PROG Holdings, Inc.
Business Model Primer

This document offers an overview of the businesses within PROG Holdings (PRG).
It serves as a reference guide to help build an understanding of how each business operates, providing the context needed to analyze and model the consolidated company.

May 2026

PROG Holdings, Inc.

Aligning the Right Solutions to the Right Consumer Needs

	Progressive Leasing **Lease-To-Own**	four **Buy Now Pay Later**	money app **Cash Advance**	Purchasing Power **Retail Installment Contract**
Payment Stream Timeframe	Intermediate-term *(~12 months)*	Short-term *(~4-6 weeks)*	Short-term *(~1-2 weeks)*	Intermediate-term *(~12 months)*
Typical Funding Amount	~$1,100	~$150	~$110	~$750
Consumer Uses of Funding	Large ticket LTO leases from PRG retail partners and affiliates	Smaller ticket purchases from hundreds of retailers	Cash advance for anything	Medium to large purchases
Value Relative to Alternatives	No credit history required, fast access to higher-ticket items, predictable payments, early purchase options, access to leading national retailers	No credit bureau pull, zero-interest installments, usable at hundreds of online retailers, lower-cost / lower-risk option vs. revolving credit	Significantly lower cost than payday loans or overdraft fees, no credit bureau pull, instant access, transparent / no-tipping pricing	No credit check, access to broad selection of name-brand products and services, transparent pricing, low total cost of ownership

Creating a Unified Leader in Flexible, Inclusive Financial Solutions

PROG Holdings Consolidated Statement of Earnings (Line-item Details)

Revenues
Lease revenues and fees
Product and service revenues
Other revenue
Costs and expenses
Depreciation of lease merchandise
Cost of product sales
Provision for lease merchandise write-offs
Operating expenses
Provision for credit losses
Gain on sale of lease receivables
Gain on change in fair value of receivables
Operating profit
Interest expense
Interest income
Earnings from continuing operations before income tax expense
Income tax expense
Net earnings from continuing operations
(Loss) earnings from discontinued operations, net of tax
Net earnings

Commentary

Revenues

- Lease revenues and fees – Revenue from Progressive Leasing
- Product and service revenues – Purchasing Power (PPC) Sales (Product, Services, Warranty)
- Other revenue – Four and MoneyApp revenue

Costs and expenses

- Depreciation of lease merchandise – Progressive Leasing
- Cost of product sales – PPC Cost of sales (Product)
- Provision for lease merchandise write-offs – Progressive Leasing
- Operating expenses – SG&A, depreciation, amortization, other operating cost
- Provision for credit losses – Represents credit loss provisions for Four, MoneyApp, and PPC

Other Items

- Gain on sale of lease receivables – Sale of Prog Leasing's charged-off receivables; Expected to occur periodically and at least annually
- Gain on change in fair value of receivables – attributable to the passage of time, credit performance, discount rates, and other assumptions related to the receivables that were assumed in the acquisition of Purchasing Power.
- Interest expense – Incurred on Corporate debt (Senior Unsecured Notes and Revolving Credit Facility, if outstanding) and Asset-backed debt; Additionally, it includes amortization of debt issuance costs
- Interest Income – Income earned from cash deposits

PROG Holdings Business Level Overview

	Progressive Leasing	four	moneyapp	Purchasing Power
Gross Merchandise Volume (GMV)	Retail price of merchandise leased to customers	Retail price of merchandise purchased by customer	Not Applicable	Total value of merchandise and services purchased and delivered to customers
Revenue Recognition	Straight-line basis over lease term (Generally 12 months)	GMV to revenue converts at ~10% annualized take rate with seasonal influences on a quarterly basis	Revenue streams: express, subscription and extension fees	• All revenue is net of returns and discounts/ promotions • Product Revenue – gross on delivery • Warranty/ Services – Net of cost when delivered or services sold
Gross Margin	Revenue less depreciation of leased merchandise	Not applicable – does not own the underlying merchandise (no COGS)	Not applicable (no COGS)	Revenue (Customer Price) minus Cost of product sales
Provision for Merchandise Write-offs / Credit Loss	• Targeted Annual Write-off Range: 6-8% of Lease Revenue • Merchandise written-off at 120 days past due	• Estimated under CECL (Current Expected Credit Losses) • Loans charged-off at 90 days past due	Estimated under CECL	• Estimated under CECL • Receivables charged-off at 150 days past due
Seasonality	• Q1 is the highest revenue quarter (driven by Q4 holiday originations, tax-refund liquidity, higher early purchase option activity) • Q1 Gross Margin is typically lower driven by greater mix of 90-day buyouts	• Q4 GMV seasonality due to Holiday volumes • Q4 take rate drops (revenue on Holiday GMV primarily recognized in Q1) • Q4 AEBITDA influenced by CECL associated with December GMV	No material seasonality	Strong Q4 seasonality due to Holiday volumes

