

PROG Holdings, Inc.

Q2 2023 Earnings Supplement

July 26, 2023

Use of Forward-Looking Statements

Statements in this earnings supplement 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 "continuing", "expect", "believe", "outlook" 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 the rapid increase in the rate of inflation currently being experienced in the economy, which has not been seen in more than forty years, significant increases in 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; (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; (d) our labor costs; and (e) 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) a large percentage of the company's revenues being concentrated with several of Progressive Leasing's key POS partners; (v) the risks that Progressive Leasing will be unable to attract new POS partners or retain and grow its business with its existing POS partners; (vi) Vive's and Four's business models differing significantly from Progressive Leasing's, which creates specific and unique risks for the Vive and Four businesses, including Vive's reliance on two bank partners to issue its credit products and Vive's and Four's exposure to the unique regulatory risks associated with the laws and regulations that apply to their businesses; (vii) the risks that interruptions, inventory shortages and other factors affecting the supply chains of our retail partners having a material and adverse effect on several aspects of our performance; (viii) the impact of the COVID-19 pandemic, including new variants, subvariants or additional waves of COVID-19 infections, on: (a) demand for the lease-to-own products offered by our Progressive Leasing segment, (b) Progressive Leasing's point-of-sale or "POS" partners, and Vive's and Four's merchant partners, (c) Progressive Leasing's, Vive's and Four's customers, including their ability and willingness to satisfy their obligations under their lease agreements and loan agreements, (d) Progressive Leasing's POS partners being able to obtain the merchandise their customers need or desire, (e) our employees and labor needs, including our ability to adequately staff our operations, (f) our financial and operational performance, and (g) our liquidity; (ix) changes in the enforcement of existing laws and regulations and the adoption of new laws and regulations that may unfavorably impact our businesses; (x) the risk that our capital allocation strategy, including our current share repurchase program, will not be effective at enhancing shareholder value; (xi) our cost reduction initiatives may not be adequate or may have unintended consequences that could be disruptive to our businesses; (xii) 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; (xiii) increased competition from traditional and virtual lease-to-own competitors and also from competitors of our Vive segment; (xiv) adverse consequences to Progressive Leasing, including additional monetary penalties and/or injunctive relief, if it fails to comply with the terms of its 2020 settlement with the FTC, as well as the possibility of other regulatory authorities and third parties bringing legal actions against Progressive Leasing based on the same allegations that led to the FTC settlement; (xv) our increased level of indebtedness; (xvi) our ability 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; and (xvii) 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, 2022, filed with the SEC on February 22, 2023. Statements in this earnings supplement that are "forward-looking" include without limitation statements about: (i) the performance and stability of our lease portfolio; (ii) our ability to continue making investments in initiatives to support our strategic long-term growth plans and the outcomes of those initiatives; (iii) Progressive Leasing's write-offs as a percentage of revenue for full year 2023, including our ability to finish the year with those write-offs within our targeted range; and (iv) our revised full year 2023 outlook and our third-quarter 2023 outlook. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this earnings supplement. 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 earnings supplement.

PROG Holdings Q2 2023 Headlines

- Exceeded **Q2 2023 expectations**, raises **consolidated earnings outlook** for full-year 2023
- **Consolidated revenues** of \$592.8 million
- **Earnings before taxes** of \$52.0 million
- **Adjusted EBITDA** of \$75.0 million, increase of 43.7% year-over-year
- **Diluted EPS** of \$0.79; **Non-GAAP Diluted EPS** of \$0.92, up 76.9% year-over-year
- Progressive Leasing **write-offs** of 7.1%



PROG Holdings Executive Commentary

“Our second quarter results exceeded our expectations, driven by strong portfolio performance and disciplined SG&A management.

“The stability of our lease portfolio and continuing favorable trends despite soft consumer demand in key leasable categories gives us the confidence to increase our full-year 2023 outlook.

“Furthermore, the results we have achieved year-to-date and the results we expect in the remainder of the year incorporate meaningful investments in various initiatives which we believe support our strategic long-term growth plans.”



