

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

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
(State or other jurisdiction of
incorporation or organization)
256 W. Data Drive
(Address of principal executive offices)

Draper, Utah

85-2484385
(I. R. S. Employer
Identification No.)
84020-2315
(Zip Code)

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

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

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2024 was \$923,341,852 based on the closing price on that date as reported by the New York Stock Exchange. Solely for the purpose of this calculation and for no other purpose, the non-affiliates of the registrant are assumed to be all shareholders of the registrant other than (i) directors of the registrant, (ii) executive officers of the registrant, and (iii) any shareholder that beneficially owns 10% or more of the registrant's common shares.

As of February 14, 2025, there were 40,816,531 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2025 annual meeting of shareholders, to be filed subsequently with the Securities and Exchange Commission, or SEC, pursuant to Regulation 14A, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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Cautionary Note Regarding Forward Looking Statements

This Annual Report on Form 10-K (this "Form 10-K") contains forward-looking statements within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. These statements include, among others, statements that involve expectations, plans or intentions, such as those relating to management strategies, future business, future results of operations or financial condition, customer payment behavior, mergers or acquisitions, and capital allocation. These forward-looking statements may be identified by words such as "may," "will," "would," "should," "assumes," "could," "expect," "anticipate," "believe," "estimate," "intend," "strategy," "future," "opportunity," "plan," "project," "forecast," and other similar expressions. These forward-looking statements involve risks and uncertainties that may 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 the Risk Factor Summary below, Part I, "Item 1A. Risk Factors" and Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation" of this Form 10-K, as well as in our consolidated financial statements, related notes, and the other information appearing in this Form 10-K and our other filings with the Securities and Exchange Commission (the "SEC"). We do not intend, and undertake no obligation except as required by law, to update any of our forward-looking statements after the date of this Form 10-K to reflect actual results or future events or circumstances. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

Risk Factor Summary

Our businesses are subject to certain risks and uncertainties. Any of the following risk factors may cause our actual results to differ materially from historical or anticipated results. These risks and uncertainties are not all inclusive, but represent the risks that we currently believe are material. There may be additional risks that we do not currently consider to be material or of which we are not currently aware. Any of these risks, as well as the risks described below, could cause our actual results to differ materially from historical or anticipated results and could materially and adversely affect several aspects of our performance.

Risks Related to our Regulatory Environment, Industry and Businesses

- Our businesses are subject to extensive laws and regulations, including laws and regulations unique to the industries in which our businesses operate, that may subject them to government investigations and significant monetary penalties and compliance-related burdens.
- The transactions we offer to consumers may be negatively characterized by government officials, consumer advocacy groups and the media.
- Adverse macroeconomic conditions, such as inflation, a higher cost of living and elevated interest rates for extended periods, as well as other factors outside of our control, may adversely affect demand for our products and services and/or our customers' ability to make the payments they owe for such products and services.
- In an uncertain macroeconomic environment, our proprietary algorithms and decisioning tools used in approving our customers may no longer be indicative of their ability to perform.
- A large percentage of Progressive Leasing's revenue, which represents approximately 96% of PROG Holdings' consolidated revenue, is concentrated with several key point-of-sale partners (whom we refer to as our "POS partners").
- Progressive Leasing serves subprime consumers, and its lease-to-own business model poses inherent risks that may have an adverse impact on our financial performance.
- Although Vive and Four also serve subprime and near-prime consumers, their business models differ significantly from Progressive Leasing's lease-to-own business, which means each of these businesses have different risk profiles.
- Our efforts to modernize and enhance certain enterprise-wide information management systems and technologies could adversely impact our business and operations.
- Any significant disruptions in our information technology systems or the systems of our key vendors, whether from cyber-attacks, software errors, bugs, defects or otherwise, may prevent us from processing transactions timely and accurately (including making accurate lease and loan decisioning).
- Our business continuity and disaster recovery plans may not be sufficient to prevent losses in the event we experience a significant disruption in our information technology systems.
- Our inability to protect confidential, proprietary, or sensitive information, including the confidential information of our customers, may be adversely affected by cyber-attacks or similar disruptions which may result in significant costs, litigation and reputational damage or otherwise have a material adverse impact on several aspects of our performance.

- Our capital allocation strategy and financial policies, including our current stock repurchase and dividend programs, as well as any potential debt repurchase program, may not be effective at enhancing shareholder value, or providing other benefits we expect.
- From time to time, we may undertake significant cost reduction initiatives, which may not be adequate or may have unintended consequences that could be disruptive to our businesses.
- The loss of services of our key executives or our inability to attract and retain key talent, particularly with respect to our information technology function, may have a material adverse impact on our operations.

Risks Related to Our Indebtedness

- We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.
- The terms of our indebtedness may restrict our current and future business plans and strategies, particularly our ability to respond to changes or to take certain actions.
- The portion of our indebtedness that is variable in nature subjects us to interest rate risk, which may cause our debt service obligations to increase significantly.

General Risk Factors

- Our stock price is volatile, and you may not be able to recover your investment if our stock price declines.
- If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner.
- If securities or industry analysts publish research that is unfavorable about our business, our stock price and trading volume may decline.
- Our actual operating results may differ significantly from our guidance.

PART I

ITEM 1. BUSINESS

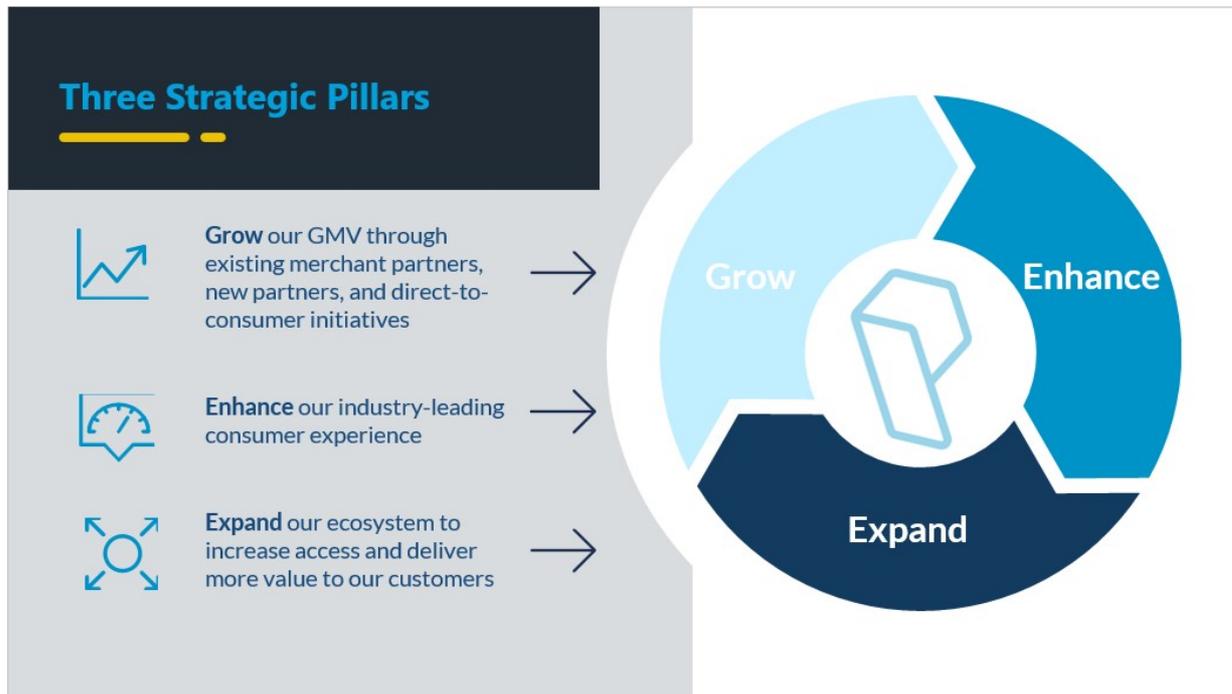
Unless otherwise indicated or unless the context otherwise requires, all references in this Annual Report on Form 10-K to the "Company," "we," "us," "our" and similar expressions are references to PROG Holdings, Inc. ("PROG Holdings") and its consolidated subsidiaries.

Overview

PROG Holdings is a financial technology holding company that provides transparent and competitive payment options to consumers. PROG Holdings' operating segments include Progressive Leasing, an in-store, app-based, and e-commerce point-of-sale lease-to-own solutions provider, Vive Financial ("Vive"), an omnichannel provider of second-look revolving credit products, and Four Technologies, Inc. ("Four"), which offers Buy Now, Pay Later ("BNPL") payment options to consumers through the Four platform. PROG Holdings also owns Build, a credit building financial management tool. The Progressive Leasing segment comprised approximately 96% of our consolidated revenues for the year ended December 31, 2024. Progressive Leasing provides consumers with lease-purchase solutions for merchandise, including furniture, appliances, electronics, mobile phones and accessories, jewelry, mattresses, and automobile electronics and accessories from leading traditional and e-commerce retailers (whom we refer to as our point-of-sale partners, "POS partners," or "retail partners"). Many of our customers fall within the near-prime or subprime Fair Isaac and Company ("FICO") score categories and may have difficulty purchasing big-ticket and other durable goods they desire. Progressive Leasing's technology-based, proprietary decisioning platform offers prompt lease decisioning at the point-of-sale and is integrated with both traditional and e-commerce POS partners' systems. Progressive Leasing provides customers with transparent and competitive lease payment options along with flexible terms that are designed to help customers achieve merchandise ownership, including through low initial payments and early buyout options. Lease-to-own transactions facilitated through our Company also benefit our POS partners by generating incremental sales to credit-challenged consumers, who typically would not have qualified for financing offers traditionally provided by these retailers.

Strategy

Our strategy to drive growth in our business, which we believe positions us for success over the long-term, includes the following:



- **Grow our gross merchandise volume ("GMV") through existing merchant partners, new partners, and direct-to-consumer initiatives** - We plan to grow GMV through strategic collaboration and marketing efforts with our existing POS partners. We remain focused on converting our pipeline of retailers into new POS partners. Our ability to maintain and strengthen new and existing relationships, including addressing the changing needs of our POS partners, is critical to the long-term growth of our business. We will also continue to expand our direct-to-consumer marketing efforts to attract new customers and drive more GMV through in-store and online retailers.
- **Enhance our industry-leading consumer experience** - We are investing in technology platforms that promote customer engagement and simplify the lease application, origination and servicing experience. We are committed to providing our customers with transparency, flexibility, and greater choice on how and where they choose to shop. We are expanding and innovating our e-commerce capabilities to benefit existing and new POS partners and customers.
- **Expand our ecosystem to increase access and deliver more value to our customers** - We expect to broaden our financial technology product ecosystem through research and development ("R&D") efforts and strategic acquisitions that will result in a more loyal and engaged customer base. We will leverage our extensive database of lease and loan agreements to offer current and previous customers products that meet their needs.

Operating Segments

As of December 31, 2024, the Company has three operating segments: Progressive Leasing, Vive and Four. The Company's two reportable segments are Progressive Leasing and Vive, which is consistent with the current organizational structure and how the chief operating decision maker regularly reviews results to analyze performance and allocate resources.

The operating results of our two reportable segments may be found in (i) [Item 7](#). Management's Discussion and Analysis of Financial Condition and Results of Operations and (ii) [Item 8](#). Financial Statements and Supplementary Data.

Progressive Leasing

Progressive Leasing is our largest operating segment, which empowers consumers and businesses with transparent and flexible lease-to-own options to help consumers achieve ownership of durable goods. Progressive Leasing provides in-store, app-based, and e-commerce point-of-sale lease-to-own solutions through approximately 23,000 third-party POS partner locations and e-commerce websites in 45 states, the District of Columbia and Puerto Rico. It does so by purchasing the desired merchandise from POS partners and, in turn, leasing that merchandise to customers through a cancellable lease-to-own transaction. Progressive Leasing consequently has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers. The Progressive Leasing segment comprised approximately 96% of our consolidated revenues for the year ended December 31, 2024.

Vive

Vive primarily serves customers who may not qualify for traditional prime lending offers and 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 over 6,200 POS partner locations and e-commerce websites includes furniture, mattresses, fitness equipment, and home improvement retailers, as well as medical and dental service providers. The Vive segment comprised approximately 3% of our consolidated revenues for the year ended December 31, 2024.

Four

Four provides consumers of all credit backgrounds with BNPL options through four interest-free installments. Four's proprietary platform capabilities provide our base of customers and POS partners with another payment solution as part of the PROG Holdings financial technology offerings. Shoppers use Four's platform to purchase furniture, clothing, electronics, health and beauty, footwear, jewelry, and other consumer goods from retailers across the United States. Four was not a reportable segment for the year ended December 31, 2024 as its financial results were not material to the Company's results of operations or financial condition. Four's financial results are reported within "Other" for segment reporting purposes.

Operations

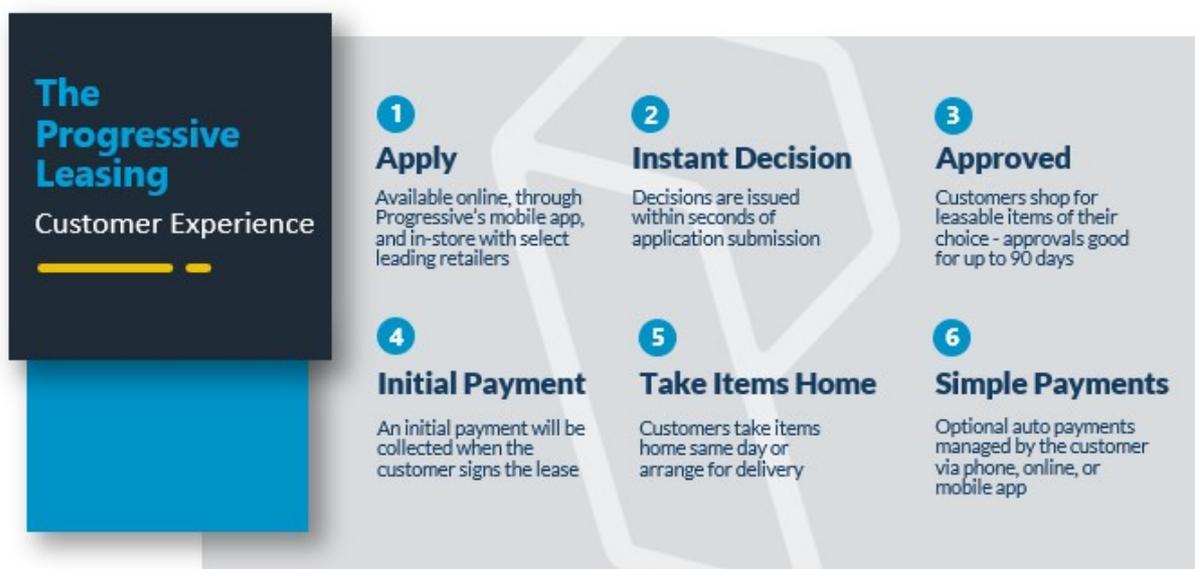
Operating Strategy

Our operating strategy is based on distinguishing our Progressive Leasing, Vive, and Four brands from those of our competitors, along with maximizing our operational efficiencies. At every interaction with our POS partners and customers, we strive to combine our service and advanced technology-based solutions to deliver a best-in-class experience. We believe this strategy allows us to grow incremental sales for our POS partners, while realizing operating efficiencies at scale. Importantly, our ability to service our POS partners and our customers while effectively managing labor costs allows us to offer lease-purchase solutions that are generally lower cost and otherwise more attractive than many other options available in the market.

Legacy Finance Solution Shortfall	Progressive Leasing's Answer
Approximately 40% of United States population has a near or below prime FICO score and may not have a convenient solution to finance the purchase of big-ticket items.	Progressive Leasing offers a technology-based, proprietary decisioning platform with transparent and competitive lease payment options.
Consumers may not be able to qualify for traditional products due to low credit score or no traditional credit file/score.	Approvals are determined by various credit underwriting factors beyond traditional credit scores.
Traditional products have high denial rates for non-prime customers and retailer staff have minimal training or program support to enable the purchase.	Progressive Leasing brand loyalty, marketing and POS partner support efforts help drive incremental business to our POS partners and facilitate sales to customers that are otherwise unable to purchase.

Lease Agreement Customer Experience

We offer simplified and transparent lease application and payment processes:



Lease Agreement Decisioning Process

Progressive Leasing uses proprietary decisioning algorithms to determine which applicants meet our leasing qualifications and the lease amount for which customers are approved. The Company leverages a large decisioning data set with mature lease performance data and other information provided from third party sources. Progressive Leasing's proprietary algorithms utilize the customer application, customer history, known fraud attributes, retailer/vertical performance and other information in the decision-making process.

Lease Agreement and Collection

The Progressive Leasing customer has the option to acquire ownership of merchandise over a fixed term of up to 12 months, by making weekly, bi-weekly, semi-monthly, or monthly lease payments. The customer may cancel the agreement at any time without penalty by returning the merchandise to Progressive Leasing. If the customer leases the item through the completion of the full term, ownership of the item transfers to the customer. The customer may also purchase the item at any time by making the contractually specified payment.

Contractual payments are usually based on a customer's pay frequency and are typically processed through automated clearing house payments. If a payment is not made in a timely manner, collections are managed in-house through our customer payment assistance team and proprietary lease management system. The customer payment assistance team contacts customers within a few days after the due date to encourage them to keep their agreement current. We also send email and/or text reminders to customers and provide payment options and instructions. If the customer chooses to return the merchandise, arrangements may be made to receive the merchandise from the customer by either scheduling a pick-up or shipping the merchandise to our warehouse in Draper, Utah. Merchandise pick-ups are handled by Progressive Leasing employees in a variety of locations throughout the United States. We also utilize a third-party service provider to assist in pick-ups when the merchandise is too large, or the return is outside our coverage areas.

For customer agreements that are past due, the Company's policy is to write off lease merchandise after 120 days. The provision for lease merchandise write-offs as a percentage of lease revenues was 7.5%, 6.7% and 7.7% for the years ended December 31, 2024, 2023, and 2022, respectively. The Company's targeted annual range for the provision for lease merchandise write-offs as a percentage of lease revenues is 6% to 8%.

Vive's Credit Decisioning and Collection

Vive partners with merchants to provide a variety of revolving credit products originated through third-party federally insured banks to customers that may not qualify for traditional prime lending offers (referred to as "second-look" financing programs). We believe Vive provides the following strategic benefits:

- **Enhanced product for POS partners** - Vive is able to drive more sales for its POS partners through its revolving credit products. Vive has a centralized, scalable underwriting model with a long operating history, deployed through its third-party bank partners, and a proprietary receivable management system.
- **Expanded customer base** - PROG Holdings is able to serve a broader base of consumers through Vive. Vive primarily serves customers with FICO scores between 580 and 700, which make up approximately a quarter of the United States population. These customers generally have credit profiles that are typically stronger than Progressive Leasing's current customers. Additionally, Vive's revolving credit products can be used for the purchase of services in addition to merchandise.
- **Proprietary decision algorithm and collection** - Vive uses an underwriting model that provides standardized credit decisions, including borrowing limit amounts. Credit decisions are primarily based on a proprietary underwriting algorithm. Loans receivable are unsecured, and collections on loans receivable are managed in-house through Vive's employees and proprietary loans receivable management system.

Customer Service

A critical component of the success of our operations is the commitment to develop good relationships with our customers. We consistently monitor consumer preferences and trends to ensure that our business models are aligned with our customers' needs. We believe that building a relationship with the customer that ensures customer satisfaction is critical to our long-term success. Our goal, therefore, is to develop a positive experience with our customers, and for our products, service and support in the minds of our customers from the moment they enter the stores, e-commerce websites or mobile apps of our POS partners, or access our website or mobile app.

We believe the strong focus on customer satisfaction generates repeat business from our customers and long-lasting relationships with our POS partners. Our customers are given access to products through multiple channels, including a network of POS partner store locations and e-commerce sites. Our customers benefit from Progressive Leasing's flexible payment alternatives and other features, including early purchase options, reinstatement options, product replacement, discounts and other benefits. In addition, we offer payment deferral options and other payment adjustment options to customers who are experiencing financial difficulties, such as to those customers who have been adversely impacted by financial hardships and other qualifying events. We foster relationships with POS partners to better serve new and existing customers. Our Progressive Leasing segment offers centralized customer and retailer support through internal employee representatives located primarily in Utah, Arizona and Texas. Our Vive segment offers centralized customer and merchant support through internal employee representatives located primarily in Utah and Arkansas. Additionally, we utilize third-party service providers in Cali, Colombia

and Makati, Philippines to assist us with our customer support and collection efforts. Since early 2020, substantially all customer service representatives for Progressive Leasing and Vive have transitioned to working remotely.

Our commitment to our customers is ongoing throughout their lease term. Progressive Leasing customers have the option to cancel their lease-to-own agreement and return the merchandise at any time. We provide customers the convenience to return merchandise by either scheduling a pick-up or shipping the merchandise to our warehouse in Draper, Utah.

Purchasing and POS Partner Relationships

The following table details the percentage of Progressive Leasing's revenues attributable to different categories of merchandise offered by its POS partners:

Progressive Leasing POS Partner Merchandise Category ¹	Year Ended December 31,		
	2024	2023	2022
Furniture, Appliances and Electronics ²	58 %	58 %	57 %
Mobile Phones and Accessories	16 %	15 %	14 %
Jewelry	15 %	15 %	17 %
Mattresses	5 %	6 %	6 %
Automobile Electronics and Accessories	2 %	3 %	3 %
Other	4 %	3 %	3 %

¹Revenues from a POS partner are attributed to a single category even if the POS partner may carry merchandise across multiple categories.

²Progressive Leasing also classifies some electronics within mobile phones and accessories, automobile electronics and accessories, and other.

The following table details the percentage of Vive's revenues attributable to different categories of services and merchandise offered by its POS partners:

Vive POS Partner Services and Merchandise Category ¹	Year Ended December 31,		
	2024	2023	2022
Furniture and Mattresses	50 %	55 %	55 %
Home Exercise and Home Improvement	18 %	14 %	11 %
Medical and Dental	14 %	17 %	20 %
Other	18 %	14 %	14 %

¹Revenues from a POS partner are attributed to a single category even if the POS partner may offer services or merchandise across multiple categories.

During 2024, two POS partners each individually provided customer relationships that generated greater than 10% of our consolidated revenues.

Marketing and Advertising

Progressive Leasing actively markets its leasing services to help its customers achieve ownership of durable goods and drive new shoppers and incremental revenue for our POS partners. To accomplish these goals, we invest in digital, traditional, and in-store marketing, and our internal marketing and data science teams continually evaluate and optimize this investment to maximize the benefit for our POS partners.

Our robust digital media program is comprised of paid search, digital display, mobile, video, and paid social advertising. Through a variety of media testing methods, we can verify the impact of our paid digital media on in-store and online shopping trips and lease origination activity. In addition, targeted, personalized email and text marketing campaigns leverage our large customer database, educating customers about lease-to-own offerings, and driving lease conversion and sales for our POS partners. In addition, in cooperation with our POS partners, Progressive Leasing leverages a variety of in-store marketing materials to drive awareness at the point of sale.

These efforts drive new and returning customers online and into retail locations, generating incremental sales for our POS partners.

Competition

Our Progressive Leasing segment competes with other lease-to-own companies (virtual and traditional store based), and to a lesser extent, consumer finance companies, and traditional and online sellers of merchandise that provide customers with various types of payment options. The virtual lease-to-own market is highly competitive. The industry is also experiencing an increase in new products and services designed to compete for the traditional lease-to-own consumer. The emergence of these new products and services has resulted in consumers having various payment alternatives for the goods and services they desire, resulting in a highly competitive environment. Vive competes with banks, consumer finance companies, and other financial technology companies for customers desiring to purchase merchandise or services. Four also competes with these same financial service providers for customers desiring to purchase merchandise or services for cash or credit. Competition is based primarily on product selection and availability, customer service, lease rates, interest rates, promotional rates, and other terms.

Working Capital

Progressive Leasing's most significant working capital asset is merchandise on lease. The need for additional lease merchandise is expected to remain a major working capital requirement. Vive's most significant working capital assets are loans receivable. Four's most significant working capital assets are loans receivable. Consistent and dependable sources of liquidity are required for Progressive Leasing to purchase such merchandise, and for Vive and Four to acquire new loans, with Vive doing so through third-party bank partners. Failure to maintain adequate sources of liquidity to purchase lease merchandise and originate loans may materially adversely affect our Progressive Leasing, Vive, and Four businesses. We believe our cash on hand, operating cash flows, and availability under our revolving credit facility are adequate to meet our normal liquidity requirements.

Human Capital

We believe that a diverse workforce composed of individuals from various backgrounds, experiences, and perspectives fosters creativity and accelerates innovation. In fiscal 2024, we continued to focus on activities that promote an inclusive environment to reflect the consumers we serve and the communities in which we operate.

We work hard to cultivate a welcoming and nurturing workplace for all employees, including by supporting our employee resource groups ("ERGs") to help to ensure the many experiences of our diverse employees, customers and communities are reflected in our decisions and actions. Our ERGs receive executive, monetary and other support from the Company and participation is voluntary and open to all employees in all positions and locations for all of our ERGs.

Our other efforts to promote a sense of inclusiveness and belonging among all of our employees include:

- Hosting internal and guest speakers to discuss topics related to fostering a welcoming and inclusive workplace;
- Growing our mentorship programs that are offered to all employees
- Partnering with the Company's ERGs to connect with diverse candidate pools and obtain internal referrals for sourcing job candidates;
- Providing the ERGs with resources to support their missions in the community, such as volunteering and giving in areas we serve; and
- Completing an ongoing talent review process that is designated to utilize a multi-factor approach to understanding the talents of our employees and the potential they have to be future leaders of the Company.

As of December 31, 2024, our employee count was 1,261 for Progressive Leasing, 124 for Vive, and 18 for Four and Other, the majority of which were full time employees. None of our employees are covered by a collective bargaining agreement, and we believe that our relations with employees are good.

The information in the tables below summarizes our gender, ethnicity and race diversity metrics as of December 31, 2024:

	December 31, 2024	
	Male	Female
Vice Presidents and Above	82.9 %	17.1 %
All Other Employees	43.6 %	56.4 %

	December 31, 2024						
	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races
Vice Presidents and Above	5.7 %	80.0 %	2.9 %	—%	11.4 %	—%	—%
All Other Employees	22.1 %	56.4 %	8.5 %	1.5 %	5.0 %	0.5 %	6.0 %

We foster a culture of learning that provides employees with development opportunities to support their unique career paths. We support our employees in owning their development and growth, and we provide development training and resources to empower employees to achieve their personal best at work.

We also empower our employees to give to causes they feel passionately about, through volunteering, making financial donations, which we match up to certain limits, serving as nonprofit board members, and participating in our Company-sponsored Day of Service.

We work to ensure that our employment practices comply with all applicable local, state and federal laws, including those concerning equal opportunity, compensation and safe working conditions. We strive to achieve shared, meaningful goals and commit to open communication through which individuals have no fear of expressing themselves freely and respectfully where, for example, they in good faith believe they need to raise a concern regarding a potential violation of law or Company policies.

We offer our employees fair and competitive wages and benefits which include (i) health benefits consisting of medical, dental, vision, life insurance, short-term and long-term disability insurance; (ii) paid parental leave; (iii) Company matched 401(k); (iv) paid time off, paid holidays, and paid volunteer hours; (v) an employee stock purchase program; (vi) tuition reimbursement; and (vii) charitable gift matching.

For the years ended December 31, 2024, 2023, and 2022, personnel costs, excluding stock-based compensation expense, were \$172.5 million, \$187.2 million, and \$194.2 million, respectively.

Seasonality

Progressive Leasing's revenue mix is moderately seasonal. Adjusting for growth, the first quarter of each year generally has higher revenues than any other quarter. This is primarily due to realizing the benefit of our POS partners' increases in business and higher lease originations during the fourth quarter holiday season, as well as increased liquidity for our customers in the first quarter due to receipt of federal and state income tax refunds. Our customers will more frequently exercise the early purchase option on their existing lease agreements during the first quarter of the year. We expect these trends to continue in future periods.

Industry Overview

The Lease-to-Own Industry

The lease-to-own industry offers customers an alternative to traditional methods of obtaining home furnishings, electronics, appliances, computers, jewelry, and other consumer goods and services. In a standard industry lease-to-own transaction, the customer has the option to acquire ownership of merchandise over a fixed term by making periodic lease payments. The customer may cancel the agreement at any time without penalty by returning the merchandise to the lessor. If the customer leases the item through the completion of the full term, ownership of the item transfers to the customer. The customer may also purchase the item at any time by tendering the contractually specified payment.

The lease-to-own model is particularly attractive to customers who are unable to pay the full purchase price for merchandise upfront and lack the credit to qualify for conventional financing programs. Other individuals who find the lease-to-own model attractive are customers who, despite access to credit, do not wish to incur additional debt or have only a temporary need for the merchandise.

Government Regulation

Our Progressive Leasing, Vive and Four businesses are extensively regulated by and subject to the requirements of various federal, state and local laws and regulations. Violations of these laws and regulations may subject them to government investigations and significant monetary penalties, remediation expenses and compliance-related burdens.

Federal regulatory authorities have been focused on alternative consumer financial services and products that our Progressive Leasing, Vive and Four businesses provide. For example, in April 2020, Progressive Leasing entered into a settlement (the "FTC Settlement") with the Federal Trade Commission ("FTC") to resolve allegations by the FTC that certain of Progressive

Leasing's advertising and marketing practices violated the FTC Act. Even though Progressive Leasing believed it was in compliance with the FTC Act, and thus, did not admit any violations of the FTC Act or any other laws, under the terms of the FTC Settlement, Progressive Leasing paid \$175 million to the FTC and agreed to enhance certain of its compliance-related activities, including augmenting disclosures to its customers and expanding its POS partner monitoring programs. During the third quarter of 2024, Progressive Leasing received a written request from the FTC to evidence Progressive Leasing's compliance with the FTC Settlement by providing the FTC with information and documents, including those related to customer complaints and advertising and marketing materials. The Company is fully cooperating with the FTC in responding to the FTC's request for information and documents.

In addition to federal regulatory oversight, currently, nearly every state specifically regulates lease-to-own transactions via state statutes, and are holding businesses like Progressive Leasing to higher standards of training, monitoring and compliance. Most state lease purchase laws require lease-to-own companies to disclose to their customers the total number of payments, total amount and timing of all payments to acquire ownership of any item, any other charges that may be imposed and miscellaneous other items. The more restrictive state lease purchase laws limit the retail price for an item, limit the total amount that a customer may be charged for an item, or regulate the "cost-of-rental" amount that lease-to-own companies may charge on lease-to-own transactions. With respect to the regulation of the "cost-of-rental" amount, such laws generally define "cost-of-rental" as lease fees paid in excess of the "retail" price of the goods. Progressive Leasing's long-established policy in all states is to disclose the terms of its lease purchase transactions as a matter of good business ethics and customer service. From time to time, state attorneys general have directed investigations, regulatory initiatives and/or legal actions toward us, our industry, or certain companies within the industry, including states in which our Progressive Leasing business has POS partners. For example, in August 2022, the Pennsylvania Attorney General filed a complaint against Progressive Leasing alleging, among other things, that Progressive Leasing was operating in Pennsylvania in violation of the Pennsylvania Rental Purchase Agreement Act by failing to disclose certain terms and conditions of rent-to-own ("RTO") transactions on "hang tags" physically attached to RTO merchandise. Although the Company believed the Pennsylvania Attorney General's claims were without merit, it entered into a settlement agreement with the Pennsylvania Attorney General in January 2024, pursuant to which the Attorney General agreed to release its claims against Progressive Leasing. There can be no assurances that other state attorneys general will not pursue similar legal actions against the Company in future periods.

Intellectual Property

Intellectual property and proprietary rights are important to the success of our business. We rely on a combination of trademark, service mark, trade name and copyright laws in the United States and other jurisdictions, as well as license agreements, confidentiality procedures, non-disclosure agreements, and other contractual protections, to establish and protect our intellectual property and proprietary rights, including our proprietary technology, software, know-how, and brand. However, these laws, agreements, and procedures provide only limited protection. We own, or are otherwise entitled to use, the various trademarks, trade names, and service marks used in our businesses, including those used with the operations of Progressive Leasing, Vive, and Four. We intend to file for additional trade name and trademark protection when appropriate.

Although we rely on intellectual property and proprietary rights, copyrights, trademarks and trade secrets, as well as contractual protections, in our business, we also seek to preserve the integrity and confidentiality of our intellectual property and proprietary rights through appropriate technological restrictions, such as physical and electronic security measures. We believe that factors such as the technological and creative skills of our personnel and frequent enhancements to our network are also essential to establishing and maintaining our competitive position.

Available Information

Our primary internet address is www.progholdings.com. The information contained on our website is not included as part of, or incorporated by reference into, this Annual Report on Form 10-K or any other reports we file with or furnish to the Securities and Exchange Commission ("SEC"). On our website, we make available, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, director and officer reports on Forms 3, 4, and 5, and any amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also make available on our website our Code of Ethics, our Corporate Governance Guidelines, and the charters for the Audit, Compensation and Nominating and Corporate Governance Committees of the Board of Directors. The SEC maintains an internet site, www.sec.gov, containing reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Our businesses are subject to a number of risks and uncertainties that may affect our businesses, results of operations and financial condition, or the trading price of our common stock, some of which are described below. These risk factors may not be all of the risks our businesses face because we operate in a continually changing regulatory and macroeconomic environment, and new risks and uncertainties may emerge from time to time. We cannot predict such new risks and uncertainties, nor can we assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our businesses.

Risk Factors

Risks Related to our Regulatory Environment, Industry and Businesses

Our businesses are subject to extensive federal, state and local laws and regulations, including certain laws and regulations unique to the industries in which our businesses operate, that may subject them to government investigations and significant monetary penalties, remediation expenses and compliance-related burdens that may result in them changing the manner in which they operate, which may be materially adverse to several aspects of our performance.

In recent years, federal regulatory authorities have increasingly focused on alternative consumer financial services products, including consumer protection within the subprime financial marketplace in which our businesses operate. For example, in April 2020, our Progressive Leasing business entered into a settlement with the FTC (the "FTC Settlement") to resolve allegations by the FTC that certain of Progressive Leasing's advertising and marketing practices violated the FTC Act, even though Progressive Leasing believed it was in compliance with the FTC Act, and thus, did not admit any violations of that act or any other laws. Under the FTC Settlement, Progressive Leasing paid \$175 million to the FTC and agreed to enhance certain of its compliance-related activities, including augmenting disclosures to its customers and expanding its POS partner monitoring programs. If federal regulatory authorities continue to focus on alternative consumer financial services products, including within the industries in which our businesses operate, this may result in increased compliance costs and the possibility of significant monetary penalties, remediation expenses and costly changes to the manner in which we conduct our businesses.

State regulatory authorities have also been focused on the subprime financial marketplace, including the lease-to-own industry. For example, in August 2022, a complaint was filed by the Pennsylvania Attorney General against the Company's Progressive Leasing business alleging, among other things, that Progressive Leasing had violated the Pennsylvania Rental Purchase Agreement Act by failing to disclose certain terms and conditions of rent-to-own ("RTO") transactions on "hang tags" physically attached to RTO merchandise. Although the Company believed the Pennsylvania Attorney General's claims were without merit, it entered into a settlement with the Pennsylvania Attorney General in January 2024, pursuant to which the Attorney General agreed to release its claims against Progressive Leasing. That settlement was approved by the court where the lawsuit was pending on January 26, 2024. Although no other states have alleged such claims against Progressive Leasing, we expect that certain state regulatory authorities will continue their increased focus on alternative consumer financial services products, and, as a result, businesses transacting with subprime consumers, for example, may be held to higher standards of monitoring, disclosure and reporting, regardless of whether new laws or regulations governing our industry are adopted. This increased attention may significantly increase the compliance costs for our businesses, result in additional fines or monetary penalties or settlements due to future government investigations, and materially and adversely impact the manner in which they operate, which may be materially adverse to several aspects of our performance.

