Conn's HomePlus

Investor Presentation

Q1 FY 2021
(Nasdaq: CONN)

Forward Looking Statements & Other Disclosure Matters

Forward-Looking Statements - This presentation contains forward-looking statements within the meaning of the federal securities laws, including but not limited to, the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include information concerning the Company's future financial performance, business strategy, plans, goals and objectives. Statements containing the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should,“ “predict,” “will”, “potential” or the negative of such terms or other similar expressions are generally forward-looking in nature and not historical facts. Such forward-looking statements are based on our current expectations. We can give no assurance that such statements will prove to be correct, and actual results may differ materially. A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by our forward-looking statements including, but not limited to: general economic conditions impacting our customers or potential customers; our ability to execute periodic securitizations of future originated customer loans on favorable terms; our ability to continue existing customer financing programs or to offer new customer financing programs; changes in the delinquency status of our credit portfolio; unfavorable developments in ongoing litigation; increased regulatory oversight; higher than anticipated net charge- offs in the credit portfolio; the success of our planned opening of new stores; technological and market developments and sales trends for our major product offerings; our ability to manage effectively the selection of our major product offerings; our ability to protect against cyber-attacks or data security breaches and to protect the integrity and security of individually identifiable data of our customers and employees; our ability to fund our operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from our revolving credit facility, and proceeds from accessing debt or equity markets; the effects of epidemics or pandemics, including the COVID-19 outbreak; the impact of the restatement and correction of the Company’s previously issued financial statements; the identified weakness in the Company’s internal control over financial reporting and the Company’s ability to remediate that material weakness; the initiation of legal or regulatory proceedings with respect to the restatement and corrections; the adverse effects on the Company’s business, results of operations, financial condition and stock price as a result of the restatement and correction process; and other risks detailed in Part I, Item IA, Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended January 31, 2019 and other reports filed with the SEC. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise, or to provide periodic updates or guidance. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Non-GAAP Measures - To supplement the consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”), the Company also provides the following non -GAAP financial measures: retail segment adjusted operating income, retail segment adjusted operating margin, credit segment adjusted operating income (loss), credit segment adjusted operating margin, adjusted net income and adjusted net income per diluted share. These non-GAAP financial measures are not meant to be considered as a substitute for, or superior to, comparable GAAP measures and should be considered in addition to results presented in accordance with GAAP. They are intended to provide additional insight into our operations and the factors and trends affecting the business. Management believes these non-GAAP financial measures are useful to financial statement readers because (1) they allow for greater transparency with respect to key metrics we use in our financial and operational decision making and (2) they are used by some of our institutional investors and the analyst community to help them analyze our operating results. Our reconciliations of non-GAAP financial measures to GAAP financial measures are located in the appendix to this presentation.

COVID-19 Update (as of June 9, 2020)

- Health and safety of our employees and customers remains our top priority
- No showrooms are closed or operating at reduced hours due to COVID-19
- Continue to monitor federal, state, and local mandates which has resulted in implementing the following in-store safety requirements:
  - Masks required for all customer facing employees
  - Thermometers in all stores to check employee temperature
  - Gloves available as required
  - Increased cleaning and sanitation
  - Clear signage to customers on safety requirements and guidelines
- Instituted a work from home program for our corporate teams
- Implemented payment relief programs for customers negatively affected by COVID-19

Strengthening Our Financial Position

Proactively Implemented Cost Reductions

- Reduced near-term marketing and advertising spend
- Reduced or eliminated discretionary spend
- Reduced store and corporate labor expenses
- Temporarily reduced base salaries of executives and certain other salaried employees by up to 25%

Liquidity Actions Taken

- Amended our revolving credit facility to provide four quarters of relief from the interest coverage covenants
- Reduced capital expenditures including a reduction in new showrooms planned to open in fiscal year 2021
- Reduced merchandise purchases in certain product categories and lowered inventory levels as appropriate
- Extended or renegotiated payment terms for many goods and services