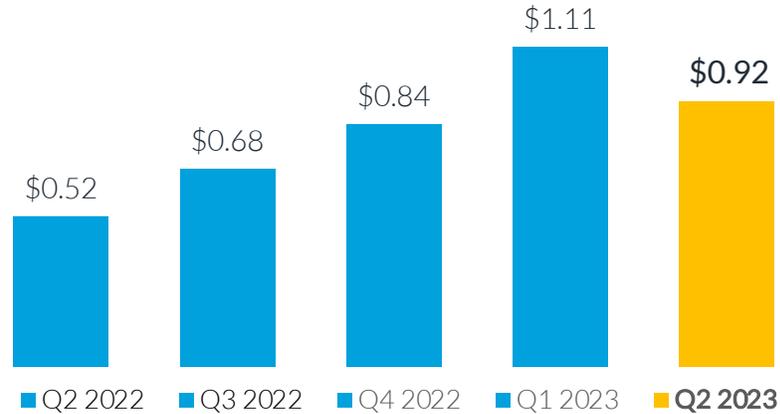
Steve Michaels
President and CEO,
PROG Holdings, Inc.

PROG Holdings Q2 Consolidated Results

Revenue
in millions



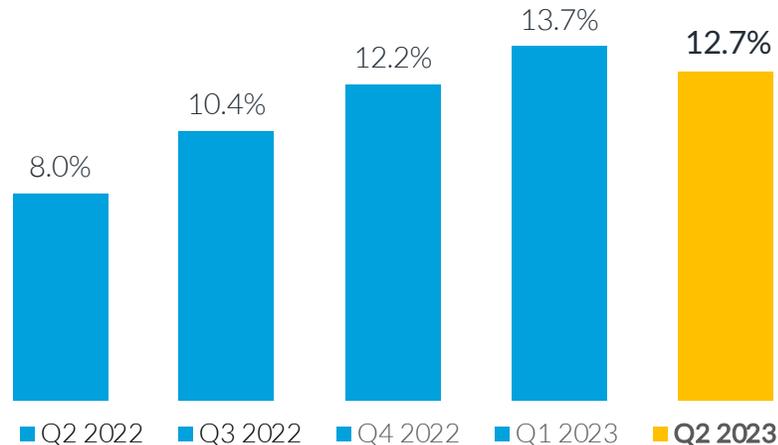
Non-GAAP EPS



Adjusted EBITDA
in millions



Adjusted EBITDA
as a % of PROG Holdings consolidated revenues



- Year-over-year revenue headwinds were caused primarily by Q2 2022 decisioning tightening, slow customer demand for leasable goods, and continued year-over-year declines in the number of customers choosing to utilize early lease buyout options.
- Non-GAAP EPS continued to benefit from stronger net income and reduction of outstanding shares.
- Adjusted EBITDA growth was driven primarily by historically low 90-day buyout activity, strong customer payment behavior due to prior lease decisioning tightening, and continued benefits from previous cost-cutting measures.

Progressive Leasing Q2 Segment Results

GMV
in millions



Revenue
in millions



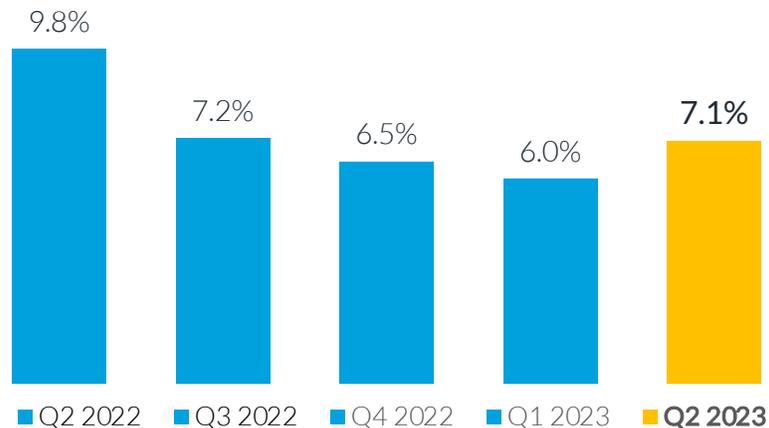
- Year-over-year GMV decline was due to previous decisioning tightening and continued soft retail traffic in key leasable categories.
- Revenue decline was driven by previous decisioning tightening, slow customer demand for leasable goods, and continued year-over-year declines in the number of customers choosing to utilize early lease buyout options, partially offset by strong customer payment performance.

