UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________ TO __________

COMMISSION FILE NUMBER 1-39628

PROG HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Georgia	**85-2484385**
(State or other jurisdiction of incorporation or organization)	**(I. R. S. Employer Identification No.)**
256 W. Data Drive Draper, Utah	**84020-2315**
(Address of principal executive offices)	**(Zip Code)**

(385) 351-1369
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.50 Par Value	**PRG**	**New York Stock Exchange**

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether registrant (l) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of l934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☒		Accelerated Filer	☐
Non-Accelerated Filer	☐	(Do not check if a smaller reporting company)	Smaller Reporting Company	☐
Emerging Growth Company	☐			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class	Shares Outstanding as of April 23, 2021
Common Stock, $0.50 Par Value	67,349,696

PROG HOLDINGS, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PROG HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2021	December 31, 2020
	(In Thousands, Except Share Data)	
ASSETS:		
Cash and Cash Equivalents	$ 151,151	$ 36,645
Accounts Receivable (net of allowances of $47,757 in 2021 and $56,364 in 2020)	53,996	61,254
Lease Merchandise (net of accumulated depreciation and allowances of $376,517 in 2021 and $409,307 in 2020)	574,581	610,263
Loans Receivable (net of allowances and unamortized fees of $56,499 in 2021 and $52,274 in 2020)	91,368	79,148
Property, Plant and Equipment, Net	26,144	26,705
Operating Lease Right-of-Use Assets	19,691	20,613
Goodwill	288,801	288,801
Other Intangibles, Net	149,000	154,421
Prepaid Expenses and Other Assets	44,066	39,554
Total Assets	$ 1,398,798	$ 1,317,404
LIABILITIES & SHAREHOLDERS' EQUITY:		
Accounts Payable and Accrued Expenses	$ 105,146	$ 78,249
Deferred Income Tax Liability	132,467	126,938
Customer Deposits and Advance Payments	45,806	46,565
Operating Lease Liabilities	28,423	29,516
Debt	50,000	50,000
Total Liabilities	361,842	331,268
Commitments and Contingencies (Note 5)		
SHAREHOLDERS' EQUITY:		
Common Stock, Par Value $0.50 Per Share: Authorized: 225,000,000 Shares at March 31, 2021 and December 31, 2020; Shares Issued: 90,752,123 at March 31, 2021 and December 31, 2020	45,376	45,376
Additional Paid-in Capital	314,026	318,263
Retained Earnings	1,315,866	1,236,378
	1,675,268	1,600,017
Less: Treasury Shares at Cost		
Common Stock: 23,402,427 Shares at March 31, 2021 and 23,029,434 at December 31, 2020	(638,312)	(613,881)
Total Shareholders' Equity	1,036,956	986,136
Total Liabilities & Shareholders' Equity	$ 1,398,798	$ 1,317,404

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PROG HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(Unaudited)

	Three Months Ended March 31, 2021	2020
	(In Thousands, Except Per Share Data)	
REVENUES:		
Lease Revenues and Fees	$ 707,982	$ 658,534
Interest and Fees on Loans Receivable	13,019	9,908
	721,001	668,442
COSTS AND EXPENSES:		
Depreciation of Lease Merchandise	505,057	463,919
Provision for Lease Merchandise Write-offs	18,640	55,714
Operating Expenses	91,196	98,984
	614,893	618,617
OPERATING PROFIT	106,108	49,825
Interest Expense	(512)	—
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	105,596	49,825
INCOME TAX EXPENSE (BENEFIT)	26,108	(7,857)
NET EARNINGS FROM CONTINUING OPERATIONS	79,488	57,682
LOSS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX	—	(337,687)
NET EARNINGS (LOSS)	$ 79,488	$ (280,005)
BASIC EARNINGS (LOSS) PER SHARE		
Continuing Operations	$ 1.17	$ 0.86
Discontinued Operations	—	(5.05)
TOTAL BASIC EARNINGS (LOSS) PER SHARE	$ 1.17	$ (4.19)
DILUTED EARNINGS (LOSS) PER SHARE		
Continuing Operations	$ 1.16	$ 0.85
Discontinued Operations	—	(4.98)
TOTAL DILUTED EARNINGS (LOSS) PER SHARE	$ 1.16	$ (4.13)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	67,730	66,822
Assuming Dilution	68,260	67,864

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PROG HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In Thousands)	**Three Months Ended March 31, 2021**	**Three Months Ended March 31, 2020**
Net Earnings (Loss)	$ 79,488	$ (280,005)
Other Comprehensive Loss:		
Foreign Currency Translation Adjustment	—	(1,754)
Total Other Comprehensive Loss	—	(1,754)
Comprehensive Income (Loss)	$ 79,488	$ (281,759)

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PROG HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
	(In Thousands)	
OPERATING ACTIVITIES:		
Net Earnings (Loss)	$ 79,488	$ (280,005)
Adjustments to Reconcile Net Earnings (Loss) to Cash Provided by Operating Activities:		
Depreciation of Lease Merchandise	505,057	597,407
Other Depreciation and Amortization	7,114	25,267
Provisions for Accounts Receivable and Loan Losses	42,964	97,804
Stock-Based Compensation	4,163	5,619
Deferred Income Taxes	5,529	(90,268)
Impairment of Goodwill and Other Assets	—	466,030
Non-Cash Lease Expense	229	26,895
Other Changes, Net	(179)	839
Changes in Operating Assets and Liabilities, Net of Effects of Acquisitions and Dispositions:		
Additions to Lease Merchandise	(490,710)	(556,807)
Book Value of Lease Merchandise Sold or Disposed	21,335	114,762
Accounts Receivable	(29,238)	(68,420)
Prepaid Expenses and Other Assets	(4,422)	9,347
Income Tax Receivable	—	(44,137)
Operating Lease Right-of-Use Assets and Liabilities	(400)	(25,579)
Accounts Payable and Accrued Expenses	26,897	(43,584)
Customer Deposits and Advance Payments	(759)	(7,410)
Cash Provided by Operating Activities	167,068	227,760
INVESTING ACTIVITIES:		
Investments in Loans Receivable	(48,720)	(21,997)
Proceeds from Loans Receivable	30,821	14,956
Outflows on Purchases of Property, Plant and Equipment	(1,844)	(23,587)
Proceeds from Property, Plant and Equipment	12	906
Outflows on Acquisitions of Businesses and Customer Agreements, Net of Cash Acquired	—	(855)
Cash Used in Investing Activities	(19,731)	(30,577)
FINANCING ACTIVITIES:		
Borrowings on Revolving Facility, Net	—	300,000
Proceeds from Debt	—	5,625
Repayments on Debt	—	(392)
Dividends Paid	—	(2,668)
Acquisition of Treasury Stock	(28,102)	—
Issuance of Stock Under Stock Option Plans	282	528
Shares Withheld for Tax Payments	(5,011)	(5,877)
Debt Issuance Costs	—	(1,020)
Cash (Used in) Provided by Financing Activities	(32,831)	296,196
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	(117)
Increase in Cash and Cash Equivalents	114,506	493,262
Cash and Cash Equivalents at Beginning of Period	36,645	57,755
Cash and Cash Equivalents at End of Period	$ 151,151	$ 551,017

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

NOTE 1. BASIS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As described elsewhere in this Quarterly Report on Form 10-Q, the Coronavirus Disease ("COVID-19") pandemic has led to significant market disruption and has impacted many aspects of our operations, directly and indirectly. Throughout these notes to the condensed consolidated financial statements, the impacts of the COVID-19 pandemic on the financial results for the three months ended March 31, 2021 have been identified under the respective sections. For a discussion of significant estimates made by management regarding allowances for lease merchandise, accounts receivable, and loans receivable, as well as operational measures taken as a result of the COVID-19 pandemic, see Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations", including the "COVID-19 Pandemic," "Results of Operations", and "Liquidity and Capital Resources" below.

Description of Business

PROG Holdings, Inc. ("we," "our," "us," the "Company", or "PROG Holdings") is a financial technology holding company with two operating and reportable segments: (i) Progressive Leasing, a leading provider of in-store and e-commerce lease-to-own solutions; and (ii) Vive Financial ("Vive"), which offers omnichannel second-look revolving credit products.

On November 30, 2020, PROG Holdings, Inc. (previously Aaron's Holdings Company, Inc.) completed the separation of its Aaron's Business segment from its Progressive Leasing and Vive segments. The separation was effected through a tax-free distribution of all outstanding shares of common stock of The Aaron's Company, Inc. ("The Aaron's Company") to the PROG Holdings shareholders of record as of the close of business on November 27, 2020 (referred to as the "separation and distribution transaction"). All direct revenues and expenses of the Aaron's Business are presented as discontinued operations for all periods through the separation and distribution date of November 30, 2020. The cash flows related to the Aaron's Business have not been segregated and are included in the condensed consolidated statements of cash flows for the three months ended March 31, 2020. With the exception of Note 2, the notes to the condensed consolidated financial statements reflect the continuing operations of PROG Holdings. See Note 2 below for additional information regarding discontinued operations.

Our Progressive Leasing segment provides consumers with lease-purchase solutions through its point-of-sale partner locations and through its e-commerce website partners in the United States (collectively, "POS partners"). It does so by purchasing merchandise from the POS partners desired by customers and, in turn, leasing that merchandise to the customers through a cancellable lease-to-own transaction. Progressive Leasing has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers.

Our Vive segment primarily serves customers that may not qualify for traditional prime lending offers who desire to purchase goods and services from participating merchants. Vive offers customized programs, with services that include revolving loans through private label and Vive-branded credit cards. Vive's current network of POS partner locations and e-commerce websites includes furniture, mattresses, home exercise equipment, and home improvement retailers, as well as medical and dental service providers.

Basis of Presentation

The preparation of the Company's condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated financial statements do not include all information required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for a fair presentation have been included in the accompanying unaudited condensed consolidated financial statements. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Annual Report") filed with the U.S. Securities and Exchange Commission on February 26, 2021. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of operating results for the full year.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of PROG Holdings, Inc. and its subsidiaries, each of which is wholly-owned. Intercompany balances and transactions between consolidated entities have been eliminated.

Accounting Policies and Estimates

See Note 1 to the consolidated financial statements in the 2020 Annual Report for an expanded discussion of accounting policies and estimates.

Earnings (Loss) Per Share

Earnings per share is computed by dividing net earnings (loss) by the weighted average number of shares of common stock outstanding during the period. The computation of earnings per share assuming dilution includes the dilutive effect of stock options, restricted stock units ("RSUs"), restricted stock awards ("RSAs") and performance share units ("PSUs") and awards issuable under the Company's employee stock purchase plan ("ESPP") (collectively, "share-based awards") as determined under the treasury stock method. The following table shows the calculation of dilutive share-based awards:

	Three Months Ended March 31,	
(Shares In Thousands)	**2021**	**2020**
Weighted Average Shares Outstanding	67,730	66,822
Dilutive Effect of Share-Based Awards	530	1,042
Weighted Average Shares Outstanding Assuming Dilution	68,260	67,864

Approximately 289,000 and 919,000 weighted-average share-based awards were excluded from the computation of earnings per share assuming dilution during the three months ended March 31, 2021 and 2020, respectively, as the awards would have been anti-dilutive for the periods presented.

Revenue Recognition

Lease Revenues and Fees

Our Progressive Leasing segment provides merchandise, consisting primarily of furniture, appliances, electronics, jewelry, mobile phones and accessories, mattresses, automobile electronics and accessories, and a variety of other products to its customers for lease under terms agreed to by the customer. Progressive Leasing offers customers of traditional and e-commerce retailers a lease-purchase solution through leases with payment terms that can generally be renewed up to 12 months. Progressive Leasing does not require deposits upon inception of customer agreements. The customer has the right to acquire ownership either through early buyout options or through payment of all required lease payments. The agreements are cancellable at any time by either party without penalty.

Progressive Leasing's lease revenues are earned prior to the lease payment due date and are recorded net of related sales taxes as earned. Payment due date terms include weekly, bi-weekly, semi-monthly and monthly frequencies. Revenue recorded prior to the payment due date results in unbilled receivables recognized in accounts receivable, net of allowances in the accompanying condensed consolidated balance sheets. Progressive Leasing lease revenues are recorded net of a provision for returns and uncollectible renewal payments.

All of Progressive Leasing's customer agreements are considered operating leases. It maintains ownership of the lease merchandise until all payment obligations are satisfied under the lease ownership agreements. Initial direct costs related to lease purchase agreements are capitalized as incurred and amortized as operating expense over the estimated lease term. The capitalized costs have been classified within prepaid expenses and other assets in the accompanying condensed consolidated balance sheets.

Interest and Fees on Loans Receivable

Vive extends or declines credit to an applicant through its bank partners based upon the applicant's credit rating and other factors. Qualifying applicants receive a credit card to finance their initial purchase and to use in subsequent purchases at the merchant or other participating merchants for an initial 24-month period, which Vive may renew if the cardholder remains in good standing.

Vive acquires the loan receivable from merchants through its third-party bank partners at a discount from the face value of the loan. The discount is comprised of a merchant fee discount and a promotional fee discount, if applicable.

The merchant fee discount represents a pre-negotiated, nonrefundable discount that generally ranges from 3% to 25% of the loan face value. The discount is designed to cover the risk of loss related to the portfolio of cardholder charges and Vive's direct origination costs. The merchant fee discount and origination costs are presented net on the condensed consolidated balance sheets in loans receivable. Cardholders generally have an initial 24-month period that the card is active. The merchant fee discount, net of the origination costs, is amortized on a net basis and is recorded as interest and fee revenue on loans receivable in the condensed consolidated statements of earnings on a straight-line basis over the initial 24-month period.