Well-Positioned to Weather COVID-19 Crisis

- Diversity of retail product offering
- Flexible credit options
- Expanded omni-channel capabilities (in-store, online and mobile)
- Next-day delivery and in-home service and product support
- Experienced leadership team
- Strong cashflow generation
- Ample liquidity and financial flexibility

MAKE IT HAPPEN

Conn's HomePlus® creates possibilities by providing customers with access to aspirational products for their home through differentiated financing options

Synergies Between Retail and Credit Offerings Differentiates Conn's From Competitors

Highly Profitable Retail Business

Focus on aspirational products and better/ best retail strategy drives profitable retail business that supports strong corporate earnings

Unique Competitive Advantage

Hybrid business model is difficult to replicate, requires a significant amount of capital and sophistication, and creates a unique competitive advantage

Breakeven Credit Strategy

Breakeven credit strategy allows us to provide an affordable in-house financing offering to our underserved core customer that is unmatched by standalone credit companies

Comparable retailers lack the breadth of financing options and best-in-class customer experience, while other credit companies cannot provide similarly priced financing programs to our core customer

Multiple Growth Opportunities in Large Addressable Market

Expand Share by Entering New Markets

~28%[1] of U.S. population, or 36 million[2] households, have a FICO Score of 650 or less

~4.3% average penetration of target customer in existing states, versus ~7.7% in "home" state of Texas

~77%[3] of non-prime population uses retail credit

Currently operate in only 14 states



Further Penetrate Existing Markets [4]

Opportunities

+26 Million total visits to Conn's stores and website — Increase traffic through marketing initiatives

1.3 Million Conn's in-house credit applications submitted — Increase both online and in-store applications and improve retail execution

640,000 applications approved — Enhance underwriting to increase approval rates without increasing risk

340,000 applications used — Continue to optimize merchandising assortment and promotional offers to increase credit utilization

[1] Fair Isaac Corporation
[2] https://www.statista.com/statistics/183635/number-of-households-in-the-us/
[3] Total Addressable Market study prepared for Conn's - May 2019
[4] Data represents FY20 actuals

Conn's Provides Customers with a Range of Financing Options Tailored to their Situation

	OTHER RETAILERS	Conn's HomePlus	
CASH / CREDIT CARD	Cash is primary source of payment at most retailers ✓	**~7%** of sales from cash ✓	Better / best merchandising strategy, next-day delivery and in-house service attracts cash customers
PRIME FICO >650	Most retailers offer third-party financing to prime borrowers ✓	**~18%** of sales from third-party financing to prime borrowers ✓	Long-standing partnership with Synchrony enables compelling terms compared to other retailers
NEAR PRIME / NON-PRIME FICO 550-650	Other retailers do not have a competing financing option similar to Conn's in-house financing ✗	**~68%** of sales from Conn's in-house financing product ✓	Breakeven credit strategy and profitable retail segment enable Conn's to extend affordable financing to an underserved customer segment
DEEP SUBPRIME FICO <550	Limited number of retailers offer a lease-to-own option ✓	**~7%** of sales from third-party lease-to-own plans ✓	Lease-to-own sales have grown since switching providers to Progressive two years ago

By offering its own in-house credit,
Conn's has a competitive advantage by providing customers more financing options than other retailers

Note: Conn's financing data represents FY20 actuals

Hybrid Credit / Retail Business Model is a Competitive Advantage that Supports a Breakeven Credit Strategy and Unmatched Financing Offering

Conn's In-house Credit Offering

Conn's Credit Advantages

- Competing standalone finance companies must charge higher interest rates or approve fewer people to profitably underwrite to Conn's core customer profile
- Offering simple, secured installment contracts for over 50 years
- Retail profitability supports breakeven credit strategy

