UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): December 4, 2020 (November 30, 2020)

PROG HOLDINGS, INC.

(Exact name of Registrant as Specified in Charter)

Georgia	1-39628	85-2484385
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

256 W. Data Drive	Draper	Utah	84020-2315
(Address of principal executive offices)			(Zip Code)

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

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

On December 1, 2020, PROG Holdings, Inc. (the “Company”) filed a Current Report on Form 8-K to disclose that, among other things, on November 30, 2020, the Company completed the previously announced separation of The Aaron's Company, Inc. from PROG Holdings, Inc.

This Current Report on Form 8-K is being filed to provide the unaudited pro forma condensed consolidated financial statements required by Item 9.01(b) by the fourth business day following the completion of the separation.

ITEM 7.01. REGULATION FD DISCLOSURE

Unaudited Non-GAAP Financial Information

We use certain non-GAAP financial information to provide important supplemental information to both management and investors regarding financial and business trends used in assessing our financial condition and results of operations. We have disclosed this non-GAAP financial information in our past quarterly earning releases so that investors have the same financial data that we use to make comparisons with our historical operating results and analyze our underlying performance. The non-GAAP reconciliation in Exhibit 99.2 presents non-GAAP financial information derived from the unaudited pro forma condensed consolidated financial statements presented in Exhibit 99.1, adjusted to reflect certain non-GAAP adjustments.

The non-GAAP financial measures have been presented for informational purposes only. The non-GAAP financial measures do not purport to project our results of operations or financial condition for any period subsequent to September 30, 2020.

The information in Item 7.01 in this Current Report on Form 8-K and Exhibit 99.2 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(b) Pro Forma Financial Information

The unaudited pro forma condensed consolidated statements of earnings of PROG Holdings, Inc. for the nine months ended September 30, 2020 and for the years ended December 31, 2019, 2018 and 2017 and the unaudited pro forma condensed consolidated balance sheet of PROG Holdings, Inc. as of September 30, 2020 are filed as Exhibit 99.1 to this Current Report on Form 8-K.

(d) Exhibits:

Exhibit No.	Description
99.1	Unaudited pro forma condensed consolidated statements of earnings of PROG Holdings, Inc. for the nine months ended September 30, 2020 and for the years ended December 31, 2019, 2018 and 2017 and the unaudited pro forma condensed consolidated balance sheet of PROG Holdings, Inc. as of September 30, 2020.
99.2	Non-GAAP financial information by segment for the nine months ended September 30, 2020 and for the years ended December 31, 2019, 2018 and 2017.
Exhibit 104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

SIGNATURES

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

		PROG Holdings, Inc.
	By:	/s/ Brian Garner
Date: December 4, 2020		Brian Garner Chief Financial Officer

PROG HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On November 30, 2020, PROG Holdings, Inc. (previously "Aaron's Holdings Company, Inc.," and referred to below as "PROG Holdings," the "Company," "we," or "our") completed the previously announced separation of its Aaron's Business segment from its Progressive Leasing and Vive segments. The separation was effected through a distribution of all outstanding shares of common stock of The Aaron's Company, Inc. (referred to herein as "The Aaron's Company") to the PROG Holdings shareholders of record as of the close of business on November 27, 2020 (referred to as the "separation and distribution transaction"), which was approved by the PROG Holdings Board of Directors on November 11, 2020. Shareholders of PROG Holdings received one share of The Aaron's Company for every two shares of PROG Holdings common stock.

Upon completion of the separation and distribution transaction, The Aaron's Company became an independent, publicly traded company under the symbol "AAN" on the New York Stock Exchange, while PROG Holdings continues to be listed on the New York Stock Exchange under the new symbol "PRG".

The following unaudited pro forma condensed consolidated financial statements were derived from the condensed consolidated financial statements of Aaron's Holdings Company, Inc. for the nine months ended September 30, 2020, and the consolidated financial statements for the years ended December 31, 2019, 2018, and 2017.

The adjustments within the "Discontinued Operations" column in the unaudited pro forma condensed consolidated statements of earnings and unaudited pro forma condensed consolidated balance sheet for these periods were prepared in accordance with Accounting Standards Codification ("ASC") 205-20, "Discontinued Operations." Amounts reported within discontinued operations reflect the results of The Aaron's Company, adjusted to include costs directly attributable to The Aaron's Company and to exclude general corporate overhead costs not directly attributable to The Aaron's Company. The adjustments within the "Discontinued Operations" column in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2020 reflect certain assets and liabilities transferred between PROG Holdings and The Aaron's Company pursuant to the separation and distribution agreement, including $63.0 million cash and cash equivalents to be retained by The Aaron's Company. Beginning in the fourth quarter of 2020, The Aaron's Company historical financial results, excluding corporate overhead costs, for the periods prior to the distribution date will be reflected in the PROG Holdings' consolidated financial statements as discontinued operations.