The discount from the face value of the loan on the acquisition of the loan receivable from the merchant through the third-party bank partners may also include a promotional fee discount, which generally ranges from 1% to 8%. The promotional fee discount is intended to compensate the holder of the loan receivable (i.e. Vive) for deferred or reduced interest rates that are offered to the cardholder for a specified period on the outstanding loan balance (generally for six, 12 or 18 months). The promotional fee discount is amortized as interest and fee revenue on loans receivable in the condensed consolidated statements of earnings on a straight-line basis over the promotional interest period (i.e., over six, 12 or 18 months, depending on the promotion). The unamortized promotional fee discount is presented net on the condensed consolidated balance sheets in loans receivable.

The customer is typically required to make monthly minimum payments of at least 3.5% of the outstanding loan balance, which includes outstanding interest. Fixed and variable interest rates, typically 27% to 35.99%, are compounded daily for cards that do not qualify for deferred or reduced interest promotional periods. Interest income, which is recognized based upon the amount of the loans outstanding, is recognized as interest and fees on loans receivable when earned if collectibility is reasonably assured. For credit cards that provide deferred interest, if the balance is not paid off during the promotional period or if the cardholder defaults, interest is billed to the customers at standard rates and the cumulative amount owed is charged to the cardholder account in the month that the promotional period expires. For credit cards that provide reduced interest, if the balance is not paid off during the promotional period, interest is billed to the cardholder at standard rates in the month that the promotional period expires or when the cardholder defaults. The Company recognizes interest revenue during the promotional period based on its historical experience related to cardholders that fail to pay off balances during the promotional period if collectibility is reasonably assured.

Annual fees are charged to cardholders at the commencement of the loan and on each subsequent anniversary date. Annual fees are deferred and recognized into revenue on a straight-line basis over a one-year period. Under the provisions of the credit card agreements, Vive also may assess fees for missed or late payments, which are recognized as revenue in the billing period in which they are assessed if collectibility is reasonably assured. Annual fees and other fees discussed are recognized as interest and fee revenue on loans receivable in the condensed consolidated statements of earnings.

Accounts Receivable

Accounts receivable consist primarily of receivables due from customers of Progressive Leasing and amounted to $54.0 million and $61.3 million, net of allowances, as of March 31, 2021 and December 31, 2020, respectively.

The Company maintains an accounts receivable allowance, which primarily relates to its Progressive Leasing operations and, to a lesser extent, receivables from Vive's POS partners. The Company's policy is to record an allowance for returns and uncollectible renewal payments based on historical collection experience. Other qualitative factors are considered in estimating the allowance, such as current and forecasted business trends including, but not limited to, the potential unfavorable impacts of the COVID-19 pandemic on our businesses. We believe government stimulus measures in 2020 contributed to the favorable payment trends we experienced following those measures, and that the government stimulus payments issued starting in mid-March 2021 have positively influenced recent customer payment trends, and will continue to do so during the second quarter of 2021. We believe additional government stimulus measures may positively influence future payment trends as well. Given the significant uncertainty regarding the impacts of the COVID-19 pandemic on our business, including the existence and/or extent of any future government stimulus measures, a high level of estimation was involved in determining the allowance as of March 31, 2021; therefore, actual future accounts receivable write-offs could differ materially from the allowance. The Progressive Leasing provision for returns and uncollectible renewal payments is recorded as a reduction of lease revenues and fees within the condensed consolidated statements of earnings. The Progressive Leasing segment writes off lease receivables that are 120 days or more contractually past due.

The following table shows the components of the accounts receivable allowance:

	Three Months Ended March 31,	
(In Thousands)	**2021**	**2020**
Beginning Balance	$ 56,364	$ 65,573
Accounts Written Off, Net of Recoveries	(45,103)	(72,951)
Accounts Receivable Provision[1]	36,496	76,274
Ending Balance	$ 47,757	$ 68,896

[1] Substantially all of the Accounts Receivable Provision is recorded as a reduction of lease revenues and fees within the condensed consolidated statements of earnings.

Lease Merchandise

Progressive Leasing's merchandise consists primarily of furniture, appliances, electronics, jewelry, mobile phones and accessories, mattresses, and a variety of other products and is recorded at the lower of depreciated cost or net realizable value. Progressive Leasing depreciates lease merchandise to a 0% salvage value generally over 12 months. Depreciation is accelerated upon early buyout. All of Progressive Leasing's merchandise, net of accumulated depreciation and allowances, represents on-lease merchandise.

The Company records a provision for write-offs using the allowance method. The allowance method for lease merchandise write-offs estimates the merchandise losses incurred but not yet identified by management as of the end of the accounting period based on historical write-off experience. Other qualitative factors are considered in estimating the allowance, such as current and forecasted business trends including, but not limited to, the potential unfavorable impacts of the COVID-19 pandemic on our business. We believe government stimulus measures in 2020 contributed to the favorable payment trends we experienced following those measures, and that the government stimulus payments issued starting in mid-March 2021 have positively influenced recent customer payment trends, and will continue to do so during the second quarter of 2021. We believe any additional government stimulus measures may positively influence future payment trends as well. Given the significant uncertainty regarding the impacts of the COVID-19 pandemic on our business, including the existence and/or extent of any future government stimulus measures, a high level of estimation was involved in determining the allowance as of March 31, 2021. Continued strong customer payment activity could result in some portion of the of the allowance being reversed in future periods and actual future lease merchandise write-offs could differ materially from the allowance as of March 31, 2021.

The following table shows the components of the allowance for lease merchandise write-offs, which is included within lease merchandise, net in the condensed consolidated balance sheets:

	Three Months Ended March 31,	
(In Thousands)	**2021**	**2020**
Beginning Balance	$ 45,992	$ 47,362
Merchandise Written off, Net of Recoveries	(25,546)	(40,159)
Provision for Write-offs	18,640	55,714
Ending Balance	$ 39,086	$ 62,917

Vendor Incentives and Rebates Provided to POS Partners

Progressive Leasing has agreements with some of its POS partners that require additional consideration to be paid to the POS partner, including payments for exclusivity, rebates based on lease volume originations generated through the POS partners, and payments to the POS partners for marketing or other development initiatives to promote additional lease originations through these POS partners. Payments made to POS partners as consideration for them providing exclusivity to Progressive Leasing for lease-to-own transactions with customers of the POS partner are expensed on a straight-line basis over the exclusivity term. Rebates are accrued over the period the POS partner is earning the rebate, which is typically based on quarterly or annual lease origination volumes. Payments made to POS partners for marketing or development initiatives are expensed on a straight-line basis over the period the POS partner is earning the funds or the specified marketing term. Progressive Leasing expensed $4.1 million and $3.5 million for the three months ended March 31, 2021 and 2020, respectively, related to additional consideration provided to POS partners, which is classified within operating expenses in the condensed consolidated statements of earnings.

Loans Receivable, Net

Gross loans receivable represents the principal balances of credit card charges at Vive's participating merchants that remain due from cardholders, plus unpaid interest and fees due from cardholders. The allowance and unamortized fees represent uncollectible amounts; merchant fee discounts, net of capitalized origination costs; promotional fee discounts; and deferred annual card fees.

Economic conditions and loan performance trends are closely monitored to manage and evaluate exposure to credit risk. Trends in delinquency rates are an indicator of credit risk within the loans receivable portfolio, including the migration of loans between delinquency categories over time. Charge-off rates represent another indicator of the potential for future credit losses. The risk in the loans receivable portfolio is correlated with broad economic trends, such as current and projected unemployment rates, stock market volatility, and changes in medium and long-term risk-free rates, which are considered in determining the allowance for loan losses and can have a material effect on credit performance.

The Company calculates the allowance for loan losses based on internal historical loss information and incorporates observable and forecasted macroeconomic data over a twelve-month reasonable and supportable forecast period. Incorporating macroeconomic data could have a material impact on the measurement of the allowance to the extent that forecasted data changes significantly, such as higher forecasted unemployment rates and the observed significant market volatility associated with the COVID-19 pandemic. For any periods beyond the twelve-month reasonable and supportable forecast period described above, the Company reverts to using historical loss information on a straight-line basis over a period of six months and utilizes historical loss information for the remaining life of the portfolio. The Company may also consider other qualitative factors in estimating the allowance, as necessary. For the purposes of determining the allowance as of March 31, 2021, management considered other qualitative factors such as the beneficial impact of government stimulus measures to our customer base that were not fully factored into the macroeconomic forecasted data. We believe those stimulus measures have contributed to the recent favorable cardholder payment trends we are experiencing at Vive, and we believe that any additional government stimulus measures may positively influence future cardholder payment trends as well. We also considered the uncertain nature and extent of any future government stimulus programs and the potential impact, if any, these programs may have on the ability of Vive's cardholders to make payments as they come due. The allowance for loan losses is maintained at a level considered appropriate to cover expected future losses of principal, interest and fees on active loans in the loans receivable portfolio. The appropriateness of the allowance is evaluated at each period end. To the extent that actual results differ from estimates of uncollectible loans receivable, including the significant uncertainties caused by the COVID-19 pandemic, the Company's results of operations and liquidity could be materially affected.

Delinquent loans receivable includes those that are 30 days or more past due based on their contractual billing dates. In response to the COVID-19 pandemic, the Company has granted affected customers payment deferrals while allowing them to maintain their delinquency status for an additional 30 days per deferral. The Company places loans receivable on nonaccrual status when they are greater than 90 days past due or upon notification of cardholder bankruptcy, death or fraud. The Company discontinues accruing interest and fees and amortizing merchant fee discounts and promotional fee discounts for loans receivable in nonaccrual status. Loans receivable are removed from nonaccrual status when cardholder payments resume, the loan becomes 90 days or less past due and collection of the remaining amounts outstanding is deemed probable. Payments received on nonaccrual loans are allocated according to the same payment hierarchy methodology applied to loans that are accruing interest. Loans receivable are charged off no later than the end of the following month after the billing cycle in which the loans receivable become 120 days past due.

Vive extends or declines credit to an applicant through its bank partners based upon the applicant's credit rating and other factors. Below is a summary of the credit quality of the Company's loan portfolio as of March 31, 2021 and December 31, 2020 by Fair Isaac and Company (FICO) score as determined at the time of loan origination:

FICO Score Category	March 31, 2021	December 31, 2020
600 or Less	7.4 %	7.5 %
Between 600 and 700	79.5 %	79.3 %
700 or Greater	13.1 %	13.2 %

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

(In Thousands)		March 31, 2021		December 31, 2020
Prepaid Expenses	$	28,176	$	23,030
Unamortized Initial Direct Costs on Lease Agreement Originations		5,275		4,986
Prepaid Insurance		2,874		3,639
Other Assets		7,741		7,899
Prepaid Expenses and Other Assets	$	44,066	$	39,554

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

(In Thousands)		March 31, 2021		December 31, 2020
Accounts Payable	$	9,301	$	8,630
Accrued Salaries and Benefits		19,587		18,120
Accrued Sales and Personal Property Taxes		17,600		12,933
Income Taxes Payable		38,642		18,183
Other Accrued Expenses and Liabilities		20,016		20,383
Accounts Payable and Accrued Expenses	$	105,146	$	78,249

Debt

On November 24, 2020, the Company entered into a credit agreement with a consortium of lenders providing for a $350.0 million senior unsecured revolving credit facility (the “Revolving Facility”), under which revolving borrowings became available at the completion of the separation and distribution transaction, and under which all borrowings and commitments will mature or terminate on November 24, 2025. The Company expects that the Revolving Facility will be used to provide for working capital and capital expenditures, to finance future permitted acquisitions, and for other general corporate purposes. The Company had $50.0 million of outstanding borrowings and $300.0 million total available credit under the Revolving Facility as of March 31, 2021.

At March 31, 2021, the Company was in compliance with all covenants related to its outstanding debt. See Note 8 to the consolidated financial statements in the 2020 Annual Report for further information regarding the Company's indebtedness.

Goodwill

Goodwill represents the excess of the purchase price paid over the fair value of the identifiable net tangible and intangible assets acquired in connection with business acquisitions. Progressive Leasing is the only reporting unit with goodwill. Impairment occurs when the carrying amount of goodwill is not recoverable from future cash flows. The Company's goodwill is not amortized but is subject to an impairment test at the reporting unit level annually as of October 1 and more frequently if events or circumstances indicate that an impairment may have occurred. Factors which could necessitate an interim impairment assessment include a sustained decline in the Company's stock price, prolonged negative industry or economic trends and significant underperformance relative to historical results, projected future operating results, or the Company fails to successfully execute on one or more elements of Progressive Leasing's strategic plans. The Company completed its annual goodwill impairment test as of October 1, 2020 and concluded that no impairment had occurred. The Company determined that there were no events or circumstances that occurred during the first quarter of 2021 that would more likely than not reduce the fair value of Progressive Leasing below its carrying amount.