In addition, certain aspects of our businesses, such as the content of their advertising and other disclosures to customers about transactions, their respective data collection practices, the manner in which they may contact their customers, the decisioning process regarding whether to enter into a transaction with a potential customer, their credit reporting practices, and the manner in which they process and store certain customer, employee and other information are subject to federal and state laws and regulatory oversight. For example, the California Consumer Privacy Act of 2018 (the "CCPA") gives residents of California expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used, and also provides for civil penalties for violations and private rights of action for data breaches. In addition, the California Privacy Rights Act ("CPRA"), which became effective on January 1, 2023, significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. The CCPA, CPRA, and other applicable state and federal privacy laws now require us to design, implement and maintain different types of privacy-related compliance controls and programs for our businesses simultaneously in multiple states, thereby further increasing the complexity and cost of compliance. In addition, certain states' laws limit the total cost that Progressive Leasing may charge a customer in order for the customer to achieve ownership of the leased merchandise at the end of the lease term.

We have incurred and will continue to incur substantial costs to comply with federal, state and local laws and regulations, including rapidly evolving expected consumer protection standards. In addition to compliance costs, we may continue to incur substantial expenses to respond to regulatory and other third-party investigations and enforcement actions, proposed fines and

penalties, criminal or civil sanctions, and private litigation, as well as potential "headline risks" that may negatively impact our business and may adversely affect our share price. Consumer complaints with respect to our industry have resulted in, and may in the future result in, state, federal and local regulatory and other investigations. In addition, while we are not aware of any whistleblower claims regarding the specific practices of our businesses, such claims are on the rise generally. We believe these claims will likely continue, in part because of the provisions enacted by the Dodd-Frank Act that provide for cash awards to persons who report alleged wrongdoing to the U.S. Securities and Exchange Commission, and because competitors may use it as a method to weaken their competitors, and others, like former personnel or other constituencies, may use it as means to extract payment or otherwise retaliate.

Additionally, as we execute on our strategic plans, we may continue to expand into complementary businesses that engage in financial, consumer credit transactions or lending services, or lease-to-own or rent-to-rent transactions involving products that we do not currently offer our customers, or implement the use of new technologies in our existing businesses and products, such as machine learning and artificial intelligence-based technologies, all of which may be subject to a variety of statutes, laws and regulatory requirements in addition to those regulations currently applicable to our operations, which may impose significant costs, limitations or prohibitions on the manner in which we currently conduct our businesses as well as those we may acquire in the future.

Progressive Leasing serves subprime consumers, and its lease-to-own business model poses inherent risks that may have a material and adverse effect on our results, financial condition, and prospects.

Progressive Leasing offers lease-to-own solutions to subprime consumers through point-of-sale retail partners via in-store, mobile, and online solutions. While this model allows Progressive Leasing to address an underserved, credit-challenged segment of the population with an innovative lease-to-own solution that integrates seamlessly with the traditional and e-commerce retailers with whom Progressive Leasing partners (whom we refer to as our point of sale or "POS" partners), it creates specific and unique risks including, among others:

- reliance on POS partners (over whom Progressive Leasing does not exercise full control and oversight) for many important business functions, from advertising through assistance with lease transaction applications, including, for example, explaining the nature of the lease-to-own transaction when asked to do so by a consumer;
- the potential that federal, state and local regulators will continue to focus on alternative financial services products, including consumer protection with respect to such products within the subprime financial marketplace, and impact lease-to-own transactions by adopting new regulations (or applying existing laws and regulations that were never intended to apply to lease-to-own transactions) that require Progressive Leasing to change its business practices in a materially adverse manner;
- indemnification obligations to POS partners for losses stemming from, among other matters, Progressive Leasing's violation of federal, state or local laws or regulations or failure to take the appropriate steps to protect its POS partners' and customers' information from being accessed or stolen by unauthorized third parties through cyber-attacks or "hacking" or similar occurrences; and
- reliance on automatic bank account drafts for lease payments, which may become disfavored as a payment method by regulators and/or providers, or may otherwise become unavailable.

These risks, which may have a material and adverse effect on several aspects of our performance in the future, are described further below.

Adverse macroeconomic conditions, such as inflation, a higher cost of living and elevated interest rates for extended periods, as well as other factors outside of our control, may adversely affect demand for our products and services and/or our customers' ability to make the payments they owe for such products and services.

We derive our revenue from the products and services offered by our businesses. Adverse macroeconomic conditions, such as persistent inflationary pressures, the cost of living and elevated interest rates for extended periods, may lead to declines in disposable income and/or discretionary spending levels which, in turn, could reduce demand for our products and services. Other factors outside our control, such as potential changes in enforcement practices related to existing federal immigration policies and/or modified or newly adopted federal immigration policies, may also negatively affect the subprime consumer population and therefore the demand for our products and services. Additionally, adverse macroeconomic conditions or other factors outside of our control may unfavorably impact our customers' ability to make the payments they owe the Company which, in turn, could result in increased customer payment delinquencies, as well as increases in lease merchandise write-offs, loan loss provisioning and loan write-offs. As a result, continued macroeconomic uncertainty, or other factors outside of our control, could result in lower revenue and negatively impact our businesses and the Company's overall financial results.

In an uncertain macroeconomic environment, our proprietary algorithms and decisioning tools used in approving customers may no longer be indicative of their ability to perform, which in turn may limit the ability of our businesses to manage risk, avoid lease and loan charge-offs and may result in insufficient reserves to cover actual losses.

We believe our proprietary lease and loan decisioning processes to be a key to the success of our businesses. These decisioning processes assume behavior and attributes observed for prior customers, among other factors, are indicative of performance by our future customers. Unexpected changes in customer behavior caused by uncertain macroeconomic conditions, including, for example, persistent inflationary pressures, strained consumer liquidity or increases in unemployment levels may lead to increased incidences and costs related to lease merchandise write-offs. In addition, we believe that uncertain macroeconomic conditions such as these lead to general declines in discretionary spending levels and disproportionately negatively impact the customers we serve. As a result, our decisioning process has required, and may in the future require, frequent adjustments (including tightening) and the application of greater management judgment in the interpretation of the results produced by our decisioning tools, which could have an unfavorable impact on our GMV, margins and earnings. These decisioning tools may be unable to accurately predict and respond to the impact of an uncertain macroeconomic environment or changes to customer behaviors in connection therewith, which in turn may limit the ability of our businesses to manage risk, avoid lease and loan charge-offs and may result in insufficient reserves to cover actual losses (which Progressive Leasing records as accounts receivable allowance and allowance for lease merchandise write-offs and VIVE and Four record as provision for loan losses).

A large percentage of Progressive Leasing's revenue is concentrated with several key POS partners, and the loss of any of these POS partner relationships would materially and adversely affect several aspects of our performance.

Progressive Leasing's relationship with its largest POS partners will have a significant impact on our operating revenues in future periods. The loss of any key POS partners would have a material adverse effect on our business.

For example, during 2024, we derived 52.6% of our consolidated revenues from customers of Progressive Leasing's top three POS partners, and 78.2% of our consolidated revenues from customers of Progressive Leasing's top ten POS partners. Any extended discontinuance of Progressive Leasing's relationship with any of those POS partners or other high visibility retailers, including as a result of such partners going out of business or otherwise being unable or unwilling to continue their relationships with Progressive Leasing, would have a material adverse impact on several aspects of our performance. For example, one of our top ten POS partners, Big Lots, Inc., filed for Chapter 11 bankruptcy in September 2024, which negatively impacted our financial performance in the fourth quarter of 2024 and is expected to negatively impact our financial performance for 2025.

In addition, in the event that Progressive Leasing enters into new or amended business or contractual terms or conditions with any of its largest POS partners that are less favorable than its current arrangements with those POS partners, including with respect to the prices it pays those POS partners for merchandise that it leases to consumers and/or exclusivity, rebate or other incentive payments it may make to those POS partners, our business and prospects may be materially and adversely effected.

Any publicity associated with the loss of any of Progressive Leasing's large POS partners may harm its reputation, making it more difficult to attract and retain consumers and other POS partners and could lessen its negotiating power with its remaining and prospective POS partners. Our operating revenues and operating results may also suffer if any of Progressive Leasing's POS partners experiences a significant decline in sales for any reason, including, for example, due to persistent inflationary pressures that reduce many consumers' discretionary incomes, the imposition of significant tariffs on imported goods that increase the prices of the products offered by our POS partners, or supply chain interruptions unfavorably impacting the inventories of our POS partners.

There can be no assurance that Progressive Leasing will be able to continue its relationships with its largest POS partners on the same or more favorable terms in future periods or that its relationships will continue beyond the terms of its existing contracts with them. Our operating revenues and operating results may suffer if, among other things, any of Progressive Leasing's POS partners renegotiate, terminate or fail to renew, or fail to renew on similar or favorable terms, their agreements or otherwise choose to modify the level of support they provide for Progressive Leasing's products and services.

If Progressive Leasing is unable to attract additional POS partners and retain and grow its relationships with its existing POS partners, several aspects of our performance would be materially and adversely affected.

Our continued success is dependent on the ability of Progressive Leasing to maintain its relationship with its existing POS partners and grow its gross merchandise volume, or "GMV", (which we define as the retail price of merchandise acquired by Progressive Leasing, which we then lease to our customers) from those existing POS partners through their in-store and e-commerce platforms, and also to expand its POS partner base. Progressive Leasing's ability to retain and grow its relationships with POS partners depends on the willingness of POS partners to partner with it. The attractiveness of Progressive Leasing's platform to POS partners depends upon, among other things: its brand and reputation; its ability to sustain its value proposition to POS partners for consumer acquisition; the attractiveness to POS partners of its virtual and data-driven platform; the services, products and customer decisioning standards offered by Progressive Leasing's competitors; the amount of rebates or

other incentive payments offered to those POS partners by Progressive Leasing, and its ability to perform under, and maintain, its POS partner agreements, most of which have terms that do not exceed three years.

In addition, competition for smaller POS partners has intensified significantly in recent years, with many such POS partners simultaneously offering several products and services that compete directly with the products and services offered by Progressive Leasing. Having a diversified mix of POS partners is important to mitigate risk associated with changing consumer spending behavior, economic conditions and other factors that may affect a particular type of retailer. If Progressive Leasing fails to retain any of its larger POS partners or a substantial number of its smaller POS partners, if it does not acquire new POS partners, if it does not continually grow its GMV from its POS partners, or if it is not able to retain a diverse mix of POS partners, several aspects of our performance would be materially and adversely affected.

If Progressive Leasing is unable to attract new consumers and retain and grow its relationships with its existing customers, several aspects of our performance would be materially and adversely affected.

Our continued success depends on the ability of Progressive Leasing to generate repeat use and increased GMV from existing customers and to attract new consumers to its platform. Its ability to retain and grow its relationships with its customers depends on the willingness of consumers to use its products and services. The attractiveness of Progressive Leasing's data-driven platform to consumers depends upon, among other things: the number and variety of its POS partners and the mix of products and services available through its platform; its brand and reputation; customer experience and satisfaction; trust and perception of the value it provides; technological innovation; and the services, products and customer decisioning standards offered by its competitors. If Progressive Leasing fails to retain its relationship with existing customers, if it does not attract new consumers to its platform, products and services, or if it does not continually expand usage and GMV, including, for example, due to a failure to successfully and timely enhance the features of our existing products or create and launch innovative new products, several aspects of our performance would be materially and adversely affected.

Although Vive and Four also serve subprime and near-prime consumers, their business models differ significantly from Progressive Leasing's lease-to-own business, which means each of these businesses have different risk profiles.

Through its Vive branded credit cards and other private label credit card products, Vive offers POS partners a variety of revolving loans for subprime and near-prime consumers. Therefore, Vive's business model has specific and unique risks that are different from Progressive Leasing's business, which may disrupt Vive's business and/or have an unfavorable impact on Vive's financial performance, including, among others:

- Vive's reliance on a limited number of bank partners to issue its Vive branded credit cards and other credit products. Vive's agreements with its issuing bank partners give those partners the right to terminate those agreements without cause by providing Vive with a non-renewal notice within a specified number of days prior to the dates on which those agreements are scheduled to automatically renew. If those agreements were terminated or otherwise disrupted, there is a risk that Vive would not be able to replace those banks with an alternative bank provider on terms that Vive would consider favorable or in a timely manner without disruption of its business.
- Vive has significantly different regulatory risks as compared to Progressive Leasing, including those applicable to consumer credit card transactions. For example, Vive may have compliance obligations with respect to federal and state laws and regulations, including pursuant to its agreements with its issuing bank partners, that govern, among other areas, cardholder agreement terms and disclosures (e.g., the Truth In Lending Act), credit discrimination (e.g., the Equal Credit Opportunity Act), credit reporting (e.g., the Fair Credit Reporting Act), and servicing and collection activities.

The risks that are specific to Vive may also have a material and adverse effect on several aspects of our performance in the future.

In addition, through its BNPL offerings, Four's business model allows shoppers to pay for merchandise through four interest-free installments, which enables its customers to purchase furniture, clothing, electronics, health and beauty, footwear, jewelry, and other consumer goods from retailers across the United States. As discussed above, BNPL offerings have become subject to enhanced regulatory scrutiny by federal and state regulatory authorities which allege several areas of perceived risks to consumers, including the risks that borrowers will become overextended. For example, certain states, such as New York, have introduced legislation to enhance regulations applicable to BNPL offerings, including regulations that limit the amount of fees BNPL businesses are permitted to charge consumers, require BNPL businesses to obtain licenses to conduct business in such states, and require BNPL businesses to perform "ability-to-repay" analyses on their applicants. As a result, Four's regulatory compliance obligations appear to be evolving in certain jurisdictions, which creates unique risks that are different than those faced by more mature businesses, such as Progressive Leasing and Vive, and which could be materially adverse to Four.

Our efforts to modernize and enhance certain enterprise-wide information management systems and technologies could adversely impact our businesses and operations.

We rely extensively on enterprise-wide information management systems and technologies to manage our businesses and, from time to time, we pursue opportunities to modernize and enhance these systems and technologies. For example, in fiscal 2025, we expect to begin implementing a new enterprise resource planning system that is intended to streamline and optimize the Company's financial and accounting processes, as well as begin implementing operational and technological enhancements to our lease decisioning and management systems that are intended to optimize performance, improve efficiency and enhance scalability. We also expect to migrate a large portion of our enterprise-wide applications to a third-party cloud provider in order to further enhance our business continuity and disaster recovery plans. These efforts may take longer and may require greater financial and other resources than anticipated, may cause distraction of key personnel, may cause disruptions to our existing systems and our business, may adversely impact our ability to externally report timely and accurate consolidated financial information, may expose us to heightened cybersecurity risks and may not otherwise provide the anticipated benefits. In addition, our inability to improve, upgrade, integrate or expand such systems and technologies to meet our evolving business requirements could impair our ability to achieve critical strategic initiatives and could materially and adversely affect several aspects of our performance.

Our inability to protect confidential, proprietary, or sensitive information, including the confidential information of our customers, may be adversely affected by cyber-attacks or similar disruptions, which may result in significant costs, litigation and reputational damage or otherwise have a material adverse impact on several aspects of our performance.

Our businesses collect, store, use, disclose, process and transfer (collectively, "process") a wide variety of information, including personally identifiable information, for various purposes, including to help ensure the integrity of their services and to provide features and functionality to their customers and POS partners. The processing of the information they acquire in connection with their customers' and POS partners' use of their services is subject to numerous privacy, data protection, cybersecurity, and other laws and regulations. The automated nature of their businesses and their reliance on digital technologies may make them an attractive target for, and potentially vulnerable to, cyber-attacks, computer malware, computer viruses, social engineering (including phishing and ransomware attacks), general hacking, physical or electronic break-ins, or similar disruptions. While they and their vendors have taken steps to protect the confidential, proprietary, and sensitive information to which they have access and to prevent data loss, their security measures or those of their vendors could be breached, including as a result of employee theft, exfiltration, misuse or malfeasance, their actions, omissions, or errors, third-party actions, omissions or errors, unintentional events, or deliberate attacks by cyber criminals, any of which may result in the loss of, or unauthorized access to, their or their customers' data, their intellectual property, or other confidential, proprietary, or sensitive business information. Any accidental or willful security breaches or other unauthorized access to their platforms or servicing systems may cause confidential, proprietary, or sensitive information to be stolen and used for criminal or other unauthorized purposes. Security breaches or unauthorized access to confidential information may also expose our businesses to liability related to the loss of the information, time-consuming and expensive litigation and government investigations, enforcement actions and negative publicity. If security measures are breached for any of these reasons, the relationships our businesses have with their customers may be damaged, and significant liability could be incurred. Although we work hard to detect security breaches or instances of unauthorized access to confidential information, there is no guarantee that our monitoring efforts will be effective.

The techniques used to obtain unauthorized, improper, or illegal access to our information technology systems are constantly evolving, may be difficult to detect quickly, and may not be recognized until after they have been launched. Unauthorized parties have in the past attempted and may in the future attempt to gain access to our information technology security systems through various means, including, among others, hacking into our or their POS partners' or customers' systems or facilities, or attempting to fraudulently induce employees, POS partners, customers or others into disclosing usernames, passwords, or other sensitive information, which may in turn be used to access systems and gain access to confidential, proprietary, or sensitive information. Such efforts may be state-sponsored and supported by significant financial and technological resources (such as evolving artificial intelligence tools), making them even more difficult to detect and prevent. As a result, there can be no assurance that the protections deployed by us will always be successful.

For example, as we have previously disclosed, in September 2023, Progressive Leasing experienced a cybersecurity incident affecting certain of its systems. While there was no major operational impact to any of Progressive Leasing's services as a result of the incident, and our other subsidiaries were not impacted, this incident, as well as any other breach of our systems or facilities, or those of our other businesses, may continue to result in the risks discussed herein.

Any actual or perceived failure to comply with legal and regulatory requirements applicable to our businesses, including those relating to information security, or any failure to protect the information that our businesses collect from their customers and POS partners, including personally identifiable information, may result in, among other things, regulatory or governmental investigations, administrative enforcement actions, sanctions, criminal liability, private litigation, civil liability and constraints on our ability to continue to operate.

Furthermore, federal and state regulators and many federal and state laws and regulations require notice of any data security breaches that involve personal information. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause consumers to lose confidence in the effectiveness of our data security measures. Any security breach suffered by us or our vendors, any unauthorized, accidental, or unlawful access or loss of data, or the perception that any such event has occurred, may result in a disruption to our operations, litigation, an obligation to notify regulators and affected individuals, the triggering of indemnification and other contractual obligations, regulatory investigations, government fines and penalties, reputational damage, and loss of customers and ecosystem partners, and our business may be materially and adversely affected.

In addition, we may incur significant costs and operational consequences in connection with investigating, mitigating, remediating, eliminating, and putting in place additional tools and devices designed to prevent future actual or perceived security incidents, as well as in connection with complying with any notification or other obligations resulting from any security incidents. Our insurance policies carry retention and coverage limits, which may not be adequate to reimburse us for losses caused by security breaches, and we may not be able to collect fully, if at all, under these insurance policies. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, may adversely affect our businesses. Furthermore, we cannot be certain that insurance coverage will continue to be available on acceptable terms or at all, or that the insurer will not deny coverage as to any future claim, including claims related to the cybersecurity incident experienced by Progressive Leasing discussed above. Reduced confidence and participation in our platforms and our data security measures may also adversely affect customers' willingness to perform their obligations under their lease or loan, as the case may be, which could result in reduced collections.

Our capital allocation strategy and financial policies, including our current stock repurchase and dividend programs, as well as any potential debt repurchase program may not be effective at enhancing shareholder value, or providing other benefits we expect.

Although our capital allocation strategy and financial policies are intended to enhance shareholder value, lower our cost of capital and demonstrate our commitment to return excess capital to shareholders while maintaining our ability to invest in organic growth and strategic acquisition opportunities, there can be no assurance they will be effective.

We have taken significant steps intended to better align our existing capital structure with our go-forward capital allocation strategy. For example, since the fourth quarter of 2021, we have repurchased approximately 29.9% of our outstanding shares, for an aggregate purchase price of \$501.8 million, including the repurchase of approximately 8.0% of our outstanding shares, for an aggregate purchase price of \$138.7 million, during the 2024 fiscal year. As of December 31, 2024, we had the authority to purchase additional shares up to our remaining authorization limit of \$361.3 million. Additionally, in February 2024, our Board of Directors authorized the initiation of a quarterly cash dividend, and the Company has since paid a quarterly cash dividend to its shareholders for each fiscal quarter since the first quarter of the 2024 fiscal year.

The timing and actual number of further share repurchases and/or the continuation of our dividend program following the date of this Annual Report on Form 10-K, if any, will depend on a variety of factors, including the price and availability of our shares, trading volume, our earnings and financial condition, general market conditions, and projected cash positions in light of other capital allocation opportunities such as organic growth and strategic acquisitions. The share repurchase program and/or the dividend program may be suspended or discontinued at any time in the future without prior notice.

Repurchases under our share repurchase program will reduce the market liquidity for our stock, potentially affecting its trading volatility and price. Future share repurchases, dividend payments or any potential debt repurchases may also diminish our cash reserves, which may impact our ability to pursue organic growth and attractive strategic opportunities. Furthermore, there are other financial and operational risks associated with our capital allocation strategy and financial policies, including in the event that we implement a debt repurchase or dividend program, which are detailed more fully below. See "Risks Related to Our Indebtedness."

Our businesses operate in highly and increasingly competitive industries, and their inability to compete successfully would materially and adversely affect several aspects of our performance.

The industries in which our businesses operate are highly and increasingly competitive. For example, Progressive Leasing and Vive face competition from national, regional and local operators of lease-to-own stores, virtual lease-to-own companies, traditional and e-commerce retailers (including many that offer layaway programs and title or installment lending), traditional and online sellers of used merchandise, and various types of consumer finance companies that may enable our customers to shop at traditional or online retailers, as well as with rental stores that do not offer their customers a purchase option. Similarly, Four faces competition from other companies who offer buy now, pay later products, many of whom are larger than Four, in addition to some of the competitors mentioned above. These competitors may have significantly greater financial and operating resources, greater name recognition in certain markets and more developed products and services, which may allow them to grow faster, including through acquisitions, and to offer more aggressive exclusivity, rebate and/or other incentive payments to

existing and potential POS partners, some of whom may be our POS partners. This in turn may enable these competitors to enter new markets, which may decrease opportunities for us in those markets. Greater name recognition, or better public perception of a competitor's reputation, may help the competitor divert market share, even in established markets. Some competitors may be willing to offer competing products on an unprofitable basis (or may have looser decisioning standards or be willing to relax their decisioning standards) in an effort to gain market share, which could compel us to match their pricing and/or decisioning strategy or lose business. In addition, some of Progressive Leasing's competitors may be willing to lease certain types of products that we will not agree to lease, enter into customer leases that have services, as opposed to goods, as a significant portion of the lease value, or engage in other practices related to pricing, aggressive rebates and other incentive payments to POS partners, compliance, and other areas that we will not, in an effort to gain market share at our expense. Our business relies heavily on relationships with POS partners. An increase in competition may cause our POS partners to no longer offer our product and services in favor of our competitors, or to offer our product and services and the products of our competitors simultaneously at the same store locations, which may slow growth in our business and limit or reduce profitability. Furthermore, our virtual lease-to-own competitors may deploy different business models, such as direct-to-consumer strategies, that forego reliance on POS partner relationships that may prove to be more successful.

If Progressive Leasing fails to maintain a consistently high level of customer satisfaction and trust in its brand, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

Offering an additional option for Progressive Leasing's customers to obtain the big-ticket merchandise they need is critical to its success. If consumers do not trust the Progressive Leasing brand or do not have a positive experience, they will not use its products and services. If consumers do not use Progressive Leasing's products and services, it will not be able to attract or retain POS partners. As a result, Progressive Leasing has invested heavily in both technology and its support team, including the utilization of third-party customer service call centers. If it is unable to consistently cultivate positive customer experiences, it will lose existing customers and POS partners. In addition, Progressive Leasing's ability to attract new consumers and POS partners is highly dependent on its reputation and on positive recommendations from its existing customers and POS partners. Any failure to consistently cultivate high-quality customer service, including as a result of actions or events beyond our control relating to the third-party call centers we utilize, or a market perception that it does not maintain high-quality customer service, would adversely affect its reputation and the number of positive customer referrals that it receives. As a result, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

The transactions offered to consumers by our businesses may be negatively characterized by federal, state and local government officials, consumer advocacy groups and the media, and if those negative characterizations become increasingly accepted by consumers and/or others with whom we do business, several aspects of our performance may be materially and adversely affected.

From time to time, the subprime financial marketplace in which our businesses generally operate garners the attention of federal, state and local government officials as well as consumer advocacy groups and the media. In addition, the business models and practices of other companies offering services similar to those we offer have become the subject of investigations and litigation by federal and state regulators. Legislative or regulatory proposals regarding our industry, or interpretations of them, may subject our businesses to "headline risks" that could negatively impact each of them in a particular market or in general and, therefore, may adversely affect our share price. In particular, and among other perceived concerns, advocacy groups have asserted (and are likely to continue asserting) that laws and regulations should be broader and more restrictive regarding lease-to-own transactions, such as those engaged in by Progressive Leasing. With respect to these transactions, consumer advocacy groups and media reports generally focus on the total cost to a consumer to acquire merchandise, which is often alleged to be higher than the interest typically charged by banks or similar lending institutions to consumers with better credit histories. This "cost-of-rental" amount, which is generally defined as lease fees paid in excess of the "retail" price of the merchandise, is from time to time characterized by consumer advocacy groups and media reports as predatory or abusive without discussing the benefits associated with lease-to-own programs. Moreover, they often allege noncompliance with current consumer protection regulations and violations of notions of fair dealing with consumers.

Although we strongly disagree with these characterizations, if the negative characterization of these types of lease-to-own transactions becomes increasingly accepted by consumers or Progressive Leasing's POS partners and others with whom it does business, demand for its products and services may significantly decrease, which may have a material adverse effect on several aspects of our performance. Additionally, if the negative characterization of these types of transactions is accepted by government officials, Progressive Leasing may become subject to more restrictive laws and regulations and more stringent enforcement of existing laws and regulations, any of which may have a material adverse effect on several aspects of our performance. The vast expansion and reach of technology, including social media platforms, has increased the risk that our businesses' reputations may be significantly impacted by negative characterizations in a relatively short amount of time. If Progressive Leasing is unable to quickly and effectively respond to such characterizations, it may experience declines in customer loyalty and traffic and its relationships with its POS partners may suffer, which may have a material adverse effect on several aspects of our performance. Similarly, either Vive or Four's inability to timely and effectively respond to such

characterizations may harm its relationships with its merchant partners and customers, and result in declines in transactions and revenue. Additionally, any failure by Progressive Leasing or by its competitors, including smaller, regional competitors, for example, to comply with the laws and regulations applicable to the traditional and/or virtual lease-to-own business models, or any actions by those competitors that are challenged by consumers, advocacy groups, the media or governmental agencies or entities as being abusive or predatory may result in our business being mischaracterized, by implication, as engaging in similar unlawful or inappropriate activities or business practices, even if our only association with such conduct is that we operate in the same general industries as one or more offenders.

Any significant disruption in our vendors' information technology systems, or disruption in the information our businesses rely on in their lease and loan decisioning, may materially and adversely affect several aspects of our performance.

We use vendors, such as cloud computing web services providers, third-party software providers and other vendors that provide information technology functional support and we expect to continue expanding our use of such vendors in the future. The satisfactory performance, reliability, and availability of these information technology platforms and their underlying network and infrastructure are critical to our businesses and their reputations. We rely on these vendors to protect their systems and facilities against damage or service interruptions from natural disasters, power or telecommunications failures, computer viruses and similar occurrences, and we also rely upon them to adhere to their information technology policies and procedures. If there is a lapse of service or damage to their systems or facilities, or a vendor fails to comply with our information technology policies and procedures, one or more of our businesses may experience interruptions in their ability to operate their platforms. Similarly, the business continuity and disaster recovery plans we maintain, as well as those maintained by any third-party vendors, may not adequately or efficiently prevent or protect against the types of damage or service interruptions discussed above. We also may experience increased costs and difficulties in replacing vendors or expanding the use of vendors, and replacement or expanded services may not be available on commercially reasonable terms, on a timely basis, or at all. Any interruptions or delays in a vendor's platform availability, any damage to a vendor's systems or facilities, any software failures or other disruption in our vendors' information technology systems may harm the relationship our businesses have with their POS partners and customers and also harm their reputation.

In addition, both Progressive Leasing and Vive source certain information from third parties. For example, the decisioning engine utilized by Progressive Leasing and Vive is based on algorithms that evaluate a number of factors and currently depend on sourcing certain information from third parties, including consumer reporting agencies. In the event that any third-party from which they source information experiences a service disruption, whether as a result of maintenance, natural disasters, terrorism, or security breaches, whether accidental or willful, or other factors, the ability of the decisioning engine utilized by Progressive Leasing and Vive to make accurate lease and loan decisions and to process them correctly may be adversely impacted. For example, several years ago Progressive Leasing experienced a temporary interruption in certain data used in its algorithms, which resulted in incorrect decisions in certain specific instances and higher lease charge-offs. Additionally, there may be errors contained in the information provided by third parties. This may result in the inability to approve otherwise qualified applicants, which may adversely affect Progressive Leasing and Vive by negatively impacting their reputations and reducing their transaction volumes.

To the extent any of our businesses use or are dependent on any particular third-party data, technology, or software, they may also be harmed if such data, technology, or software becomes non-compliant with existing regulations or industry standards, becomes subject to third-party claims of intellectual property infringement, misappropriation, or other violation, or malfunctions or functions in a way we did not anticipate. Any loss of the right to use any of this data, technology, or software may result in delays in the provisioning of one or more of our businesses' products and services until equivalent or replacement data, technology, or software is either developed by them, or, if available, is identified, obtained, and integrated, and there is no guarantee that they would be successful in developing, identifying, obtaining, or integrating equivalent or similar data, technology, or software, which may result in the loss or limiting of their products, services, or features available in their products or services.

Our business continuity and disaster recovery plans may not be sufficient to prevent losses in the event we experience a significant disruption in, or errors in, service on our platforms.

Our businesses maintain business continuity and disaster recovery plans that, as discussed above, are expected to be enhanced in 2025 by migrating a large portion of our enterprise-wide applications to a third-party cloud provider. However, in the event of a disruption in service on their platforms, including a disruption in service from a required vendor to those platforms or as a result of the expected enhancements, the business continuity and disaster recovery plans may not have sufficient capacity to recover all data and services in the event of an outage. For example, they may be unable to process transactions or post payments on their platforms, which could damage their brands and reputations, divert the attention of their employees, reduce our revenue, subject us and them to liability, and cause consumers or merchants to abandon their platforms. In addition, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we incur. The impact of any of these events may have a material and adverse effect on several aspects of our performance.

Our businesses rely extensively on models in managing many aspects of their businesses, and if those models are not accurate or are misinterpreted, such errors may have a material adverse effect on several aspects of our performance.

Our businesses rely extensively on models in managing many aspects of their businesses, including loan and lease decisioning, pricing, and collections management. The models may prove in practice to be less predictive than they expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate or incomplete data or inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). Their assumptions may be inaccurate for many reasons including that such assumptions often involve matters that are inherently difficult to predict and beyond their control (e.g., macroeconomic conditions and their impact on customer behaviors) and they often involve complex interactions between a number of dependent and independent variables, factors, and other assumptions. The errors or inaccuracies in our businesses' models may be material, and may lead them to make wrong or sub-optimal decisions in managing their businesses, which may have a material adverse effect on several aspects of our performance.

Real or perceived software errors, failures, bugs, defects, or outages may have a material and adverse effect on several aspects of our performance.

The platforms and internal systems utilized by our businesses rely on software that is highly technical and complex. In many cases, these systems are developed by internal and/or external resources and customized specifically for our businesses, resulting in a higher likelihood that they may have undetected errors, failures, bugs, or defects than other commercially available software and platforms. For example, each of the Progressive Leasing and Vive platforms and internal systems depend on the ability of such software to store, retrieve, process, and manage immense amounts of data. As a result, undetected errors, failures, bugs, or defects may be present in such software or occur in the future in such software.

Any real or perceived errors, failures, bugs, or defects in the software may not be found until customers use our businesses' platforms and may result in outages or degraded quality of service that may adversely impact their respective businesses, as well as negative publicity, loss of or delay in market acceptance of their products and services, and harm to their brands or weakening of their competitive positions. In such an event, our businesses may be required, or may choose, to expend significant additional resources to correct the problem. Any real or perceived errors, failures, bugs, or defects in the software they rely on may also subject us and them to liability claims, impair their ability to attract new customers, retain existing customers, or expand their use of their products and services, which may materially and adversely affect several aspects of our performance.

While we take precautions to prevent consumer identity fraud, it is possible that identity fraud may still occur or has occurred, which may adversely affect the performance of our businesses' lease and loan portfolios.

There is a risk of fraudulent activity associated with our businesses' virtual platforms. The technologies and fraud prevention tools employed by our businesses may be insufficient to accurately detect and prevent fraud, particularly if initiated by bad actors deploying sophisticated technological resources, such as evolving artificial intelligence tools. Our businesses ultimately bear the risk of consumer fraud in transactions and generally have no recourse to their respective POS partner (as the case may be) to collect the amount owed by the customer. Significant amounts of fraudulent transactions may adversely affect our respective businesses. High profile fraudulent activity or significant increases in fraudulent activity may also lead to regulatory intervention, negative publicity, and the erosion of trust from our businesses' POS partners and, therefore, may materially and adversely affect several aspects of our performance.

If Progressive Leasing fails to comply with the FTC settlement, it may be subject to additional injunctive and monetary remedies and be required to change its business practices in a manner materially adverse to our business. In addition, other regulatory authorities and third parties may make allegations similar to those alleged by the FTC, which may result in costly legal fees and lead to monetary settlements, fines, penalties, and/or injunctions that may adversely impact Progressive Leasing's business operations and financial results.

As indicated by the FTC Settlement in April 2020, Progressive Leasing paid \$175 million to the FTC and agreed to enhance certain of its compliance-related activities, including augmenting consumer disclosures and expanding its POS partner monitoring programs. Compliance with the FTC Settlement requires the cooperation of Progressive Leasing's POS partners, over whom it does not exercise full control and oversight, including, for example, with respect to advertising and explaining the lease-to-own transaction to consumers. In the event Progressive Leasing is found to be in violation of the terms of the FTC Settlement, the FTC could, among other actions, initiate further enforcement proceedings, seek an injunction or other restrictive orders and attempt to impose monetary penalties against Progressive Leasing and its officers, which would divert the attention of our management team and may have a material adverse effect on several aspects of our performance.

Pursuant to the FTC Settlement, Progressive Leasing further agreed to submit compliance reports or produce other requested documents and information to the FTC upon written request by the FTC. As previously disclosed, during the third quarter of 2024, Progressive Leasing received a written request from the FTC to evidence Progressive Leasing's compliance with the FTC Settlement by providing the FTC with information and documents, including those related to customer complaints and

advertising and marketing materials. The Company is fully cooperating with the FTC in responding to the FTC's request for information and documents. If any other federal, state or local regulatory authorities or other third parties were to initiate any investigations or proceedings alleging facts similar to those resolved pursuant to the FTC Settlement, it may lead to substantial legal fees and costs for extended periods of time, monetary settlements, fines, penalties or injunctions requiring Progressive Leasing to change its business practices in a manner materially adverse to its business. The incurrence of substantial costs to respond to such third-party actions also may have a material adverse effect on several aspects of our performance in the future.

Supply chain interruptions and inventory shortages, increases in the costs of imported goods, and other factors affecting the performance of our retail partners may have a material and adverse effect on several aspects of our business.

The POS partners with whom our businesses partner are critical to our success. Any extended supply chain interruptions, inventory shortages, material increases to the prices of imported goods or other operational factors affecting the performance of any of our POS partners may have a material adverse impact on our business. We depend on our POS partners' abilities to deliver products to customers at the right time, in the right quantities and at the right price. Accordingly, it is important for our POS partners to obtain products at reasonable prices, maintain optimal levels of inventory and respond rapidly to shifting demands. For example, the current presidential administration has stated its intention to impose significant tariffs on goods imported from Canada, China, Mexico and other countries if those countries do not take certain actions demanded by the administration. Such tariffs could increase prices for certain leasable products purchased by our POS partners, and thus, may decrease the demand for those products by our customer base. International trade disputes such as this, as well as unstable foreign and domestic economic and political conditions, geopolitical conflicts, acts of terrorism, public health emergencies and other factors beyond our control, could result in supply chain disruptions, inventory shortages and/or material increases in the price of goods for our POS partners in future periods, which could adversely affect their sales and Progressive Leasing's GMV, revenue and earnings.

