



PROG Holdings Reports Third Quarter 2024 Results

October 23, 2024

- Consolidated revenues of \$606.1 million; Net earnings of \$84.0 million
- Adjusted EBITDA of \$63.5 million
- Diluted EPS of \$1.94; Non-GAAP Diluted EPS of \$0.77
- Progressive Leasing GMV of \$456.7 million, 11.6% growth year-over-year
- Raises full year consolidated revenue and earnings outlook

SALT LAKE CITY--(BUSINESS WIRE)--Oct. 23, 2024-- PROG Holdings, Inc. (NYSE:PRG), the fintech holding company for Progressive Leasing, Vive Financial, Four Technologies, and Build today announced financial results for the third quarter ended September 30, 2024.

"We are pleased to report another strong quarter, highlighted by 11.6% GMV growth and a return to revenue growth in our Progressive Leasing segment" said PROG Holdings President and CEO Steve Michaels. This momentum is driven by the effectiveness of our three-pillared strategy to grow, enhance, and expand, along with the strong execution by our teams and the benefits from the credit supply above us tightening. Our focus on enhancing both customer and retailer experiences has helped deliver top-line momentum and grow our balance of share with existing retail partners. We have several initiatives planned for the fourth quarter and beyond, aimed at driving additional improvements across key performance metrics such as application volume, customer conversion, active doors, and productivity per door, positioning us well for success moving forward. With disciplined spending and portfolio management, along with progress in our growth initiatives, we remain confident in our expectation to deliver long-term value for our shareholders," concluded Michaels.

Consolidated Results

Consolidated revenues for the third quarter of 2024 were \$606.1 million, an increase of 4.0% from the same period in 2023.

Consolidated net earnings for the quarter were \$84.0 million, compared with \$35.0 million in the prior year period. The increase in net earnings was primarily driven by recognizing a \$53.6 million non-cash, net tax benefit relating to the reversal of an uncertain tax position and accrued interest relating to this position. Adjusted EBITDA for the quarter was \$63.5 million, or 10.5% of revenues, compared with \$71.7 million, or 12.3% of revenues for the same period in 2023. The year-over-year decline in adjusted EBITDA was driven primarily by a decline in gross margin due to a higher number of customers choosing to exercise their 90 day purchase options in Q3 2024.

Diluted earnings per share for the third quarter of 2024 were \$1.94, compared with \$0.76 in the year ago period. On a non-GAAP basis, diluted earnings per share were \$0.77 in the third quarter of 2024, compared with \$0.90 for the same period in 2023. The Company's weighted average shares outstanding assuming dilution in the third quarter was 6.4% lower year-over-year.

Progressive Leasing Results

Progressive Leasing's third quarter GMV of \$456.7 million was up 11.6% compared to the same period in 2023. The provision for lease merchandise write-offs for the quarter was 7.7%, within the Company's 6%-8% targeted annual range.

Liquidity and Capital Allocation

PROG Holdings ended the third quarter of 2024 with cash of \$221.7 million and gross debt of \$600 million. The Company repurchased \$37.0 million of its stock in the quarter at an average price of \$45.69 per share, leaving \$401.8 million of repurchase authorization under its \$500 million share repurchase program. Additionally, the Company paid a cash dividend of \$0.12 per share.

2024 Outlook

PROG Holdings is updating its full year 2024 outlook for revenue and earnings as well as providing its outlook for revenues, net earnings, adjusted EBITDA, GAAP diluted EPS and non-GAAP diluted EPS for the fourth quarter of 2024. This outlook assumes a continuation of the benefits from tightened credit above us, a difficult operating environment with soft demand for leasable consumer goods, no material changes in the Company's decisioning posture, no material increase in the unemployment rate for our consumer base, an effective tax rate for non-GAAP EPS of approximately 28%, and no impact from additional share repurchases.

| | Revised 2024 Outlook | | Previous 2024 Outlook | |
|--|----------------------|-------------|-----------------------|-------------|
| (In thousands, except per share amounts) | Low | High | Low | High |
| PROG Holdings - Total Revenues | \$2,440,000 | \$2,460,000 | \$2,400,000 | \$2,450,000 |
| PROG Holdings - Net Earnings | 165,500 | 170,500 | 110,500 | 116,000 |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| PROG Holdings - Adjusted EBITDA | 270,000 | 275,000 | 265,000 | 275,000 |
| PROG Holdings - Diluted EPS | 3.82 | 3.92 | 2.52 | 2.68 |
| PROG Holdings - Diluted Non-GAAP EPS | 3.30 | 3.40 | 3.25 | 3.40 |
| Progressive Leasing - Total Revenues | 2,350,000 | 2,360,000 | 2,325,000 | 2,355,000 |
| Progressive Leasing - Earnings Before Taxes | 180,500 | 181,500 | 178,000 | 182,000 |
| Progressive Leasing - Adjusted EBITDA | 277,000 | 280,000 | 273,500 | 278,500 |
| Vive - Total Revenues | 60,000 | 65,000 | 55,000 | 65,000 |
| Vive - Earnings Before Taxes | (500) | 500 | 1,500 | 3,000 |
| Vive - Adjusted EBITDA | 1,000 | 2,000 | 3,000 | 5,000 |
| Other - Total Revenues | 30,000 | 35,000 | 20,000 | 30,000 |
| Other - Loss Before Taxes | (17,500) | (16,500) | (20,000) | (18,000) |
| Other - Adjusted EBITDA | (8,000) | (7,000) | (11,500) | (8,500) |

