Investor Presentation

Q4 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; expansion of our e-commerce business; 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; 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, 2021 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 from time to time: 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.

Conn’s Overview:

- Premium shopping experience
- Large assortment of competitively priced, brand name products
- Unmatched financing options across the entire credit spectrum
- Positioned to take advantage of shifting consumer trends
- Differentiated business model would require a significant amount of capital to replicate

Our unique retail + credit business model provides unmatched value for our customers

Retail

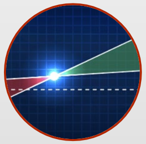

Focused on selling high-quality, durable home products

Expanding footprint with 150+ locations in 15 states


Next day delivery and in-house repair service


Accelerating investments in digital and omnichannel

Credit


Established in-house point-of-sale financing offering


Attractive total cost of ownership for Conn’s credit customers


Enhanced underwriting platform


History of supporting customers during multiple cycles

Investment Highlights:
Generating sustainable value for our customers, employees, and shareholders

1. Hybrid retail + credit business model is difficult to replicate and provides a unique value to our customers

2. Growth-oriented strategic plan focused on leveraging our core capabilities, as well as emerging digital and e-commerce trends

3. Large underserved addressable market, with growing market opportunities

4. Strong retail gross margin and highly profitable unit economics supports powerful financial model

5. Solid balance sheet and flexible capital position enhanced by FY21's de-risking efforts

We are emerging from the pandemic stronger, more efficient, and better positioned to compete in a rapidly changing market, and we believe we are at an inflection point in our growth strategy

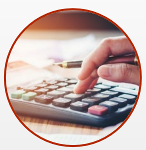
Conn's HomePlus

Conn’s Value Proposition:
Creating possibilities for our customers

Providing a differentiated value to customers

Premium shopping experience and competitively priced assortment of high-quality products for the home

In-house credit offering supports a unique credit waterfall with flexible financing options



Lower total cost of ownership for Conn’s in-house credit customers

Omnichannel engagement provides a convenient shopping experience and a local partner

Local presence enhances our value proposition

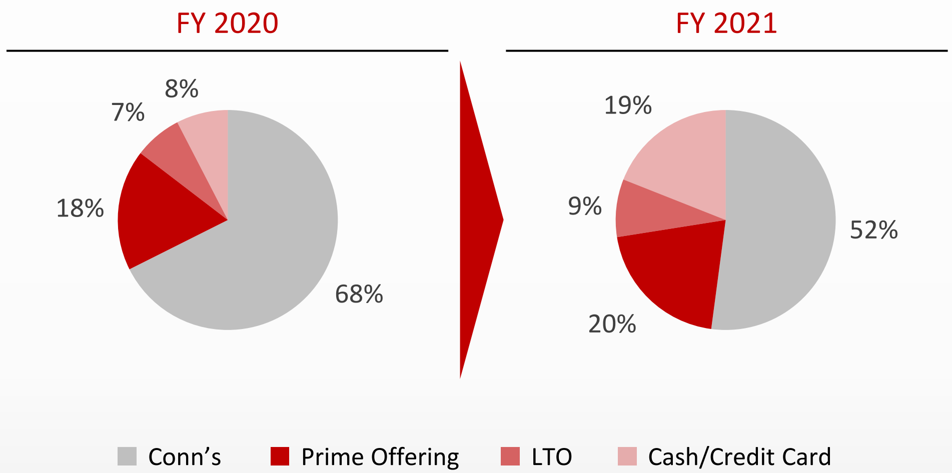
Large Market Opportunity:
Targeting a broader customer base post-pandemic