Shareholders' Equity

Changes in shareholders' equity for the three months ended March 31, 2021 and 2020 are as follows:

	Treasury Stock						
(In Thousands)	**Shares**	**Amount**	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Shareholders' Equity**
Balance, December 31, 2020	(23,029)	$ (613,881)	$ 45,376	$ 318,263	$ 1,236,378	$ —	$ 986,136
Stock-Based Compensation	—	—	—	4,163	—	—	4,163
Reissued Shares	216	3,671	—	(8,400)	—	—	(4,729)
Repurchased Shares	(589)	(28,102)	—	—	—	—	(28,102)
Net Earnings	—	—	—	—	79,488	—	79,488
Balance, March 31, 2021	(23,402)	$ (638,312)	$ 45,376	$ 314,026	$ 1,315,866	$ —	$ 1,036,956

	Treasury Stock						
(In Thousands, Except Per Share)	**Shares**	**Amount**	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Shareholders' Equity**
Balance, December 31, 2019	(24,034)	$ (627,940)	$ 45,376	$ 290,229	$ 2,029,613	$ (19)	$ 1,737,259
Opening Balance Sheet Adjustment - ASU 2016-13, net of taxes	—	—	—	—	(6,715)	—	(6,715)
Cash Dividends, $0.04 per share	—	—	—	—	(2,700)	—	(2,700)
Stock-Based Compensation	—	—	—	5,878	—	—	5,878
Reissued Shares	368	7,291	—	(12,640)	—	—	(5,349)
Repurchased Shares	—	—	—	—	—	—	—
Net Loss	—	—	—	—	(280,005)	—	(280,005)
Foreign Currency Translation Adjustment	—	—	—	—	—	(1,754)	(1,754)
Balance, March 31, 2020	(23,666)	$ (620,649)	$ 45,376	$ 283,467	$ 1,740,193	$ (1,773)	$ 1,446,614

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Company measures a liability related to its non-qualified deferred compensation plan, which represents benefits accrued for plan participants and is valued at the quoted market prices of the participants' investment election, at fair value on a recurring basis. The Company maintains certain financial assets and liabilities that are not measured at fair value but for which fair value is disclosed.

The fair values of the Company's other current financial assets and liabilities, including cash and cash equivalents, accounts receivable and accounts payable, approximate their carrying values due to their short-term nature. The fair value of any revolving credit borrowings also approximate their carrying amounts.

Recent Accounting Pronouncements

Pending Adoption

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)* (“ASU 2020-04”). The standard provides temporary guidance to ease the potential burden in accounting for reference rate reform primarily resulting from the discontinuation of the London Interbank Overnight ("LIBO") rate or another reference rate expected to be discontinued. Entities may apply the provisions of the new standard as of the beginning of the reporting period when the election is made. The provisions of this update are only available until December 31, 2022, when the reference rate replacement activity is expected to have completed. The Company's Revolving Facility currently references the LIBO rate for determining interest payable on outstanding borrowings. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts referencing the LIBO rate. The new guidance provides an expedient which simplifies accounting analyses under current GAAP for contract modifications if the change is directly related to a change from the LIBO rate to a new interest rate index. The Company is continuing to evaluate the provisions of ASU 2020–04 and the impacts of transitioning to an alternative rate; however, we do not expect it to have a material impact to the Company's consolidated financial statements or to any key terms of our Revolving Facility other than the discontinuation of the LIBO rate.

NOTE 2. DISCONTINUED OPERATIONS

As discussed in Note 1 above, on November 30, 2020, PROG Holdings completed the separation and distribution of its Aaron's Business segment, and the requirements for the presentation of Aaron's Business as a discontinued operation were met on that date. Accordingly, all direct revenues and expenses of the Aaron's Business operations have been classified within discontinued operations, net of income tax, within our condensed consolidated statements of earnings for all periods through the separation and distribution date of November 30, 2020. Corporate overhead costs previously reported as expenses of the Aaron’s Business segment did not qualify for classification within discontinued operations and have been classified as expenses within continuing operations for all periods presented through the separation and distribution date of November 30, 2020. The following table summarizes the major classes of line items constituting the loss of our Aaron's Business segment, which are included within the loss from discontinued operations, net of income tax, in the condensed consolidated statements of earnings and the operating and investing cash flows of the discontinued operations.

	Three Months Ended March 31,	
(In Thousands)	**2020**	
Revenues	$	432,831
Operating Loss		(458,720)
Loss from Discontinued Operations Before Income Tax[1]		(464,278)
Income Tax Benefit from Discontinued Operations		(126,591)
Loss from Discontinued Operations, Net of Income Tax	$	(337,687)
Cash Flows:		
Cash Provided by Operating Activities - Discontinued Operations	$	80,022
Cash Used in Investing Activities - Discontinued Operations	$	21,684

[1] Loss from Discontinued Operations Before Income Tax during the three months ended March 31, 2020 reflects a $446.9 million goodwill impairment loss related to the Aaron's Business segment and $14.1 million related to an early termination fee for a sales and marketing contract.

In order to facilitate an effective separation and distribution, the Company entered into several agreements with The Aaron's Company, which governs the nature of the relationship between and responsibilities of the two companies following the separation. For more detailed information concerning the agreements, see Note 2 to the Company's Annual Report for the year ended December 31, 2020. No changes have been made to any of the agreements as of March 31, 2021. Payments and expense reimbursements for transition services were not material during the quarter ended March 31, 2021 and are not expected to be material in future periods.

NOTE 3. FAIR VALUE MEASUREMENT

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial liabilities measured at fair value on a recurring basis:

(In Thousands)	March 31, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Deferred Compensation Liability	$ —	$ 2,050	$ —	$ —	$ 1,740	$ —

The Company maintains the PROG Holdings, Inc. Deferred Compensation Plan, which is an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. The liability is recorded in accounts payable and accrued expenses in the condensed consolidated balance sheets. The liability represents benefits accrued for plan participants and is valued at the quoted market prices of the participants' investment elections, which consist of equity and debt "mirror" funds. As such, the Company has classified the deferred compensation liability as a Level 2 liability.

Financial Assets and Liabilities Not Measured at Fair Value for Which Fair Value is Disclosed

Vive's loans receivable are measured at amortized cost, net of an allowance for loan losses on the condensed consolidated balance sheets. In estimating fair value for Vive's loans receivable, the Company utilized a discounted cash flow methodology. The Company used various unobservable inputs reflecting its own assumptions, such as contractual future principal and interest cash flows, future loss rates, and discount rates (which consider current interest rates and are adjusted for credit risk, among other factors).

The following table summarizes the fair value of Vive's loans receivable:

(In Thousands)	March 31, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans Receivable, Net	$ —	$ —	$ 137,830	$ —	$ —	$ 119,895

NOTE 4. LOANS RECEIVABLE

The following is a summary of the Company's loans receivable, net:

(In Thousands)	March 31, 2021	December 31, 2020
Loans Receivable, Gross	$ 147,867	$ 131,422
Unamortized Fees	(11,843)	(10,147)
Loans Receivable, Amortized Cost	136,024	121,275
Allowance for Loan Losses	(44,656)	(42,127)
Loans Receivable, Net of Allowances and Unamortized Fees	$ 91,368	$ 79,148

The table below presents credit quality indicators of the amortized cost of the Company's loans receivable by origination year:

(In Thousands) As of March 31, 2021	2021	2020	2019	2018	2017	Prior	Total
FICO Score Category:							
600 or Less	3,401	5,203	1,366	422	62	48	10,502
Between 600 and 700	32,993	50,210	14,000	5,252	3,174	2,361	107,990
700 or Greater	6,128	8,020	1,392	844	548	600	17,532
Total Amortized Cost	$ 42,522	$ 63,433	$ 16,758	$ 6,518	$ 3,784	$ 3,009	$ 136,024

Included in the table below is an aging of the loans receivable, gross balance:

(Dollar Amounts in Thousands) Aging Category	March 31, 2021	December 31, 2020
30-59 days past due	3.5 %	5.7 %
60-89 days past due	1.9 %	2.6 %
90 or more days past due	2.8 %	3.1 %
Past due loans receivable	8.2 %	11.4 %
Current loans receivable	91.8 %	88.6 %
Balance of Credit Card Loans on Nonaccrual Status	2,327	1,962
Balance of Loans Receivable 90 or More Days Past Due and Still Accruing Interest and Fees	$ —	$ —

The tables below present the components of the allowance for loan losses for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
(In Thousands)	2021	2020
Beginning Balance	$ 42,127	$ 14,911
CECL Transition Adjustment [1]	—	9,463
Provision for Loan Losses	6,468	12,722
Charge-offs	(4,883)	(6,201)
Recoveries	944	699
Ending Balance	$ 44,656	$ 31,594

[1] Upon the January 1, 2020 adoption of CECL, the Company increased its allowance for loan losses by $9.5 million. The increase was recorded as a cumulative-effect non-cash adjustment of $6.7 million, net of tax, to the opening balance of the Company's 2020 retained earnings.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Legal and Regulatory Proceedings

From time to time, the Company is party to various legal and regulatory proceedings arising in the ordinary course of business.

Some of the proceedings to which the Company is currently a party are described below. The Company believes it has meritorious defenses to all of the claims described below, and intends to vigorously defend against the claims. However, these proceedings are still developing and due to the inherent uncertainty in litigation, regulatory and similar adversarial proceedings, there can be no guarantee that the Company will ultimately be successful in these proceedings, or in others to which it is currently a party. Substantial losses from these proceedings or the costs of defending them could have a material adverse impact upon the Company’s business, financial position and results of operations.

The Company establishes an accrued liability for legal and regulatory proceedings when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. The Company continually monitors its litigation and regulatory exposure and reviews the adequacy of its legal and regulatory reserves on a quarterly basis. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters.

As of March 31, 2021 and December 31, 2020, the Company had accrued $0.1 million for pending legal and regulatory matters for which it believes losses are probable and is the Company's best estimate of its exposure to loss. The Company records legal and regulatory liabilities in accounts payable and accrued expenses in the condensed consolidated balance sheets. The Company estimates that the aggregate range of reasonably possible loss in excess of accrued liabilities for such probable loss contingencies is between zero and $0.2 million.

At March 31, 2021, the Company estimated that the aggregate range of loss for all material pending legal and regulatory proceedings for which a loss is reasonably possible, but less likely than probable (i.e., excluding the contingencies described in the preceding paragraph), is immaterial. Those matters for which a reasonable estimate is not possible are not included within estimated ranges and, therefore, the estimated ranges do not represent the Company's maximum loss exposure. The Company's estimates for legal and regulatory accruals, aggregate probable loss amounts and reasonably possible loss amounts, are all subject to the uncertainties and variables described above.

Regulatory Inquiries

In January 2021, the Company, along with other lease-to-own companies, received a subpoena from the California Department of Financial Protection and Innovation (the "DFPI") requesting the production of documents regarding the Company's compliance with state consumer protection laws, including new legislation that went into effect on January 1, 2021. Although the Company believes it is in compliance with all applicable consumer financial laws and regulations in California, this inquiry could lead to an enforcement action and/or a consent order, and substantial costs, including legal fees, fines, penalties, and remediation expenses. While the Company intends to preserve defenses surrounding the jurisdiction of DFPI in this matter, it anticipates cooperating with the DFPI in responding to its inquiry.

Litigation Matters

In *Stein v. Aaron's, Inc., et. al.,* filed in the United States District Court for the Southern District of New York on February 28, 2020, the plaintiffs allege that from March 2, 2018 through February 19, 2020, the Company made certain misleading public statements about the Company's business, operations, and prospects. The allegations underlying the lawsuit principally relate to the FTC's inquiry into disclosures related to lease-to-own and other financial products offered by the Company through its historical Aaron's Business and Progressive Leasing segments. The Company believes the claims are without merit and intends to vigorously defend against this lawsuit. The case has been transferred to the United States District Court for the Northern District of Georgia, where the Company has filed a motion to dismiss the case and a final briefing on that motion was filed on November 17, 2020. No ruling has been made on the motion to dismiss.

Other Contingencies

At March 31, 2021, the Company had non-cancelable commitments primarily related to certain consulting and information technology services agreements, software licenses, hardware and software maintenance, and minimum contractually required customer loan amounts to be originated through and acquired from Vive's third-party federally insured banks of $19.8 million. Payments under these commitments are scheduled to be $10.5 million through the remainder of 2021, $4.7 million in 2022, $3.8 million in 2023, $0.5 million in 2024 and $0.3 million in 2025 and thereafter.

Management regularly assesses the Company's insurance deductibles, monitors the Company's litigation and regulatory exposure with the Company's attorneys and evaluates its loss experience. The Company also enters into various contracts in the normal course of business that may subject it to risk of financial loss if counterparties fail to perform their contractual obligations.

Off-Balance Sheet Risk

The Company, through its Vive segment, has unconditionally cancellable unfunded lending commitments totaling approximately $349.7 million and $287.3 million as of March 31, 2021 and December 31, 2020, respectively, that do not give rise to revenues and cash flows. These unfunded commitments arise in the ordinary course of business from credit card agreements with individual cardholders that give them the ability to borrow, against unused amounts, up to the maximum credit limit assigned to their account. While these unfunded amounts represent the total available unused lines of credit, the Company does not anticipate that all cardholders will utilize their entire available line at any given point in time. Commitments to extend unsecured credit are agreements to lend to a cardholder so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

NOTE 6. SEGMENTS

As of March 31, 2021, the Company has two operating and reportable segments: Progressive Leasing and Vive. As discussed in Note 1 above, the Company spun-off its Aaron's Business segment effective November 30, 2020 through the tax-free distribution of all outstanding common stock of The Aaron's Company, Inc. to the PROG Holdings shareholders. All direct revenues and expenses of the Aaron's Business operations have been classified within discontinued operations, net of income tax, within our consolidated statements of earnings for all periods through the November 30, 2020 separation and distribution date.

Progressive Leasing partners with traditional and e-commerce retailers, primarily in the furniture and appliance, jewelry, mobile phones and accessories, mattresses, and automobile electronics and accessories industries to offer a lease-purchase solution for customers who may not have access to traditional credit-based financing options. It does so by offering leases with monthly, semi-monthly, bi-weekly and weekly payment models.

Vive offers a variety of second-look financing programs originated through third-party federally insured banks to customers of participating merchants and, together with Progressive Leasing, allows the Company to provide retail partners with below-prime customers one source for financing and leasing transactions.

