, executors, successors, and assigns, (collectively “Released Parties”) of and from all manner of claims, demands, actions and causes of action whatsoever (collectively, “Claims,” and individually, a “Claim”), whether known or unknown, in law or in equity, contingent or otherwise, including, without limitation, claims arising under federal, state and local laws, rules and regulations that Franchisee and Guarantor ever had, now have, or in the future may have against the Released Parties, or any one or more of them, for, upon and by reason of any matter, cause or thing whatsoever arising out of, related to, or in any way connected with

(1) the Franchise Agreements, or (2) the Aaron's franchises granted pursuant to the Franchise Agreements (the "Franchises"), including, without limitation, any Claim based upon, arising out of or in any way relating to the ownership, operation or management of the Franchises. The parties acknowledge that the foregoing release shall not be construed to affect the obligations of Franchisee, Guarantor or Franchisor under any other franchise agreements or area development agreement between Franchisee, Guarantor and Franchisor.

[Note for California Release – add the following:

Except as set forth herein, Franchisee and Guarantor expressly relieves and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisee and Guarantor expressly acknowledges that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisee and Guarantor does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.]

[Note for Maryland Release – add the following to Section 1, at the end of the first sentence:
"excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."]

[Note for Minnesota Release – add the following to Section 1, at the end of the first sentence:
"excluding only such claims arising under the Minnesota Franchises Law."]

[Note for Washington Release – add the following to Section 1, at the end of the first sentence:
"excluding only such claims arising under the Washington Franchise Investment Protection Act."]

2. **No Transfer of Claims.** Franchisee and Guarantor jointly and severally represent and warrant that they have not assigned, transferred, conveyed or otherwise encumbered any Claim, and agree to indemnify and hold harmless the Released Parties from and against any and all losses, liabilities, damages, judgments, costs and expenses (including without limitation reasonable attorneys' fees) suffered or incurred by any one or more of the Released Parties as a result of any breach of any representation or warranty contained in this Release.
3. **Knowing Waiver; Authorization.** This Release has been voluntarily and knowingly executed by Franchisee and Guarantor after they have each had the opportunity to consult

with legal counsel of their choice. Franchisee and Guarantor represent that they each have the authority to execute and deliver this Release.

4. **Indemnification.** Franchisee and Guarantor acknowledge and agree that the indemnification provisions contained in each of the Franchise Agreements shall be and remain in full force and effect and shall survive the execution of any successor franchise agreements.
5. **Miscellaneous.** This Release may be executed in multiple counterparts, all of which shall constitute one and the same Release. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. The failure of either Franchisee or Guarantor to execute this Release shall not invalidate its effect as to any person or entity who otherwise executes this Release. This Release has been delivered in, and shall be interpreted and construed under the laws of, the State of Georgia without regard to its conflict of laws principles.

IN WITNESS WHEREOF, Franchisee and Guarantor have caused this Release to be executed and delivered by its duly authorized officer as of the date first above written.

FRANCHISEE:

By: _____
Name: _____
Title: _____

Signed sealed and delivered in the presence of:

NOTARY PUBLIC

My commission expires _____

(NOTARIAL SEAL)

GUARANTOR:

By: _____(SEAL)
Name: _____

Signed sealed and delivered in the presence of:

NOTARY PUBLIC
My commission expires _____

(NOTARIAL SEAL)

**EXHIBIT H-2
TO FRANCHISE DISCLOSURE DOCUMENT**

Form of General Release (Transfer)

(Attached)

**GENERAL RELEASE
(TRANSFER)**

THIS GENERAL RELEASE (“Release”) is entered into by _____, a _____, (“Franchisee”), _____ (“Guarantor”) and AARON’S, LLC, a Georgia limited liability company (“Franchisor”), as follows:

RECITALS

- A.** Franchisee is currently a franchisee of Franchisor pursuant to those certain Franchise Agreements entered into between Franchisee and Franchisor (collectively the “Franchise Agreements”), which are numbered and dated as follows:

Franchise Store Number

Date

_____	_____, ____
_____	_____, ____

- B.** Guarantor has personally guaranteed the performance of Franchisee under each of the Franchise Agreements.
- C.** Franchisee desires to transfer its interests in each of the Franchise Agreements upon the terms and conditions therein described.
- D.** As a condition to Franchisor’s consent to such transfers of the Franchise Agreements, Franchisee and Guarantor have agreed to execute and deliver to Franchisor this form of Release.

NOW, THEREFORE, for and in consideration of Franchisor’s agreement to renew the Franchise Agreements, and other good and valuable consideration the receipt, adequacy and sufficiency of which are hereby acknowledged by Franchisee and Guarantors, Franchisee and Guarantor hereby covenant, agree, acknowledge and represent as follows:

- 1. General Release of Claims.** Franchisee and Guarantor jointly and severally, on behalf of themselves and their heirs, executors, successors and assigns, do hereby release, acquit, satisfy and forever discharge Franchisor, its current and former affiliates and subsidiaries, and each of their respective past and present officers, directors, shareholders, agents, employees and representatives, and each of their respective heirs, executors, successors, and assigns, (collectively “Released Parties”) of and from all manner of claims, demands, actions and causes of action whatsoever (collectively, “Claims,” and individually, a “Claim”), whether known or unknown, in law or in equity, contingent or otherwise, including, without limitation, claims arising under federal, state and local laws, rules and regulations that Franchisee and Guarantor ever had, now have, or in the future may have against the Released Parties, or any one or more of them, for, upon and by reason of any matter, cause or thing whatsoever arising out of, related to, or in any way connected with

(1) the Franchise Agreements, or (2) the Aaron's franchises granted pursuant to the Franchise Agreements (the "Franchises"), including, without limitation, any Claim based upon, arising out of or in any way relating to the ownership, operation or management of the Franchises. The parties acknowledge that the foregoing release shall not be construed to affect the obligations of Franchisee, Guarantor or Franchisor under any other franchise agreements or area development agreement between Franchisee, Guarantor and Franchisor.

[Note for California Release – add the following:

Except as set forth herein, Franchisee and Guarantor expressly relieves and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisee and Guarantor expressly acknowledges that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisee and Guarantor does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.]

[Note for Maryland Release – add the following to Section 1, at the end of the first sentence:
"excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."]

[Note for Minnesota Release – add the following to Section 1, at the end of the first sentence:
"excluding only such claims arising under the Minnesota Franchises Law."]

[Note for Washington Release – add the following to Section 1, at the end of the first sentence:
"excluding only such claims arising under the Washington Franchise Investment Protection Act."]

2. **No Transfer of Claims.** Franchisee and Guarantor jointly and severally represent and warrant that they have not assigned, transferred, conveyed or otherwise encumbered any Claim, and agree to indemnify and hold harmless the Released Parties from and against any and all losses, liabilities, damages, judgments, costs and expenses (including without limitation reasonable attorneys' fees) suffered or incurred by any one or more of the Released Parties as a result of any breach of any representation or warranty contained in this Release.
3. **Knowing Waiver; Authorization.** This Release has been voluntarily and knowingly executed by Franchisee and Guarantor after they have each had the opportunity to consult

with legal counsel of their choice. Franchisee and Guarantor represent that they each have the authority to execute and deliver this Release.

4. **Indemnification.** Franchisee and Guarantor acknowledge and agree that the indemnification provisions contained in each of the Franchise Agreements shall be and remain in full force and effect and shall survive the execution of any successor Franchise Agreements.
5. **Miscellaneous.** This Release may be executed in multiple counterparts, all of which shall constitute one and the same Release. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. The failure of either Franchisee or Guarantor to execute this Release shall not invalidate its effect as to any person or entity who otherwise executes this Release. This Release has been delivered in, and shall be interpreted and construed under the laws of, the State of Georgia without regard to its conflict of laws principles.

IN WITNESS WHEREOF, Franchisee and Guarantor have caused this Release to be executed and delivered by its duly authorized officer as of the date first above written.

[Signature Page Follows.]

FRANCHISEE:

By: _____
Name: _____
Title: _____

Signed sealed and delivered in the presence of:

NOTARY PUBLIC

My commission expires
_____.

(NOTARIAL SEAL)

GUARANTOR:

_____(SEAL)
Print Name: _____

Signed sealed and delivered in the presence of:

NOTARY PUBLIC

My commission expires
_____.

(NOTARIAL SEAL)

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT

Marketing Promissory Note
(Attached)

U.S. \$ _____

Atlanta, Georgia
_____, 20__

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, _____, a _____ [corporation/limited liability company] (“Borrower”), promises to pay to the order of Aaron’s, LLC, a Georgia company (“Payee”), and its successors and assigns (Payee and its successors and assigns being hereinafter collectively referred to as “Holder”), in lawful money of the United States of America, the principal sum of _____ and 00/Dollars (\$_____), in accordance with the following provisions:

A. Payments. Interest shall accrue beginning ten (10) days from the date Holder delivers the execution version of this Note to Borrower, shall continue up to and through the date on which all principal and interest hereunder is paid in full, shall be computed on the basis of a 360-day year and the actual days elapsed, and shall be calculated on the outstanding principal balance hereunder at a per annum rate of interest equal to four percent (4%). Payments of accrued but unpaid interest hereunder shall be made by Borrower in immediately available funds drawn by Holder from Borrower’s specified bank account as directed in accordance with the Withdrawal Authorization Form, which is attached hereto as Exhibit A and incorporated herein by reference (“Borrower’s Bank Account”). Unless earlier due in accordance with the terms hereof, all principal amounts shall be due and payable in equal monthly installments of \$2,000 per month on the first business day of each month in immediately available funds drawn by Holder from Borrower’s Bank Account and continuing until both principal and interest is fully paid.

B. Late Charge. Borrower shall pay as a late charge an amount equal to five percent (5%) of any payment which is not paid within ten (10) days after when due, and Borrower shall pay all costs of collection, including reasonable attorney’s fees, if collected by or through an attorney-at-law.

C. Prepayment Privilege. This Note may be prepaid in whole or in part at any time and from time to time without premium or penalty.

D. Death of Guarantor. In the event of the death of any Guarantor of this Note, then, without demand or notice of any kind, the entire unpaid principal balance of this Note, together with any interest and all other amounts due and payable hereunder, shall be become immediately due and payable.

E. Guaranty. Payment of the indebtedness evidenced by this Note has been unconditionally guaranteed by _____ and _____ (“Guarantor(s)”) in favor of Holder with respect to the obligations of Borrower to Holder. The liability of Guarantor (s) shall be primary

and Holder may proceed against Guarantor(s) without first proceeding against Borrower. Guarantor represents that he/she [each] has the legal capacity to execute this Note.

