Conn's HomePlus

Investor Presentation

Q4 FY 2020
April 14, 2020
(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 identified material weakness in our internal control over financial reporting; 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, adjusted net income per diluted share, adjusted EBITDA and adjusted EBITDA margin. 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, (2) they are used by some of our institutional investors and the analyst community to help them analyze our operating results and (3), in the case of adjusted EBITDA, used for management incentive programs. Our reconciliations of non-GAAP financial measures to GAAP financial measures are located in the appendix to this presentation.

COVID-19 Update and Response (as of April 14, 2020)

- Health and safety of our employees and customers remains our top priority
- Almost all of our showrooms remain open (as of April 14, 2020) with temporarily reduced hours to allow for additional cleaning within our showrooms and flexibility for our employees
- Implemented a series of underwriting changes beginning in March to control delinquencies and charge-offs
- Credit and collection operation continues to operate at full capacity with the ability to increase collections team through existing third-party collections partners
- Implemented deferment programs for customers negatively affected by COVID-19
- Borrowed $275 million of cash from our revolving credit facility as a precautionary measure to preserve financial flexibility, increasing our cash on balance sheet
- Delayed or eliminated non-essential capital expenditures, including reducing the number of planned showroom openings in fiscal year 2021 from 16 to 18 to 6 to 8 and delaying our Florida expansion to next fiscal year
- Temporarily increased hourly wages by $2 per hour to support our front-line employees
- Temporarily reduced the salaries for certain executives, including named executive officers, by 20% and our CEO by 25%

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 Other Companies

Highly Profitable Retail Business

Focus on aspirational products and better/ best retail strategy drives highly 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

Established Platform Able to Support Growth Strategy

Over the past three years Conn's has focused on creating a platform to support its long-term growth opportunity

Dedicated to Creating Shareholder Value

- Achieved GAAP earnings of $1.82 per diluted share for FY20 compared to $0.20 per diluted share for FY18

FY20

Advancing into Future Markets

- Increased e-commerce sales by 357% compared to FY19
- Opened 14 new stores in FY20, doubling the number of new stores from FY19
- Advanced logistics operations to help support future growth

FY19

Restarted Organic Retail Growth

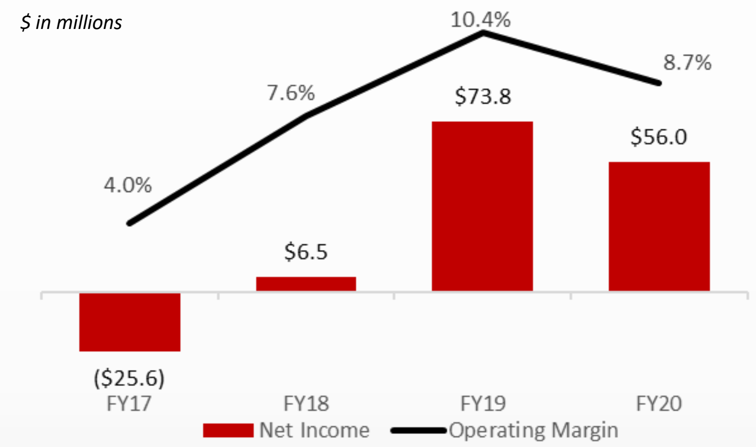
- Began approving new stores to accelerate pace of new store openings
- Expanded retail gross margin by 380 basis points from FY17 to FY19 from merchandising improvements and supply chain efficiencies