Conn's Affordable Offering

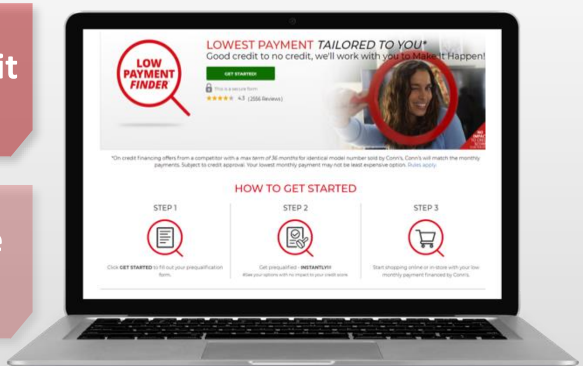
- Conn's typically charges between 29.99% and 35.99% interest compared to My Best Buy Visa purchase variable APR of up to 27.99% and Amazon.com card variable purchase APR of 25.99% [(1)]
- National average of credit card interest rate for borrowers with non-prime credit is ~25% [(2)] compared to Conn's credit average interest rate of ~23%[(3)]
    - ~17% of portfolio includes no-interest promotional receivables
- Total cost of ownership of a financing through a lease-to-own product **>2.0x** more expensive than Conn's in-house credit [(4)]
- Competing near prime credit cards have limited availability, low available credit and high fees

Comprehensive Credit Waterfall

Diverse Credit Offerings

- **Cash** Prime
- **Synchrony** Prime
- **Conn's Credit** Near Prime
- **Progressive** Subprime

Underwriting decisions and collections activities are centralized and independent from retail operations. Approximately 60% of credit decisions are approved automatically based on Conn's auto-decision algorithm.



[(1)]APR data as of June 2, 2020. Source www.bestbuy.com and www.amazon.com
[(2)] https://www.creditcards.com/credit-card-news/rate-report.php
[(3)] Includes promotional financing
[(4)] Comparison assumes $2,000 transaction with Conn's financing of 36-month term and $85 monthly payment versus lease-to-own option of 24-month term and $249 monthly payment.

In-House Service

Credit Options

Next Day Delivery

LOW PAYMENT FINDER

Consultative Sales

Conn's creates a premium shopping experience for a consumer underserved by the market, which supports...

Breadth of Assortment

Omni-channel

Price Match

48% Repeat Customers [1]

1.5x Average Purchases per Year[2]

76% NPS Score vs Industry 63%

A+ Rating and Accredited Business Rating by Better Business Bureau

4.6 Star Google Rating

[1] Based on customer purchases during fiscal year 2020
[2] Based on customer purchases during the trailing 3 calendar years

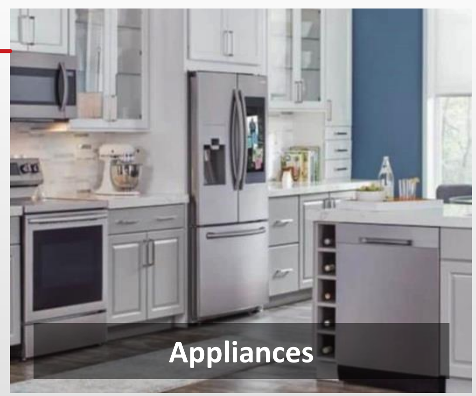
Offering Aspirational, High-Quality and Durable Products for the Home

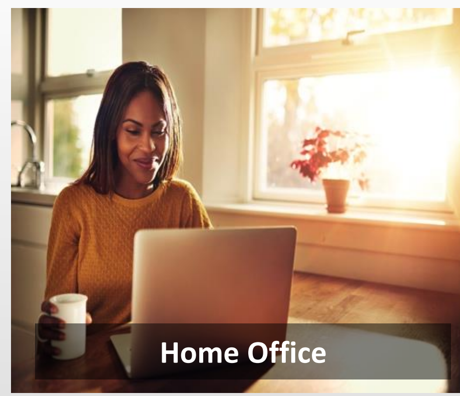
Better / Best Merchandising Strategy Drives Financing Transaction and Produces Higher Retail Gross Margin Compared to Other Retailers