E-commerce lease and loan origination processes may give rise to greater risks than in-store originations and processes.

As described above, our businesses increasingly use e-commerce platforms, including the websites of our POS partners, to obtain application information and distribute certain legally required notices to their lease and loan applicants, and to obtain electronically signed documents in lieu of paper documents with tangible consumer signatures. For example, in 2024, Progressive Leasing's GMV generated from e-commerce platforms represented 17.0% of its total GMV. These e-commerce-based processes entail additional risks relative to in-store-based underwriting processes and procedures, including risks regarding the sufficiency of notice for compliance with consumer protection laws, increased risks and occurrences of fraud, risks that customers may challenge the authenticity of their lease or loan documents, or the validity of electronic signatures and records, and risks that, despite internal controls, unauthorized changes are made to their electronic documents.

The geographic concentration of Progressive Leasing's POS partners may magnify the impact of conditions in a particular region, including economic downturns and other occurrences.

The concentration of our POS partners in one region or a limited number of markets may expose us to risks of adverse economic developments that are greater than if our POS partners were more geographically diverse.

In addition, the brick and mortar operations of our POS partners are subject to the effects of adverse acts of nature, such as winter storms, hurricanes, hail storms, strong winds, earthquakes, wildfires and tornadoes, which have in the past caused damage such as flooding and other damage in specific geographic locations, including in California, Florida and Texas, three of our large markets, and may, depending upon the location and severity of such events, unfavorably impact our business continuity. Additionally, the amount of our hurricane, windstorm, earthquake, flood, business interruption or other casualty insurance we maintain from time to time may not be sufficient to entirely cover damages caused by any such event.

Progressive Leasing's and Vive's results depend on prominent presentation, integration, and support of their products and services by their POS partners.

Both Progressive Leasing and Vive depend on their respective POS partners to present and feature their products and services as payment options to consumers. Furthermore, POS partners integrate the Progressive Leasing and Vive platforms into their systems and provide ongoing support as their platforms improve over time. Progressive Leasing and Vive do not have any recourse against their respective POS partners if they do not prominently present, integrate or support their offerings as a payment option. The failure by Progressive Leasing's and Vive's POS partners to effectively present, integrate, and support their product and services would have a material and adverse effect on several aspects of our performance.

If we fail to promote, protect, and maintain our brands in a cost-effective manner, they may lose market share and several aspects of our performance may be materially and adversely affected.

We believe that developing, protecting and maintaining awareness of our brands in a cost-effective manner is critical to our success. Successful promotion of our brands will depend largely on the effectiveness of our marketing efforts and the experience of POS partners as well as our customers. Additionally, the successful protection and maintenance of our brands will depend on our ability to obtain, maintain, protect, and enforce trademark and other intellectual property protections for our brands. If we fail to successfully promote, protect, and maintain our brands or if we incur substantial expenses in an unsuccessful attempt to promote, protect, and maintain our brands, we may lose their existing POS partners and customers to their competitors or be unable to attract new POS partners and customers. Any such loss of existing POS partners or customers, or inability to attract new POS partners or customers, may have an adverse effect on several aspects of our performance.

We may improve our products and services in ways that forego short-term gains.

We are constantly striving to improve the user experience for our customers. Some of these changes may have the effect of reducing our short-term revenue or profitability if we believe that the benefits will ultimately improve our financial performance over the long-term. Any short-term reductions in revenue or profitability may be more severe than we anticipate or these decisions may not produce the long-term benefits that we expect, in which case several aspects of our performance may be materially and adversely affected.

We may pursue acquisitions, strategic investments or divestitures, and the failure of an acquisition, investment or divestiture to produce the anticipated results may have a material adverse impact on several aspects of our performance.

We may consider or undertake strategic acquisitions of, or material investments in, businesses, products, or technologies in the future, and we may also divest or explore the sale of businesses, portfolios of loans or technologies from time to time. If we are unable to identify suitable acquisition or investment candidates, or even if we do identify suitable candidates, they may be difficult to finance, expensive to fund and there is no guarantee that we can obtain any necessary regulatory approvals or complete the transactions on terms that are favorable to us.

To the extent we pay the purchase price of any strategic acquisition or investment in cash, it may have an adverse effect on our financial condition; similarly, if the purchase price is paid with our stock, it may be dilutive to our shareholders. In addition, we may assume liabilities associated with a business acquisition or investment, including unrecorded liabilities that are not discovered at the time of the transaction, and the repayment or settlement of those liabilities may have an adverse effect on our financial condition. Additionally, a divestiture may result in continued financial obligations, such as through transition service agreements, guarantees, indemnities or other current or contingent financial obligations and liabilities, following the transaction. The satisfaction of these continued financial obligations may also have an adverse effect on our financial condition.

We may not be able to successfully integrate or disaggregate the personnel, operations, businesses, products, or technologies of an acquisition, investment or divestiture. Integration may be particularly challenging if we enter into a line of business in which we have limited experience and the business operates in a difficult legal, regulatory or competitive environment. We may find that we do not have adequate operations or expertise to manage the new business. The integration or disaggregation of any acquisition, investment or divestiture may divert management's time and resources from our core business, which may impair our relationships with our current employees, customers and strategic partners and disrupt our operations. Additionally, any acquisition, investment or divestiture may expose us to increased information security risk as we integrate new systems that we may not be as familiar with or bring them in line with the requirements of our information security and business continuity programs or provide data and information access to third parties. Acquisitions, investments and divestitures also may not perform to our expectations for various reasons, including the loss of key personnel, customers or vendors. If we fail to integrate acquisitions or strategic investments, divest businesses or realize the expected benefits, we may lose the return on these acquisitions, investments or divestitures or incur additional transaction costs, and several aspects of our performance may be materially harmed as a result.

From time to time, we may undertake significant cost reduction initiatives, which may not be adequate or may have unintended consequences that could be disruptive to our businesses.

We have taken, and may in the future take, steps to significantly reduce our cost structure in order to drive efficiencies and right-size variable costs, while minimizing the negative impact on growth-related initiatives. For example, in January 2024, we announced the continuation of our prior cost reduction initiatives, including a termination of certain independent sales agent agreements, a reduction in our workforce and office space reduction and consolidation. While we believe these prior cost reduction initiatives have benefited the Company, particularly as they relate to aligning our servicing costs with our expectations regarding GMV and revenue, such initiatives may ultimately prove to be inadequate or have unintended consequences disruptive to our businesses, including those relating to the continued implementation of a global workforce outsourcing strategy for certain of the Company's information technology and customer service functions. We may also be required to undertake additional cost reduction steps, including a further reduction of our workforce, which could also be

disruptive to our businesses and potentially lower the anticipated benefits with respect to our future performance, including with respect to GMV and revenue. As a result, we may not be fully successful in realizing the efficiencies we are seeking with respect to our prior cost reduction initiatives or any future cost reduction initiatives, which are subject to many estimates and assumptions and other factors we may not be able to control.

We are subject to sales, income and other taxes, which can be difficult and complex to calculate due to the nature of our businesses. A failure to correctly calculate and pay such taxes, or an unfavorable outcome on uncertain tax positions we may record from time to time, may result in substantial tax liabilities and a material adverse effect on several aspects of our performance.

The application of indirect taxes, such as sales tax, continues to be a complex and evolving issue, particularly with respect to the lease-to-own industry generally and our virtual lease-to-own business more specifically. Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the lease-to-own industry and e-commerce and, therefore, in many cases it is not clear how existing statutes apply to our business. In addition, governments are increasingly looking for ways to increase revenues, which has resulted in discussions about tax reform and other legislative action to increase tax revenues, including through indirect taxes. This also may result in other adverse changes in or interpretations of existing sales, income and other tax regulations. For example, from time to time, some taxing authorities in the United States have notified us that they believe we owe them certain taxes imposed on transactions with our customers, including some state tax authorities suggesting that our virtual lease-to-own business may owe certain state taxes based on the locations of POS partners where our lease-to-own transactions are originated. Although these notifications have not resulted in material tax liabilities to date, there is a risk that one or more jurisdictions may be successful in the future, which may have a material adverse effect on several aspects of our performance.

Our ability to utilize certain types of contractual provisions designed to limit costly litigation, including class actions, may not be enforceable.

To attempt to limit costly and lengthy consumer, employee and other litigation, including class actions, Progressive Leasing and Vive require their customers and employees to sign arbitration agreements and class action waivers, many of which offer opt-out provisions. There can be no assurance that they will be successful in enforcing these provisions. If Progressive Leasing and Vive are not permitted to use arbitration agreements and/or class action waivers, or if the enforceability of such agreements and waivers is restricted or eliminated, they may incur increased costs to resolve legal actions brought by customers, employees and others, as they would be forced to participate in more expensive and lengthy dispute resolution processes.

The loss of the services of our key executives or our inability to attract and retain key talent, particularly with respect to our information technology function, may have a material adverse impact on our operations.

Competition for senior executives and key talent in the information technology, finance and sales areas in the consumer financial services industry is intense and the failure to identify, hire, develop, motivate, and retain highly qualified personnel may adversely affect our business and operations. In particular, we rely significantly on the continued service of our data scientists and information technology engineers in order to maintain our complex information technology infrastructure, perform information technology controls and develop new products as part of our go-forward business strategy. Trained and experienced personnel are in high demand and may be in short supply. Many of the companies with which we compete for experienced employees have greater resources than we do and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training our employees, which increases their value to other consumer financial services companies that may seek to recruit them. We may not be able to attract, develop, and maintain the skilled workforce necessary to operate our business, including with respect to the maintenance and development of our information technology infrastructure, and labor expenses may increase as a result of a shortage in the supply of qualified personnel. If we are unable to continue to attract experienced data scientists and information technology engineers, or unable to maintain and build our highly experienced sales force and finance team, several aspects of our performance may be materially and adversely affected. We do not carry key man life insurance on any of our personnel.

In addition, our failure to put in place adequate succession plans for key executives or the failure of key employees to successfully transition into new roles, for example, as a result of reductions in workforce, organizational changes and attrition, could have an adverse effect on our businesses and operating results. The unexpected or abrupt departure of one or more of our key personnel, or the departure of certain of our information technology or other employees in connection with our global workforce outsourcing strategy, and the failure to effectively transfer knowledge and effect smooth key personnel transitions may have an adverse effect on our businesses resulting from the loss of such person's skills, knowledge of our businesses, and years of industry experience. If we cannot effectively manage leadership transitions and management changes in the future, our reputation and future business prospects could be adversely affected.

Employee misconduct or misconduct by third parties acting on our behalf may harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny and reputational harm.

Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our employees or the employees of a POS partner with which we do business, may engage in misconduct that adversely affects our reputation and business. For example, if one of our employees engages in discrimination or harassment in the workplace, or if an employee or a third-party directly or indirectly associated with our business were to engage in, or be accused of engaging in, illegal or suspicious activities including fraud or theft of our customers' information, we may suffer direct losses from the activity and, in addition, we may be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships and ability to attract future customers. Employee or third-party misconduct may prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect violations of such rules. The precautions that we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees or third-party contractors or other third parties who are directly or indirectly associated with our business, or even unsubstantiated allegations of misconduct, may result in a material adverse effect on our reputation and our business.

We may be unable to sufficiently obtain, maintain, protect, or enforce our intellectual property and other proprietary rights.

Intellectual property and other proprietary rights are important to the success of our business. Our ability to compete effectively is dependent in part upon our ability to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights, including with respect to our proprietary technology, and to obtain licenses to use the intellectual property and proprietary rights of others. We rely on a combination of trademarks, service marks, copyrights, trade secrets, domain names, and agreements with employees and third parties to protect our intellectual property and other proprietary rights. Nonetheless, the steps we take to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights may be inadequate and, despite our efforts to protect these rights, unauthorized employees or third parties, including our competitors, may duplicate, mimic, reverse engineer, access, obtain, or use the proprietary aspects of our technology, processes, products, or services without our permission. Our competitors and other third parties may also independently develop similar technology or otherwise duplicate or mimic our services or products such that we would not be able to successfully assert our intellectual property or other proprietary rights against them. We cannot assure that any future patent, trademark, or service mark registrations will be issued for our pending or future applications or that any of our current or future patents, copyrights, trademarks, or service marks (whether registered or unregistered) will be valid, enforceable, sufficiently broad in scope, provide adequate protection of our intellectual property or other proprietary rights, or provide us with any competitive advantage.

Our trademarks, trade names, and service marks have significant value, and our brands are important factors in the marketing of our products and services. While we rely on both registrations and common law protections for our trademarks, we may be unable to prevent competitors or other third parties from acquiring or using trademarks, service marks, or other intellectual property or other proprietary rights that are similar to, infringe upon, misappropriate, dilute, or otherwise violate or diminish the value of our trademarks and service marks and our other intellectual property and proprietary rights. The value of our intellectual property and other proprietary rights may diminish if others assert rights in or ownership of our intellectual property or other proprietary rights, or in trademarks or service marks that are similar to our trademarks or service marks.

In addition, we cannot guarantee that we have entered into agreements containing obligations of confidentiality with each party that has or may have had access to proprietary information, know-how, or trade secrets owned or held by us. Moreover, our contractual arrangements may be breached or may otherwise not effectively prevent disclosure of, or control access to, our confidential or otherwise proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. The measures we have put in place may not prevent misappropriation, infringement, or other violation of our intellectual property or other proprietary rights or information and any resulting loss of competitive advantage, and we may be required to litigate to protect our intellectual property or other proprietary rights or information from misappropriation, infringement, or other violation by others, which is expensive, may cause a diversion of resources, and may not be successful, even when our rights have been infringed, misappropriated, or otherwise violated. Our efforts to enforce our intellectual property and other proprietary rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property and other proprietary rights, and if such defenses, counterclaims, or countersuits are successful, it may diminish or we may otherwise lose valuable intellectual property and other proprietary rights.

Furthermore, third parties may challenge, invalidate, or circumvent our intellectual property and proprietary rights, including through administrative processes or litigation. The legal standards relating to the validity, enforceability, and scope of protection of intellectual property and other proprietary rights are uncertain and still evolving. Our intellectual property and other proprietary rights may not be sufficient to provide us with a competitive advantage and the value of our intellectual property and other proprietary rights may also diminish if others assert rights therein or ownership thereof, and we may be unable to successfully resolve any such conflicts in our favor or to our satisfaction.

We may be sued by third parties for alleged infringement, misappropriation, or other violation of their intellectual property or other proprietary rights.

Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating, or otherwise violating the intellectual property or other proprietary rights of third parties. We may become involved in disputes from time to time concerning intellectual property or other proprietary rights of third parties, which may relate to our own proprietary technology, or to technology that we acquire or license from third parties, and we may not prevail in these disputes. Relatedly, competitors or other third parties may raise claims alleging that service providers or other third parties retained or indemnified by us, infringe on, misappropriate, or otherwise violate such competitors' or other third parties' intellectual property or other proprietary rights. These claims of infringement, misappropriation, or other violation may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid all such alleged violations of such intellectual property or other proprietary rights. We also may be unaware of third-party intellectual property or other proprietary rights that cover or otherwise relate to some or all of our products and services.

Given the complex, rapidly changing, and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, a claim of infringement, misappropriation, or other violation against us may require us to spend significant amounts of time and other resources to defend against the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies, or other intellectual property (temporarily or permanently), cease offering certain products or services, obtain a license, which may not be available on commercially reasonable terms or at all, or redesign our products or services or functionality therein, which may be costly, time-consuming, or impossible.

Some of the aforementioned risks of infringement, misappropriation or other violation, in particular with respect to patents, are potentially increased due to the nature of our business, industry, and intellectual property portfolio. For instance, it has become common in recent years for certain third parties to purchase patents or other intellectual property assets for the sole purpose of making claims of infringement, misappropriation, or other violation in an attempt to extract settlements from companies such as ours. Relatedly, we do not currently have any patents, and thus, do not have a patent portfolio, which could otherwise assist us in deterring patent infringement claims from competitors, through our ability to bring patent infringement counterclaims using our own patents. In addition to the previously mentioned impacts of intellectual property-related litigation, while in some cases a third party may have agreed to indemnify us for costs associated with intellectual property-related litigation, such indemnifying third party may refuse or be unable to uphold its contractual obligations. In other cases, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant.

Some aspects of our information technology platforms include open source software, and our use of open source software may negatively affect several aspects of our performance.

Some aspects of our information technology platforms include software covered by open source licenses. The terms of various open source licenses have not been interpreted by United States courts, and there is a risk that such licenses may be construed in a manner that imposes unanticipated conditions or restrictions on our platforms. In such an event, either or both of them may be required to re-engineer all or a portion of their technologies, seek licenses from third parties in order to continue offering their products and services, discontinue the use of their platforms in the event re-engineering cannot be accomplished, or otherwise be limited in the licensing of their technologies, each of which may reduce or eliminate the value of their technologies and products and services. If portions of our proprietary software are determined to be subject to an open source license, they may also be required to, under certain circumstances, publicly release or license, at no cost, their products and services that incorporate the open source software or the affected portions of their source codes, which may allow our competitors or other third parties to create similar products and services with lower development effort, time, and costs, and may ultimately result in a loss of transaction volumes. We cannot ensure that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies, and we may inadvertently use open source in a manner that we do not intend or that may expose us to claims for breach of contract or intellectual property infringement, misappropriation, or other violation. If we fail to comply, or are alleged to have failed to comply, with the terms and conditions of our open source licenses, we may be required to incur significant legal expenses defending such allegations, be subject to significant damages, be enjoined from the sale of their products and services, and be required to comply with onerous conditions or restrictions on our products and services, any of which may be materially disruptive to us and our businesses.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or other contractual protections regarding infringement, misappropriation, or other violations, the quality of code, or the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated and may adversely affect several aspects of our performance. For instance, open source software is often developed by different groups of programmers outside of our control that collaborate with each other on projects. As a result, open source software may have security vulnerabilities, defects, or

errors of which we are not aware. Even if we become aware of any security vulnerabilities, defects, or errors, it may take a significant amount of time for either us or the programmers who developed the open source software to address such vulnerabilities, defects, or errors, which may negatively impact our products and services, including by adversely affecting the market's perception of our products and services, impairing the functionality of our products and services, delaying the launch of new products and services, or resulting in the failure of our products and services, any of which may result in liability to us and our businesses.

Progressive Leasing's and Vive's results are somewhat seasonal, which causes our results to fluctuate.

Progressive Leasing's leasing business and Vive's consumer lending business typically experience reduced demand in the first and second quarters as a result of their customers' receipt of federal tax refund checks typically in February of each year. Demand at both businesses is generally greatest during the fourth quarter. Also, demand for retail merchandise is seasonally higher in the fourth quarter associated with holiday shopping, which typically causes Progressive Leasing and Vive to experience seasonal growth in GMV in the fourth quarter of each year due to lease and loan balance growth. Lease revenue and interest income is the highest in the first quarter of each year due to the typical increased payment activity associated with tax refund proceeds often received by customers in the first quarter. This seasonality requires the Company to manage its cash flows over the course of the year.

Vive's and Four's allowance for loan losses may prove to be insufficient to cover losses on outstanding loans.

Each of Vive and Four maintains an allowance for loan losses that we believe is appropriate at December 31, 2024. Each of Vive and Four estimates its allowance for loan losses in accordance with ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* ("CECL"), which requires the recognition of all expected credit losses over the life of the loan based on historical experience, current conditions and reasonable and supportable forecasts. The process for establishing the allowance for loan losses is critical to our results of operations and financial condition, and requires complex models and judgments, including forecasts of economic conditions and other qualitative factors. Changes in economic conditions affecting our customers, new information regarding our loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. We may underestimate our expected losses and fail to maintain an allowance for credit losses sufficient to account for these losses. In cases where we modify a loan, if the modified loans do not perform as anticipated, we may be required to establish additional allowances on these loans.

Given the significant judgment used in estimating the allowance for loan losses, Vive's and Four's loan loss reserves may not be sufficient to cover actual losses. Future increases in the allowances for credit losses or actual write-offs will result in a decrease in net earnings and may have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Indebtedness

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the Senior Notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Senior Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The Revolving Facility and the indenture that governs the Senior Notes restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the Senior Notes or our other indebtedness, our subsidiaries do not have any obligation to pay amounts due on the senior notes or our other indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture that governs the senior notes and the Revolving Facility limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other

intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under our Senior Notes and Revolving Facility.

If we cannot make scheduled payments on our debt, we will be in default and holders of the Senior Notes may declare all outstanding principal and interest to be due and payable, the lenders under the Revolving Facility may terminate their commitments to loan money and we may be forced into bankruptcy or liquidation.

Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt. This may further exacerbate the risks to our financial condition described above.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the indenture that governs the Senior Notes and the Revolving Facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions may be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. As of December 31, 2024, we would have had undrawn commitments available to be borrowed under the Revolving Facility of \$300 million. We also would have had available to us an uncommitted incremental facility under the Revolving Facility of up to \$300.0 million, with availability subject to satisfaction of certain conditions. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face may intensify.

The terms of the Revolving Facility and the indenture that governs the Senior Notes may restrict our current and future business plans and strategies, particularly our ability to respond to changes or to take certain actions.

The indenture that governs the Senior Notes and the Revolving Facility contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit the extent to which, or our ability to, engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the Revolving Facility require us to maintain specified financial ratios, such as a consolidated interest coverage ratio and a total net debt to EBITDA ratio, and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them. A breach of the covenants or restrictions under the indenture that governs the Senior Notes or under the Revolving Facility may result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Revolving Facility would permit the lenders under our Revolving Facility to terminate all commitments to extend further credit under that facility. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns, or at other times; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our substantial indebtedness and our credit ratings may adversely affect the availability and terms of our financing.

Our variable rate indebtedness subjects us to interest rate risk, which may cause our debt service obligations to increase significantly.

Borrowings under our Revolving Facility are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming all loans are fully drawn, each quarter point change in interest rates would result in a \$0.9 million change in annual interest expense on our indebtedness under our Revolving Facility. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

General Risk Factors

Our stock price is volatile, and you may not be able to recover your investment if our stock price declines.

The stock market in general, and our stock in particular, has recently experienced significant volatility and the price of our stock may continue to fluctuate significantly. In particular, we cannot assure that you will be able to resell your shares at or above your purchase price. Among the factors that may affect our stock price are:

- how our actual financial performance compares to the financial performance outlook we provide;
- quarterly variations in our key operating metrics, such as revenue, active customer count, GMV and profitability that are not necessarily indicative of longer-term operating performance and valuation;
- the stock price performance of comparable companies and quarterly variations in their results of operations;
- changes in earnings estimates or buy/sell recommendations by securities or industry analysts;
- investor perceptions of us and our industry;
- federal, state or local regulatory proposals, initiatives, actions or changes that are, or are perceived to be, adverse to our operations, including any continuing impacts of the FTC Settlement as discussed above;
- actions by institutional and "activist" shareholders, including future purchases and sales of our stock;
- our capital allocation strategy and financial policies, including continued share repurchases under our current share repurchase program as discussed above;
- additions or departures of key personnel; and
- continuing uncertain macroeconomic conditions, in particular those relating to persistent inflationary pressures and elevated interest rates for prolonged periods.

In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us may result in substantial costs and a diversion of our management's attention and resources, which would harm our business, results of operations, financial condition, and cash flows.

If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner.

As a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 so that our management can certify, on an annual basis, that our internal control over financial reporting is effective. In addition, we are required to, among other things, establish and periodically evaluate procedures with respect to our disclosure controls and procedures.

If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner, which may cause a decline in our stock price and adversely affect several aspects of our performance. In addition, if our senior management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, or if our independent registered public accounting firm cannot render an unqualified opinion on the effectiveness of our internal control over financial reporting, when required, or if material weaknesses in our internal controls are identified, we may be subject to increased regulatory scrutiny and a loss of public and investor confidence, which may also have a material adverse effect on our business and our stock price.

Our risk management processes and procedures may not be effective in mitigating our risks.

We continue to establish and enhance processes and procedures intended to identify, measure, monitor, manage and control the types of risk to which we are subject, including, but not limited to, decisioning risks related to the leases and loans our businesses originate, strategic risk, regulatory risk and operational risk. We seek to monitor, manage and control our risk exposure through a framework that includes our risk appetite, enterprise risk assessment process, risk policies, procedures and controls, reporting requirements, risk culture and governance structure. Our framework, however, may not always effectively identify and control our risks. In addition, there may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. If our risk management framework does not effectively identify, manage and control our risks, both those we are aware of and those we do not anticipate, including as a result of changes in economic conditions, we may suffer unexpected losses that may have a material and adverse effect on several aspects of our performance.

If securities or industry analysts publish research that is unfavorable about our business, our stock price and trading volume may decline.

As described above, the trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about our business. We currently have a limited number of analysts who are publishing research about us. In the event that one or more of our analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of the Company, demand for our stock may decrease, which may cause our stock price or trading volume to decline.

Our actual operating results may differ significantly from our guidance.

From time to time, we issue guidance in our quarterly earnings conference calls, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance, which constitutes forward-looking statements, is based upon a number of management's assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, and are based upon specific assumptions with respect to future business decisions, some of which will change. While we have stated and we intend to continue to state possible outcomes as high and low ranges that are intended to provide a sensitivity analysis as variables change, we can provide no assurances that actual results will not fall outside of the suggested ranges.

The principal reason we release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any of these persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will prove to be incorrect or will vary significantly from actual results. For example, on a number of occasions over the last several years, we adjusted our guidance when actual results varied from our assumptions. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from our guidance, and the variations may be material.

We are a holding company and are dependent on the operations and funds of our subsidiaries.

As a holding company, we are dependent on dividends, distributions and other payments from our subsidiaries, particularly Progressive Leasing, (i) to fund payments on our obligations, including debt obligations, (ii) to provide funding and capital as needed to our operating subsidiaries, and (iii) to repurchase shares and pay dividends, to the extent our Board of Directors approves them.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company maintains a cybersecurity program designed to detect, identify, classify and mitigate cybersecurity and other data security threats, as part of its efforts to protect and maintain the confidentiality and security of customer, employee and vendor information, and non-public information about the Company. This cybersecurity program is based in-part on, and its maturity is measured using, the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) Cybersecurity Framework.

In furtherance of detecting, identifying, classifying and mitigating cybersecurity and other data security threats, the Company also:

- adopted and maintains information security and privacy policies;
- conducts targeted audits and penetration tests throughout the year, using both internal and external resources;
- engages nationally-known third party cybersecurity consultants to independently evaluate the Company's information security maturity on a regular basis;
- maintains a vendor risk management program, which includes receiving the results of cybersecurity audits conducted on vendors, for a portion of our vendors, and conducting cyber related risk assessments on other vendors;
- provides mandatory security and privacy training and awareness to all of its employees so that employees understand the behaviors and requirements necessary to safeguard information resources at the Company;
- maintains cyber liability insurance; and
- complies with the Payment Card Industry Data Security Standard.

The Company has a dedicated team of employees overseeing its cybersecurity program and initiatives, led by the Company's Chief Information Security Officer (who has over twenty years' experience working in cyber and information security roles with large companies, including multiple senior executive positions), and works directly in consultation with internal and external advisors in connection with these efforts. Pursuant to the Company's cybersecurity program, potential cybersecurity threats are classified by risk levels and threat mitigation efforts are typically prioritized based on those risk classifications, while focus also remains on maintaining the resiliency of the Company's information systems. In the event the Company identifies a potential cybersecurity issue, the Company has defined procedures for responding to such issues, including procedures that address when and how to engage with Company management, the Board of Directors, other stakeholders and law enforcement. In addition, the Company's Chief Information Security Officer and other Information Security Department managers meet with executives and other employees from various departments on a regular basis to discuss cybersecurity risk mitigation and the Company's cybersecurity program and initiatives.

The Company's Board of Directors has ultimate oversight responsibility for risks relating to the Company's cybersecurity program. In addition, the Audit Committee assists the Board of Directors in monitoring the Company's cybersecurity investments, initiatives, key benchmarks and risk mitigation plans, and regularly receives updates about such matters from the Company's Chief Information Security Officer, and makes inquiries of the Company's management team, internal auditors and independent auditors in connection therewith. In addition, the Company's Enterprise Risk Management Committee, which is comprised of members of the Company's executive leadership team, is informed on a regular basis about, and monitors, the Company's efforts and initiatives to prevent, detect, mitigate and remediate cybersecurity-related risks, and to further improve the Company's cybersecurity maturity, including through presentations it receives from the Company's Chief Information Security Officer.

Conducting the Company's businesses involves the collection, storage, use, disclosure, processing, transfer, and other handling of a wide variety of information, including personally identifiable information, for various purposes in the Company's businesses, including to help ensure the integrity of the Company's services and to provide features and functionality to the Company's customers and POS partners. Like other companies that process a wide variety of information, the Company's information technology systems, networks and infrastructure and technology have been, and may in the future be, vulnerable to cybersecurity attacks and other data security threats. These types of attacks are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been launched against a target. For example, and as the Company previously disclosed, Progressive Leasing experienced a cybersecurity incident in September 2023, which affected certain of its systems. While there was no major operational impact to any of Progressive Leasing's services as a result of the incident, and the Company's other subsidiaries were not impacted, this incident, as well as any other breach of the Company's systems or facilities, or those of Progressive Leasing, Vive, Four, or the Company's other strategic operations may continue to result in cybersecurity-related risks. For more information about these and other cybersecurity risks faced by the Company, see Part 1. Item 1A. "Risk Factors."

ITEM 2. PROPERTIES

The Company leases management and information technology space for corporate functions under operating leases expiring at various times through 2028. Most of the leases contain renewal options for additional periods ranging from three to five years. The following table sets forth certain information regarding our corporate and segment management facilities as of December 31, 2024:

LOCATION ¹	SEGMENT, PRIMARY USE AND HOW HELD	SQ. FT.
Draper, Utah	Progressive Leasing and Vive — Corporate Management – Leased	74,000
Aventura, Florida	Four — Corporate Management – Leased	6,769

¹ The Company previously leased offices for corporate management of its Progressive Leasing segment in Glendale, Arizona. During 2022, the office space in Arizona was consolidated to a single floor as part of the Company's restructuring initiatives and partial impairment was recognized for the abandoned portion of the right-of-use lease asset. On January 25, 2024, the Company announced that it had taken several restructuring actions, including the reduction and consolidation of its office space in Utah and Arizona. During the first quarter of 2024, the Company reduced its office space in Utah by 50% and completely vacated the office space in Arizona. The closure of the office space in Arizona was not due to a reduction in the workforce there, but rather, was due to the employees who had worked in that space being allowed to permanently work from home. A corresponding impairment was recognized for the abandoned right-of-use lease assets. The existing lease agreement for Utah expires in August 2027.

We believe that all of our facilities are well maintained and adequate for their current and reasonably foreseeable uses.

ITEM 3. 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 9 in the accompanying consolidated financial statements under the heading "Legal Proceedings," which discussion is incorporated by reference in response to this Item 3.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders and Dividends

Effective December 1, 2020, all shares of the Company's common stock were trading as a single class on the New York Stock Exchange ("NYSE") under the ticker symbol "PRG." The CUSIP number of the Company's common stock is 74319R101.

The number of shareholders of record of the Company's common stock at February 14, 2025 was 165. The closing price for the common stock at February 14, 2025 was \$42.82.

Issuer Purchases of Equity Securities

The following table presents our share repurchase activity for the three months ended December 31, 2024:

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
October 1, 2024 through October 31, 2024	75,000	\$ 43.95	75,000	\$ 398,516,145
November 1, 2024 through November 30, 2024	485,309	47.55	485,309	375,437,702
December 1, 2024 through December 31, 2024	300,000	46.96	300,000	361,349,309
Total	860,309		860,309	

¹ Share repurchases are conducted under authorizations made from time to time by the Company's Board of Directors. The authorization, effective February 21, 2024, provided the Company with the ability to repurchase shares up to a maximum amount of \$500 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.

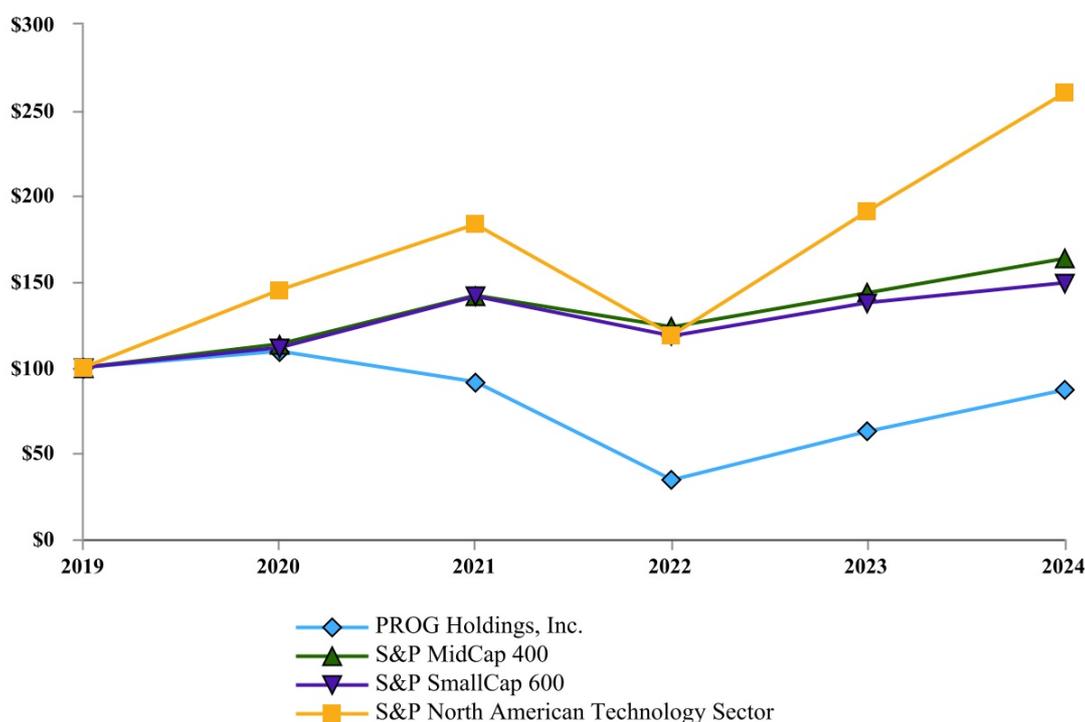
Securities Authorized for Issuance Under Equity Compensation Plans

Information concerning the Company's equity compensation plans is set forth in Item 12 of Part III of this Annual Report on Form 10-K.

Performance Graph

Comparison of 5 Year Cumulative Total Return*

Among PROG Holdings, Inc., the S&P MidCap 400 Index, the S&P SmallCap 600 Index, and the S&P North American Technology Sector Index



*\$100 invested on 12/31/19 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

The line graph above and the table below compare, for the last five years, the yearly dollar change in the cumulative total shareholder returns (assuming reinvestment of dividends) on the Company's common stock with that of the S&P MidCap 400 Index, the S&P SmallCap 600 Index, and the S&P North American Technology Sector Index. The Company was previously included in the S&P MidCap 400 Index, but moved to the S&P SmallCap 600 Index in April 2022. The spin-off of The Aaron's Company on November 30, 2020 was reflected as a \$9.60 per share special dividend in calculating the PROG Holdings cumulative total shareholder return. Shareholders of PROG Holdings received one share of The Aaron's Company for every two shares of PROG Holdings common stock in the distribution related to the separation and spin-off. The \$9.60 per share special dividend was based on the November 30, 2020 closing price of one share of The Aaron's Company common stock, on a "when issued" basis, which was \$19.19, adjusted for the distribution ratio.

December 31,	2019	2020	2021	2022	2023	2024
PROG Holdings, Inc.	\$ 100.00	\$ 109.20	\$ 91.45	\$ 34.24	\$ 62.66	\$ 86.73
S&P MidCap 400	100.00	113.66	141.80	123.28	143.54	163.54
S&P SmallCap 600	100.00	111.29	141.13	118.41	137.42	149.37
S&P North American Technology Sector	100.00	145.15	183.47	118.60	191.10	260.04

ITEM 6. [RESERVED]

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of PROG Holdings, Inc. and should be read in conjunction with the consolidated financial statements and the accompanying notes. Throughout the MD&A we refer to various notes to our Consolidated Financial Statements which appear in Item 8 of this Form 10-K. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed in these forward-looking statements. Factors that may cause or contribute to these differences include those discussed in Item 1A. Risk Factors and "Forward-Looking Statements" of this Form 10-K.