Three Months Ended

December 31, 2024

(In thousands, except per share amounts) Low High

| | | |
|--------------------------------------|------------|------------|
| PROG Holdings - Total Revenues | \$ 599,824 | \$ 619,824 |
| PROG Holdings - Net Earnings | 25,798 | 30,798 |
| PROG Holdings - Adjusted EBITDA | 61,654 | 66,654 |
| PROG Holdings - Diluted EPS | 0.62 | 0.73 |
| PROG Holdings - Diluted Non-GAAP EPS | 0.70 | 0.80 |

Conference Call and Webcast

The Company has scheduled a live webcast and conference call for Wednesday, October 23, 2024, at 8:30 A.M. ET to discuss its financial results for the third quarter of 2024. To access the live webcast, visit the Events and Presentations page of the Company's Investor Relations website, <https://investor.progholdings.com/>.

About PROG Holdings, Inc.

PROG Holdings, Inc. (NYSE:PRG) is a fintech holding company headquartered in Salt Lake City, UT, that provides transparent and competitive payment options to consumers. The Company owns Progressive Leasing, a leading provider of e-commerce, app-based, and in-store point-of-sale lease-to-own solutions, Vive Financial, an omnichannel provider of second-look revolving credit products, Four Technologies, a provider of Buy Now, Pay Later payment options through its platform, Four, and Build, provider of personal credit building products. More information on PROG Holdings and its companies can be found at <https://investor.progholdings.com/>.

Forward Looking Statements:

Statements in this news release regarding our business that are not historical facts are "forward-looking statements" that involve risks and uncertainties which could cause actual results to differ materially from those contained in the forward-looking statements. Such forward-looking statements generally can be identified by the use of forward-looking terminology, such as "planned", "expectation", "outlook", "continuation", and similar forward-looking terminology. These risks and uncertainties include factors such as (i) continued volatility and challenges in the macro environment and, in particular, the unfavorable effects on our business of significant inflation, elevated interest rates, and fears of a recession, and the impact of those headwinds on: (a) consumer confidence and customer demand for the merchandise that our POS partners sell, in particular consumer durables; (b) our customers' disposable income and their ability to make the lease and loan payments they owe the Company; (c) the availability of consumer credit; and (d) our overall financial performance and outlook; (ii) our businesses being 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, as well as an increased focus by federal, state and local regulators on the industries within which our businesses operate, including with respect to consumer protection, customer privacy, third party and employee fraud and information security; (iii) deteriorating macroeconomic conditions resulting in the algorithms and other proprietary decisioning tools used in approving Progressive Leasing and Vive customers for leases and loans no longer being indicative of their ability to perform, which may limit the ability of those businesses to avoid lease and loan charge-offs or may result in their reserves being insufficient to cover actual losses; (iv) the impact of the cybersecurity incident experienced by Progressive Leasing in September 2023 and expenses incurred in connection with responding to the matter, including the litigation filed in response to that incident, or any regulatory proceedings that may result from the incident; (v) a large percentage of the Company's revenues being concentrated with several of Progressive Leasing's key POS partners; (vi) the risks that Progressive Leasing will be unable to attract new POS partners or retain and grow its business with its existing POS partners; (vii) Vive's and Four's business models differing significantly from Progressive Leasing's, which creates specific and unique risks for each of the Vive and Four businesses, including Vive's reliance on a limited number of bank partners to issue its credit products and each of Vive's and Four's exposure to the unique regulatory risks associated with the laws and regulations that apply to each of their businesses; (viii) our ability to continue to protect confidential, proprietary, or sensitive information, including the personal and confidential information of our customers, which may be adversely affected by cyber-attacks, employee or other internal misconduct, computer viruses, electronic break-ins or "hacking", or similar disruptions, any one of which could have a material adverse impact on our results of operations, financial condition, and prospects; (ix) our cost reduction initiatives may not be adequate or may have unintended consequences that could be disruptive to our businesses, including with respect to our global workforce strategy; (x) the risk that our capital allocation strategy, including our current stock repurchase and dividend programs, as well as any future debt repurchase program, will not be effective at enhancing shareholder value and may have an adverse impact on our cash reserves; (xi) 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; (xii) increased competition from traditional and virtual lease-to-own competitors and also from competitors of our Vive segment; (xiii) the transactions offered by our Progressive Leasing, Vive and/or Four businesses may be negatively characterized by government officials, consumer advocacy groups or the media; (xiv) real or perceived software or system errors, failures, bugs, defects or outages, including those that may be caused by third-party vendors, may adversely affect Progressive Leasing, Vive or Four; and (xv) the other risks and uncertainties discussed under "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 21, 2024. Statements in this press release that are "forward-looking" include without limitation statements about: (i) our initiatives to drive improvements across our key performance metrics; (ii) our ability to create long-term value for our shareholders; and (iii) our revised full year 2024 outlook and our fourth quarter 2024 outlook. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances after the date of this press release.