- 36% of FY 2020 product sales
- Highest margin category
- Assortment includes on-trend styles and color
- High quality furniture sold largely in room packages
- Cost advantage from diversified overseas sourcing

- 21% of FY 2020 product sales
- TV product focus is premium, large screens, driving higher average selling price and margins

- 35% of FY 2020 product sales
- Commission sales force is an advantage relative to other retailers
- Leader in premium model sales





- 7% of FY 2020 product sales
- Assortment includes gaming PCs and accessories
- Margins benefit from sale of bundles and virus protection plans

Note: Other products represented 2% of FY 2020 sales

Platform Enables Differentiated e-Commerce Offering

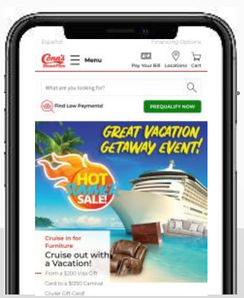
Growing Online / Mobile / Digital Engagement

- Continue to see increasing online traffic as customers view the website before visiting stores
- 60% of Conn's total applications in FY20 were from the web
- Meaningful investments completed during FY19 and early FY20 to support e-Commerce strategy

Well-Positioned Strategy

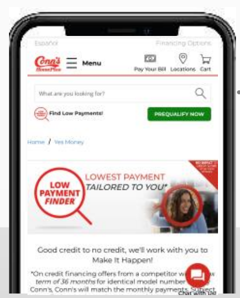
- Conn's has created a fully digital end-to-end credit approval process
- Existing distribution and logistics capabilities support next day in-home delivery
- Omnichannel offering and experience further expands Conn's competitive advantage

e-Commerce Launch Was a Signficant Milestone, Allowing Customers to...



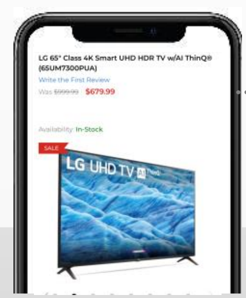
Interact

- New website launched in Q1 FY20
- Website optimized for mobile
- Mobile app under development



Apply

- Credit platform supports fully online process
- Sophisticated waterfall between in-house and third-party offerings



Purchase

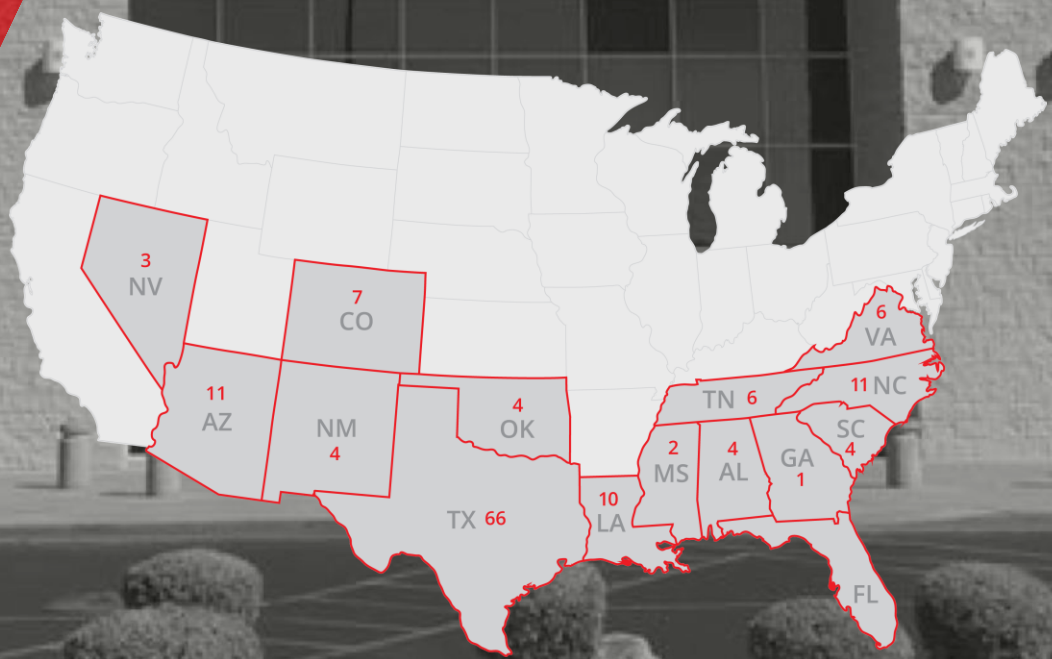
- Omnichannel platform
- Last-mile delivery capabilities already in place
- Expands market reach beyond physical stores