Market strategy

Pursuing growth across credit spectrum

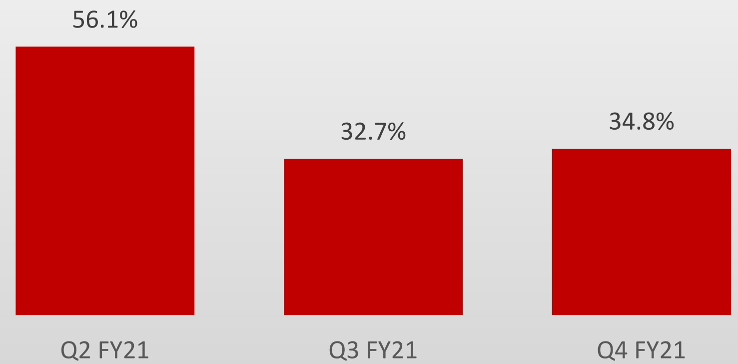
- In-house credit offering remains the cornerstone of our credit strategy
- Well-positioned market opportunity given material growth during FY21 in cash and third-party credit sales
- Best-in-class credit products appeal to a wide variety of customers
- Consumers have less options within their local communities to buy and finance the products we sell
- Existing last-mile infrastructure supports accelerating digital and e-commerce growth
- E-commerce presents the opportunity to expand our offering to more consumers outside our traditional markets

Percent of retail sales by payment type



YOY sales growth from cash/credit card & third-party financed sales

Pandemic accelerated cash/CC and third-party financed sales growth



Note: Conn's Credit FY20 and FY21 percentage of sales include down payments received

Credit Growth Strategy:
Leveraging our best-in-class in-house and third-party credit offerings

We are focused on pursuing growth opportunities across our differentiated credit offerings

Conn's In-House Credit
FY21 - ~52% of sales
FY20 - ~68% of sales

- Opportunities to increase credit offering after successful de-risking efforts during the COVID-19 crisis
- Expanded credit team, enhanced scorecard, and improved analytics

Lease-to-Own
FY21 - ~9% of sales
FY20 - ~7% of sales

- Added multiple partners in Q4 FY21 to capture more opportunities
- Partnership changes drove 38% increase in LTO sales

Prime Credit Offering
FY21 - ~20% of sales
FY20 - ~18% of sales

- Focus on higher credit quality customer
- Best-in-class offering
- Longer-term, no interest financing

Cash and Credit Card
FY21 - ~19% of sales
FY20 - ~8% of sales

- Cash and credit card sales increased significantly during FY21 as our value proposition resonated with a broader customer base
- Product offering and retail experience driving significant growth
- Further growth opportunities through e-commerce

Conn's financed sales declined 29% y-o-y in FY21

Cash/CC and third-party financed sales grew 32% y-o-y in FY21

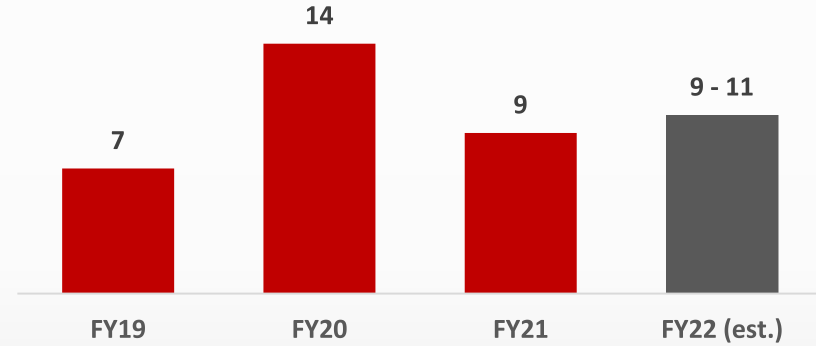
Note: Conn's Credit FY20 and FY21 percentage of sales include down payments received

Real Estate Strategy:
Signficant whitespace opportunity

- Complements omnichannel strategy by supporting local service, distribution and last mile capabilities
- Florida expansion accelerating in calendar 2021
- Near-term growth supported by recent investments in new distribution centers
- Positioned to become a national retailer

New store growth

Strategically slowed pace of store growth to balance brick and mortar investments with digital and e-commerce investments



Compelling unit economics

Supported by low breakeven and attractive payback

Average annual sales for new stores	$6.0 - $7.0 million
Note: New stores in new markets will be below average	
Stores are expected to mature in 3 – 4 years	
New store operating breakeven	~$4.0 million
Pre-opening SG&A expense (starts ~6 months prior to opening)	~$0.3 million
Net capital investment	~$1.0 million