Business Overview

PROG Holdings, Inc. ("we," "our," "us," the "Company," or "PROG Holdings") is a financial technology holding company that provides transparent and competitive payment options to consumers. PROG Holdings has two reportable segments: (i) Progressive Leasing, an in-store, app-based, and e-commerce point-of-sale lease-to-own solutions provider; and (ii) Vive Financial ("Vive"), an omnichannel provider of 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 (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. The Progressive Leasing segment comprised approximately 96% of our consolidated revenues for the year ended December 31, 2024.

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. The Vive segment comprised approximately 3% of our consolidated revenues for the year ended December 31, 2024.

Four Technologies, Inc. ("Four"), is a Buy Now, Pay Later ("BNPL") company that allows shoppers to pay for merchandise through four interest-free installments. Four's proprietary platform capabilities and its base of customers and retailers expand PROG Holdings' ecosystem of financial technology offerings by introducing a payment solution that further diversifies the Company's consumer financial technology offerings. Shoppers use Four to purchase furniture, clothing, electronics, health and beauty products, footwear, jewelry, and other consumer goods from retailers across the United States. Four is not a reportable segment for the year ended December 31, 2024 as its financial results are not significant to the Company's consolidated financial results. Four's financial results are reported within "Other" for segment reporting purposes.

PROG Holdings also owns Build, a credit building financial management tool. Build is not a reportable segment in 2024 as its financial results are not significant to the Company's consolidated financial results. Build's financial results are reported within "Other" for segment reporting purposes.

Macroeconomic and Business Environment

During 2024, the Company's lease application volume increased due to progress in executing our strategic growth initiatives, including direct-to-consumer and other enhanced marketing initiatives, e-commerce integrations with POS partners, customer experience technology improvements with certain POS partners, and also due to the tightening of the credit supply above Progressive Leasing. We believe these factors contributed to growth in Progressive Leasing's Gross Merchandise Volume ("GMV") in the year ended December 31, 2024 when compared to the prior year, and will continue to have a favorable impact in 2025. Despite the increase in demand for our lease-to-own offerings, the Company continues to operate in a challenging macroeconomic environment. Due to inflationary pressures in recent years, the cost of living remains significantly higher than it was prior to 2020, particularly with respect to housing, food and gas costs. We believe the increased cost of living has had a disproportionate negative effect on the customers we serve and an unfavorable impact on our GMV and financial performance in 2024, and will continue to do so in 2025. We believe the persistent inflationary pressures, the cost of living and elevated interest rates for extended periods have also unfavorably impacted consumer confidence within our customer base, resulting in a decrease in demand for the types of merchandise offered by many of our key national and regional POS partners. For example, Big Lots, Inc., one of Progressive Leasing's ten largest POS partners filed for Chapter 11 bankruptcy in September 2024, resulting in the permanent closure of many of its stores. While we expect to implement a number of initiatives intended to

offset the GMV loss arising out of Big Lots' bankruptcy, we believe that development will have a negative impact on Progressive Leasing's GMV and financial performance in 2025.

In light of these macroeconomic challenges and to align the cost structure of our business with our near-term revenue outlook, the Company executed on a number of cost reduction initiatives beginning in 2022 and continuing into 2024, to drive efficiencies and right-size variable costs, while attempting to minimize the negative impact on growth-related initiatives.

Customer payment delinquencies at the end of 2024 were elevated compared to the end of 2023, which contributed to the provision for lease merchandise write-offs as a percentage of lease revenues increasing to 7.5% for the year ended December 31, 2024 from 6.7% in the same period in 2023, but still within the Company's targeted annual range of 6% to 8%. Any meaningful increase in the unemployment rate or any further increase in inflation may result in increasing levels of customer payment delinquencies and related write-offs, which would result in an unfavorable impact on our performance.

Cybersecurity Incident

During the third quarter of 2023, Progressive Leasing experienced a cybersecurity incident affecting certain data and IT systems of Progressive Leasing. Promptly after detecting the incident, the Company engaged third-party cybersecurity experts and took immediate steps to respond to, remediate and investigate the incident. Law enforcement was also notified. Based on the Company's investigation, the Company determined that the data involved in the incident contained a substantial amount of personally identifiable information, including social security numbers, of Progressive Leasing's customers and other individuals. With the assistance of cybersecurity experts, the Company located the Progressive Leasing customers and other individuals whose information was impacted and notified them, consistent with state and federal requirements. The Company also took a number of additional measures to demonstrate its continued support and commitment to data privacy and protection.

As a result of this cybersecurity incident, Progressive Leasing has become subject to multiple lawsuits which allege, among other things, the incurrence of various types of damages arising out of the incident. All of these lawsuits have been consolidated into a single action in the United States District Court for the District of Utah (the "District Court"). The plaintiffs filed a consolidated complaint on April 19, 2024. On June 24, 2024, Progressive Leasing filed a motion to dismiss the complaint, which was granted in part and denied in part on January 16, 2025.

Progressive Leasing intends to vigorously defend itself against the lawsuit; however, at this time, the Company is unable to determine or predict the outcome of this lawsuit or reasonably provide an estimate or range of the possible losses, if any. The Company also maintains cybersecurity insurance coverage, subject to a \$1.0 million retention, to limit the exposure to losses and related costs and expenses, such as those related to the cybersecurity incident and lawsuits stemming therefrom; however, there can be no assurance that such insurance coverage will be adequate to cover all of the costs and expenses related thereto or that the insurers will agree to cover all such losses, costs and expenses.

During the years ended December 31, 2024 and 2023, the Company incurred \$0.3 million and \$2.8 million, respectively, for costs related to the cybersecurity incident, net of insurance proceeds. These costs related primarily to third-party legal and consulting services and credit monitoring services for Progressive Leasing's customers and employees that were impacted and are included within professional services expense as a component of operating expenses in the consolidated statements of earnings.

Highlights

The following summarizes significant highlights from the year ended December 31, 2024:

- We reported revenues of \$2.5 billion in 2024, an increase of 2.3% compared to 2023. The increase in revenues was primarily due to an increase in GMV at Four and Progressive Leasing in 2024 compared to the prior year.
- GMV from our other operations increased by \$200.5 million, or 198.3%, primarily due to an increase in loan originations for our Four business in 2024 compared to 2023. GMV increased by \$130.5 million for Progressive Leasing in 2024, compared to 2023. The increase in GMV for Progressive Leasing was due to a combination of: (i) positive customer responses to our strategic initiatives, such as direct-to-consumer and other enhanced marketing initiatives, e-commerce integrations with our POS partners and customer experience technology improvements with certain POS partners, and (ii) increasing demand for our lease-to-own offering arising out of a tightening of the credit supply above Progressive Leasing, which resulted in an increase in lease applications when compared to 2023.
- Earnings before income tax (benefit) expense decreased to \$163.6 million compared to \$196.2 million in 2023. The decrease was primarily driven by higher provisions for lease merchandise write-offs and loan losses, more customers choosing to exercise early buyout options, and increased restructuring expenses in 2024 compared to 2023. These decreases to earnings before income taxes were partially offset by lower personnel costs resulting from our cost reduction initiatives.

Key Operating Metrics

Gross Merchandise Volume. We believe GMV is a key performance indicator of our Progressive Leasing and Vive segments, as it provides the total value of new leases and loans 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. Progressive Leasing's GMV is defined as the retail price of merchandise acquired by Progressive Leasing, which it then expects to lease to its customers. GMV for Vive and Other are defined as gross loan originations.

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

For the Year Ended December 31 (Unaudited and In Thousands)	2024	2023	2022
Progressive Leasing	\$ 1,927,164	\$ 1,796,647	\$ 1,976,794
Vive	141,093	143,541	178,002
Other	301,568	101,099	60,459
Total GMV	\$ 2,369,825	\$ 2,041,287	\$ 2,215,255

The increase in Progressive Leasing's GMV was primarily due to a combination of: (i) positive customer responses to our strategic initiatives, such as direct-to-consumer and other enhanced marketing initiatives, e-commerce integrations with our POS partners and customer experience technology improvements with certain POS partners, and (ii) increasing demand for our lease-to-own offering arising out of a tightening of the credit supply above Progressive Leasing, which resulted in an increase in lease applications when compared to 2023. E-commerce channels generated 17.0% of Progressive Leasing's GMV in 2024 compared to 16.9% in 2023. The increase in GMV from our other operations was primarily due to an increase in loan originations by our Four business. GMV for Vive remained consistent year over year.

Active Customer Count. Our active customer count represents the total number of customers that have an active lease agreement with Progressive Leasing, or an active loan with Vive or our other operations. Active customer counts include customers that may have an active lease or loan agreement with more than one segment. The following table presents our active customer count for each segment and Other:

As of December 31 (Unaudited and In Thousands)	2024	2023	2022
Active Customer Count:			
Progressive Leasing	934	893	943
Vive	90	86	92
Other	252	113	39

The number of customers for Progressive Leasing was higher in 2024, compared to the prior year, due to favorable customer responses to our strategic initiatives, including enhanced marketing, e-commerce integrations with POS partners, customer experience technology improvements with certain POS partners, and to a lesser extent, a tightening of the credit supply above Progressive Leasing. The number of customers for Vive has remained essentially flat. The increase in the number of customers for Other was the result of continued growth in our other strategic businesses.

Key Components of Earnings Before Income Tax (Benefit) Expense

In this MD&A section, we review our consolidated results. For the year ended December 31, 2024 and the comparable prior year periods, 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. Lease revenues are recorded net of a provision for uncollectible renewal payments. Interest and fees on loans receivable represents merchant fees, finance charges and annual and other fees earned on outstanding loans in our Vive segment and, to a lesser extent, from our Four business.

Depreciation of Lease Merchandise. Depreciation of lease merchandise 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, occupancy costs, advertising, decisioning expense, professional services expense, sales acquisition expense, computer software expense, bank service charges, the provision for loan losses, fixed asset depreciation expense, intangible asset amortization, and restructuring expense, among other expenses.

Impairment of Goodwill. Impairment of goodwill is the partial write-off of the goodwill balance at the Four reporting unit. Refer to Note 1 of the accompanying consolidated financial statements for further discussion of the goodwill impairment assessment and resulting impairment charge that occurred in the third quarter of 2022.

Interest Expense, Net. Interest expense, net consists of interest incurred on the Company's Senior Notes and senior secured revolving credit facility (the "Revolving Facility"). Interest expense is presented net of interest income earned on the Company's deposits in cash and cash equivalents.

Results of Operations

Results of Operations – Years Ended December 31, 2024 and 2023

(In Thousands)	Year Ended December 31,		Change	
	2024	2023	\$	%
REVENUES:				
Lease Revenues and Fees	\$ 2,366,489	\$ 2,333,588	\$ 32,901	1.4 %
Interest and Fees on Loans Receivable	97,007	74,676	22,331	29.9
	2,463,496	2,408,264	55,232	2.3
COSTS AND EXPENSES:				
Depreciation of Lease Merchandise	1,621,101	1,576,303	44,798	2.8
Provision for Lease Merchandise Write-offs	178,338	155,250	23,088	14.9
Operating Expenses	469,160	451,084	18,076	4.0
	2,268,599	2,182,637	85,962	3.9
OPERATING PROFIT				
Interest Expense, Net	194,897	225,627	(30,730)	(13.6)
	(31,289)	(29,406)	(1,883)	(6.4)
EARNINGS BEFORE INCOME TAX (BENEFIT) EXPENSE				
	163,608	196,221	(32,613)	(16.6)
INCOME TAX (BENEFIT) EXPENSE				
	(33,641)	57,383	(91,024)	nmf
NET EARNINGS				
	\$ 197,249	\$ 138,838	\$ 58,411	42.1 %

nmf—Calculation is not meaningful

Revenues

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

(In Thousands)	Year Ended December 31, 2024				Year Ended December 31, 2023			
	Progressive Leasing	Vive	Other	Total	Progressive Leasing	Vive	Other	Total
Lease Revenues and Fees	\$ 2,366,489	\$ —	\$ —	\$ 2,366,489	\$ 2,333,588	\$ —	\$ —	\$ 2,333,588
Interest and Fees on Loans Receivable	—	64,415	32,592	97,007	—	68,912	5,764	74,676
Total Revenues	\$ 2,366,489	\$ 64,415	\$ 32,592	\$ 2,463,496	\$ 2,333,588	\$ 68,912	\$ 5,764	\$ 2,408,264

The increase in Progressive Leasing revenues was primarily the result of the 7.3% increase in GMV for 2024 as compared to the prior year, due to an increase in demand for our lease-to-own offerings and more customers choosing to exercise early buyout options. This increase was partially offset by having a smaller lease portfolio at the beginning of 2024 as compared to the beginning of 2023. Vive revenues declined primarily due to a smaller loan portfolio throughout 2024 as compared to 2023, as a result of lower demand for products offered by certain Vive POS partners. The increase to Other revenue was primarily driven by a 198.3% increase in Four's GMV as compared to the same period in 2023, due to increased loan originations.

Operating Expenses

Information about certain significant components of operating expenses is as follows:

(In Thousands)	Year Ended December 31,		Change	
	2024	2023	2024 vs. 2023	
			\$	%
Personnel Costs ¹	\$ 172,542	\$ 187,199	\$ (14,657)	(7.8)%
Stock-Based Compensation	29,179	24,920	4,259	17.1
Occupancy Costs	4,199	5,429	(1,230)	(22.7)
Advertising	20,102	17,203	2,899	16.9
Professional Services	32,277	26,882	5,395	20.1
Sales Acquisition Expense ²	29,175	28,205	970	3.4
Computer Software Expense ³	28,057	26,673	1,384	5.2
Bank Service Charges	11,042	11,246	(204)	(1.8)
Other Sales, General and Administrative Expense	36,969	38,005	(1,036)	(2.7)
Sales, General and Administrative Expense	363,542	365,762	(2,220)	(0.6)
Provision for Loan Losses	55,950	40,757	15,193	37.3
Depreciation and Amortization	26,977	32,032	(5,055)	(15.8)
Restructuring Expense	22,691	12,533	10,158	81.1
Operating Expenses	\$ 469,160	\$ 451,084	\$ 18,076	4.0 %

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

² Sales acquisition expense includes vendor incentives and rebates to POS partners, external sales commissions, amortization of initial direct costs and amounts paid to various POS partners to be their exclusive provider of lease-to-own solutions.

³ Computer software expense consists primarily of software subscription fees, licensing fees and non-capitalizable software implementation costs.

The \$14.7 million decrease in personnel costs was due to a decrease of \$13.3 million at Progressive Leasing attributable to its reduction in the number of employees during the second half of 2023 and first quarter of 2024 as part of its restructuring and cost cutting initiatives. Personnel costs at Vive also decreased by \$1.4 million compared to 2023.

Stock-based compensation increased \$4.3 million compared to 2023, consisting of increases of \$5.3 million at Progressive Leasing and \$0.2 million at Vive, partially offset by a decrease of \$1.2 million at Four. The higher stock-based compensation in 2024 was the result of: (i) an increase in the grant date value of restricted stock units granted in 2024 compared to 2023; and (ii) an increase to the estimated payout of performance stock units granted in 2024 based on the Company's actual results, compared to a lower payout of performance stock units granted in 2023. The lower stock-based compensation at Four in 2024 compared to 2023, was a result of the Company determining in the second quarter of 2024 that performance stock units that had been granted to Four executives in 2021 and 2022 were no longer probable of being earned.

Advertising expense increased \$2.9 million compared to 2023, primarily due to increased advertising in the Progressive Leasing segment associated with the expansion of our direct-to-consumer marketing efforts.

Professional services increased \$5.4 million compared to 2023, primarily due to higher technology-related costs. Professional services in the prior year were also impacted by the benefit of \$0.5 million of regulatory insurance recoveries that were received during the first quarter of 2023.

The provision for loan losses increased \$15.2 million compared to 2023. The increase was primarily the result of a \$14.0 million increase in the provision for loan losses for our Other operations, due to the continued growth of our Four business and our other strategic operations. The provision for loan losses at Vive also increased \$1.2 million due to higher delinquencies compared to 2023.

Depreciation and amortization decreased \$5.1 million compared to 2023, primarily due to a decrease of \$5.7 million at Progressive Leasing and \$0.1 million at Vive, partially offset by an increase of \$0.7 million at Four and other strategic businesses. The decrease at Progressive Leasing was primarily attributable to a technology asset that was fully amortized during the second quarter of 2024, as well as assets that were impaired as part of the Company's restructuring activities during the first quarter of 2024. The increase at Four and other strategic businesses was due to an increase in depreciable assets as compared to 2023.

In 2024, restructuring expense included \$7.8 million associated with the early termination of an independent sales agent agreement for Progressive Leasing, \$2.0 million associated with the early termination of a third party vendor agreement within other strategic operations, \$6.0 million of operating lease right-of-use asset and other fixed asset impairment charges related to

the reduction of Progressive Leasing office space, and \$6.8 million of employee severance for Progressive Leasing, Vive, and Other operations. In 2023, restructuring expense included \$9.6 million associated with the early termination of certain independent sales agent agreements and \$2.9 million of employee severance within Progressive Leasing.

Other Costs and Expenses

Depreciation of lease merchandise. Depreciation of lease merchandise increased by 2.8% during the year ended December 31, 2024 compared to 2023. The increase was primarily due to growth in the Company's lease portfolio, resulting from positive customer responses to our strategic initiatives and increasing demand for our lease-to-own offering. As a percentage of lease revenues and fees, depreciation of lease merchandise increased to 68.5% from 67.5% in the prior year period, primarily due to a normalized level of early buyouts during 2024 as compared to a lower level of early buyouts during 2023.

Provision for lease merchandise write-offs. The provision for lease merchandise write-offs increased by \$23.1 million during the year ended December 31, 2024, as compared to 2023. The provision for lease merchandise write-offs as a percentage of lease revenues increased to 7.5% for the year ended December 31, 2024 from 6.7% for the prior year. The increase in the provision was a result of higher delinquencies and write-offs in 2024 compared to 2023. Given the significant economic uncertainty resulting from a higher cost of living, inflationary pressures, impact of tariffs, and increased interest rates for an extended period, and the potential effects of such developments on Progressive Leasing's POS partners, customers, and business going forward, a high level of estimation was involved in determining the allowance as of December 31, 2024. Actual lease merchandise write-offs could differ materially from the allowance for those write-offs.

Interest expense, net. Information about interest expense and interest income is as follows:

(In Thousands)	Year Ended December 31,		Change	
	2024	2023	\$	%
Interest Expense, Net:				
Interest Expense	\$ 38,816	\$ 38,694	\$ 122	0.3 %
Interest Income	(7,527)	(9,288)	1,761	19.0
Total Interest Expense, Net	\$ 31,289	\$ 29,406	\$ 1,883	6.4 %

Interest expense, net increased \$1.9 million due to a decrease in interest income earned from a decrease in cash deposits during 2024 compared to 2023.

Earnings Before Income Tax (Benefit) Expense

Information about our earnings before income tax (benefit) expense by reportable segment is as follows:

(In Thousands)	Year Ended December 31,		Change	
	2024	2023	\$	%
EARNINGS BEFORE INCOME TAX (BENEFIT) EXPENSE:				
Progressive Leasing	\$ 184,782	\$ 216,271	\$ (31,489)	(14.6)%
Vive	(848)	4,545	(5,393)	nmf
Other	(20,326)	(24,595)	4,269	17.4
Earnings Before Income Tax (Benefit) Expense	\$ 163,608	\$ 196,221	\$ (32,613)	(16.6)%

nmf—Calculation is not meaningful

The loss before income tax (benefit) expense within Other primarily relates to losses from our other strategic operations. Factors impacting the change in earnings before income tax (benefit) expense for each reporting segment are discussed above.

Income Tax (Benefit) Expense

Income tax (benefit) expense was a benefit of \$33.6 million for the year ended December 31, 2024 compared to an expense of \$57.4 million in 2023. The effective tax rate was (20.6)% for the year ended December 31, 2024 compared to 29.2% in 2023. The income tax benefit and negative effective tax rate in 2024 was primarily due to a \$51.4 million non-cash reversal of the uncertain tax position related to Progressive Leasing and a \$27.6 million deferred tax benefit related to an election which resulted in the deemed liquidation of a wholly-owned partnership for tax purposes.

Results of Operations – Years Ended December 31, 2023 and 2022

(In Thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
REVENUES:				
Lease Revenues and Fees	\$ 2,333,588	\$ 2,523,785	\$ (190,197)	(7.5)%
Interest and Fees on Loans Receivable	74,676	74,041	635	0.9
	2,408,264	2,597,826	(189,562)	(7.3)
COSTS AND EXPENSES:				
Depreciation of Lease Merchandise	1,576,303	1,757,730	(181,427)	(10.3)
Provision for Lease Merchandise Write-offs	155,250	193,926	(38,676)	(19.9)
Operating Expenses	451,084	450,374	710	0.2
Impairment of Goodwill	—	10,151	(10,151)	nmf
	2,182,637	2,412,181	(229,544)	(9.5)
OPERATING PROFIT				
	225,627	185,645	39,982	21.5
Interest Expense, Net	(29,406)	(37,401)	7,995	21.4
EARNINGS BEFORE INCOME TAX EXPENSE				
	196,221	148,244	47,977	32.4
INCOME TAX EXPENSE				
	57,383	49,535	7,848	15.8
NET EARNINGS				
	\$ 138,838	\$ 98,709	\$ 40,129	40.7 %

nmf—Calculation is not meaningful

Revenues

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

(In Thousands)	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Progressive Leasing	Vive	Other	Total	Progressive Leasing	Vive	Other	Total
Lease Revenues and Fees	\$ 2,333,588	\$ —	\$ —	\$ 2,333,588	\$ 2,523,785	\$ —	\$ —	\$ 2,523,785
Interest and Fees on Loans Receivable	—	68,912	5,764	74,676	—	70,911	3,130	74,041
Total Revenues	\$ 2,333,588	\$ 68,912	\$ 5,764	\$ 2,408,264	\$ 2,523,785	\$ 70,911	\$ 3,130	\$ 2,597,826

The decrease in Progressive Leasing revenues was primarily the result of having a smaller lease portfolio at the beginning of and throughout 2023, as compared to the same periods in 2022. The decrease was also a result of a decline in Progressive Leasing's GMV for the year ended 2023, as compared to 2022, resulting from decreased customer demand for many of the products offered by our POS partners and tightened lease decisioning beginning in mid-2022. The decline in revenues was partially offset by improved customer payment activity in 2023, as compared to 2022. Vive revenues declined due to a 19.4% decrease in GMV as compared to 2022, resulting in a smaller loan portfolio throughout 2023. The increase in Other revenue was primarily driven by a 67.2% increase in Four's GMV as compared to the same period in 2022.

Operating Expenses

Information about certain significant components of operating expenses is as follows:

(In Thousands)	Year Ended December 31,		Change	
	2023	2022	2023 vs. 2022	
			\$	%
Personnel Costs ¹	\$ 187,199	\$ 194,195	\$ (6,996)	(3.6)%
Stock-Based Compensation	24,920	17,521	7,399	42.2
Occupancy Costs	5,429	6,466	(1,037)	(16.0)
Advertising	17,203	15,762	1,441	9.1
Professional Services	26,882	22,824	4,058	17.8
Sales Acquisition Expense ²	28,205	28,828	(623)	(2.2)
Computer Software Expense ³	26,673	27,629	(956)	(3.5)
Bank Service Charges	11,246	12,491	(1,245)	(10.0)
Other Sales, General and Administrative Expense	38,005	40,574	(2,569)	(6.3)
Sales, General and Administrative Expense	365,762	366,290	(528)	(0.1)
Provision for Loan Losses	40,757	41,232	(475)	(1.2)
Depreciation and Amortization	32,032	33,851	(1,819)	(5.4)
Restructuring Expense	12,533	9,001	3,532	39.2
Operating Expenses	\$ 451,084	\$ 450,374	\$ 710	0.2 %

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

² Sales acquisition expense includes vendor incentives and rebates to POS partners, external sales commissions, amortization of initial direct costs and amounts paid to various POS partners to be their exclusive provider of lease-to-own solutions.

³ Computer software expense consists primarily of software subscription fees, licensing fees and non-capitalizable software implementation costs.

The \$7.0 million decrease in personnel costs was due to a decrease of \$9.1 million at Progressive Leasing attributable to its reduction in the number of employees during the second half of 2022 as part of its restructuring and cost cutting initiatives. Personnel costs for Four and other strategic businesses also decreased by \$0.1 million as compared to 2022. These decreases were partially offset by an increase of \$2.2 million at Vive primarily due to increased salaries and wages for new and existing employees.

Stock-based compensation increased \$7.4 million compared to 2022, consisting of increases of \$4.7 million at Progressive Leasing, \$1.9 million at Four and other strategic businesses, and \$0.8 million at Vive. The lower stock-based compensation in 2022 was the result of: (i) the Company determining in the second quarter of 2022 that performance stock units that had been granted to Four executives were no longer probable of being earned resulting in lower expense in 2022 compared to 2023; (ii) no stock-based compensation expense being recognized for Progressive Leasing performance stock units granted in 2022 as the performance metrics related to those performance stock units were not met; and (iii) other stock-based forfeitures in 2022 related to the Progressive Leasing restructuring program. During 2023, the estimated payout of performance stock units granted in 2023 exceeded target based on the Company's actual results, further increasing the stock-based compensation expense during 2023 versus 2022.

Professional services expense increased \$4.1 million, consisting of \$3.2 million at Progressive Leasing, \$0.8 million at Four and other strategic businesses and \$0.1 million at Vive. The increase at Progressive Leasing was primarily due to costs incurred related to the cybersecurity incident during the third quarter of 2023. The remaining increases were the result of increased expenses for other legal services and contract labor compared to 2022.

Restructuring expense increased \$3.5 million due to additional actions taken during the year ended December 31, 2023. In 2023, restructuring costs included \$9.6 million associated with the early termination of certain independent sales agent agreements and \$2.9 million of employee severance within Progressive Leasing. In 2022, restructuring costs included \$5.6 million of employee severance within Progressive Leasing, \$3.3 million of operating lease right-of-use asset and other fixed asset impairment charges related to the relocation of the Vive corporate headquarters and a reduction of Progressive Leasing management and information technology office space, and \$0.1 million of other restructuring expenses.

Other Costs and Expenses

Depreciation of lease merchandise. Depreciation of lease merchandise decreased by 10.3% during the year ended December 31, 2023 compared to 2022. The decrease was primarily due to a reduction in the size of Progressive Leasing's lease portfolio, resulting from tightening of its decisioning in mid-2022 and decreased consumer demand for many of the leasable products offered by Progressive Leasing's retail partners. As a percentage of total lease revenues and fees, depreciation of lease merchandise decreased to 67.5% from 69.6% in the prior year period, primarily due to improved customer payment activity and lower early buyouts for the year ended December 31, 2023, as compared to the same period in 2022.

Provision for lease merchandise write-offs. The provision for lease merchandise write-offs decreased by \$38.7 million due to a reduction in the size of Progressive Leasing's lease portfolio and improved customer payment activity during the year ended December 31, 2023, as compared to the same period in 2022. The provision for lease merchandise write-offs as a percentage of lease revenues decreased to 6.7% for the year ended December 31, 2023 from 7.7% in the same period in 2022. The decrease in the provision as a percentage of lease revenues was a result of improved customer payment activity and lower write-offs due to the Company tightening its lease decisioning in mid-2022. Given the significant economic uncertainty resulting from inflation, elevated interest rates for extended periods, the resumption of student loan payments in October 2023, and the potential effects of such developments on Progressive Leasing's customers, and business going forward, a high level of estimation was involved in determining the allowance as of December 31, 2023. Actual lease merchandise write-offs could differ materially from the allowance for those write-offs.

Impairment of Goodwill. The Company recorded a loss of \$10.2 million to partially write off the goodwill balance of the Four reporting unit during the third quarter of 2022.

Interest expense, net. Information about interest expense and interest income is as follows:

(In Thousands)	Year Ended December 31,		Change	
	2023	2022	2023 vs. 2022	
			\$	%
Interest Expense, Net				
Interest Expense	\$ 38,694	\$ 38,675	\$ 19	— %
Interest Income	(9,288)	(1,274)	(8,014)	nmf
Total Interest Expense, Net	\$ 29,406	\$ 37,401	\$ (7,995)	(21.4)%

nmf—Calculation is not meaningful

Interest expense, net decreased \$8.0 million due to interest income earned on the Company's deposits in cash and cash equivalents resulting from an increase in deposits in higher yield accounts.

Earnings Before Income Tax Expense

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

(In Thousands)	Year Ended December 31,		Change	
	2023	2022	2023 vs. 2022	
			\$	%
EARNINGS BEFORE INCOME TAX EXPENSE:				
Progressive Leasing	\$ 216,271	\$ 174,143	\$ 42,128	24.2 %
Vive	4,545	9,195	(4,650)	(50.6)
Other	(24,595)	(35,094)	10,499	29.9
Earnings Before Income Tax Expense	\$ 196,221	\$ 148,244	\$ 47,977	32.4 %

The loss before income taxes within Other primarily relates to our Four operations. Factors impacting the change in earnings before income tax expense for each reporting segment are discussed above.

Income Tax Expense

Income tax expense increased to \$57.4 million for the year ended December 31, 2023 compared to \$49.5 million in 2022 primarily due to higher earnings before income tax expense in 2023 as compared to prior year. The effective tax rate was 29.2% for the year ended December 31, 2023 compared to 33.4% in 2022. The decrease in the effective tax rate was primarily driven by the non-deductible goodwill impairment loss for Four of \$10.2 million that occurred in 2022, and the increase in the valuation allowance related to certain deferred tax assets that occurred in 2022.

Overview of Financial Position

The major changes in the consolidated balance sheet from December 31, 2023 to December 31, 2024 include:

- Cash and cash equivalents decreased \$59.7 million to \$95.7 million for the year ended December 31, 2024. For additional information, refer to the "Liquidity and Capital Resources" section below.
- Lease merchandise, net, increased \$46.8 million due primarily to a 7.3% increase in Progressive Leasing's GMV in 2024 as compared to 2023.
- Loans receivable, net of allowances and unamortized fees, increased \$20.2 million due primarily to growth in the loan portfolio of Four compared to December 31, 2023. Four's GMV increased 198.3% in 2024 as compared to 2023.
- Income tax receivable decreased \$22.3 million primarily due to a net decrease in tax payments made during the year ended December 31, 2024.
- Prepaid expenses and other assets increased \$27.5 million due primarily to upfront vendor incentives paid to certain Progressive Leasing POS partners in 2024.
- Accounts payable and accrued expenses decreased \$58.2 million due primarily to the reversal of the uncertain tax position, including interest, related to Progressive Leasing's \$175.0 million settlement with the FTC in 2020.
- Debt, net increased \$51.3 million due to a \$50.0 million draw on our Revolving Facility in December 2024, and the amortization of deferred financing costs. The \$50.0 million draw was subsequently repaid in January 2025.
- Deferred tax assets increased \$23.5 million and deferred tax liabilities decreased \$30.5 million, due primarily to an election which resulted in the deemed liquidation of a wholly-owned partnership for tax purposes.

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 over the long-term, 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 and/or paying dividends.

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 Four; and (vi) servicing our outstanding debt obligations.

Our capital requirements have been financed through:

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

As of December 31, 2024, the Company had \$95.7 million of cash, \$300.0 million of availability under the Revolving Facility, and \$650.0 million of gross indebtedness.

Cash Provided by Operating Activities

Cash provided by operating activities was \$138.5 million and \$204.2 million during the years ended December 31, 2024 and 2023, respectively. The \$65.7 million decrease in operating cash flows was primarily driven by a \$129.3 million increase in cash used for purchases of lease merchandise as a result of higher GMV at Progressive Leasing, an increase in the balance of accounts receivable due to timing of payments received from customers, and an increase in payments made on accounts payable and accrued expenses compared to December 31, 2023. These decreases in cash provided by operating activities were offset primarily by a decrease in cash paid for taxes of \$50.6 million when compared to the prior year.

Cash provided by operating activities was \$204.2 million and \$242.5 million during the years ended December 31, 2023 and 2022, respectively. The \$38.3 million decrease in operating cash flows was primarily driven by a \$190.2 million decrease in lease revenue resulting from a smaller lease portfolio and a \$38.3 million increase in cash paid for income taxes compared to 2022. These decreases were partially offset by a \$168.1 million decrease in purchases of lease merchandise, an increase in the balance of accounts payable and accrued expenses compared to December 31, 2022, improved customer payment activity during 2023, and an increase in interest income resulting from an increase in deposits in higher yield accounts. Other changes in cash provided by operating activities are discussed above in our discussion of results for the year ended December 31, 2023.

Cash Used in Investing Activities

Cash used in investing activities was \$79.2 million and \$38.8 million during the years ended December 31, 2024 and 2023, respectively. The \$40.4 million increase in investing cash outflows was primarily the result of a \$244.8 million increase in cash outflows for investments in loans receivable, partially offset by a \$203.4 million increase in proceeds from loans receivable. These increases are primarily the result of growth of loan activity at Four.

Cash used in investing activities was \$38.8 million and \$53.5 million during the years ended December 31, 2023 and 2022, respectively. The \$14.7 million decrease in investing cash outflows was primarily the result of a \$25.3 million increase in proceeds from loans receivable, partially offset by a \$11.1 million increase in cash outflows for investments in loans receivable.

Cash Used In Financing Activities

Cash used in financing activities was \$119.1 million during the year ended December 31, 2024 compared to \$141.9 million during the year ended December 31, 2023, a decrease of \$22.8 million. The decrease in cash used in financing activities was primarily the result of a \$50.0 million draw on our revolving credit facility. This decrease in cash used was partially offset by a \$20.4 million increase in cash paid for dividends, as the Company began paying dividends during 2024.

Cash used in financing activities was \$141.9 million during the year ended December 31, 2023 compared to \$227.2 million during the year ended December 31, 2022, a decrease of \$85.3 million. Cash used in financing activities in 2023 was primarily for the Company's repurchase of \$139.6 million of its common stock, compared to \$223.6 million of share repurchases in 2022. The Company also used cash for an immaterial amount of debt issuance costs in 2023 compared to \$1.6 million in 2022.

Share Repurchases

We purchase our stock in the market from time to time as authorized by our Board of Directors. Effective November 3, 2021, the Company announced that its Board of Directors had authorized a share repurchase program that provided the Company with the ability to repurchase shares up to a maximum amount of \$1 billion. On February 21, 2024, the Company's Board of Directors reauthorized the repurchase of Company common stock at an aggregate purchase price of up to \$500 million under the Company's existing share repurchase program, with such reauthorized share repurchase program to be extended for a period of three years from February 21, 2024, or until the \$500 million aggregate purchase price of Company common stock purchased pursuant to the reauthorized share repurchase program has been met, whichever occurs first. As of December 31, 2024, we had the authority to purchase additional shares up to our remaining authorization limit of \$361.3 million.

The Company purchased 3,480,871 shares of its common stock for \$138.7 million during the year ended December 31, 2024, 4,691,274 shares for \$139.6 million during the year ended December 31, 2023, and 8,720,223 shares for \$223.6 million during the year ended December 31, 2022. These amounts do not include any excise tax that may be assessed on those repurchases.

Dividends

We declared and paid a dividend of \$0.12 per share in each quarter of 2024, which resulted in aggregate dividend payments of \$20.4 million. We paid no dividends during 2023 and 2022. While we expect to continue paying quarterly cash dividends in future periods, the future payment of dividends, if

permitted, will be at the sole discretion of our Board of Directors and will depend on our capital allocation strategy at that time as well as other factors, including our earnings, financial condition, and other considerations that our Board of Directors deems relevant.

Debt Financing

On November 24, 2020, the Company entered into a credit agreement with a consortium of lenders providing for a \$350 million senior revolving credit facility (the "Revolving Facility"). On November 15, 2024, the Company entered into an amendment to the Revolving Facility, the primary purpose of which was to extend the maturity date of the Revolving Facility from November 24, 2025 to November 15, 2029.

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 million. As of December 31, 2024, the Company had \$50.0 million outstanding and \$300 million remaining available for borrowings on the Revolving Facility. The Company repaid the \$50.0 million Revolving Facility borrowing in January 2025.

The Revolving Facility is fully secured and 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 Revolving Facility if it fails to comply with these covenants, and all borrowings outstanding may become due immediately. As of December 31, 2024, the Company was in compliance with the financial covenants set forth in the Revolving Facility and believes it will continue to be in compliance in the future.