Significant Whitespace Opportunity Driven by Differentiated Business Model

Our core customer is located throughout the US which enables a significant and long-term geographic expansion

Plan to open 6 to 8 new stores in FY21

While delayed due to COVID-19, we plan to expand into the Florida market in FY22, which we believe could ultimately support 40+ stores



Powerful Unit Economics and New Store Growth Characteristics

Controlled new store sales to proactively manage credit performance associated with new customers

New store unit growth may be accretive to same store sales as new stores enter comp base

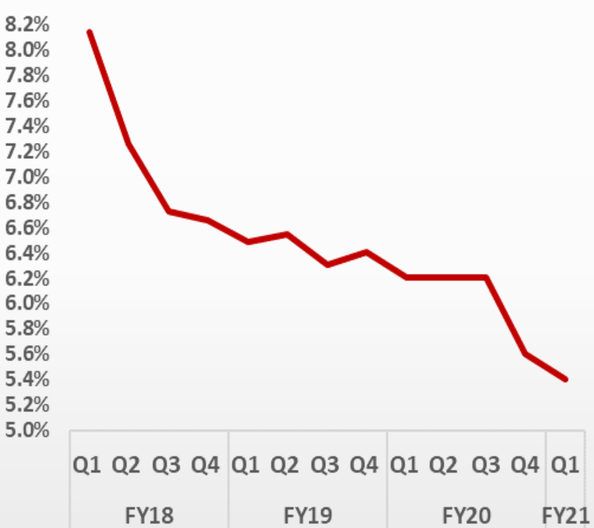
New Store Financial Overview

- Low capital investment of ~$1 million per new store
    - ~$7 million of additional capital required in first year to fund growth in accounts receivables of new stores
- Rapid cash payback of ~12 months
- Stores breakeven even with approximately 60% reduction in revenue from FY20 levels, which is less than $4 million in annual sales
- New stores fund expansion though quick cash payback
- Pre-opening SG&A expenses of approximately $200,000 start ~6 months prior to opening


Low Cost of Funds and Strong Liquidity Position

Lower effective interest rate and improved capital structure provide flexibility to navigate COVID-19