Whitespace opportunity

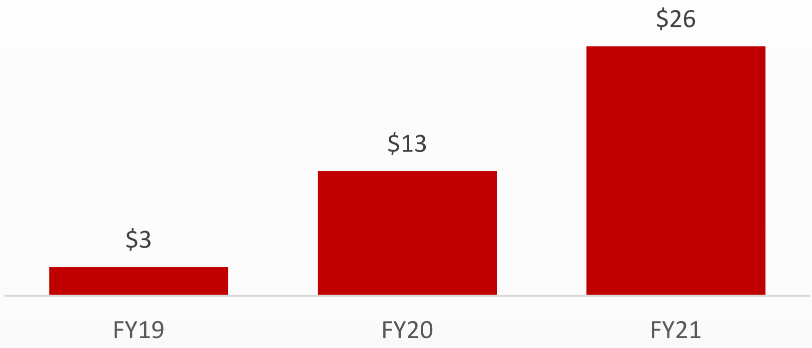
Our core customer is located throughout the U.S. which enables a significant and long-term geographic expansion

Omnichannel Strategy:
Focused on building a best-in-class omnichannel retailer

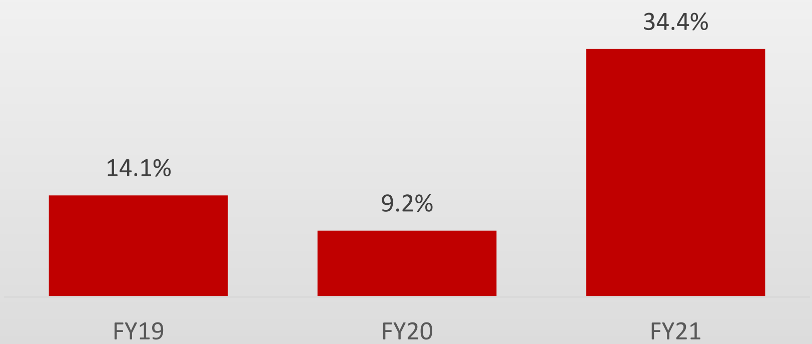
Supporting a significant e-commerce strategy

- Our flexible omnichannel offerings allow our customers to shop and apply for credit in store, online or on their mobile device
- COVID-19 accelerated our e-commerce investments and experience, and during FY21 we launched:
  - Curbside pickup
  - Buy online pick-up in store (BOPIS)
- Our long-term omnichannel strategy is focused on
  - Enhancing our e-commerce platform to serve our customers where and how they choose to shop
  - Leveraging our digital capabilities to drive retail sales
  - Increasing the effectiveness of our digital marketing and advertising
- In late FY19, we started to offer certain credit-qualified customers the ability to complete an entire purchase transaction financed online through our proprietary in-house credit programs
- Well-positioned to double e-commerce sales again in FY22

Growing e-commerce sales (in millions)



Y-o-Y growth in website traffic



Retail Growth Strategy:
Focused on improving our retail position

Offering aspirational, high-quality and durable home products

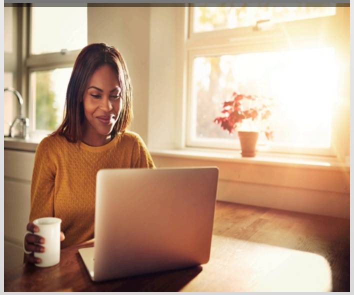
Product categories complement strong market dynamics as consumers interest in home related products has increased during the COVID-19 pandemic

Appliances
(40% of FY21 sales)

Furniture & Mattress
(33% of FY21 sales)

Consumer Electronics
(18% of FY21 sales)

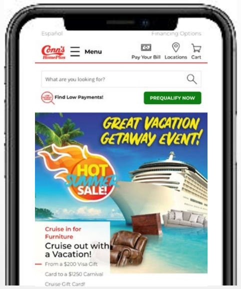
Home Office
(7% of FY21 sales)



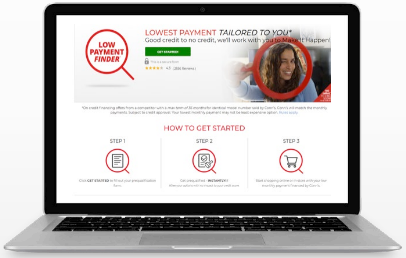
Improving our retail acumen by leveraging our strong platform