- Write-offs as a percentage of revenue remain on track to end the year within the targeted annual range of 6-8%.

- Year-over-year improvement in Adjusted EBITDA margin was driven by lower 90-day buyout levels, strong customer payment trends, and lower SG&A.

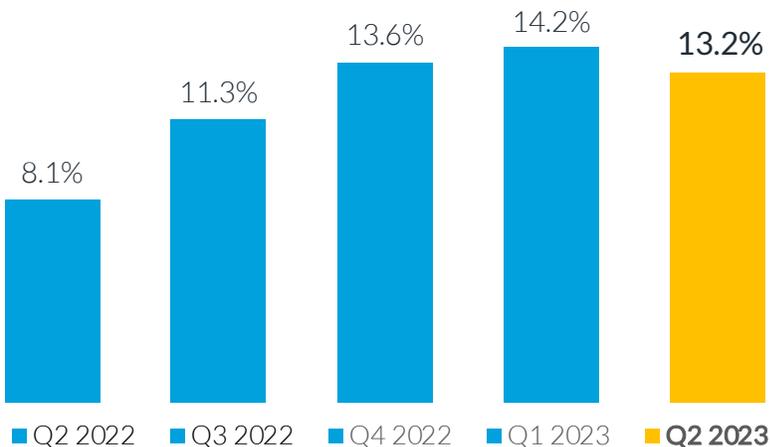
Write-Offs*

as a % of Progressive Leasing revenues



Adjusted EBITDA

as a % of Progressive Leasing revenues



*Provision for lease merchandise write-offs



RESULTS

PROG Holdings Consolidated Q2 Results



	Three Months Ended June 30		Change
	2023	2022	
Revenue	\$592.8	\$649.4	-8.7%
GAAP Net Earnings	\$37.2	\$19.5	90.8%
Adjusted Net Earnings	\$43.1	\$27.6	56.2%
Adjusted EBITDA \$	\$75.0	\$52.2	43.7%
Adjusted EBITDA %	12.7%	8.0%	470bps
GAAP Diluted Earnings Per Share	\$0.79	\$0.37	113.5%
Non-GAAP Diluted Earnings Per Share	\$0.92	\$0.52	76.9%

All dollar amounts in millions except EPS
 GAAP to non-GAAP reconciliation tables available in appendix

PROG Holdings Consolidated Results



Cash Flow From Operations

As of 6/30/2023

\$205.4M

Common Stock Repurchased

Q2 2023

1.1M shares

Common Stock Repurchase Amount

Q2 2023

\$35.4M

Cash and Cash Equivalents

As of 6/30/2023

\$252.8M

Gross Debt

As of 6/30/2023

\$600M

Net Leverage Ratio*

As of 6/30/2023

1.14x

*(Gross debt minus cash and cash equivalents)
divided by trailing 12 month adjusted EBITDA

Progressive Leasing Q2 Segment Results

	Three Months Ended June 30		Change
	2023	2022	
GMV	\$421.2	\$494.0	-14.7%
Revenue	\$574.8	\$631.3	-8.9%
Gross Margin %	33.0%	30.4%	260bps
SG&A %	13.6%	13.0%	60bps
Write-Off %*	7.1%	9.8%	-270bps
Adjusted EBITDA \$	\$75.6	\$51.2	47.7%
Adjusted EBITDA %	13.2%	8.1%	510bps

*The provision for lease merchandise write-offs as a percentage of Progressive Leasing revenue