FY18

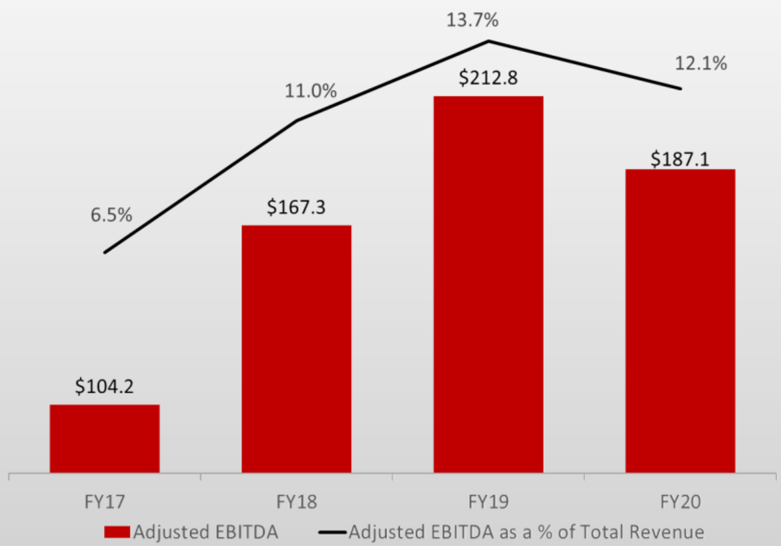
Stabilized Credit Segment Performance

- Removed ~10% of same store sales to stabilize credit segment and slowed new store growth
- Significantly expanded spread between net yield and net charge-offs, deleveraged balance sheet and reduced cost of funds

Net Income and Operating Margin



Adjusted EBITDA and Adjusted EBITDA Margin



Conn's HomePlus

Multiple Growth Opportunities in Large Addressable Market

Expand Share by Entering New Markets

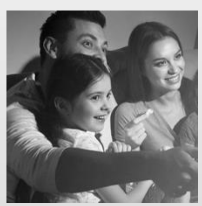
~30%[(1)] of U.S. population, or 38 million[(2)] households, have a FICO Score of 650 or less

~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 HomePlus

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 highly 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

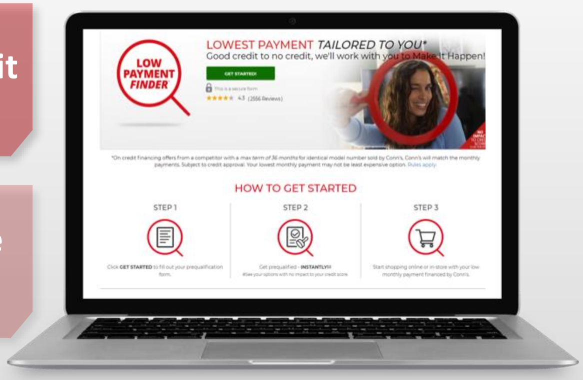
- Conn's typically charges between 29.99% and 35.99% interest compared to My Best Buy Visa purchase variable APR of up to 29.49% and Amazon.com card variable purchase APR of 27.49% (1)
- National average of credit card interest rate for borrowers with non-prime credit is ~25% (2) compared to Conn's credit 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

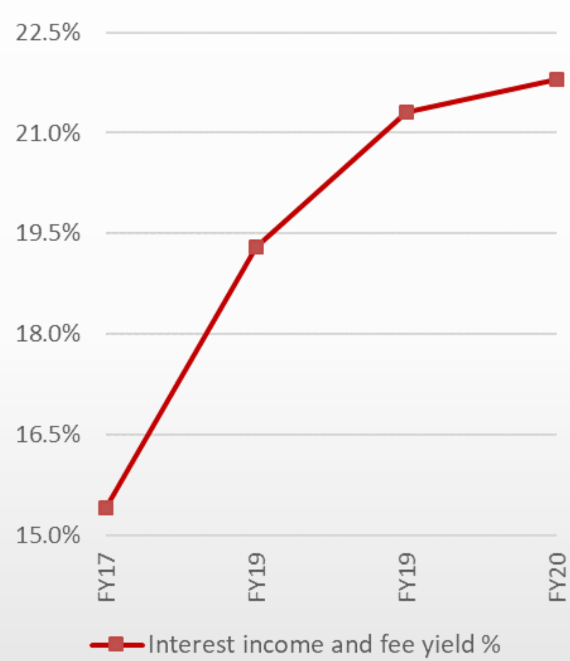
Underwriting decisions and collections activities are centralized and independent from retail operations. Approximately 60% of credit decisions are approved automatically based on Conn's auto-decision algorithm.



(1) APR data as of March 5, 2020. Source www.bestbuy.com and www.amazon.com
(2) https://www.creditcards.com/credit-card-news/historic-credit-card-interest-rate-chart.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.