Enhancing competitive position to take advantage of changing consumer behavior

Shifting marketing spend to digital media



Driving e-commerce opportunities



Expanding product offerings

Enhancing existing home-related product offerings

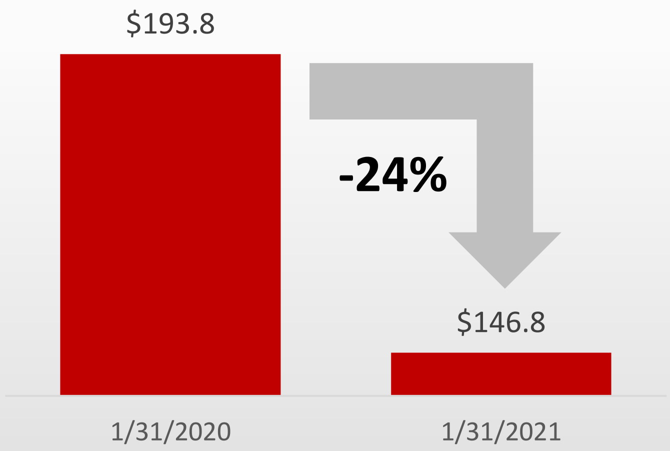
Note: Other products represented ~2% of FY21 product sales

We successfully navigated the COVID-19 pandemic due to FY21 de-risking strategies

In March 2020, we took decisive actions to de-risk our business and enhance our balance sheet

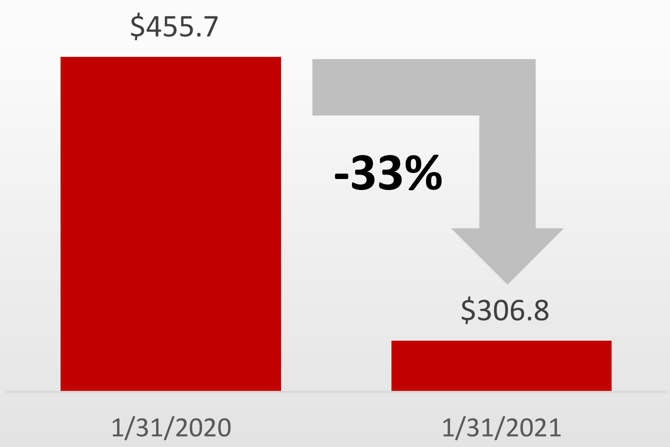
60+ day delinquency balance ($ in millions)

Tighter underwriting has driven a significant improvement in performance of the portfolio



Re-aged customer accounts ($ in millions)

The dollar balance of re-aged customer accounts has declined as a result of more stringent re-age policies



These actions helped us navigate the pandemic and we are emerging from the crisis stronger and better positioned to compete in a rapidly changing market

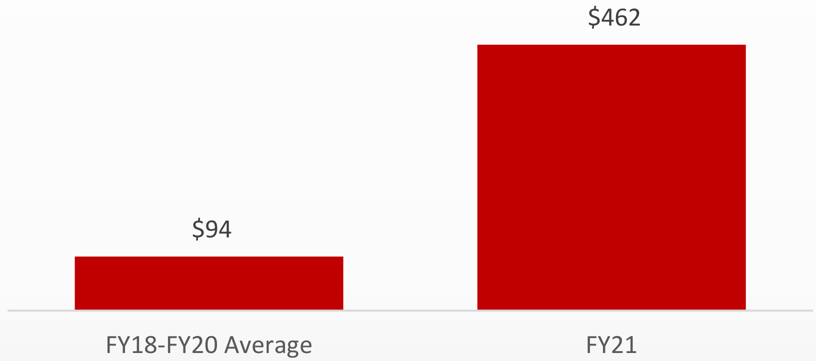
Conn's HomePlus

Strong balance sheet and flexible capital structure

- Focused on strengthening the balance sheet
- Entered FY22 with significant liquidity and a flexible capital structure
- In Q1 FY22, amended and extended $650 million ABL agreement to March of FY26
- In Q1 FY22, called the remaining balance of the 7.250% Senior Notes using existing sources of liquidity
- Successfully executed 9 ABS transactions since re-entering the ABS market in 2015