F. Default. In the event that Borrower defaults in any payment when due which default has not been remedied within five (5) days after notice thereof from Holder, or there shall occur any other default hereunder, which default has not been remedied within ten (10) days of the date required for performance or observance of any covenant or agreement, or such longer period as may be required to remedy such default if it cannot be remedied within such 10-day period (provided that Borrower diligently attempts to remedy during such period), then Borrower shall be in default under this Note. A default under Borrower's franchise agreement(s), area development agreement or any other agreement between Borrower and Holder pursuant to which Holder has any obligations thereunder shall also be considered a default hereunder. In the event Borrower shall be in default under this Note, at the option of the Holder and without demand or notice of any kind, the entire unpaid principal balance of this Note, together with any and all other amounts due and payable hereunder, may be declared and thereupon immediately shall become due and payable, and the principal portion of such sum shall bear interest ("Default Interest") at a rate equal to ten and seventy five one-hundredths of one percent (10.75%) per annum from the date of default until paid, and Holder, at the option of Holder and without demand or notice of any kind, may exercise any and all rights and remedies provided for or allowed hereunder, or as provided for or allowed by law or in equity. Default Interest shall compound annually until the amount of such default, with Default Interest and any other fees, costs or charges due hereunder, is paid in full. Borrower shall pay all costs of collection as a result of any payment that is late or as a result of any default, including reasonable attorney's fees, if collected by or through an attorney-at-law.

G. Security. **Borrower grants to the Holder a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Borrower's present and after acquired personal property, and all personal property in which the Borrower has rights, of whatever nature or kind and wherever situate (collectively the "Collateral") as security for the payment, performance and satisfaction of Borrower's obligations hereunder. The Borrower covenants to forthwith execute when presented, a security agreement in favour of the Holder in a form satisfactory to the Holder.** Borrower agrees to protect and preserve the Collateral, to keep it in good condition and repair, to pay all taxes and charges levied against it, to keep it fully insured and to notify Holder promptly of any loss or damage to the Collateral. So long as Borrower is not in breach of its obligations, Borrower may possess and use the Collateral in the ordinary course of its business. In the event Borrower shall be in default under this Note, Holder may enforce a security interest by any method permitted by law. Further, Holder has, unless otherwise agreed, the right to enter upon Borrower's premises or wherever the Collateral may otherwise be located to take possession of the Collateral by any method permitted by law and Holder at its option may remedy any default in any reasonable manner which may include, but shall not be limited to, disposing of Collateral on the Borrower's premises in accordance with the Personal Property Security Act legislation enforceable in the Province where the Collateral is located. Borrower appoints Holder as Holder's agent and grants Holder a limited Power of Attorney to register any of the Collateral for purposes of protecting Holder's security interest. This provision does not waive any rights Holder may have under any other written agreement with Borrower.

H. Time. Time is of the essence of this Note.

I. Waiver. Demand, presentment, notice (except for any notice specifically provided for herein), protest and notice of dishonor are hereby waived by Borrower and by each and every co-maker, endorser, guarantor, surety and other person or entity primarily or secondarily liable on this Note.

J. Third Party Liability. With the consent of Holder and Borrower, this Note may be extended or renewed, in whole or in part, without notice to or consent of any co-maker, endorser, guarantor, surety or other person or entity primarily or secondarily liable on this Note and without affecting or lessening the liability of any such person or entity, and each such person or entity hereby waives any right to notice of or consent to such extensions and renewals. Holder shall be under no duty to enforce payment by exercising any of its rights under this Note or any Collateral and each co-maker, endorser, guarantor, surety or other person or entity primarily or secondarily liable on this Note hereby waives any right to require Holder to take action against the principal or against any Collateral. Failure of Holder to exercise any rights under this Note or any Collateral shall not affect the liability of any co-maker, endorser, guarantor, surety or other person or entity primarily or secondarily liable on this Note.

K. Forbearance. Holder shall not be deemed to waive any of Holder's rights or remedies under this Note unless such waiver shall be express, in writing and signed by or on behalf of Holder. No delay, omission or forbearance by Holder in exercising any of Holder's rights or remedies shall operate as a waiver of such rights or remedies. A waiver in writing on one occasion shall not be construed as a waiver of any right or remedy on any future occasion.

L. Setoff. Borrower shall not have or exercise any claim or right to set off and apply against amounts due and owing hereunder, unless with the express consent of Holder, in writing and signed by or on behalf of Holder.

M. Governing Law and Severability. This Note shall be governed by, construed under and interpreted and enforced in accordance with the laws of the State of Georgia. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

N. Terms. The word "Borrower" as used herein shall include the legal representatives, successors and assigns of Borrower and all indebtedness and liabilities of Borrower under this Note shall be binding upon and enforceable against the legal representatives, successors and assigns of Borrower. The word "Borrower" as used herein shall also include all guarantors liable on this Note, and each of them. The word "Holder" as used herein shall include the transferees, legal representatives, successors and assigns of Holder and all rights of Holder under this Note shall inure to the benefit of the transferees, legal representatives, successors and assigns of Holder.

O. Notices. All notices, requests, demands or other communications required or permitted to be given or made hereunder shall be in writing and delivered personally or sent by pre-paid, first class, certified or registered mail, return receipt requested, or by a reputable overnight courier service (e.g., Federal Express), in either of which event the notice shall be deemed to have been given the date on which said notice is either received or refused by the addressee, or by facsimile transmission to the intended recipient thereof at its address and facsimile number set out below, in which event the notice shall be deemed to have been given immediately, and in proving same it shall be sufficient to show that receipt of a facsimile was confirmed by the recipient. The addresses and contact numbers of the parties for the purposes of this Note are:

If to Holder: Aaron's, LLC
400 Galleria Parkway, SE
Suite 300
Atlanta, Georgia 30339
Attention: Brad Campbell
Telephone: (678) 402-3326
Facsimile No.: (855) 304-2052

If to Borrower: _____

Attention: _____
Telephone No.: _____
Facsimile No.: _____

IN WITNESS WHEREOF, Borrower has caused its duly authorized officer to execute this Note on its behalf under seal and to deliver this Note to Holder, and Guarantor in his individual capacity has executed and delivered this Note to Holder, all as of the day and year first above written.

BORROWER:

By: _____
Name:
Title:

Attest: _____
Title: _____

[CORPORATE SEAL]

GUARANTOR(S):

_____, Individually

EXHIBIT A

To: _____ **Return To:** Brad Campbell
Fax #/E-mail: _____ **Fax #:** 855-304-2052
Re: _____ **Phone #:** 678-402-3326
Date: _____

Please complete (legibly) the following form and return to the fax number above.

**AARON'S, LLC
WITHDRAWAL AUTHORIZATION FORM**

Name of Franchise: _____ Store #: _____

Franchise Address: _____

Bank Name: _____ Phone Number: _____

Name of Bank Contact: _____

Routing #
For ACH: _____ Franchise Account #: _____
(9 digits)

Aaron's, LLC ("Aaron") is hereby authorized to make withdrawals of funds from the account identified above for the collection of Aaron Advertising Advances and payments due pursuant to that certain Promissory Note between Borrower and Aaron entered into on the date shown above. This authorization shall not impose any legal obligation on Aaron to make such withdrawals. As an authorized officer/manager of Borrower, I agree that Aaron shall incur no liability as a result of any withdrawal being dishonored by my bank, and that no fees or other payments will be considered paid until Aaron actually receives the funds for such fee or payment.

FRANCHISEE: _____

By: _____
Signature
Print Name:
Title:

For corporate office use only	
Entered into GL _____ (initial) Date _____	Entered into MicroACH _____ (initial) Date _____

EXHIBIT J-1
TO FRANCHISE DISCLOSURE DOCUMENT
FTC Consent Order and Certification



[Date]

[Franchisee Name – Individual]

[Franchisee Entity Name]

[Address]

[Address]

[City, State Zip]

Re: Aaron's FTC Consent Order

Dear _____:

Thank you for your interest in entering into a [Franchise Agreement/Area Development Agreement] with Aaron's, LLC ("Aaron's"). We are thrilled at the prospect of working with you to develop a new Aaron's Store.

Before you sign a [Franchise Agreement/Area Development Agreement] with us, we wish to bring to your attention the "Agreement Containing Consent Order" (the "Consent Order") that Aaron's entered into with the United States Federal Trade Commission ("FTC") on March 11, 2014, the terms of which apply to Aaron's and its current and future franchisees.

Enclosed as Attachment 1 to this letter is a copy of the Consent Order for your review. While we request that you review the Consent Order in detail, you should note that the Consent Order, among other things:

1. Prohibits Aaron's and its franchisees from using certain monitoring technology;
2. Prohibits or limits Aaron's and its franchisees from using certain geophysical location tracking technology, and requires certain clear and prominent notices with the use of some technologies;
3. Prohibits Aaron's and its franchisees from deceptively gathering consumer information;
4. Prohibits Aaron's and its franchisees from using any improperly obtained information;
5. Requires the deletion, destruction, and/or protection of data; and

6. Prohibits Aaron's and its franchisees from making any misrepresentations regarding the protection of the security, privacy or confidentiality of data from consumers.

In addition to these six categories of obligations applicable to Aaron's company-owned stores, and all franchisees and their stores, the FTC Consent Order requires the following of Aaron's:

1. Aaron's must monitor each franchisee's compliance with the FTC Consent Order;
2. Aaron's must require that its franchisees destroy or delete data that was previously obtained using geophysical location tracking technology;
3. Aaron's must require that all franchisees comply with the Consent Order within 30 days of its issuance (which means the deadline for compliance is June 11, 2014);
4. Aaron's must take actions to ensure compliance by franchisees, and must terminate any franchisee that fails to take corrective action;
5. Aaron's must distribute copies of the FTC Consent Order to all franchisees, and receive a signed and dated acknowledgement of receipt; and
6. Aaron's must report to the FTC regarding Aaron's and its franchisees' compliance with the Consent Order.

We strongly encourage you to review the Consent Order with your attorney. If you enter into a Franchise Agreement and/or Area Development Agreement with us, we will require you to sign the Acknowledgement of Receipt in Attachment 2 to this letter. Moreover, you will be required to comply with the terms and conditions of the Consent Order and any directives that Aaron's may issue from time to time to ensure that its franchisees comply with the Consent Order.

Overall, we believe that compliance with the Consent Order – by Aaron's and all of its franchisees – makes us a better organization, and will instill greater confidence in our customers. We look forward to your cooperation.

Enclosures

Attachment 1: Consent Order

(See attached.)

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Edith Ramirez, Chairwoman**
 Julie Brill
 Maureen K. Ohlhausen
 Joshua D. Wright

In the Matter of

AARON’S, INC., a corporation.

DOCKET NO. C-4442

DECISION AND ORDER

The Federal Trade Commission (“Commission”) having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint that the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act, 15 U.S.C § 45 et seq.; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), which includes: a statement by respondent that it neither admits nor denies any of the allegations in the draft complaint, except as specifically stated in the Consent Agreement, and, only for purposes of this action, admits the facts necessary to establish jurisdiction; and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondent has violated the Federal Trade Commission Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such consent agreement on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter by interested persons pursuant to Commission Rule 2.34, 16 C.F.R. § 2.34, now in further conformity with the procedure prescribed in Commission Rule 2.34, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Aaron, Inc. (“Aaron’s”), is a Georgia limited liability company with its principal office or place of business at 400 Galleria Parkway, SE, Suite 300, Atlanta, GA 30339.

