Investor Presentation
March 2019

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; 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.

Conn's, Inc. Overview

Conn's is a highly profitable and growing durable consumer goods retailer operating 125 stores in 14 states that provides affordable financing options to underserved customers

Focused on Long-Term Growth

Unique business model combines leading retail and credit businesses. The highly profitable business plan is focused on achieving 8 – 10% annual retail growth, which includes positive same store sales and new store growth.

Premium Shopping Experience

Offers customers a large assortment of competitively priced high-quality aspirational products for their homes. Conn's has a strong value proposition that includes next-day delivery and in house after sale repair service.

Unmatched Financing Options

Provides prime, near prime and underserved, subprime credit customers with a variety of financing options. The company's in-house credit programs typically produce payment plans that are more affordable than competing financing offerings for subprime customers.

Evolution Since New Management Team Started

Today Conn's credit segment is a sophisticated, well run, and compelling component of the business model that creates a differentiated platform to support a retail opportunity for consistent, predictable and highly profitable sales.

New management started in September 2015

Invested to enhance credit analytics, underwriting and collections

Implemented programs to enhance yield, which is expected to grow from under 16% to 23% to 25%

Greater focus on retail sales funnel opportunities

Credit spread has increased to **860 bps** in FY19, highest yearly spread in five years

Record yearly retail gross margin of 41.2%, an increase of 160 bps from FY18

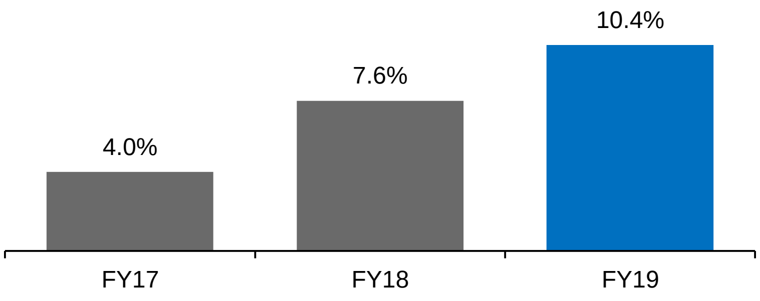
Opened seven new stores in existing states in FY19 and expected to open 12-15 stores in FY20

Total retail sales growth of 0.2% in FY19 with Q4 SSS in Non-Harvey markets of +3.7%

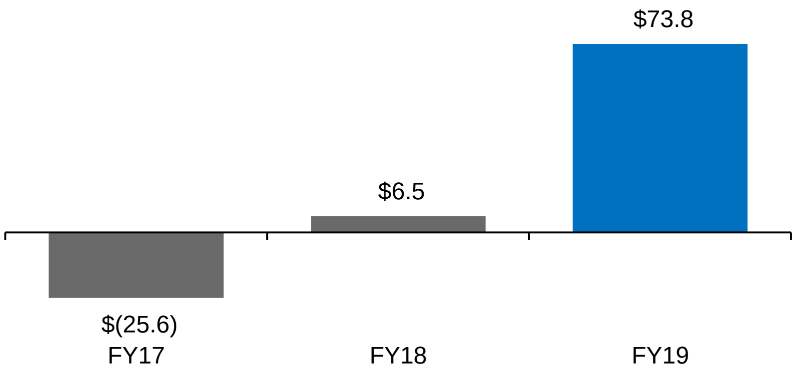
Historical Financial Summary - As Reported

Total Revenue ($ in millions)

Operating Margin %



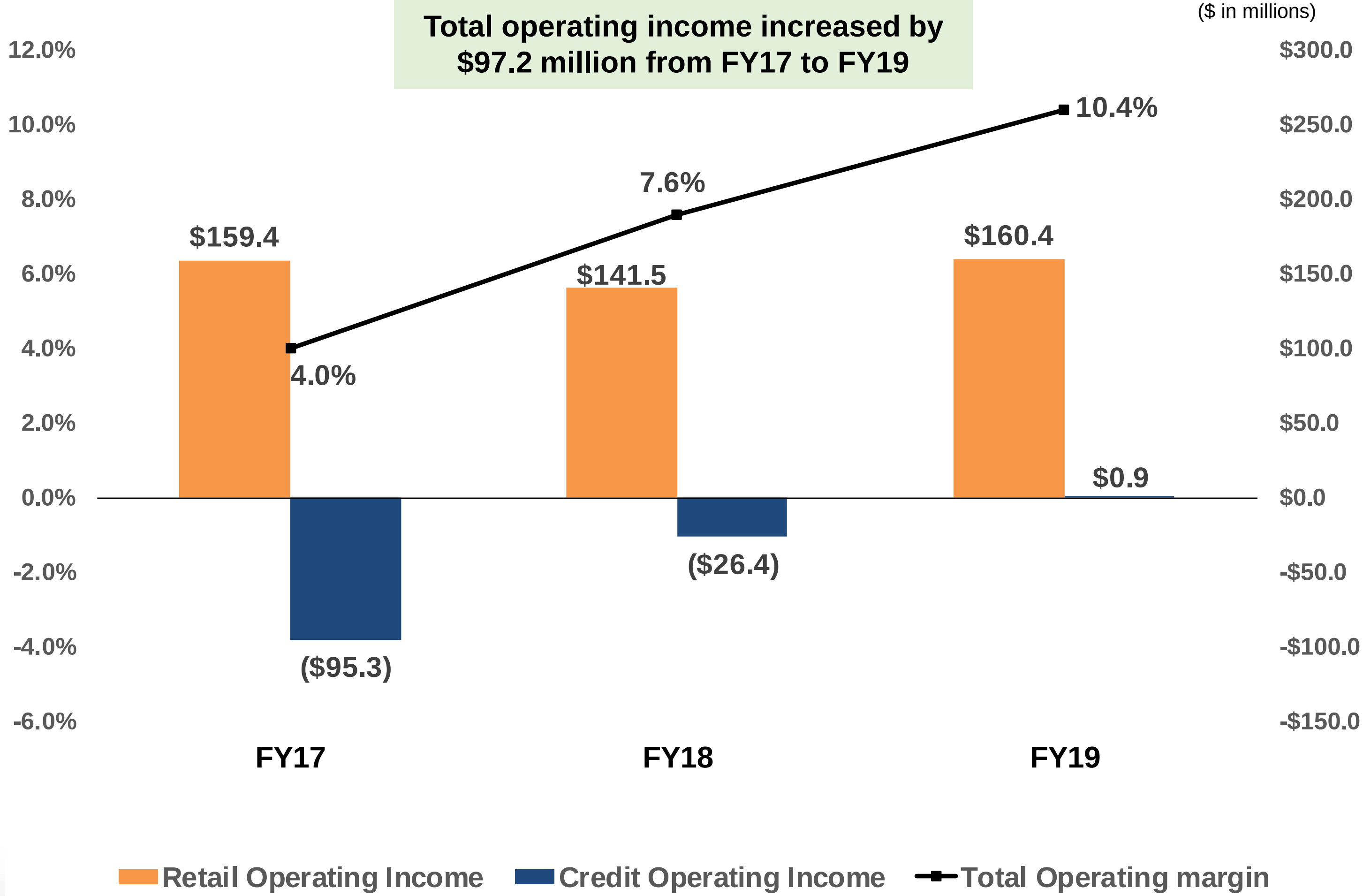
Net Income ($ in millions)



Segment Profitability – As Reported

Stable retail operating performance as we improved the credit segment

Total operating income increased by $97.2 million from FY17 to FY19



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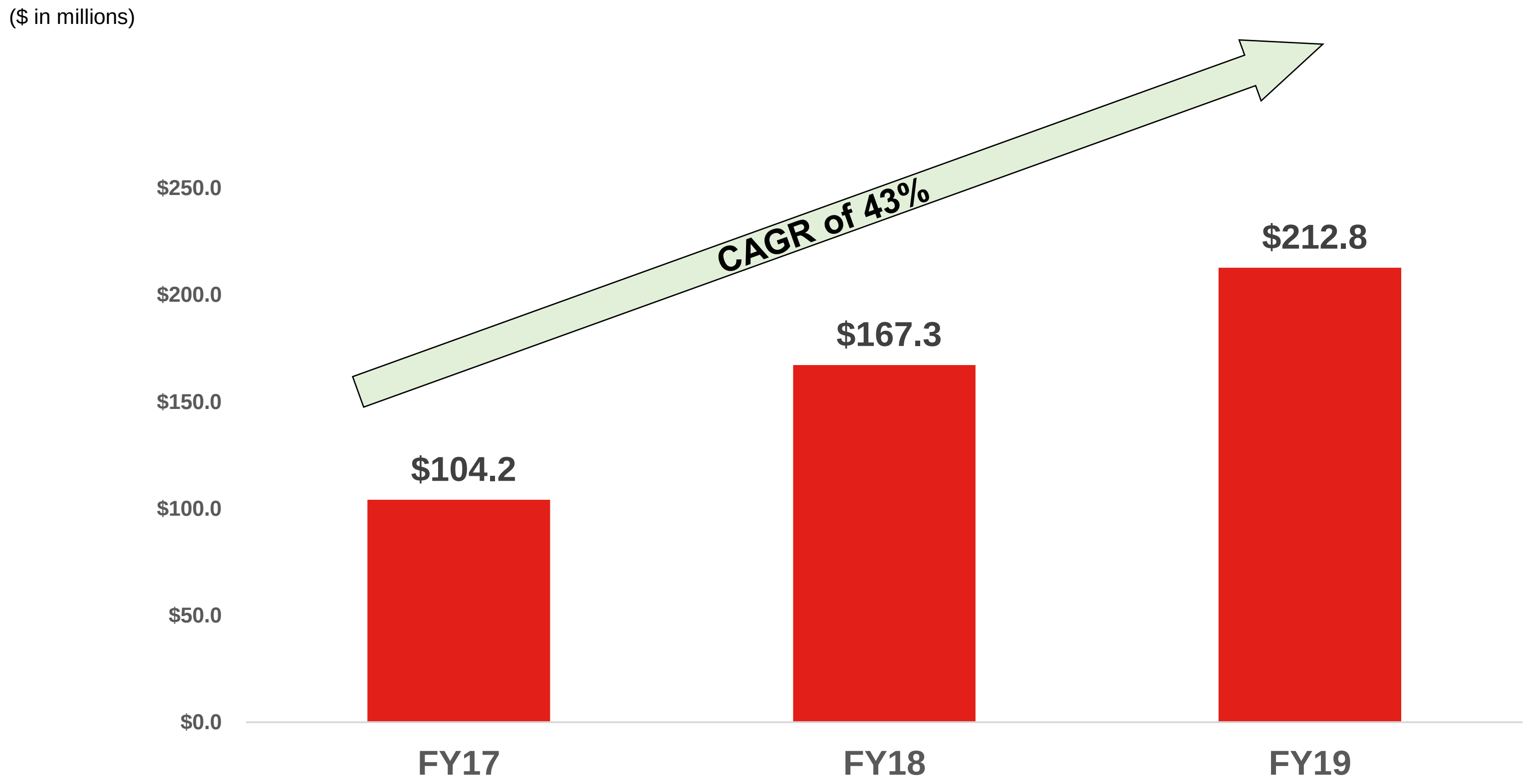
Significant Adjusted EBITDA Growth



Full reconciliation of Adjusted EBITDA can be found in the March 26, 2019 earnings release.