Disaggregated Revenue

The following table presents revenue by source and by segment for the three months ended March 31, 2021:

	Three Months Ended March 31, 2021		
(In Thousands)	**Progressive Leasing**	**Vive**	**Total**
Lease Revenues and Fees[1]	$ 707,982	$ —	$ 707,982
Interest and Fees on Loans Receivable[2]	—	13,019	13,019
Total	$ 707,982	$ 13,019	$ 721,001

[1] Revenue within the scope of ASC 842, *Leases*.

[2] Revenue within the scope of ASC 310, *Credit Card Interest & Fees*.

The following table presents revenue by source and by segment for the three months ended March 31, 2020:

	Three Months Ended March 31, 2020		
(In Thousands)	**Progressive Leasing**	**Vive**	**Total**
Lease Revenues and Fees[1]	$ 658,534	$ —	$ 658,534
Interest and Fees on Loans Receivable[2]	—	9,908	9,908
Total	$ 658,534	$ 9,908	$ 668,442

[1] Revenue within the scope of ASC 842, *Leases*.

[2] Revenue within the scope of ASC 310, *Credit Card Interest & Fees*.

Measurement of Segment Profit or Loss and Segment Assets

The Company evaluates performance and allocates resources based on revenues and earnings (loss) before income taxes from operations. The Company determines earnings (loss) before income taxes for all reportable segments in accordance with U.S. GAAP. Interest expense is allocated from the Progressive Leasing segment to the Vive segment based on the balance of outstanding intercompany debt.

The Company incurred various corporate overhead expenses for certain executive management, finance, treasury, tax, audit, legal, risk management, and other overhead functions during the three months ended March 31, 2021 and 2020. For 2020, the Company allocated a predetermined portion of these corporate overhead costs to the Progressive Leasing and Vive segments, which are reflected as expenses of these segments in calculating the earnings before income taxes for the three months ended March 31, 2020. The remaining unallocated corporate expenses represent corporate overhead costs that were previously assigned to the Aaron's Business segment and are in addition to the overhead costs allocated to the Progressive Leasing and Vive segments for the three months ended March 31, 2020. These unallocated corporate overhead expenses have been classified as continuing operations since the costs were not directly attributable to the discontinued operations of the Aaron's Business. These costs are reflected below as unallocated corporate expenses in 2020. The allocation of corporate overhead costs to the Progressive Leasing and Vive segments is consistent with how the chief operating decision maker analyzed performance and allocated resources among the segments of the Company during 2020. For 2021, corporate overhead expenses incurred are primarily reflected as expenses of the Progressive Leasing segment and an immaterial amount was allocated to the Vive segment. The following is a summary of earnings (loss) before income taxes by segment:

	Three Months Ended March 31,	
(In Thousands)	**2021**	**2020**
Earnings Before Income Taxes:		
Progressive Leasing	$ 104,172	$ 62,707
Vive	1,424	(7,152)
Unallocated Corporate Expenses	—	(5,730)
Total Earnings Before Income Taxes	$ 105,596	$ 49,825

The following is a summary of total assets by segment:

(In Thousands)	**March 31, 2021**	**December 31, 2020**
Assets:		
Progressive Leasing	$ 1,277,420	$ 1,209,650
Vive	121,378	107,754
Total Assets	$ 1,398,798	$ 1,317,404

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Special Note Regarding Forward-Looking Information: Except for historical information contained herein, the matters set forth in this Form 10-Q are forward-looking statements. These statements are based on management’s current expectations and plans, which involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "intend," "plan," "project," "would," "should," and similar expressions. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the filing date of this Quarterly Report and which involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. These risks and uncertainties include factors that could cause our actual results and financial condition to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 Annual Report"). Except as required by law, the Company undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances after the filing date of this Quarterly Report.

The following discussion should be read in conjunction with the condensed consolidated financial statements as of and for the three months ended March 31, 2021 and 2020, including the notes to those statements, appearing elsewhere in this report. We also suggest that management’s discussion and analysis appearing in this report be read in conjunction with the management’s discussion and analysis and consolidated financial statements included in our 2020 Annual Report.

Business Overview

PROG Holdings, Inc. ("we," "our," "us," the "Company", or "PROG Holdings") is a financial technology holding company with two operating and reportable segments: (i) Progressive Leasing, a leading provider of in-store and e-commerce lease-to-own solutions; and (ii) Vive Financial ("Vive"), which offers omnichannel second-look revolving credit products.

Our Progressive Leasing segment provides consumers with lease-purchase solutions through its point-of-sale partner locations and e-commerce website partners in the United States (collectively, "POS partners"). It does so by purchasing merchandise from the POS partners desired by customers and, in turn, leasing that merchandise to the customers through a cancellable lease-to-own transaction. Progressive Leasing has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers.

Our Vive segment primarily serves customers that may not qualify for traditional prime lending offers who desire to purchase goods and services from participating merchants. Vive offers customized programs, with services that include revolving loans through private label and Vive-branded credit cards. Vive's current network of POS partner locations and e-commerce websites includes furniture, mattresses, home exercise equipment, and home improvement retailers, as well as medical and dental service providers.

Separation and Distribution of the Aaron's Business Segment

On November 30, 2020, PROG Holdings (previously "Aaron's Holdings Company, Inc.") completed the separation of its Aaron's Business segment from its Progressive Leasing and Vive segments. The separation was effected through a tax-free distribution of all outstanding shares of common stock of The Aaron's Company, Inc. (referred to herein as "The Aaron's Company") to the PROG Holdings shareholders of record as of the close of business on November 27, 2020 (referred to as the "separation and distribution transaction").

Prior to the separation and distribution transaction, the Company's operating segments were Progressive Leasing, the Aaron's Business, and Vive. All direct revenues and expenses of the Aaron's Business operations have been classified within discontinued operations, net of income tax, within our consolidated statements of earnings for all periods through the separation and distribution date of November 30, 2020. Certain corporate expenses that had previously been reported as expenses of the Aaron's Business segment in 2020 did not qualify for classification within discontinued operations and are reported as unallocated corporate expenses for segment purposes within continuing operations. These unallocated corporate expenses are in addition to corporate overhead costs allocated to the Progressive Leasing and Vive segments for periods through the separation and distribution date of November 30, 2020. We have focused our discussion in this management's discussion and analysis on our continuing operations of Progressive Leasing, Vive, and unallocated corporate expenses.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Since then, the COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and increased unemployment levels. Although the temporary showroom and/or store closures or reduced hours and scope of operations that many of our POS partners experienced during portions of 2020 have eased, other pandemic-related factors continue to unfavorably impact many of our POS partners, including decreased in-store customer traffic, as compared to historical levels, due to consumer fears associated with the pandemic. While customer demand improved throughout the end of 2020 and into 2021, supply chain disruptions have resulted in shortages of available products at certain POS partners, primarily in the appliance, electronics and furniture categories. These pandemic-related developments had an unfavorable impact on Progressive Leasing’s generation of new lease agreements, gross merchandise volume and revenues.

The COVID-19 pandemic may adversely impact our business, results of operations, financial condition, liquidity and/or cash flow in future periods. The extent of any such adverse impacts will depend on future developments, which are highly uncertain and cannot be predicted, including (i) the length and severity of the pandemic, including, for example, the emergence of more contagious and harmful variants of COVID-19 and localized outbreaks or additional waves of COVID-19 cases; (ii) the impact of any such outbreaks on our customers, POS partners, and employees; (iii) the nature of any government orders issued in response to such outbreaks; (iv) the effectiveness and availability of vaccines; and (v) whether there is any additional government stimulus in response to the pandemic, as well as the nature, timing and amount of such stimulus payments.

In response to COVID-19, the U.S. government enacted certain fiscal stimulus measures in several phases to assist in counteracting the economic disruptions caused by the pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. A second round of stimulus benefits was enacted and paid in December 2020. On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law, providing a third round of stimulus payments to individuals and extending supplemental unemployment assistance through September 6, 2021, while exempting the first $10,200 of unemployment benefits from income tax. We believe all of those government stimulus measures provided economic support to many of our customers, resulting in an increase in payment activity and early lease buyouts, as well as lease merchandise, accounts receivable, and loan receivable write-offs trending lower. We believe a significant portion of our Progressive Leasing and Vive customers received stimulus payments and/or federally supplemented unemployment payments during 2020 and 2021, which enabled them to continue making payments to us under their lease-to-own or credit card agreements, despite the economically challenging times resulting from the COVID-19 pandemic.

We cannot be certain that our customers will continue making their payments to us at the current levels, in future periods, if the federal government does not continue supplemental unemployment benefits and/or enact additional stimulus measures. For example, if the rate of unemployment remains relatively high, the government's failure to do so could result in a significant reduction in the portion of our customers who continue making payments owed to us under their lease-to-own or credit card agreements. Additionally, with respect to the stimulus provided under the American Rescue Plan Act and any further stimulus measures that may be enacted in the future, we cannot be certain that our customers will use such benefits to continue making payments to us at the current levels under their lease-to-own or credit card agreements.

Additionally, any future stimulus payments and/or federally supplemented unemployment payments may result in changing consumer spending behaviors resulting in fewer consumers executing lease-to-own or credit card agreements with us and/or more existing customers electing early lease buyouts options, which have lower margins.

Highlights

The following summarizes significant financial highlights from the first quarter of 2021:

- We reported revenues of $721.0 million, an increase of 7.9% compared to the first quarter of 2020. Our growth in revenues was primarily driven by strong customer payment activity and elevated early lease buyouts, which we believe is the result of recent government stimulus measures that are benefiting our customers as discussed above. We also experienced continued growth from large national POS partners and an increase in lease revenues generated from e-commerce platforms. These increases were partially offset by a delayed tax refund season and smaller average refunds.
- Earnings before income taxes increased to $105.6 million compared to $49.8 million in 2020. The increase is primarily due to the overall revenue growth driven by strong customer payment activity and a decrease in the provision for lease merchandise write-offs.
- The $55.8 million increase in earnings before income taxes, compared to first quarter of 2020, was also impacted by the following:
    - In the first quarter of 2020, we established incremental lease merchandise and accounts receivable COVID-19 allowances of $16.1 million in response to the economic uncertainty created by the pandemic. In the first quarter of 2021, we released $2.5 million of those allowances, resulting in an $18.6 million increase to earnings before income taxes compared to the first quarter of 2020. As of March 31, 2021, we had $8.5 million and $3.2 million of incremental lease merchandise and accounts receivable COVID-19 allowances, respectively. Given the significant uncertainty regarding customer payment behaviors resulting from the COVID-19 pandemic, including the existence and/or extent of any future government stimulus measures, a high level of estimation was involved in determining the allowances as of March 31, 2021. If we continue to experience the recent strong customer payment trends and low levels of write-offs in future periods, some or all of these incremental COVID-19 allowances may be reversed in future periods as a change in managements estimated allowance for write-offs.
    - In the first quarter of 2020, the allowance for loan losses for Vive increased by $7.0 million due to unfavorable forecasted macroeconomic conditions resulting from the pandemic. In the first quarter of 2021, we released $2.4 million of allowances for loan losses, primarily due to forecasted improvements in macroeconomic conditions as of March 31, 2021, resulting in a $9.4 million increase in earnings before income taxes compared to the first quarter of 2020.
    - We recognized $5.7 million of unallocated corporate costs in the first quarter of 2020, which relates to overhead costs previously recognized within the Aaron's Business segment that did not qualify for classification within discontinued operations. These unallocated corporate costs incurred in the first quarter of 2020 were partially offset by additional corporate costs incurred in the first quarter of 2021 related to new personnel and functions associated with the Company becoming a standalone public company following the November 30, 2020 separation and distribution transaction.

Key Operating Metrics

Gross Merchandise Volume. We believe gross merchandise volume (GMV) is a key performance indicator of our Progressive Leasing and Vive segments, as it provides the total value of new lease and loan originations written into our portfolio over a specified time period. GMV does not represent revenues earned by the Company, but rather is a leading indicator we use in forecasting revenues the Company may earn in the short-term. Progressive Leasing's GMV is defined as the retail price of merchandise acquired by Progressive Leasing, which it then leases to its customers. Vive's GMV is defined as gross loan originations.

The following table presents our GMV for the Company for the periods presented:

For the Three Months Ended March 31 (Unaudited and In Thousands)	2021	2020
GMV:		
Progressive Leasing	$ 510,046	$ 462,025
Vive	55,898	25,376
Total GMV	$ 565,944	$ 487,401

The increase in Progressive Leasing's GMV was driven by both higher average merchandise price per lease and by an increase in the quantity of new leases originated in the first quarter of 2021, compared to the first quarter of 2020, resulting from continued scale from large national POS partners and increased penetration in e-commerce. E-commerce channels generated 14.3% of Progressive Leasing's GMV in the first quarter of 2021 compared to 1.9% in the first quarter of 2020. Vive's GMV growth was driven by an increase in loan originations at both new and existing POS partners. Our Progressive Leasing and Vive GMV was unfavorably impacted by showroom and/or store closures and other disruptions for our POS partners in the second half of March 2020, as a result of governmental orders and voluntary measures taken by our POS partners in response to the COVID-19 pandemic, which also contributed to higher GMV in the first quarter of 2021 when compared to the first quarter of 2020.

Active Customer Count. Our active customer count represents the total number of customers that have an active lease agreement with our Progressive Leasing segment or an active loan with our Vive segment. The following table presents our consolidated active customer count, which includes an immaterial number of customers that have both an active lease agreement and loan agreement, for the Company for the periods presented:

As of March 31 (Unaudited)	2021	2020
Active Customer Count:		
Progressive Leasing	878,000	998,000
Vive	74,000	50,000
Total Active Customer Count	952,000	1,048,000

We believe the decline in the number of Progressive Leasing customers was due to a combination of (i) more customers electing to exercise early lease buyouts, as a result of receiving government stimulus benefits; and (ii) showroom and/or store closures and other disruptions experienced by our POS partners for periods of time in 2020, which continued to unfavorably impact Progressive Leasing's customer count in the first quarter of 2021.