On November 26, 2021, the Company entered into an indenture in connection with its offering of \$600 million aggregate principal amount of its senior unsecured notes due 2029 (the "Senior Notes"). The Senior Notes were issued at 100.0% of their par value with a stated fixed annual interest rate of 6.00%. Interest accrues on the outstanding balance and is payable semi-annually. The Senior Notes are general unsecured obligations of the Company and are guaranteed by certain of the Company's existing and future domestic subsidiaries.

The indenture discussed above contains various other covenants and obligations to which the Company and its subsidiaries are subject while the Senior Notes are outstanding. The covenants in the indenture may limit the extent to which, or the ability of the Company and its subsidiaries to, among other things: (i) incur additional debt and guarantee debt; (ii) pay dividends or make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain debt; (iv) issue certain preferred stock or similar equity securities; (v) make loans and investments; (vi) sell assets; (vii) incur liens; (viii) enter into transactions with affiliates; (ix) enter into agreements restricting the ability of the Company's subsidiaries to pay dividends; and (x) consolidate, merge or sell all or substantially all of the Company's assets. The indenture also contains customary events of default for transactions of this type and amount. The Company was in compliance with these covenants at December 31, 2024 and believes that it will continue to be in compliance in the future.

Commitments

Income Taxes. During the year ended December 31, 2024, we made net income tax payments of \$49.8 million. During the year ended December 31, 2025 we anticipate making estimated cash payments of \$67.0 million for United States federal and state income taxes.

Leases. We lease management and information technology space for corporate functions under operating leases expiring at various times through 2028. Our corporate and segment management office leases contain renewal options for additional periods ranging from three to five years. Approximate future minimum payments for operating leases that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2024 are disclosed in Note 6 in the accompanying consolidated financial statements.

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 Secured Overnight Financing Rate ("SOFR") plus a margin within the range of 1.5% to 2.5% for revolving loans, based on total leverage, or (ii) 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. Future interest payments may be different depending on future borrowing activity and interest rates. The Company had \$50.0 million of outstanding borrowings under the Revolving Facility as of December 31, 2024.

As discussed above, on November 26, 2021, the Company issued \$600 million aggregate principal amount of Senior Notes that bear a fixed annual interest rate of 6.00%. Interest will accrue on the outstanding balance and will be payable semi-annually. The Senior Notes will mature on November 15, 2029.

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 December 31, 2024 were approximately \$74.3 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 may be misleading, because this scheduling would not necessarily relate to liquidity needs.

Unfunded Lending Commitments. The Company, through its Vive business, had unconditionally cancellable unfunded lending commitments totaling approximately \$461.1 million and \$523.9 million as of December 31, 2024 and 2023, 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

We discuss the most critical accounting policies below. For a discussion of all of the Company's significant accounting policies, see Note 1 in the accompanying consolidated financial statements.

Revenue Recognition

All of Progressive Leasing's customer agreements are considered operating leases and are recognized in accordance with ASC 842, *Leases*. The Company maintains ownership of the lease merchandise until all payment obligations are satisfied under the lease ownership agreements. Progressive Leasing recognizes lease revenue on a straight-line basis over the estimated lease term. Initial lease payments made by the customer upon lease execution are initially recognized as deferred revenue and are recognized as lease revenue over the estimated lease term on a straight-line basis. All other customer billings are in arrears and, therefore, lease revenues are earned prior to the lease payment due date and are recorded in the statements of earnings net of related sales taxes as earned. Cash collected in advance of being due or earned and recognized as deferred revenue is presented within customer deposits and advance payments in the accompanying consolidated balance sheets. Progressive Leasing revenues recorded prior to the payment due date results in unbilled accounts receivable in the accompanying consolidated balance sheets. Our revenue recognition accounting policy matches the lease revenue with the corresponding costs, mainly depreciation expense, associated with lease merchandise.

At December 31, 2024 and 2023, we had deferred revenue representing cash collected in advance of being due or earned totaling \$40.9 million and \$35.7 million, respectively, and accounts receivable, net of an allowance for doubtful accounts based on historical collection rates, of \$80.2 million and \$67.9 million, respectively. Our accounts receivable allowance is estimated using historical write-off and collection experience. Other qualitative factors, such as current and forecasted customer payment trends, are considered in estimating the allowance. For customer agreements that are past due, the Company's policy is to write off lease receivables after 120 days. The provision for uncollectible renewal payments is recorded as a reduction of lease revenues and fees in accordance with ASC 842.

Vive recognizes interest income based upon the amount of the loans outstanding, which is recognized as interest and fees on loans receivable in the billing period in which they are assessed if collectability is reasonably assured. Vive acquires loans receivable from its third-party bank partners at a discount from the face value of the loan. The discount is comprised mainly of a merchant fee discount, which represents a pre-negotiated, nonrefundable discount that generally ranges from 3.0% to 30.0% 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, net of the origination costs, is amortized on a net basis and is recorded as interest and fee revenue on loans receivable on a straight-line basis over the initial 24-month period that the card is active.

Lease Merchandise

The Company's Progressive Leasing segment, at which all merchandise is on lease, depreciates merchandise on a straight-line basis to a 0% salvage value generally over 12 months. We record a provision for lease merchandise write-offs using the allowance method. The allowance for lease merchandise write-offs estimates the merchandise losses incurred but not yet identified by management as of the end of the accounting period. The Company estimates its allowance for lease merchandise write-offs using historical write-off experience. Other qualitative factors, such as current and forecasted customer payment trends, are considered in estimating the allowance. For customer agreements that are past due, the Company's policy is to write off lease merchandise after 120 days. As of December 31, 2024 and 2023, the allowance for lease merchandise write-offs was \$51.9 million and \$44.2 million, respectively. The provision for lease merchandise write-offs was \$178.3 million and \$155.3 million for the years ended December 31, 2024 and 2023, respectively.

Provision for Loan Losses and Loan Loss Allowance

Expected lifetime losses on loans receivable are recognized upon loan acquisition, which results in earlier recognition of credit losses and requires the Company to make its best estimate of probable lifetime losses at the time of acquisition. The Company segments its Vive loans receivable portfolio into homogenous pools by FICO score and by delinquency status and evaluates loans receivable collectively for impairment when similar risk characteristics exist. Our Vive credit card loans do not have contractually stated maturity dates, which requires the Company to estimate an average life of loan by analyzing historical payment trends to determine an expected remaining life of the loan balance. Our current estimate is that the average life of an outstanding credit card loan is approximately one to two years, depending on the respective FICO score segmentation.

The Company calculates the Vive allowance for loan losses based on internal historical loss information and incorporates observable and forecasted macroeconomic data over a six-month reasonable and supportable forecast period. Key macroeconomic factors incorporated into our forecasts include projected changes in unemployment rates, stock market volatility, projected United States treasury rates, and projected prime lending rates. Incorporating macroeconomic data could have a material impact on the measurement of the allowance to the extent that forecasted data changes significantly, such as changes in forecasted unemployment rates and the observed significant market volatility. Subsequent to the six-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 three months. For the remaining life of the portfolio, the Company utilizes historical loss information.

The Company may also consider other qualitative factors in estimating the allowance, as necessary. For the purposes of determining the allowance as of December 31, 2024, management considered qualitative factors such as the macroeconomic conditions associated with the impacts of stabilizing inflation and unemployment rates. The allowance for loan losses is maintained at a level considered appropriate to cover expected lifetime losses of principal, interest and fees on active loans in the loans receivable portfolio, and the appropriateness of the allowance is evaluated at each period end.

Vive's delinquent loans receivable are those that are 30 days or more past due based on their contractual billing dates. Vive's loans receivable are placed on nonaccrual status when they are greater than 90 days past due or upon notification of cardholder bankruptcy, death or fraud. Vive discontinues recognizing interest and fee revenue and amortizing merchant fee discounts and promotional fee discounts for loans receivable in nonaccrual status. Loans receivable are removed from nonaccrual status when 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 at the end of the following month after the billing cycle in which the loans receivable become 120 days past due.

Four extends or declines credit on an individual transaction basis using its proprietary decisioning platform, without using customer credit ratings. Four's credit risk exposure is limited by smaller transaction values and a short loan duration.

The provision for loan losses was \$56.0 million and \$40.8 million for the years ended December 31, 2024 and 2023, respectively. The allowance for loan losses was \$47.8 million and \$40.6 million as of December 31, 2024 and 2023, respectively.

Recent Accounting Pronouncements

Refer to Note 1 to the Company's consolidated financial statements for a discussion of recently issued accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2024, we had \$50.0 million of outstanding borrowings under our senior secured Revolving Facility. Borrowings under the Revolving Facility are indexed to SOFR 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 December 31, 2024, a hypothetical 1.0% increase or decrease in interest rates would increase or decrease interest expense and cash flows by approximately \$0.5 million annually.

Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our Revolving Facility. These analyses do not consider the effect of any change in overall economic activity that could occur. Further, in the event of a change of that magnitude, we may take action to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the analysis assumes no changes in our financial structure.

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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of PROG Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PROG Holdings, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 19, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of the allowance for loan losses

Description of the Matter

As of December 31, 2024, the allowance for loan losses (ALL) was \$47.8 million. As discussed in Note 1 and Note 5 to the consolidated financial statements, management records the ALL to estimate probable lifetime losses that are expected in the loan portfolio. In determining the estimate, management utilizes quantitative factors such as actual historical loss experience and incorporates observable and forecasted macroeconomic data such as projected changes in unemployment rates, stock market volatility, United States treasury rates, inflation, and prime lending rates over a reasonable and supportable forecast period. The Company also considers, as necessary, qualitative factors such as the macroeconomic conditions associated with the impacts of stabilizing inflation, and unemployment rates. The Company applies judgment, including the determination of the expected life of the loan receivable, as it determines necessary to make its best estimate of probable expected lifetime losses in the portfolio.

Auditing management's ALL estimate involved a high degree of complexity in evaluating the quantitative calculation of expected losses in the loan portfolio and subjectivity in evaluating management's qualitative factors. Management's assessment and measurement of the qualitative factors is judgmental.

How We Addressed the Matter in Our Audit

We focused our testing on the Vive segment due to the more subjective nature of the portfolio and because it comprised the majority of the Company's ALL balance as of December 31, 2024. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls for management's process of the measurement and valuation of the ALL. For example, we tested controls over management's review of the ALL calculations, methodology and significant assumptions, including qualitative adjustments.

With respect to the quantitative calculation of expected losses, we involved internal specialists and evaluated the conceptual soundness of the methodology and performed calculation procedures over the model. We also tested the appropriateness of key inputs and assumptions used in the calculation by agreeing a sample of inputs to supporting information. With respect to the identification of qualitative factors, we evaluated the potential impact of imprecision in the calculation and hence the need to consider a qualitative adjustment to the ALL.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1991.

Salt Lake City, Utah
February 19, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of PROG Holdings, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited PROG Holdings, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control —Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, PROG Holdings, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 19, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 19, 2025

Management Report on Internal Control over Financial Reporting

Management of PROG Holdings, Inc. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in Internal Control-Integrated Framework. Based on its assessment using those criteria, management concluded that, as of December 31, 2024, the Company's internal control over financial reporting was effective.

The Company's internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report dated February 19, 2025, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024.

PROG HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	(In Thousands, Except Share Data)	
ASSETS:		
Cash and Cash Equivalents	\$ 95,655	\$ 155,416
Accounts Receivable (net of allowances of \$71,607 in 2024 and \$64,180 in 2023)	80,225	67,879
Lease Merchandise (net of accumulated depreciation and allowances of \$440,831 in 2024 and \$423,466 in 2023)	680,242	633,427
Loans Receivable (net of allowances and unamortized fees of \$57,342 in 2024 and \$50,022 in 2023)	146,985	126,823
Property and Equipment, Net	21,443	24,104
Operating Lease Right-of-Use Assets	4,035	9,271
Goodwill	296,061	296,061
Other Intangibles, Net	73,775	91,664
Income Tax Receivable	10,644	32,918
Deferred Income Tax Assets	26,472	2,981
Prepaid Expenses and Other Assets	78,230	50,711
Total Assets	<u>\$ 1,513,767</u>	<u>\$ 1,491,255</u>
LIABILITIES & SHAREHOLDERS' EQUITY:		
Accounts Payable and Accrued Expenses	\$ 93,190	\$ 151,259
Deferred Income Tax Liabilities	74,320	104,838
Customer Deposits and Advance Payments	40,917	35,713
Operating Lease Liabilities	11,496	15,849
Debt, Net	643,563	592,265
Total Liabilities	<u>863,486</u>	<u>899,924</u>
Commitments and Contingencies (Note 9)		
Shareholders' Equity:		
Common Stock, Par Value \$0.50 Per Share: Authorized: 225,000,000 Shares at December 31, 2024 and 2023; Shares Issued: 82,078,654 at December 31, 2024 and 2023	41,039	41,039
Additional Paid-in Capital	358,538	352,421
Retained Earnings	1,469,450	1,293,073
	<u>1,869,027</u>	<u>1,686,533</u>
Less: Treasury Shares at Cost		
Common Stock: 41,262,901 Shares at December 31, 2024 and 38,404,527 at December 31, 2023	(1,218,746)	(1,095,202)
Total Shareholders' Equity	<u>650,281</u>	<u>591,331</u>
Total Liabilities & Shareholders' Equity	<u>\$ 1,513,767</u>	<u>\$ 1,491,255</u>

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

PROG HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended December 31,		
	2024	2023	2022
(In Thousands, Except Per Share Data)			
REVENUES:			
Lease Revenues and Fees	\$ 2,366,489	\$ 2,333,588	\$ 2,523,785
Interest and Fees on Loans Receivable	97,007	74,676	74,041
	<u>2,463,496</u>	<u>2,408,264</u>	<u>2,597,826</u>
COSTS AND EXPENSES:			
Depreciation of Lease Merchandise	1,621,101	1,576,303	1,757,730
Provision for Lease Merchandise Write-offs	178,338	155,250	193,926
Operating Expenses	469,160	451,084	450,374
Impairment of Goodwill	—	—	10,151
	<u>2,268,599</u>	<u>2,182,637</u>	<u>2,412,181</u>
OPERATING PROFIT	194,897	225,627	185,645
Interest Expense, Net	(31,289)	(29,406)	(37,401)
EARNINGS BEFORE INCOME TAX (BENEFIT) EXPENSE	163,608	196,221	148,244
INCOME TAX (BENEFIT) EXPENSE	(33,641)	57,383	49,535
NET EARNINGS	<u>\$ 197,249</u>	<u>\$ 138,838</u>	<u>\$ 98,709</u>
EARNINGS PER SHARE			
Basic	\$ 4.63	\$ 3.02	\$ 1.90
Assuming Dilution	\$ 4.53	\$ 2.98	\$ 1.90
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	42,584	46,034	51,921
Assuming Dilution	43,549	46,550	52,075

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

PROG HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Thousands, Except Per Share)	Treasury Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance, January 1, 2022	(25,638)	\$ (749,401)	82,079	\$ 41,039	\$ 332,244	\$ 1,055,526	\$ 679,408
Stock-Based Compensation	—	—	—	—	17,694	—	17,694
Reissued Shares	314	9,372	—	—	(11,124)	—	(1,752)
Repurchased Shares	(8,720)	(223,598)	—	—	—	—	(223,598)
Net Earnings	—	—	—	—	—	98,709	98,709
Balance, December 31, 2022	(34,044)	\$ (963,627)	82,079	\$ 41,039	\$ 338,814	\$ 1,154,235	\$ 570,461
Stock-Based Compensation	—	—	—	—	25,152	—	25,152
Reissued Shares	330	9,280	—	—	(11,545)	—	(2,265)
Repurchased Shares	(4,691)	(140,855)	—	—	—	—	(140,855)
Net Earnings	—	—	—	—	—	138,838	138,838
Balance, December 31, 2023	(38,405)	\$ (1,095,202)	82,079	\$ 41,039	\$ 352,421	\$ 1,293,073	\$ 591,331
Cash Dividends, \$0.48 per share	—	—	—	—	—	(20,872)	(20,872)
Stock-Based Compensation	—	—	—	—	29,597	—	29,597
Reissued Shares	623	16,183	—	—	(23,480)	—	(7,297)
Repurchased Shares	(3,481)	(139,727)	—	—	—	—	(139,727)
Net Earnings	—	—	—	—	—	197,249	197,249
Balance, December 31, 2024	(41,263)	\$ (1,218,746)	82,079	\$ 41,039	\$ 358,538	\$ 1,469,450	\$ 650,281

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

PROG HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)	Year Ended December 31,		
	2024	2023	2022
OPERATING ACTIVITIES:			
Net Earnings	\$ 197,249	\$ 138,838	\$ 98,709
Adjustments to Reconcile Net Earnings to Cash Provided by Operating Activities:			
Depreciation of Lease Merchandise	1,621,101	1,576,303	1,757,730
Other Depreciation and Amortization	26,977	32,032	33,851
Provisions for Accounts Receivable and Loan Losses	386,558	345,383	417,496
Stock-Based Compensation	29,179	24,920	17,521
Deferred Income Taxes	(56,030)	(32,449)	(9,199)
Impairment of Goodwill and Other Assets	6,018	—	10,151
Income Tax Benefit from Reversal of Uncertain Tax Position	(51,443)	—	—
Non-Cash Lease Expense	(3,632)	(2,669)	(1,674)
Other Changes, Net	(2,640)	(5,992)	(7,164)
Changes in Operating Assets and Liabilities:			
Additions to Lease Merchandise	(1,850,425)	(1,721,117)	(1,889,207)
Book Value of Lease Merchandise Sold or Disposed	182,509	159,430	197,489
Accounts Receivable	(342,954)	(307,984)	(374,515)
Prepaid Expenses and Other Assets	(25,394)	(2,110)	68
Income Tax Receivable and Payable	24,743	(14,188)	(6,007)
Operating Lease Right-of-Use Assets and Liabilities	—	—	2,999
Accounts Payable and Accrued Expenses	(8,495)	15,200	2,227
Customer Deposits and Advance Payments	5,204	(1,361)	(7,996)
Cash Provided by Operating Activities	138,525	204,236	242,479
INVESTING ACTIVITIES:			
Investments in Loans Receivable	(459,463)	(214,686)	(203,600)
Proceeds from Loans Receivable	388,437	185,056	159,707
Outflows on Purchases of Property and Equipment	(8,316)	(9,616)	(9,674)
Proceeds from Sale of Property and Equipment	131	48	27
Other Proceeds	41	365	6
Cash Used in Investing Activities	(79,170)	(38,833)	(53,534)
FINANCING ACTIVITIES:			
Borrowings on Revolving Facility	50,000	—	—
Acquisition of Treasury Stock	(138,651)	(139,573)	(223,598)
Tender Offer Stock Repurchased and Retired	—	—	(274)
Dividends Paid	(20,393)	—	—
Issuance of Stock Under Stock Option and Employee Purchase Plans	2,364	1,357	1,150
Cash Paid for Shares Withheld for Employee Taxes	(9,660)	(3,622)	(2,902)
Debt Issuance Costs	(2,776)	(29)	(1,600)
Cash Used In Financing Activities	(119,116)	(141,867)	(227,224)
(Decrease) Increase in Cash and Cash Equivalents	(59,761)	23,536	(38,279)
Cash and Cash Equivalents at Beginning of Year	155,416	131,880	170,159
Cash and Cash Equivalents at End of Year	\$ 95,655	\$ 155,416	\$ 131,880
Net Cash Paid During the Year:			
Interest	\$ 37,033	\$ 36,991	\$ 35,712
Income Taxes	\$ 49,840	\$ 100,433	\$ 62,172

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

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

PROG Holdings, Inc. ("we," "our," "us," the "Company," or "PROG Holdings") is a financial technology holding company that provides transparent and competitive payment options to consumers. PROG Holdings has two reportable segments: (i) Progressive Leasing, an in-store, app-based, and e-commerce point-of-sale lease-to-own solutions provider; and (ii) Vive Financial ("Vive"), an omnichannel provider of 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 and Puerto Rico (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.

PROG Holdings' ecosystem of financial technology offerings also includes Four Technologies, Inc. ("Four"), a Buy Now, Pay Later ("BNPL") company that allows shoppers to pay for merchandise through four interest-free installments. Shoppers use Four to purchase furniture, clothing, electronics, health and beauty products, footwear, jewelry, and other consumer goods from retailers across the United States. Four is not a reportable segment for the years ended December 31, 2024, 2023 and 2022 as its financial results are not significant to the Company's consolidated financial results.

Basis of Presentation

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Management does not believe these estimates or assumptions will change significantly in the future absent unidentified and unforeseen events, such as the possible direct or indirect impacts associated with elevated inflation, increasing unemployment rates, and/or the impact of tariffs.

Principles of Consolidation

The 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.

Revenue Recognition

Lease Revenues and Fees

Progressive Leasing provides merchandise, consisting primarily of furniture, appliances, electronics, mobile phones and accessories, jewelry, 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.

All of Progressive Leasing's customer agreements are considered operating leases. The Company maintains ownership of the lease merchandise until all payment obligations are satisfied under the lease ownership agreements. Initial lease payments made by the customer upon lease execution are recognized as deferred revenue and are amortized as lease revenue over the estimated lease term on a straight-line basis. Initial lease payments and other payments collected in advance of being due or earned are recognized as deferred revenue within customer deposits and advance payments in the accompanying consolidated balance sheets. All other customer lease billings 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 consolidated balance sheets. Lease revenues are recorded net of a provision for uncollectible renewal payments.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated balance sheets.

Interest and Fees on Loans Receivable

Interest and fees on loans receivable is primarily generated from our Vive segment. Vive extends or declines credit to an applicant through its bank partners based upon the applicant's credit rating and other factors. Qualifying applicants are approved for a specified maximum revolving credit card line 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 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 30% 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 in the 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 fees on loans receivable in the consolidated statements of earnings on a straight-line basis over the initial 24-month period. If the loan receivable is paid off or charged off during the 24-month period, the remaining net merchant fee discount is recognized as interest and fees on loans receivable at that time.

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 fees on loans receivable in the 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). If the loan receivable is paid off or charged off prior to the expiration of the promotional period, the remaining promotional fee discount is recognized as interest and fees on loans receivable at that time. The unamortized promotional fee discount is presented net within loans receivable in the consolidated balance sheets.

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 collectability 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. 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 collectability 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 collectability is reasonably assured. Annual fees and other fees are recognized as interest and fees on loans receivable in the consolidated statements of earnings.

Lease Merchandise

Progressive Leasing's merchandise consists primarily of furniture, appliances, electronics, mobile phones and accessories, jewelry, mattresses, automobile electronics and accessories, 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.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, such as current and forecasted customer payment trends, are considered in estimating the allowance. Given the significant uncertainty regarding the impacts of inflation, tariffs, elevated interest rates, and/or unemployment rates on our business, a high level of estimation was involved in determining the allowance as of December 31, 2024. Actual lease merchandise write-offs may differ materially from the allowance as of December 31, 2024. For customer lease agreements that are past due, the Company's policy is to write off lease merchandise after 120 days.

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

(In Thousands)	Year Ended December 31,		
	2024	2023	2022
Beginning Balance	\$ 44,180	\$ 47,118	\$ 54,367
Net Book Value of Merchandise Written off	(178,778)	(165,153)	(210,160)
Recoveries	8,134	6,965	8,985
Provision for Write-offs	178,338	155,250	193,926
Ending Balance	\$ 51,874	\$ 44,180	\$ 47,118

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 \$34.4 million, \$28.5 million, and \$27.7 million for such additional consideration to POS partners, for the years ended December 31, 2024, 2023 and 2022, respectively. Expenses related to additional consideration provided to POS partners are classified within operating expenses in the consolidated statements of earnings.

Advertising

The Company expenses advertising costs as incurred. Total advertising costs amounted to \$20.1 million, \$17.2 million and \$15.8 million for the years ended December 31, 2024, 2023 and 2022, respectively, and are classified within operating expenses in the consolidated statements of earnings.

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are more fully described in Note 12 to these consolidated financial statements. The fair value of each share of restricted stock units ("RSUs"), restricted stock awards ("RSAs") and performance share units ("PSUs") awarded is equal to the market value of a share of the Company's common stock on the grant date. The Company uses a Monte Carlo simulation model to estimate the grant date fair value of PSUs that will be earned based on the relative performance of the Company's total shareholder return ("TSR") compared to the TSR of the S&P 600 Small Cap Index. The Company estimates the fair value for the options granted on the grant date using a Black-Scholes-Merton option-pricing model. The Company estimates the fair value of awards issued under the Company's employee stock purchase plan ("ESPP") using a series of Black-Scholes pricing models that consider the components of the "lookback" feature of the plan, including the underlying stock, call option and put option. The design of awards issued under the Company's ESPP is described in more detail in Note 12 to these consolidated financial statements.

Deferred Income Taxes

Deferred income taxes represent primarily temporary differences between the amounts of assets and liabilities for financial and tax reporting purposes. The Company's largest temporary differences arise principally from the use of accelerated depreciation methods on lease merchandise for tax purposes.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Earnings Per Share

Earnings per share is computed by dividing net earnings 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, RSUs, RSAs, PSUs and awards issuable under the Company's ESPP (collectively, "share-based awards") as determined under the treasury stock method. The following table shows the calculation of dilutive share-based awards:

(Shares In Thousands)	Year Ended December 31,		
	2024	2023	2022
Weighted Average Shares Outstanding	42,584	46,034	51,921
Dilutive Effect of Share-Based Awards	965	516	154
Weighted Average Shares Outstanding Assuming Dilution	43,549	46,550	52,075

Approximately 440,000, 833,000 and 1,410,000 weighted-average share-based awards were excluded from the computation of earnings per share assuming dilution during the years ended December 31, 2024, 2023 and 2022, respectively, as the awards would have been antidilutive for the periods presented.

Cash and Cash Equivalents

The Company classifies highly liquid investments with maturity dates of three months or less when purchased as cash equivalents. The Company maintains its cash and cash equivalents in a limited number of banks. Bank balances typically exceed coverage provided by the Federal Deposit Insurance Corporation. However, due to the size and strength of the banks in which the balances are held, any exposure to loss is believed to be minimal.

Accounts Receivable

Accounts receivable consist primarily of receivables due from customers of Progressive Leasing and amounted to \$80.2 million and \$67.9 million, net of allowances, as of December 31, 2024 and 2023, respectively.

The Company maintains an accounts receivable allowance, which primarily relates to its Progressive Leasing operations. The Company's policy is to record an allowance for uncollectible renewal payments based on historical collection experience. Other qualitative factors, such as current and forecasted business trends, are considered in estimating the allowance. Given the significant uncertainty regarding the impacts of inflation, elevated interest rates, and/or unemployment rates on our business, a high level of estimation was involved in determining the allowance as of December 31, 2024. Therefore, actual future accounts receivable write-offs may differ materially from the allowance. The provision for uncollectible renewal payments is recorded as a reduction of lease revenues and fees within the consolidated statements of earnings. For customer lease agreements that are past due, the Company's policy is to write off lease receivables after 120 days.

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

(In Thousands)	Year Ended December 31,		
	2024	2023	2022
Beginning Balance	\$ 64,180	\$ 69,264	\$ 71,233
Net Book Value of Accounts Written Off	(360,790)	(348,729)	(415,344)
Recoveries	37,609	39,019	37,111
Accounts Receivable Provision	330,608	304,626	376,264
Ending Balance	\$ 71,607	\$ 64,180	\$ 69,264

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Loans Receivable, Net

Gross loans receivable primarily 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. Loans receivable, net, also includes \$34.9 million and \$13.9 million of outstanding receivables from customers of Four as of December 31, 2024 and 2023, respectively.

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.

Expected lifetime losses on loans receivable are recognized upon loan acquisition, which requires the Company to make its best estimate of probable lifetime losses at the time of acquisition. Vive's credit card loans do not have contractually stated maturity dates, which requires the Company to estimate an average life of loan by analyzing historical payment trends to determine an expected remaining life of the loan balance. Vive segments its loans receivable portfolio into homogenous pools by Fair Isaac and Company ("FICO") score and by delinquency status and evaluates loans receivable collectively for impairment when similar risk characteristics exist.

The Company calculates Vive's allowance for loan losses based on internal historical loss information and incorporates observable and forecasted macroeconomic data over a six-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 inflation, and unemployment rates. Subsequent to the six-month reasonable and supportable forecast period described above, the Company reverts to using historical loss information on a straight-line basis over a three-month period. For the remaining life of the portfolio, the Company utilizes historical loss information. The Company may also consider other qualitative factors in estimating the allowance, as necessary. For the purposes of determining the allowance as of December 31, 2024, management considered qualitative factors such as macroeconomic conditions associated with the impacts from stabilizing inflation and unemployment rates. 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, the Company's results of operations and liquidity may be materially affected.

Vive's delinquent loans receivable includes those that are 30 days or more past due based on their contractual billing dates. Vive's loans receivable are placed on nonaccrual status when they are greater than 90 days past due or upon notification of cardholder bankruptcy, death or fraud. Vive discontinues recognizing interest and fee revenue and amortizing merchant fee discounts and promotional fee discounts for Vive's loans receivable in nonaccrual status. Loans receivable are removed from nonaccrual status when 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. Four extends or declines credit on an individual transaction basis using its proprietary decisioning platform, without using customer credit ratings. Four instead uses an internal model using factors such as banking data and user history to generate internal proprietary risk scores. Four's risk exposure is limited by smaller transaction values and a short loan duration.

Property and Equipment

The Company records property and equipment at cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, which range from three to 12 years for leasehold improvements and from one to seven years for other depreciable property and equipment.

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful life of the software, which ranges from three to five years. The Company develops software for use in its Progressive Leasing, Vive, and Four operations and related to other strategic initiatives. The Company uses an agile development methodology in which feature-by-feature updates are made to its software. Certain costs incurred during the application development stage of an internal-use software project are capitalized when management, with the relevant authority, authorizes and commits to funding a feature update and it is probable that the project will be completed and the software will be used to perform the function intended.

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Capitalization of costs ceases when the feature update is substantially complete and ready for its intended use. All costs incurred during preliminary project and post-implementation project stages are expensed. Generally, the life cycle for each feature update implementation is one to six months.

Gains and losses related to dispositions and retirements are recognized as incurred. Maintenance and repairs are also expensed as incurred, and leasehold improvements are capitalized and amortized over the lesser of the lease term or the asset's useful life. Depreciation expense for property and equipment is included in operating expenses in the accompanying consolidated statements of earnings and was \$9.1 million, \$9.3 million and \$11.0 million during the years ended December 31, 2024, 2023 and 2022, respectively. Amortization of previously capitalized internal use software development costs, which is a component of depreciation expense for property and equipment, was \$6.8 million, \$5.4 million and \$5.5 million during the years ended December 31, 2024, 2023 and 2022, respectively.

The Company assesses its long-lived assets other than goodwill and other indefinite-lived intangible assets for impairment whenever facts and circumstances indicate that the carrying amount may not be fully recoverable. If it is determined that the carrying amount of an asset is not recoverable, the Company compares the carrying amount of the asset to its fair value as estimated using discounted expected future cash flows, market values or replacement values for similar assets. The amount by which the carrying amount exceeds the fair value of the asset, if any, is recognized as an impairment loss.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

(In Thousands)	December 31,	
	2024	2023
Prepaid Expenses	\$ 38,621	\$ 17,768
Prepaid Lease Merchandise	12,540	9,944
Prepaid Software Expenses	9,908	8,624
Unamortized Initial Direct Costs on Lease Agreement Originations	7,883	7,192
Other Assets	9,278	7,183
Prepaid Expenses and Other Assets	\$ 78,230	\$ 50,711

The Company incurs costs to implement cloud computing arrangements ("CCA") that are hosted by third-party vendors. Implementation costs associated with CCA are capitalized when incurred during the application development phase and are recorded within prepaid software expenses above. Amortization is calculated on a straight-line basis over the contractual term of the arrangement and is included within computer software expense as a component of operating expenses in the consolidated statements of earnings.

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 and Four are the only reporting units with goodwill. Impairment occurs when the reporting unit's carrying value exceeds its fair value. 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 failing to successfully execute on one or more elements of Progressive Leasing and/or Four's strategic plans.

During the third quarter of 2022, the Company engaged the assistance of a third-party valuation firm to perform the interim goodwill impairment test for the Four reporting unit. This included an assessment of the Four reporting unit's fair value relative to the carrying value that was derived using a market approach. The market approach, which includes the guideline public company method, utilized pricing multiples derived from an analysis of other publicly traded companies that operate in the BNPL industry. We believe the comparable companies we evaluate as marketplace participants serve as an appropriate reference when calculating fair value because those companies have similar risks, participate in similar markets, provide similar products and services for their customers and compete with Four directly. The Company determined the Four goodwill was partially impaired and recorded a \$10.2 million impairment of goodwill during the third quarter of 2022. The remaining carrying value of the Four reporting unit was \$7.3 million, which approximated its fair value as of October 1, 2022. Additional goodwill impairment charges may occur in future periods if the Company fails to execute on one or more elements of Four's

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strategic plan, Four's actual or projected results are unfavorable compared to the current forecasted operating results, and/or there are further declines in the BNPL peer market multiples.

The Company completed qualitative assessments for its annual goodwill impairment test for both Progressive Leasing and Four as of October 1, 2024. The qualitative assessments did not present any indicators of impairment and the Company concluded that no impairment had occurred. The Company determined that there were no events that occurred or circumstances that changed during the fourth quarter of 2024 that would more likely than not reduce the fair value of Progressive Leasing or Four below their carrying amounts.

Other Intangibles

Other intangibles represent identifiable intangible assets acquired as a result of the Progressive Leasing, Vive and Four acquisitions, which the Company recorded at the estimated fair value as of the respective acquisition dates. The Company amortized the definite-lived intangible assets acquired as a result of the Vive acquisition on a straight-line basis over five years. The Company amortizes the definite-lived intangible assets acquired as a result of the Progressive Leasing and Four acquisitions on a straight-line basis over periods ranging from two to 12 years for technology, Four's trade name, and merchant relationships.

Indefinite-lived intangible assets represent the value of the trade name acquired as part of the Progressive Leasing acquisition. At the date of acquisition, the Company determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful life of the trade name intangible asset and, therefore, the useful life is considered indefinite. The Company reassesses this conclusion quarterly and continues to believe the useful life of this asset is indefinite.

Indefinite-lived intangible assets are not amortized but are subject to an impairment test annually and when events or circumstances indicate that impairment may have occurred. The Company performs the impairment test for its indefinite-lived intangible assets on October 1 in conjunction with its annual goodwill impairment test. The Company completed its indefinite-lived intangible asset impairment test as of October 1, 2024 and concluded that no impairment had occurred.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

(In Thousands)	December 31,	
	2024	2023
Accounts Payable	\$ 13,117	\$ 20,237
Accrued Salaries and Benefits	24,206	27,256
Accrued Sales and Personal Property Taxes	11,080	11,684
Income Taxes Payable	3,622	1,153
Uncertain Tax Positions ¹	785	54,995
Accrued Vendor Rebates	11,704	11,446
Other Accrued Expenses and Liabilities	28,676	24,488
Accounts Payable and Accrued Expenses	\$ 93,190	\$ 151,259

¹ The uncertain tax position as of December 31, 2023 was primarily related to the Company's tax treatment of the \$175.0 million settlement payment made in 2020 to the FTC as discussed in Note 8.

Cybersecurity Incident

During the third quarter of 2023, Progressive Leasing experienced a cybersecurity incident affecting certain data and IT systems of Progressive Leasing. Promptly after detecting the incident, the Company engaged third-party cybersecurity experts and took immediate steps to respond to, remediate and investigate the incident. Law enforcement was also notified. Based on the Company's investigation, the Company determined that the data involved in the incident contained a substantial amount of personally identifiable information, including social security numbers, of Progressive Leasing's customers and other individuals. With the assistance of our cybersecurity experts, the Company located the Progressive Leasing customers and other individuals whose information was impacted and notified them, consistent with state and federal requirements. The Company also took a number of additional measures to demonstrate its continued support and commitment to data privacy and protection.

During the years ended December 31, 2024 and 2023, the Company incurred \$0.3 million and \$2.8 million, respectively, for costs related to the cybersecurity incident, net of insurance proceeds. Those costs related primarily to third-party legal and consulting services and credit monitoring services for Progressive Leasing's customers and employees that were impacted.

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Those costs, net of insurance proceeds, are included within professional services expense as a component of operating expenses in the consolidated statements of earnings. At December 31, 2024 and 2023, the Company had \$0.1 million and \$0.9 million, respectively, accrued for costs related to the cybersecurity incident, which are included in accounts payable and accrued expenses in the consolidated balance sheets.