PROG Holdings, Inc.

Consolidated Statements of Earnings

(In thousands, except per share data)

| (Unaudited) | | (Unaudited) | |
|--------------------|------|-------------------|------|
| Three Months Ended | | Nine Months Ended | |
| September 30, | | September 30, | |
| 2024 | 2023 | 2024 | 2023 |

REVENUES:

| | | | | |
|-------------------------|------------|------------|--------------|--------------|
| Lease Revenues and Fees | \$ 582,551 | \$ 564,183 | \$ 1,773,617 | \$ 1,776,104 |
|-------------------------|------------|------------|--------------|--------------|

| | | | | |
|---|-----------|-----------|------------|------------|
| Interest and Fees on Loans Receivable | 23,594 | 18,694 | 66,559 | 54,759 |
| | 606,145 | 582,877 | 1,840,176 | 1,830,863 |
| COSTS AND EXPENSES: | | | | |
| Depreciation of Lease Merchandise | 401,070 | 381,844 | 1,217,440 | 1,202,157 |
| Provision for Lease Merchandise Write-offs | 44,736 | 36,966 | 131,660 | 116,295 |
| Operating Expenses | 111,108 | 109,183 | 346,350 | 322,152 |
| | 556,914 | 527,993 | 1,695,450 | 1,640,604 |
| OPERATING PROFIT | 49,231 | 54,884 | 144,726 | 190,259 |
| Interest Expense, Net | (7,384) | (6,775) | (22,973) | (22,549) |
| EARNINGS BEFORE INCOME TAX (BENEFIT) EXPENSE | 41,847 | 48,109 | 121,753 | 167,710 |
| INCOME TAX (BENEFIT) EXPENSE | (42,115) | 13,097 | (17,949) | 47,447 |
| NET EARNINGS | \$ 83,962 | \$ 35,012 | \$ 139,702 | \$ 120,263 |
| EARNINGS PER SHARE | | | | |
| Basic | \$ 1.99 | \$ 0.77 | \$ 3.25 | \$ 2.58 |
| Assuming Dilution | \$ 1.94 | \$ 0.76 | \$ 3.19 | \$ 2.56 |
| CASH DIVIDENDS DECLARED PER SHARE: | | | | |
| Common Stock | \$ 0.12 | \$ — | \$ 0.36 | \$ — |
| WEIGHTED AVERAGE SHARES OUTSTANDING: | | | | |
| Basic | 42,264 | 45,515 | 42,969 | 46,606 |
| Assuming Dilution | 43,169 | 46,133 | 43,804 | 47,048 |

PROG Holdings, Inc.

Consolidated Balance Sheets

(In thousands, except share data)

(Unaudited)

| | |
|------------------|-----------------|
| September | December |
| 30, | 31, |
| 2024 | 2023 |

ASSETS:

| | | |
|---|--------------|--------------|
| Cash and Cash Equivalents | \$ 221,726 | \$ 155,416 |
| Accounts Receivable (net of allowances of \$73,192 in 2024 and \$64,180 in 2023) | 67,214 | 67,879 |
| Lease Merchandise (net of accumulated depreciation and allowances of \$455,691 in 2024 and \$423,466 in 2023) | 554,425 | 633,427 |
| Loans Receivable (net of allowances and unamortized fees of \$52,155 in 2024 and \$50,022 in 2023) | 121,568 | 126,823 |
| Property and Equipment, Net | 21,404 | 24,104 |
| Operating Lease Right-of-Use Assets | 3,753 | 9,271 |
| Goodwill | 296,061 | 296,061 |
| Other Intangibles, Net | 77,775 | 91,664 |
| Income Tax Receivable | 10,921 | 32,918 |
| Deferred Income Tax Assets | 2,368 | 2,981 |
| Prepaid Expenses and Other Assets | 69,125 | 50,711 |
| Total Assets | \$ 1,446,340 | \$ 1,491,255 |

LIABILITIES & SHAREHOLDERS' EQUITY:

| | | |
|--|-----------|------------|
| Accounts Payable and Accrued Expenses | \$ 95,138 | \$ 151,259 |
| Deferred Income Tax Liabilities | 81,716 | 104,838 |
| Customer Deposits and Advance Payments | 33,200 | 35,713 |
| Operating Lease Liabilities | 12,241 | 15,849 |
| Debt | 593,238 | 592,265 |
| Total Liabilities | 815,533 | 899,924 |

SHAREHOLDERS' EQUITY:

| | | |
|---|-----------|-----------|
| Common Stock, Par Value \$0.50 Per Share: Authorized: 225,000,000 Shares at September 30, 2024 and December 31, 2023; Shares Issued: 82,078,654 at September 30, 2024 and December 31, 2023 | 41,039 | 41,039 |
| Additional Paid-in Capital | 354,141 | 352,421 |
| Retained Earnings | 1,416,961 | 1,293,073 |
| | 1,812,141 | 1,686,533 |
| Less: Treasury Shares at Cost | | |

| | | |
|---|--------------|--------------|
| Common Stock: 40,535,248 Shares at September 30, 2024 and 38,404,527 at December 31, 2023 | (1,181,334) | (1,095,202) |
| Total Shareholders' Equity | 630,807 | 591,331 |
| Total Liabilities & Shareholders' Equity | \$ 1,446,340 | \$ 1,491,255 |

PROG Holdings, Inc.