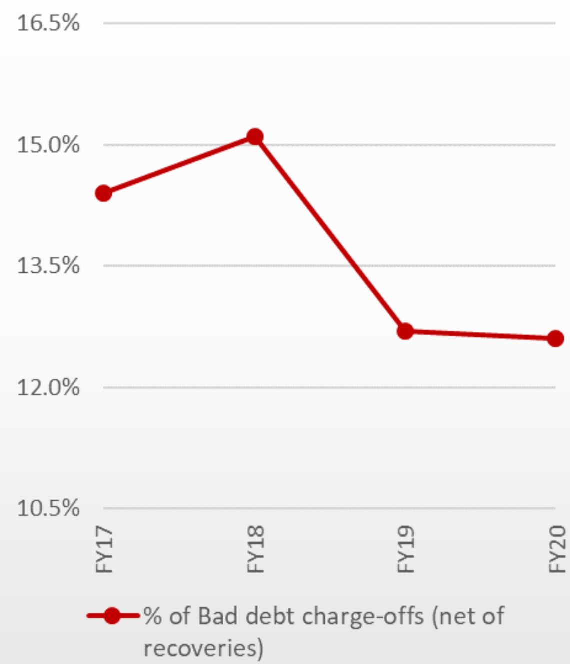
Strong Credit Segment Performance Driven by Multi-Year Strategy

Increased net yield primarily as a result of our higher yielding direct loan product



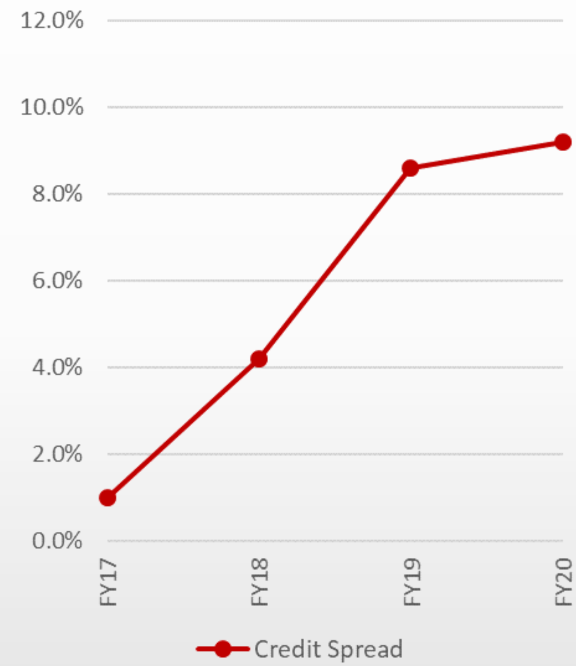
- Interest income and fee yield increased to 21.8% for FY20, as compared to 21.3% in FY19

Stabilized net charge-offs driven by more sophisticated underwriting and better collections execution



- Charge-offs (net of recoveries) to average outstanding balance is 12.6% for FY20, as compared to 12.7% for FY19

Moving to 1,000 basis point credit spread goal



- FY20 credit spread increased to 920 bps from 860 bps in FY19

Conn's HomePlus

Stable Credit Platform Provides Flexibility to Navigate Challenging Times

	FY20	Opportunities / Reinvestment	
Yield	21.8%		▪ Net yield increasing as higher interest direct loan products further season into the portfolio ▪ Higher yield provides opportunities to increase promotional financing offers to drive retail sales
Net Charge-Off	12.6%		▪ Managing losses through sophisticated underwriting and improving collection and recovery performance ▪ Stable credit performance allows the company to use credit segment to drive retail sales
Credit Spread	**9.2%**	**Target > 10%**	▪ Maintaining ~1,000 bps of credit spread maximizes retail performance and enables stable funding costs, while providing the company with flexibility to navigate changing economic and regulatory environments