2. The Commission has jurisdiction of the subject matter of this proceeding and of respondent, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. Unless otherwise specified, “respondent” shall mean Aaron’s and its successors and assigns.

2. “Commerce” shall be defined as it is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

3. “Computer” shall mean any desktop or laptop computer, handheld device, tablet, smartphone, or other electronic product or device that has a platform on which to download, install, or run any software program, code, script, or other content.

4. “Clear(ly) and prominent(ly)” shall mean:

a. In textual communications (e.g., printed publications or words displayed on the screen of a computer or mobile device), the required disclosures are of a type, size, and location sufficiently noticeable for an ordinary consumer to read and comprehend them, in print that contrasts highly with the background on which they appear;

b. In communications disseminated orally or through audible means (e.g., radio or streaming audio), the required disclosures are delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend them;

c. In communications disseminated through video means (e.g., television or streaming video), the required disclosures are in writing in a form consistent with subpart (a) of this definition and shall appear on the screen for a duration sufficient for an ordinary consumer to read and comprehend them, and in the same language as the predominant language that is used in the communication;

d. In communications made through interactive media, such as the Internet, online services, and software, the required disclosures are unavoidable and presented in a form consistent with subpart (a) of this definition, in addition to any audio or video presentation of them; and

e. In all instances, the required disclosures are presented in an understandable language and syntax; in the same language as the predominant language that is used in the communication; and include nothing contrary to, inconsistent with, or in mitigation of any statement contained within the disclosure or within any document linked to or referenced therein.

5. “Consumer product” shall mean any item that is primarily for personal, family, or household use.

6. “Covered rent-to-own transaction” shall mean any transaction where a consumer enters into an agreement for the purchase or rental of any consumer product where the consumer’s contract or rental agreement provides for payments over time with options to purchase the product.

7. “Franchisee” shall mean an independently owned business that operates under a franchise agreement with respondent.

8. “Geophysical location tracking technology” shall mean any hardware, software, or application that collects and reports data or information that identifies the precise geophysical location of an item. Geophysical location tracking technologies include, but are not limited to, technologies that report the GPS coordinates of a computer or other item; the WiFi signals available to or actually used by a computer to access the Internet; the telecommunication towers or connections available to or actually used by a computer; the processing of any such reported data or information through geolocation lookup services; or any information derived from any combination of the foregoing.

9. “Monitoring technology” shall mean any hardware, software, or application utilized in conjunction with a computer that can cause the computer to (1) capture, monitor, or record, and (2) report information about user activities by:

- a. Recording keystrokes, clicks, or other user-generated actions;
- b. Capturing screenshots of the information displayed on a computer monitor or screen; or
- c. Activating the camera or microphone function of a computer to take photographs or record audio or visual content through the computer’s webcam or microphone.

INJUNCTION

I. MONITORING TECHNOLOGY PROHIBITED

IT IS HEREBY ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with them who receive actual notice of this order, by personal service or otherwise, in connection with any covered rent-to-own transaction, are hereby permanently restrained and enjoined from:

A. Using any monitoring technology to gather data or information from or about a consumer from any computer rented to a consumer; or

B. Receiving, storing, or communicating any data or information from or about a consumer that was gathered from a computer rented to a consumer using any monitoring technology.

Provided that this Part does not apply to respondent's use of any monitoring technology to gather data or information from or about a consumer from any computer rented to a consumer, with notice to and consent from the consumer, in connection with a request for technical assistance initiated by the consumer, where respondent only uses the information to provide, or attempt to provide, the requested technical assistance and for no other purpose.

II. USE OF TRACKING TECHNOLOGY LIMITED

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, in connection with any covered rent-to-own transaction, are hereby permanently restrained and enjoined from:

A. Gathering any data or information from any consumer product via any geophysical location tracking technology without providing clear and prominent notice to the consumer who rented the product at the time it is rented and also obtaining affirmative express consent from the consumer at the time the consumer product is rented;

B. Failing to provide clear and prominent notice to consumers and obtaining affirmative express consent from consumers at the time any consumer product is rented, to the extent that such notice and consent are required by subpart A, above, by the following means:

1. Clear and Prominent Notice: respondent shall provide a clear and prominent notice to the user, separate and apart from any “privacy policy,” “data use policy,” “terms of service,” “end-user license agreement,” “lease agreement,” or other similar document, that discloses (1) that geophysical location tracking technology is installed and/or currently running on the rented consumer product; (2) the types of user activity or conduct that is being captured by such technology; (3) the identities or specific categories of entities with whom any data or information that is collected will be shared or otherwise provided; (4) the purpose(s) for the collection, use, or sharing of such data or information; and (5) where and how the consumer can contact someone for additional information; and

2. Affirmative Express Consent: respondent shall obtain affirmative express consent by giving the renter an equally clear and prominent choice to either agree or not agree to any geophysical location tracking technology, and neither option may be highlighted or preselected as a default setting. Activation of any geophysical location tracking technology must not proceed until the renter provides affirmative express consent. Notwithstanding the foregoing, nothing in this Section shall require respondent to rent an item to a consumer who declines to consent to installation or activation of any geophysical tracking technology; and

C. In connection with the rental of computers, installing or activating on rented computers geophysical location tracking technology where that technology does not provide clear and prominent notice to the computer user immediately prior to each use of the geophysical location tracking technology, as clear and prominent is defined above, and by the installation of a clear and prominent icon on the computer on which the technology is installed, such as on the desktop and in the desktop system tray of the computer. Clicking on the icon must clearly and prominently disclose: (1) that geophysical location tracking technology is installed and currently running on the computer; (2) the types of user activity or conduct that is being captured by such technology; (3) the identities or specific categories of entities with whom any data or information that is collected will be shared or otherwise provided; (4) the purpose(s) for the collection, use, or sharing of such data or information; and (5) where and how the user can contact someone for additional information.

Provided that respondent may suspend the notice requirements of this Part and activate geophysical location tracking technology if a) the consumer reports that a rented consumer product has been stolen or respondent otherwise has a reasonable basis to believe that a rented consumer product has been stolen, and b) either the consumer or respondent has filed a police report stating that the consumer product has been stolen. *Provided further that* respondent shall retain documents establishing (a) and (b). For purposes of this Order, “filing of a police report” means the filing of the consumer’s or respondent’s complaint with the police department in any form recognized in the jurisdiction.

Provided further that this Part does not apply to respondent’s use of geophysical location tracking technology, with notice to and consent from a consumer to the extent that such notice and consent are required by subpart A, to gather data or information in connection with a request

for technical assistance initiated by a consumer, where respondent only uses the information to provide, or attempt to provide, the requested technical assistance and for no other purpose.

I I I .

NO DECEPTIVE GATHERING OF CONSUMER INFORMATION

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, in connection with any covered rent-to-own transaction, are hereby permanently restrained and enjoined from making or causing to be made, or assisting others in making or causing to be made, any false representation or depiction in any notice, prompt screen, or other software application appearing on the screen of any computer that results in gathering data or information from or about a consumer.

I V .

NO USE OF IMPROPERLY OBTAINED INFORMATION IN COLLECTIONS

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, are hereby permanently restrained and enjoined from using, in connection with collecting or attempting to collect a debt, money, or property pursuant to a covered rent-to-own transaction, any data or information from or about a consumer obtained in a manner that does not comply with Parts I, II, and III of this Order.

V .

PROTECTION OF DATA

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, shall:

A. Delete or destroy data or information from or about a consumer previously gathered or stored using any monitoring or geophysical location tracking technology that does not comply with Parts I, II, and III of this Order, unless such action is otherwise prohibited by court order or other legal obligation and after the expiration of any such court order or other legal obligation the information is deleted or destroyed; and

B. Only transfer any data or information from or about a consumer that was gathered by any monitoring or geophysical location tracking technology from the computer upon which the technology is installed to respondent's server(s), and from the respondent's server(s) to any other computers or servers, if the information collected is rendered unreadable, unusable, or indecipherable during transmission.

V I .
NO MISREPRESENTATIONS ABOUT PRIVACY

IT IS FURTHER ORDERED that respondent, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and its officers, agents, servants, employees, and all persons or entities in active concert or participation with it who receive actual notice of this Order, by personal service or otherwise, in connection with any covered rent-to-own transaction shall not misrepresent, in any manner, expressly or by implication, the extent to which respondent maintains and protects the security, privacy, or confidentiality of any data or information from or about a consumer.

V I I .
OVERSIGHT AND MONITORING OF FRANCHISEES

IT IS FURTHER ORDERED that respondent shall:

A. Require its franchisees to delete or destroy data or information from or about a consumer previously gathered or stored using any monitoring or geophysical location tracking technology that does not comply with Parts I, II, and III of this Order, unless such action is otherwise prohibited by court order or other legal obligation, in which case, after the expiration of any such court order or other legal obligation, respondent shall require its franchisees to delete or destroy the data or information;

B. Within thirty (30) days after the date of service of this Order, prohibit each of its franchisees from, in connection with a covered rent-to-own transaction:

1. Using any monitoring technology to gather data or information from or about a consumer from any computer rented to a consumer;
2. Receiving, storing, or communicating any data or information from or about a consumer that was gathered from a computer rented to a consumer using any monitoring technology;
3. Gathering any data or information from any consumer product via any geophysical location tracking technology in a manner that:
 - a. does not comply with Part II of this Order; and
 - b. that respondent has not approved in advance of the franchisee's use of such technology;
4. Using, in connection with collecting or attempting to collect a debt, money, or property pursuant to a covered rent-to-own transaction, any data or information from or about a consumer obtained in a manner that does not comply with Parts I, II, and III of this Order; and

5. Making, or causing to be made, any false representation or depiction in any notice, prompt screen, or other software application appearing on the screen of any computer that results in gathering data or information from or about a consumer;

C. Monitor compliance by each franchisee with the requirements of Parts VII.A and VII.B, including but not limited to by annually reviewing each franchisee's compliance with Parts VII.A. and VII.B.; and

D. When respondent knows, or has reason to know, whether as a result of monitoring required by Part VII.C. or otherwise, that a franchisee has violated any requirement imposed on that franchisee by respondent in compliance with Parts VII.A. or VII.B.:

1. Immediately take action to ensure that the franchisee corrects its practices; and
2. Terminate any such franchisee that fails to make such correction.

VIII. DISTRIBUTION OF ORDER

IT IS FURTHER ORDERED that respondent must deliver a copy of this Order to all current and future principals, officers, directors, and managers who have responsibilities related to the subject matter of this Order and to all franchisee principals. Delivery must occur within thirty (30) days after the date of service of the Order for current personnel and franchisee principals. For new personnel and franchisee principals, delivery must occur before they assume their responsibilities. From each individual to whom respondent delivers a copy of this Order, respondent must obtain a signed and dated acknowledgment of receipt of this Order, with any electronic signatures complying with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq.