Record annual Adjusted EBITDA in FY19, which was approximately 18% above previous record in FY14

Fourth Quarter FY19 - Highlights

Financial Performance

Seventh consecutive quarter of profitability
- Record quarterly adjusted EBITDA of $67.7 million, or 15.6% of total revenues, an increase of 17.9% versus prior year
- Q4 FY19 GAAP net income increased to $29.5 million versus Q4 FY18 net income of $3.2 million
- Diluted GAAP EPS of $0.91 in Q4 FY19 compared to $0.10 for Q4 FY18

Retail Segment

Record retail gross margin of 42.4%, 230 bps increase versus prior year
- Total retail sales increased by +1.3% versus last year
- SSS declined by -1.4% versus last year, primarily from the impact of lapping Harvey sales in prior year. For Non-Harvey markets, SSS increased by 3.7% in Q4 FY19

Credit Segment

Higher yield and lower charge-offs led to the best fourth quarter credit spread in six years
- Yield of 21.6% improved 110 bps from prior year, with credit spread of 890 bps
- 60+ Days Delinquency rate down by 20 bps from Q4 FY18

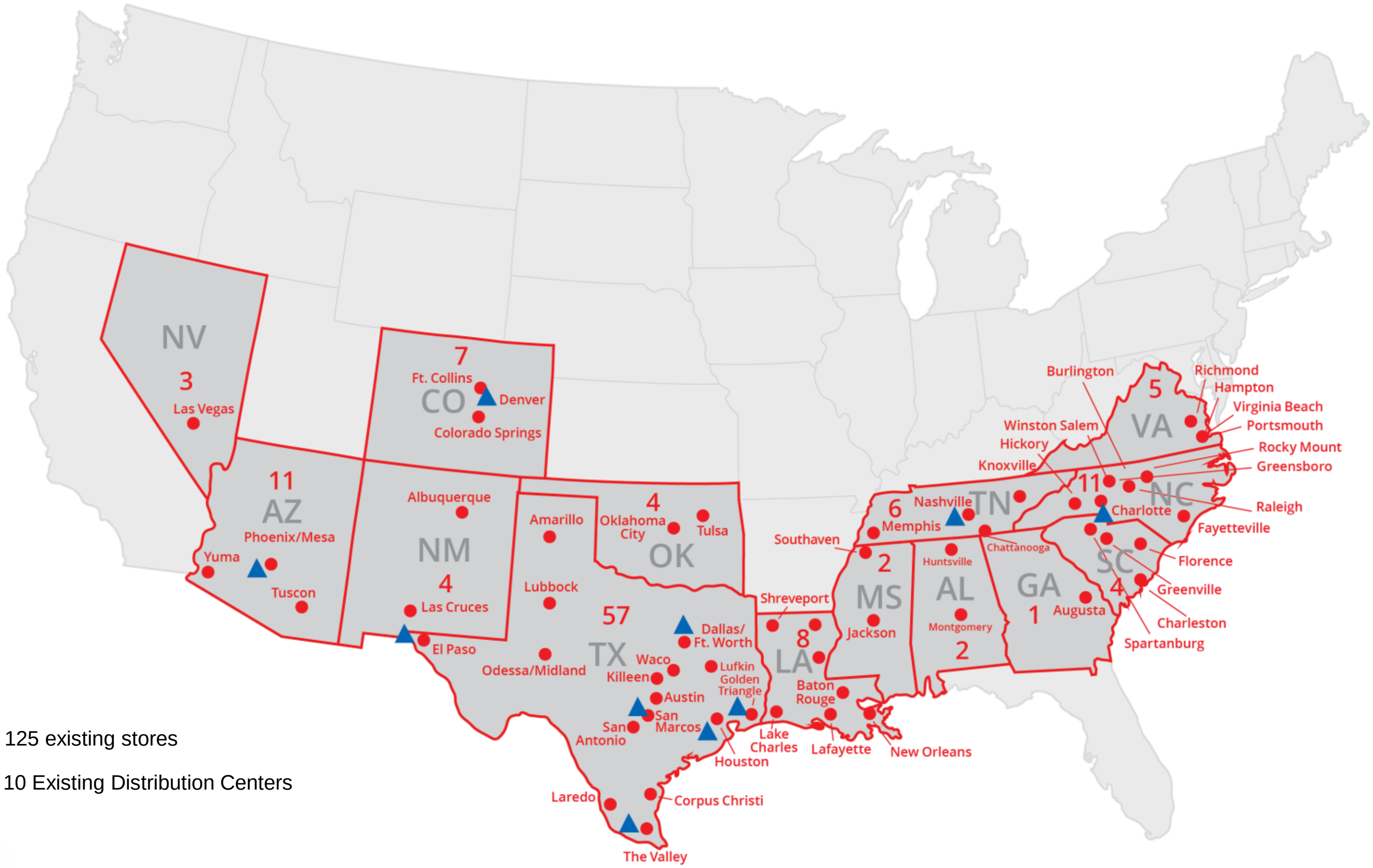
Capital Structure

Eight consecutive quarter of year over year decline in interest expense
- Interest expense in Q4 FY19 declined $2.8 million or 15.5% from last year
- As a percent of revenues, Q4 interest expense was 3.5% versus 4.3% for same period last year
- Continued year-over-year deleveraging of balance sheet

Significant Whitespace

New store expansion

- Opened 7 new stores in FY19
- Plan to open approximately 12-15 stores in FY20 – leveraging existing infrastructure in existing states



125 existing stores

10 Existing Distribution Centers

Retail Review

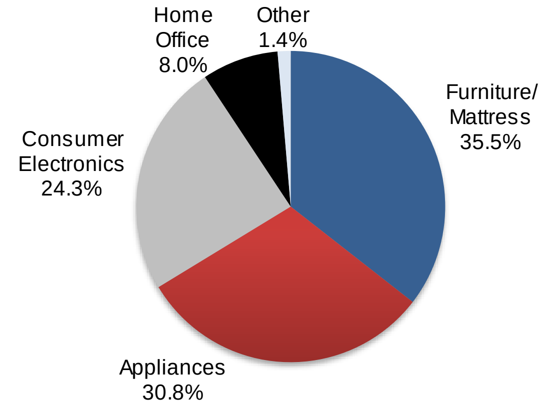
Retail Overview

Retail Segment

- The 125 stores are located in areas densely populated by Conn's core customer demographic and range in size from 30,000-50,000 square feet; stores deliver annual sales of $10.6 million on average per location [(1)]
- Conn's offers a high level of customer service through a trained and motivated commission-based sales force as well as quick delivery and installation, and product repair or replacement services

High Quality Brands

Retail Product Mix FY19



(1) For locations open 12 months as of January 31, 2019

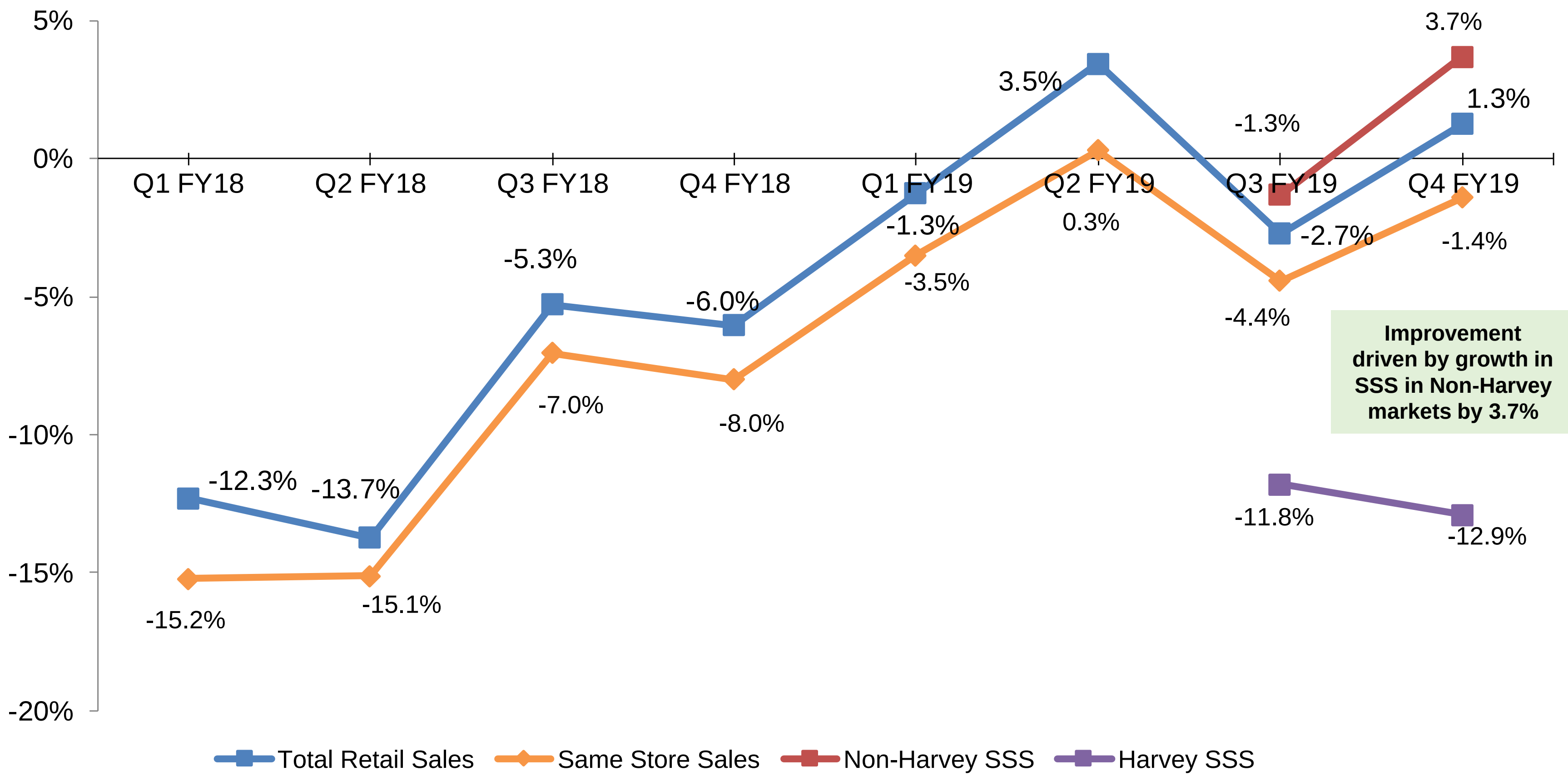
Retail Segment Focused on 8-10% Annual Growth