~1,000 bps of credit spread produces roughly breakeven credit segment

Higher spread creates opportunity to grow retail sales

Conn's HomePlus

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

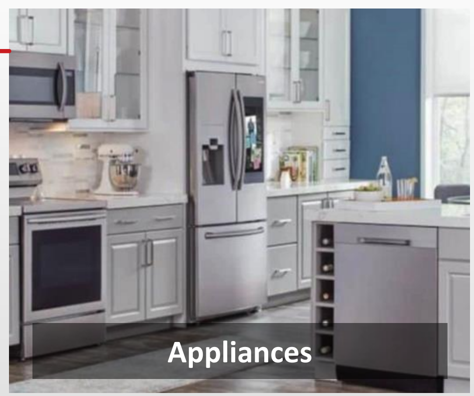
Serta Beautyrest

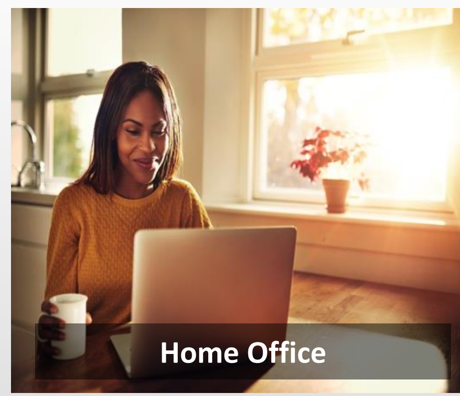
- 21% of FY 2020 product sales
- TV product focus is premium, large screens, driving higher average selling price and margins

SAMSUNG LG SONY BOSE beats audioquest Nintendo PS4 XBOX

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

SAMSUNG LG GE APPLIANCES FRIGIDAIRE BISSELL iRobot weber KAMADOJOE





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

acer hp Microsoft

Conn's HomePlus

Note: Other products represented 2% of FY 2020 sales

Platform Enables Differentiated e-Commerce Offering

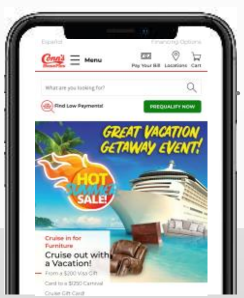
Growing Online / Mobile / Digital Engagement

- 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

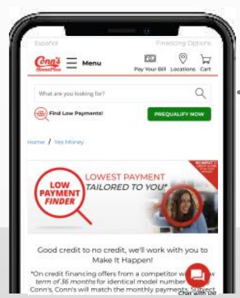
- Conn's has created a fully digital end-to-end credit approval process
- Existing distribution and logistics capabilities support next day in-house delivery
- Omnichannel offering and experience further expands Conn's competitive advantage