Consolidated Statements of Cash Flows

(In thousands)

| | (Unaudited) | |
|---|--|--------------|
| | Nine Months Ended September 30, | |
| | 2024 | 2023 |
| OPERATING ACTIVITIES: | | |
| Net Earnings | \$ 139,702 | \$ 120,263 |
| Adjustments to Reconcile Net Earnings to Cash Provided by Operating Activities: | | |
| Depreciation of Lease Merchandise | 1,217,440 | 1,202,157 |
| Other Depreciation and Amortization | 20,780 | 23,876 |
| Provisions for Accounts Receivable and Loan Losses | 279,291 | 253,217 |
| Stock-Based Compensation | 21,588 | 19,081 |
| Deferred Income Taxes | (24,530) | (32,337) |
| Impairment of Assets | 6,018 | — |
| Income Tax Benefit from Reversal of Uncertain Tax Position Liabilities | (51,443) | — |
| Non-Cash Lease Expense | (2,605) | (2,065) |
| Other Changes, Net | (1,255) | (4,397) |
| Changes in Operating Assets and Liabilities: | | |
| Additions to Lease Merchandise | (1,273,535) | (1,195,051) |
| Book Value of Lease Merchandise Sold or Disposed | 135,096 | 119,711 |
| Accounts Receivable | (240,409) | (216,469) |

| | | | | |
|--|------------|-----|------------|---|
| Prepaid Expenses and Other Assets | (18,865 |) | 2,304 | |
| Income Tax Receivable and Payable | 26,251 | (21 |) | |
| Accounts Payable and Accrued Expenses | (7,998 |) | 8,735 | |
| Customer Deposits and Advance Payments | (2,513 |) | (6,463 |) |
| Cash Provided by Operating Activities | 223,013 | | 292,541 | |
| INVESTING ACTIVITIES: | | | | |
| Investments in Loans Receivable | (282,039 |) | (138,922 |) |
| Proceeds from Loans Receivable | 252,268 | | 127,079 | |
| Outflows on Purchases of Property and Equipment | (6,037 |) | (6,952 |) |
| Proceeds from Property and Equipment | 119 | | 30 | |
| Other Proceeds | 41 | | — | |
| Cash Used in Investing Activities | (35,648 |) | (18,765 |) |
| FINANCING ACTIVITIES: | | | | |
| Dividends Paid | (15,423 |) | — | |
| Acquisition of Treasury Stock | (98,187 |) | (108,276 |) |
| Issuance of Stock Under Stock Option and Employee Purchase Plans | 855 | | 695 | |
| Cash Paid for Shares Withheld for Employee Taxes | (8,300 |) | (3,260 |) |
| Debt Issuance Costs | — | | (29 |) |
| Cash Used in Financing Activities | (121,055 |) | (110,870 |) |
| Increase in Cash and Cash Equivalents | 66,310 | | 162,906 | |
| Cash and Cash Equivalents at Beginning of Period | 155,416 | | 131,880 | |
| Cash and Cash Equivalents at End of Period | \$ 221,726 | | \$ 294,786 | |
| Net Cash Paid During the Period: | | | | |
| Interest | \$ 18,695 | | \$ 18,768 | |
| Income Taxes | \$ 31,809 | | \$ 76,817 | |

PROG Holdings, Inc.

Quarterly Revenues by Segment

(In thousands)

(Unaudited)

Three Months Ended

September 30, 2024

| | Progressive Leasing Vive | Other | Consolidated Total | |
|---------------------------------------|--------------------------|-----------|--------------------|------------|
| Lease Revenues and Fees | \$ 582,551 | \$ — | \$ 582,551 | |
| Interest and Fees on Loans Receivable | — | 16,000 | 7,594 | 23,594 |
| Total Revenues | \$ 582,551 | \$ 16,000 | \$ 7,594 | \$ 606,145 |

(Unaudited)

Three Months Ended

September 30, 2023

| | Progressive Leasing Vive | Other | Consolidated Total | |
|---------------------------------------|--------------------------|-----------|--------------------|------------|
| Lease Revenues and Fees | \$ 564,183 | \$ — | \$ 564,183 | |
| Interest and Fees on Loans Receivable | — | 17,547 | 1,147 | 18,694 |
| Total Revenues | \$ 564,183 | \$ 17,547 | \$ 1,147 | \$ 582,877 |

PROG Holdings, Inc.