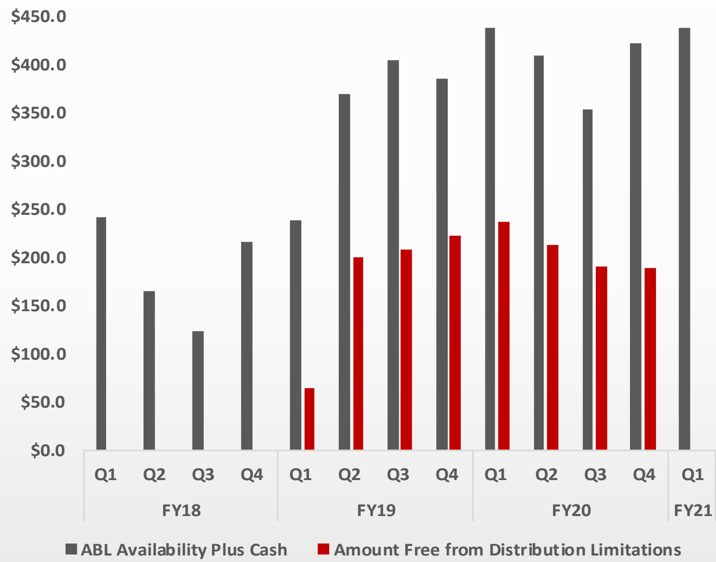
Effective Interest Rate



- Balance sheet remains in a strong position as we navigate COVID-19

Strong liquidity position to manage COVID-19 uncertainty

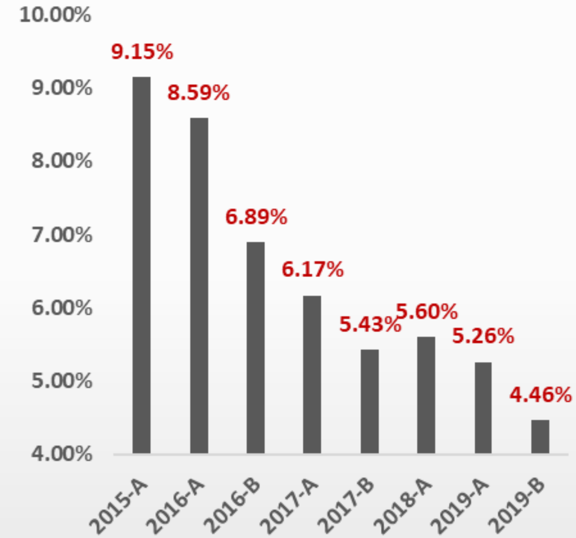
Liquidity



- $650 million facility size with four-year term
- On March 18, 2020, we drew an additional $275 million under our ABL
- On June 5, 2020 we amended the terms of our ABL facility to provide four quarters of relief from the interest coverage covenants
- After giving effect to the amended terms of our ABL facility we had over $295 million of total cash and available liquidity as of June 5, 2020

Lower all-in cost of funds driven by portfolio performance and better transaction execution

ABS All-in Cost of Funds

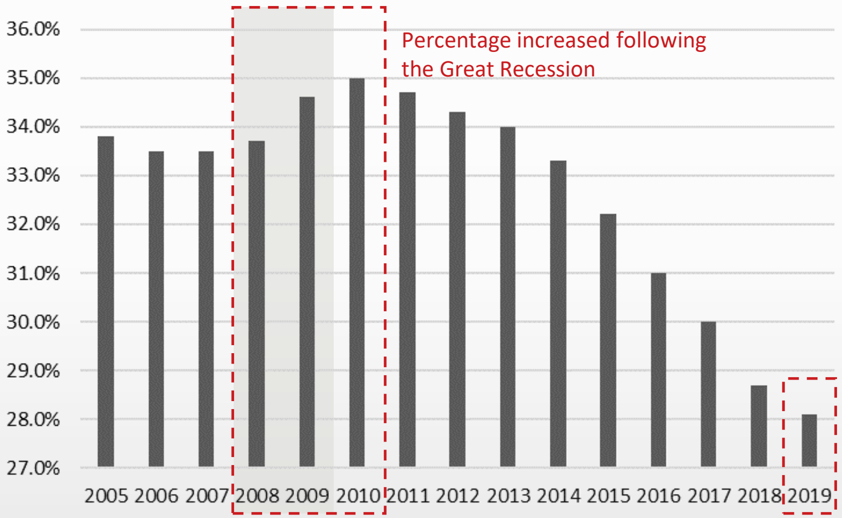


- Mature platform with 8 successfully executed ABS transactions since re-entering the ABS market in 2015

Stable Customer Demographic and Demonstrated Historical Performance Regardless of Economic Cycle