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



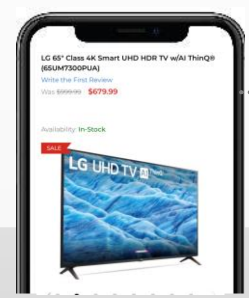
Interact

- 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

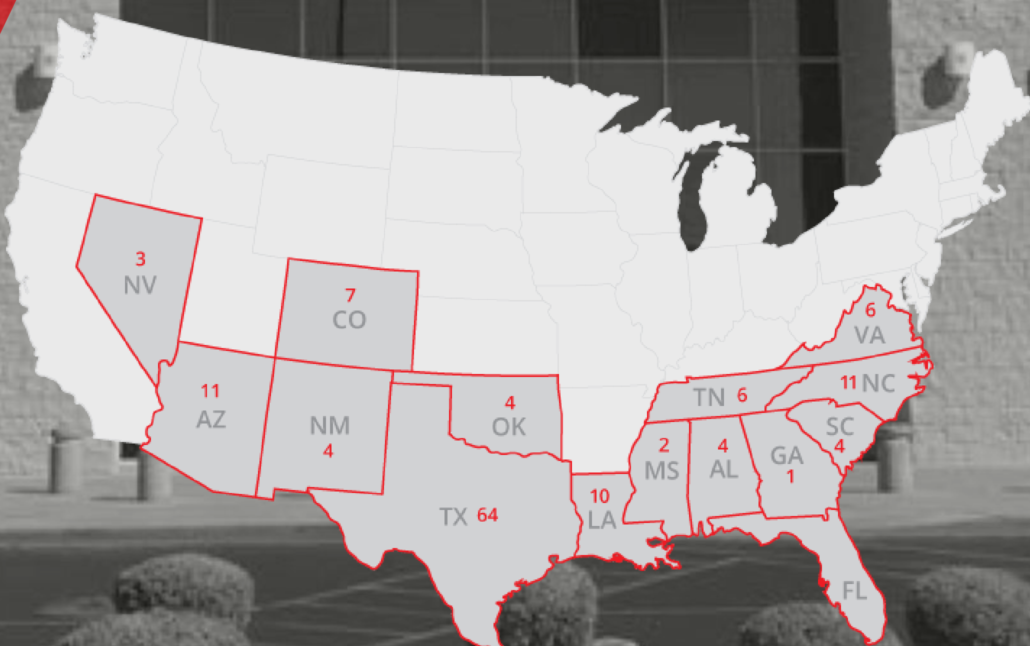
Conn's HomePlus

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

Opened 14 new stores during FY20 and plan to open 6 to 8 new stores in FY21

Expanding into 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

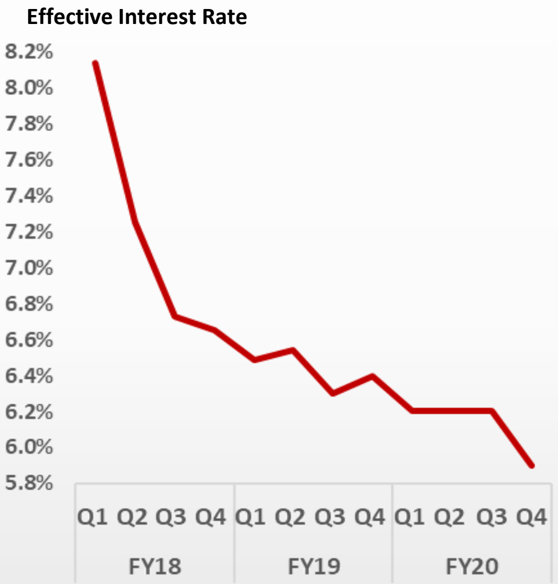
New store unit growth may be accretive to same store sales as new stores enter comp base

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

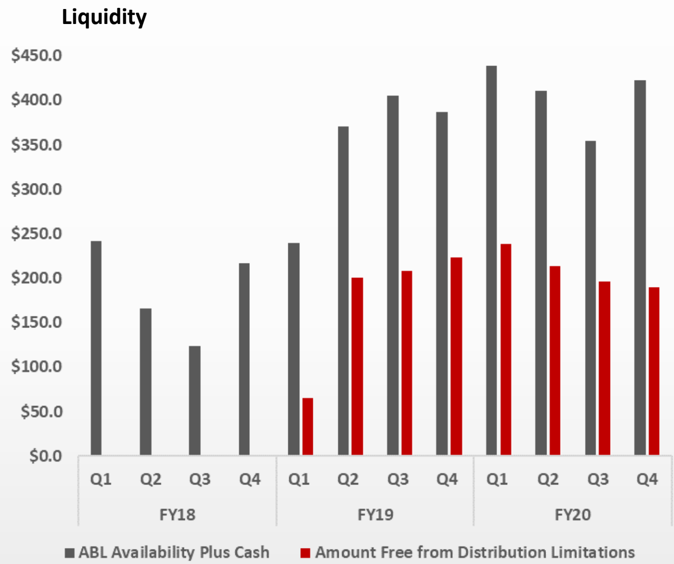
Low Cost of Funds and Strong Liquidity Position

Continued focus on the balance sheet management and business improvement has driven a reduction in our effective interest rate



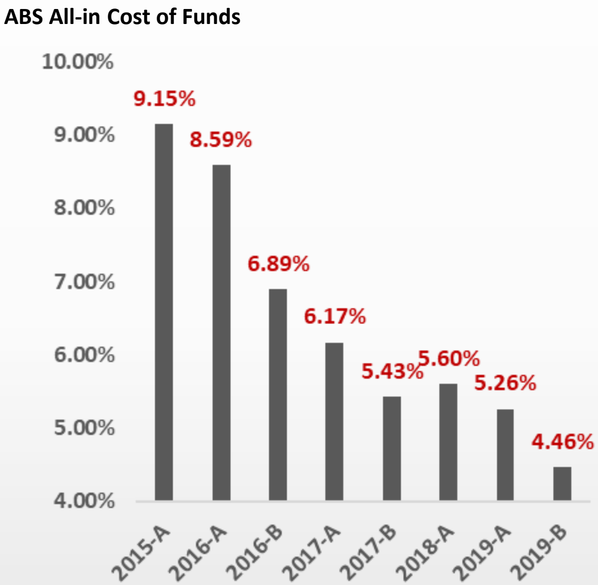
- Balance sheet remains in a strong position as a result of strong operating performance and improved financing terms

Strong liquidity reflected by high current availability and amount free from distribution limitations