Key Components of Earnings Before Income Taxes

In this management’s discussion and analysis section, we review our condensed consolidated results. For the three months ended March 31, 2021 and the comparable prior year period, some of the key revenue, cost and expense items that affected earnings before income taxes were as follows:

Revenues. We separate our total revenues into two components: (i) lease revenues and fees and (ii) interest and fees on loans receivable. Lease revenues and fees include all revenues derived from lease agreements from our Progressive Leasing segment. Interest and fees on loans receivable represents merchant fees, finance charges and annual and other fees earned on outstanding loans in our Vive segment.

Depreciation of Lease Merchandise. Depreciation of lease merchandise primarily reflects the expense associated with depreciating merchandise leased to customers by Progressive Leasing.

Provision for Lease Merchandise Write-offs. The provision for lease merchandise write-offs represents the estimated merchandise losses incurred but not yet identified by management and adjustments for changes in estimates for the allowance for lease merchandise write-offs.

Operating Expenses. Operating expenses include personnel costs, stock-based compensation expense, the provision for loan losses, professional services expense, intangible asset amortization expense, occupancy costs, advertising, and insurance costs, among other expenses.

Interest Expense. Interest expense consists of interest incurred on the Company's senior unsecured revolving credit facility (the "Revolving Facility").

Results of Operations – Three months ended March 31, 2021 and 2020

	Three Months Ended March 31,		Change	
(In Thousands)	2021	2020	$	%
REVENUES:				
Lease Revenues and Fees	707,982	658,534	$ 49,448	7.5 %
Interest and Fees on Loans Receivable	13,019	9,908	3,111	31.4
	721,001	668,442	52,559	7.9
COSTS AND EXPENSES:				
Depreciation of Lease Merchandise	505,057	463,919	41,138	8.9
Provision for Lease Merchandise Write-Offs	18,640	55,714	(37,074)	(66.5)
Operating Expenses	91,196	98,984	(7,788)	(7.9)
	614,893	618,617	(3,724)	(0.6)
OPERATING PROFIT	106,108	49,825	56,283	113.0
Interest Expense	(512)	—	(512)	nmf
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	105,596	49,825	55,771	111.9
INCOME TAX EXPENSE (BENEFIT)	26,108	(7,857)	33,965	nmf
NET EARNINGS FROM CONTINUING OPERATIONS	79,488	57,682	21,806	37.8
LOSS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX	—	(337,687)	337,687	100.0
NET EARNINGS (LOSS)	$ 79,488	$ (280,005)	$ 359,493	nmf

nmf—Calculation is not meaningful

Revenues

Information about our revenues by source and reportable segment is as follows:

(In Thousands)	Three Months Ended March 31, 2021	2020	Change $	%
REVENUES:				
Lease Revenues and Fees[1]	$ 707,982	$ 658,534	$ 49,448	7.5 %
Interest and Fees on Loans Receivable[2]	13,019	9,908	3,111	31.4
Total Revenues	$ 721,001	$ 668,442	$ 52,559	7.9 %

[1] All Lease Revenues and fees are attributable to the Progressive Leasing segment.

[2] All Interest and Fees on Loans Receivable are attributable to the Vive segment.

Progressive Leasing revenues increased driven by strong customer payment performance, elevated early lease buyout activity, continued growth from large national POS partners, and an increase in lease revenues generated from e-commerce platforms. These increases were partially offset by a delayed tax refund season and smaller average refunds. The increase in Vive revenues was due to a 120.3% increase in GMV in 2021, resulting in growth in our loans receivable portfolio and additional interest revenues.

Operating Expenses

Information about certain significant components of operating expenses for the first quarter of 2021 as compared to the first quarter of 2020 is as follows:

(In Thousands)	Three Months Ended March 31, 2021	2020	Change $	%
Personnel Costs[1]	$ 44,217	$ 43,029	$ 1,188	2.8 %
Stock-based Compensation	4,163	4,862	(699)	(14.4)
Occupancy Costs	1,382	1,787	(405)	(22.7)
Advertising	2,920	1,675	1,245	74.3
Provision for Loan Losses	6,468	12,722	(6,254)	(49.2)
Intangible Amortization	5,421	5,566	(145)	(2.6)
Professional Services	4,347	3,060	1,287	42.1
Other Operating Expenses	22,278	26,283	(4,005)	(15.2)
Operating Expenses	$ 91,196	$ 98,984	$ (7,788)	(7.9)%

nmf—Calculation is not meaningful

[1] Personnel costs excludes stock-back compensation expense, which is reported separately in the operating expense table.

The increase in personnel costs of $1.2 million was driven by an increase of $2.9 million at Progressive Leasing for additional hiring and promotions resulting from continued growth in the business, new personnel costs for functions associated with becoming a standalone public company effective November 30, 2020, and the decision to not accrue for short-term incentive payments in the first quarter of 2020 due to uncertainties on the future impacts of the COVID-19 pandemic as of March 31, 2020. These increases were partially offset by $2.1 million related to executive personnel costs incurred by the Aaron's Business segment in the first quarter of 2020, but did not qualify for classification within discontinued operations, and are classified within unallocated corporate costs for segment purposes.

Stock-based compensation decreased $0.7 million due to $2.0 million incurred in the first quarter of 2020 for executive awards previously classified within the Aaron's Business segment, which did not qualify for classification within discontinued operations, that are classified within unallocated corporate expenses. This decrease was partially offset by $1.3 million of additional expense in the first quarter of 2021 as the result of a stock compensation modification and awards for additional personnel resulting from our continued growth and as a result of PROG Holdings becoming a standalone public company.

The decreased provision for loan losses was due to continued strong customer payment activity and changes to estimates in our allowance for loan losses, partially offset by the establishment of new allowances due to GMV growth. In the first quarter of 2020, the allowance for loan losses for Vive increased by $7.0 million due to unfavorable forecasted macroeconomic conditions resulting from the COVID-19 pandemic. In the first quarter of 2021, we released $2.4 million of allowances for loan losses due to forecasted improvements in macroeconomic conditions as of March 31, 2021, resulting in a $9.4 million increase in earnings before income taxes compared to the first quarter of 2020.

Professional services expenses increased due to costs incurred in 2021 related to our November 30, 2020 separation and distribution transaction.

Other operating expenses decreased as a result of certain unallocated corporate overhead costs incurred in 2020 that were previously allocated to the Aaron's Business segment, offset by an increase of $1.1 million in insurance costs.

Other Costs and Expenses

Depreciation of lease merchandise. Depreciation of lease merchandise increased due to growth in GMV in the first quarter of 2021 compared to 2020. As a percentage of total lease revenues and fees, depreciation of lease merchandise increased to 71.3% from 70.4% in the prior year quarter, primarily due to a higher percentage of our customers exercising 90-day buyouts and other early buyout elections in 2021.

Provision for lease merchandise write-offs. The provision for lease merchandise write-offs decreased $37.1 million due to continued strong payment activity from customers, a decline in write-offs, and changes to estimates in our allowance for lease merchandise write-offs. In the first quarter of 2020, we established incremental COVID-19 lease merchandise allowances of $11.7 million. In the first quarter of 2021, we released $1.9 million of this allowance, resulting in a $13.6 million decline in the provision for lease merchandise write-offs compared to the first quarter of 2020. We established the incremental allowance in the first quarter of 2020 based on management's best estimate of the potential unfavorable impacts the COVID-19 pandemic may have on our customers' ability to continue making payments on their leases. We continued to experience strong customer payment activity and low write-offs through March 31, 2021, resulting in a downward adjustment to our allowance for write-offs. Given the significant uncertainty regarding the impacts of the COVID-19 pandemic and its effects on our customers and on our business going forward, a high level of estimation was involved in determining the allowance as of March 31, 2021; therefore, actual lease merchandise write-offs could differ materially from the allowance.

The provision for lease merchandise write-offs as a percentage of lease revenues decreased to 2.6% in 2021 from 8.5% in 2020. This decrease was due to improved customer payment activity, low write-offs, and changes in estimates on the allowance as discussed above.

Earnings Before Income Taxes

Information about our earnings before income taxes by reportable segment is as follows:

	Three Months Ended March 31,		Change	
(In Thousands)	**2021**	**2020**	**$**	**%**
EARNINGS BEFORE INCOME TAXES:				
Progressive Leasing	$ 104,172	$ 62,707	$ 41,465	66.1 %
Vive	1,424	(7,152)	8,576	119.9
Unallocated Corporate Expenses	—	(5,730)	5,730	100.0
Total Earnings Before Income Taxes	$ 105,596	$ 49,825	$ 55,771	111.9 %

nmf—Calculation is not meaningful

The factors impacting the change in earnings before income taxes are discussed above.

Income Tax Expense

Income tax expense increased to $26.1 million for the three months ended March 31, 2021 compared to a $7.9 million income tax benefit in the prior year comparable period. The benefit for the three months ended March 31, 2020 is the result of a $34.2 million discrete income tax benefit generated by the provisions of the CARES Act in 2020, which resulted from the rate differential on the carryback of the Company's 2018 net operating loss previously recorded at 21% to the 2013 tax year, where the benefit was recognized at 35%. There are no material adjustments between the Company's effective tax rate of 24.7% for the three months ended March 31, 2021 and the Company's statutory income tax rate.

Overview of Financial Position

The major changes in the condensed consolidated balance sheet from December 31, 2020 to March 31, 2021 include:

- Cash and cash equivalents increased $114.5 million to $151.2 million during the three months ended March 31, 2021. For additional information, refer to the "Liquidity and Capital Resources" section below.
- Lease merchandise, net of accumulated depreciation and allowances, decreased $35.7 million due primarily to an increase in early lease buyouts which we believe has resulted from recent government stimulus benefiting our customers, partially offset by a reduction in the allowance for lease merchandise write-offs resulting from continued strong payment activity and low write-off trends.
- Loans receivable, net of allowances and unamortized fees, increased $12.2 million due to growth in loan originations with Vive's POS partners.
- Prepaid expenses and other assets increased $4.5 million primarily due to a $4.2 million increase to prepaid expenses for annual software subscriptions and renewals.
- Accounts payable and accrued expenses increased $26.9 million due to a $20.5 million increase in income taxes payable as a result of earnings for the three months ended March 31, 2021. Accrued sales and personal property taxes also increased by $4.7 million from prior quarter.

Liquidity and Capital Resources

General

We expect that our primary capital requirements will consist of:

- Reinvesting in our business, including buying merchandise for the operations of Progressive Leasing. Because we believe Progressive Leasing will continue to grow, we expect that the need for additional lease merchandise will remain a major capital requirement;
- Making merger and acquisition investment(s) to further broaden our product offerings; and
- Returning excess cash to shareholders through periodically repurchasing stock.

Other capital requirements include (i) expenditures related to software development; (ii) expenditures related to our corporate operating activities; (iii) personnel expenditures; (iv) income tax payments; (v) funding of loans receivable for Vive; and (vi) servicing our outstanding debt obligation.

Our capital requirements have been financed through:

- cash flows from operations;
- private debt offerings;
- bank debt; and
- stock offerings.

As of March 31, 2021, the Company had $151.2 million of cash, $50.0 million outstanding on our Revolving Facility, and $300.0 million of availability under the Revolving Facility.

The Company's cash flow statement for the three months ended March 31, 2020 was not required to be adjusted for discontinued operations. Accordingly, the cash flow activities for the Aaron's Business discontinued operations is included in the below discussion and analysis for the three months ended March 31, 2020.

Cash Provided by Operating Activities

Cash provided by operating activities was $167.1 million and $227.8 million during the three months ended March 31, 2021 and 2020, respectively. The $60.7 million decrease in operating cash flows was primarily due to the separation of the Aaron's Business, which accounted for $80.0 million of the cash provided by operating activities during the three months ended March 31, 2020. The $19.3 million increase in cash provided by operating activities from continuing operations when compared to the same period in 2020 was driven by an increase in customer payment activity, including an increase in early lease buyouts. Changes in certain working capital accounts also contributed to operating cash inflows, including $42.5 million related to the change in accounts receivable. Other significant changes included $45.2 million of additional Progressive Leasing merchandise purchases during the three months ended March 31, 2021 compared to the same period in 2020. Other changes in cash provided by operating activities are discussed above in our discussion of results for the three months ended March 31, 2021.

Cash Used in Investing Activities

Cash used in investing activities was $19.7 million and $30.6 million during the three months ended March 31, 2021 and 2020, respectively. The $10.9 million decrease in investing cash outflows in the first quarter of 2021 as compared to the same period in 2020 was primarily due to a $21.7 million decrease in cash outflows for purchases of property, plant and equipment resulting from less capital expenditures on the Aaron's Business discontinued operations store investments prior to the separation and distribution transaction, and a $15.9 million increase in proceeds on loans receivable driven by strong customer payment activity and growth in the portfolio in the first quarter of 2021 compared to the first quarter of 2020. These reductions in cash outflows were partially offset by a $26.7 million increase in cash outflows for investments in Vive loans receivable due to growth in loan origination activity.

Cash (Used in) Provided by Financing Activities

Cash used in financing activities was $32.8 million during the three months ended March 31, 2021 compared to cash provided of $296.2 million during the same period in 2020. Cash flows provided by financing activities in 2020 was primarily due to $305.2 million cash of inflows from net borrowing on debt and the Company's Revolving Facility. The Company repurchased common stock totaling $28.1 million during the three months ended March 31, 2021 compared to no repurchases in the same period of 2020.