IX. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that:

A. Respondent, and its successors and assigns, shall, within sixty (60) days after the date of service of this Order, and at such other times as the Commission may require, file with the Commission a true and accurate report, in writing, setting forth in detail the manner and form in which they have complied with this Order. Within ten (10) days of receipt of written notice from a representative of the Commission, respondent shall submit additional true and accurate written reports;

B. Respondent, and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this Order, including, but not limited to, dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or related entity that engages in any acts or practices subject

to this Order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, the respondent shall notify the Commission as soon as is practicable after obtaining such knowledge; and

C. Unless otherwise directed by a representative of the Commission, all notices required by this Part shall be sent by overnight courier (not the U.S. Postal Service) to the Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580, with the subject line *In re Aaron's, Inc.*, File No. 1223264. *Provided, however*, that, in lieu of overnight courier, notices may be sent by first class mail, but only if an electronic version of each such notice is contemporaneously sent to the Commission [at DEbrief@ftc.gov](mailto:DEbrief@ftc.gov).

X. RECORDKEEPING

IT IS FURTHER ORDERED that respondent shall, for five (5) years after the last date of any act or practice covered by Parts I – VII of this Order, maintain and upon reasonable notice make available to the Federal Trade Commission for inspection and copying, any documents, whether prepared by or on behalf of respondent, that:

A. Comprise or relate to complaints or inquiries, whether received directly, indirectly, or through any third party, concerning consumer privacy, specifically including complaints or inquiries related to any monitoring or geophysical tracking technologies and any responses to those complaints or inquiries;

B. Are reasonably necessary to demonstrate full compliance with each provision of this Order, including but not limited to, all documents obtained, created, generated, or which in any way relate to the requirements, provisions, or terms of this Order, and all reports submitted to the Commission pursuant to this Order;

C. Contradict, qualify, or call into question respondent's compliance with this Order; or

D. Acknowledge receipt of this Order obtained pursuant to Part VIII.

XI. TERMINATION OF ORDER

This Order will terminate on March 10, 2034, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the Order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any Part in this Order that terminates in less than twenty (20) years; and

B. This Order if such complaint is filed after the Order has terminated pursuant to this Part.

Provided, further, that, if such complaint is dismissed or a federal court rules that respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this Part as though the complaint had never been filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

Donald S.
Clark Secretary

SEAL:
ISSUED: March 10, 2014

Attachment 2: Acknowledgement of Receipt

Acknowledgement of Receipt

(*In re Aaron's, Inc., File #1223264*)

In connection with Aaron's, Inc.'s compliance with Agreement Containing Consent Order made effective on March 11, 2014 in the matter *In re Aaron's, Inc., File #1223264*, I, the undersigned principal of an Aaron's franchisee, acknowledge the following:

1. I have received the following documents from Aaron's, including:
 - a. A letter dated _____, _____, summarizing the Consent Order in the matter *In re Aaron's, Inc., File #1223264* (the "Consent Order"); and
 - b. A copy of the Consent Order.
2. I understand, acknowledge and agree that if I do not comply with the Consent Order and the directives issued by Aaron's Inc. to ensure my compliance with the Consent Order, Aaron's, Inc. may terminate my franchise agreement.

Acknowledged and Agreed to By:

By (signature): _____
Principal's name: _____
Principal's title: _____
Franchisee entity: _____
Franchisee address: _____

Date signed: _____, 20____

EXHIBIT J-2
TO FRANCHISE DISCLOSURE DOCUMENT
FTC Consent Order and Certification



[Date]

[Franchisee Name – Individual]

[Franchisee Entity Name]

[Address]

[Address]

[City, State Zip]

Re: Aaron's FTC Consent Order No. C-4714
(Regarding Reciprocal Purchase Agreements)

Dear _____:

Thank you for your interest in entering into a [Franchise Agreement/Area Development Agreement] with Aaron's, LLC ("Aaron's"). We are thrilled at the prospect of working with you to develop a new Aaron's Store.

Before you sign a [Franchise Agreement/Area Development Agreement] with us, we wish to bring to your attention the "FTC Decision and Order," Docket No. C4714 (the "Consent Order") that Aaron's entered into with the United States Federal Trade Commission ("FTC") on May 11, 2020, the terms of which apply to Aaron's and its current and future franchisees.

Enclosed as Attachment 1 to this letter is a copy of the Consent Order for your review. While we request that you review the Consent Order in detail, you should note that the Consent Order, among other things:

1. Prohibits Aaron's and its franchisees entering into certain Reciprocal Purchase Agreements with other rent-to-own businesses, franchisors, or franchisees;
2. Prohibits Aaron's from enforcing certain non-competition agreements as part of Reciprocal Purchase Agreements; and
3. Requires Aaron' to specifically prohibit any Aaron's franchisee, in a new or renewal franchise agreement, from entering into a Reciprocal Purchase Agreement.

A "Reciprocal Purchase Agreement" is a contingent agreement or series of contingent agreements through which Aaron's or an Aaron's Franchisee agrees to close a rent-to-own retail center and sell its consumer rental contracts to a competitor or its

franchisee, and that competitor or its franchisee agrees to close a different rent-to-own retail center and sell its consumer rental contracts to Aaron's or an Aaron's franchisee.

In addition to these three categories of obligations applicable to Aaron's company-owned stores, and all franchisees and their stores, the FTC Consent Order requires that Aaron's maintain a compliance program, and periodically report to the FTC regarding compliance with the Consent Order.

We strongly encourage you to review the Consent Order with your attorney. If you enter into a Franchise Agreement and/or Area Development Agreement with us, we will require you to sign the Acknowledgement of Receipt in Attachment 2 to this letter. Moreover, you will be required to comply with the terms and conditions of the Consent Order and any directives that Aaron's may issue from time to time to ensure that its franchisees comply with the Consent Order.

Overall, we believe that compliance with the Consent Order – by Aaron's and all of its franchisees – makes us a better organization, and will instill greater confidence in our customers. We look forward to your cooperation.

Enclosures

Attachment 1: FTC Consent Order C-4714

(See attached.)

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Joseph J. Simmons, Chairman**
 Noah Joshua Phillips
 Rohit Chopra
 Rebecca Kelly Slaughter
 Christine S. Wilson

In the Matter of

**Aaron’s Inc.,
a corporation.**

)
)
) **Docket No. C-4714**
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DECISION AND ORDER

The Federal Trade Commission (“Commission”), having initiated an investigation of certain acts and practices of Aaron’s Inc. (“Respondent”), Rent-A-Center, Inc., and Buddy’s Newco, LLC, and Respondent having been furnished thereafter with a copy of the draft Complaint that counsel for the Commission proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent with violations of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined it had reason to believe that Respondent has violated the said Act, and that a Complaint should issue stating its charges in that respect, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

1. Respondent Aaron's Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Georgia, with its headquarters and principal place of business located at 400 Galleria Parkway SE, Suite 300, Atlanta, Georgia 30339.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the Respondent, and the proceeding is in the public interest.

ORDER

I.

IT IS HEREBY ORDERED that, as used in this Order, the following definitions shall apply:

- A. "Aaron's" or "Respondent" means Aaron's Inc., its directors, officers, partners, employees, agents, representatives, successors, and assigns; and the joint ventures, subsidiaries, partnerships, divisions, groups, and affiliates controlled by Aaron's Inc., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. "Buddy's" means Buddy's Newco, LLC, d/b/a Buddy's Home Furnishings, is a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal address at 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819.
- C. "RAC" means Rent-A-Center, Inc., a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal address at 5501 Headquarters Drive, Plano, Texas 75024.
- D. "Commission" means the Federal Trade Commission.
- E. "Aaron's Franchisee" means a Third Party business owner who operates a RTO Retail Center under the Aaron's corporate trademark or associated brands.
- F. "Antitrust Laws" means the Federal Trade Commission Act, as amended, 15 U.S.C. § 41 *et seq.*, the Sherman Act, 15 U.S.C. § 1 *et seq.*, and the Clayton Act, 15 U.S.C. § 12 *et seq.*
- G. "Board Member" means a member of the board of directors or board of managers for a specified entity.
- H. "Competitor" means any Third Party that, directly or through a subsidiary, owns operates, or is a franchisor of, one or more RTO Retail Centers in the United States, including Buddy's and RAC.
- I. "Consent Agreement" means the Agreement Containing Consent Order.

- J. “Consumer Rental Contracts” means contracts that provide a consumer with a consumer good through a leasing arrangement that terminates when the consumer acquires ownership or the lessor takes repossession of the consumer good. Consumer Rental Contracts are also referred to as rent-to-own contracts, rental purchase agreements, and lease-to-own agreements.
- K. “Executive Team” means Board Members, CEO, President, Executive Vice President, and General Counsel of Respondent, and all employees of Respondent in a senior management position with decision-making authority over Respondent’s business operations.
- L. “Non-Competition Agreement” means any agreement or covenant not to operate an RTO Retail Center within a specified geographic area for a specified period.
- M. “Third Party” means any natural person, partnership, corporation, association, trust, joint venture, or other business or legal entity other than Respondent.
- N. “Reciprocal Purchase Agreement” means a contingent agreement or series of contingent agreements through which Respondent or an Aaron’s Franchisee agrees to close a RTO Retail Center and sell its Consumer Rental Contracts to a Competitor or its franchisee, and that Competitor or its franchisee agrees to close a different RTO Retail Center and sell its Consumer Rental Contracts to Respondent or an Aaron’s Franchisee.
- O. “RTO Retail Center” means a store with a physical location that primarily offers consumer goods through Consumer Rental Contracts.

II.

IT IS FURTHERED ORDERED, that:

- A. Respondent shall not, directly or indirectly, enter into, solicit, invite, facilitate, or enable any Third Party to enter into, a Reciprocal Purchase Agreement.
- B. Respondent shall not enforce, in whole or part, any Non-Competition Agreement that was part of, or contingent on, a Reciprocal Purchase Agreement.
- C. In any future franchise agreement or any renewal of an existing franchise agreement, Respondent shall specifically prohibit the Aaron’s Franchisee from entering into a Reciprocal Purchase Agreement with a Third Party.

III.

IT IS FURTHER ORDERED that no employee, officer, Board Member or other representative of Respondent shall serve as a Board Member or officer for a Competitor and Respondent shall not permit any employee, officer, Board Member or other representative of a Competitor to serve as a Board Member for Respondent.

IV.

IT IS FURTHER ORDERED that Respondent shall establish and maintain an antitrust compliance program that sets forth the policies and procedures Respondent has implemented to comply with the Order and the Antitrust Laws. The antitrust compliance program shall include:

- A. Designation and retention of an antitrust compliance officer, who may be an existing employee of Respondent, to supervise the design, maintenance, and operation of the program;
- B. Training the Executive Team regarding Respondent's obligations under this Order and the Antitrust Laws:
 - 1. Within 30 days after this Order becomes final;
 - 2. At least annually during the term of the Order; and
 - 3. Within 30 days of when an individual first becomes a member of the Executive Team;
- C. Policies and procedures for employees and representatives of Respondent to ask questions about, and report violations of, this Order and the Antitrust Laws confidentially and without fear of retaliation of any kind;
- D. Policies and procedures for disciplining employees and representatives of Respondent for failure to comply with this Order and the Antitrust Laws; and

Retention of documents and records sufficient to record Respondent's compliance with its obligations under this Paragraph IV of this Order, including but not limited to records showing that employees and representatives of Respondent have received all trainings required under this Order during the preceding 2 years.