Nine Months Revenues by Segment

(In thousands)

(Unaudited)

Nine Months Ended

September 30, 2024

| | Progressive Leasing Vive | Other | Consolidated Total | |
|---------------------------------------|--------------------------|--------|--------------------|--------|
| Lease Revenues and Fees | \$ 1,773,617 | \$ — | \$ 1,773,617 | |
| Interest and Fees on Loans Receivable | — | 47,471 | 19,088 | 66,559 |

| | | | | |
|----------------|--------------|-----------|-----------|--------------|
| Total Revenues | \$ 1,773,617 | \$ 47,471 | \$ 19,088 | \$ 1,840,176 |
|----------------|--------------|-----------|-----------|--------------|

(Unaudited)

Nine Months Ended

September 30, 2023

| | Progressive Leasing | Vive | Other | Consolidated Total |
|---------------------------------------|---------------------|-----------|----------|--------------------|
| Lease Revenues and Fees | \$ 1,776,104 | \$ — | \$ — | \$ 1,776,104 |
| Interest and Fees on Loans Receivable | — | 51,887 | 2,872 | 54,759 |
| Total Revenues | \$ 1,776,104 | \$ 51,887 | \$ 2,872 | \$ 1,830,863 |

PROG Holdings, Inc.

Gross Merchandise Volume by Quarter

(In thousands)

(Unaudited)

Three Months Ended September 30,

| | 2024 | 2023 |
|---------------------|------------|------------|
| Progressive Leasing | \$ 456,651 | \$ 409,169 |
| Vive | 38,755 | 35,243 |
| Other | 62,058 | 19,632 |
| Total GMV | \$ 557,464 | \$ 464,044 |

Use of Non-GAAP Financial Information:

Non-GAAP net earnings, non-GAAP diluted earnings per share, and adjusted EBITDA are supplemental measures of our performance that are not calculated in accordance with generally accepted accounting principles in the United States ("GAAP"). Non-GAAP diluted earnings per share for the full year 2024 outlook excludes intangible amortization expense, restructuring expenses, costs related to the cybersecurity incident net of insurance recoveries, and reversal of the uncertain tax position related to Progressive Leasing's \$175 million settlement with the FTC in 2020. Non-GAAP diluted earnings per share for the fourth quarter 2024 outlook excludes intangible amortization expense. Non-GAAP net earnings and non-GAAP diluted earnings per share for the three and nine months ended September 30, 2024 exclude intangible amortization expense, restructuring expenses, costs related to the cybersecurity incident, and reversal of the uncertain tax position related to Progressive Leasing's \$175 million settlement with the FTC in 2020. Non-GAAP net earnings and non-GAAP diluted earnings per share for the three and nine months ended September 30, 2023 exclude intangible amortization expense, restructuring expenses, costs related to the cybersecurity incident, regulatory insurance recoveries, and accrued interest on an uncertain tax position related to Progressive Leasing's \$175 million settlement with the FTC in 2020. The amount for the after-tax non-GAAP adjustment, which is tax effected using our statutory tax rate, can be found in the reconciliation of net earnings and earnings per share assuming dilution to non-GAAP net earnings and earnings per share assuming dilution table in this press release.

The Adjusted EBITDA figures presented in this press release are calculated as the Company's earnings before interest expense, net, depreciation on property and equipment, amortization of intangible assets and income taxes. Adjusted EBITDA for the three and nine months ended September 30, 2024 and full year 2024 outlook excludes stock-based compensation expense, restructuring expenses, and costs related to the cybersecurity incident, net of insurance recoveries. Adjusted EBITDA for the three and nine months ended September 30, 2023 excludes stock-based compensation

expense, restructuring expenses, costs related to the cybersecurity incident and regulatory insurance recoveries. Adjusted EBITDA for the fourth quarter 2024 outlook excludes stock-based compensation expense. The amounts for these pre-tax non-GAAP adjustments can be found in the segment EBITDA tables in this press release.

Management believes that non-GAAP net earnings, non-GAAP diluted earnings per share, and adjusted EBITDA provide relevant and useful information, and are widely used by analysts, investors and competitors in our industry as well as by our management in assessing both consolidated and business unit performance.

Non-GAAP net earnings, non-GAAP diluted earnings, and adjusted EBITDA provide management and investors with an understanding of the results from the primary operations of our business by excluding the effects of certain items that generally arose from larger, one-time transactions that are not reflective of the ordinary earnings activity of our operations or transactions that have variability and volatility of the amount. We believe the exclusion of stock-based compensation expense provides for a better comparison of our operating results with our peer companies as the calculations of stock-based compensation vary from period to period and company to company due to different valuation methodologies, subjective assumptions and the variety of award types. This measure may be useful to an investor in evaluating the underlying operating performance of our business.

Adjusted EBITDA also provides management and investors with an understanding of one aspect of earnings before the impact of investing and financing charges and income taxes. These measures may be useful to an investor in evaluating our operating performance because the measures:

- Are widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary substantially from company to company depending upon accounting methods, book value of assets, capital structure and the method by which assets were acquired, among other factors.
- Are used by rating agencies, lenders and other parties to evaluate our creditworthiness.
- Are used by our management for various purposes, including as a measure of performance of our operating entities and as a basis for strategic planning and forecasting.