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 elections, 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.

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Recent Accounting Pronouncements

Adopted

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-02, *Financial Instruments - Credit Losses, Troubled Debt Restructurings and Vintage Disclosures*. ASU 2022-04 eliminates the accounting guidance for troubled debt restructurings by creditors while enhancing disclosure requirements for certain restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the amendments require disclosure of current period gross write-offs for financing receivables by year of origination in the vintage disclosures. ASU 2022-02 was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years for entities. The Company elected to early adopt this standard for the year ended December 31, 2022. The adoption of this update did not have a material impact to the financial statements; however, the Company enhanced its vintage disclosure to include the current period gross write-offs by year of origination within Note 5.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("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 Rate ("LIBOR") 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 were extended to December 31, 2024, when the reference rate replacement activity is expected to have been completed. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts referencing LIBOR. The new guidance provides an expedient which simplifies accounting analyses under current U.S. GAAP for contract modifications if the change is directly related to a change from LIBOR to a new interest rate index. The Company amended the Revolving Facility agreement to change the reference rate from LIBOR to the Secured Overnight Financing Rate ("SOFR") during 2023. There were no other changes to key terms of the Revolving Facility agreement and the legal expenses incurred in connection with the amendment were immaterial.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reporting Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 requires expanded disclosures, including the disclosure of significant segment expenses and other segment items required to reconcile the difference between segment revenue and segment expenses to segment profit or loss on an annual and interim basis. ASU 2023-07 also requires disclosure of the title and position of the chief operating decision maker, and is required to be applied retrospectively. It is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company adopted ASU 2023-07 for the year ended December 31, 2024, and included additional disclosures as required in Note 13. There was no impact on our financial position and/or results of operations.

Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amended guidance will improve the transparency of income tax disclosures by requiring specific categories in the effective tax rate reconciliation and the disclosure of income taxes paid disaggregated by jurisdiction, along with other disclosure requirements. It is effective for fiscal years beginning after December 15, 2024, and can be applied on a prospective or retrospective basis. Early adoption is permitted. We plan to adopt this pronouncement for our fiscal year beginning January 1, 2025, and we do not expect it to have a material impact on our consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which requires more detailed disclosures of certain categories of expenses, such as employee compensation, depreciation, and intangible asset amortization that are components of existing expense captions presented on the face of the income statement. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the effect that this standard will have on its financial statement disclosures.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: GOODWILL AND INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table summarizes information related to indefinite-lived intangible assets at December 31:

(In Thousands)	December 31,	
	2024	2023
Trade Name	\$ 53,000	\$ 53,000
Goodwill	296,061	296,061
Indefinite-lived Intangible Assets	\$ 349,061	\$ 349,061

The following table provides information related to the carrying amount of the Company's goodwill by reporting unit:

(In Thousands)	Progressive Leasing	Four	Total
Balance at January 1, 2022	\$ 288,801	\$ 17,411	\$ 306,212
Impairment of Goodwill ¹	—	(10,151)	(10,151)
Balance at December 1, 2022	288,801	7,260	296,061
Changes to Goodwill	—	—	—
Balance at December 31, 2023	288,801	7,260	296,061
Changes to Goodwill	—	—	—
Balance at December 31, 2024	\$ 288,801	\$ 7,260	\$ 296,061

¹ As of September 30, 2022, the Company determined the Four goodwill was partially impaired and recorded an impairment of goodwill of \$10.2 million during the third quarter of 2022. For further details regarding the impairment, see Note 1.

Definite-Lived Intangible Assets

The following table summarizes information related to definite-lived intangible assets at December 31:

(In Thousands)	2024			2023		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Acquired Internal-Use Software	\$ 14,000	\$ (14,000)	\$ —	\$ 14,000	\$ (14,000)	\$ —
Technology	72,550	(71,350)	1,200	72,550	(68,662)	3,888
Merchant Relationships	181,586	(162,187)	19,399	181,586	(147,104)	34,482
Other Intangibles ¹	587	(411)	176	587	(293)	294
Total	\$ 268,723	\$ (247,948)	\$ 20,775	\$ 268,723	\$ (230,059)	\$ 38,664

¹ Other intangibles consists of the Four trade name.

Total amortization expense of definite-lived intangible assets included in operating expenses in the accompanying consolidated statements of earnings was \$17.9 million, \$22.7 million and \$22.9 million during the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, estimated future amortization expense for the next five years related to definite-lived intangible assets is as follows:

(In Thousands)	
2025	\$ 16,001
2026	4,774
2027	—
2028	—
2029	—

PROG HOLDINGS, INC.
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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)	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Deferred Compensation Liability	\$ —	\$ 2,971	\$ —	\$ —	\$ 2,487	\$ —

The Company maintains the PROG Holdings, Inc. Deferred Compensation Plan as described in Note 14 to these consolidated financial statements, 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 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 and unamortized fees in the 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).

Four's loans receivable, net of an allowance for loan losses and unamortized fees, are included within loans receivable, net in the consolidated balance sheets and approximated fair value based on a discounted cash flow methodology.

On November 26, 2021, the Company entered into an indenture in connection with its offering of \$600 million aggregate principal amount of its Senior Notes due 2029. The Senior Notes are carried at amortized cost in the consolidated balance sheets and are measured at fair value for disclosure purposes. The fair value of the Senior Notes was estimated based on quoted market prices in less active markets and has been classified as Level 2 in the fair value hierarchy.

The following table summarizes the fair value of the Company's fixed-rate debt and the loans receivable held by Vive and Four:

(In Thousands)	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Senior Notes	\$ —	\$ 573,720	\$ —	\$ —	\$ 559,500	\$ —
Loans Receivable, Net	\$ —	\$ —	\$ 172,892	\$ —	\$ —	\$ 148,466

NOTE 4: PROPERTY AND EQUIPMENT

The following is a summary of the Company's property and equipment:

(In Thousands)	December 31,	
	2024	2023
Leasehold Improvements	\$ 5,808	\$ 10,910
Fixtures, Equipment and Vehicles	29,949	33,771
Internal-Use Software	46,474	39,792
Internal-Use Software - In Development	846	1,057
Property and Equipment, Gross	83,077	85,530
Less: Accumulated Depreciation and Amortization ¹	(61,634)	(61,426)
Property and Equipment, Net	\$ 21,443	\$ 24,104

¹Accumulated amortization of internal-use software development costs amounted to \$29.2 million and \$23.1 million as of December 31, 2024 and 2023, respectively.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: LOANS RECEIVABLE

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

(In Thousands)	December 31,	
	2024	2023
Loans Receivable, Gross	\$ 204,327	\$ 176,845
Unamortized Fees	(9,559)	(9,402)
Loans Receivable, Amortized Cost	194,768	167,443
Allowance for Loan Losses	(47,783)	(40,620)
Loans Receivable, Net of Allowances and Unamortized Fees ¹	\$ 146,985	\$ 126,823

¹ Loans Receivable, Net of Allowances and Unamortized Fees attributable to Four was \$34.9 million and \$13.9 million as of December 31, 2024 and 2023, respectively.

Vive extends or declines credit to an applicant through its bank partners based upon the applicant's credit rating and other factors. Four extends or declines credit on an individual transaction basis using its proprietary decisioning platform, without using customer credit ratings. Four instead uses an internal model using factors such as banking data and user history to generate internal proprietary risk scores. Four groups its internal risk scores into three categories that range from A to C, with an A rating representing the highest credit quality.

Below is a summary of the credit quality of the Company's loan portfolio as of December 31, 2024 and 2023 by FICO score and proprietary risk category as determined at the time of loan origination:

	December 31,	
	2024	2023
Vive - FICO Score Category:		
600 or Less	10.3 %	7.1 %
Between 600 and 700	76.9 %	80.6 %
700 or Greater	12.8 %	12.3 %
Four - Proprietary Risk Category:		
Category A	26.9 %	40.5 %
Category B	48.6 %	36.8 %
Category C	24.5 %	22.7 %

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

As of December 31, 2024 (In Thousands)	2024	2023 and Prior	Revolving Loans	Total
Vive - FICO Score Category:				
600 or Less	\$ —	\$ —	\$ 15,118	\$ 15,118
Between 600 and 700	—	—	112,605	112,605
700 or Greater	—	—	18,690	18,690
Four - Proprietary Risk Category:				
Category A	11,596	—	—	11,596
Category B	20,981	—	—	20,981
Category C	10,550	—	—	10,550
No Score Identified	5,228	—	—	5,228
Total Amortized Cost	\$ 48,355	\$ —	\$ 146,413	\$ 194,768

Gross Charge-offs by Origination Year for the Year Ended December 31, 2024	\$ 10,635	\$ 3,018	\$ 42,852	\$ 56,505
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PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Dollar Amounts in Thousands) Aging Category	December 31,	
	2024	2023
30-59 Days Past Due	7.7 %	7.3 %
60-89 Days Past Due	3.8 %	3.8 %
90 or More Days Past Due	4.9 %	5.4 %
Past Due Loans Receivable	16.4 %	16.5 %
Current Loans Receivable	83.6 %	83.5 %
Balance of Credit Card Loans on Nonaccrual Status	\$ 4,793	\$ 4,482
Balance of Loans Receivable 90 or More Days Past Due and Still Accruing Interest and Fees	\$ —	\$ —

The table below presents the components of the allowance for loan losses:

(In Thousands)	Year Ended December 31,	
	2024	2023
Beginning Balance	\$ 40,620	\$ 42,428
Provision for Loan Losses	55,950	40,757
Charge-offs	(56,505)	(48,206)
Recoveries	7,718	5,641
Ending Balance	\$ 47,783	\$ 40,620

NOTE 6: LEASES

Lessor Information

Refer to Note 1 to these consolidated financial statements for further information about the Company's revenue generating activities as a lessor. All of Progressive Leasing's customer agreements are considered operating leases, and the Company currently does not have any sales-type or direct financing leases.

Lessee Information

As a lessee, the Company leases management and information technology space for corporate functions under operating leases expiring at various times through 2028. To the extent that a leased property is vacated prior to the termination of the lease, the Company may sublease these spaces to third parties. The Company also leased space for its hub facilities and information technology equipment under operating leases. For all of its leases in which the Company is a lessee, the Company has elected to include both the lease and non-lease components as a single component and account for it as a lease. The Company did not have any obligations under finance leases for any of the periods presented within the consolidated financial statements.

Operating lease costs are recorded on a straight-line basis within operating expenses in the consolidated statements of earnings. The Company did not have any subleases in which it remained as the primary obligor during 2024 or 2023. The Company's total operating lease cost is comprised of the following:

(In Thousands)	Year Ended December 31,	
	2024	2023
Operating Lease cost:		
Operating Lease cost classified within Operating Expenses ¹	\$ 2,045	\$ 3,178
Total Operating Lease cost:	\$ 2,045	\$ 3,178

¹ Short-term and variable lease expenses were not significant during the years ended December 31, 2024 and 2023. Short-term lease expense is defined as leases with a lease term of greater than one month, but not greater than 12 months.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional information regarding the Company's leasing activities as a lessee is as follows:

(In Thousands)	Year Ended December 31,	
	2024	2023
Cash Paid for amounts included in measurement of Lease Liabilities:		
Operating Cash Flows for Operating Leases	\$ 5,675	\$ 5,847
Total Cash paid for amounts included in measurement of Lease Liabilities	5,675	5,847
Right-of-Use Assets obtained in exchange for new Operating Lease Liabilities	648	—

Supplemental balance sheet information related to leases is as follows:

(In Thousands)	Balance Sheet Classification	December 31,	
		2024	2023
Assets			
Total Lease Assets ¹	Operating Lease Right-of-Use Assets	\$ 4,035	\$ 9,271
Liabilities			
Total Lease Liabilities	Operating Lease Liabilities	\$ 11,496	\$ 15,849

¹ Operating lease right-of-use assets as of December 31, 2024 reflect impairment charges of \$4.5 million that were recorded as part of the restructuring activities during 2024. For further details related to the restructuring activities, see Note 10.

Many of the Company's real estate leases contain renewal options for additional periods ranging from three to five years. The Company currently does not have any real estate leases in which it considers the renewal options to be reasonably certain of exercise, as the Company's leases contain contractual renewal rental rates that are considered to be in line with market rental rates and there are not significant economic penalties or business disruptions incurred by not exercising any renewal options.

The Company uses its incremental borrowing rate as the discount rate for its leases, as the implicit rate in the lease is not readily determinable. Below is a summary of the weighted-average discount rate and weighted-average remaining lease term for the Company's operating leases:

	December 31,			
	2024		2023	
	Weighted Average Discount Rate	Weighted Average Remaining Lease Term (in years)	Weighted Average Discount Rate	Weighted Average Remaining Lease Term (in years)
Operating Leases	4.0 %	2.4	3.5 %	3.1

Under the short-term lease exception provided within ASC 842, the Company does not record a lease liability or right-of-use asset for any leases that have a lease term of 12 months or less at commencement. Below is a summary of undiscounted operating lease liabilities that have initial terms in excess of one year as of December 31, 2024. The table also includes a reconciliation of the future undiscounted cash flows to the present value of operating lease liabilities included in the consolidated balance sheets.

(In Thousands)	Total
2025	\$ 4,641
2026	4,179
2027	2,948
2028	163
2029	—
Thereafter	—
Total Undiscounted Cash Flows	11,931
Less: Interest	(435)
Present Value of Lease Liabilities	\$ 11,496

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: INDEBTEDNESS

Below is a summary of the Company's debt, net of applicable unamortized debt issuance costs:

(In Thousands)	December 31,	
	2024	2023
Senior Unsecured Notes, 6.000%, due November 2029	\$ 600,000	\$ 600,000
Revolving Facility Outstanding ¹	50,000	—
Less: Unamortized Debt Issuance Costs	(6,437)	(7,735)
Total Debt, Net of Unamortized Debt Issuance Costs	\$ 643,563	\$ 592,265

¹ Variable interest rate of 8.25% as of December 31, 2024. Unamortized debt issuance costs related to the Revolving Facility were \$3.2 million and \$0.9 million as of December 31, 2024 and 2023, respectively. These amounts were included within prepaid expenses in the consolidated balance sheets.

Senior Unsecured Notes

On November 26, 2021, the Company entered into an indenture with the guarantors party thereto and U.S. Bank National Association, as trustee, in connection with the Company's offering of \$600 million aggregate principal amount of its 6.00% senior unsecured notes due 2029. The Senior Notes were issued at 100.0% of their par value. The Senior Notes are general unsecured obligations of the Company and are guaranteed by certain of the Company's existing and future domestic subsidiaries.

The Senior Notes bear an annual interest rate of 6.00% and interest payments are payable semi-annually on May 15 and November 15 of each year, which commenced on May 15, 2022. The Senior Notes will mature on November 15, 2029.

The net proceeds from the Senior Notes were used to fund the purchase price, and related fees and expenses, of the Company's tender offer to purchase \$425 million of the Company's common stock in 2022. The remaining proceeds were used for additional share repurchases during the year ended December 31, 2023.

The Senior Notes also became redeemable, in whole or in part, at any time after November 15, 2024, at the redemption prices specified in the indenture, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Upon the occurrence of a Change of Control (as defined in the indenture), each holder has the right to require the Company to offer to repurchase all or any part of such holder's Senior Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. The Company is not required to make mandatory sinking fund payments with respect to the Senior Notes.

Revolving Facility

On November 24, 2020, the Company entered into a credit agreement with a consortium of lenders providing for a \$350.0 million senior secured revolving credit facility (the "Revolving Facility"). Under the credit agreement, as amended, all borrowings and commitments of the Revolving Facility will mature or terminate on November 15, 2029. 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 incurred a total of \$5.0 million of lender and legal fees related to the Revolving Facility and amendments thereto, which were recorded within prepaid expenses and other assets in the consolidated balance sheets and will be deferred and amortized through the maturity date. The Company had \$50.0 million of outstanding borrowings under the Revolving Facility as of December 31, 2024, which was subsequently repaid in full in January 2025.

The Company is a guarantor of the Revolving Facility with Progressive Finance Holdings, LLC, a wholly-owned subsidiary of the Company, as borrower. The Revolving Facility is fully secured and includes (i) a \$20.0 million sublimit for the issuance of letters of credit on customary terms and (ii) a \$25.0 million sublimit for swingline loans on customary terms. The Company will have the right from time to time to request to increase the size of the Revolving Facility or add certain incremental revolving or term loan facilities (the "Incremental Facilities") in minimum amounts to be agreed upon. The aggregate principal amount of all such Incremental Facilities may not exceed \$300.0 million. Borrowings under the Revolving Facility bear interest at a rate per annum equal to, at our option, (i) SOFR plus a margin within the range of 1.50% to 2.50% for revolving loans, based on total leverage, or (ii) the base rate plus the applicable margin, which will be 1.00% lower than the applicable margin for SOFR loans.

The Company pays a commitment fee on unused balances, which ranges from 0.25% to 0.40% as determined by the Company's ratio of total net debt to EBITDA as defined by the Revolving Facility. As of December 31, 2024, the amount available under the Revolving Facility was \$300.0 million.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Covenants

The indenture discussed above contains various other covenants and obligations to which the Company and its subsidiaries are subject to while the Senior Notes are outstanding. The covenants in the indenture may limit the extent to which, or the ability of the Company and its subsidiaries to, among other things: (i) incur additional debt and guarantee debt; (ii) pay dividends or make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain debt; (iv) issue certain preferred stock or similar equity securities; (v) make loans and investments; (vi) sell assets; (vii) incur liens; (viii) enter into transactions with affiliates; (ix) enter into agreements restricting the ability of the Company's subsidiaries to pay dividends; and (x) consolidate, merge or sell all or substantially all of the Company's assets. The indenture also contains customary events of default for transactions of this type and amount.

The Revolving Facility discussed above contains financial covenants, which include requirements that the Company maintain ratios of (i) total net debt to EBITDA as defined by the Revolving Facility 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 Revolving Facility agreement if it fails to comply with these covenants, and all borrowings outstanding may become due immediately. Under the Revolving Facility, the Company may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, the Company maintains compliance with its financial covenants and no event of default has occurred or would result from the payment.

At December 31, 2024, the Company was in compliance with all covenants related to its debt.

Below is a summary of future principal maturities of our Senior Unsecured Notes and Revolving Facility due as of December 31, 2024:

(In Thousands)	
2025	\$ —
2026	—
2027	—
2028	—
2029	650,000
Thereafter	—
Total	\$ 650,000

NOTE 8: INCOME TAXES

The following is a summary of the Company's income tax (benefit) expense:

(In Thousands)	Year Ended December 31,		
	2024	2023	2022
Current Income Tax (Benefit) Expense:			
Federal	\$ 20,261	\$ 77,412	\$ 46,579
State	108	12,420	12,155
	20,369	89,832	58,734
Deferred Income Tax (Benefit) Expense:			
Federal	(49,973)	(32,612)	(10,696)
State	(4,037)	163	1,497
	(54,010)	(32,449)	(9,199)
Income Tax (Benefit) Expense	\$ (33,641)	\$ 57,383	\$ 49,535

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant components of the Company's deferred income tax liabilities and assets are as follows:

(In Thousands)	December 31,	
	2024	2023
Deferred Income Tax Liabilities:		
Property and Equipment	\$ 71,878	\$ 103
Goodwill and Other Intangibles	51,913	657
Investment in Partnership	—	131,002
Operating Lease Right-of-Use Assets	1,003	173
Total Deferred Income Tax Liabilities	124,794	131,935
Deferred Income Tax Assets:		
Accrued Liabilities and Other Reserves	44,924	9,769
Customer Deposits and Advance Payments	9,035	38
Operating Lease Liabilities	2,845	191
Tax Credit Carryforwards	7,833	—
Net Operating Loss Carryforwards	4,162	—
Stock-Based Compensation	5,677	—
Other, Net	8,460	25,795
Total Deferred Income Tax Assets	82,936	35,793
Less: Valuation Allowance	(5,990)	(5,715)
Net Deferred Income Tax Liabilities	\$ 47,848	\$ 101,857

Partnership Deemed Liquidation

During the year ended December 31, 2024, the Company made a tax election to convert a subsidiary of the Company from a corporation to a disregarded entity which resulted in the deemed liquidation of the Company's investment in a wholly-owned partnership for tax purposes. As a result of the election, the Company reversed a deferred tax liability related to the investment in partnership and recognized a non-cash deferred tax benefit of \$27.6 million.

The Company's effective tax rate differs from the statutory United States Federal income tax rate as follows:

	Year Ended December 31,		
	2024	2023	2022
Statutory Rate	21.0 %	21.0 %	21.0 %
Increases (Decreases) in United States Federal Taxes			
Resulting From:			
State Income Taxes, Net of Federal Income Tax Benefit	5.3	4.9	5.0
Non-deductible Goodwill Impairment	—	—	1.4
Other Permanent Differences	0.8	0.3	0.6
Deferred Tax Adjustments	0.3	1.1	0.7
Partnership Deemed Liquidation	(16.9)	—	—
Valuation Allowance	(0.3)	—	2.2
Current Uncertain Tax Position Expense	(32.9)	1.9	2.2
Shortfall in Stock-based Compensation	0.6	0.4	1.0
Other, Net	1.5	(0.4)	(0.7)
Effective Tax Rate	(20.6)%	29.2 %	33.4 %

At December 31, 2024, the Company had \$2.8 million of tax-effected state net operating loss carryforwards and \$3.5 million of state tax credit carryforwards, which will both begin to expire in 2025 and 2026, respectively.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company files a federal consolidated income tax return in the United States, and the separate legal entities file in various states. With few exceptions, the Company is no longer subject to federal, state and local tax examinations by tax authorities for years before 2021.

Uncertain Tax Positions

The following table summarizes the activity related to the Company's uncertain tax positions for the periods presented (does not include accrued interest):

(In Thousands)	Year Ended December 31,		
	2024	2023	2022
Balance at January 1,	\$ 46,200	\$ 46,407	\$ 46,750
Additions Based on Tax Positions Related to the Current Year	—	81	850
Additions for Tax Positions of Prior Years	—	—	—
Prior Year Reductions	(3)	—	—
Statute of Limitation Expirations	(45,103)	(288)	(607)
Settlements	(362)	—	(586)
Balance at December 31,	\$ 732	\$ 46,200	\$ 46,407

As of December 31, 2024 and 2023, uncertain tax positions (inclusive of accrued interest) were \$0.8 million and \$55.0 million, respectively, and are included within accounts payable and accrued expenses in the consolidated balance sheets.

In December 2019, Progressive Leasing reached an agreement in principle with the staff of the Federal Trade Commission ("FTC") with respect to a tentative settlement to resolve the FTC inquiry received by the Company in July 2018, under which Progressive Leasing agreed to pay \$175.0 million. At the time of the agreement, the Company treated the tentative settlement as a non-deductible regulatory charge for tax purposes and recognized tax expense.

The \$175.0 million settlement was finalized and paid to the FTC in 2020. Prior to filing the Company's 2020 income tax return, it was determined there was a reasonable basis for deducting the settlement amount on the return. However, the tax position did not meet the more-likely-than-not recognition standard and no tax benefit was recognized. As a result, the Company reclassified \$44.8 million from taxes payable, previously recognized in December 2019, to an uncertain tax position as of December 31, 2021.

The Company's policy is to recognize potential interest and penalties related to uncertain tax positions as a component of income tax (benefit) expense, and recognized accrued interest related to this uncertain tax position accordingly. As of December 31, 2023, the amount of accrued interest related to the FTC settlement was \$8.6 million.

During September 2024, the statute of limitations for the taxing authority to examine the uncertain tax position relating to the FTC settlement expired. The Company therefore recognized a net income tax benefit of \$53.6 million relating to the uncertain tax position reversal, which included the reversal of the associated accrued interest. As a result, the Company had no accrued interest related to the FTC settlement as of December 31, 2024.

As of December 31, 2024 and 2023, the amount of uncertain tax benefits that, if recognized, would affect the effective tax rate is \$0.6 million and \$51.2 million, respectively, including interest and penalties.

During the year ended December 31, 2024, the Company recognized a net benefit of \$8.7 million related to penalties and interest. During the years ended December 31, 2023 and 2022, the Company recognized net expense of \$4.1 million and \$3.0 million, respectively, related to penalties and interest. The Company had \$0.1 million and \$8.8 million of accrued interest and penalties at December 31, 2024 and 2023, respectively. The Company recognizes potential interest and penalties related to uncertain tax benefits as a component of income tax expense.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: COMMITMENTS AND CONTINGENCIES

Legal 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.

At December 31, 2024 and 2023, the Company had accrued \$0.5 million and \$1.2 million, respectively for pending legal and regulatory matters for which it believes losses are probable and the amount of the loss can be reasonably estimated. The Company records its best estimate of the loss to legal and regulatory liabilities in accounts payable and accrued expenses in the consolidated balance sheets. The Company estimates the aggregate range of reasonably possible loss in excess of accrued liabilities for such probable loss contingencies is immaterial. Those matters for which a probable loss cannot be reasonably estimated are not included within the estimated ranges.

At December 31, 2024, 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 April 2020, Progressive Leasing entered into a settlement (the "FTC Settlement") with the Federal Trade Commission ("FTC") to resolve allegations by the FTC that certain of Progressive Leasing's advertising and marketing practices violated the FTC Act. Progressive Leasing did not admit any violations of the FTC Act or any other laws in connection with the FTC Settlement. Under the terms of the FTC Settlement, Progressive Leasing paid \$175.0 million to the FTC and agreed to enhance certain of its compliance-related activities, including augmenting disclosures to its customers and expanding its POS partner monitoring programs. Progressive Leasing further agreed to submit compliance reports or produce other requested documents and information to the FTC upon written request by the FTC.

During the third quarter of 2024, Progressive Leasing received a written request from the FTC to evidence Progressive Leasing's compliance with the FTC Settlement by providing the FTC with information and documents, including those related to customer complaints and advertising and marketing materials. The FTC's request is not a civil investigative demand. The Company is fully cooperating with the FTC in responding to the FTC's request for information and documents.

Litigation Matters

On August 25, 2022, the Pennsylvania Attorney General filed a complaint against Progressive Leasing in the Philadelphia County Court of Common Pleas alleging, among other things, that Progressive Leasing was operating in the Commonwealth of Pennsylvania in violation of the Pennsylvania Rental Purchase Agreement Act by failing to disclose certain terms and conditions of rent-to-own ("RTO") transactions on "hang tags" physically attached to RTO merchandise. Although Progressive Leasing believed the Pennsylvania Attorney General's claims were without merit, it entered into a settlement agreement with the Attorney General in January 2024, pursuant to which the Attorney General agreed to release its claims against Progressive Leasing. The court where that lawsuit was pending approved the settlement on January 26, 2024 resulting in a \$1.0 million settlement, which was paid by the Company during the first quarter of 2024.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the third quarter of 2023, Progressive Leasing experienced a cybersecurity incident affecting certain data and IT systems of Progressive Leasing. Promptly after detecting the incident, the Company engaged third-party cybersecurity experts and took immediate steps to respond to, remediate and investigate the incident. Law enforcement was also notified. Based on the Company's investigation, the Company determined that the data involved in the incident contained a substantial amount of personally identifiable information, including social security numbers, of Progressive Leasing's customers and other individuals. With the assistance of our cybersecurity experts, the Company located the Progressive Leasing customers and other individuals whose information was impacted and notified them, consistent with state and federal requirements. The Company also took a number of additional measures to demonstrate its continued support and commitment to data privacy and protection.

As a result of the cybersecurity incident, Progressive Leasing has become subject to multiple lawsuits which allege, among other things, the incurring of various types of damages arising out of the incident. All of these lawsuits have been consolidated into a single action in the United States District Court for the District of Utah (the "District Court"). The plaintiffs filed a consolidated complaint on April 19, 2024. On June 24, 2024, Progressive Leasing filed a motion to dismiss the complaint, which was granted in part and denied in part on January 16, 2025.

Progressive Leasing intends to vigorously defend itself against the lawsuit; however, at this time, the Company is unable to determine or predict the outcome of this lawsuit or reasonably provide an estimate or range of the possible losses, if any. The Company also maintains cybersecurity insurance coverage, subject to a \$1.0 million retention, to limit the exposure to losses such as those related to the cybersecurity incident and lawsuits stemming therefrom; however, there can be no assurance that such insurance coverage will be adequate to cover all of the losses, costs and expenses related thereto or that the insurers will agree to cover such losses, costs and expenses.

Other Contingencies

At December 31, 2024, the Company had non-cancelable commitments of \$41.3 million primarily related to certain consulting and information technology services agreements, software licenses, hardware and software maintenance, and minimum contractually required customer loan amounts that were originated through and to be acquired from Vive's third-party federally insured banks. Payments under these commitments are scheduled to be \$27.3 million in 2025, \$10.5 million in 2026, \$2.7 million in 2027, and \$0.8 million in 2028, with no amounts committed 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, had unconditionally cancellable unfunded lending commitments totaling \$461.1 million and \$523.9 million as of December 31, 2024 and 2023, 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.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. RESTRUCTURING EXPENSES

During 2022, the Company initiated restructuring activities intended to reduce expenses, consolidate certain segment corporate headquarters, and align the cost structure of the business with the Company's near-term revenue outlook. The Company continued such activities during 2023 and 2024 and recorded restructuring expenses of \$22.7 million, \$12.5 million and \$9.0 million for the years ended December 31, 2024, 2023 and 2022, respectively, resulting in aggregate expenses of \$44.2 million since the inception of the restructuring activities in 2022. These costs were primarily comprised of early contract termination costs related to certain independent sales agreements and a third party service and marketing agreement, employee severance, and operating lease right-of-use asset impairment charges related to the relocation of the Vive corporate headquarters to the Company's corporate office building and a reduction of management and information technology office space.

The following tables summarize restructuring charges recorded within operating expenses in the consolidated statements of earnings for the years ended December 31, 2024, 2023 and 2022:

(In Thousands)	Year Ended December 31,								
	2024				2023		2022		
	Progressive Leasing	Vive	Other	Total	Progressive Leasing	Total	Progressive Leasing	Vive	Total
Severance	\$ 4,253	\$ 1,853	\$ 628	\$ 6,734	\$ 2,958	\$ 2,958	\$ 5,611	\$ —	\$ 5,611
Right-of-Use Asset Impairment ¹	4,515	—	—	4,515	—	—	2,285	655	2,940
Property and Equipment Impairment	1,503	—	—	1,503	—	—	309	3	312
Early Contract Termination Costs	7,750	—	2,000	9,750	9,575	9,575	—	—	—
Other Restructuring Activities	189	—	—	189	—	—	138	—	138
Total Restructuring Expenses	\$ 18,210	\$ 1,853	\$ 2,628	\$ 22,691	\$ 12,533	\$ 12,533	\$ 8,343	\$ 658	\$ 9,001

¹ To determine the amount of impairment for vacated office space, the fair value of the right-of-use asset is calculated based on the present value of the estimated net cash flows related to the right-of-use asset.

The following table summarizes the accrual and payment activity related to the restructuring program for the years ended December 31, 2024, 2023 and 2022:

(In Thousands)	Severance	Early Contract Termination Costs	Other Restructuring Activities	Total
Balance at January 1, 2022	\$ —	\$ —	\$ —	\$ —
Charges	5,611	—	138	5,749
Cash Payments	(2,550)	—	(96)	(2,646)
Balance at December 31, 2022	3,061	—	42	3,103
Charges	2,958	9,600	(25)	12,533
Cash Payments	(3,344)	(7,100)	(17)	(10,461)
Balance at December 31, 2023	2,675	2,500	—	5,175
Charges	6,734	9,750	189	16,673
Cash Payments	(7,084)	(10,650)	(189)	(17,923)
Balance at December 31, 2024	\$ 2,325	\$ 1,600	\$ —	\$ 3,925

The Company will continue to monitor the impacts of changes in macroeconomic conditions on its businesses and may take additional steps to further adjust the Company's cost structure based on unfavorable changes in these conditions, which may result in further restructuring charges in future periods.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: SHAREHOLDERS' EQUITY

Share repurchases are conducted under authorizations made from time to time by the Company's Board of Directors. The authorization effective November 3, 2021 provided the Company with the ability to repurchase shares up to a maximum amount of \$1 billion. On February 21, 2024, the Company's Board of Directors reauthorized the repurchase of Company common stock at an aggregate purchase price of up to \$500 million under the Company's existing share repurchase program, with such reauthorized share repurchase program to be extended for a period of three years from February 21, 2024, or until the \$500 million aggregate purchase price of Company common stock purchased pursuant to the reauthorized share repurchase program has been met, whichever occurs first. At December 31, 2024, the Company held 41,262,901 shares in its treasury and had the authority to purchase additional shares up to its remaining authorization limit of \$361.3 million.

In 2024, the Company repurchased 3,480,871 shares of its common stock for \$138.7 million. During 2023, the Company repurchased 4,691,274 shares of its common stock for \$139.6 million. During 2022, the Company repurchased 8,720,223 shares of its common stock for \$223.6 million. These amounts do not include any excise tax that may be assessed on those repurchases.

The holders of common stock are entitled to receive dividends and other distributions in cash or stock of the Company as and when declared by the Company's Board of Directors out of legally available funds. Certain unvested time-based restricted stock units issued by the Company also entitle participants to accrue dividends during the vesting period.

The Company has 1,000,000 shares of preferred stock authorized. The shares are issuable in series with terms for each series fixed by, and such issuance subject to approval by, the Board of Directors. As of December 31, 2024, no preferred shares have been issued.

NOTE 12: STOCK-BASED COMPENSATION

Description of Plans

The Company grants stock options, RSUs, RSAs and PSUs to certain employees and directors of the Company under the 2015 Equity and Incentive Award Plan (the "2015 Plan"). The 2015 Plan was originally approved by the Company's shareholders in May 2015 and was amended and restated with shareholder approval in February 2019. In May 2021, the 2015 Plan was amended, with shareholder approval, to increase the number of shares of common stock authorized for issuance under the 2015 Plan from 8,000,000 shares to 10,980,000 shares. Beginning in 2015, as part of the Company's long-term incentive compensation program ("LTIP Plan") and pursuant to the Company's 2015 Plan, the Company granted a mix of stock options, time-based restricted stock and performance share units to key executives and managers and also granted time-based restricted stock units to directors of the Company. As of December 31, 2024, the aggregate number of common stock shares that may be issued or transferred under the 2015 Plan is 3,285,467.

Stock-based Compensation Expense

The Company has elected a policy to estimate forfeitures in determining the amount of stock compensation expense. Total stock-based compensation expense was \$29.2 million, \$24.9 million and \$17.5 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The total income tax benefit recognized in the consolidated statements of earnings for stock-based compensation arrangements was \$7.3 million, \$6.2 million and \$5.9 million in the years ended December 31, 2024, 2023 and 2022, respectively. Deficits of recognized compensation costs in excess of tax deductions were \$0.1 million, \$0.4 million and \$1.7 million for the years ended December 31, 2024, 2023 and 2022, respectively. Deficits and benefits related to tax deductions for compensation cost are included in operating cash flows and as a component of income tax (benefit) expense in the consolidated statements of earnings.

As of December 31, 2024, there was \$27.9 million of total unrecognized compensation expense related to non-vested stock-based compensation of directors and employees of PROG Holdings, which is expected to be recognized over an average period of 1.39 years.

Stock Options

Under the Company's 2015 Plan, options granted to date become exercisable after a period of one to three years and unexercised options lapse 10 years after the date of the grant. Unvested options are subject to forfeiture upon termination of service for both plans. The Company recognizes compensation expense for options that have a graded vesting schedule on a straight-line basis over the requisite service period. Shares are issued from the Company's treasury shares upon share option exercises.

PROG HOLDINGS, INC.
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The Company determines the fair value of stock options on the grant date using a Black-Scholes-Merton option pricing model that incorporates expected volatility, expected option life, risk-free interest rates and expected dividend yields. The expected volatility is based on implied volatilities from traded options on the Company's stock and the historical volatility of the Company's common stock in combination with the volatility of the Company's comparable peer group for the most recent period generally commensurate with the expected estimated life of each respective grant. The expected lives of options are based on the Company's historical option exercise experience. The Company believes that the historical experience method is the best estimate of future exercise patterns. The risk-free interest rates are determined using the implied yield available for zero-coupon United States government issues with a remaining term equal to the expected life of the grant. The expected dividend yields are based on the approved annual dividend rate in effect and the market price of the underlying common stock at the time of grant. For stock options granted in 2023 and 2022, the annual dividend rate was assumed to be zero, and no assumption for a future dividend rate was included, as the Company did not anticipate paying any dividends at the time of grant.