The "Pro Forma Adjustments" column in the unaudited pro forma condensed consolidated statements of earnings gives effect to the separation and distribution transaction described above as if it had occurred on January 1, 2019, and the unaudited pro forma condensed consolidated balance sheet gives effect to the transaction as if it had occurred on September 30, 2020. These adjustments reflect pro forma events that are (a) directly attributable to the separation and distribution transaction; (b) factually supportable; and (c) with respect to the condensed consolidated statements of earnings, are expected to have a continuing effect on the results of operations of PROG Holdings, Inc. The pro forma adjustments to reflect the separation and distribution include:

- The cash settlement of all historical outstanding indebtedness, excluding finance lease obligations, prior to the distribution date;
- The execution and draw on the new senior unsecured revolving credit facility, including related interest expense;
- Cash payments specifically related to the separation and distribution transaction; and
- Tax-related adjustments arising from the separation and distribution transaction.

The unaudited pro forma condensed consolidated statements of earnings include certain corporate overhead costs that were previously allocated to the Aaron's Business for segment presentation purposes, such as certain executive management, finance, treasury, tax, audit, legal, risk management, and other overhead functions. These overhead costs, which are in addition to the historical overhead costs allocated to the Progressive Leasing and Vive segments for the periods presented herein, have been classified as continuing operations in accordance with ASC 205-20 for the periods presented herein, as the costs were not directly attributable to the discontinued operations of The Aaron's Company. Management believes most of the overhead costs in excess of the historical allocation to the Progressive Leasing and Vive segments will not be recurring expenses of PROG Holdings as an independent standalone company. As an independent standalone company, management estimates to incur incremental recurring corporate overhead expenses between $5.0 million and $10.0 million, before income taxes annually, in excess of historical corporate overhead allocations to the Progressive Leasing and Vive segments. Significant incremental recurring future corporate overhead costs include, but are not limited to, the following:

- Additional compensation, including equity-based awards, related to new and existing positions;
- Incremental costs related to financial reporting, corporate governance, tax, regulatory compliance, internal audit, external audit fees, and investor relations functions; and
- Higher insurance premiums.

The accompanying unaudited pro forma condensed consolidated statements of earnings have not been adjusted for these estimated expenses, as they are projected amounts that may not be considered factually supportable. Refer to Exhibit 99.2 for the adjusted EBITDA non-GAAP financial information for further details on the corporate overhead costs previously allocated to the Aaron's Business segment classified within continuing operations.

These unaudited pro forma condensed consolidated financial statements, which were prepared in accordance with Article 11 of Regulation S-X, are for illustrative and informational purposes only and do not represent what the financial position or results of operations of PROG Holdings would have been had the separation and distribution transaction occurred on the dates indicated above, and do not purport to estimate, and should not be considered representative of, the future financial position or results of operations of PROG Holdings.

PROG HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2020				
	Historical	Discontinued Operations (a)	Pro Forma Adjustments		Pro Forma
	(In Thousands)				
ASSETS:					
Cash and Cash Equivalents	$ 470,170	$ (62,977)	$ (277,750)	(b)	$ 129,443
Accounts Receivable, Net	86,721	(30,557)	—		56,164
Lease Merchandise, Net	1,185,662	(661,522)	—		524,140
Loans Receivable, Net	67,596	—	—		67,596
Property, Plant and Equipment, Net	222,636	(194,970)	—		27,666
Operating Lease Right-of-Use Assets	269,645	(248,124)	—		21,521
Goodwill	291,446	(2,645)	—		288,801
Other Intangibles, Net	169,368	(9,503)	—		159,865
Income Tax Receivable	9,510	(936)	(582)	(d)	7,992
Prepaid Expenses and Other Assets	112,178	(82,205)	2,402	(c)	32,375
Total Assets	$ 2,884,932	$ (1,293,439)	$ (275,930)		$ 1,315,563
LIABILITIES & SHAREHOLDERS' EQUITY:					
Accounts Payable and Accrued Expenses	$ 320,016	$ (245,814)	$ 17,190	(d)	$ 91,392
Deferred Income Taxes Payable	231,151	(98,723)	—		132,428
Customer Deposits and Advance Payments	90,085	(49,711)	—		40,374
Operating Lease Liabilities	319,875	(289,204)	—		30,671
Debt	285,123	(285,123)	50,000	(c)	50,000
Total Liabilities	1,246,250	(968,575)	67,190		344,865
Shareholders' Equity:					
Total Shareholders' Equity	1,638,682	(324,864)	(343,120)	(e)	970,698
Total Liabilities & Shareholders' Equity	$ 2,884,932	$ (1,293,439)	$ (275,930)		$ 1,315,563