Share Repurchases

We purchase our stock in the market from time to time as authorized by our Board of Directors. On February 22, 2021, the Company's Board of Directors terminated the share repurchase program that was in effect as of December 31, 2020 and replaced it with a new repurchase program that permits the Company to repurchase up to $300.0 million of the Company's outstanding common stock. The Company repurchased 588,726 shares for $28.1 million during the three months ended March 31, 2021. As of March 31, 2021, we had the authority to purchase additional shares up to our remaining authorization limit of $271.9 million.

Debt Financing

On November 24, 2020, the Company entered into a credit agreement with a consortium of lenders providing for a $350.0 million senior unsecured revolving credit facility, under which revolving borrowings became available on the date of the completion of the separation and distribution transaction, and under which all borrowings and commitments will mature or terminate on November 24, 2025.

As of March 31, 2021, $50.0 million was outstanding under the Revolving Facility and the total available credit under the Revolving Facility was $300.0 million. The Revolving Facility includes an uncommitted incremental facility increase option (“Incremental Facilities”) which, subject to certain terms and conditions, permits the Company at any time prior to the maturity date to request an increase in extensions of credit available thereunder by an aggregate additional principal amount of up to $300.0 million.

Our Revolving Facility contains certain financial covenants, which include requirements that the Company maintain ratios of (i) total net debt to EBITDA of no more than 2.50:1.00 and (ii) consolidated interest coverage of no less than 3.00:1.00. The Company will be in default under the credit agreement if it fails to comply with these covenants, and all borrowings outstanding could become due immediately. We are in compliance with these financial covenants at March 31, 2021 and believe that we will continue to be in compliance in the future.

Commitments

Income Taxes

During the three months ended March 31, 2021, we made net tax payments of $0.1 million. Within the next nine months, we anticipate making estimated tax payments of $75.7 million for U.S. federal income taxes and state income taxes.

Leases. We lease management and information technology space for corporate functions as well as call center space and storage space for our hub facilities under operating leases expiring at various times through 2027. Our corporate and call center leases contain renewal options for additional periods ranging from three to five years. We also lease transportation vehicles under operating leases which generally expire during the next three years. We expect that most leases will be renewed or replaced by other leases in the normal course of business.

Contractual Obligations and Commitments

Future interest payments on the Company's variable-rate debt are based on a rate per annum equal to, at our option, (i) the London Interbank Overnight ("LIBO") rate plus a margin within the range of 1.5% to 2.5% for revolving loans, based on total leverage, or the administrative agent's base rate plus a margin ranging from 0.5% to 1.5%, as specified in the agreement. Future interest payments related to our Revolving Facility are based on the borrowings outstanding at that time. The variable rate for our borrowings under the Revolving Facility was 1.875% at March 31, 2021. Future interest payments may be different depending on future borrowing activity and interest rates.

The Company has no long-term commitments to purchase merchandise nor does it have significant purchase agreements that specify minimum quantities or set prices that exceed our expected requirements for three months.

Deferred income tax liabilities as of March 31, 2021 were $132.5 million. Deferred income tax liabilities are calculated based on temporary differences between the tax basis of assets and liabilities and their respective book basis, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading because this scheduling would not necessarily relate to liquidity needs.

Unfunded Lending Commitments

The Company, through its Vive business, has unfunded lending commitments totaling approximately $349.7 million and $287.3 million as of March 31, 2021 and December 31, 2020, respectively, that do not give rise to revenues and cash flows. These unfunded commitments arise in the ordinary course of business from credit card agreements with individual cardholders that give them the ability to borrow, against unused amounts, up to the maximum credit limit assigned to their account. While these unfunded amounts represented the total available unused lines of credit, the Company does not anticipate that all cardholders will utilize their entire available line at any given point in time. Commitments to extend unsecured credit are agreements to lend to a cardholder so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Critical Accounting Policies

Refer to the 2020 Annual Report.

Recent Accounting Pronouncements

Refer to Note 1 to the condensed consolidated financial statements for a discussion of recently issued accounting pronouncements, including pronouncements that were adopted in the current year.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of March 31, 2021, we had $50.0 million outstanding under our Revolving Facility. Borrowings under the Revolving Facility are indexed to the LIBO rate or the prime rate, which exposes us to the risk of increased interest costs if interest rates rise. Based on the Company's variable-rate debt outstanding as of March 31, 2021, a hypothetical 1.0% increase or decrease in interest rates would increase or decrease interest expense by approximately $0.5 million on an annualized basis.

We do not use any significant market risk sensitive instruments to hedge commodity, foreign currency or other risks, and hold no market risk sensitive instruments for trading or speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures.

An evaluation of the Company’s disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, was carried out by management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as of the end of the period covered by this Quarterly Report on Form 10-Q.

This evaluation is performed to determine if our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms. No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. Our disclosure controls and procedures, however, are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Based on management’s evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures were effective as of the date of the evaluation to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Changes in Internal Control Over Financial Reporting.

There were no changes in the Company’s internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, during the three months ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are party to various legal proceedings arising in the ordinary course of business. While any proceeding contains an element of uncertainty, we do not currently believe that any of the outstanding legal proceedings to which we are a party will have a material adverse impact on our business, financial position or results of operations. However, an adverse resolution of a number of these items may have a material adverse impact on our business, financial position or results of operations. For further information, see Note 5 in the accompanying condensed consolidated financial statements under the heading "Legal and Regulatory Proceedings," which discussion is incorporated by reference in response to this Item 1.

ITEM 1A. RISK FACTORS

The Company does not have any updates to its risk factors disclosure from that previously reported in the 2020 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents our share repurchase activity for the three months ended March 31, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1]
January 1, 2021 through January 31, 2021	—	—	—	$ 300,000,000
February 1, 2021 through February 29, 2021	—	—	—	300,000,000
March 1, 2021 through March 31, 2021	588,726	47.73	588,726	271,898,180
Total	588,726		588,726	

[1]Share repurchases are conducted under authorizations made from time to time by the Company’s Board of Directors. The most recent authorization, which replaced our previous repurchase program, effective February 22, 2021, authorized the repurchase of shares up to a maximum amount of $300.0 million. Subject to the terms of the Board's authorization and applicable law, repurchases may be made at such times and in such amounts as the Company deems appropriate. Repurchases may be discontinued at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.1*	Blake Wakefield Transition Services Agreement
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL (included in Exhibit 101)

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PROG Holdings, Inc.
(Registrant)

Date: April 29, 2021

By: /s/ BRIAN GARNER
Brian Garner
Chief Financial Officer
(Principal Financial Officer)

Date: April 29, 2021

By: /s/ MATT SEWELL
Matt Sewell
Vice President, Financial Reporting
(Principal Accounting Officer)

EXHIBIT 10.1

March 29, 2021

Blake Wakefield
6078 Foothill Drive
Highland, Utah 84003

Re: New Role Going Forward

Dear Blake:

As we have discussed, the purpose of this letter agreement (this "Agreement") is to set forth our mutual agreement regarding the terms and conditions of your new role with PROG Holdings, Inc., and its subsidiaries and related entities ("PROG"). Please review this Agreement carefully and, if you are in agreement with the terms contained herein, please sign and return it to John Karr.

1. New Role and Term.

(a) You will resign from employment with PROG and all offices of PROG (including, but not limited to, the President and Chief Revenue Officer positions) effective as of April 1, 2021 (your "Resignation Date"). You will no longer be an employee or officer of PROG after the Resignation Date.

(b) For a 12-month period beginning on April 1, 2021 (the "Transition Services Period"), you will serve as a consultant and independent contractor to PROG pursuant to which you will provide transition and consulting services to PROG as further described below.

(c) During the Transition Services Period, you will be required to perform such transition and consulting services as may be reasonably requested by PROG from time to time, including by:

(i) assisting PROG management with respect to transitioning your role and responsibilities,

(ii) assisting PROG with respect to any resolved, pending or future regulatory matters, and

(iii) assisting PROG with respect to stakeholder communications and its relationships with its POS partners.

(d) During the Transition Services Period, you will be providing any services as an independent contractor. You will not be treated as an employee for federal tax purposes with respect to any services performed for the Company under this Agreement; provided, however, that any compensation, including but not limited to any annual bonus and equity compensation for 2021 and 2022, provided under Section 2 below that is considered a Form W-2 wage under applicable law will be treated as such and will be subject to all required reporting, withholdings and deductions.

You will be reimbursed for all reasonable business expenses you incur during the Transition Services Period in accordance with PROG's expense reimbursement policies. During the Transition Services Period, you will not be discouraged or prohibited from seeking employment with, or being employed by, any other entity; provided, however, that any such employment, and your actions in connection therewith, are consistent with the restrictive covenants you have entered into in connection with this Agreement and any other agreement between you and PROG.

2. Consulting Fees, 2021 Annual Bonus and Equity Vesting.

(a) During the Transition Services Period and subject to compliance with the terms of this Agreement, you will be paid a consulting fee at the rate of $5,000 per regularly scheduled PROG payroll period during the Transition Services Period.

(b) As your employment will end on your Resignation Date, you will not be eligible to participate in PROG's benefits plans during the Transition Services Period. Participation in all benefit plans of PROG will end on your Resignation Date in accordance with the terms of such plans.

(c) You will be granted a 2021 annual cash incentive award, pro-rated based on your Resignation Date. Your annual cash incentive award for 2021, if any, will be paid on a pro rata basis (based on your Resignation Date) as promptly as practicable after the Compensation Committee determines whether the applicable performance metrics were met for the full 2021 fiscal year, which typically occurs within 90-days of year-end.

(d) Schedule 1 attached hereto correctly sets forth, as of April 1, 2021, all of your rights and interests in unvested equity or equity-based awards previously granted to you under PROG's incentive plans. Such awards will be administered in accordance with their respective plan and award documents, provided, however, that (i) for purposes of such awards, you will be deemed to not have experienced a termination of employment any time prior to April 1, 2022, such that you will vest in all awards that are scheduled to vest prior to such date and (ii) for purposes of all stock option award agreements, you will have the right to exercise vested options until May 30, 2022. Any performance-based awards that may vest on or before April 1, 2022 will be treated in the same manner as those held by members of the PROG executive team with respect to determinations of achievement of applicable performance metrics. The timing of settlement of all awards subject to continued vesting under this paragraph will be unchanged and will continue to be governed by the applicable award agreements.

(e) You will not be entitled to any severance payments or other termination benefits as a result of your resignation on the Resignation Date and any severance plans, agreements, programs, commitments, communications or other arrangements are hereby superseded and made null and void. The fees, incentive award and equity commitments in this

Section 2 of this Agreement are the sole remuneration to be provided to you subsequent to the Resignation Date.

3. Other Agreements. This Agreement sets forth the entire agreement between you and PROG pertaining to the subject matter hereof. This Agreement supersedes all prior agreements addressing severance or separation pay or benefits between you and PROG.

4. General Release. Notwithstanding anything contained in this Agreement to the contrary, PROG's obligations hereunder are subject to the satisfaction of the following conditions: (a) you execute and deliver to PROG no later than 21 calendar days after your Resignation Date and after the end of the Transition Services Period the general release attached hereto as Exhibit A, which also includes confidentiality, trade secrets and restrictive covenant obligations, (the "Release Agreement"); (b) you do not revoke either of the Release Agreements within seven calendar days after their respective executions; and (c) each of the Release Agreements becomes effective and irrevocable in accordance with its terms.

5. Governing Law. This Agreement will be construed in accordance with the laws of the State of Utah without regard to choice or conflict of law principles. The language of all parts of this Agreement will be construed as a whole, according to its fair meaning, and not strictly for or against either party.

6. No Reliance. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

7. Assignment. Your rights and benefits under this Agreement are personal to you and therefore (a) no such right or benefit will be subject to voluntary or involuntary alienation, assignment or transfer; and (b) you may not delegate your duties or obligations hereunder. This Agreement will inure to the benefit of and be binding upon PROG and its successors and assigns.

8. Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

[Remainder of page intentionally left blank.]

Blake, I appreciate your loyal service to PROG over the years. We wish you and your family all the best.

Sincerely,

PROG Holdings, Inc.

____
Steven A. Michaels
Chief Executive Officer

AGREED TO:

____
Blake Wakefield

Date: ______________________________

SCHEDULE 1

Summary of Unvested Equity Awards

(as of April 1, 2021)

Illustrative PRG Share Price: $55.00

Grant Date	Strike Price	Spread	Vest 2022	Value*
2/21/2019	$ 49.97	$ 5.03	6,147	$ 30,919
2/25/2020	$ 39.39	$ 15.61	9,596	$ 149,794
Sub Totals			**15,743**	$ **180,713**

Grant Date	RSAs/RSUs Unvested	PSUs Unvested	Vest 2022	Value*
2/21/2019	2,212	3,879	6,091	$ 335,005
2/25/2020	6,744	14,032	10,388	$ 571,340
7/31/2020	31,173	0	10,391	$ 571,505
Sub Totals	**40,129**	**17,911**	**26,870**	**$ 1,477,850**

Illustrative Total Value

$ 1,658,563*

*Value of equity awards shown for illustrative purposes only and based on a $55.00 PRG stock price. Actual value may vary based on actual PRG stock price. Value column also shows only the value of the equity awards that will vest in 2022.

EXHIBIT A

SEPARATION, WAIVER AND RELEASE AGREEMENT

This Separation, Waiver and Release Agreement (this "Agreement") by and between PROG Holdings, Inc. (the "Company") and Blake Wakefield ("You" or "Your") (collectively, the "Parties") is entered into and effective as of April 1, 2021 (the "Effective Date"). The Company executes this Agreement for itself and on behalf of its subsidiaries, affiliates, and all related companies, as well as each of their respective current and former officers, directors, shareholders, members, managers, employees, agents, other representatives and any employee benefits plans and any fiduciary of those plans (the "PROG Group") and for purposes of Sections 3, 4 and 5 below, "Company" will mean the Company and the PROG Group.