V.

IT IS FURTHER ORDERED that Respondent shall file verified written reports ("compliance reports") in accordance with the following:

- A. Respondent shall submit:
 - 1. An interim compliance report 60 days after the Order is issued;
 - 2. Annual compliance reports each year on the anniversary of entry of the Order for a period of ten (10) years; and
 - 3. Additional compliance reports as the Commission or its staff may request.

- B. Each compliance report shall set forth in detail the manner and form in which Respondent intends to comply, is complying, and has complied with this Order. Each compliance report shall contain sufficient information and documentation to enable the Commission to determine independently whether Respondent is complying with the Order. Conclusory statements that Respondent has complied with its obligations under the Order are insufficient. Respondent shall include in its reports, among other information or documentation that may be necessary to demonstrate compliance:
1. The identity and job title of the antitrust compliance officer;
 2. A description of how Respondent is complying with Paragraph II.B of the Order with respect to each Reciprocal Purchase Agreement in existence prior to the date of this Order and include, if applicable, any amendments, appendices, exhibits, schedules and modifications made thereto; and
 3. With each annual compliance report, provide an electronic Excel spreadsheet listing each RTO Retail Center for which either 1) Respondent or an Aaron's Franchisee sold the RTO Retail Center's Consumer Rental Contracts to a Competitor or franchisee of a Competitor, or 2) Respondent or an Aaron's Franchisee acquired the RTO Retail Center's Consumer Rental Contracts of a Competitor or franchisee of a Competitor and provide the following information regarding each listed RTO Retail Center:
 - a. Whether Respondent or an Aaron's Franchisee acquired or sold Consumer Rental Contracts and the identity of the affiliated RTO Retail Center;
 - b. The address of the RTO Rental Center;
 - c. The name of all other parties to the transaction, and if another party was a franchisee, the name of the franchisor of that party;
 - d. Whether Respondent or an Aaron's Franchisee has entered into a Non-Competition Agreement in connection with the transaction; and
 - e. A short summary of the relevant terms of the transaction including, but not limited to: (i) the purchase price and/or valuation of assets; (ii) the closing date of the transaction; and (iii) if Respondent or an Aaron's Franchisee acquired or sold Consumer Rental Contracts from multiple RT Retail Centers in the same transaction, the addresses of the other RTO Retail Centers.
- C. Respondent shall verify each compliance report in the manner set forth in 28 U.S.C. § 1746 by the Chief Executive Officer or another officer or employee specifically authorized to perform this function. Respondent shall submit an original and 2 copies of each compliance report as required by Commission Rule 2.41(a), 16 C.F.R. § 2.41(a), including a paper original submitted to the Secretary of the Commission and electronic copies to the Secretary at ElectronicFilings@ftc.gov and to the Compliance Division at

bccompliance@ftc.gov. In addition, Respondent shall provide a copy of each compliance report to the Monitor if the Commission has appointed one in this matter.

VI.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least 30 days prior to:

- A. The proposed dissolution of Aaron's Inc.;
- B. The proposed acquisition, merger, or consolidation of Aaron's Inc.; or
- C. Any other change in Respondent including but not limited to, assignment and the creation or dissolution of subsidiaries, if such change might affect compliance obligations arising out of this Order.

VII.

IT IS FURTHER ORDERED that, for purposes of determining or securing compliance with this Order, and subject to any legally recognized privilege, upon written request and five (5) days' notice to the relevant Respondent, made to its principal place of business as identified in this Order, registered office of its United States subsidiary, or its headquarters office, the notified Respondent shall, without restraint or interference, permit any duly authorized representative of the Commission:

- A. Access, during business office hours of the Respondent and in the presence of counsel, to all facilities and access to inspect and copy all business and other records and all documentary material and electronically stored information as defined in Commission Rules 2.7(a)(1) and (2), 16 C.F.R. § 2.7(a)(1) and (2), in the possession or under the control of the Respondent related to compliance with this Order, which copying services shall be provided by the Respondent at the request of the authorized representative of the Commission and at the expense of the Respondent; and
- B. To interview officers, directors, or employees of the Respondent, who may have counsel present, regarding such matters.

VIII.

IT IS FURTHER ORDERED that in connection with any legal proceeding brought by the Commission against Buddy's or RAC alleging that Respondent or an Aaron's Franchisee entered illegal Reciprocal Purchase Agreements, Respondent shall:

- A. Agree to service of process of all Commission subpoenas issued under Rule 3.34 of the Commission Rules of Practice, 16 C.F.R. ¶ 3.34; and
- C. Negotiate in good faith with the Commission to provide a declaration, affidavit, and/or sponsoring witness, if necessary, to establish the authenticity and admissibility of any documents and/or data that Respondent produces or has produced to the Commission.

IX.

IT IS FINALLY ORDERED that this Order shall terminate May 11, 2040.

By the Commission, Commissioners Chopra and Slaughter dissenting.

April J. Tabor
Acting Secretary

SEAL:
ISSUED: May 11, 2020

Attachment 2: Acknowledgement of Receipt

Acknowledgement of Receipt

(In re Aarons Inc., File No. C-4174)

In connection with Aaron's Inc. compliance with Agreement Containing Consent Order made effective on May 11, 2020 in the matter *In re Aaron's Inc., File #1223264*, I, the undersigned principal of an Aaron's franchisee, acknowledge the following:

1. Aaron's has advised me, the undersigned principal of Franchisee, of the FTC Consent Order No. C-4714, in which Aaron's and two other competitor rent-to-own franchisors have agreed to not enter into, and not enforce "Reciprocal Purchase Agreements." Attached to this Acknowledgment is a copy of FTC Consent Order No. C-4714.
2. Further, I understand that entering into a Reciprocal Purchase Agreement is prohibited by the Franchise Agreement and Aaron's policies, and if I violate any such prohibition or breach the Franchise Agreement, Aaron's may terminate the Franchise Agreement.

Acknowledged and Agreed to By:

By (signature): _____
Principal's name: _____
Principal's title: _____
Franchisee entity: _____
Franchisee address: _____

Date signed: _____, 20____

**EXHIBIT K
TO FRANCHISE DISCLOSURE DOCUMENT**

Technology Services Agreement

TECHNOLOGY SERVICES AGREEMENT

THIS TECHNOLOGY SERVICES AGREEMENT, (the “Agreement”) dated as of the _____ day of _____, 20____ (the “**Effective Date**”), is entered into by and between **AARON’S, LLC**, a Georgia limited liability company (“**Franchisor**”), and _____, a _____ (“**Franchisee**”).

W I T N E S S E T H:

WHEREAS, pursuant to a certain franchise agreement between Franchisor and Franchisee with an Effective Date of _____ (the “**Franchise Agreement**”), Franchisor is willing to provide certain technology support services to Franchisee on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

1. Technology Support Services.

(a) Subject to the terms and conditions contained in this Agreement, Franchisor shall make available to Franchisee the following services (collectively, the “**Technology Services**”): (i) those basic technology support services (“**Base Services**”) described on Exhibit A attached hereto, and (ii) such other optional technology support services (“**Optional Services**”) as may be mutually agreed upon from time to time in writing between Franchisor and Franchisee.

(b) The Technology Services identified as Base Services in Exhibit A shall be provided to Franchisee as contemplated in this Section 1 during Franchisor’s usual business hours and in accordance with Franchisor’s usual policies, practices and procedures for such Technology Services. Franchisor may reasonably supplement, modify or amend the time, place and manner of the provision of the Base Services from time to time in its sole discretion, provided that Franchisee is given reasonable written notice, in advance when commercially practical for Franchisor, for material changes. However, Franchisor agrees that it will not make any material reduction to the Base Services provided in Exhibit A without first providing Franchisee with written notice.

(c) Without limiting the foregoing, it is understood that the Technology Services provided to Franchisee by Franchisor may be performed by employees, contractors or other agents of Franchisor, including, without limitation, those who perform equivalent services for Franchisor in the normal course of Franchisor’s business.

(d) Unless otherwise determined by Franchisor, the Technology Services shall be provided by Franchisor personnel from the offices of Franchisor. Any on site Technology Services at a location of Franchisee shall be as determined by Franchisor.

(e) Nothing in this Agreement shall require Franchisor (i) to render any services not specifically set forth in this Agreement, or (ii) to make any change or addition to Franchisor’s operations that would require any capital expenditures by Franchisor, unless Franchisor determines that the provision of Base Services would require such expenditure in order to stay current with the technological demands of the industry. Notwithstanding the foregoing, Franchisor will make reasonable efforts to remain current with the technological demands of the industry.

(f) **Franchisor Security Breach.** If Franchisor becomes aware of any actual or reasonably suspected unauthorized processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information related to a customer or employee of Franchisee (i) that can be used to identify, locate or contact an individual (collectively, “Personal Information”); or (ii) that is subject to any of the Privacy Laws and/or PCI-DSS (as defined in paragraph 2(d) below) or any circumstance that might reasonably expose Franchisee to actual or suspected intrusion by an unauthorized third party into Franchisor’s or Franchisee’s computers, networks, servers or IT resources (collectively, a “Franchisor Security Breach”), Franchisor shall notify as soon as possible that business person designated by Franchisee and accepted by Franchisor as Franchisee’s primary contact (“Franchisee’s Principal”) or such other Franchisee designee as Franchisor is able to locate via telephone of such matter. To the extent caused by Franchisor, Franchisor shall thereafter reasonably cooperate with Franchisee to investigate and remedy such matter, as to be determined in Franchisee’s reasonable discretion.

2. Responsibilities of Franchisee.

(a) **Training.** All of Franchisee’s employees with access to the software or hardware supported by the Technology Services shall attend and satisfactorily complete any training required by Franchisor and related to the Technology Services, however, such training shall not be required more than once a year, and shall be provided at no cost to the Franchisee.