All dollar amounts in millions

GAAP to non-GAAP reconciliation tables available in appendix

PROG Holdings Full-Year 2023 Outlook

(In thousands, except per share amounts)	Revised Outlook		Previously Revised Outlook	
	Low	High	Low	High
PROG Holdings - Total Revenues	\$ 2,360,000	\$ 2,390,000	\$ 2,300,000	\$ 2,375,000
PROG Holdings - Net Earnings	125,500	133,000	99,500	112,500
PROG Holdings - Adjusted EBITDA	270,000	280,000	235,000	255,000
PROG Holdings - Diluted EPS	2.64	2.80	2.09	2.37
PROG Holdings - Diluted Non-GAAP EPS	3.10	3.25	2.50	2.77
Progressive Leasing - Total Revenues	2,295,000	2,320,000	2,235,000	2,305,000
Progressive Leasing - Earnings Before Taxes	197,500	204,000	168,000	180,000
Progressive Leasing - Adjusted EBITDA	279,000	285,500	248,000	261,000
Vive - Total Revenues	65,000	70,000	65,000	70,000
Vive - Earnings Before Taxes	4,000	5,000	2,500	4,500
Vive - Adjusted EBITDA	7,000	8,500	5,000	8,000
Other - Loss Before Taxes	(24,000)	(22,000)	(26,000)	(23,000)
Other - Adjusted EBITDA	(16,000)	(14,000)	(18,000)	(14,000)

This outlook assumes a difficult operating environment with continued soft demand for consumer durable goods, no material changes in the Company's decisioning posture or portfolio performance, and no impact from additional share purchases.

PROG Holdings Q3 2023 Outlook

Three Months Ended September 30, 2023 Outlook

(In thousands, except per share amounts)

	Low	High
PROG Holdings - Total Revenues	\$ 560,000	\$ 575,000
PROG Holdings - Net Earnings	21,500	25,500
PROG Holdings - Adjusted EBITDA	55,000	60,000
PROG Holdings - Diluted EPS	0.46	0.55
PROG Holdings - Diluted Non-GAAP EPS	0.58	0.67

This outlook assumes a difficult operating environment with continued soft demand for consumer durable goods, no material changes in the Company's decisioning posture or portfolio performance, and no impact from additional share purchases.



APPENDIX

Use of Non-GAAP Financial Measures

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 net earnings and non-GAAP diluted earnings per share for the three and six months ended June 30, 2023, full year 2023 revised outlook and third quarter 2023 outlook exclude intangible amortization expense, restructuring expenses, and accrued interest on an 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 six months ended June 30, 2022, exclude intangible amortization expense, restructuring expenses, 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 presentation.

The Adjusted EBITDA figures presented in this presentation 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 six months ended June 30, 2023, full year 2023 revised outlook and third quarter 2023 outlook exclude stock-based compensation expense, restructuring expenses, and regulatory insurance recoveries. Adjusted EBITDA for the three and six months ended June 30, 2022, exclude stock-based compensation expense and restructuring expenses. The amounts for these pre-tax non-GAAP adjustments can be found in the three and six months ended segment EBITDA tables in this presentation.

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 included in the presentation. 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.

GAAP to non-GAAP Reconciliation Tables

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		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net Earnings	\$ 37,218	\$ 19,484	\$ 85,251	\$ 46,619
Add: Intangible Amortization Expense	5,723	5,723	11,447	11,447
Add: Restructuring Expense	963	4,328	1,720	4,328
Less: Tax Impact of Adjustments ⁽¹⁾	(1,738)	(2,613)	(3,287)	(4,101)
Add: Accrued Interest on FTC Settlement Uncertain Tax Position	970	647	1,940	1,186
Less: Regulatory Insurance Recoveries	—	—	(525)	—
Non-GAAP Net Earnings	\$ 43,136	\$ 27,569	\$ 96,546	\$ 59,479
Earnings Per Share Assuming Dilution	\$ 0.79	\$ 0.37	\$ 1.79	\$ 0.86
Add: Intangible Amortization Expense	0.12	0.11	0.24	0.21
Add: Restructuring Expense	0.02	0.08	0.04	0.08
Less: Tax Impact of Adjustments ⁽¹⁾	(0.04)	(0.05)	(0.07)	(0.08)
Add: Accrued Interest on FTC Settlement Uncertain Tax Position	0.02	0.01	0.04	0.02
Less: Regulatory Insurance Recoveries	—	—	(0.01)	—
Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾	\$ 0.92	\$ 0.52	\$ 2.03	\$ 1.09
Weighted Average Shares Outstanding Assuming Dilution	46,896	52,961	47,514	54,326

(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.