Conn's unmatched value proposition, combining a differentiated credit offering and a compelling retail experience provides the company with significant opportunity to grow profitably

Key retail segment growth initiatives:

- Increase same store sales performance to positive low single digits
- Refresh and optimize merchandising and categories matched with compelling promotions
- Expand product categories that support strategy of adding aspirational products customers can affordably finance
- Invest in marketing initiatives that promote expanding product assortment and growing retail presence across new markets
- Increase lease-to-own sales penetration
- Successfully open 12 to 15 new format stores in FY20 in existing states which will leverage existing infrastructure
- Maintain disciplined oversight of our SG&A expenses even during expansion

Retail Sales Growth



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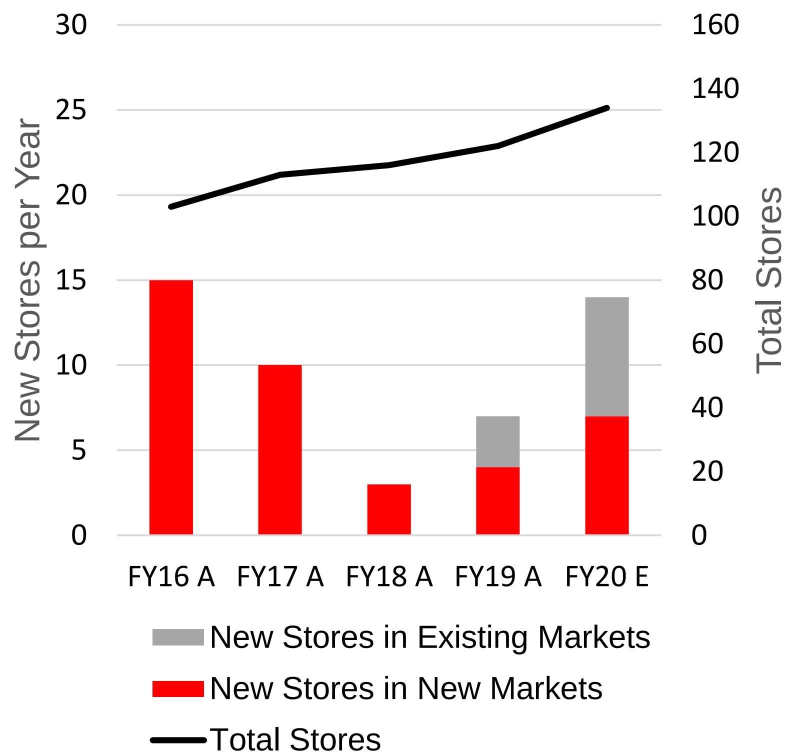
New Store Growth / Unit Economics

With a strong and stable credit platform in place, Conn's is resuming unit growth and for fiscal year 2020 expects to open 12 to 15 new stores in existing states

Actual and Anticipated New Store Growth



Note: Of the new store openings in FY20, approximately 1/3 will open in Q1, 1/3 will be in Q2, 1/4 in Q3 and the remaining stores will open in Q4

Expected New Store Statistics

Average expected annual sales for new stores:	$6.0 - $7.0 million

Note: New stores in new markets are expected to be below average while stores in existing markets are expected to be above average

Stores are expected to mature to company average in 3 – 4 years

New store enter comp base after being open for entirety of both comparative full fiscal years.

New store operating breakeven:	Sales of ~$4 million

Estimated Expense and Capital Investment in New Stores

Pre-opening SG&A expense (starts ~6 months prior to opening):	$ 0.35 million
Build-out cost, less tenant improvement allowance:	$ 0.4 million
Inventory:	$ 0.6 million
Net capital investment:	$ 1.0 million
Estimated cash payback timeframe:	~12 months

Estimated Capital Needed to Support Receivables

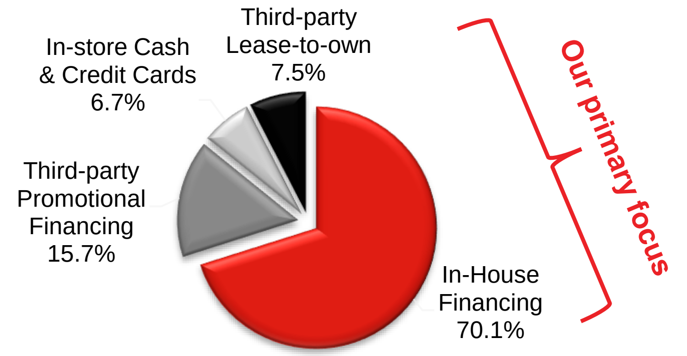
Estimated receivables balance generated by full-year sales of an average new store	$6.4 million

Credit Review

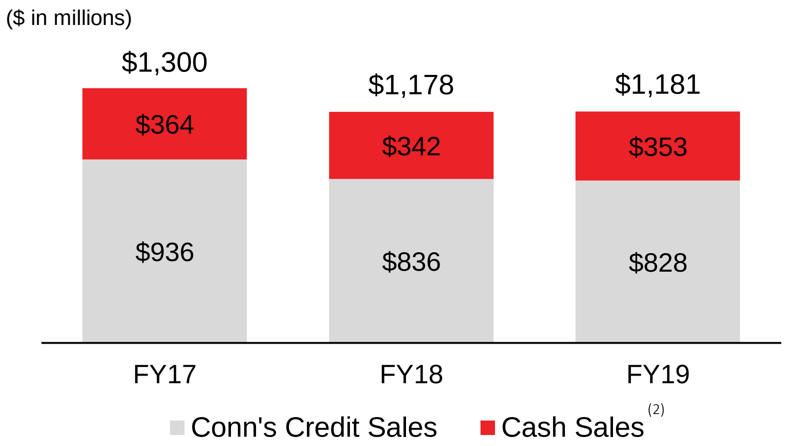
Credit Program Overview

- Offering in-house credit for over 50 years
  - Provides solid foundation for underwriting decisions
  - Proven through multiple business cycles and a deep recession
- Credit decisioning and collection operations are independent of retail operations
- Simple, secured installment contracts
- Consumer receivables secured by long-lived products that customers consider integral to their everyday lives

FY19 Method of Payment



Total Retail Sales [(1)] Financed



(1) Includes Product Sales and Repair Service Agreement (“RSA”) commissions, excludes Service Revenues and FC&O related to retail segment
(2) In addition to cash sales, Conn’s receives timely cash payments for credit card, third-party financing and lease-to-own business

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Successful Credit Segment Transformation

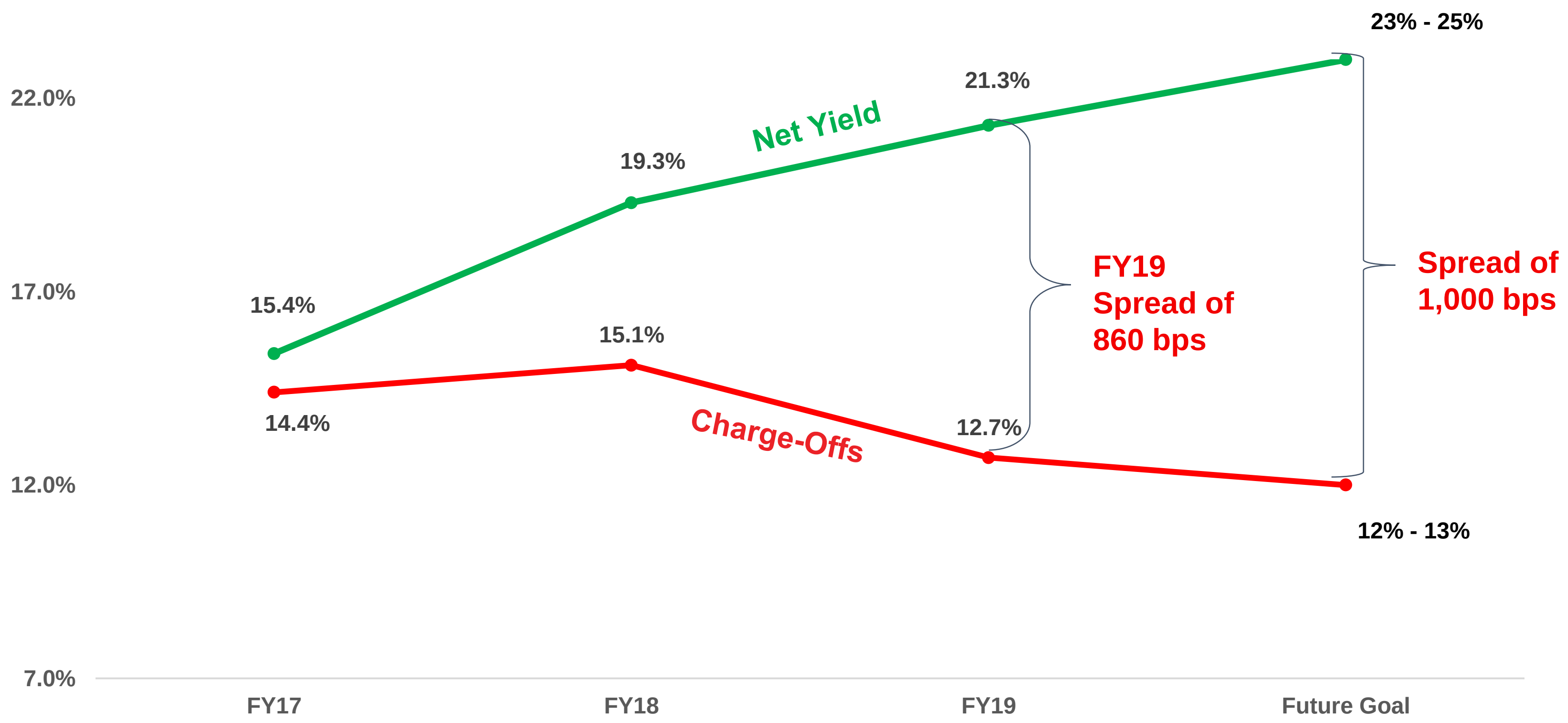
Having successfully transformed the credit segment over the previous three years, the focus is on maintaining a stable credit platform that can support the retail growth strategy