(b) **Compliance with Aaron’s Information Privacy and Security Directive for Franchisees.** As a prerequisite to Franchisor’s provision of the Technology Services, Franchisee shall comply with, abide by, or, as applicable, adopt policies consistent with the then-current version of Franchisor’s policies as described in Aaron’s Information Privacy and Security Directive for Franchisees (the “**Directive**”). The current version of the Directive is attached hereto as Exhibit B. Franchisee acknowledges that Franchisor may supplement, modify or amend the Directive from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor or such other time frame as Franchisor may specify, provided that: 1) any such supplements, modifications or amendments are reasonable; and 2) no such supplements, modifications or amendments will materially alter the parties obligations under the Franchise Agreement. Franchisor may provide Franchisee with certain other model privacy and information security policies as necessary for consideration by Franchisee from time to time. Franchisee may only deviate from a provision in the Directive (“the **Provision**”) in order to conform to the requirements of law. In such event, Franchisee shall provide prior written notice to the Franchisor of such required deviation. Such notice shall be provided to Senior Legal Counsel, Director of Compliance and Privacy, and Vice President of Franchise. In its notice, Franchisee shall describe the Provision, the deviation, the reason Franchisee believes that the deviation is necessary to conform to the requirements of law, and how Franchisee otherwise will accomplish the goal of the Provision. Franchisor must allow such deviation, unless good cause exists otherwise. In the event Franchisor can establish such good cause, Franchisee is required to continue to comply with the Directive. If as a direct result of Franchisee’s compliance with the Provision, and if Franchisee has previously provided written notice and request to Franchisor for approval to deviate from the Provision, a third party or entity subsequently asserts any claim or cause of action based on Franchisee’s compliance with the Provision, Franchisor shall indemnify and hold harmless Franchisee from all costs, liabilities,

expenses, and damages, including reasonable attorney's fees and expenses, directly resulting from such claim or cause of action. This indemnity obligation is not subject to the limitations of any other section of this Agreement.

(c) **Franchisee Security Breach.** If Franchisee becomes aware of any actual or reasonably suspected unauthorized processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information (i) that can be used to identify, locate or contact an individual (collectively, "Personal Information"); or (ii) that is subject to any of the Privacy Laws and/or the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the "PCI-DSS") or any circumstance that might reasonably expose Franchisor to actual or suspected intrusion by an unauthorized third party into Franchisee's or Franchisor's computers, networks, servers or IT resources (collectively, a "Franchisee Security Breach"), Franchisee shall notify as soon as possible the Director of Information Assurance, the VP of Franchise and the General Counsel of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter to the extent such Franchisee Security Breach relates to Franchisee, as to be determined in Franchisor's reasonable discretion.

(d) Franchisee shall comply with all applicable federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligation related to the possession or use of Personal Information (collectively "Privacy Laws").

3. Fees and Payments.

Franchisee's cost for Base Services are contained in either 1) the Continuing License Fee charged in the Franchise Agreement; 2) the software fee referenced in Section 3.9 of the Franchise Agreement; or 3) the Equipment Lease Agreement ("Base Service Fees"). The foregoing notwithstanding, if Franchisee and Franchisor have mutually agreed to have Franchisor provide any Optional Technology Services under Section 1(a)(ii) above, Franchisee shall also pay any fees for such Optional Technology Services on such basis as is mutually agreed upon (the "**Optional Services Fees**"). All fees due hereunder shall be payable as provided in Section 3.6(a) of the Franchise Agreement. If, during the term of this Agreement, Franchisee does not meet its responsibilities under this Agreement, or, by its action or inaction increases Franchisor's cost of providing the Technology Services, then Franchisor may, in its sole discretion, terminate this Agreement, revise the Base Services Fees and Optional Services Fees or assess additional fees as required to pay for such additional costs.

Notwithstanding anything herein, or in the Franchise Agreement, including Section 3.9 of the Franchise Agreement, Franchisor agrees that it will continue to provide POS software in partial consideration for the Franchisee's payments of the Continuing License fee under Section 3.2 of the Franchise Agreement, and that POS software shall not be deemed "third party software" under the terms of the Franchise Agreement. For the purposes of this section POS software is limited to software performing the following functions: Inventory Management, Price Card and Quote Creation, Customer Information Management, Customer Relationship Management, Agreement Creation and Maintenance, Payment Posting, and Store-level Reporting.

4. Inspection.

Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and upon reasonable notice to Franchisee, enter upon the Franchised Business premises and examine Franchisee's computer hardware, software, databases, business records and other supporting records and documents in order to verify compliance with the Directive. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated (e.g., more than two times in a calendar year) or continuing (e.g., more than two consecutive times) failure to comply with the Directive, this Agreement or the Franchise Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

5. Term of Agreement.

The term of this Agreement begins on the day on which the Agreement is executed and expires upon the expiration or earlier termination of the Franchise Agreement (or any renewal thereof), or upon termination of this Agreement pursuant to Section 3 above. Further, the Franchisee may terminate this agreement for good cause on 30 days' notice to the Franchisor.

6. Warranties.

(a) Notwithstanding anything to the contrary, the Parties warrant that 1) they will perform their obligations hereunder in a good and workmanlike manner; and 2) each party will indemnify the other for any harm or damage caused as a result of the other parties misuse of data, release of confidential information or damage to the other's computer system that results for the offending party's mis-, mal- or non-feasance. Further, the Franchisor agrees that if another party establishes that the Services infringe upon their rights, the Franchisor will a) provide the Franchisee with a suitable replacement for the Service; and b) indemnify the Franchisee for any losses related to such infringement.

(b) EXCEPT AS IS SET FORTH IN SECTIONS 2(c) AND SECTIONS 6(a) ABOVE, FRANCHISOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, STATUTORY, OR OTHERWISE, AS TO ANY MATTER WHATSOEVER, INCLUDING THE CONDITION, QUALITY, DURABILITY OR SUITABILITY OF THE TECHNOLOGY SERVICES, TITLE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, THEIR MERCHANTABILITY OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE. EXCEPT AS IS SET FORTH IN SECTIONS 2(c) AND SECTIONS 6(a) ABOVE, FRANCHISOR EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES AND REPRESENTATIONS AS TO THE EFFECTIVENESS AND SECURITY OF ANY OF THE TECHNOLOGY SERVICES OR ANY OTHER COMPUTING HARDWARE OR SOFTWARE OR SERVICES PROVIDED TO FRANCHISEE. FRANCHISEE ACKNOWLEDGES THAT THE SYSTEMS PROVIDED HEREUNDER MAY BE SUBJECT TO THIRD PARTY INTRUSION AND OTHER SECURITY BREACH, DESPITE THE DEPLOYMENT OF THESE AND OTHER TOOLS BY FRANCHISOR AND FRANCHISEE. FRANCHISOR'S SERVICES MAY BE SUBJECT TO LIMITATIONS, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF THE INTERNET, PERSONAL COMPUTERS, AND ELECTRONIC COMMUNICATIONS. FRANCHISOR IS

NOT RESPONSIBLE FOR ANY DELAYS, DELIVERY FAILURES, OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS, FRANCHISEE'S SERVICES MAY BE SUBJECT TO LIMITATIONS, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF THE INTERNET, PERSONAL COMPUTERS, AND ELECTRONIC COMMUNICATIONS. FRANCHISEE IS NOT RESPONSIBLE FOR ANY DELAYS, DELIVERY FAILURES, OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS, FRANCHISEE ACKNOWLEDGES AND AGREES THAT ITS EXECUTION HEREOF ARE NEITHER CONTINGENT ON THE DELIVERY OF ANY FUTURE FUNCTIONALITY OR FEATURES NOR DEPENDENT ON ANY WRITTEN STATEMENTS MADE BY FRANCHISOR REGARDING FUTURE FUNCTIONALITY OR FEATURES. EXCEPT AS IS SET FORTH IN SECTIONS 2(c) AND SECTIONS 6(a) ABOVE, FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR MAY, IN PERFORMING ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT, BE DEPENDENT UPON OR USE DATA, MATERIAL, AND OTHER INFORMATION FURNISHED BY A THIRD PARTY, INCLUDING FROM FRANCHISEE, WITHOUT ANY INDEPENDENT INVESTIGATION OR VERIFICATION THEREOF, AND THAT FRANCHISOR SHALL BE ENTITLED TO RELY UPON THE ACCURACY AND COMPLETENESS OF SUCH INFORMATION IN PERFORMING THE SERVICES. EXCEPT AS IS SET FORTH IN SECTIONS 2(c) AND SECTIONS 6(a) ABOVE, IN PERFORMING THE SERVICES, FRANCHISOR MAY BE MAKING RECOMMENDATIONS AND PROVIDING ADVICE, BUT ALL DECISIONS AS TO IMPLEMENTING SUCH ADVICE AND RECOMMENDATIONS SHALL BE MADE BY AND SHALL BE THE SOLE RESPONSIBILITY OF FRANCHISEE; FRANCHISOR SHALL NOT BE LIABLE TO FRANCHISEE FOR ANY RESULT OBTAINED OR NOT OBTAINED AS A CONSEQUENCE OF FRANCHISEE'S IMPLEMENTATION OF SUCH ADVICE OR RECOMMENDATIONS.

7. Liability Limitations.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, (INCLUDING, WITHOUT LIMITATION, ANY LOSS OF DATA, LOST PROFITS OR REVENUES OR OTHER LOSS OF BUSINESS) ARISING OUT OF OR RELATING TO THE TECHNOLOGY SERVICES OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT, INCLUDING THE USE OR INABILITY TO USE THE SERVICE, OR FOR ANY CONTENT OBTAINED FROM OR THROUGH THE SERVICE, ANY INTERRUPTION, INACCURACY OR ERROR IN THE CONTENT, EVEN IF SUCH PARTY HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN THE EVENT THAT, EITHER PARTY IS FOUND LIABLE FOR DAMAGES UNDER THIS AGREEMENT, IN NO EVENT SHALL SUCH PARTY'S TOTAL LIABILITY FOR DAMAGES HEREUNDER EXCEED AN AGGREGATE AMOUNT EQUAL TO ONE MILLION DOLLARS (\$1,000,000.00). **FRANCHISEE ACKNOWLEDGES AND ACCEPTS THAT THE DISCLAIMER OF WARRANTIES AND THE LIMITATION OF LIABILITY AND REMEDY ARE A REFLECTION OF THE RISKS ASSUMED BY THE PARTIES IN ORDER FOR FRANCHISOR TO PROVIDE AND FOR FRANCHISEE TO OBTAIN ACCESS TO THE SERVICES HEREUNDER.**

8. Insurance.

Franchisee shall maintain cyber liability coverage from a responsible and qualified carrier with an A rating or better as rated by A.M. Best Rating Service or a comparable rating service that meets the minimum terms and coverages as required by Franchisor and in an amount that shall not be less than the minimum amount required by Franchisor from time to time throughout the term of this Agreement, which minimum required amount is currently One Million Dollars (\$1,000,000.00).

9. Miscellaneous.

The terms of this Agreement and the Franchise Agreement constitute the entire agreement between Franchisor and Franchisee with respect to the Technology Services. In the event of any conflict between this Agreement and the Franchise Agreement, the Franchise Agreement shall control. This Agreement has been executed and delivered in, and shall be governed, construed and enforced in accordance with the laws of the State of Georgia. In the event of any controversy, claim or dispute arising out of or relating to this Agreement or its breach, such controversy, claim or dispute shall be subject to the provisions of Section 11 of the Franchise Agreement, which provisions are incorporated herein by this reference and hereby made applicable to this Agreement. All capitalized and defined terms and words of art that are used but not defined herein shall have the same respective meaning designated for such terms and words of art in the Franchise Agreement, unless the context clearly requires otherwise.