The Company did not grant any stock options during 2024. The Company granted 208,000 and 264,000 stock options during the years ended December 31, 2023 and 2022, respectively. The weighted-average fair value of options granted and the weighted-average assumptions used in the Black-Scholes-Merton option pricing model for such grants were as follows:

	2023	2022
Dividend Yield	— %	— %
Expected Volatility	51.6 %	43.0 %
Risk-free Interest Rate	4.3 %	1.5 %
Expected Term (in years)	4.5	4.5
Weighted-average Fair Value of Stock Options Granted	\$ 11.66	\$ 10.89

The following table summarizes information about stock options outstanding at December 31, 2024:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding December 31, 2024	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price	Number Exercisable December 31, 2024	Weighted Average Exercise Price
\$20.00-30.00	497,680	6.61	\$ 26.38	292,571	\$ 26.44
30.01-40.00	88,344	5.17	34.78	88,344	34.78
40.01-50.00	255,495	4.79	46.70	255,495	46.70
50.01-60.00	5,304	6.34	53.55	5,304	53.55
20.00-60.00	<u>846,823</u>	5.91	33.55	<u>641,714</u>	35.88

The table below summarizes option activity for the year ended December 31, 2024:

	Options (In Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Thousands)	Weighted Average Fair Value
Outstanding at January 1, 2024	914	\$ 33.25			
Forfeited/Expired	(12)	44.14			
Exercised	(55)	25.96			
Outstanding at December 31, 2024	847	33.55	5.91	\$ 8,566	\$ 12.68
Expected to Vest	204	26.30	7.81	3,254	11.38
Exercisable at December 31, 2024	<u>642</u>	35.88	5.30	5,290	13.09

The aggregate intrinsic value amounts in the table above represent the closing price of the Company's common stock on December 31, 2024 in excess of the exercise price, multiplied by the number of in-the-money stock options as of that same date. Options outstanding that are expected to vest are net of estimated future option forfeitures.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aggregate intrinsic value of options exercised, which represents the value of the Company's common stock at the time of exercise in excess of the exercise price, was \$0.9 million and \$0.1 million during the years ended December 31, 2024 and 2023, respectively. The total grant-date fair value of options exercised was \$0.4 million and \$0.1 million during the years ended December 31, 2024 and 2023, respectively. There were no options exercised during 2022.

Restricted Stock

Restricted stock units or restricted stock awards (collectively, "restricted stock") may be granted to employees and directors under the 2015 Plan and typically vest over approximately one to three-year periods. Restricted stock grants are settled in stock and may be subject to one or more objective employment, performance or other forfeiture conditions as established at the time of grant. The Company recognizes compensation expense for restricted stock with a graded vesting schedule on a straight-line basis over the requisite service period as restricted stock is not subject to Company performance metrics. Shares are issued from the Company's treasury shares upon vesting. Any shares of restricted stock that are forfeited may again become available for issuance.

The fair value of restricted stock is generally based on the fair market value of the Company's common stock on the date of grant.

The Company granted 646,000, 574,000 and 630,000 shares of restricted stock at weighted-average fair values of \$30.67, \$25.69 and \$26.05 in the years ended December 31, 2024, 2023 and 2022, respectively. The following table summarizes information about restricted stock activity during 2024:

	Restricted Stock (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2024	1,180	\$ 31.47
Granted	646	30.67
Forfeited	(89)	27.07
Vested	(593)	36.05
Non-vested at December 31, 2024	<u>1,144</u>	<u>28.98</u>

The total vest-date fair value of restricted stock described above that vested during the year was \$19.2 million, \$8.4 million and \$3.9 million in the years ended December 31, 2024, 2023 and 2022, respectively.

Performance Share Units

For performance share units, which are settled in stock, the number of shares earned is determined at the end of the one to three-year performance periods based upon achievement of specified performance conditions. The performance criteria vary by agreement and have included the following performance conditions: (i) adjusted pre-tax profit, (ii) return on investment capital, (iii) consolidated revenues, (iv) segment or business unit revenues, (v) certain business development and technology initiatives, (vi) business unit customer count, (vii) business unit enterprise value, (viii) adjusted EBITDA and/or (ix) the Company's total shareholder return ("TSR") relative to the TSR of the S&P 600 Small Cap Index. When the performance criteria are met, the award is earned and vests assuming continued employment through the specified service period(s). Shares are issued from the Company's treasury shares upon vesting. The number of performance-based shares which could potentially be issued ranges from 0% up to a maximum of 100%, 200%, or 400% of the target award depending on the specified terms and conditions of the target award.

The fair value of performance share units that have only a service and performance condition(s) is based on the fair market value of the Company's common stock on the date of grant. The compensation expense associated with these awards is amortized on an accelerated basis over the vesting period based on the Company's projected assessment of the level of performance that will be achieved and earned. In the event the Company determines it is no longer probable that the minimum performance criteria specified in the plan will be achieved, all previously recognized compensation expense is reversed in the period such a determination is made. The TSR performance condition is a market condition. Therefore, a Monte Carlo simulation model was used to determine the fair value of those awards. The fair value and compensation expense of awards which vest based on the TSR performance is fixed at the measurement date and is not revised based on actual performance during the vesting period.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The table below summarizes the assumptions used in the fair value calculation of the TSR awards, which were granted beginning in 2024:

	2024
Expected Volatility	53.2 %
Risk-Free Rate of Interest	4.4 %
Expected Dividend Yield	1.6 %
Performance Period (Years)	2.84

The expected volatility was based on the historical volatility of the Company's stock. The risk-free rate of interest was based on the U.S. Treasury yield curve for the period that is commensurate with the expected life at the time of grant. The expected annual dividend yield was based on the most recently declared quarterly dividend at the time of the grant.

The following table summarizes information about performance share unit activity during 2024:

	Performance Share Units (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2024	750	\$ 36.38
Granted	464	33.11
Forfeited	(51)	30.98
Vested	(222)	31.20
Performance Factor Adjustment	(205)	44.64
Non-vested at December 31, 2024	736	30.54

The total vest-date fair value of performance share units described above that vested during the period was \$7.7 million, \$2.2 million and \$4.1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Employee Stock Purchase Plan

Effective May 9, 2018, the Company's Board of Directors and shareholders approved the Employee Stock Purchase Plan ("ESPP"), which is a tax-qualified plan under Section 423 of the Internal Revenue Code. The purpose of the Company's ESPP is to encourage ownership of the Company's common stock by eligible employees of PROG Holdings, Inc. and certain subsidiaries. Under the ESPP, eligible employees are allowed to purchase common stock of the Company during six-month offering periods at the lower of: (i) 85% of the closing trading price per share of the common stock on the first trading date of an offering period in which a participant is enrolled; or (ii) 85% of the closing trading price per share of the common stock on the last day of an offering period. Employees participating in the ESPP can contribute up to an amount not exceeding 10% of their base salary and wages up to an annual maximum of \$25,000 in total fair market value of the common stock (determined at the time the ability to purchase shares of common stock is granted) and may not purchase more than 500 shares in each offering period.

The compensation cost related to the ESPP is measured on the grant date based on eligible employees' expected withholdings and is recognized over each six-month offering period. Total compensation cost recognized in connection with the ESPP was \$0.3 million, \$0.4 million and \$0.4 million for years ended December 31, 2024, 2023 and 2022, respectively.

The Company issued 44,811, 67,720 and 81,784 shares under the ESPP at weighted average purchase prices of \$27.56, \$18.72 and \$14.06 during the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, the aggregate number of shares of common stock that may be issued under the ESPP was 342,955.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: SEGMENTS

Description of Products and Services of Reportable Segments

As of December 31, 2024, the Company has two reportable segments: Progressive Leasing and Vive.

Progressive Leasing partners with traditional and e-commerce retailers, primarily in the consumer residential electronics, furniture and appliance, mobile phones and accessories, jewelry, mattresses, and automobile electronics and accessories industries to offer a lease-purchase solution primarily 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 frequencies.

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 POS partners with near-prime and below-prime customers one source for financing and leasing transactions.

Four is a buy-now, pay-later company that allows shoppers to pay for merchandise through four interest-free installments. Four is not a reportable segment for the years ended December 31, 2024, 2023, and 2022 as its financial results are not significant to the Company's consolidated financial results. The revenues, loss before income taxes, and assets of Four are included within Other, along with the Company's other strategic initiatives.

Factors Used by Management to Identify the Reportable Segments

The Company's reportable segments are based on the operations of the Company that the chief operating decision maker ("CODM") regularly reviews to analyze performance and allocate resources among business units of the Company. The Company's CODM is its President and CEO.

Segment Assets and Segment Profit or Loss

The CODM evaluates operating segment performance and decides how to allocate resources based on segment revenues and earnings (loss) before income tax (benefit) expense. The Company determines earnings (loss) before income tax (benefit) expense for all reportable segments in accordance with U.S. GAAP. The CODM uses this information to evaluate the profitability of the Company's reportable segments and make decisions on future business plans.

The Company incurred various corporate overhead expenses for certain executive management, legal, human resources, finance, facilities, audit, risk management, technology, and other overhead functions during the years ended December 31, 2024, 2023, and 2022. Corporate overhead expenses incurred are primarily reflected as expenses of the Progressive Leasing segment and an immaterial amount was allocated to the Vive segment and Other. The allocation of corporate overhead costs to Progressive Leasing, Vive and Other was consistent with how the CODM analyzed performance and allocated resources among the segments of the Company.

The following is a summary of total assets by segment. The amount within Other is primarily comprised of the assets of Four.

(In Thousands)	December 31,	
	2024	2023
Assets:		
Progressive Leasing	\$ 1,282,585	\$ 1,286,587
Vive	137,762	141,028
Other	93,420	63,640
Total Assets	\$ 1,513,767	\$ 1,491,255

Following is a summary of capital expenditures by segment:

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands)	Year Ended December 31,		
	2024	2023	2022
Capital Expenditures:¹			
Progressive Leasing	\$ 5,615	\$ 6,160	\$ 5,835
Vive	298	601	926
Other	2,403	2,855	2,913
Total Capital Expenditures	\$ 8,316	\$ 9,616	\$ 9,674

¹Capital expenditures primarily consists of internal-use software, as well as computer hardware and furniture and equipment.

The following tables present a summary of segment revenues, significant segment expenses, other segment items, and profit and loss information for the years ended December 31, 2024, 2023, and 2022. The revenues and loss before income taxes within Other is comprised of the operating activities of Four and certain other strategic initiatives.

(In Thousands)	Year Ended December 31, 2024			
	Progressive Leasing	Vive	Other	Total
Revenues:				
Lease Revenues and Fees ¹	\$ 2,366,489	\$ —	\$ —	\$ 2,366,489
Interest and Fees on Loans Receivable ²	—	64,415	32,592	97,007
Total Revenues	2,366,489	64,415	32,592	2,463,496
Significant Segment Expenses³				
Depreciation of Lease Merchandise	1,621,101	—	—	1,621,101
Provision for Lease Merchandise Write-Offs	178,338	—	—	178,338
Selling, General and Administrative	309,859	25,456	28,227	363,542
Provision for Loan Losses	—	37,311	18,639	55,950
Total	2,109,298	62,767	46,866	2,218,931
Other Segment Items:				
Depreciation and Amortization ⁴	23,546	643	2,788	26,977
Restructuring Expenses	18,210	1,853	2,628	22,691
Interest Expense ⁵	38,816	—	636	39,452
Interest Income ⁵	(8,163)	—	—	(8,163)
Total	72,409	2,496	6,052	80,957
Earnings (Loss) Before Income Tax (Benefit) Expense	\$ 184,782	\$ (848)	\$ (20,326)	\$ 163,608

¹ Revenue within the scope of ASC 842, "Leases."

² Revenue within the scope of ASC 310, "Receivables." Also included within Interest and Fees on Loans Receivable in for the Other category is \$11.4 million of subscription fee and interchange revenue within the scope of ASC 606, "Revenue from Contracts with Customers."

³ The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM.

⁴ Excludes depreciation of lease merchandise, which is not included in the CODM's measure of depreciation and amortization.

⁵ Intersegment interest income and expense of \$0.6 million are included within the amounts shown.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands)	Year Ended December 31, 2023			
	Progressive Leasing	Vive	Other	Total
Revenues:				
Lease Revenues and Fees ¹	\$ 2,333,588	\$ —	\$ —	\$ 2,333,588
Interest and Fees on Loans Receivable ²	—	68,912	5,764	74,676
Total Revenues	2,333,588	68,912	5,764	2,408,264
Significant Segment Expenses³				
Depreciation of Lease Merchandise	1,576,303	—	—	1,576,303
Provision for Lease Merchandise Write-Offs	155,250	—	—	155,250
Selling, General and Administrative	315,088	26,932	23,742	365,762
Provision for Loan Losses	—	36,097	4,660	40,757
Total	2,046,641	63,029	28,402	2,138,072
Other Segment Items:				
Depreciation and Amortization ⁴	29,165	745	2,122	32,032
Restructuring Expenses	12,533	—	—	12,533
Interest Expense ⁵	38,859	593	—	39,452
Interest Income ⁵	(9,881)	—	(165)	(10,046)
Total	70,676	1,338	1,957	73,971
Earnings (Loss) Before Income Tax Expense	\$ 216,271	\$ 4,545	\$ (24,595)	\$ 196,221

¹ Revenue within the scope of ASC 842, "Leases."

² Revenue within the scope of ASC 310, "Receivables."

³ The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM.

⁴ Excludes depreciation of lease merchandise, which is not included in the CODM's measure of depreciation and amortization.

⁵ Intersegment interest income and expense of \$0.8 million are included within the amounts shown.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands)	Year Ended December 31, 2022			
	Progressive Leasing	Vive	Other	Total
Revenues:				
Lease Revenues and Fees ¹	\$ 2,523,785	\$ —	\$ —	\$ 2,523,785
Interest and Fees on Loans Receivable ²	—	70,911	3,130	74,041
Total Revenues	2,523,785	70,911	3,130	2,597,826
Significant Segment Expenses³				
Depreciation of Lease Merchandise	1,757,730	—	—	1,757,730
Provision for Lease Merchandise Write-Offs	193,926	—	—	193,926
Selling, General and Administrative	321,266	24,225	20,799	366,290
Provision for Loan Losses	—	35,640	5,592	41,232
Impairment of Goodwill	—	—	10,151	10,151
Total	2,272,922	59,865	36,542	2,369,329
Other Segment Items:				
Depreciation and Amortization ⁴	31,374	795	1,682	33,851
Restructuring Expenses	8,343	658	—	9,001
Interest Expense ⁵	38,675	398	—	39,073
Interest Income ⁵	(1,672)	—	—	(1,672)
Total	76,720	1,851	1,682	80,253
Earnings (Loss) Before Income Tax Expense	\$ 174,143	\$ 9,195	\$ (35,094)	\$ 148,244

¹ Revenue within the scope of ASC 842, "Leases."

² Revenue within the scope of ASC 310, "Receivables."

³ The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM.

⁴ Excludes depreciation of lease merchandise, which is not included in the CODM's measure of depreciation and amortization.

⁵ Intersegment interest income and expense of \$0.4 million are included within the amounts shown.

In 2024, the results of the Company's operating segments were impacted by the following items:

- Progressive Leasing earnings before income tax (benefit) expense were impacted by \$18.2 million related primarily to early contract termination costs, operating lease right-of-use asset and other fixed asset impairment charges related to a reduction of office space, and employee severance costs associated with the Company's restructuring activities.
- Vive loss before income tax (benefit) expense was impacted by \$1.9 million of restructuring costs, which consisted of employee severance costs.
- Other loss before income tax (benefit) expense was impacted by \$2.6 million of restructuring costs, which consisted of early contract termination costs and employee severance costs.

In 2023, the results of the Company's operating segments were impacted by the following items:

- Progressive Leasing earnings before income tax expense were impacted by \$12.5 million related primarily to early contract termination costs and employee severance costs associated with the Company's restructuring activities.
- Progressive Leasing earnings before income tax expense were impacted by \$2.8 million related to costs associated with the cybersecurity incident that occurred during the third quarter of 2023.

PROG HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In 2022, the results of the Company's operating segments were impacted by the following items:

- Progressive Leasing earnings before income tax expense were impacted by \$8.3 million related primarily to severance costs and lease asset impairment associated with the Company's restructuring activities.
- Vive earnings before income tax expense were impacted by \$0.7 million related primarily to lease asset impairment associated with the Company's restructuring activities.
- Other earnings before income tax expense were impacted by the \$10.2 million impairment loss associated with the partial impairment of Four's goodwill.

NOTE 14: COMPENSATION ARRANGEMENTS

Deferred Compensation

The Company maintains a Deferred Compensation Plan, which is an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. On a pre-tax basis, eligible employees can defer receipt of up to 75% of their base compensation and up to 75% of their incentive pay compensation, and eligible non-employee directors can defer receipt of up to 100% of their cash director fees.

Compensation deferred under the plan is recorded as a deferred compensation liability, which is recorded in accounts payable and accrued expenses in the consolidated balance sheets. The deferred compensation plan liability was \$3.0 million and \$2.5 million as of December 31, 2024 and 2023, respectively. Liabilities under the plan are recorded at amounts due to participants, based on the fair value of participants' selected investments, which consist of equity and debt "mirror" funds. The obligations are unsecured general obligations of the Company and the participants have no right, interest or claim in the assets of the Company, except as unsecured general creditors. The Company has established a rabbi trust to fund obligations under the plan, primarily with cash and money market funds. The value of the assets within the rabbi trust was \$2.9 million and \$2.6 million as of December 31, 2024 and 2023, respectively, and is included in prepaid expenses and other assets in the consolidated balance sheets. Benefits paid to employees of the Company were not material during the years ended December 31, 2024, 2023 and 2022.

Effective January 1, 2018, the Company implemented a discretionary match within the nonqualified Deferred Compensation Plan. The match allows eligible employees to receive 100% matching by the Company on the first 3% of contributions and 50% on the next 2% of contributions for a total of a 4% match. The annual match for an individual employee is not to exceed \$13,800, \$13,200, and \$12,200 in 2024, 2023 and 2022, respectively, and is subject to a three-year cliff vesting schedule. The deferred compensation expense related to the Company's matching contributions was not material for the years ended December 31, 2024, 2023 and 2022.

401(k) Defined Contribution Plan

The Company maintains a 401(k) savings plan for all its employees. Effective January 1, 2015, the 401(k) savings plan was amended to allow employees to contribute up to 75% of their annual compensation in accordance with federal contribution limits with 100% matching by the Company on the first 3% of contributions and 50% on the next 2% of contributions for a total of a 4% match. The Company's expense related to the plan was \$3.3 million in 2024, \$3.2 million in 2023 and \$3.2 million in 2022.

Employee Stock Purchase Plan

See Note 12 to these consolidated financial statements for more information regarding the Company's compensatory ESPP.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

An evaluation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, 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 Annual Report on Form 10-K. Based on management's evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of December 31, 2024 to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Reports of Management and Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Management has assessed, and the Company's independent registered public accounting firm, Ernst & Young LLP, has audited, the Company's internal control over financial reporting as of December 31, 2024. The unqualified reports of management and Ernst & Young LLP thereon are included in Item 8 of this Annual Report on Form 10-K and are incorporated by reference herein.

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 Company's fourth fiscal quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 2024, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

The information required in response to this Item is contained under the captions "Nominees to Serve as Directors," "Executive Officers Who Are Not Directors," "Communicating with the Board of Directors and Corporate Governance Documents," "Composition, Meetings and Committees of the Board of Directors" and "Beneficial Ownership of Common Stock" in the Proxy Statement to be filed with the SEC pursuant to Regulation 14A. These portions of the Proxy Statement are hereby incorporated by reference.

We have adopted a written code of business conduct and ethics that applies to all our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and other executive officers identified pursuant to this Item 10 who perform similar functions, which we refer to as the Selected Officers. The code is posted on our website at <http://www.progholdings.com>. We will disclose any material changes in or waivers from our code of business conduct and ethics applicable to any Selected Officer on our website at <http://www.progholdings.com> or by filing a Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item is contained under the captions "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards in Fiscal Year 2024," "Outstanding Equity Awards at 2024 Fiscal Year-End," "Options Exercised and Stock Vested in Fiscal Year 2024," "Nonqualified Deferred Compensation as of December 31, 2024," "Potential Payments Upon Termination or Change-in-Control," "Non-Management Director Compensation in 2024," "Components of Our 2024 Executive Compensation Programs," "Base Salaries," "Annual Cash Incentive Awards," "Long-Term Equity Incentive Awards," "2015 Equity and Incentive Plan," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in the Proxy Statement. These portions of the Proxy Statement are hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in response to this Item is contained under the captions "Beneficial Ownership of Common Stock" and "Securities Authorized for Issuance under Equity Compensation Plans" in the Proxy Statement. These portions of the Proxy Statement are hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in response to this Item is contained under the captions "Certain Relationships and Related Transactions" and "Election of Directors" in the Proxy Statement. These portions of the Proxy Statement are hereby incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required in response to this Item is contained under the caption "Audit Matters" in the Proxy Statement. This portion of the Proxy Statement is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS and SCHEDULES

a) 1. FINANCIAL STATEMENTS

The following financial statements and notes thereto of PROG Holdings, Inc. and Subsidiaries, and the related Reports of Independent Registered Public Accounting Firm are set forth in Item 8 and Item 9A.

Consolidated Balance Sheets—December 31, 2024 and 2023
Consolidated Statements of Earnings —Years ended December 31, 2024, 2023 and 2022
Consolidated Statements of Shareholders' Equity—Years ended December 31, 2024, 2023 and 2022
Consolidated Statements of Cash Flows—Years ended December 31, 2024, 2023 and 2022
Notes to Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
Management Report on Internal Control over Financial Reporting

2. FINANCIAL STATEMENT SCHEDULES

All schedules for which provision is made in the applicable accounting regulations of the SEC have been omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

3. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
	<i>Plan of acquisition, reorganization, arrangement, liquidation or succession</i>
2.1	<u>Separation and Distribution Agreement, dated as of November 29, 2020, by and between PROG Holdings, Inc. (formerly Aaron's Holdings Company, Inc.) and The Aaron's Company, Inc. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 1, 2020).</u>
	<i>Articles of Incorporation and Bylaws</i>
3.1	<u>Second Amended and Restated Articles of Incorporation of PROG Holdings, Inc. (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020).</u>
3.2	<u>Articles of Amendment of Articles of Incorporation of PROG Holdings, Inc. (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 1, 2020).</u>
3.3	<u>Amended and Restated Bylaws of PROG Holdings, Inc. (as amended) (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the SEC on December 1, 2020).</u>
	<i>Instruments Defining the Rights of Security Holders, Including Indentures</i>
4.1	<u>Specimen Stock Certificate Representing Shares of Common Stock of the Registrant, par value \$0.50 per share (incorporated by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 26, 2021).</u>
4.2*	<u>Description of Registrant's Securities Registered.</u>
4.3	<u>Indenture, dated November 26, 2021, by and among the Company, the guarantors party thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on November 26, 2021).</u>
4.4	<u>Form of 6.000% Notes due 2029 (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on November 26, 2021).</u>

Material Contracts

- 10.1 [Credit Agreement among PROG Holdings, Inc. \(formerly Aaron's Holdings Company, Inc.\), PROG Holding Company, LLC \(formerly Aaron's Progressive Holding Company\), Progressive Finance Holdings, LLC, those certain other subsidiaries of PROG Holdings, Inc. party thereto, the several banks and other financial institutions from time to time party thereto and JP Morgan Chase Bank, N.A., as administrative agent, dated November 24, 2020 \(incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on December 1, 2020\).](#)
- 10.2 [Second Amendment to Credit Agreement, dated as of May 26, 2023, entered into among Progressive Finance Holdings, LLC, PROG Holdings, Inc. and the other Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent \(incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 filed with the SEC on July 26, 2023\).](#)
- 10.3 [Third Amendment to Credit Agreement, dated November 15, 2024, entered into among Progressive Finance Holdings, LLC, PROG Holdings, Inc. and other Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as the Administrative Agent \(incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on November 19, 2024\).](#)
- 10.4 [Consent Agreement dated February 21, 2020 \(incorporated by reference to Exhibit 10.1 of Aaron's, Inc.'s Current Report on Form 8-K filed with the SEC on February 25, 2020\).](#)
- 10.5 [Consent Order, dated April 22, 2020 \(incorporated by reference to Exhibit 10.1 of Aaron's, Inc.'s Current Report on Form 8-K filed with the SEC on April 23, 2020\).](#)

Management Contracts and Compensatory Plans or Arrangements

- 10.6 [Employees Retirement Plan, as amended and restated, effective January 1, 2016 \(incorporated by reference to Exhibit 10.7 of Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed with the SEC on August 4, 2016\).](#)
- 10.7 [First Amendment to the Employees Retirement Plan, dated as of June 28, 2016, to be effective October 4, 2016 \(incorporated by reference to Exhibit 10.8 of Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed with the SEC on August 4, 2016\).](#)
- 10.8 [Third Amendment to the Employees Retirement Plan, dated August 23, 2019 \(incorporated by reference to Exhibit 10.1 of Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 filed with the SEC on November 4, 2019\).](#)
- 10.9 [Fourth Amendment to the Employees Retirement Plan, dated October 16, 2020 \(incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020\).](#)
- 10.10 [Amended and Restated Compensation Plan for Non-Employee Directors, 2020 Amendment and Restatement \(incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020\).](#)
- 10.11 [Deferred Compensation Plan, 2020 Amendment and Restatement \(incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020\).](#)
- 10.12 [Form of Employee Stock Option Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan \(incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement on Form S-8 \(333-204014\) filed with the SEC on May 8, 2015\).](#)
- 10.13 [Form of Executive Performance Share Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan \(incorporated by reference to Exhibit 99.3 of the Registrant's Registration Statement on Form S-8 \(333-204014\) filed with the SEC on May 8, 2015\).](#)
- 10.14 [Amendment to Form of Executive Performance Share Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan \(incorporated by reference to Exhibit 10.6 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 6, 2015\).](#)
- 10.15 [Form of Executive Officer Restricted Stock Unit Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan \(incorporated by reference to Exhibit 99.4 of the Registrant's Registration Statement on Form S-8 \(333-204014\) filed with the SEC on May 8, 2015\).](#)
- 10.16 [Amendment to Form of Executive Officer Restricted Stock Unit Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan \(incorporated by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 6, 2015\).](#)
- 10.17 [Executive Severance Pay Plan of PROG Holdings, Inc., Effective July 29, 2021 \(incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed with the SEC on July 29, 2021\).](#)
- 10.18 [Executive Severance Pay Plan of PROG Holdings, Inc., Effective November 8, 2023 \(incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024\).](#)

- 10.19 [Form of Severance and Change In Control Agreement, effective July 29, 2021 \(incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed with the SEC on July 29, 2021\).](#)
- 10.20 [Form of Indemnification Agreement \(incorporated by reference to Exhibit 10.29 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 26, 2021\).](#)
- 10.21 [PROG Holdings, Inc. Amended and Restated 2015 Equity and Incentive Plan, 2022 Amendment and Restatement \(incorporated by reference to Appendix B to the Company's Definitive Proxy Statement filed with the SEC on April 26, 2022\).](#)
- 10.22 [PROG Holdings, Inc. Amended Employee Stock Purchase Plan \(incorporated by reference to Appendix C to the Company's Definitive Proxy Statement filed with the SEC on April 26, 2022\).](#)
- 19*† [PROG Holdings, Inc. Insider Trading Policy](#)
- 97 [PROG Holdings, Inc. Incentive-Based Compensation Recoupment Policy \(incorporated by reference to Exhibit 97 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024\).](#)

Other Exhibits and Certifications

- 21* [Subsidiaries of the Registrant.](#)
- 23* [Consent of Ernst & Young LLP.](#)
- 31.1* [Certification of the Chief Executive Officer of PROG Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification of the Chief Financial Officer of PROG Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1* [Certification of the Chief Executive Officer of PROG Holdings, Inc. furnished herewith pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2* [Certification of the Chief Financial Officer of PROG Holdings, Inc. furnished herewith 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 Cover Page Interactive Data File (formatted as Inline XBRL and embedded within Exhibit 101)

† The Company hereby agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon the request of the SEC.

* Filed herewith.

(b) EXHIBITS

The exhibits listed in Item 15(a)(3) are included elsewhere in this Report.

(c) FINANCIAL STATEMENTS AND SCHEDULES

The financial statements listed in Item 15(a)(1) are included in Item 8 in this Report.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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, on February 19, 2025.

PROG Holdings, Inc.

By: /s/ BRIAN GARNER
 Brian Garner
 Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 19, 2025.

<u>SIGNATURE</u>	<u>TITLE</u>
<u> /s/ STEVEN A. MICHAELS</u> Steven A. Michaels	Chief Executive Officer and Director (Principal Executive Officer)
<u> /s/ BRIAN GARNER</u> Brian Garner	Chief Financial Officer (Principal Financial Officer)
<u> /s/ MATT SEWELL</u> Matt Sewell	Vice President, Financial Reporting (Principal Accounting Officer)
<u> /s/ KATHY T. BETTY</u> Kathy T. Betty	Director
<u> /s/ DOUGLAS C. CURLING</u> Douglas C. Curling	Director
<u> /s/ CYNTHIA N. DAY</u> Cynthia N. Day	Director
<u> /s/ CURTIS L. DOMAN</u> Curtis L. Doman	Director
<u> /s/ RAY M. ROBINSON</u> Ray M. Robinson	Director
<u> /s/ JIM SMITH</u> Jim Smith	Director
<u> /s/ CAROLINE SHEU</u> Caroline Sheu	Director
<u> /s/ RAY MARTINEZ</u> Ray Martinez	Director
<u> /s/ ROBERT JULIAN</u> Robert Julian	Director
<u> /s/ DANIELA MIELKE</u> Daniela Mielke	Director

DESCRIPTION OF PROG HOLDINGS, INC. CAPITAL STOCK

The following is a summary of the terms of our common stock based on our amended and restated articles of incorporation (our "articles of incorporation"), our amended and restated bylaws (our "bylaws") and applicable provisions of Georgia law. This summary is not complete and is subject to and qualified in its entirety by reference to the complete text of our articles of incorporation and our bylaws, and applicable provisions of Georgia law. You should read these documents for additional information regarding our common stock that may be important to you. Unless the context otherwise requires, references to "we," "us," and "our" are solely to PROG Holdings, Inc. and not to any of its subsidiaries or affiliates.

Overview

We are authorized under our articles of incorporation to issue an aggregate 225 million shares of common stock, par value \$0.50 per share, and 1 million shares of preferred stock, par value \$1.00 per share. Based on the advice of counsel, our issued and outstanding shares of common stock are validly issued, fully paid and nonassessable.

Each holder of our common stock is entitled to one vote per share in the election of directors and on all other materials submitted to a vote of our shareholders. There are no cumulative voting rights, meaning that the holders of a majority of the shares of our common stock voting for the election of directors can elect all of the directors standing for election.

Subject to the rights of the holders of any series of our preferred stock that may be outstanding from time to time, each share of our common stock will have an equal and ratable right to receive dividends as may be declared by our board of directors out of funds legally available for the payment of dividends, and, in the event of our liquidation, dissolution or winding up, will be entitled to share equally and ratably in the assets available for distribution to our stockholders. No holder of our common stock will have any preemptive or other subscription rights to purchase or subscribe for any of our securities. In addition, holders of our common stock have no conversion rights, and there are no redemption or sinking fund provisions applicable to our common stock.

Our common stock is traded on the New York Stock Exchange under the trading symbol "PRG." The transfer agent for our common stock is Computershare, Inc.

Anti-Takeover Effects of PROG's Articles of Incorporation and Bylaws and under Georgia Law

Our articles of incorporation and bylaws, as well as the Georgia Business Corporation Code, contain provisions that could delay or make more difficult the acquisition of control of us through a hostile tender offer, open market purchases, proxy contest, merger or other takeover attempt that a shareholder might consider in his or her best interest, including those attempts that might result in a premium over the market price of our common stock.

Authorized but Unissued Capital Stock

We have an aggregate 225 million authorized shares of common stock and 1 million authorized shares of preferred stock. One of the consequences of our authorized but unissued common stock and undesignated preferred stock may be to enable our board of directors to make more difficult or to discourage an attempt to obtain control of us. If, in the exercise of its fiduciary obligations, our board of directors determined that a takeover proposal was not in our best interest, our board of directors could

authorize the issuance of those shares without stockholder approval, subject to limits imposed by the New York Stock Exchange. The shares could be issued in one or more transactions that might prevent or make the completion of a proposed change of control transaction more difficult or costly by, among other things:

- diluting the voting or other rights of the proposed acquiror or insurgent shareholder group;
- creating a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent board; or
- effecting an acquisition that might complicate or preclude the takeover.

In this regard, our articles of incorporation grants our board of directors broad power to establish the rights and preferences of the authorized and unissued preferred stock. Our board of directors could establish one or more series of preferred stock that entitle holders to:

- vote separately as a class on any proposed merger or consolidation;
- cast a proportionately larger vote together with our common stock on any transaction or for all purposes;
- elect directors having terms of office or voting rights greater than those of other directors;
- convert preferred stock into a greater number of shares of our common stock or other securities;
- demand redemption at a specified price under prescribed circumstances related to a change of control of us; or
- exercise other rights designed to impede a takeover.

Shareholder Action by Written Consent; Special Meetings of Shareholders

Our bylaws provide that any action permitted to be taken by shareholders at any annual or special meeting may be taken without a meeting by written consent if all our shareholders consent thereto in writing. Special meetings of our shareholders may only be called by our chief executive officer or secretary (i) when directed by the chairman of our board of directors or by a majority of our entire board of directors, or (ii) upon the demand of shareholders representing at least 25% of all votes entitled to be cast on each issue to be considered at the proposed special meeting of shareholders.

Election and Removal of Directors

Our bylaws provide that the number of directors shall be at least 3, but may be increased and fixed from time to time by resolution of our board of directors. However, no decrease in the size of our board of directors will shorten the term of any incumbent director.

Our bylaws also provide that a director may be removed by the shareholders only for cause and only by the affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote for the election of directors.

Finally, our bylaws provide that vacancies, including vacancies resulting from an increase in the number of directors or from removal of a director, may be filled by a majority vote of the remaining directors then in office, even if less than a quorum or a sole remaining director.

Advance Notice Procedure for Director Nomination and Shareholder Proposals

Our bylaws provide the manner in which shareholders may give notice of director nominations and other business to be brought before an annual meeting. In general, to bring a matter before an annual meeting, other than a proposal being presented in accordance with the provisions of Rule 14a-8 under the Exchange Act, a shareholder must give notice of the proposed matter in writing not less than 90 and not more than 120 days prior to the meeting and satisfy the other requirements in our bylaws. To nominate a candidate for election as a director, a shareholder must give notice of the proposed nomination in writing not less than 60 or more than 120 days prior to the first anniversary of the prior year's annual meeting. If the annual meeting is more than 30 days before or more than 70 days after the first anniversary of the prior year's annual meeting, a shareholder must instead give notice of a proposed nomination in writing no more than 120 days prior to such annual meeting and no less than 60 days prior to the annual meeting or the 10th day following the public announcement of when the meeting will be held. Any notice to nominate a candidate for election as a director must also satisfy all other requirements specified in our bylaws.

Amendments of Our Articles of Incorporation and Bylaws

Amendments to our articles of incorporation generally must be approved by our board of directors and by a majority of the outstanding stock entitled to vote on the amendment, and, if applicable, by a majority of the outstanding stock of each class or series entitled to vote on the amendment as a class or series. Our bylaws may be amended by a majority vote of our board of directors. Any bylaws adopted by our board of directors may be amended, and new bylaws may be adopted, by our shareholders by majority vote of all of the shares having voting power.

Georgia Anti-Takeover Statutes

The Georgia Business Corporation Code restricts certain business combinations with "interested shareholders" and contains fair price requirements applicable to certain mergers with certain interested shareholders that are summarized below. The restrictions imposed by these statutes will not apply to a corporation unless it elects to be governed by these statutes. We have not elected to be covered by these restrictions, but, although we have no present intention to do so, we could elect to do so in the future.