U.S. Population with FICO Score Below 650 Increased in Last Economic Downturn Providing Tailwinds to Cycle Impact

Percent of U.S. Population with <650 FICO Score



Source: FICO
Note: Shaded region reflects the 2008-2009 recession

Lowest level in over a decade

- Historically, economic downturns have increased population of consumers with FICO below 650 creating opportunity to acquire new customers
- Traditional lenders typically retrench during recessions leaving even more consumers underserved
- Percent of the U.S. population with FICO <650 is lowest in over a decade highlighting long term opportunity
- Our core customer has been tested in multiple economic downturns, including the Great Recession, and has performed resiliently

Stable credit strategy, profitable retail business, strong balance sheet and management experience further insulates the company from macroeconomic challenges

Quarterly Financial Update

($ in millions, except per share amounts)	Q1 FY21	Q1 FY20	Variance
Revenues:			
Net sales	$ 230.3	$ 262.0	$ (31.6)
Finance charges and other	86.8	91.5	(4.7)
Total revenues	**$ 317.2**	**$ 353.5**	**$ (36.4)**
Costs and expenses:			
Cost of Goods	$ 147.0	$ 157.2	$ (10.2)
Selling, general and administrative	113.0	117.9	(4.9)
Provision for bad debts	117.3	40.0	77.3
Charges and Credits	2.1	(0.7)	2.8
Total costs and expenses	**379.4**	**314.5**	**64.9**
Operating income (loss)	**(62.2)**	**39.0**	**(101.2)**
Interest (income) expense	15.0	14.5	0.5
Income (loss) before income taxes	**(77.2)**	**24.5**	**(101.7)**
Provision (benefit) for income taxes	(21.0)	5.0	(26.0)
Net income (loss)	**$ (56.2)**	**$ 19.5**	**$ (75.7)**
Diluted Earnings (Loss) Per Share	**$ (1.95)**	**$ 0.60**	**$ (2.55)**
Non-GAAP Earnings (Loss) Per Share	**$ (1.89)**	**$ 0.58**	**$ (2.47)**
Retail gross margin	36.2%	40.0%	-380 bps
SG&A as a percent of revenue	35.6%	33.4%	220 bps
Net yield	21.3%	22.1%	-80 bps
Charge-off percentage	15.1%	12.3%	280 bps
Credit spread	6.2%	9.8%	-360 bps
Effective tax rate	27.2%	20.4%	680 bps

Financial Highlights

- Diluted earnings (loss) per share of ($1.95), compared to $0.60 in Q1 of last year
- Year-over-year reduction in SG&A expense of 4.2%, despite 12 more showrooms open this year than last year

Retail

- Total retail sales decline of (12.1)% compared to Q1 last year, including a same store sales decline of (17.6)%. Same store sales were impacted by COVID-19 as higher appliance and home office sales were offset by:
  - More stringent underwriting standards
  - Store closures and/or reduced store hours
  - Social distancing programs limiting the number of in-store associates and customers
  - Lower sales of discretionary categories
- Retail gross margin of 36.2%, 380 bps points lower than Q1 last year, driven primarily by product mix shift and deleveraging of fixed expenses on lower sales

Credit

- Finance charges and other revenue declined (5.1%) primarily driven by higher charge-offs and a decrease in insurance retrospective income
- Credit spread of 620 basis points, 360 bps points lower than Q1 of last year
- Increase in provision for bad debts driven primarily by inclusion of a $65.5 million, or $1.76 per share, adjustment to account for the change in economic outlook related to COVID-19

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Due to rounding, numbers presented above may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Current Expected Credit Losses ("CECL") Accounting Change and Impact