PROG Holdings Progressive Leasing Model

Gross Merchandise Volume (GMV)

Applications

×

Approval

×

Conversion

×

Avg. Ticket Price

GMV to Revenue

GMV to Revenue Yield

~1.3x

Fluctuation in yield is driven by customer payment performance and buyout choices (Lease Dispositions)

Gross Leased Asset (GLA)
(Balance Sheet Account)

GMV drives GLA size.
When GMV exceeds buyouts and charge-offs, the portfolio (GLA) grows, supporting higher future revenue

Revenue as % of Average GLA*

Q1 ~61% | Q2 ~58%
Q3 ~58%| Q4 ~56%

Quarterly Revenue as a percent of average portfolio size (GLA) during the quarter;
e.g., Q1 Revenue = 61% of Avg. GLA
Avg. GLA = (Qtr. Beginning GLA + Qtr. Ending GLA)/2

* Average percentages for the 2023 to 2025 period

Lease Disposition (Customer Payment Performance) Impacts Revenue and Gross Margin

Disposition Type	Revenue* / Margin Impact
Full-Term Lease (Generally 12-month term)	Delivers highest revenue and margin compared to other disposition types
Early Buyout (EBO) (4-11 months) **	At time of buyout customer pays remaining lease balance at a discount. Margin higher than 90-day Buyout but less than Full-term lease
90-Day Buyout **	Customers take ownership within 90 days of the agreement. Gross Margin profitable, however less profitable than EBO and Full term; Breakeven after sales acquisition and servicing costs
Charge-Off	Asset written off after 120 days past due

* Revenue is net of provision for past due accounts receivable

** When customers exercise early and 90-day buyouts, the buyout portion is recognized as revenue in the same period

PROG Holdings Four Model

Gross Merchandise Volume (GMV)

Application
(Install App and Apply)

×

Approval Rate
(Shopper Account Created)

×

Orders

×

Avg. Order Value (AOV)

GMV relationship to Revenue

Take Rate = Revenue / GMV

~10% of GMV

Reflects monetization efficiency (see revenue streams to the right) Annualized 10% Take Rate, with Q4 lowest and Q1 highest

Collections

6-week cycle

4 equal payments.
95% of Principal Collected within 45 Days

Revenue

Affiliate Revenue
(Pay-per-sale / Pay-per-click)

Interchange Revenue
(Visa or Mastercard network fees)

Late Fees
(Assessed on missed payments)

Platform Fees
(Automated payment collection fees)

Four+ Subscription Revenue
(Monthly subscription price)

PROG Holdings MoneyApp Model

Revenue Streams

Cash Advance Revenue (~90% of Revenue)	=	**Active Users x Avg. Cash Advance x Expedited Opt-in Rate**
Subscription	=	**Active Users x Subscription Opt-in Rate x Subscription Fees**
Other Revenue		

PROG Holdings Purchasing Power Model

Gross Merchandise Volume (GMV)	Revenue Streams	Revenue Recognition	Gross Margin
Logged In Visits	**Product and Shipping Revenue** (Furniture, Appliances, Electronics, Fashion)	**Product and Shipping Revenue** (Recorded as gross value of the installment sale when product delivered)	**Product Margin** Final customer price minus wholesale vendor cost; Varies by Category *(Services and warranties have 100% margin, as revenue is recognized net of cost)*
×	+		
Conversion	**Services Revenue** (Travel)	**Services Revenue** (Recorded net of cost when services sold)	
×	+		
Average Order Value	**Warranty Revenue** (Provided on products sold)	**Warranty Revenue** (Recorded net of cost when product delivered)	