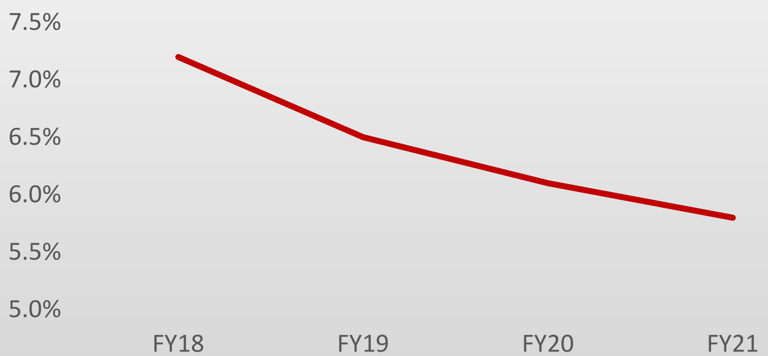
Net cash provided by operating activities ($ in millions)

Operating cash flow increase driven by growth in cash and third-party financed sales, strong cash collections and tighter underwriting



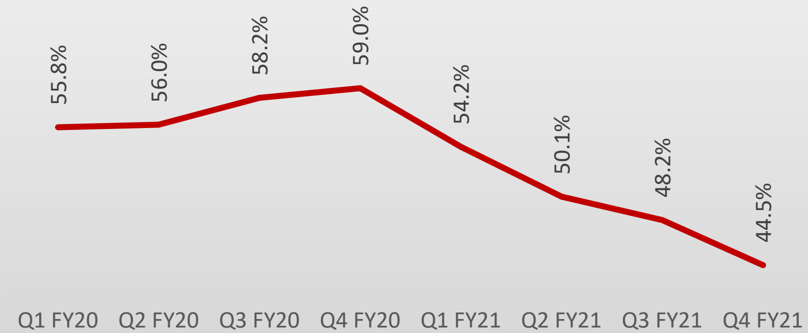
Effective interest rate

Continued deleveraging and better ABS pricing has driven a reduction in our effective interest rate



Net debt as percent of portfolio balance

Year-over-year increase in operating cash flow driving a reduction in net debt as a percent of the portfolio balance



Fourth Quarter Fiscal 2021 Highlights

($ in millions, except per share amounts)	Q4 FY21	Q4 FY20	Variance
Revenues:			
Net sales	$ 294.5	$ 315.1	$ (20.6)
Finance charges and other revenues	73.3	97.9	(24.6)
Total revenues	**$ 367.8**	**$ 413.0**	**$ (45.2)**
Costs and expenses:			
Cost of goods sold	$ 184.3	$ 188.0	$ (3.7)
Selling, general and administrative expense	128.3	132.0	(3.7)
Provision for bad debts	25.1	69.5	(44.4)
Charges and credits	2.7	-	2.7
Total costs and expenses	**340.5**	**389.6**	**(49.1)**
Operating income	**27.3**	**23.4**	**3.9**
Interest expense	10.6	15.2	(4.6)
Loss on extinguishment of debt	(0.4)	1.1	(1.5)
Income before income taxes	**17.1**	**7.2**	**9.9**
Provision for income taxes	(8.0)	2.1	(10.1)
Net income	**$ 25.1**	**$ 5.1**	**$ 20.0**
Diluted Earnings Per Share	**$ 0.85**	**$ 0.17**	**$ 0.68**
Adjusted Net Income per Diluted Share	**$ 0.91**	**$ 0.20**	**$ 0.71**
Retail gross margin	37.4%	40.3%	-290 bps
SG&A as a percent of revenue	34.9%	32.0%	290 bps
Net yield	21.3%	21.5%	-20 bps
Charge-off percentage	14.1%	13.6%	50 bps
Credit spread	7.2%	7.9%	-70 bps
Effective tax rate	-46.7%	29.5%	-7620 bps