Summary

- CECL changes the requirement to record the allowance for bad debts from an incurred loss model (generally requires that one-year of losses be reserved) to an expected loss model which requires that life of loan losses be recorded at origination of the loan
- We adopted CECL on February 1, 2020
- Upon adoption we recorded a one-time $98.7 million increase to the allowance for bad debts representing a 42% increase (in line with our 40-60% guidance). This increase is mainly driven by the following factors:
  - Change in the duration of the reserve from one year to lifetime for our non-TDR portfolio
  - Change in accounting for recoveries on charged off accounts

Key Assumptions

- Two year reasonable and supportable forecast period
- Mean reversion to historical losses after forecast period
- Moody's macroeconomic forecast of unemployment rates

Notable Changes

- Allowance is estimated based on lifetime losses instead of one-year losses
- Economic forecast will be incorporated into the reserve estimate
- An estimate of recoveries will be recorded at time of charge off rather than on a cash basis when recoveries are collected

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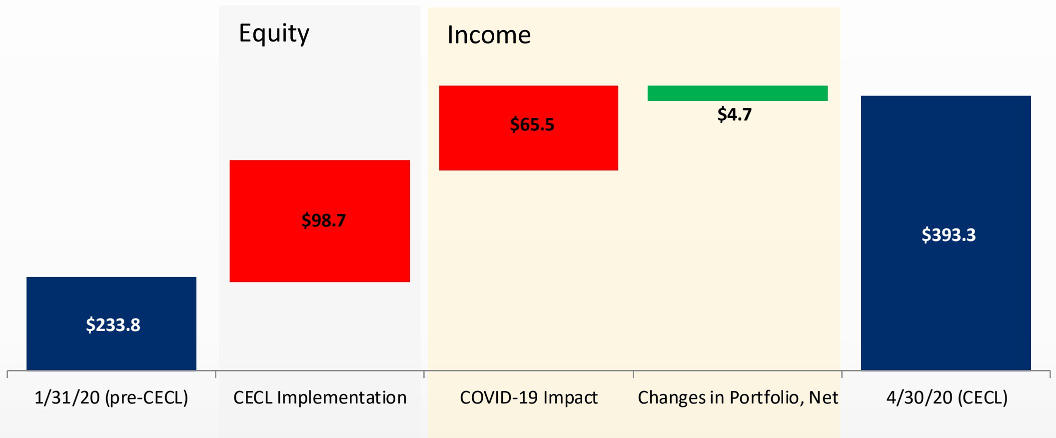
CECL Bridge and Impact on Q1 FY21

Allowance for Bad Debts Bridge – Q1 FY21 ($mm)



Commentary

- Upon adoption, we recorded a one-time $98.7 million increase to the allowance for bad debts which was a 42% increase (in line with our 40-60% guidance)
- The CECL Implementation adjustment was recorded through equity
- During the first quarter, we also recorded an increase to the allowance for bad debts of $65.5 million, or $1.76 per share, related to the change in economic outlook as a result of COVID-19
- The economic adjustment was recorded through income in the first quarter and contributed to the $117.3 million provision for bad debts
- The allowance for bad debts as a percentage of the ending portfolio balance increased from 14.6% as of January 31, 2020 to 26.2% as of April 30, 2020 as a result of adopting the new CECL accounting standard and accounting for the economic impact of COVID-19

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Diluted Share

	Three Months Ended April 30,			
($ in millions, except per share amounts)	2020		2019	
Net income (loss), as reported		($56.2)		$19.5
Adjustments:				
Facility relocation costs (1)		-		(0.7)
Professional fees (2)		2.1		-
Tax impact of adjustments		(0.5)		0.2
Net income (loss), as adjusted		**($54.6)**		**$19.0**
Weighted average common shares outstanding - Diluted		28,822,396		32,443,884
Diluted earnings (loss) per share:				
As reported	$	(1.95)	$	0.60
As adjusted	$	(1.89)	$	0.58

(1) Represents a gain from increased sublease income related to the consolidation of our corporate headquarters.

(2) Represents professional fees associated with non-recurring expenses relating to fiscal year 2020.