- $650 million facility size with four-year term; improved terms and covenant modifications with amendment in FY19
- On March 18, 2020, we drew an additional $275 million under our ABL

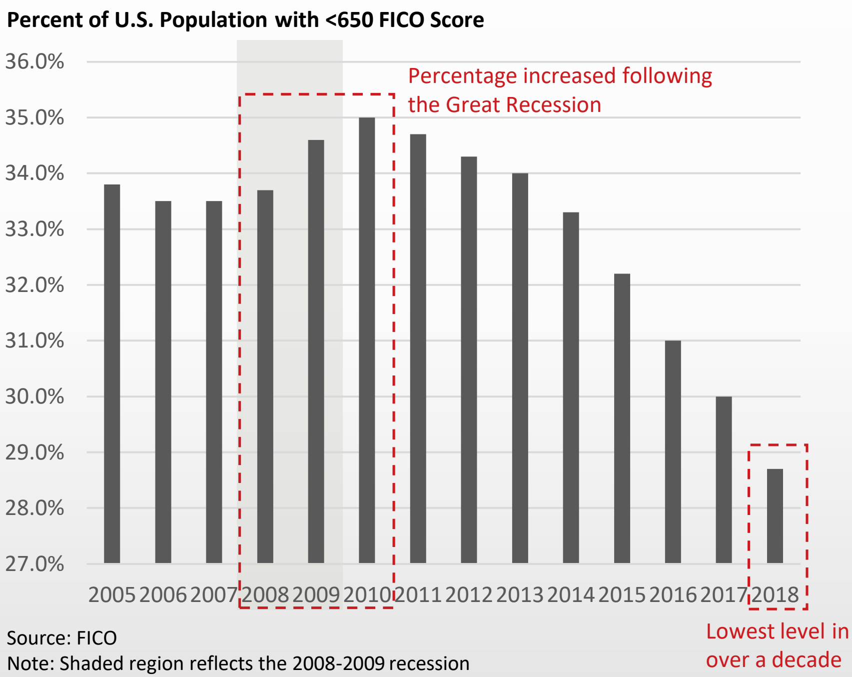
Lower all-in cost of funds driven by portfolio performance and better transaction execution



- Successfully executed 8 ABS transactions since re-entering the ABS market in 2015
- 2019-B executed in November 2019, with a all-in cost of fund ~80 basis points lower than 2019-A
- Continue to experience strong and increasing investor demand
- Improved new issue ratings from both Fitch and Kroll in 2019-A and 2019-B

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



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

- 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, highly 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)	Q4 FY20 (1)	Q4 FY19	Variance
Revenues:			
Net sales	$ 315.1	$ 338.7	$ (23.7)
Finance charges and other	97.9	94.3	3.7
Total revenues	**$ 413.0**	**$ 433.0**	**$ (20.0)**
Costs and expenses:			
Cost of Goods	$ 188.0	$ 195.0	$ (7.0)
Selling, general and administrative	132.0	126.6	5.4
Provision for bad debts	69.5	55.6	13.9
Charges and Credits	0.0	1.9	(1.9)
Total costs and expenses	**389.6**	**379.2**	**10.4**
Operating Income	**23.4**	**53.8**	**(30.4)**
Interest (income) expense	15.2	15.2	-
Loss on extinguishment of debt	1.1	-	1.1
Income before income taxes	**7.2**	**38.5**	**(31.3)**
Provision for income taxes	2.1	9.1	(7.0)
Net income	**$ 5.1**	**$ 29.5**	**$ (24.4)**
Diluted Earnings Per Share	**$ 0.17**	**$ 0.91**	**$ (0.74)**
Non-GAAP Earnings Per Share	**$ 0.20**	**$ 0.96**	**$ (0.76)**
Retail gross margin	40.3%	42.4%	-210 bps
SG&A as a percent of revenue	32.0%	29.2%	280 bps
Net yield	21.5%	21.6%	-10 bps
Charge-off percentage	13.6%	12.7%	90 bps
Credit spread	7.9%	8.9%	-100 bps
Effective tax rate	29.5%	23.5%	600 bps