GAAP to non-GAAP Reconciliation Tables

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)	
	Three Months Ended	
	March 31,	
	2023	2022
Net Earnings	\$ 48,033	\$ 27,135
Add: Intangible Amortization Expense	5,724	5,724
Add: Restructuring Expense	757	—
Less: Tax Impact of Adjustments ⁽¹⁾	(1,549)	(1,488)
Add: Accrued Interest on FTC Settlement Uncertain Tax Position	970	539
Less: Regulatory Insurance Recoveries	(525)	—
Non-GAAP Net Earnings	<u>\$ 53,410</u>	<u>\$ 31,910</u>
Earnings Per Share Assuming Dilution	\$ 1.00	\$ 0.49
Add: Intangible Amortization Expense	0.12	0.10
Add: Restructuring Expense	0.02	—
Less: Tax Impact of Adjustments ⁽¹⁾	(0.03)	(0.03)
Add: Accrued Interest on FTC Settlement Uncertain Tax Position	0.02	0.01
Less: Regulatory Insurance Recoveries	(0.01)	—
Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾	<u>\$ 1.11</u>	<u>\$ 0.57</u>
Weighted Average Shares Outstanding Assuming Dilution	48,139	55,706

(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.

GAAP to non-GAAP Reconciliation Tables

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)				
	Three Months Ended				Twelve Months Ended
	Mar 31,	Jun 30,	Sept 30,	Dec 31,	Dec 31,
	2022				
Net Earnings	\$ 27,135	\$ 19,484	\$ 16,005	\$ 36,085	\$ 98,709
Add: Intangible Amortization Expense	5,724	5,723	5,724	5,723	22,894
Add: Restructuring Expense	—	4,328	4,673	—	9,001
Add: Impairment of Goodwill	—	—	10,151	—	10,151
Less: Tax Impact of Adjustments ⁽¹⁾	(1,488)	(2,613)	(2,703)	(1,488)	(8,292)
Add: Accrued Interest on FTC Settlement Uncertain Tax Position	539	647	755	972	2,913
Non-GAAP Net Earnings	\$ 31,910	\$ 27,569	\$ 34,605	\$ 41,292	\$ 135,376
Earnings Per Share Assuming Dilution	\$ 0.49	\$ 0.37	\$ 0.32	\$ 0.73	\$ 1.90
Add: Intangible Amortization Expense	0.10	0.11	0.11	0.12	0.44
Add: Restructuring Expense	—	0.08	0.09	—	0.17
Add: Impairment of Goodwill	—	—	0.20	—	0.19
Less: Tax Impact of Adjustments ⁽¹⁾	(0.03)	(0.05)	(0.05)	(0.03)	(0.16)
Add: Accrued Interest on FTC Settlement Uncertain Tax Position	0.01	0.01	0.01	0.02	0.06
Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾	\$ 0.57	\$ 0.52	\$ 0.68	\$ 0.84	\$ 2.60
Weighted Average Shares Outstanding Assuming Dilution	55,706	52,961	50,547	49,170	52,075

(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.

GAAP to non-GAAP Reconciliation Tables

Non-GAAP Financial Information
Annual Segment EBITDA
(In thousands)

	(Unaudited)			
	Three Months Ended			
	June 30, 2023			
	Progressive Leasing	Vive	Other	Consolidated Total
Net Earnings				\$ 37,218
Income Tax Expense ⁽¹⁾				14,796
Earnings (Loss) Before Income Tax Expense	\$ 55,422	\$ 1,758	\$ (5,166)	52,014
Interest Expense, Net	7,117	166	—	7,283
Depreciation	1,795	182	216	2,193
Amortization	5,421	—	302	5,723
EBITDA	69,755	2,106	(4,648)	67,213
Stock-Based Compensation	4,899	294	1,652	6,845
Restructuring Expense	963	—	—	963
Adjusted EBITDA	\$ 75,617	\$ 2,400	\$ (2,996)	\$ 75,021

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

GAAP to non-GAAP Reconciliation Tables

Non-GAAP Financial Information Annual Segment EBITDA (In thousands)

	(Unaudited)			
	Three Months Ended			
	March 31, 2023			
	Progressive Leasing	Vive	Other	Consolidated Total
Net Earnings				\$ 48,033
Income Tax Expense ⁽¹⁾				19,554
Earnings (Loss) Before Income Tax Expense	\$ 71,051	\$ 2,163	\$ (5,627)	67,587
Interest Expense	8,200	291	—	8,491
Depreciation	1,905	168	182	2,255
Amortization	5,421	—	303	5,724
EBITDA	86,577	2,622	(5,142)	84,057
Stock-Based Compensation	3,553	288	1,574	5,415
Restructuring Expense	757	—	—	757
Regulatory Insurance Recoveries	(525)	—	—	(525)
Adjusted EBITDA	\$ 90,362	\$ 2,910	\$ (3,568)	\$ 89,704