Key credit segment strategic priorities:

- Continue to grow credit spread towards our stated goal of 1,000 bps
    - Increase interest income through the origination of higher-yielding loans
    - Continue to invest to enhance credit analytics, underwriting and collections
- Optimize balance sheet and ensure consistent access to capital at the lowest cost

Credit Business – Spread Progression

Q4 FY19 credit spread was 890 bps



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ABS Cost of Funds Improvement

	2015-A			2016-A			2016-B			2017-A			2017-B			2018-A		
Collateral Amount ($mm)		$1,442.6			$705.1			$699.7			$559.3			$669.3			$421.5	
Bond Structure	$ (mm)	Rating (F)	WAL	$ (mm)	Rating (F)	WAL	$ (mm)	Rating (F)	WAL	$ (mm)	Rating (F/K)	WAL	$ (mm)	Rating (F/K)	WAL	$ (mm)	Rating (F/K)	WAL
Class A	$952.1	NR	0.51	$423.0	BBB	0.46	$391.8	BBB	0.45	$313.2	BBB/BBB	0.36	$361.4	BBB/BBB-	0.42	$219.2	BBB/BBB-	0.60
Class B	$165.9	NR	1.57	$70.5	BB	1.23	$112.0	BB	1.32	$106.3	BB/BB-	1.20	$132.2	BB/BB-	1.22	$69.6	BB/BB-	1.20
Class C	–	–	–	$70.5	B	1.74	$49.0	B	1.85	$50.3	B/B-	1.79	$78.6	B-/B-	1.89	$69.6	B-/B-	1.20
Total Class A & B	**$1,118.0**	**77.5%**	**0.67**	**$493.5**	**70.0%**	**0.57**	**$503.8**	**72.0%**	**0.64**	**$419.5**	**75.0%**	**0.57**	**$493.6**	**73.8%**	**0.63**	**$288.8**	**68.5%**	**0.74**
Total Class A, B & C				**$564.0**	**80.0%**	**0.72**	**$552.8**	**79.0%**	**0.75**	**$469.8**	**84.0%**	**0.70**	**$572.2**	**85.5%**	**0.81**	**$358.3**	**85.0%**	**0.83**
Overcollateralization																		
Initial		22.50%			20.00%			21.00%			16.00%			14.50%			15.00%	
Target (%curr)		25.00%			46.00%			40.00%			35.00%			35.00%			100.00%	
Floor (%init)		2.00%			5.00%			5.00%			5.00%			5.00%			NA	
Reserve Account		1.00%			1.50%			1.50%			1.50%			1.50%			0.50%	
Base Case Loss Assumption																		
Fitch		--			23.25%			24.75%			24.25%			25.25%			25.00%	
Kroll		--			--			--			23.31%			23.65%			25.23%	
Performance Triggers																		
Cum. Net Loss Trigger		--			Yes			Yes			Yes			Yes			Yes – Prorata to Sequential	
3 mo. Avg Annualized Net Loss Trigger		--			Yes			Yes			Yes			Yes			Yes – Prorata to Sequential	
Rolling 3 mo. Recov. Trigger		--			--			Yes			Yes			Yes			Yes – Prorata to Sequential	
Net Proceeds: Class A & B (% collat)		**74.76%**			**67.83%**			**69.8%**			**74.40%**			**71.56%**			**67.3%**	
Net Proceeds: Class A, B & C (% collat)		**--**			**78.10%**			**--**			**83.32%**			**83.20%**			**83.8%**	
Pricing		**Yield**	**Coupon**	**Spread**	**Yield**	**Coupon**	**Spread**	**Yield**	**Coupon**	**Spread**	**Yield**	**Coupon**	**Spread**	**Yield**	**Coupon**	**Spread**	**Yield**	**Coupon**
Class A		4.57%	4.57%	+400	4.73%	4.68%	+290	3.77%	3.73%	+155	2.75%	2.73%	+105	2.76%	2.73%	+80	3.28%	3.25%
Class B		8.50%	8.50%	+825	9.14%	8.96%	+650	7.46%	7.34%	+375	5.17%	5.11%	+265	4.57%	4.52%	+200	4.70%	4.65%
Class C		–	–	–	9.88%	12.00%	–	–	–	+600	7.54%	7.54%	+400	6.03%	5.95%	+340	6.10%	6.02%
Total Class A & B		**5.94%**	**5.94%**	**+531**	**6.09%**	**6.00%**	**+454**	**5.45%**	**5.38%**	**+272**	**4.03%**	**3.99%**	**+187**	**3.69%**	**3.65%**	**+127**	**3.83%**	**3.79%**
Total Class A, B & C		**--**	**--**		**7.24%**	**7.82%**	**--**	**--**	**--**	**+361**	**4.99%**	**4.96%**	**+256**	**4.44%**	**4.39%**	**+186**	**4.47%**	**4.42%**
Class A & B Costs amortized over WAL		3.21%			1.69%			1.44%			1.33%			1.27%			1.34%	
Class A & B All-in Cost of Funds		9.15%			7.78%			6.89%			5.36%			4.96%			5.17%	
Class A, B & C Costs amortized over WAL		--			1.34%			--			1.18%			0.99%			1.13%	
Class A, B & C All-in Cost of Funds		--			8.59%			--			6.17%			5.43%			5.60%	

(1) On class A and B only for all transactions

(2) Estimated Class C Yield for 2016-A and 2016-B is 11.00%.

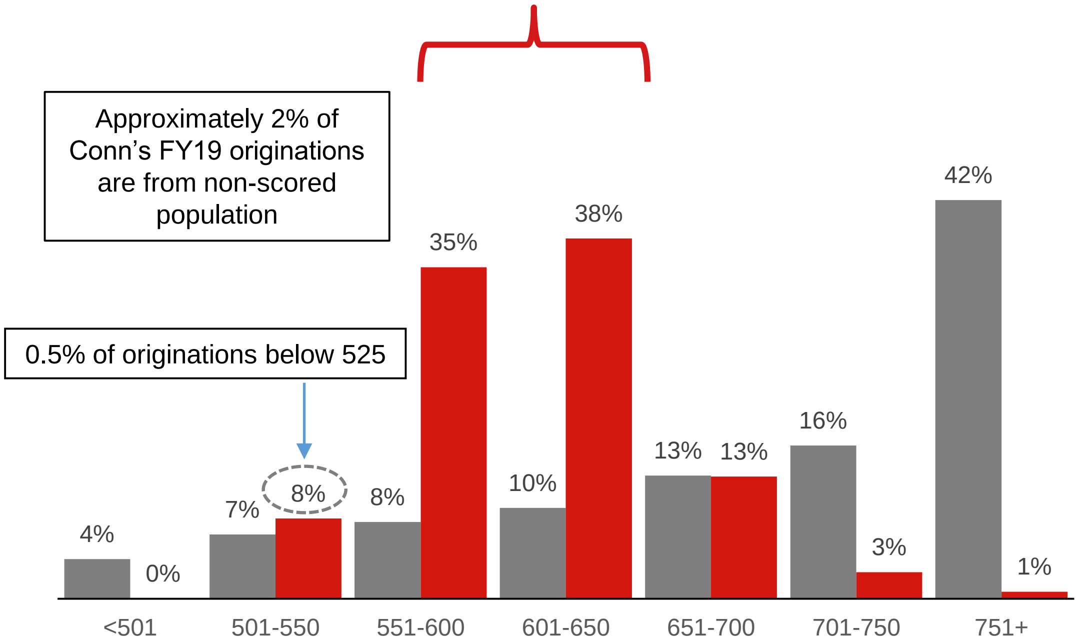
17 bps increase even with ~80 bps increase in EDSF rate

Appendix

Core Customer Base

Conn's Core Customer

Consumers with FICO scores between 550 and 650



Conn's Origination Credit Score as % of FY19 Scored Originations (1)

National Credit Score as % of US Population (2)

Lifestyle of a Conn's Target Customer

- The best of life is in the home
- Entertainment outside of the home is often cost prohibitive
- Average American watches 35 hours of television per week
- Difficult to acquire quality products to improve life in the home

Core customer market makes up approximately 1/5 of the US population

(1) Conn's credit score distribution based on credit score of originations for fiscal year ended Jan 31, 2019
(2) National credit score distribution as of April 2018 (Source is FICO)