Financial Highlights

- GAAP Diluted earnings per share of $0.85, compared to $0.17 in Q4 of last year
- Year-over-year reduction in SG&A expense of 2.8%, despite 9 more showrooms open this fiscal year than last fiscal year
- $12.4 million discrete tax benefit recognized in Q4 related to the CARES ACT

Retail

- Total retail sales declined 6.5% compared to Q4 last fiscal year, including a same store sales decline of 10.1%
    - Sales of cash and third-party financed transactions increased by 35%
    - Conn’s in-house financed sales declined by 29% primarily as a result of tighter underwriting
- Retail gross margin of 37.4%, 290 bps points lower than Q4 last fiscal year, driven primarily by lower RSA commissions and retrospective income, as a result of lower sales of Conn’s in-house financing

Credit

- Finance charges and other revenue declined 25.2% primarily driven by a decrease of 20.6% in the average balance of the customer receivable portfolio, a decrease in insurance commissions due to a decline in the balance of sale of our in-house credit financing and a decrease in insurance retrospective income
- 60+ day delinquency declined $47.0 million year-over-year
- Decrease in provision for bad debts driven primarily by a year-over-year decrease in customer accounts receivable portfolio and a decrease related to an improvement in forecasted unemployment rates

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

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

ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE

	Three Months Ended January 31,		Year Ended January 31,	
($ in millions, except per share amounts)	**2021**	**2020**	**2021**	**2020**
Net income (loss), as reported	$25.1	$5.1	($3.1)	$56.0
Adjustments:				
Store and facility closure and relocation costs [(1)]	-	-	-	1.9
Professional fees [(2)]	-	-	3.6	-
Employee severance [(3)]	2.7	-	2.7	-
Write-off of software cost [(4)]	-	-	-	1.2
(Gain) loss on extinguishment of debt [(5)]	(0.4)	1.1	(0.4)	1.1
Tax impact of adjustments [(6)]	(0.3)	(0.2)	(1.1)	(1.0)
Net income (loss), as adjusted	**$27.1**	**$5.9**	**$1.6**	**$59.3**
Weighted average common shares outstanding - Diluted	29,647,593	29,276,167	29,287,950	30,814,775
Diluted earnings (loss) per share:				
As reported	$ 0.85	$ 0.17	$ (0.11)	$ 1.82
As adjusted	$ 0.91	$ 0.20	$ 0.06	$ 1.92

(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 professional fees associated w ith non-recurring expenses.

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

(4) Represents impairments of softw are costs for a loan management system that w as abandoned during the year ended January 31, 2020 related to the implementation of a new loan management system.

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

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

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

Appendix: Net Debt as Percentage of Customer Accounts Receivable Portfolio Balance

NET DEBT AS PERCENTAGE OF CUSTOMER ACCOUNTS RECEIVABLE PORTFOLIO BALANCE

in thousands	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019
Current finance lease obligations	$ 934	$ 769	$ 758	$ 772	$ 605	$ 607	$ 2,558	$ 25,191
Long-term debt and finance lease obligations	608,635	800,586	748,902	1,172,987	1,025,535	965,063	945,981	919,250
Total debt	**609,569**	**801,355**	**749,660**	**1,173,759**	**1,026,140**	**965,670**	**948,539**	**944,441**
Cash and cash equivalents	$ 9,703	$ 107,822	$ 6,385	$ 287,337	$ 5,485	$ 4,672	$ 7,563	$ 9,767
Restricted cash	50,557	78,374	63,836	73,455	75,370	49,247	68,219	78,043
Total cash	**60,260**	**186,196**	**70,221**	**360,792**	**80,855**	**53,919**	**75,782**	**87,810**
Net debt	**$ 549,309**	**$ 615,159**	**$ 679,439**	**$ 812,967**	**$ 945,285**	**$ 911,751**	**$ 872,757**	**$ 856,631**
Customer accounts receivable portfolio balance	$ 1,233,717	$ 1,276,100	$ 1,357,030	$ 1,499,965	$ 1,602,037	$ 1,567,700	$ 1,557,920	$ 1,534,692
Net debt as a percentage of customer accounts receivable portfolio balance	**44.5%**	**48.2%**	**50.1%**	**54.2%**	**59.0%**	**58.2%**	**56.0%**	**55.8%**