1. Resignation Date and Transition. The Parties agree that Your employment with the Company will terminate effective March 31, 2021 (the "Resignation Date"). As of the Resignation Date, You may no longer act as an agent on behalf of the Company, You are relieved of all further duties and responsibilities, and You are no longer authorized to transact business or incur any obligations, or liabilities on behalf of the Company; nevertheless, You must faithfully, diligently, and industriously perform those duties as requested (and only to the extent authorized) by the Company pursuant to your letter agreement with the Company dated March _, 2021 (the "Letter Agreement"), which is fully incorporated herein by this reference.

2. Separation Benefits. Provided that between the Resignation Date and April 1, 2022 (the "Separation Date") (such period being referred to herein as the "Transition Services Period"), You continue to perform Your obligations identified in Section 1 above, and (ii) You execute, deliver and effectuate the Reaffirmation Agreement (substantially in the form attached hereto as Addendum A) on or within three calendar days following the Separation Date, you will receive the payments and benefits set forth in the Letter Agreement ("Transition Benefits"). The Company's obligation to provide the Transition Benefits will terminate immediately if You breach this Agreement or if you do not execute or later revoke this Agreement. Further, Your compliance with the terms of this Agreement is a condition precedent to Your rights to any Transition Benefits. If You breach any term or condition of this Agreement and do not cure such breach within 10 days of written notice of breach, including but not limited to the restrictive covenants contained in Section 8, You shall be obligated to repay and the Company shall have the right to recoup any Transition Benefit previously provided to You, including any equity compensation, to the maximum extent permitted by applicable law.

3. Release. In exchange for the consideration set forth above, and subject to Section 20 below, You release and discharge the Company from any and all claims or liability, whether known or unknown, arising out of any event, act, or omission occurring on or before the day You sign this Agreement, including, but not limited to, claims arising out of Your employment or of the Company's decision to terminate Your employment, claims arising out of any separation or severance pay or benefits agreement with the Company, claims arising out of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. §§ 1001-1461, claims arising under the Age Discrimination in Employment Act (ADEA), claims for breach of contract, tort, negligent hiring, negligent retention, negligent supervision, negligent training, employment discrimination, retaliation, or harassment, as well as any other statutory or common law claims,

at law or in equity, recognized under any federal, state, or local law. You agree that You are not entitled to any additional payment or benefits, including, but not limited to, any equity interests, from the Company, except as set forth in this Agreement and the Letter Agreement. You further agree that You have suffered no harassment, retaliation, employment discrimination, or work-related injury or illness and that You do not believe that this Agreement is a subterfuge to avoid disclosure of sexual harassment or gender discrimination or to waive such claims. You acknowledge and represent that You: (i) have been fully paid (including, but not limited to, any overtime to which You are entitled, if any) for hours You worked for the Company through the date you sign this Agreement, and (ii) do not claim that the Company violated or denied Your rights under the Fair Labor Standards Act. Notwithstanding the foregoing, the release of claims set forth above does not waive (A) Your right to receive benefits under the Company's 401(k) or pension plans, if any, that either (a) have accrued or vested prior to Your Resignation Date, or (b) are intended, under the terms of such plans, to survive Your separation from the Company, (B) Your rights under this Agreement or the Letter Agreement, (C) or your rights with respect to workers compensation or unemployment benefits. You acknowledge and agree that You are otherwise waiving all rights to sue or obtain equitable, remedial or punitive relief from the Company of any kind whatsoever concerning any claims subject to this release of claims, including, without limitation, reinstatement, back pay, front pay, attorneys' fees and any form of injunctive relief. You expressly waive all rights afforded by any statute which limits the effect of a release with respect to unknown claims. You understand the significance of Your release of unknown claims and Your waiver of statutory protection against a release of unknown claims. Notwithstanding the foregoing, You further acknowledge that You are not waiving and are not being required to waive any right that cannot be waived by law, including the right to file a charge or participate in an administrative investigation or proceeding of the Equal Employment Opportunity Commission or any other government agency prohibiting waiver of such right; provided, however, that You hereby disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation (other than any governmental whistleblower awards).

You further acknowledge and agree that, as of the day You sign this Agreement, You have fully disclosed to the Company any and all information which could give rise to claims against the Company, which information is listed on the attached Addendum B, and other than such conduct or actions You have disclosed to the Company on Addendum B, You are not aware of any conduct or action by the Company which would be in violation of any federal, state, or local law.

In exchange for Your waiver and release of claims against the Company, the Company expressly waives and releases You from any and all claims or liability, whether known or unknown, arising out of any event, act, or omission occurring on or before the day the Parties execute this Agreement that may be waived and released by law with the exception of claims arising out of or attributable to: (i) events, acts, or omissions taking place after the Parties' execution of the Agreement; and (ii) Your breach of any terms and conditions of the Agreement.

4. No Admission of Liability. This Agreement is not an admission of liability by You or the Company. You and the Company are entering into this Agreement to reach a mutual agreement concerning Your transition and separation from the Company.

5. Non-Disparagement/Future Employment. You will not make any disparaging or defamatory statements, whether written or oral, regarding the Company. You agree that the Company has no obligation to consider You for employment should You apply following the Resignation Date. The Company will use commercially reasonable efforts to prohibit its executive officers and directors from making any disparaging or defamatory statements, whether written or oral, regarding You.

6. Confidentiality. You acknowledge and agree that neither You nor anyone acting on Your behalf has made or will make any disclosures concerning the existence or terms of this Agreement to any person or entity, including, but not limited to, any representative of the media, Internet web page, social networking site, “blog,” or “chat room,” judicial or administrative agency or body, business entity, or association, except: (i) Your spouse; (ii) Your attorneys, accountants, or financial advisors; or (iii) any court or government agency pursuant to an official request by such government agency, court order, or legally enforceable subpoena. If You are contacted, served, or learn that You will be served with a subpoena to compel Your testimony or the production of documents concerning this Agreement or Your employment with the Company, You agree to immediately notify the Company’s Chief Executive Officer in writing. If You disclose the existence or terms of this Agreement pursuant to sub-clauses (i) or (ii) of this paragraph, You will inform such person or entity (a) of this confidentiality provision, and (b) maintain the same level of confidentiality required by this provision. Any breach of this provision by such person or entity will be considered a breach by You. You may not use this Agreement as evidence, except in a proceeding in which a breach of this Agreement is alleged.

7. Return of Company Property. You will, upon request by the Company but in any event not later than the Resignation Date, immediately return to the Company all of the Company’s property, including, but not limited to, computers, computer equipment, office equipment, mobile phone, keys, passcards, credit cards, confidential or proprietary lists (including, but not limited to, customer, supplier, licensor, and client lists), tapes, laptop computer, electronic storage device, software, computer files, marketing and sales materials, and any other property, record, document, or piece of equipment belonging to the Company. You will not (a) retain any copies of the Company’s property, including any copies existing in electronic form, which are in Your possession, custody, or control, or (b) destroy, delete, or alter any Company property, including, but not limited to, any files stored electronically, without the Company’s prior written consent. The obligations contained in this Section will also apply to any property which belongs to a third party, including, but not limited to, (i) any entity which is affiliated with or related to the Company, or (ii) the Company’s customers, licensors, or suppliers. The Company acknowledges that you will retain or have access to Company’s property in performing obligations during the Transition Services Period.

8. Restrictive Covenants. You acknowledge and agree that the restrictions set forth below are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon Your right to work or earn a living when Your employment with the Company ends for any reason, and (i) You (1) served the Company as a Key Employee; and/or (2) served the Company as a Professional; and/or (3) customarily and regularly solicited Customers and/or Prospective Customers for the Company; and/or (4) customarily and regularly engaged in making sales or obtaining orders or contracts for products or services to be provided

or performed by others in the Company; and/or (5) had a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly directed the work of two or more other employees, and (C) had the authority to hire or fire other employees; and/or (ii) Your position was a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company.

i. Trade Secrets and Confidential Information. You will not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in Your possession or control, or (iii) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this subsection will: (a) with regard to the Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (b) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in this Agreement. The confidentiality, property, and proprietary rights protections set forth in this Agreement are in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Agreement, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)), no individual will be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

ii. Non-Solicitation of Customers. During the Restricted Period, You will not, directly or indirectly, solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business. The restrictions set forth in this subsection will apply only to those Customers (a) with whom or which You dealt on behalf of the Company, whose dealings with the Company were coordinated or supervised by You, (c) about whom You obtained Confidential Information in the ordinary course of business as a result of Your association with the Company, or (d) who received products or services authorized by the Company, the sale or provision of which resulted in compensation, commissions, or earnings for You within two (2) years prior to the Resignation Date.

iii. Non-Solicitation of Prospective Customers. During the Restricted Period, You will not, directly or indirectly, solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business. The restrictions set forth in this subsection will apply only to those Prospective Customers with whom or which You dealt on behalf of the Company, (b) whose dealings with the Company were coordinated or supervised by You, or (c) about whom You obtained Confidential Information in the ordinary course of business as a result of Your association with the Company.

iv. Non-Recruit of Employees. During the Restricted Period, You will not, directly or indirectly, solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business. For the avoidance of doubt, the foregoing restriction will prohibit You from disclosing to any third party the names, background information, or qualifications of any Employee, or otherwise identifying any Employee as a potential candidate for employment. The restrictions set forth in this subsection will apply only to Employees (a) with whom You had Material Interaction, or (b) You, directly or indirectly, supervised. Notwithstanding the foregoing, the placement of general advertisements that may or may not be targeted to a particular geographic or technical area but that are not specifically targeted toward any or all of the Company's current or former employees shall not be deemed to be a breach of this subsection.

v. Non-Competition. During the Restricted Period, You will not, on Your own behalf or on behalf of any person or entity, engage in the Business within the Territory; provided, however, that You may work for a competitor within the Territory and during the Restricted Period if You first obtain express written permission from the Company's Chief Executive Officer. For purposes of this subsection, the term "engage in" will include: (a) performing or participating in any activities which are the same as, or substantially similar to, activities which You performed or in which You participated, in whole or in part, for or on behalf of the Company; (b) performing activities or services about which You obtained Confidential Information or Trade Secrets as a result of Your association with the Company; and/or (c) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, or any other third party about whom You obtained Confidential Information or Trade Secrets as a result of Your association with the Company.

vi. Definitions. For purposes of this Section 8 only, the capitalized terms will be defined as follows:

a. "Business" means (x) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or any of its subsidiaries, affiliates, or predecessors within two (2) years prior to termination of Your employment with the Company, and (y) (1) renting, leasing, and/or selling new or reconditioned consumer electronics, computers (including hardware, software, and accessories), appliances, household goods, residential furniture, and home furnishings; (2) providing web-based, virtual or remote lease-to-own programs, buy-now-pay-later programs or financing; and/or (3) issuing consumer credit cards and credit card and other consumer credit accounts, making consumer loans, cash advances and other extensions of credit and engaging in any other programs or activities for the origination or acquisition of loans, receivables or other payment obligations of consumers.

Companies engaged in the Business include, but are not limited to, the following entities and each of their respective parents, owners, subsidiaries, affiliates, franchisees, assigns, or successors in interest or persons with any of the listed Companies or trade names below, which You acknowledge and agree directly compete with the Company:

AcceptanceNow; Acima; Affirm; Afterpay; American First Finance, Inc.; American Rental; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Bestway Rental, Inc.; Better Finance, Inc.; billfloat; Bluestem Brands, Inc.; Bread; Conn's, Inc.; Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; FuturePay; Genesis Financial Solutions, Inc.; Katapult; Klarna; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; OneMain Financial Holdings, Inc.; PayPal; Purchasing Power, LLC; Regional Management Corp.; QuadPay; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Santander Consumer USA Inc.; Sezzle; SmartPay Leasing, Inc.; Snap Finance; Splitit; Springleaf Financial; TEMPOE; Tidewater Finance Company; WhyNotLeaseIt; West Creek Financial; and Zip Pay.

b. "Confidential Information" means: (1) information of the Company, to the extent not considered a Trade Secret under applicable law, that: (A) relates to the business of the Company or any of its subsidiaries, affiliates, or predecessors, (B) was disclosed to You or of which You became aware of as a consequence of Your relationship with the Company or any of its subsidiaries, affiliates, or predecessors, (C) possesses an element of value to the Company or any of its subsidiaries, affiliates, or predecessors, and (D) is not generally known to the Company's competitors (or those of any of the Company's subsidiaries, affiliates, or predecessors), and (2) information of any third party provided to the Company or any of its subsidiaries, affiliates, or predecessors which any of the foregoing is obligated to treat as confidential. Confidential Information includes, but is not limited to: (I) methods of operation, (II) price lists, (III) financial information and projections, (IV) personnel data, (V) future business plans, (VI) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (VII) advertising or marketing plans, and (VIII) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers or any other third party, including, but not limited to, the names of Customers and Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information will not include any information that: (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

c. "Customer" means any person or entity in which the Company or any of its subsidiaries, affiliates, or predecessors has engaged in the conduct of the Business.

d. "Employee" means any person who (i) is employed by the Company as of the Effective Date, Resignation Date or as of the Separation Date (as applicable), or (ii) was employed by the Company or any of its subsidiaries, affiliates, or predecessors during the calendar year immediately preceding the Resignation Date.

e. "Key Employee" means that, by reason of the Company's (or any subsidiary's, affiliate's, or predecessor's) investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of Your employment with the Company (or any of its subsidiaries, affiliates, or predecessors), You have gained a high level of notoriety, fame, reputation, or public persona as the Company's representative or spokesperson, or will gain a high level of influence or credibility with Customers, vendors, or other business relationships, or will be intimately involved in the planning for or direction of the Business. Such term also means that You possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company or any of its subsidiaries, affiliates, or predecessors.

f. "Material Interaction" means any interaction with an Employee which related, directly or indirectly, to the performance of Your duties or the Employee's duties for the Company or any of its subsidiaries, affiliates, or predecessors.

g. "Professional" means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term will not include employees performing technician work using knowledge acquired through on- the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

h. "Prospective Customer" means any person or entity to which the Company or any of its subsidiaries, affiliates, or predecessors has solicited in the conduct of the Business.

i. "Restricted Period" means during the Transition Services Period and for twelve (12) months immediately following the Separation Date.

j. "Territory" means within each of the following discrete, severable, geographic areas:

i. any state or province in which You performed services for or on behalf of the Company or any of its subsidiaries, affiliates, or predecessors during the last two (2) years of Your employment with the Company or any of its subsidiaries, affiliates, or predecessors (or during Your employment if employed less than two (2) years); and/or if this subclause or any portion thereof is found to be unenforceable; and

ii. the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia) and Canada (including the following provinces: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan; and/or if this subclause or any portion thereof is found to be unenforceable.