Non-GAAP financial measures, however, should not be used as a substitute for, or considered superior to, measures of financial performance prepared in accordance with GAAP, such as the Company's GAAP basis net earnings and diluted earnings per share and the GAAP revenues and earnings before income taxes of the Company's segments, which are also presented in the press release. Further, we caution investors that amounts presented in accordance with our definitions of non-GAAP net earnings, non-GAAP diluted earnings per share, and adjusted EBITDA may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate these measures in the same manner.

PROG Holdings, Inc.

Reconciliation of Net Earnings and Earnings Per Share Assuming Dilution to Non-GAAP Net Earnings and Earnings Per Share Assuming Dilution

(In thousands, except per share amounts)

| | (Unaudited) | | (Unaudited) | |
|---|--------------------|-----------|-------------------|------------|
| | Three Months Ended | | Nine Months Ended | |
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Net Earnings | \$ 83,962 | \$ 35,012 | \$ 139,702 | \$ 120,263 |
| Add: Intangible Amortization Expense | 4,000 | 5,650 | 13,889 | 17,097 |
| Add: Restructuring Expense | 6 | 238 | 20,906 | 1,958 |
| Add: Costs Related to the Cybersecurity Incident, Net of Insurance Recoveries | 114 | 1,805 | 346 | 1,805 |
| Less: Regulatory Insurance Recoveries | — | — | — | (525) |
| Less: Tax Impact of Adjustments ⁽¹⁾ | (1,071) | (2,000) | (9,138) | (5,287) |
| Less: Reversal of Uncertain Tax Position | (53,599) | — | (53,599) | — |

| | | | | |
|---|-----------|-----------|------------|------------|
| Add: Accrued Interest on Uncertain Tax Position | — | 971 | 2,156 | 2,911 |
| Non-GAAP Net Earnings | \$ 33,412 | \$ 41,676 | \$ 114,262 | \$ 138,222 |
| Earnings Per Share Assuming Dilution | \$ 1.94 | \$ 0.76 | \$ 3.19 | \$ 2.56 |
| Add: Intangible Amortization Expense | 0.09 | 0.12 | 0.32 | 0.36 |
| Add: Restructuring Expense | — | 0.01 | 0.48 | 0.04 |
| Add: Costs Related to the Cybersecurity Incident, Net of Insurance Recoveries | — | 0.04 | 0.01 | 0.04 |
| Less: Regulatory Insurance Recoveries | — | — | — | (0.01) |
| Less: Tax Impact of Adjustments ⁽¹⁾ | (0.02) | (0.04) | (0.21) | (0.11) |
| Less: Reversal of Uncertain Tax Position | (1.24) | — | (1.22) | — |
| Add: Accrued Interest on Uncertain Tax Position | — | 0.02 | 0.05 | 0.06 |
| Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾ | \$ 0.77 | \$ 0.90 | \$ 2.61 | \$ 2.94 |
| Weighted Average Shares Outstanding Assuming Dilution | 43,169 | 46,133 | 43,804 | 47,048 |

(1) Adjustments are tax-effected using an assumed statutory tax rate of 26%.

(2) In some cases, the sum of individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

PROG Holdings, Inc.

Non-GAAP Financial Information

Quarterly Segment EBITDA

(In thousands)

| | (Unaudited) | | |
|---|---------------------------|----------------------|--------------------|
| | Three Months Ended | | |
| | September 30, 2024 | | |
| | Progressive Leasing Vive | Other | Consolidated Total |
| Net Earnings | | | \$ 83,962 |
| Income Tax (Benefit) Expense ⁽¹⁾ | | | (42,115) |
| Earnings (Loss) Before Income Tax (Benefit) Expense | \$ 47,177 | \$(1,441) \$(3,889) | 41,847 |

| | | | | |
|--|-----------|-----------|-------------|-----------|
| Interest Expense, Net | 7,700 | — | (316) | 7,384 |
| Depreciation | 1,619 | 155 | 491 | 2,265 |
| Amortization | 3,771 | — | 229 | 4,000 |
| EBITDA | 60,267 | (1,286) | (3,485) | 55,496 |
| Stock-Based Compensation | 6,059 | 354 | 1,438 | 7,851 |
| Restructuring Expense | 6 | — | — | 6 |
| Costs Related to the Cybersecurity Incident, Net of Insurance Recoveries | 114 | — | — | 114 |
| Adjusted EBITDA | \$ 66,446 | \$ (932) | \$ (2,047) | \$ 63,467 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

(Unaudited)

Three Months Ended

September 30, 2023

| | Progressive Leasing | Vive | Other | Consolidated Total |
|---|---------------------|----------|------------|--------------------|
| Net Earnings | | | | \$ 35,012 |
| Income Tax Expense ⁽¹⁾ | | | | 13,097 |
| Earnings (Loss) Before Income Tax Expense | \$ 53,941 | \$ 565 | \$ (6,397) | 48,109 |
| Interest Expense, Net | 6,746 | 112 | (83) | 6,775 |
| Depreciation | 1,841 | 184 | 307 | 2,332 |
| Amortization | 5,420 | — | 230 | 5,650 |
| EBITDA | 67,948 | 861 | (5,943) | 62,866 |
| Stock-Based Compensation | 4,851 | 302 | 1,668 | 6,821 |
| Restructuring Expense | 238 | — | — | 238 |
| Costs Related to the Cybersecurity Incident | 1,805 | — | — | 1,805 |
| Adjusted EBITDA | \$ 74,842 | \$ 1,163 | \$ (4,275) | \$ 71,730 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