10. Binding Effect.

This Agreement binds, and inures to the benefit of, the parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

11. Survival of Obligations.

All covenants, representations and warranties contained in this Agreement, or in any document attached hereto, shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

12. Severability.

If any one or more of the terms, covenants or conditions in this Agreement, or the application thereof, are for any reason held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect any other term, covenant or condition of the Agreement, and the remainder of the Agreement, or the application thereof, will be construed as if it had not included the invalid, illegal or unenforceable term, covenant or condition, and be valid and enforced to the fullest extent permitted by law.

13. Amendment/Modification.

No amendment, modification, or alteration of this Agreement is binding unless in writing, dated subsequent to the date of this Agreement, and duly executed by the parties hereto or their respective successors in interest. No act or omission of any employee or other agent of either party hereto shall alter, change or modify any of the provisions hereof.

14. Cumulative Remedies/Waiver.

The rights and remedies provided by this Agreement are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have under the Franchise Agreement or by law, statute, ordinance or otherwise. The parties hereto also agree that the failure of either party to insist upon strict observance of any of the terms, covenants or conditions of this Agreement at any time shall not be deemed a waiver of such party's right to insist upon strict observance thereafter.

15. Warranties of Signatures.

The individuals executing this Agreement hereby warrant that they have all necessary authority to bind the respective party to this Agreement.

16. Construction.

The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience and in no way define the scope or intent of such sections of this Agreement or in any way affect this Agreement. Whenever herein the singular number is used, the same shall include the plural and the masculine gender shall include the feminine and neutral genders.

17. Counterparts.

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument. A counterpart signed and transmitted by facsimile or by e-mail as a .pdf file is to be treated as an original document, and the exchange of counterparts signed by all of the parties shall constitute a binding and enforceable agreement. The signature of any party thereon, for purposes hereof, is to be considered the same as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Franchisor and Franchisee have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

AARON’S, LLC, a Georgia limited liability company

By: _____
Name: Russell Falkenstein
Title: CFO and EVP, Store Operations

[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

Exhibit A

Scope of Technology Services

Franchisor will make available the following technology support services (the “Services”) to the Franchisee. Except as otherwise expressly noted, all of the Services listed in this Exhibit A are included in the Base Service Fees. Any technology or computing related services in addition to those set forth in this Exhibit A may be provided by Franchisor on terms and conditions as the parties may mutually agree in writing, from time to time.

- (i) General advice and a reasonable amount of technical support on the use of the Store System software program (the “**Store System Program**”) that is licensed to Franchisee by Franchisor, including helpdesk support and error corrections support for the Store System Program. Such support will be available to Franchisee during the regular business hours of Franchisor, and additional times the Franchisor otherwise determines, and shall be subject to Franchisee adhering to any reasonable incident reporting, logging and escalation procedures specified from time to time by Franchisor.
- (ii) To the extent such systems and related equipment were originally obtained by or through Franchisor, coordinate warranty-related repair and replacement of computer systems and related equipment and spare parts for such equipment.
- (iii) Arrange for virus protection tools, to be provided to Franchisee from one or more third party Internet service providers.
- (iv) Arrange for payments processing services to be provided to Franchisee from one or more third party payments processing providers.
- (v) Allow Franchisee to participate as a covered Franchisee in listings and other franchisee-specific features accessible through the Franchisor’s website.
- (vi) Reporting and Business Intelligence. Operational reporting regarding key performance metrics, exceptions, lists, etc. for Franchisees, as reasonably determined by Franchisor from time to time. These reports are delivered by standard reports and ad hoc reporting on request.
- (vii) Lead Management: Prospective sales lead routing from websites and other lead-gathering facilities to stores.
- (viii) Franchise invoice processing: Franchisor will provide Franchisee with the capability to pay certain invoices through direct account drafts.
- (ix) Store System data downloads: Franchisor will provide Franchisee with downloads of data from its store system in a standard Franchisor-provided format that will allow Franchisee to load data into their back office systems.
- (x) Optional Service: Automatic Call Distributor: Franchisor will use an automated system to direct calls to Franchisee stores by prompting the caller to enter their postal code.

- (xi) Depreciation Estimation: Franchisor will provide a system that will track the Franchisee's received inventory, depreciation, and disposal costs monthly and provide a monthly data feed of such information.
- (xii) Intranet: Franchisor will provide Franchisee with an Intranet for posting and sharing certain information with Franchisor and other Franchisees.
- (xiii) Electronic Device Refresh Technology: Franchisor will provide Franchisee with an Electronic Device Refresh Technology.
- (xiv) Optional Service: E-Commerce: Franchisor will provide e-Commerce activities for sale of Franchisor approved merchandise. Franchisor agrees that it may not charge any additional fee for this service if the Franchisee opts to use this service.
- (xv) Optional Service: Autodialer, Text Messaging, and E-mail messaging. When authorized by Franchisee, Franchisor will make automated calls, send text messages and e-mail messages to Franchisee customers for non-renewal and sales purposes. These services are provided and charged to Franchisee. Franchisee is responsible for its own compliance with all laws, including any laws regulating the use of autodialers, text messages including, but not limited to, the Telephone Consumer Protection Act of 1991, 47 U.S.C. § 227 as amended and the Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM"), however, the Franchisor will not perform such services if it knows such services would violate any such law or regulation. Should Franchisee wish to disseminate its own automated calls, send text messages or e-mails, Franchisee must seek written approval from Franchisor, whose approval will not be unreasonably withheld.
- (xvi) Optional Service: Letters. Franchisor will facilitate a vendor relationship in order for the Franchisees to send letters to customers for non-renewal and sales purposes. This service is provided and charged on a per e-mail/letter basis. Franchisee is responsible for compliance with all laws, including any laws regulating the mailing and e-mailing of marketing communications including, but not limited to, the Privacy Laws, however, the Franchisor will not perform such services if it knows such services would violate any such law or regulation.
- (xvii) Optional Service: Learning Management System. Franchisor will provide training courses and track Franchisee training course completion of Franchisor-provided training courses via a learning management system.

**EXHIBIT L
TO FRANCHISE DISCLOSURE DOCUMENT**

Dynamic Decision Engine Opt-In Agreement

Opt-in Agreement for On-Line Customer Decision Technology

This Opt-in Agreement for On-Line Customer Decision Technology, (the “Agreement”) dated as of the _____ day of _____, 20____ (the “**Effective Date**”), is entered into by and between **AARON’S, LLC**, a Georgia limited liability company (“**Franchisor**”), and _____, a _____ (“**Franchisee**”).

WHEREAS, pursuant to the Technology Services Agreement (“TSA”) between Franchisor and Franchisee, it is contemplated that Franchisor will provide and support e-Commerce activities for sale of Franchisor approved merchandise; and,

WHEREAS, Franchisor is the owner of proprietary technology that assists in the evaluation of the suitability of potential customers for approval to enter into a Lease Purchase Agreement or similar retail transaction (“Customer Agreement”), known as Dynamic Decision Engine (“DDE”); and,

WHEREAS, Consistent with current and future proprietary business plans, Franchisor will implement use of the DDE and other intellectual property in implementing the e-Commerce activities and other technology services contemplated by the TSA;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

E-Commerce and Electronic Customer Approval Services.

(a) Subject to the terms and conditions contained in this Agreement, in the TSA, and subject to additional terms and conditions that may be agreed upon in writing by Franchisor and Franchisee, and upon implementation of a workable technology application, Franchisor shall make available to Franchisee: i) completed end Customer Agreements for customers who enter into e-Commerce transactions and identify as the customer’s shipping address an address within the exclusive territory of Franchisee (“End Customer Agreements”), or ii) names and contact information of customers who have contacted Franchisor either on-line or by telephone, have been evaluated and approved through the DDE, and identify as the customer’s shipping address an address within the exclusive territory of Franchisee (“Approved Customer Referrals”).

(b) Prior to providing the completed End Customer Agreement to Franchisee, Franchisor shall have completely and adequately obtained approval through the DDE for the customer subject to the same terms and conditions used and evaluated by Franchisor in its own use of the DDE for evaluation and approval of customers for corporate stores and end customer transactions, including subsidiaries.

(c) Nothing in this Agreement shall prohibit Franchisor or its subsidiaries from modifying, changing, amending, or otherwise changing the makeup or technology composing the DDE at any time and in Franchisor’s sole discretion and without prior notice to Franchisee.

(d) Franchisor makes no warranties as to the DDE or its ability to adequately or accurately evaluate a customer's ability to timely pay and otherwise comply with the customer's obligations under the End Customer Agreement. In addition to the terms set forth in this Agreement, Franchisor incorporates herein all warranties, including waivers thereof, disclaimers, limitations of liability, and other reservations of rights set forth in the TSA.

(e) Franchisor indemnifies and holds harmless Franchisee solely and only as to any third party claims that the DDE or the technology associated with it infringes such third party's intellectual property rights.

Responsibilities of Franchisee.

Franchisee shall accept any e-signed End Customer Agreement provided to it under this program, and shall deliver merchandise to and service such customer in the same manner as otherwise provided under the terms of the Franchise Agreement and in the normal course of business, including but not limited to pricing and all other terms set forth in the form of the End Customer Agreement, whether or not such pricing and terms are consistent with the pricing and terms otherwise agreed to between Franchisor and Franchisee under the terms of the Franchise Agreement or the franchise program in general.

Franchisee shall accept any Approved Customer Referral provided to it under this program and shall not require any additional information or customer data prior to agreeing to enter into a Customer Agreement at the store location with the Approved Customer Referral.

Nothing in this Agreement shall prohibit a Franchisee from requiring additional information from a potential customer whose contact information was provided to Franchisee by Franchisor, but which customer was not finally approved by Franchisor upon being evaluated by the DDE.

Franchisee shall comply with any additional protocols and policies implemented by Franchisor for service to customers provided under this program.

Franchisee acknowledges and understands that it shall not require any additional data, references, or other information from customers referred to it through this program prior to delivering the merchandise or servicing the customer for the life of the customer agreement referred. Franchisee further releases and holds harmless Franchisor from any liability associated with the credibility or validity of the customer approval, whether or not Franchisee would have approved such customer under a traditional or "in-store" application and evaluation process.

Nothing in this Agreement shall prevent or prohibit Franchisee from engaging a customer provided under this program for the purposes of future transactions and agreements under approval systems outside the e-commerce environment.

Warranties.

FRANCHISOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, STATUTORY, OR OTHERWISE, AS TO ANY MATTER WHATSOEVER, INCLUDING THE CONDITION, QUALITY, DURABILITY OR SUITABILITY OF THE DDE, TITLE, ITS

MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. FRANCHISOR EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES AND REPRESENTATIONS AS TO THE EFFECTIVENESS AND SECURITY OF THE DDE OR ANY OF THE TECHNOLOGY SERVICES OR ANY OTHER COMPUTING HARDWARE OR SOFTWARE OR SERVICES ASSOCIATED THEREWITH PROVIDED TO FRANCHISEE. FRANCHISEE ACKNOWLEDGES THAT THE SYSTEMS PROVIDED HEREUNDER MAY BE SUBJECT TO THIRD PARTY INTRUSION AND OTHER SECURITY BREACH, DESPITE THE DEPLOYMENT OF THESE AND OTHER TOOLS BY FRANCHISOR AND FRANCHISEE. FRANCHISOR'S SERVICES MAY BE SUBJECT TO LIMITATIONS, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF THE INTERNET, PERSONAL COMPUTERS, AND ELECTRONIC COMMUNICATIONS. FRANCHISOR IS NOT RESPONSIBLE FOR ANY DELAYS, DELIVERY FAILURES, OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS. FRANCHISEE ACKNOWLEDGES AND AGREES THAT ITS EXECUTION HEREOF ARE NEITHER CONTINGENT ON THE DELIVERY OF ANY FUTURE FUNCTIONALITY OR FEATURES NOR DEPENDENT ON ANY WRITTEN STATEMENTS MADE BY FRANCHISOR REGARDING FUTURE FUNCTIONALITY OR FEATURES. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR MAY, IN PERFORMING ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT, BE DEPENDENT UPON OR USE DATA, MATERIAL, AND OTHER INFORMATION FURNISHED BY A THIRD PARTY, INCLUDING FROM FRANCHISEE, WITHOUT ANY INDEPENDENT INVESTIGATION OR VERIFICATION THEREOF, AND THAT FRANCHISOR SHALL BE ENTITLED TO RELY UPON THE ACCURACY AND COMPLETENESS OF SUCH INFORMATION IN PERFORMING THE SERVICES. IN PERFORMING THE SERVICES, FRANCHISOR MAY BE MAKING RECOMMENDATIONS AND PROVIDING ADVICE, BUT ALL DECISIONS AS TO IMPLEMENTING SUCH ADVICE AND RECOMMENDATIONS SHALL BE MADE BY AND SHALL BE THE SOLE RESPONSIBILITY OF FRANCHISEE; FRANCHISOR SHALL NOT BE LIABLE TO FRANCHISEE FOR ANY RESULT OBTAINED OR NOT OBTAINED AS A CONSEQUENCE OF FRANCHISEE'S IMPLEMENTATION OF SUCH ADVICE OR RECOMMENDATIONS.

Limitation of Liability.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, (INCLUDING, WITHOUT LIMITATION, ANY LOSS OF DATA, LOST PROFITS OR REVENUES OR OTHER LOSS OF BUSINESS) ARISING OUT OF OR RELATING TO THE DDE OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT, INCLUDING THE USE OR INABILITY TO USE THE SERVICE, OR FOR ANY CONTENT OBTAINED FROM OR THROUGH THE SERVICE, ANY INTERRUPTION, INACCURACY OR ERROR IN THE CONTENT, EVEN IF SUCH PARTY HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN THE EVENT THAT, EITHER PARTY IS FOUND LIABLE FOR DAMAGES UNDER THIS AGREEMENT, IN NO EVENT SHALL SUCH PARTY'S TOTAL LIABILITY FOR DAMAGES HEREUNDER EXCEED AN AGGREGATE AMOUNT EQUAL TO ONE MILLION DOLLARS (\$1,000,000.00). **FRANCHISEE ACKNOWLEDGES AND ACCEPTS THAT THE DISCLAIMER OF WARRANTIES**

AND THE LIMITATION OF LIABILITY AND REMEDY ARE A REFLECTION OF THE RISKS ASSUMED BY THE PARTIES IN ORDER FOR FRANCHISOR TO PROVIDE AND FOR FRANCHISEE TO OBTAIN ACCESS TO THE DDE AND RELATED SERVICES HEREUNDER.

IN WITNESS WHEREOF, Franchisor and Franchisee have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

AARON’S, LLC, a Georgia limited liability company

[NAME OF FRANCHISEE]

By: _____
Name: Russell Falkenstein
Title: CFO and EVP, Store Operations

By: _____
Name: _____
Title: _____

EXHIBIT M
TO FRANCHISE DISCLOSURE DOCUMENT

Franchisee Compliance Certification

EXHIBIT M

AARON’S, LLC FRANCHISEE COMPLIANCE CERTIFICATION

As you know, Aaron’s, LLC (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of an Aaron’s franchised store (the “**Store**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

A goal in asking you these questions is to be confident that you are prepared to become an Aaron’s franchisee, that you understand the risks of owning your own business, and that we have complied with our obligations in providing you with the information required by law.

We may, in lieu of requesting that you review and sign this Questionnaire, review these questions with you during our pre closing meeting, and may take notes of your verbal responses for our records.

1. The following dates and information are true and correct:

a.	_____, 20__	The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a Store.
	Initials _____	
b.	_____, 20__	The date on which I received the Franchisor’s Franchise Disclosure Document (“ FDD ”).
	Initials _____	
c.	_____, 20__	The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed.
	Initials _____	
d.	_____, 20__	The date on which I signed the Franchise Agreement.
	Initials _____	

2. Have you received and personally reviewed the Franchise Agreement, Area Development Agreement and each Addendum and related agreement attached to them?

Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, Area Development Agreement, each Addendum and related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, Area Development Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

4. Do you understand that the Franchise Agreement and Development Agreement contain a number of provisions that may affect your legal rights, including required mediation, designated locations or states for any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes _____ No _____

5. Have you received and personally reviewed the FDD that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

8. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a Store as a franchised business?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your franchised Store will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

10. Has anyone speaking on the Franchisor's behalf made any statement or promise to you concerning the revenues, profits or operating costs of an Aaron's Store operated by the Franchisor or its franchisees that is different from the information contained in the FDD?

Yes _____ No _____

11. Has anyone speaking on the Franchisor's behalf made any statement or promise to you about the amount of money you may earn in operating the Store that is different from the information contained in the FDD?

Yes _____ No _____

12. Has anyone speaking on the Franchisor's behalf made any statement or promise concerning the total amount of revenue your Store will or may generate that is different from the information contained in the FDD?

Yes _____ No _____

13. Has anyone speaking on the Franchisor's behalf made any statement or promise regarding the costs you may incur in operating your Store that is different from the information contained in the FDD?

Yes _____ No _____

14. Has anyone speaking on the Franchisor's behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Store as a franchised business?

Yes _____ No _____

15. Has anyone speaking on the Franchisor's behalf made any statement or promise, or made an agreement with you, concerning how much service and assistance the Franchisor will

provide to you (for example, concerning advertising, marketing, training, and support) that is different from the information contained in the FDD?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

18. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?

Yes _____ No _____

19. Do you understand that the Franchise Agreement and Area Development Agreement contain the entire agreement between you and the Franchisor concerning the franchise and development rights for the Store, meaning that any prior oral or written statements not set out in the Franchise Agreement and Area Development Agreement will not be binding?

Yes _____ No _____

20. If you have answered “Yes” to any of questions 10-17, please provide a full explanation of each “yes” answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered “no” to each of questions 10-17, then please leave the following lines blank.

21. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be a franchisee or developer will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working

hours for, all of your employees; and (b) Franchisor and Franchisor's affiliates will have no control, or right to control, any of the employment actions or decisions in your business? *We recommend that you retain employment law counsel to advise you with your employment issues and questions.*

Yes _____ No _____

22. Do you understand that:

- a. this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as the 2020 COVID-19 outbreak?
- b. such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations for Stores, and may require that we take actions that might not be contemplated under the Franchise Agreement?
- c. the extent to which any such disruption impacts the Aaron's system, and your franchise business, will depend on future developments which are highly uncertain and which we cannot predict?

Yes _____ No _____

23. I signed the Franchise Agreement, Area Development Agreement, and Addenda (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

24. During my negotiations and evaluations leading up to my decision to buy an Aaron's franchise, I communicated with the following individuals from Aaron's or its affiliates, or independent brokers:

<u>Name</u>	<u>Address</u>
1.	
2.	
3.	
4.	

[Insert additional names and addresses below if needed]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

For Maryland prospective franchisees: Do not sign this Franchisee Compliance Certification.

For California prospective franchisees: You are not required to sign this Franchisee Compliance Certification.

For Washington prospective franchisees: Do not sign this Franchisee Compliance Certification if you are a Washington resident or the franchised business will be located in Washington.

You understand that your answers are important to us and that we will rely on them. Your representations in this Questionnaire are not intended to, and will not act as, a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

FRANCHISE APPLICANT

Signed

Printed Name

_____, 20____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Florida	Pending
Illinois	Pending
Indiana	June 30, 2025
Maryland	Pending
Michigan	Pending
North Dakota	Pending
South Dakota	Pending
Utah	Pending
Virginia	Pending
Washington	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, Area Development Agreement, and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Aaron's, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale or grant. Iowa and New York require that we provide you with this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document 10 business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Aaron's, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit E.

The franchise seller is Russell Falkenstein, Aaron's Chief Financial Officer and Executive Vice President, Store Operations, whose principal business address is: 400 Galleria Parkway, SE, Suite 300, Atlanta, GA 30339, and whose telephone number is 678-402-3616.

I, personally, and as a duly authorized officer, or a partner, of the prospective franchisee, if applicable, acknowledge receipt from Aaron's, LLC of the Franchise Disclosure Document dated June 30, 2025, including (1) Franchise Agreement (Exhibit A); (2) State-Specific Addenda to the Franchise Agreement (Exhibit A-1); (3) Financial Statements (Exhibit B); (4) Area Development Agreement (Exhibit C); (5) State-Specific Addenda to the Area Development Agreement (Exhibit C-1); (6) List of Franchisees (Exhibit D-1); (7) List of Former Franchisees (Exhibit D-2); (8) List of State Administrators (Exhibit E); (9) [Reserved.] (Exhibit F-1); (10) [Reserved.] (Exhibit F-2); (11) Confidential Operating Manuals Tables of Content (Exhibit G); (12) General Release (Renewal) (Exhibit H-1); (13) General Release (Transfer) (Exhibit H-2); (14) Marketing Program Promissory Note (Exhibit I); (15) March 11, 2014 FTC Consent Order and Certification (Exhibit J-1); (16) May 11, 2020 FTC Consent Order and Certification (Exhibit J-2); (17) Technology Services Agreement (Exhibit K); (18) Dynamic Decision Engine Opt In Agreement (Exhibit L); and (19) Franchisee Compliance Certification (Exhibit M).

Issuance Date of Disclosure Document:
June 30, 2025

Signature (individually and as an officer)

Date Disclosure Document Received

Print Name

Print Franchisee's Name (if an entity)

Phone Number

TO BE RETAINED BY YOU

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, Area Development Agreement, and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Aaron's, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale or grant. Iowa and New York require that we provide you with this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document 10 business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

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Signature (individually and as an officer)

Issuance Date of Disclosure Document:
June 30, 2025

Print Name

Date Disclosure Document Received

Print Franchisee's Name (if an entity)

TO BE RETURNED TO:

Aaron's, LLC
400 Galleria Parkway, SE
Suite 300
Atlanta, GA 30339

Cell Phone Number

E-Mail Address