The Parties acknowledge and agree that the Territory described above (i) represents a good faith estimate of the geographic areas that are applicable at the time of termination of Your employment; (ii) will be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to Your termination; and (iii) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

k. "Trade Secrets" means information of the Company or any of its subsidiaries, affiliates, or predecessors, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

9. Injunctive Relief. If You breach or threaten to breach any portion of this Agreement, You agree that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce this Agreement, You will waive and will not (i) assert any defense that the Company has an adequate remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Agreement will limit the Company's right to any other remedies at law or in equity.

10. Independent Enforcement. Each of the covenants set forth in Section 8 above will be construed as an agreement independent of (a) each of the other covenants set forth in Section 8, (b) any other agreements, or (c) any other provision in this Agreement, and the existence of any claim or cause of action by You against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either You or the Company may have against the other, will not constitute a defense to the enforcement by the Company of any of the covenants set forth in Section 8 above. The Company will not be barred from enforcing any of the covenants set forth in Section 8 above by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with You.

11. Cooperation. You agree that, during the Restricted Period, You will cooperate with and assist the Company and its legal counsel in connection with any compliance or other matters related to the Company about which You may have knowledge, including, but not limited to, any internal investigation or audit, any administrative, regulatory, or judicial investigation, or any proceeding, litigation, or dispute with a third party. Such cooperation will include, but will not be limited to, meeting and/or conferring with Company representatives and counsel at reasonable times to respond to such matters, being available to the Company upon reasonable notice and at reasonable times and places for interviews and factual investigations, and appearing at the Company's request to give testimony without requiring service of a subpoena or other legal

process. You further agree that You will not voluntarily appear in any proceeding brought by another private party, which party is adverse to the Company, unless required by law, and if so required, You must promptly notify the Company's General Counsel.

12. Section 409A. The Company intends that all benefits provided under this Agreement will either be exempt from or comply with Section 409A.

vii. Installment Payments. With respect to the payments to be made to You pursuant to Section 2 of this Agreement, each such payment is a separate payment within the meaning of the final regulations under Section 409A. Each such payment that is made within 2-1/2 months following the end of the year that contains the date of Your termination of employment is intended to be exempt from Section 409A as a short-term deferral within the meaning of the final regulations under Section 409A; each other payment is intended to be exempt under the two times compensation exemption of Treasury Reg. § 1.409A-1(b)(9)(iii) up to the limitation on availability of that exemption specified in the regulation; and each payment that is not exempt from Section 409A will be subject to delay (if necessary) in accordance with subsection (b) below.

viii. Six-Month Delay. With respect to other amounts that are subject to Section 409A, it is intended, and this Agreement will be so construed, that any such amounts payable under this Agreement and the Company's and Your exercise of authority or discretion hereunder will comply with the provisions of Section 409A and the treasury regulations relating thereto so as not to subject You to the payment of interest and additional tax that may be imposed under Section 409A. As a result, if You are a "specified employee" on the date of Your separation from service (with such status determined by the Company in accordance with rules established by the Company in writing in advance of the "specified employee identification date" that relates to the date of Your termination of employment, or in the absence of such rules established by the Company, under the default rules for identifying specified employees under Section 409A), any payment that is subject to Section 409A and that is payable to You in connection with Your separation from service will not be paid until the first business day following the expiration of six months after Your date of separation from service (if You die after Your date of separation from service but before any payment has been made, such remaining payments that were or could have been delayed will be paid to Your estate without regard to such six month delay).

ix. Separation from Service. Notwithstanding anything in this Agreement to the contrary, any payments to be made hereunder and any other amount or benefit to be provided hereunder that would constitute non-exempt "deferred compensation" for purposes of Section 409A which would otherwise be payable or distributable hereunder by reason of Your termination of employment, will not be payable or distributable to You by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A and applicable regulations (without giving effect to any elective provisions that may be available under such definition). If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution will be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "separation from service."

13. Prohibited Post-Employment Activities. You acknowledge and agree that, effective as of the Resignation Date: (a) you will remove any reference to the Company as Your current employer from any source You control, either directly or indirectly including, but not limited to, any Social Media such as LinkedIn, Facebook, Google+, Twitter, and/or Instagram, and (b) You are not permitted to represent Yourself as currently being employed by the Company to any person or entity, including, but not limited to, on any Social Media. For purposes of this Section, "Social Media" means any form of electronic communication (such as Web sites for social networking and micro blogging) through which users create online communities to share information, ideas, personal messages and other content, such as videos.

14. Attorneys' Fees. In the event of litigation relating to this Agreement other than a challenge to the release set forth in Section 3, the prevailing party will be entitled to recover attorneys' fees and costs of litigation, in addition to all other remedies available at law or in equity.

15. Set-Off. If You have any outstanding obligations to the Company upon the termination of Your employment for any reason, You hereby authorize the Company to deduct any amounts owed to the Company from Your final paycheck and any other amounts that would otherwise be due to You, including under Section 2 above, except to the extent such amounts constitute "deferred compensation" under Internal Revenue Code Section 409A; provided, however, that You will be paid minimum wage for all hours worked during Your final pay period. Nothing in this Section 15 will limit the Company's right to pursue means other than or in addition to deduction to recover the full amount of any outstanding obligations to the Company.

16. Waiver. The Company's failure to enforce any provision of this Agreement will not act as a waiver of that or any other provision. The Company's waiver of any breach of this Agreement will not act as a waiver of any other breach.

17. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is determined to be unenforceable, in whole or in part, then such provision will be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision will be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions will remain in full force and effect.

18. Successors and Assigns. This Agreement will be assignable to, and will inure to the benefit of, the Company's successors and assigns, including, without limitation, successors through merger, name change, consolidation, or sale of a majority of the Company's stock or assets, and will be binding upon You and Your heirs and assigns.

19. Entire Agreement. This Agreement, including the Letter Agreement, Addenda A and B which are incorporated by reference, constitutes the entire agreement between the Parties; provided, however, that any post- termination obligations to which You are subject contained in any other agreement with the Company (the "Post-Termination Obligations") will remain in full force and effect and will survive cessation of Your employment. You acknowledge that the Post-Termination Obligations are valid, enforceable, and reasonably necessary to protect the interests of the Company, and You agree to abide by such obligations. This Agreement supersedes any prior communications, agreements, or understandings, whether oral or written, between the

Parties arising out of or relating to Your employment and the termination of that employment; provided, however, that the Parties acknowledge and agree that this Agreement does not supersede the Post-Termination Obligations. Other than the terms of this Agreement, no other representation, promise, or agreement has been made with You to cause You to sign this Agreement.

20. Non-Interference. Notwithstanding anything to the contrary set forth in this Agreement or in any other Agreement between You and the Company, nothing in this Agreement or in any other Agreement will limit Your ability, or otherwise interfere with Your rights, to (a) file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission (each a "Government Agency"), (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, (c) receive an award for information provided to any Government Agency, or (d) engage in activity specifically protected by Section 7 of the National Labor Relations Act, or any other federal or state statute or regulation.

21. Governing Law/Consent to Jurisdiction and Venue. The laws of the State of Utah will govern this Agreement. If Utah's conflict of law rules would apply another state's laws, the Parties agree that Utah law will still govern. You consent to the personal jurisdiction of the courts in Utah. You waive (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

22. Counterparts. The Parties acknowledge and agree that this Agreement may be executed in one or more counterparts, including facsimiles and scanned images, and it will not be necessary that the signatures of all Parties hereto be contained on any one counterpart, and each counterpart will constitute one and the same agreement.

You acknowledge that You have entered into this Agreement freely and without coercion, that You have been advised by the Company to consult with counsel of Your choice, that You have had adequate opportunity to so consult, and that You have been given all time periods required by law to consider this Agreement, including but not limited to the 21-day period required by the ADEA (the "Consideration Period"). You understand that You may execute this Agreement fewer than 21 days from its receipt from the Company but agree that such execution will represent Your knowing waiver of such Consideration Period. You further acknowledge that within the 7-day period following Your execution of this Agreement (the "Revocation Period"), You will have the unilateral right to revoke this Agreement, and that the Company's obligations hereunder will become effective only upon the expiration of the Revocation Period without Your revocation hereof. In order to be effective, notice of Your revocation of this Agreement must be received by the Company in writing on or before the last day of the Revocation Period. Such revocation must be sent in writing to the Company's Chief Executive Officer by the following methods: (a) personal delivery; (b) registered or certified mail (postage prepaid, return receipt requested) or national overnight courier service to 256 W. Data Drive, Draper, Utah, 84020, Attn: General Counsel; or (c) email transmission to marvin.fentress@progleasing.com.

If the terms set forth in this Agreement are acceptable, please initial each page, sign below, and return the signed original to the Company. If the Company does not receive a signed original on or before the 22nd day after You receive this Agreement, then this offer is automatically revoked and You will not be entitled to the consideration set forth in this Agreement.

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

PROG Holdings, Inc.

____
Steven A. Michaels
Chief Executive Officer

Date:__________

____
Blake Wakefield

Date:__________

ADDENDUM A

REAFFIRMATION AGREEMENT

This Reaffirmation Agreement (the "Reaffirmation Agreement") is entered into as of April __, 2022 by and between PROG Holdings, Inc. (the "Company") and Blake Wakefield ("You" or "Your") (collectively, the "Parties"). Unless otherwise noted, the capitalized terms in this Reaffirmation Agreement are defined in that certain Separation and General Release Agreement between the Parties dated as of April 1, 2021 (the "Release Agreement").

1. Purpose. The purpose of this Reaffirmation Agreement is to effectuate the intent and agreement of the Parties as reflected in the Release Agreement, by advancing to the execution date of this Reaffirmation Agreement the effective date of Your general waiver and release of all claims against the Company, as set forth in Section 3 of the Release Agreement.

2. Consideration. The Parties expressly acknowledge the adequacy and sufficiency of the consideration flowing to one another for their execution of this Reaffirmation Agreement, as set forth fully in the Release Agreement.

3. Waiver and Release of Claims. Accordingly, with Your signature below, You specifically acknowledge and reaffirm Your waiver and release of all claims that You have or may have (whether known or unknown) against the Company, to the same extent and with all conditions, exceptions and provisos thereto as reflected in Sections 3 and 20 of the Release Agreement. You understand and agree that such waiver and release will be effective as to all claims arising on or before the date You execute this Reaffirmation Agreement, subject to Your effectuation of this Reaffirmation Agreement in the manner set forth in the next Section hereof.

4. ADEA Compliance. You acknowledge that You have entered into this Reaffirmation Agreement freely and without coercion, that You have been advised by the Company to consult with counsel of Your choice, that You have had adequate opportunity to so consult, and that You have been given all time periods required by law to consider this Reaffirmation Agreement, including but not limited to the 21-day period required by the ADEA (the "Consideration Period"). You understand that You may execute this Reaffirmation Agreement fewer than 21 days from its receipt from the Company but agree that such execution will represent Your knowing waiver of such Consideration Period. You further acknowledge that within the 7-day period following Your execution of this Reaffirmation Agreement (the "Revocation Period"), You will have the unilateral right to revoke this Reaffirmation Agreement, and that the Company's obligations hereunder will become effective only upon the expiration of the Revocation Period without Your revocation hereof. In order to be effective, notice of Your revocation of this Reaffirmation Agreement must be received by the Company in writing on or before the last day of the Revocation Period, directed to the same individuals identified in the Release Agreement. For the avoidance of doubt, any revocation of this Reaffirmation Agreement will result in the Company having no obligation to provide You any Transition Benefits. Further, Your execution and non-revocation of this Reaffirmation Agreement is a condition precedent to Your rights to any

Transition Benefits. If you do not execute or later revoke this Reaffirmation Agreement, You shall be obligated to repay and the Company shall have the right to recoup any Transition Benefit previously provided to You, including any equity compensation, to the maximum extent permitted by applicable law.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Reaffirmation Agreement effective as of April __, 2022.

PROG Holdings, Inc.

____
Steven A. Michaels
Chief Executive Officer

Date:__________

____
Blake Wakefield

Date:__________

ADDENDUM B

KNOWN CLAIMS

None.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Steven A. Michaels, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PROG Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2021

/s/ Steven A. Michaels

Steven A. Michaels

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Brian Garner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PROG Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2021

/s/ Brian Garner
Brian Garner
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven A. Michaels, Chief Executive Officer of PROG Holdings, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2021

/s/ Steven A. Michaels
Steven A. Michaels
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Garner, Chief Financial Officer of PROG Holdings, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2021

/s/ Brian Garner
Brian Garner
Chief Financial Officer