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

	(Unaudited)			
	Three Months Ended			
	December 31, 2022			
	Progressive Leasing	Vive	Other	Consolidated Total
Net Earnings				\$ 36,085
Income Tax Expense ⁽¹⁾				17,646
Earnings (Loss) Before Income Tax Expense	\$ 61,187	\$ 41	\$ (7,497)	53,731
Interest Expense	8,590	111	—	8,701
Depreciation	2,283	199	200	2,682
Amortization	5,420	—	303	5,723
EBITDA	77,480	351	(6,994)	70,837
Stock-Based Compensation	2,925	100	566	3,591
Adjusted EBITDA	\$ 80,405	\$ 451	\$ (6,428)	\$ 74,428

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

GAAP to non-GAAP Reconciliation Tables

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

(Unaudited)				
Three Months Ended				
September 30, 2022				
	Progressive Leasing	Vive	Other	Consolidated Total
Net Earnings				\$ 16,005
Income Taxes ⁽¹⁾				11,343
Earnings (Loss) Before Income Taxes	\$ 43,492	\$ 1,376	\$ (17,520)	27,348
Interest Expense	9,365	98	—	9,463
Depreciation	2,355	204	142	2,701
Amortization	5,421	—	303	5,724
EBITDA	60,633	1,678	(17,075)	45,236
Stock-Based Compensation	3,107	104	1,679	4,890
Restructuring Expense	4,670	3	—	4,673
Impairment of Goodwill	—	—	10,151	10,151
Adjusted EBITDA	\$ 68,410	\$ 1,785	\$ (5,245)	\$ 64,950

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

(Unaudited)				
Three Months Ended				
June 30, 2022				
	Progressive Leasing	Vive	Other	Consolidated Total
Net Earnings				\$ 19,484
Income Taxes ⁽¹⁾				7,845
Earnings (Loss) Before Income Taxes	\$ 27,383	\$ 3,355	\$ (3,409)	27,329
Interest Expense	9,525	83	—	9,608
Depreciation	2,524	195	97	2,816
Amortization	5,421	—	302	5,723
EBITDA	44,853	3,633	(3,010)	45,476
Stock-Based Compensation	2,643	99	(325)	2,417
Restructuring Expense	3,673	655	—	4,328
Adjusted EBITDA	\$ 51,169	\$ 4,387	\$ (3,335)	\$ 52,221

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

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Adjusted EBITDA %

Adjusted EBITDA %

(in thousands)

	For the three months ended				
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Consolidated revenues	\$ 649,444	\$ 625,821	\$ 612,097	\$ 655,140	\$ 592,846
Adjusted EBITDA	52,221	64,950	74,428	89,704	75,021
Adjusted EBITDA %	8.0%	10.4%	12.2%	13.7%	12.7%

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Reconciliation of Revised Full Year
2023 Outlook for Adjusted EBITDA
(In thousands)

	Fiscal Year 2023 Ranges			Consolidated Total
	Progressive Leasing	Vive	Other	
Estimated Net Earnings				\$125,500 - \$133,000
Income Tax Expense ⁽¹⁾				52,000 - 54,000
Projected Earnings (Loss) Before Income Tax Expense	\$197,500 - \$204,000	\$4,000 - \$5,000	\$(24,000) - \$(22,000)	177,500 - 187,000
Interest Expense, Net	31,500 - 30,500	1,000	—	32,500 - 31,500
Depreciation	9,000	1,000	1,000	11,000
Amortization	21,500	—	1,000	22,500
Projected EBITDA	259,500 - 265,000	6,000 - 7,000	(22,000) - (20,000)	243,500 - 252,000
Stock-Based Compensation	18,500 - 19,500	1,000 - 1,500	6,000	25,500 - 27,000
Restructuring Expense/ Regulatory Insurance Recoveries	1,000	—	—	1,000
Projected Adjusted EBITDA	\$279,000 - \$285,500	\$7,000 - \$8,500	\$(16,000) - \$(14,000)	\$270,000 - \$280,000