Financial Highlights

- Diluted earnings per share of $0.17, compared to $0.91 in Q4 of last year

Retail

- Total retail sales decline of (7.0)% compared to Q4 last year, including same store sales decline of (13.3)%. Same store sales was impacted by the following:
  - Approximately 6% to 7% due to significant price deflation of premium large screen TVs and lower price points of large screen TVs, which made cash purchases more accessible to our core customer
  - Approximately 3% to 4% due to underwriting adjustments made earlier this year
  - Approximately 2% by reduction in penetration of the third-party lease-to-own program
  - Approximately 1% from cannibalization of existing stores from new store openings
  - Approximately 1% from lower sales in Harvey-impacted stores
- Retail gross margin of 40.3%, above the long term stated goal of 40% despite deleveraging from lower sales

Credit

- Credit spread of 790 basis points, 100 bps points lower than Q4 of last year
- Finance charges and other revenue increase primarily driven by an increase in insurance income as a result of higher retrospective commissions
- Increase in provision for bad debts driven primarily by larger increase in the allowance for bad debts and higher charge-offs
- Recoveries of $6.3 million, a 39.4% increase over Q4 last year

(1) See the Company's Form 10-K for the year ended January 31, 2020 filed with the Securities and Exchange Commission on April 14, 2020 for the impact of the restatement to the Company's historical condensed consolidated interim financial statements for the three and nine-month periods ended October 31, 2019.

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

Annual Financial Update

($ in millions, except per share amounts)	FY20	FY19	Variance
Revenues:			
Net sales	$ 1,163.2	$ 1,194.7	$ (31.4)
Finance charges and other	380.5	355.1	25.3
Total revenues	**$ 1,543.7**	**$ 1,549.8**	**$ (6.1)**
Costs and expenses:			
Cost of Goods	$ 697.8	$ 702.1	$ (4.3)
Selling, general and administrative	503.0	480.6	22.4
Provision for bad debts	205.2	198.1	7.1
Charges and Credits	3.1	7.8	(4.7)
Total costs and expenses	**1,409.2**	**1,388.6**	**20.6**
Operating Income	**134.5**	**161.3**	**(26.8)**
Interest (income) expense	59.1	62.7	(3.6)
Loss on extinguishment of debt	1.1	1.8	(0.7)
Income before income taxes	**74.3**	**96.8**	**(22.5)**
Provision for income taxes	18.3	22.9	(4.6)
Net income	**$ 56.0**	**$ 73.8**	**$ (17.8)**
Diluted Earnings Per Share	**$ 1.82**	**$ 2.28**	**$ (0.46)**
Non-GAAP Earnings Per Share	**$ 1.92**	**$ 2.51**	**$ (0.59)**
Retail gross margin	40.0%	41.2%	-120 bps
SG&A as a percent of revenue	32.6%	31.0%	160 bps
Net yield	21.8%	21.3%	50 bps
Charge-off percentage	12.6%	12.7%	-10 bps
Credit spread	9.2%	8.6%	60 bps
Effective tax rate	24.6%	23.7%	90 bps

Financial Highlights

- Diluted earnings per share of $1.82 in FY20

Retail

- Total retail sales decline of (2.6)% compared to FY19, including same store sales decline of (8.2)%. Same store sales was impacted by the following:
  - Approximately 3% to 4% due to significant price deflation of premium large screen TVs and lower price points of large screen TVs, which made cash purchases more accessible to our core customer
  - Approximately 2% from lower sales in Harvey-impacted stores
  - Approximately 1% due to underwriting adjustments made earlier this year
  - Approximately 1% by reduction in penetration of the third-party lease-to-own program
  - Approximately 1% from cannibalization of existing stores from new store openings
- Retail gross margin of 40.0%, 120 basis points lower than FY19, primarily due to the lapping of the appliance tariff benefit and increased logistics costs to support future growth

Credit

- Credit spread of 920 basis points, 60 basis points higher than previous year
- Finance charges and other revenue increase primarily driven by 50 bps increase in yield and an increase in insurance income as a result of higher retrospective commissions
- Increase in provision for bad debts driven primarily by larger increase in the allowance for bad debts and higher charge-offs
- Recoveries of $25.1 million, a 33.3% increase over FY19

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
- The standard is effective for us in Q1 of FY21
- Our initial estimates indicate that the allowance for bad debts will increase by approximately 40% - 60% upon adoption. 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
- Estimates are based on the portfolio composition and economic outlook as of February 1, 2020 and are subject to change based on continuing review of the models and assumptions as well as changes in the portfolio composition and economic outlook