PROG Holdings, Inc.**Non-GAAP Financial Information****Nine Month Segment EBITDA****(In thousands)**

| | (Unaudited) | | | |
|--|---------------------------|----------|-------------|--------------------|
| | Nine Months Ended | | | |
| | September 30, 2024 | | | |
| | Progressive Leasing Vive | Other | | Consolidated Total |
| Net Earnings | | | | \$ 139,702 |
| Income Tax (Benefit) Expense ⁽¹⁾ | | | | (17,949) |
| Earnings (Loss) Before Income Tax (Benefit) Expense | \$ 136,596 | \$ 108 | \$ (14,951) | 121,753 |
| Interest Expense, Net | 23,922 | — | (949) | 22,973 |
| Depreciation | 5,080 | 487 | 1,324 | 6,891 |
| Amortization | 13,201 | — | 688 | 13,889 |
| EBITDA | 178,799 | 595 | (13,888) | 165,506 |
| Stock-Based Compensation | 16,905 | 1,052 | 3,631 | 21,588 |
| Restructuring Expense | 18,278 | — | 2,628 | 20,906 |
| Costs Related to the Cybersecurity Incident, Net of Insurance Recoveries | 346 | — | — | 346 |
| Adjusted EBITDA | \$ 214,328 | \$ 1,647 | \$ (7,629) | \$ 208,346 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

(Unaudited)**Nine Months Ended****September 30, 2023**

| | Progressive Leasing Vive | Other | | Consolidated Total |
|--------------|--------------------------|-------|--|--------------------|
| Net Earnings | | | | \$ 120,263 |

| | | | | |
|---|------------|----------|------------|------------|
| Income Tax Expense ⁽¹⁾ | | | | 47,447 |
| Earnings (Loss) Before Income Tax Expense | \$ 180,414 | \$ 4,486 | \$(17,190) | 167,710 |
| Interest Expense, Net | 22,063 | 569 | (83) | 22,549 |
| Depreciation | 5,541 | 534 | 705 | 6,780 |
| Amortization | 16,262 | — | 835 | 17,097 |
| EBITDA | 224,280 | 5,589 | (15,733) | 214,136 |
| Stock-Based Compensation | 13,303 | 884 | 4,894 | 19,081 |
| Restructuring Expense | 1,958 | — | — | 1,958 |
| Regulatory Insurance Recoveries | (525) | — | — | (525) |
| Costs Related to the Cybersecurity Incident | 1,805 | — | — | 1,805 |
| Adjusted EBITDA | \$ 240,821 | \$ 6,473 | \$(10,839) | \$ 236,455 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

PROG Holdings, Inc.

Non-GAAP Financial Information

Reconciliation of Revised Full Year 2024 Outlook for Adjusted EBITDA

(In thousands)

| | Fiscal Year 2024 Ranges | | | Consolidated Total |
|---|-------------------------|-----------------|-------------------------|-----------------------|
| | Progressive Leasing | Vive | Other | |
| Estimated Net Earnings | | | | \$165,500 - \$170,500 |
| Income Tax (Benefit) Expense ⁽¹⁾ | | | | (3,000) - (5,000) |
| Projected Earnings (Loss) Before Income Tax (Benefit) Expense | \$180,500 - \$181,500 | \$(500) - \$500 | \$(17,500) - \$(16,500) | 162,500 - 165,500 |
| Interest Expense, Net | 32,000 - 33,000 | — | (1,000) | 31,000 - 32,000 |
| Depreciation | 7,000 | 500 | 2,000 | 9,500 |
| Amortization | 17,000 | — | 1,000 | 18,000 |
| Projected EBITDA | 236,500 - 238,500 | 0 - 1,000 | (15,500) - (14,500) | 221,000 - 225,000 |

| | | | | |
|---|-----------------------|-------------------|-----------------------|-----------------------|
| Stock-Based Compensation | 22,000 - 23,000 | 1,000 | 5,000 | 28,000 - 29,000 |
| Restructuring Expense & Cyber Incident Costs, Net of Insurance Recoveries | 18,500 | — | 2,500 | 21,000 |
| Projected Adjusted EBITDA | \$277,000 - \$280,000 | \$1,000 - \$2,000 | \$(8,000) - \$(7,000) | \$270,000 - \$275,000 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

PROG Holdings, Inc.