Providing Credit for a Wide Range of Consumers

Credit Score

FY2019: 15.7% of Sales

synchrony FINANCIAL

FY2019: 7.5% of Sales

Progressive Leasing

Readily Available Revolving and Promotional Credit

Conn's Core Customer – Limited Available Credit

Monthly Lease-to-Own

Lease-to-Own

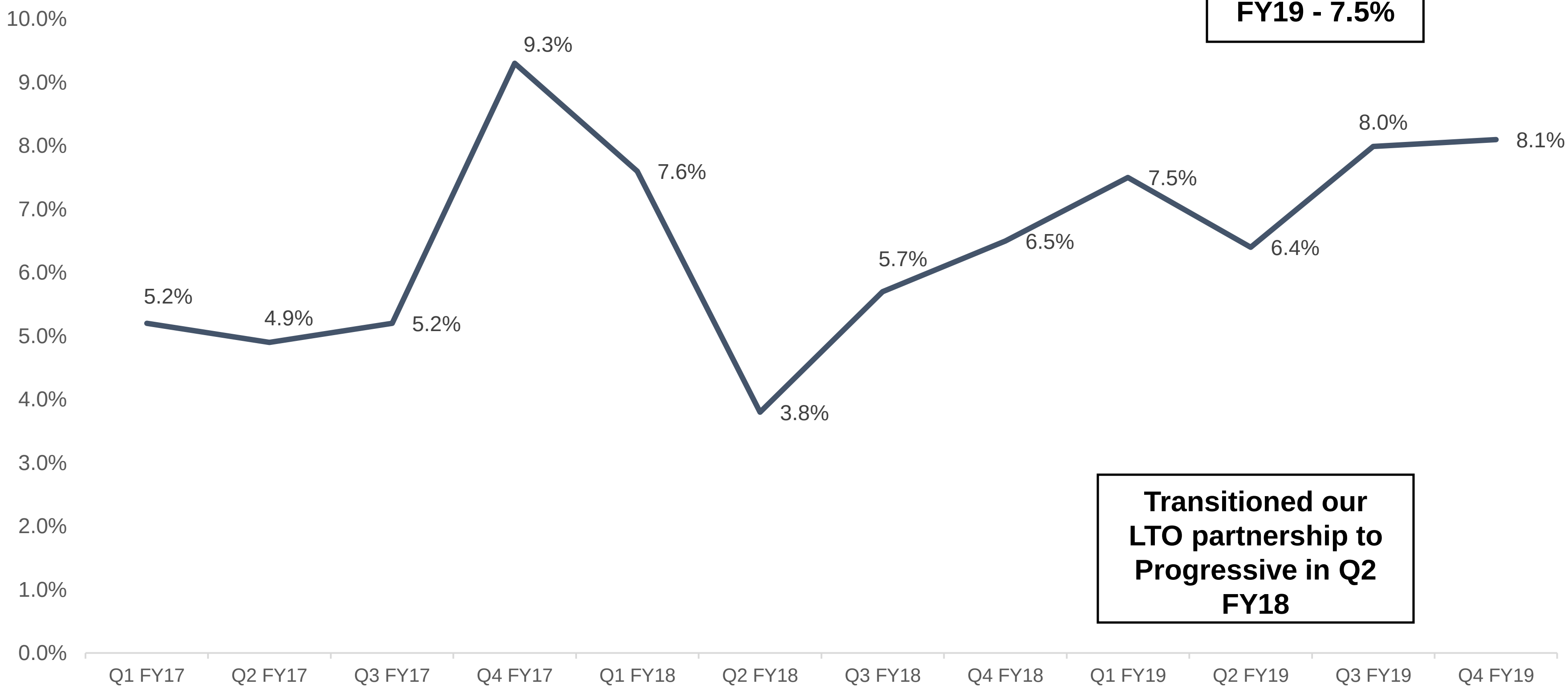
Payday Lending

FY2019: 70.1% of Sales

• Prime Cutoff Score	630-650
• Average Credit Score of Sales Financed	609
• Average Customer Income for Sales Financed	$ 44,800
• Originations to customer with limited access to revolving credit and limited disposable income	

Note: Credit scores exclude non-scored accounts

Lease-to-Own Penetration

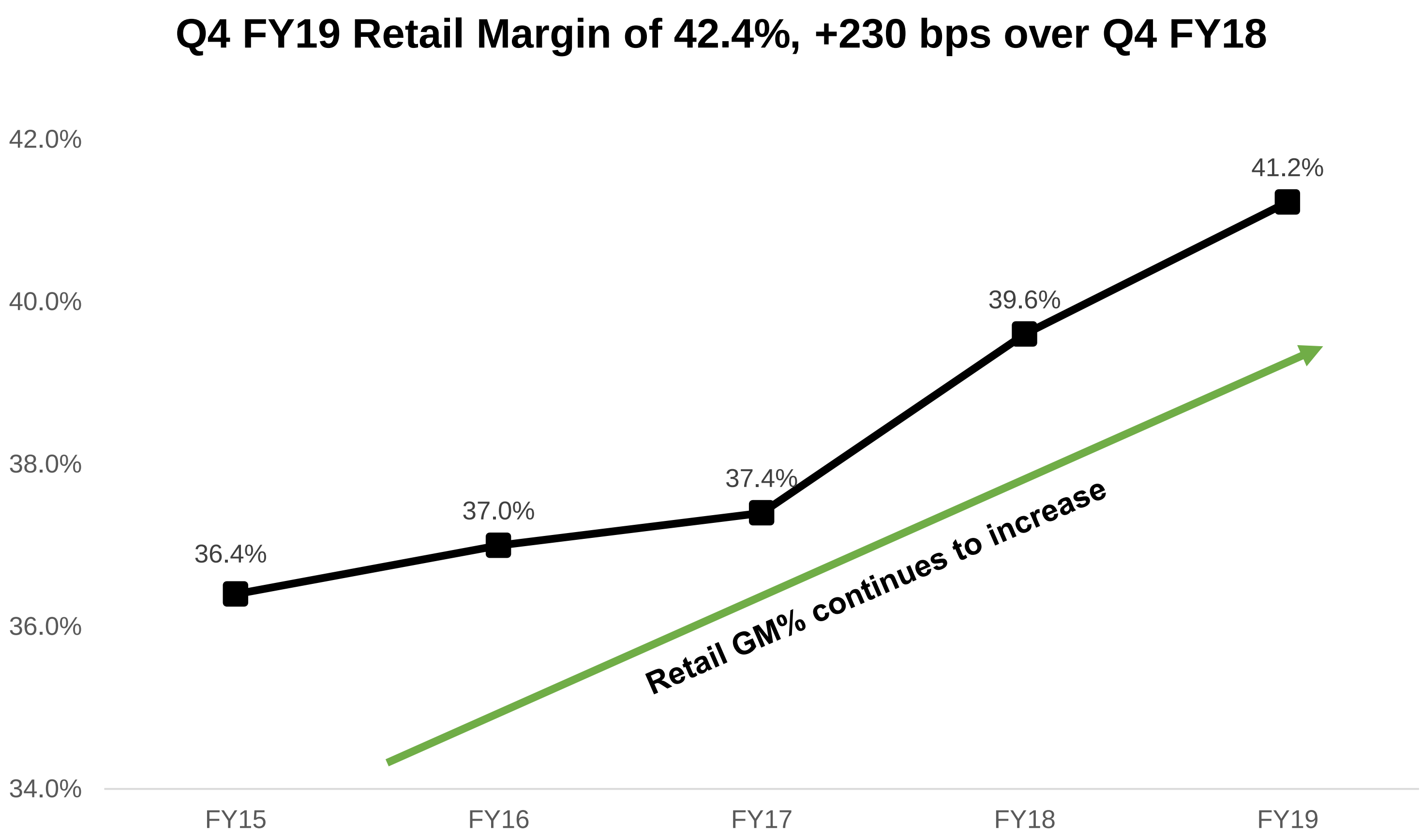


FY17 - 6.3%
FY18 - 5.9%
FY19 - 7.5%

Transitioned our LTO partnership to Progressive in Q2 FY18

Long-Term LTO Goal is 10%

Retail Margin



Same Store Sales Trend – Harvey & Non-Harvey Markets

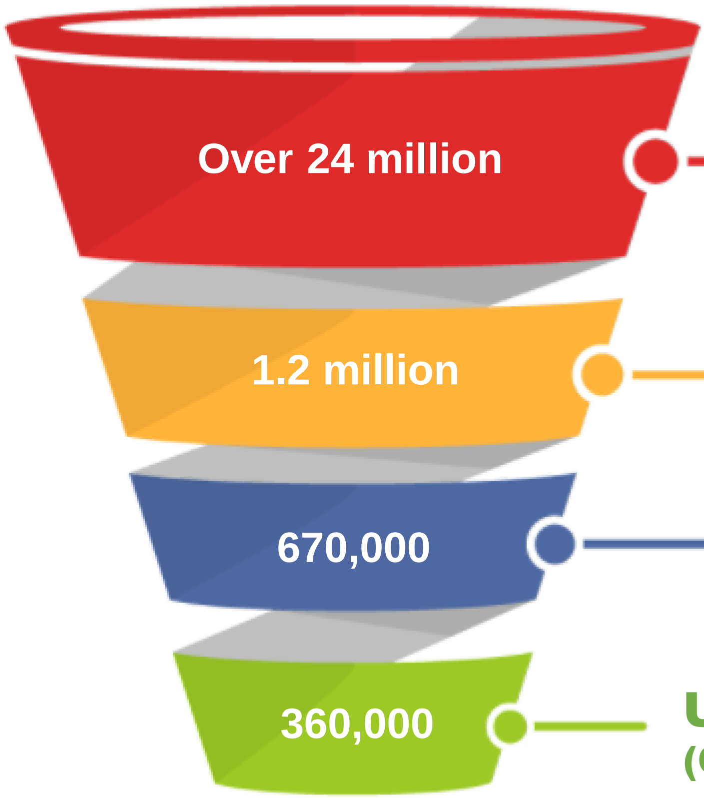
	Q3 FY19			Q4 FY19		
	Harvey	Non-Harvey	Total	Harvey	Non-Harvey	Total
Furniture and Mattress	-13.8%	-4.0%	-6.6%	-19.2%	-0.5%	-5.7%
Home Appliance	-17.9%	-0.5%	-6.4%	-17.2%	4.3%	-3.2%
Consumer Electronics	-3.4%	1.1%	-0.2%	-4.2%	11.0%	6.5%
Home Office	6.5%	11.4%	9.9%	-5.8%	1.2%	-0.9%
Other (1)	-37.9%	-21.1%	-26.6%	-18.0%	-6.9%	-10.2%
Product sales	**-11.8%**	**-0.9%**	**-4.2%**	**-13.5%**	**4.0%**	**-1.4%**
Repair Service Agreement commissions (2)	-11.9%	-3.9%	-6.3%	-8.2%	1.5%	-1.5%
Total Same Store sales	**-11.8%**	**-1.3%**	**-4.4%**	**-12.9%**	**3.7%**	**-1.4%**

(1) Other category includes delivery, installation and outdoor product revenues
(2) The total change in sales of repair service agreement commissions includes retrospective commissions, which are not reflected in the change in same store sales.