The Georgia Business Corporation Code regulates business combinations such as mergers, consolidations, share exchanges and asset purchases where the acquired business has at least 100 shareholders residing in Georgia and has its principal office in Georgia, and where the acquiror became an interested shareholder of the corporation, unless either:

- the transaction resulting in such acquiror becoming an interested shareholder or the business combination received the approval of the corporation's board of directors prior to the date on which the acquiror became an interested shareholder;
- the acquiror became the owner of at least 90% of the outstanding voting stock of the corporation, excluding shares held by directors, officers and affiliates of the corporation and shares held by certain other persons, in the same transaction in which the acquiror became an interested shareholder; or
- the acquiror became the owner of at least 90% of the outstanding voting stock of the corporation, excluding shares held by directors, officers and affiliates of the corporation and

shares held by certain other persons, subsequent to the transaction in which the acquiror became an interested shareholder, and the business combination is approved by a majority of the shares entitled to vote, exclusive of shares owned by the interested shareholder, directors and officers of the corporation, certain affiliates of the corporation and the interested shareholder and certain employee stock plans.

For purposes of this statute, an interested shareholder generally is any person who directly or indirectly, alone or in concert with others, beneficially owns or controls 10% or more of the voting power of the outstanding voting shares of the corporation. The statute prohibits business combinations with an unapproved interested shareholder for a period of five years after the date on which such person became an interested shareholder.

The statute restricting business combinations is broad in its scope and is designed to inhibit unfriendly acquisitions.

The Georgia Business Corporation Code also prohibits certain business combinations between a Georgia corporation and an interested shareholder unless:

- certain "fair price" criteria are satisfied;
- the business combination is unanimously approved by the continuing directors;
- the business combination is recommended by at least two-thirds of the continuing directors and approved by a majority of the votes entitled to be cast by holders of voting shares, other than voting shares beneficially owned by the interested shareholder; or
- the interested shareholder has been such for at least three years and has not increased his ownership position in such three-year period by more than one percent in any 12-month period.

The fair price statute is designed to inhibit unfriendly acquisitions that do not satisfy the specified "fair price" requirements.

Limitation of Liability of Directors

Our articles of incorporation provide that none of our directors will be personally liable to us or our shareholders for monetary damages resulting from a breach of the duty of care or any other duty owed to us as a director to the fullest extent permitted by Georgia law. Our bylaws require us to indemnify any person to the fullest extent permitted by law for any liability and expense resulting from any threatened, pending or completed legal action, suit or proceeding resulting from the fact that such person is or was a director or officer of us, including service at our request as a director, officer, partner, trustee, employee, administrator or agent of another entity. Our directors and officers are also insured against losses arising from any claim against them in connection with their service as directors and officers for wrongful acts or omissions, subject to certain limitations.

**PROG HOLDINGS, INC.
INSIDER TRADING POLICY
EXECUTIVE SUMMARY**

Updated as of February 15, 2024

This Insider Trading Policy (this “**Policy**”) is intended to prevent violations of the United States federal securities laws and to protect the reputation of PROG Holdings, Inc. (the “**Company**”) for integrity and ethical conduct. The securities laws prohibit trading in securities of the Company by insiders who are aware of material nonpublic information or giving such information to others. You may have access to material nonpublic information about the Company and its operations. If you are in possession of such information, you may not trade in Company securities. Additionally, even if you are not aware of material nonpublic information, this Policy prohibits you from trading during certain black-out periods. Also, you must obtain pre-clearance of all trades in Company securities from the Insider Trading Compliance Officer. Please refer to the full text of this Policy for a more detailed description of your obligations hereunder.

Q: Who does this Policy apply to?

A: This Policy applies to directors, executive officers¹ and certain employees of the Company as may be determined from time to time (“**Covered Persons**”). You will be notified by the Insider Trading Compliance Officer if you are a Covered Person. You may also check Exhibit B attached hereto for a current list of the Covered Persons.

Q. As a Covered Person, what can I do to stay in compliance with this Policy?

A: You should:

1. Never trade in the securities of the Company (or any company, for that matter) while in possession of material nonpublic information about the Company (or any other company).
2. Only trade in securities of the Company while in an open trading window.

Q: What if I place an order during a window and it gets filled after the window closes - am I in compliance because I placed the order while in the open window?

A: No. You have violated this Policy. This Policy permits trades only during a window. Regardless of when you placed the order, the trade occurred outside the window. You are responsible for cancelling open orders so that trades do not occur outside a window and you must execute the transaction within two business days after receiving approval.

¹ For purposes of this Policy, the term “executive officer” has the meaning specified for the term “officer” in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

There are limited instances in which trading may occur outside the window, including Company approved 10b5-1 plans and cash payments of exercise price.

Q: Are there any additional obligations I should be aware of?

A: Yes – even if a window has been opened by the Insider Trading Compliance Officer, Covered Persons may not initiate a transaction until they have received written pre-approval of the Insider Trading Compliance Officer.

Q: Who is the Insider Trading Compliance Officer?

A. An individual designated by the Company and responsible for administration of this Policy. The Insider Trading Policy Compliance Officer is Todd King.

Q: As a Covered Person, what is the easiest way for me to receive pre-approval from the Insider Trading Compliance Officer?

A. Generally, an email will suffice. A couple of examples follow. You should keep the response in your records in case a question arises in the future.

1. Todd, I would like to exercise up to 1,000 options before the close of the current window. I confirm that I am not in possession of material nonpublic information. Am I ok to trade?
2. Todd, I would like to purchase/sell up to 2,000 shares before the close of the current window. I confirm that I am not in possession of material nonpublic information. Am I ok to trade?
3. Todd, I would like to make a bona fide gift of up to 500 shares before the close of the current window. I confirm that I am not in possession of material nonpublic information. Am I ok to make the gift?

Q: Who should I contact if I have any questions about my obligations under this Policy?

A. You should contact Todd King, the Insider Trading Compliance Officer.

IF YOU KNOW OR HAVE REASON TO BELIEVE THAT THIS POLICY HAS BEEN OR IS ABOUT TO BE VIOLATED, YOU MUST REPORT THIS INFORMATION IMMEDIATELY TO THE INSIDER TRADING COMPLIANCE OFFICER.

PROG HOLDINGS, INC.
INSIDER TRADING POLICY

February 15, 2024

I. Statement of Purpose

It is illegal for any employee, officer or director of the Company to engage in transactions involving the Company's securities while in the possession of material nonpublic information concerning the Company. It is also illegal for any employee, officer or director of the Company to give material nonpublic information concerning the Company to others who may trade on the basis of that information or may communicate that information to others.

In order to assist in compliance with federal and state securities laws governing transactions in Company securities while in the possession of material nonpublic information concerning the Company, and governing disclosure of material nonpublic information to outsiders ("**tipping**"), and in order to prevent the appearance of improper trading or tipping, the Company has adopted this Policy.

II. Scope

This Policy applies to directors, executive officers² and certain employees of the Company ("**Covered Persons**") as set forth in Exhibit B attached hereto. The restrictions on Covered Persons also applies to (i) members of their families who share the same household, (ii) persons living in their households and (iii) persons financially dependent upon them (regardless of residence), as well as entities (such as corporations, trusts and partnerships) which such Covered Person controls or influences with respect to a securities transaction ("**Covered Entities**"). Covered Persons are responsible for ensuring compliance by their families and others living in their households or financially dependent on them and by Covered Entities.

This Policy applies to any and all transactions in, and *bona fide* gifts of, the Company's securities, including common shares, options and any other type of securities that the Company may issue, such as preferred shares, convertible debentures, debt securities and exchange-traded options, unless the transaction is explicitly permitted by this Policy.

Each Covered Person will be required to annually sign an acknowledgement that he or she has received a copy and agrees to comply with the terms of this Policy, and has complied with this Policy, as applicable, over the past year. This acknowledgment and agreement will constitute consent for the Company to impose sanctions for violation of this Policy and to issue any necessary stop-transfer orders to the Company's transfer agent to enforce compliance with this Policy.

As discussed in Section IX, sanctions for individuals may include disciplinary actions, up to and including termination of employment if the Company has a reasonable basis to conclude that this Policy has been violated. Section 16(b) Persons, as defined below, may be required to certify compliance with this Policy on an annual basis.

This Policy also applies to material nonpublic information relating to other companies, including the Company's vendors and suppliers ("**business partners**"), when that information is

² For purposes of this Policy, the term "executive officer" has the meaning specified for the term "officer" in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

obtained in the course of employment with, or the performance of services on behalf of, the Company. Civil and criminal penalties and termination of employment may result from trading on or tipping others with inside information regarding the Company's business partners. All Covered Persons should treat material nonpublic information about the Company's business partners with the same care required with respect to information related directly to the Company.

Covered Persons have ethical and legal obligations to maintain the confidentiality of information about the Company and not to engage in transactions in Company securities while in possession of material nonpublic information. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other person pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

The Company may change these procedures or adopt other procedures in the future, as the Company considers appropriate, in order to carry out the purposes of this Policy.

III. Section 16(b) Persons

The Company will, from time to time, designate certain persons who are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the underlying rules and regulations promulgated by the Securities and Exchange Commission (the "**SEC**"); each such party is referred to herein as a "**Section 16(b) Person**." The Company will promptly notify in writing each person or entity designated a Section 16(b) Person. Each Section 16(b) Person must comply with all Section 16 filing requirements as described in more detail in Exhibit A hereto.

The Company will amend its designation of Section 16(b) Persons from time to time as necessary to reflect the addition, the resignation or departure, of a Section 16(b) Person. Each Section 16(b) Person will notify the Compliance Officer in writing when such Section 16(b) Person believes that he, she or it is no longer subject to Section 16 of the Exchange Act. If the Company agrees that such Section 16(b) Person is no longer so subject, or if the Company determines independently that such Section 16(b) Person is no longer so subject, then such Section 16(b) Person automatically will be deemed to be removed from such designation effective when it is determined that such Section 16(b) Person is no longer subject to Section 16 of the Exchange Act. The Company will promptly notify any Section 16(b) Person in writing if the Company independently determines that such Section 16(b) Person is no longer legally subject to Section 16 of the Exchange Act.

IV. Insider Trading Compliance Officer

The Company shall, from time to time, designate an officer as its Insider Trading Compliance Officer (the "**Compliance Officer**"). The Compliance Officer, in his or her capacity as such, will report directly to the Chief Executive Officer.

The duties of the Compliance Officer include the following:

1. Administering and interpreting this Policy, monitoring and enforcing compliance with all Policy provisions and procedures and training Covered Persons with respect to the operation of this Policy.
2. Responding to all inquiries relating to this Policy and its procedures, including inquiries as to whether information is “material” or “nonpublic”.
3. Participating in the administration of the Trading Window Policy as described in Section VI.
4. Providing copies of this Policy and other appropriate materials to all Covered Persons, and such other persons whom the Compliance Officer determines may have access to material nonpublic information concerning the Company.
5. Administering, monitoring and enforcing compliance with all federal and state insider trading laws and regulations, including without limitation Sections 10(b), 16, 20A and 21A of the Exchange Act and the rules and regulations promulgated thereunder, and Rule 144 under the Securities Act of 1933 (the “**Securities Act**”); and assisting in the preparation and filing of all required SEC reports via EDGAR relating to insider trading in Company securities, including without limitation Forms 3, 4, 5 and 144.
6. Revising this Policy as necessary to reflect changes in federal or state securities laws and regulations.
7. Maintaining as Company records originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required SEC reports relating to insider trading, including without limitation Forms 3, 4, 5 and 144.
8. Maintaining a list of Covered Persons and adding persons to, or removing persons from, such list from time to time as necessary to reflect changes in positions or circumstances.
9. Pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Section VI.

The Compliance Officer shall consult with the Chief Executive Officer concerning relevant matters. All inquiries concerning any of the provisions or procedures of this Policy should be directed to the Compliance Officer.

The Chief Executive Officer may designate one or more individuals who may perform the Compliance Officer’s duties in the event that the Compliance Officer is unable or unavailable to perform such duties, and may replace or amend the duties of the Compliance Officer in the Chief Executive Officer’s sole discretion.

V. Definition of “Material Nonpublic Information”

Insider trading restrictions come into play only if the information you possess is “material.” Information about the Company is material if it would be expected to affect the investment decisions of a reasonable shareholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information that could reasonably be expected to affect the market price of the Company’s securities. Both positive and negative information may be material. While it is not possible to identify all information that would be deemed “material,” the following types of information typically are considered material:

1. New earnings estimates (including changes of previously announced estimates), whether for completed or future periods.
2. Significant changes in company operations, projections or strategic plans, or significant events affecting the Company’s operations.
3. Potential mergers and acquisitions by the Company or subsidiaries, sales or other dispositions of Company or subsidiary assets or joint ventures involving the Company or subsidiaries.
4. Significant pricing changes.
5. Stock splits or public or private securities/debt offerings or stock repurchases.
6. Changes in Company dividend policies or amounts.
7. Changes in senior management.
8. Significant accounting developments.
9. Actual or threatened major litigation or significant developments in such litigation.
10. Significant actions by regulatory bodies related to the Company.
11. Significant data security incidents involving the Company or a significant vendor, including (among other incidents) data breaches, data theft, cyber-security attacks and unauthorized access to the Company’s or such vendor’s computer networks.
12. Bankruptcy or receivership.

Insider trading restrictions come into play only if the material information you possess is “nonpublic.” Material information is nonpublic if it has not been widely disseminated to the public through major newswire services, national news services or public filings with the SEC or through a Company call or conference that is open to investors on a broad, non-exclusionary basis.

For the purposes of this Policy, information will be considered public—i.e., no longer “nonpublic” – after one full trading day following the widespread public release of the information.

Any Covered Persons who have any doubt about whether the information that they possess is material or nonpublic must consult the Compliance Officer for guidance before engaging in any transaction involving any Company securities or disseminating such information outside the Company.

VI. Certain Specific Prohibitions Related to Transactions in Company Securities

No Trading While in Possession of Material Nonpublic Information. No Covered Person may engage in transactions involving Company securities (i.e., purchasing, selling or gifting) while in possession of material nonpublic information concerning the Company, other than transactions effected under a written contract, instruction or plan approved by the Compliance Officer (an “**Approved Plan**”), as described below under Section VII. It does not matter if there is an independent, justifiable reason for a purchase, sale or gift, or if a “trading window” is open. If a Covered Person has material nonpublic information, the prohibition on trading in the Company’s securities applies.

No Trading Outside of Trading Windows. No Covered Person may engage in transactions involving Company securities outside of a trading window. Trading Windows will generally commence after the close of trading one full trading day following the Company’s widespread public release of quarterly or year-end operating results, and ending at the close of trading on the last trading day that is at least two weeks prior to quarter-end. However, a formal notification to Covered Persons will be made by the Compliance Officer with respect to the opening and closing of a Trading Window. Covered Persons should not expect that the window will open on any particular date or remain open for any minimum period of time.

No Trading Without Prior Notification and Approval. Covered Persons may engage in transactions involving Company securities (i.e., purchasing, selling or gifting) only after obtaining approval, unless the transactions are effected under an Approved Plan. If a Covered Person determines to engage in a transaction involving Company securities, the Covered Person will notify the Compliance Officer in writing of the amount and nature of the proposed transaction(s) prior to the proposed trade. The Covered Person will not engage in transactions involving the relevant securities (a) unless and until the Compliance Officer provides his or her approval in writing and (b) after the end of the second full business day after such approval is granted. The foregoing functions of the Compliance Officer will be undertaken by the Chief Executive Officer in the case of proposed trades by the Compliance Officer. Notwithstanding this paragraph, a Covered Person may buy, sell or gift Company securities at any time without further approval if effected under the terms of an Approved Plan.

The existence of the foregoing approval procedures does not in any way obligate the Compliance Officer to approve any transaction involving Company securities. The Compliance Officer may reject any approval request in his or her discretion, subject to review by the Company’s Chief Executive Officer.

No Trading Advice. Covered Persons are also prohibited from giving trading advice of any kind regarding the Company's securities to anyone while in possession of material nonpublic information about the Company. Indeed, the Company strongly discourages all employees, officers and directors from giving third parties trading advice concerning the Company even when they do not possess material nonpublic information about the Company. This prohibition includes a prohibition on offering trading advice about the Company or otherwise discussing the Company's securities on the Internet, including discussion forums, blogs and social media (such as Facebook, Twitter, Instagram, Snapchat, Reddit, Pinterest, YouTube and other social media networks). Employees, officers and directors may, however, advise others not to engage in transactions related to Company securities that might violate the securities laws or this Policy.

Pledged Stock; Margin Loans - General Rule. Sales of Company shares because an individual has borrowed money and pledged shares as security for the loan have no special exemption from insider trading laws. Accordingly, Covered Persons should be extremely careful when utilizing a margin loan in a brokerage account or otherwise using Company securities as collateral for a loan – and, as further discussed below, Section 16(b) Persons are **prohibited** from pledging Company securities or other uses of Company securities as collateral.

Under margin arrangements, a broker is entitled to sell shares which an individual has deposited as collateral for loans, if the value of the securities falls below the brokerage firm's margin requirements. Even though the individual did not initiate the sale or control its timing, because it is still a sale for the individual's benefit, the individual may be subject to liability under insider trading laws if the sale is made at a time when the individual is in possession of material, nonpublic information. Accordingly, such a sale must be made in compliance with the restrictions under this Policy that apply to a Covered Person. As a result, if a Covered Person uses Company securities to secure a margin loan, he or she may be forced to take actions (for instance, depositing additional money or selling other securities) to satisfy margin requirements in order to avoid his or her broker selling his or her Company securities at a time that would result in a violation of insider trading laws or this Policy. Similar cautions apply to a bank or other loan for which a Covered Person has pledged Company stock as collateral.

Pledged Stock; Margin Loans - Prohibited for Section 16(b) Persons. Pledging of Company securities or other uses of Company securities as collateral (whether related to margin loans in brokerage accounts, as collateral for a bank or other loan, or otherwise) is prohibited for Section 16(b) Persons.

No Derivative Transactions. Covered Persons are prohibited from purchasing or selling any interest or position relating to the future price of Company securities, such as a put, call, short sale or hedge.

No Short Sales. A "short sale" is one involving securities which the seller does not own at the time of sale or, if the securities are owned, where they will be delivered on a delayed basis (meaning that the securities are not delivered within 20 days after the sale or deposited in the mail or other usual channels of transportation within five days after the sale). Selling securities "short" is consistent with an expectation that the price of the securities will decline in the near future and is often speculative in nature. Short selling will arouse suspicion in the eyes of the

SEC that the person was trading on the basis of inside information, particularly when the trading occurs before a major company announcement or event. Accordingly, Covered Persons are prohibited from selling Company stock short.

Short-Term Transactions. The Company expects investments by Covered Persons in the Company to be long-term investments that align their interests with the long-term success, growth and profitability of the Company. The Company expects Covered Persons not to engage in speculative transactions that are designed to result in profit based on short-term fluctuations in the price of the Company's securities. When purchasing Company securities, the Company strongly encourages Covered Persons to do so with the expectation of owning those securities for an extended period of time – at a minimum, for twelve months. The Company recognizes, of course, that personal circumstances may change due to unforeseen events, in which case Covered Persons may be forced to more quickly liquidate Company securities that were originally purchased as a long-term investment.

Additional Restrictions Related to Business Partners. No Covered Person:

1. May engage in transactions involving the securities of any business partner while possessing material nonpublic information concerning that company.
2. May “tip” or disclose material nonpublic information concerning any business partner to anyone.
3. May give trading advice of any kind to anyone concerning any business partner while possessing material nonpublic information about that business partner.
4. May use nonpublic information about other companies obtained in the course of their employment for personal gain, such as disclosing information to third parties in exchange for a consulting fee (e.g., expert network firms may try to obtain nonpublic information from employees).

VII. Exceptions to this Policy

A. Approved Plans

Covered Persons may enter into an Approved Plan only when they are not in possession of any material nonpublic information and during an open window period. Actual sales and purchases under an Approved Plan must follow the terms of the Approved Plan. The Compliance Officer will approve a contract, instruction or plan only if it complies in all respects with the requirements of Rule 10b5-1 under the Exchange Act, including, for example, a minimum cooling-off period (1) for Section 16(b) Persons that ends on the later of (a) 90 days following adoption of the Approved Plan or (b) two business days following the disclosure of the Company's financial results in a Form 10-K or Form 10-Q for the fiscal quarter in which the Approved Plan was adopted and (2) for other Covered Persons that ends 30 days following adoption of the Approved Plan.

Revocation of Approved Plans will be subject to the prior review and approval of the Compliance Officer. A person acting in good faith may amend a prior Approved Plan so long as such amendments are made inside of a quarterly trading window and at a time when the Approved Plan participant does not possess material, non-public information. Plan amendments must not take effect for at least 30 days after the plan amendments are made.

Under certain circumstances, an Approved Plan *must* be revoked. This may include circumstances such as the announcement of a merger or the occurrence of an event that would cause the transaction either to violate the law or to have an adverse effect on the Company. The Compliance Officer or administrator of the Company's stock plans is authorized to notify the broker in such circumstances, thereby insulating the insider in the event of revocation.

B. Exempted Transactions

Covered Persons may enter into the following types of transactions without regard to whether the trading window is open or closed or whether they are in possession of material nonpublic information and without obtaining Prior Approval.

Transactions with the Company

1. Covered Persons may receive stock options, shares of restricted stock or similar grants of securities under the Company's employee benefit plans (including elections to acquire stock options in lieu of other compensation) and may cancel or forfeit options or restricted shares pursuant to the Company's plans.
2. Covered Persons may elect to participate in, cease participation in or purchase securities under a Company employee stock purchase plan, if such a plan is in effect.
3. Covered Persons may exercise stock options by payment of the exercise price in cash at any time (but may not simultaneously sell the issued shares except in compliance with the terms of this Policy).
4. Covered Persons may exercise stock options by payment of the exercise price (and/or tax withholding) through the withholding of shares otherwise issuable under the award (i.e., net exercise) or by way of the delivery/attestation of already-owned shares (i.e., stock swap).
5. Covered Persons may permit the Company to withhold shares to satisfy tax withholding obligations upon the vesting of restricted shares.
6. Covered Persons may purchase Company stock under any Company dividend or distribution reinvestment plan (in each case, a "DRIP") that results from the reinvestment of dividends paid on Company stock held in a DRIP. This Policy does apply, however, to voluntary purchases of Company stock that result from additional contributions a Covered Person chooses to make to any DRIP, and to a Covered Person's initial election to participate in a DRIP or increase his or her level of

participation in a DRIP. This Policy also applies to the Covered Person's sale of any Company stock purchased pursuant to a DRIP.

Other

1. Covered Persons may transfer shares to an entity if the transfer does not involve a change in the beneficial ownership of the shares, for example, to an inter vivos trust of which the Covered Person is the sole beneficiary during his or her lifetime.
2. Covered Persons may effect any transaction specifically authorized in writing, with reference to this Policy, by the Compliance Officer.

VIII. Special Circumstances

A. Employee Benefit Plans

Covered Persons in possession of material, nonpublic information should consult with the Compliance Officer before making any decisions relating to their participation in, or transactions effected under, any of the Company's employee benefit plans, e.g. stock purchase plan, stock option plan, etc.

B. 401(k) Plan Transactions

In making elections that involve your Company stock account(s) under the Company's 401(k) Plan, Covered Persons should observe the following:

1. An election to transfer an existing account balance in another 401(k) or IRA fund into your Company stock account, or to transfer a balance in your Company stock account out of that account into another account, should be regarded as trading in Company securities and thus subject to this Policy.
2. Taking out a loan from the 401(k) Plan that decreases the balance in your Company stock account should be treated as trading in Company securities and thus subject to this Policy.
3. Elections to change your contributions to the Company stock account should be treated as trading in Company securities and thus subject to this Policy.

C. Mutual Funds

1. Investments in mutual funds or exchange traded funds that invest in a broad index or sector are not subject to this Policy, even though such funds may also invest in Company securities.

D. Post-Termination Transactions

This Policy continues to apply to transactions in the Company's securities even after termination of service to the Company. If a Covered Person is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company securities until that information has become public or is no longer material. In addition, any Covered Person whose service to the Company terminates outside a trading window may not trade in Company securities until the opening of the next trading window.

E. Priority of Statutory or Regulatory Trading Restrictions

The trading prohibitions and restrictions set forth in this Policy are in addition to any contractual restrictions on the sale of securities or any other prohibitions or restrictions prescribed by federal or state securities laws and regulations, *e.g.*, short-swing trading by Section 16(b) Persons or restrictions on the sale of securities subject to Rule 144 under the Securities Act of 1933. Any Covered Person who is uncertain whether other prohibitions or restrictions apply should ask the Compliance Officer.

IX. Potential Civil, Criminal and Disciplinary Sanctions

Civil and Criminal Penalties. The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by trading, pay the loss suffered by the persons who purchased securities from or sold securities to the insider or tippee, pay civil penalties or criminal penalties and even serve a jail term. The Company and/or the supervisors of the person violating the rules may also be required to pay severe civil or criminal penalties and could under certain circumstances be subject to private lawsuits by contemporaneous traders for damages suffered as a result of illegal insider trading or tipping by persons under the Company's control.

Company Discipline. Violation of this Policy or federal or state insider trading or tipping laws by any employee or officer may subject a Covered Person to disciplinary action by the Company up to and including termination. A violation of the Company's Policy is not necessarily the same as a violation of law. In fact, this Policy is intended to be broader than the law. The Company reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Policy has been violated. The Company may determine that specific conduct violates this Policy, whether or not the conduct also violates the law. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

Reporting of Violations. Any Covered Person who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other employee, officer or director, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer, in consultation with the Company's Chief Executive Officer and legal counsel, will determine what actions to take.

Monitoring. The SEC and NYSE employ sophisticated computer-assisted enforcement techniques to monitor securities trading and detect automatically unusual trading patterns or volumes, particularly in advance of significant (positive or negative) announcements. Thus, the odds that unlawful trading will be detected are far greater than is commonly realized.

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ACKNOWLEDGEMENT

The undersigned hereby acknowledges receipt of the PROG Holdings, Inc. Insider Trading Policy and agrees to abide by its terms and conditions.

Signature

Print Name

Date of Signature

EXHIBIT A
SECTION 16 – FORM 3, 4 AND 5 POLICY AND FILING REQUIREMENTS

Overview

The following summarizes the obligations and restrictions imposed on Section 16(b) Persons, as defined in Section III of this Policy. Specifically, the memorandum reflects the Company’s policy to ensure compliance with the reporting requirements and to help prevent any inadvertent violations of the federal securities laws, and to avoid even the appearance of trading on inside information.

Ownership Reports

Under Section 16(a) of the Exchange Act, Section 16(b) Persons must file with the SEC reports disclosing their holdings of and transactions in the Company’s equity securities.

Form 3

An initial report on Form 3 must be filed by every Section 16(b) Person within 10 calendar days of becoming such, disclosing all equity securities of the Company beneficially owned by the reporting person on the date such person became a Section 16(b) Person. Even if no securities are owned on that date, the report must be filed.

Form 4

Changes in beneficial ownership by a Section 16(b) Person, including dispositions of Company securities by *bona fide* gifts, must, unless exempt from reporting or eligible for deferred reporting, be reported on a Form 4 filed within 2 business days after the transaction has been executed. The fact that a Section 16(b) Person’s transactions result in no net change, or the fact that no securities are owned after the transaction is completed, does not provide a basis for failing to report. If such change in beneficial ownership results from a purchase or sale of Company securities pursuant to a Rule 10b5-1 trading plan, the “check box” on Form 4 indicating that the trade was made pursuant to a trading plan must be checked.

Form 5

Form 5, a “clean up” report due within 45 days after the close of the Company’s fiscal year, and must be filed to disclose transactions and holdings exempt from prior reporting, as well as transactions and holdings that should have been reported previously but were not. Keeping current with the filing of timely Form 4s, and voluntarily filing early for certain transactions will eliminate the need to file Form 5s.

Securities Trading Policies and Procedures

Mandatory Pre-Notification Procedure

Section 16(b) Persons, as well as other designated persons, are subject to the trading pre-clearance procedures set forth in Section VI of this Policy.

Power of Attorney

In order to enable the Company to prepare and file the Forms 4 on a timely basis on behalf of the Section 16(b) Persons, it is imperative that all directors and executive officers provide a power of attorney to the Company.

Reportable Transactions

All changes in beneficial ownership (not just purchases and sales) must be reported. Moreover, a person who has ceased to be a director or executive officer must report any non-exempt purchase or sale after termination of service that occurred within six months of an opposite-way, non-exempt sale or purchase that took place while the person was a director or executive officer.

Beneficial Ownership

The reports under Section 16(a) are intended to cover all equity securities of the Company beneficially owned by a Section 16(b) Person, as defined under applicable SEC rules. A Section 16(b) Person is deemed to beneficially own any security from which the insider can derive a direct or indirect pecuniary benefit. A Section 16(b) Person is considered the direct owner of all Company equity securities held in such person's own name or held jointly with others. A Section 16(b) Person also is considered the indirect owner of any securities from which such person obtains benefits substantially equivalent to those of ownership. Thus, equity securities of the Company beneficially owned through partnerships, corporations, trusts, estates and family members may be subject to reporting. Absent countervailing facts, a Section 16(b) Person is presumed to be the beneficial owner of securities held by his or her spouse and family members sharing his or her home. A Section 16(b) Person is free, however, to disclaim beneficial ownership of these or any other securities being reported if there is a reasonable basis for doing so.

Derivative Securities

Section 16(a) requires reporting of all acquisitions and dispositions of derivative securities by Section 16(b) Persons. The term "derivative securities" include options, warrants, convertible securities, stock appreciation rights or similar rights. The Company has issued options to its employees to purchase Company common shares from time to time. These options are derivative securities for purposes of Section 16. Exercises and conversions of derivative securities are reportable on a current basis on Form 4 within 2 days after the transaction has been executed.

Timely Notice to the Company of Trades

It is important that Section 16(b) Persons prepare their reports under Section 16(a) properly and file them on a timely basis. There is no provision for an extension of the filing deadlines, and the SEC can take enforcement action against violators of the filing requirements. In addition, the Company is required to report the number of late filings of reports under Section 16(a) in the Company's proxy statement for its annual meeting and to identify the Section 16(b) Person(s) who made the late filings.

To avoid liability and embarrassing disclosures of this nature, all directors and executive officers should avail themselves of the assistance of the Company in satisfying the reporting requirements. In addition to obtaining pre-clearance for their trades, Section 16(b) Persons should provide detailed trade information to the Company in order for it to effect the Form 4 filing of the Section 16(b) Person's behalf within the short two business day timeframe.

It is incumbent on Section 16(b) Persons to notify their brokers or others executing trades on their behalf that the Section 16(b) Person is subject to reporting obligations under Section 16(a) of the Exchange Act, as well as an "affiliate" under Rule 144 under the Securities Act. The Section 16(b) Person should similarly instruct their broker to provide detailed trade information at the earliest time possible.

Disgorgement of Profits on Short-Swing Transactions

Under Section 16(b), any profit realized by a Section 16(b) Person on a "short-swing" transaction (*i.e.*, a non-exempt purchase and sale, or sale and purchase, of the Company's equity securities within a period of less than six months) must be disgorged to the Company upon demand by the Company or a stockholder acting on the Company's behalf. By law, the Company cannot waive or release any claim it may have under Section 16(b), or enter into an enforceable agreement to provide indemnification for amounts recovered under Section 16(b).

Operation of Section 16(b)

Liability under Section 16(b) is imposed in a mechanical fashion without regard to the Section 16(b) Person's intent. Good faith, therefore, is not a defense. All that is necessary for a successful claim is to show that the Section 16(b) Person realized profits on a short-swing transaction. When computing recoverable profits on multiple purchases and sales within a six-month period, the courts maximize the recovery by matching the lowest purchase price with the highest sale price, the next lowest purchase price with the next highest sale price, and so on. The use of this method makes it possible in some instances for the Company to recover profits under Section 16(b) even though the Section 16(b) Person sustained a net loss on the transactions.

The terms "purchase" and "sale" are construed to cover a broad range of transactions. For example, the acquisition of a derivative security and the disposition of the underlying security could be matched as a "purchase" and "sale." Moreover, purchases and sales by a Section 16(b) Person may be matched with transactions by any person (such as certain family members) whose securities are deemed to be beneficially owned by the Section 16(b) Person.

Limitations on Liability

The SEC has mitigated the impact of Section 16(b) in some situations by providing exemptions from liability. The most important exemption is provided by Rule 16b-3 of the Exchange Act for transactions by directors and executive officers with the Company that satisfy prescribed conditions. The SEC also has limited the amount of profits recoverable on transactions involving stock options and other derivative securities. Further, the courts have indicated that it is permissible for Section 16(b) Persons to structure their transactions to avoid the application of Section 16(b). Before engaging in any transaction involving the Company's securities, Section 16(b) Persons should therefore consult with the Compliance Officer to discuss the potential applicability of Section 16(b).

Prohibition of Short Sales

Under Section 16(c) of the Exchange Act, Section 16(b) Persons are prohibited from effecting "short sales" of the Company's equity securities. A "short sale" is one involving securities which the seller does not own at the time of sale, or, if owned, are not delivered within 20 days after the sale or deposited in the mail or other usual channels of transportation within five days after the sale.

Disclaimer

This memorandum is only a summary and is not a complete recitation of Section 16's requirements. In view of the complexity of Section 16 and the frequency of changes in the SEC's rules and interpretations, directors and executive officers are encouraged to consult with counsel as often as may be necessary to ensure compliance with Section 16.

EXHIBIT B
COVERED PERSONS

[Intentionally Omitted from Filing Version]

NAME	STATE OR COUNTRY OF INCORPORATION
PROG Holding Company, LLC	Delaware
Vive Financial LLC	Delaware
Progressive Finance Holdings, LLC	Delaware
Prog Leasing, LLC	Delaware
Four Technologies, Inc.	Delaware
PRG Ventures, Inc.	Delaware
Prog Services, Inc.	Delaware
PRGB, Inc.	Delaware
Approve.Me LLC	Utah
AM2 Enterprises, LLC	Utah
Pango LLC	Utah
NPRTO Arizona, LLC	Utah
NPRTO California, LLC	Utah
NPRTO Florida, LLC	Utah
NPRTO Georgia, LLC	Utah
NPRTO Illinois, LLC	Utah
NPRTO Michigan, LLC	Utah
NPRTO New York, LLC	Utah
NPRTO Ohio, LLC	Utah
NPRTO Texas, LLC	Utah
NPRTO Mid-West, LLC	Utah
NPRTO North-East, LLC	Utah
NPRTO South-East, LLC	Utah
NPRTO West, LLC	Utah
NPRTO Anywhere, LLC	Utah
Prog International, LLC	Delaware
NPRTO Puerto Rico, LLC	Puerto Rico

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- 1) Registration Statement (Form S-8 No. 333-265601), filed June 15, 2022,
- 2) Registration Statement (Form S-8 No. 333-231463) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020,
- 3) Registration Statement (Form S-8 No. 333-225385) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020,
- 4) Registration Statement (Form S-8 No. 333-204014) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020,
- 5) Registration Statement (Form S-8 No. 333-171113) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020,
- 6) Registration Statement (Form S-8 No. 333-160357) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020,
- 7) Registration Statement (Form S-8 No. 333-123426) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020,
and
- 8) Registration Statement (Form S-8 No. 333-76026) and Post-Effective Amendment No. 1 to said Registration Statement, filed October 16, 2020

of our reports dated February 19, 2025, with respect to the consolidated financial statements of PROG Holdings, Inc. and the effectiveness of internal control over financial reporting of PROG Holdings, Inc. included in this Annual Report (Form 10-K) of PROG Holdings, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP

Salt Lake City, UT
February 19, 2025

CERTIFICATION

I, Steven A. Michaels, certify that:

1. I have reviewed this annual report on Form 10-K 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 the 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 controls over financial reporting.

Date: February 19, 2025

/s/ Steven A. Michaels

Steven A. Michaels

Chief Executive Officer

CERTIFICATION

I, Brian Garner, certify that:

1. I have reviewed this annual report on Form 10-K 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 (the registrant's fourth quarter in the case of an annual report) 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 the 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 controls over financial reporting.

Date: February 19, 2025

/s/ Brian Garner

Brian Garner

Chief Financial Officer

**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:

- (1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2025

/s/ Steven A. Michaels

Steven A. Michaels
Chief Executive Officer

**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:

- (1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2025

/s/ Brian Garner

Brian Garner
Chief Financial Officer