Non-GAAP Financial Information

Reconciliation of Previously Revised Full Year 2024 Outlook for Adjusted EBITDA

(In thousands)

| | Fiscal Year 2024 Ranges | | | Consolidated Total |
|---|-------------------------|-------------------|-------------------------|-----------------------|
| | Progressive Leasing | Vive | Other | |
| Estimated Net Earnings | | | | \$110,500 - \$116,000 |
| Income Tax Expense ⁽¹⁾ | | | | 49,000 - 51,000 |
| Projected Earnings (Loss) Before Income Tax Expense | \$178,000 - \$182,000 | \$1,500 - \$3,000 | \$(20,000) - \$(18,000) | 159,500 - 167,000 |
| Interest Expense, Net | 31,000 | — | (1,000) | 30,000 |
| Depreciation | 7,000 | 500 | 2,000 | 9,500 |
| Amortization | 17,000 | — | 1,000 | 18,000 |
| Projected EBITDA | 233,000 - 237,000 | 2,000 - 3,500 | (18,000) - (16,000) | 217,000 - 224,500 |
| Stock-Based Compensation | 22,000 - 23,000 | 1,000 - 1,500 | 4,000 - 5,000 | 27,000 - 29,500 |
| Restructuring Expense & Cyber Incident Costs, Net of Insurance Recoveries | 18,500 | — | 2,500 | 21,000 |
| Projected Adjusted EBITDA | \$273,500 - \$278,500 | \$3,000 - \$5,000 | \$(11,500) - \$(8,500) | \$265,000 - \$275,000 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

PROG Holdings, Inc.

Non-GAAP Financial Information

Reconciliation of the Three Months Ended December 31, 2024 Outlook for Adjusted EBITDA

(In thousands)

| | Three Months Ended December 31, 2024 |
|--|---|
| | Consolidated Total |
| Estimated Net Earnings | \$25,798 - \$30,798 |
| Income Tax Expense ⁽¹⁾ | 14,949 - 12,949 |
| Projected Earnings Before Income Tax Expense | 40,747 - 43,747 |
| Interest Expense, Net | 8,027 - 9,027 |
| Depreciation | 2,609 |
| Amortization | 4,111 |
| Projected EBITDA | 55,494 - 59,494 |
| Stock-Based Compensation | 6,160 - 7,160 |
| Projected Adjusted EBITDA | \$61,654 - \$66,654 |

(1) Taxes are calculated on a consolidated basis and are not identifiable by Company segment.

PROG Holdings, Inc.

Reconciliation of Revised Full Year 2024 Outlook for Earnings Per Share

Assuming Dilution to Non-GAAP Earnings Per Share Assuming Dilution

| | Full Year 2024 | |
|--|-----------------------|---------|
| | Low | High |
| Projected Earnings Per Share Assuming Dilution | \$ 3.82 | \$ 3.92 |
| Add: Projected Intangible Amortization Expense | 0.41 | 0.41 |
| Add: Projected Restructuring Expense & Cyber Incident Costs, Net of Insurance Recoveries | 0.48 | 0.48 |
| Subtract: Tax Effect on Non-GAAP Adjustments ⁽¹⁾ | (0.23) | (0.23) |

| | | |
|--|---------|---------|
| Subtract: Reversal of Uncertain Tax Position | (1.18) | (1.18) |
| Projected Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾ | \$ 3.30 | \$ 3.40 |

(1) Adjustments are tax-effected using an assumed statutory tax rate of 26%.

(2) In some cases, the sum of individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

PROG Holdings, Inc.

Reconciliation of Previously Revised Full Year 2024 Outlook for Earnings Per Share

Assuming Dilution to Non-GAAP Earnings Per Share Assuming Dilution

| | Full Year 2024 | |
|--|-----------------------|---------|
| | Low | High |
| Projected Earnings Per Share Assuming Dilution | \$ 2.52 | \$ 2.68 |
| Add: Projected Intangible Amortization Expense | 0.41 | 0.41 |
| Add: Projected Interest on FTC Settlement Uncertain Tax Position | 0.07 | 0.07 |
| Add: Projected Restructuring Expense & Cyber Incident Costs, Net of Insurance Recoveries | 0.48 | 0.48 |
| Subtract: Tax Effect on Non-GAAP Adjustments ⁽¹⁾ | (0.23) | (0.23) |
| Projected Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾ | \$ 3.25 | \$ 3.40 |

(1) Adjustments are tax-effected using an assumed statutory tax rate of 26%.

(2) In some cases, the sum of individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

PROG Holdings, Inc.

Reconciliation of the Three Months Ended December 31, 2024 Outlook for Earnings Per Share

Assuming Dilution to Non-GAAP Earnings Per Share Assuming Dilution

| | Three Months Ended | |
|--|---------------------------|---------|
| | December 31, 2024 | |
| | Low | High |
| Projected Earnings Per Share Assuming Dilution | \$ 0.62 | \$ 0.73 |

| | | |
|--|---------|---------|
| Add: Projected Intangible Amortization Expense | 0.09 | 0.09 |
| Subtract: Tax Effect on Non-GAAP Adjustments ⁽¹⁾ | (0.02) | (0.02) |
| Projected Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾ | \$ 0.70 | \$ 0.80 |

(1) Adjustments are tax-effected using an assumed statutory tax rate of 26%.

(2) In some cases, the sum of individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20241023706250/en/): <https://www.businesswire.com/news/home/20241023706250/en/>

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