Notes:

During the three months ended October 31, 2017, we reclassified certain products from the consumer electronics and home office product categories into the furniture and mattress product category. Net sales of these products reflected in the consumer electronics and home office product categories for the three months ended October 31, 2017 were $2.7 million and $0.8 million, respectively. The change in same store sales reflects the current product classification for both periods presented.

Multiple Retail Growth Opportunities



Total visits to stores and website

Submitted applications for Conn's in-house credit

Approved applications for Conn's in-house credit

Used Conn's in-house credit
(Credit utilization rate of approximately 47%)

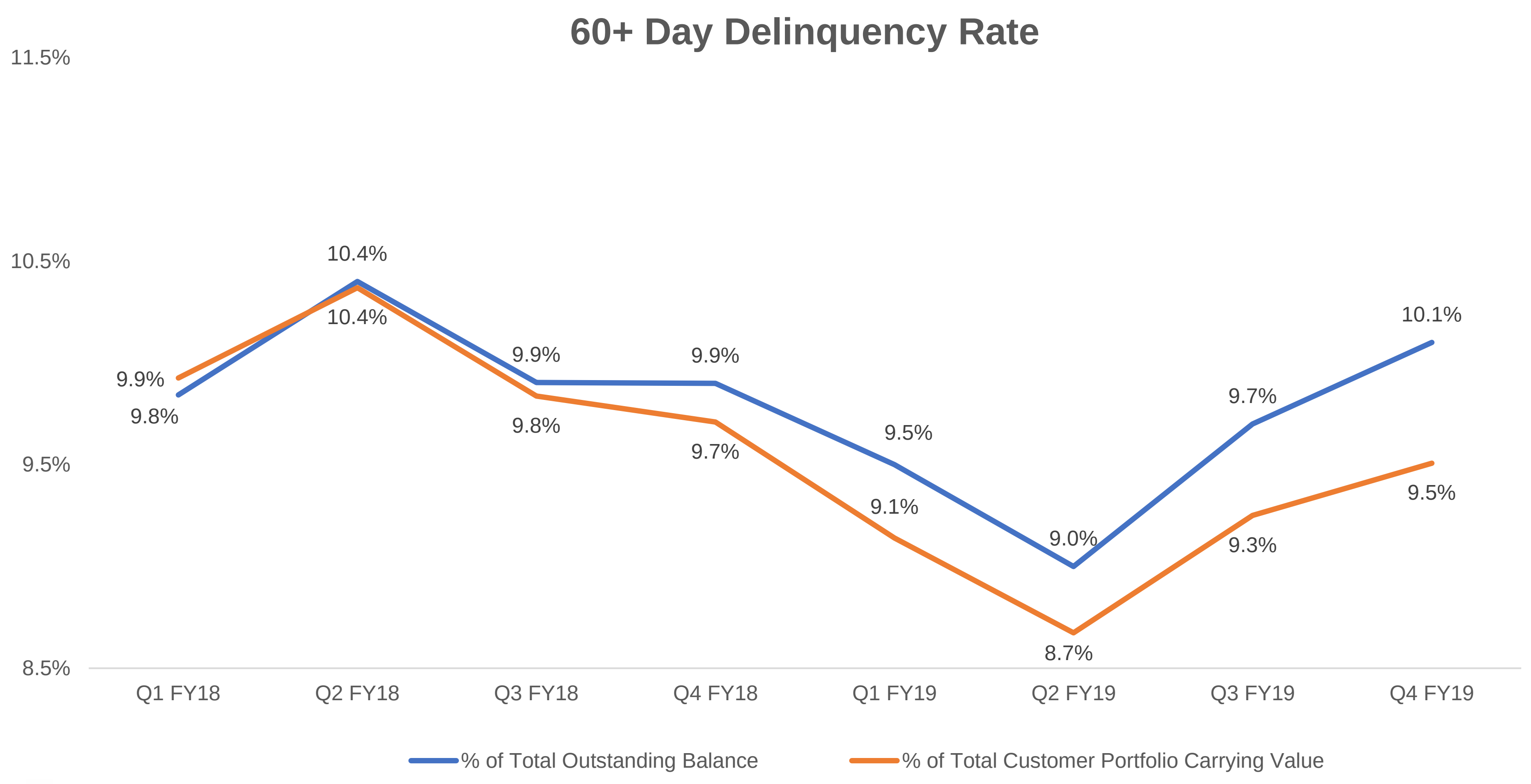
Data represents FY19 actuals

Customer Accounts Receivable

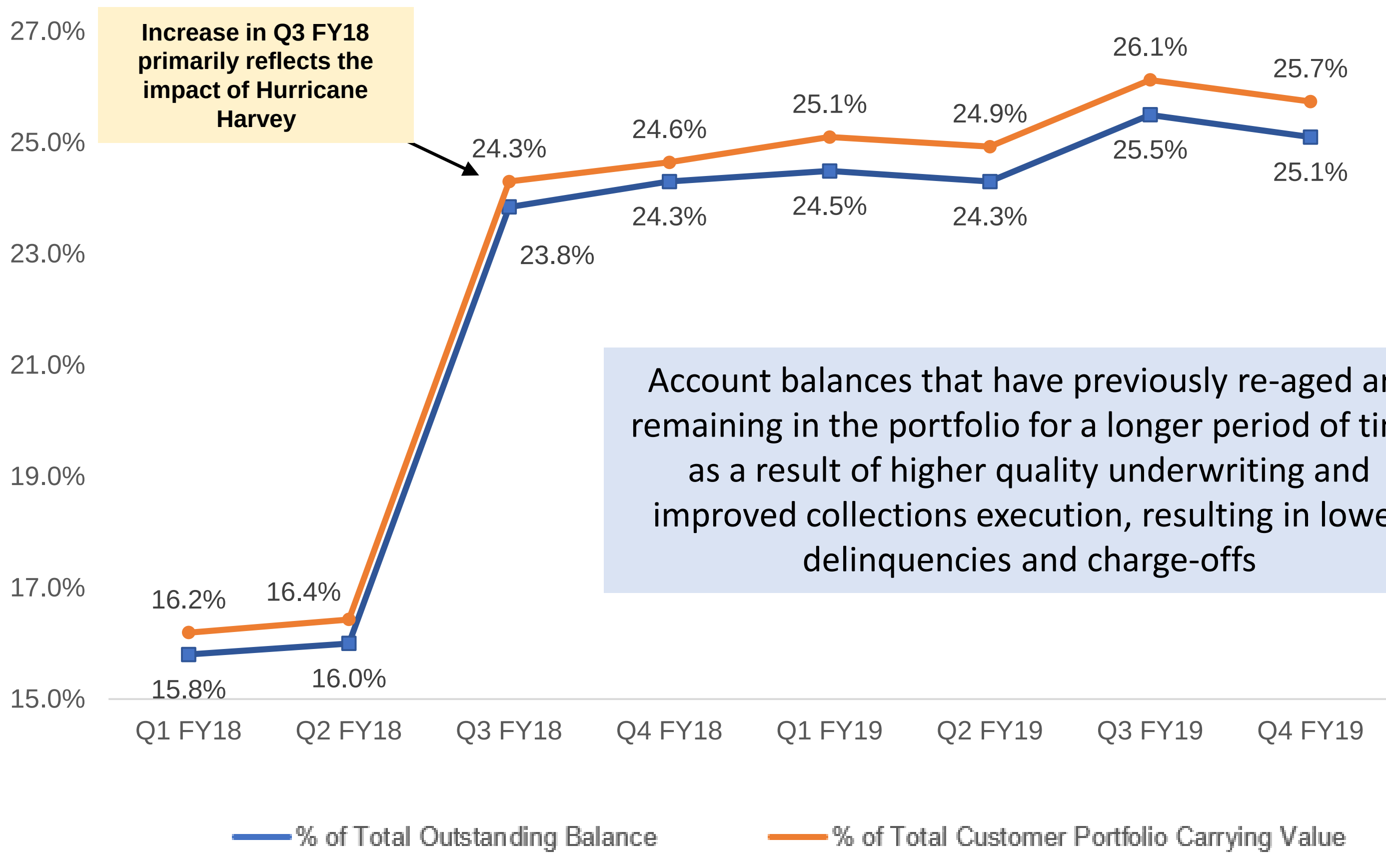
- In order to more clearly present certain measures of customer accounts receivable, such as accounts receivable 60+ days past due and re-aged accounts receivable, the presentation of Note 2 of our Form 10-K has been revised to reflect customer accounts receivable on a carrying value basis, net of deferred fees and origination costs and allowances for no-interest option credit programs and for uncollectible interest.
- Below is a side-by-side comparison of the new and old presentation for comparative periods.