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

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Reconciliation of Previously Revised
Full Year 2023 Outlook for Adjusted
EBITDA
(In thousands)

	Fiscal Year 2023 Ranges			Consolidated Total
	Progressive Leasing	Vive	Other	
Estimated Net Earnings				\$99,500 - \$112,500
Income Tax Expense ⁽¹⁾				45,000 - 49,000
Projected Earnings (Loss) Before Income Tax Expense	\$168,000 - \$180,000	\$2,500 - \$4,500	\$(26,000)-\$(23,000)	144,500 - 161,500
Interest Expense, Net	32,000	1,000	—	33,000
Depreciation	9,000	1,000	1,500	11,500
Amortization	21,000	—	1,500	22,500
Projected EBITDA	230,000 - 242,000	4,500 - 6,500	(23,000)-(20,000)	211,500 - 228,500
Stock-Based Compensation	18,000 - 19,000	500 - 1,500	5,000 - 6,000	23,500 - 26,500
Projected Adjusted EBITDA	\$248,000 - \$261,000	\$5,000 - \$8,000	\$(18,000)-\$(14,000)	\$235,000 - \$255,000

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

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Reconciliation of the Three Months
Ended September 30, 2023 Outlook
for Adjusted EBITDA
(In thousands)

	Three Months Ended September 30, 2023 Outlook
	<u>Consolidated Total</u>
Estimated Net Earnings	\$21,500 - \$25,500
Income Tax Expense ⁽¹⁾	9,500 - 10,500
Projected Earnings Before Income Tax Expense	31,000 - 36,000
Interest Expense, Net	8,000 - 7,500
Depreciation	3,000
Amortization	6,000
Projected EBITDA	48,000 - 52,500
Stock-Based Compensation	7,000 - 7,500
Projected Adjusted EBITDA	<u>\$55,000 - \$60,000</u>

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

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Reconciliation of Revised Full Year
2023 Outlook for Earnings Per Share
Assuming Dilution to Non-GAAP
Earnings Per Share Assuming Dilution

	Full Year 2023 Range	
	Low	High
Projected Earnings Per Share Assuming Dilution	\$ 2.64	\$ 2.80
Add: Projected Intangible Amortization Expense	0.48	0.48
Add: Projected Interest on FTC Settlement Uncertain Tax Position	0.08	0.08
Add: Restructuring Expense/Regulatory Insurance Recoveries	0.03	0.03
Subtract: Tax Effect on Non-GAAP Adjustments ⁽¹⁾	(0.13)	(0.13)
Projected Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾	<u>\$ 3.10</u>	<u>\$ 3.25</u>

(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.

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Reconciliation of Previously Revised
Full Year 2023 Outlook for Earnings
Per Share Assuming Dilution to Non-
GAAP Earnings Per Share Assuming
Dilution

	Full Year 2023 Range	
	Low	High
Projected Earnings Per Share Assuming Dilution	\$ 2.09	\$ 2.37
Add: Projected Intangible Amortization Expense	0.47	0.47
Add: Projected Interest on FTC Settlement Uncertain Tax Position	0.06	0.06
Subtract: Tax Effect on Non-GAAP Adjustments ⁽¹⁾	(0.12)	(0.12)
Projected Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾	<u>\$ 2.50</u>	<u>\$ 2.77</u>

(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.

GAAP to non-GAAP Reconciliation Tables

PROG Holdings, Inc.
Non-GAAP Financial Information
Reconciliation of the Three Months
Ended September 30, 2023 Outlook
for Earnings Per Share Assuming
Dilution to Non-GAAP Earnings Per
Share Assuming Dilution

	Three Months Ended September 30, 2023	
	Low	High
Projected Earnings Per Share Assuming Dilution	\$ 0.46	\$ 0.55
Add: Projected Intangible Amortization Expense	0.13	0.13
Add: Projected Interest on FTC Settlement Uncertain Tax Position	0.02	0.02
Subtract: Tax Effect on Non-GAAP Adjustments ⁽¹⁾	(0.03)	(0.03)
Projected Non-GAAP Earnings Per Share Assuming Dilution ⁽²⁾	<u>\$ 0.58</u>	<u>\$ 0.67</u>

(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.