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

Adjusted Net Income and Adjusted Net Income per Diluted Share

($ in millions, except per share amounts)	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Year Ended January 31, 2020	Year Ended January 31, 2019
Net income, as reported	$5.1	$29.5	$56.0	$73.8
Adjustments:				
Facility closure costs (1)	-	-	1.9	-
Securities related matter and other legal fees (2)	-	-	-	5.1
Indirect tax audit reserve (3)	-	1.9	-	1.9
Employee severance (4)	-	-	-	0.7
Write-off of capitalized software costs (5)	-	-	1.2	-
Loss on extinguishment of debt (6)	1.1	-	1.1	1.8
Tax impact of adjustments (7)	(0.2)	(0.4)	(1.0)	(2.2)
Net income, as adjusted	**$5.9**	**$31.0**	**$59.3**	**$81.2**
Weighted average common shares outstanding - Diluted	29,276,167	32,388,111	30,814,775	32,374,375
Diluted earnings per share:				
As reported	$ 0.17	$ 0.91	$ 1.82	$ 2.28
As adjusted	$ 0.20	$ 0.96	$ 1.92	$ 2.51

(1) Represents impairments from the exiting of certain leases upon the relocation of three distribution centers into one facility, the gain from the sale of a cross-dock and from increased sublease income related to the consolidation of our corporate headquarters during the year ended January 31, 2020.

(2) Represents costs related to the TFL judgment and costs related to contingency reserves for legal matters.

(3) Represents charges related to increases in our indirect tax audit reserve primarily related to the period from fiscal year 2008 to fiscal year 2016.

(4) Represents severance costs related to a change in the executive management team.

(5) Represents impairments of software costs for a loan management system that was abandoned during the year ended January 31, 2020 related to the implementation of a new loan management system.

(6) Represents costs incurred for the early retirement of our debt.

(7) Represents the tax effect of the adjusted items based on the applicable statutory tax rate.

Adjusted EBITDA and Adjusted EBITDA Margin

($ in millions)	Year Ended January 31, 2020	Year Ended January 31, 2019	Year Ended January 31, 2018	Year Ended January 31, 2017
Net income (loss)	**$ 56.0**	**$ 73.8**	**$ 6.5**	**$ (25.6)**
Adjustments:				
Depreciation expense	36.8	31.6	30.8	28.9
Interest expense	59.1	62.7	80.1	98.6
Provision (benefit) for income taxes	18.3	22.9	25.2	(8.9)
Loss on extinguishment of debt (1)	1.1	1.8	3.3	-
Stock-based compensation expense	12.6	12.2	8.1	4.8
Indirect tax audit reserve (2)	-	1.9	2.6	1.4
Facility closure costs (3)	1.9	-	2.4	1.1
Legal and professional fees and related reserves associated with the exploration of strategic alternatives, securities-related litigation, a legal judgment and other legal matters (4)	-	5.1	1.2	0.1
Employee severance (5)	-	0.7	1.3	1.6
Write-off of capitalized software costs (6)	1.2	-	5.8	-
Executive management transition costs	-	-	-	0.2
Impairment from disposal		-	-	2.0
Adjusted EBITDA	**$187.1**	**$212.8**	**$167.3**	**$104.2**
Total revenues	$1,543.7	$1,549.8	$1,516.0	$1,596.8
Operating Margin	8.7%	10.4%	7.6%	4.0%
Adjusted EBITDA Margin	**12.1%**	**13.7%**	**11.0%**	**6.5%**

(1) Represents costs incurred for the early retirement of our debt.
(2) Represents charges related to increases in our indirect tax audit reserve primarily related to the period from fiscal year 2008 to fiscal year 2016.
(3) Represents impairments from the exiting of certain leases upon the relocation of three distribution centers into one facility, the gain from the sale of a cross-dock and from increased sublease income related to the consolidation of our corporate headquarters during the year ended January 31, 2020.
(4) Represents costs related to the TFL judgment and costs related to contingency reserves for legal matters.
(5) Represents severance costs related to a change in the executive management team.
(6) Represents impairments of software costs for a loan management system that was abandoned during the year ended January 31, 2020 related to the implementation of a new loan management system.