	New Presentation			Old Presentation		
	1/31/2018	10/31/2018	1/31/2019	1/31/2018	10/31/2018	1/31/2019
($ in thousands)						
Customer accounts receivable portfolio balance	$ 1,527,862	$ 1,526,506	$ 1,589,828	$ 1,527,862	$ 1,526,506	$ 1,589,828
Deferred fees and origination costs, net	(15,897)	(15,977)	(16,579)			
Allowance for no-interest option credit programs	(20,960)	(18,716)	(19,257)			
Allowance for uncollectible interest	(10,966)	(13,646)	(15,555)			
Carrying value of customer accounts receivable	$ 1,480,039	$ 1,478,167	$ 1,538,437			
	Carrying Value			**Balance**		
Customer accounts receivable 60 days past due	$ 143,713	$ 136,736	$ 146,188	$ 151,807	$ 148,436	$ 159,870
Re-aged customer accounts receivable	$ 364,768	$ 386,205	$ 395,576	$ 371,545	$ 388,950	$ 398,575
Restructured customer accounts receivable	$ 152,784	$ 177,731	$ 183,641	$ 153,593	$ 181,145	$ 187,929
	As a % of Carrying Value			**As a % of Balance**		
Customer accounts receivable 60 days past due	9.7%	9.3%	9.5%	9.9%	9.7%	10.1%
Re-aged customer accounts receivable	24.6%	26.1%	25.7%	24.3%	25.5%	25.1%
Restructured customer accounts receivable	10.3%	12.0%	11.9%	10.1%	11.9%	11.8%

60+ Day versus Prior Year



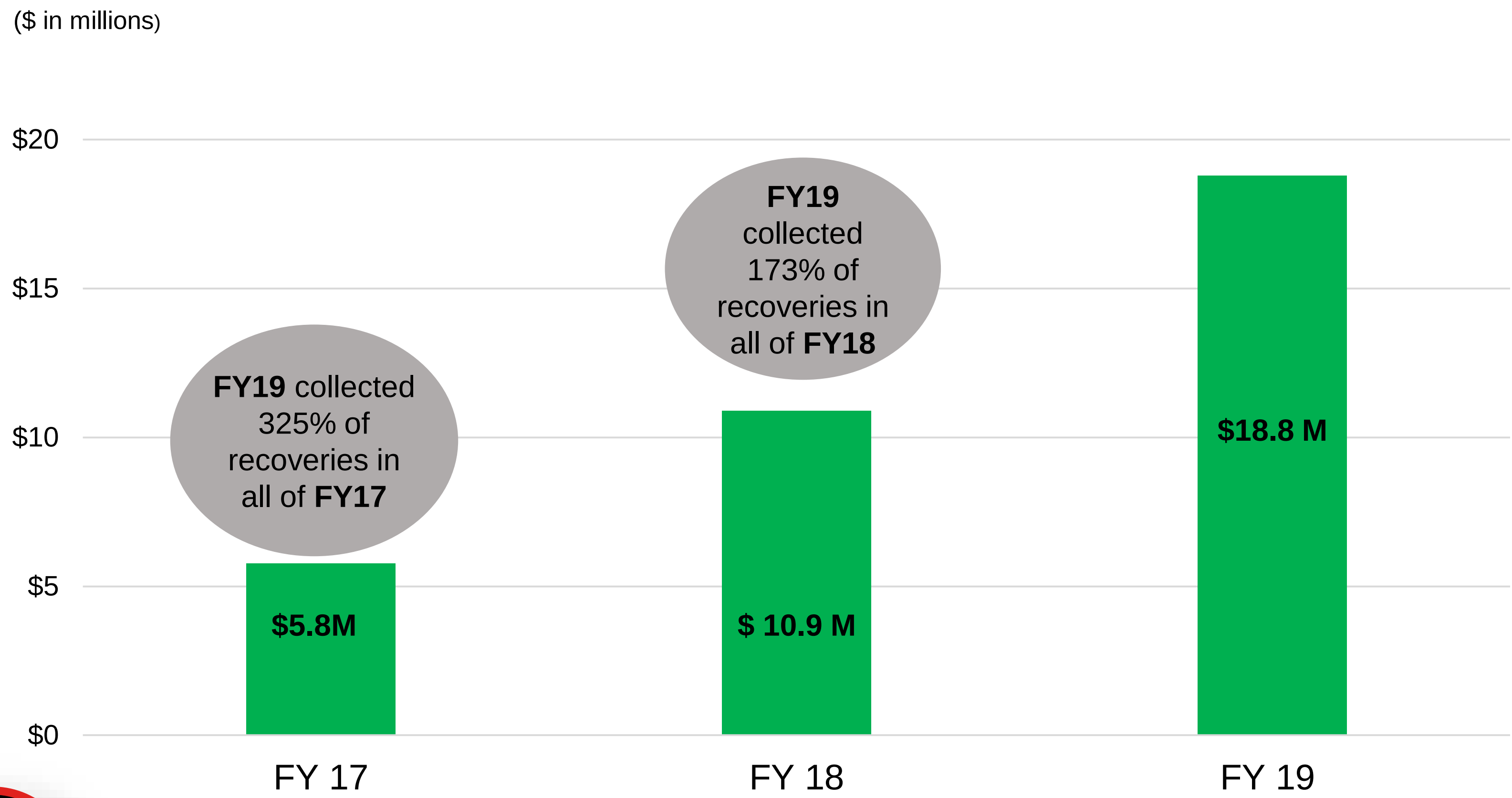
Re-age % Trend



Account balances that have previously re-aged are remaining in the portfolio for a longer period of time as a result of higher quality underwriting and improved collections execution, resulting in lower delinquencies and charge-offs

Customer Recoveries

Customer recoveries were $4.5 million in Q4, up approximately $0.9 million from prior year



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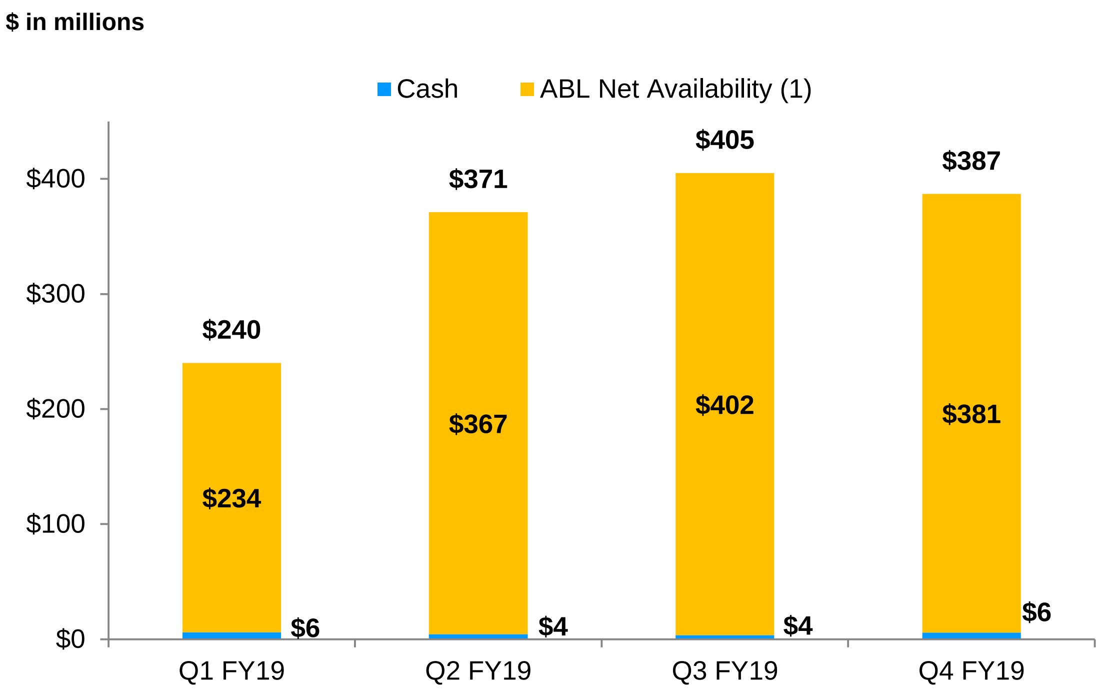
Strong Liquidity Position



On May 23, 2018, we amended and restated our ABL revolving credit facility to make various changes, including the following modifications to certain key terms:

- $650 million facility size (proactively reduced from $750 million)
- Four year term (an increase from a three year term)
- Accounts receivable advance rate increased from 75% to 80%
- Elimination of a $10 million availability block
- Modification of the method by which the applicable margin is calculated to be based on the total leverage ratio
- A 25 bps decrease in the maximum unused line fee from 75 bps to 50 bps
- Modification of the interest coverage covenant such that the minimum interest coverage on a trailing two quarter basis is 1.5x and 1.0x during any single quarter
- Elimination of the cash recovery covenant
- Modifications of the ability to effect future securitizations, including adding the ability to enter into revolving ABS transactions

Note: This liquidity chart reflects the 2018-A ABS transaction in Q3 FY19 and a reduction in facility size from $750 million to $650 million in Q2 FY19

(1) Immediately available borrowing capacity (based on prior month borrowing base certificate and is not adjusted for dominion)

Note: Columns may not total due to rounding

Framework to Forecast Provision for Bad Debts

Step 1: Build Portfolio Balance from Sales Forecast

($ in millions)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Comments to Assist in Provision Forecast
Total retail net sales	$ 275.8	$ 296.3	$ 283.9	$ 338.7	
In-house financing, including down payment received	70.0%	70.5%	69.7%	70.1%	
Beginning portfolio balance	$ 1,527.9	$ 1,494.5	$ 1,508.4	$ 1,526.5	
Plus: Originations	272.9	307.2	294.6	353.1	from Static Loss Data by Quarter Originated table
Less: Principal reductions(1)	(306.2)	(293.4)	(276.5)	(289.8)	beginning balance * principal reduction rate
Ending portfolio balance	$ 1,494.5	$ 1,508.4	$ 1,526.5	$ 1,589.8	
Origination factor(2)	1.41x	1.47x	1.49x	1.49x	originations / retail net sales * in-house financing %
Total quarterly principal reduction rate	20.0%	19.6%	18.3%	19.0%	principal reduction rate / beginning balance

(1) Principal reductions include payments and charge-offs.

(2) Origination factor is the ratio of originations to Conn's-financed product sales, and reflects that warranty, credit insurance and sales tax are included in the amount financed.

From 10K/10Q/Earnings Release

- Portfolio balances are generated by financing the sale of retail products
- Originations can be estimated using approximately 1.4x retail net sales financed by Conn's. The ratio reflects the value of the product purchased plus other financed items such as warranty, credit insurance and sales tax
- Payment rates (and principal reduction rates) are seasonal and typically vary by quarter
- Third party financing, such as Synchrony and Progressive lease-to-own, are cash transactions that do not generate loan receivable balances
- Retail sales are typically highest during the fourth quarter as a result of the holiday shopping season, resulting in greater originations and a larger portfolio balance

Framework to Forecast Provision for Bad Debts

Step 2 - Determine Allocation of TDR/non-TDR and Compute Allowance

($ in millions)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Comments to Assist in Provision Forecast
Non-TDR	$ 1,330.8	$ 1,338.5	$ 1,345.4	$ 1,401.9	
TDR[(1)]	163.7	169.9	181.1	187.9	TDR balance$_{t-1}$ * (1+ TDR balance growth)
Ending portfolio balance	$ 1,494.5	$ 1,508.4	$ 1,526.5	$ 1,589.8	
Non-TDR	$ 144.7	$ 143.6	$ 144.2	$ 147.1	non-TDR allowance percentage * non-TDR balance
TDR	59.4	60.0	62.9	67.8	TDR allowance percentage * TDR balance
Allowance for uncollectible accounts	$ 204.1	$ 203.6	$ 207.1	$ 214.9	
Non-TDR allowance as percentage of non-TDR balance	10.9%	10.7%	10.7%	10.5%	
TDR allowance as percentage of TDR balance	36.3%	35.4%	34.7%	36.1%	
Total allowance as percentage of portfolio balance	13.7%	13.5%	13.6%	13.5%	

(1) Troubled Debt Restructurings ("TDR") include accounts that have been re-aged in excess of three month or refinanced.

From 10K/10Q

- When new loans are originated, accounting standards require that an allowance for estimated incurred losses be established against the net increase in the portfolio balance.
- Our reserve percentages reflect 12 months of estimated losses for non-TDR loans and lifetime of estimated losses for TDR loans.
- The two main drivers of the total allowance for bad debts are the total portfolio balance and the TDR balance.
- Changes to the allowance are recorded through the income statement.

Framework to Forecast Provision for Bad Debts

Step 3 - Forecast Charge-offs and Provision

($ in millions)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Comments to Assist in Provision Forecast
Net charge-offs	$ 45.5	$ 51.6	$ 46.9	$ 50.1	charge-off rate * average balance / 4
Change in allowance recorded in provision	(1.6)	(1.1)	0.4	5.3	
Credit segment provision	43.9	50.5	47.3	55.4	
Retail segment provision	0.3	0.2	0.3	0.2	
Total provision for bad debts	$ 44.2	$ 50.8	$ 47.5	$ 55.6	
Change in total allowance balance	$ 0.5	$ (0.5)	$ 3.5	$ 7.8	ending allowance - beginning allowance
Amount recorded in interest income (1)	(2.1)	(0.6)	(3.1)	(2.5)	
Change in allowance recorded in provision	$ (1.6)	$ (1.1)	$ 0.4	$ 5.3	
Quarterly average balance	$ 1,506.8	$ 1,497.6	$ 1,518.5	$ 1,571.3	
Net charge-off rate	12.1%	13.8%	12.3%	12.7%	

(1) Reflects the change in the interest reserve and interest component of the change in the TDR allowance.

From 10K/10Q/Earnings Release

- Provision for bad debts is the sum of net charge-offs and the change in the allowance balance that is recorded through the provision.
- A portion of the change in the allowance balance reflects changes to the reserve for accrued interest and the interest component of the TDR allowance and are recorded through interest income.
- As with most non-prime lenders, our charge-off rates are usually seasonally driven. Charge-off rates are typically lower in the first quarter of the year, as customers benefit from tax refunds, and relatively higher in the latter part of the year.
- Higher sales, either from new stores or increases in same store sales, will lead to larger portfolio balances and increased provision for bad debts.

Non-GAAP Reconciliations

RETAIL SEGMENT ADJUSTED OPERATING INCOME AND RETAIL SEGMENT ADJUSTED OPERATING MARGIN

(unaudited)
(dollars in thousands)

	Three Months Ended January 31,		Year Ended January 31,	
	2019	**2018**	**2019**	**2018**
Retail segment operating income, as reported	**$ 54,712**	**$ 48,583**	**$ 160,369**	**$ 141,479**
Adjustments:				
Store and facility closure and relocation costs (1)	—	1,032	—	2,381
Legal and professional fees and related reserves associated with the exploration of strategic alternatives, securities-related litigation and other legal matters (2)	—	1,143	300	1,177
Indirect tax audit reserve (3)	1,943	—	1,943	2,595
Employee severance (4)	—	—	737	1,317
Write-off of capitalized software costs (5)	—	—	—	5,861
Retail segment operating income, as adjusted	**$ 56,655**	**$ 50,758**	**$ 163,349**	**$ 154,810**
Retail segment total revenues	$ 338,887	$ 334,535	$1,195,121	$1,192,308
Retail segment operating margin:				
As reported	16.1%	14.5%	13.4%	11.9%
As adjusted	16.7%	15.2%	13.7%	13.0%

(1) Represents the costs incurred for store closures, relocations, and the reduction in square footage of a distribution center.

(2) Represents 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 a loss from the write-off of previously capitalized costs for a software project that was abandoned during fiscal year 2018 related to the implementation of a new point of sale system that began in fiscal year 2013.

Non-GAAP Reconciliations

CREDIT SEGMENT ADJUSTED OPERATING INCOME (LOSS) AND CREDIT SEGMENT ADJUSTED OPERATING MARGIN

(unaudited)
(dollars in thousands)

	Three Months Ended January 31,		Year Ended January 31,	
	2019	**2018**	**2019**	**2018**
Credit segment operating income (loss), as reported	**$ (946)**	**$ (3,742)**	**$ 886**	**$ (26,411)**
Adjustments:				
Legal judgment [(1)]	—	—	4,800	—
Credit segment operating income (loss), as adjusted	**$ (946)**	**$ (3,742)**	**$ 5,686**	**$ (26,411)**
Credit segment total revenues	$ 94,095	$ 85,851	$ 354,692	$ 323,723
Credit segment operating margin:				
As reported	(1.0)%	(4.4)%	0.2%	(8.2)%
As adjusted	(1.0)%	(4.4)%	1.6%	(8.2)%

(1) Represents costs related to the TF LoanCo ("TFL") judgment. See Part II, Item 8., in Note 12, Contingencies, of the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for additional details of the TFL judgment

Conn's HomePlus

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Non-GAAP Reconciliations

ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE

(unaudited)
(dollars in thousands, except per share amounts)

	Three Months Ended January 31,		Year Ended January 31,	
	2019	2018	2019	2018
Net income, as reported	**$ 29,476**	**$ 3,201**	**$ 73,849**	**$ 6,463**
Adjustments:				
Store and facility closure and relocation costs (1)	—	1,032	—	2,381
Legal and professional fees and related reserves associated with the exploration of strategic alternatives, securities-related litigation, a legal judgment and other legal matters (2)	—	1,143	5,100	1,177
Indirect tax audit reserve (3)	1,943	—	1,943	2,595
Employee severance (4)	—	—	737	1,317
Write-off of capitalized software costs (5)	—	—	—	5,861
Impact of Tax Act (6)	—	13,068	—	13,068
Loss on extinguishment of debt (7)	—	367	1,773	3,274
Tax impact of adjustments (8)	(435)	(894)	(2,161)	(5,986)
Net income, as adjusted	**$ 30,984**	**$ 17,917**	**$ 81,241**	**$ 30,150**
Weighted average common shares outstanding - Diluted	32,388,111	32,232,220	32,374,375	31,777,823
Diluted earnings per share:				
As reported	$ 0.91	$ 0.10	$ 2.28	$ 0.20
As adjusted	$ 0.96	$ 0.56	$ 2.51	$ 0.95

(1) Represents the costs incurred for store closures, relocations, and the reduction in square footage of a distribution center.

(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 a loss from the write-off of previously capitalized costs for a software project that was abandoned during fiscal year 2018 related to the implementation of a new point of sale system that began in fiscal year 2013.

(6) Represents the deferred income tax expense recorded as a result of the remeasurement of our deferred tax assets and liabilities as a result of 2017 H.R. 1, originally known as the Tax Cuts and Jobs Act (the "Tax Act").

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

(8) Represents the tax effect of the adjusted items based on the applicable statutory tax

Non-GAAP Reconciliations

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

(unaudited)
(dollars in thousands)

	Three Months Ended January 31,		Year Ended January 31,	
	2019	2018	2019	2018
Net income	**$ 29,476**	**$ 3,201**	**$ 73,849**	**$ 6,463**
Adjustments:				
Depreciation expense	8,322	7,668	31,584	30,806
Interest expense	15,220	18,018	62,704	80,160
Provision for income taxes	9,070	23,255	22,929	25,171
Loss on extinguishment of debt (1)	—	367	1,773	3,274
Stock-based compensation expense (2)	3,703	2,782	12,217	8,078
Indirect tax audit reserve (3)	1,943	—	1,943	2,595
Store and facility closure and relocation costs (4)	—	1,032	—	2,381
Legal and professional fees and related reserves associated with the exploration of strategic alternatives, securities-related litigation, a legal	—	1,144	5,100	1,177
Employee severance (6)	—	—	737	1,317
Write-off of capitalized software costs (7)	—	—	—	5,861
Adjusted EBITDA	**$ 67,734**	**$ 57,467**	**$ 212,836**	**$ 167,283**
Total revenues	$ 432,982	$ 420,386	$ 1,549,81	$ 1,516,03
Operating Margin	12.4 %	10.7 %	10.4 %	7.6 %
Adjusted EBITDA Margin	**15.6 %**	**13.7 %**	**13.7 %**	**11.0 %**

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

(2) Represents the total costs incurred for stock based compensation.

(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 the costs incurred for store closures, relocations, and the reduction in square footage of a distribution center.

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

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

(7) Represents a loss from the write-off of previously capitalized costs for a software project that was abandoned during fiscal year 2018 related to the implementation of a new point of sale system that began in fiscal year 2013.

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