PROG HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

	Nine Months Ended September 30, 2020				
	Historical (as reported)	Discontinued Operations (a)	Pro Forma Adjustments		Pro Forma
	(In Thousands, Except Per Share Data)				
REVENUES:					
Lease Revenues and Fees	$ 3,003,187	$ (1,153,799)	$ —		$ 1,849,388
Retail Sales	37,104	(37,104)	—		—
Non-Retail Sales	94,710	(94,710)	—		—
Franchise Royalties and Fees	18,168	(18,168)	—		—
Interest and Fees on Loans Receivable	29,555	—	—		29,555
Other	966	(966)	—		—
TOTAL REVENUES	3,183,690	(1,304,747)	—		1,878,943
COSTS AND EXPENSES:					
Depreciation of Lease Merchandise	1,672,841	(382,956)	—		1,289,885
Retail Cost of Sales	23,720	(23,720)	—		—
Non-Retail Cost of Sales	82,006	(82,006)	—		—
Operating Expenses	1,099,716	(715,966)	—		383,750
Restructuring Expenses, Net	33,318	(33,080)	—		238
Legal and Regulatory Expense, Net of Recoveries	(835)	—	—		(835)
Impairment of Goodwill	446,893	(446,893)	—		—
Other Operating (Income) Expense, Net	(128)	796	—		668
	3,357,531	(1,683,825)	—		1,673,706
OPERATING PROFIT (LOSS)	(173,841)	379,078	—		205,237
Interest Income	560	(560)	—		—
Interest Expense	(8,625)	8,625	(1,665)	(f)	(1,665)
Other Non-Operating Income, Net	327	(327)	—		—
(LOSS) EARNINGS BEFORE INCOME TAXES	(181,579)	386,816	(1,665)		203,572
INCOME TAX (BENEFIT) EXPENSE	(79,296)	93,211	(410)	(g)	13,505
NET (LOSS) EARNINGS	$ (102,283)	$ 293,605	$ (1,255)		$ 190,067
(LOSS) EARNINGS PER SHARE					
Basic	$ (1.52)				$ 2.83
Assuming Dilution	$ (1.52)				$ 2.80
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Weighted Average Shares Outstanding - Basic	67,107				67,107
Weighted Average Shares Outstanding - Diluted	67,107				67,849

PROG HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

	Year Ended December 31, 2019				
	Historical (as reported)	Discontinued Operations (a)	Pro Forma Adjustments		Pro Forma
	(In Thousands, Except Per Share Data)				
REVENUES:					
Lease Revenues and Fees	$ 3,698,491	$ (1,570,358)	$ —		$ 2,128,133
Retail Sales	38,474	(38,474)	—		—
Non-Retail Sales	140,950	(140,950)	—		—
Franchise Royalties and Fees	33,432	(33,432)	—		—
Interest and Fees on Loans Receivable	35,046	—	—		35,046
Other	1,263	(1,263)	—		—
TOTAL REVENUES	3,947,656	(1,784,477)	—		2,163,179
COSTS AND EXPENSES:					
Depreciation of Lease Merchandise	1,972,358	(527,331)	—		1,445,027
Retail Cost of Sales	24,024	(24,024)	—		—
Non-Retail Cost of Sales	113,229	(113,229)	—		—
Operating Expenses	1,524,849	(1,014,180)	—		510,669
Restructuring Expenses, Net	39,990	(39,686)	—		304
Legal and Regulatory Expense	179,261	—	—		179,261
Other Operating (Income) Expense, Net	(11,929)	12,234	—		305
	3,841,782	(1,706,216)	—		2,135,566
OPERATING PROFIT	105,874	(78,261)	—		27,613
Interest Income	1,790	(1,790)	—		—
Interest Expense	(16,967)	16,967	(2,220)	(f)	(2,220)
Other Non-Operating Income, Net	2,091	(2,091)	—		—
EARNINGS BEFORE INCOME TAXES	92,788	(65,175)	(2,220)		25,393
INCOME TAX EXPENSE	61,316	(9,088)	(545)	(g)	51,683
NET EARNINGS (LOSS)	$ 31,472	$ (56,087)	$ (1,675)		$ (26,290)
EARNINGS (LOSS) PER SHARE					
Basic	$ 0.47				$ (0.39)
Assuming Dilution	$ 0.46				$ (0.39)
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic	67,322				67,322
Assuming Dilution	68,631				67,322

PROG HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

	Year Ended December 31, 2018		
	Historical (as reported)	Discontinued Operations (a)	Pro Forma
	(In Thousands, Except Per Share Data)		
REVENUES:			
Lease Revenues and Fees	$ 3,506,418	$ (1,507,437)	$ 1,998,981
Retail Sales	31,271	(31,271)	—
Non-Retail Sales	207,262	(207,262)	—
Franchise Royalties and Fees	44,815	(44,815)	—
Interest and Fees on Loans Receivable	37,318	—	37,318
Other	1,839	(1,839)	—
TOTAL REVENUES	3,828,923	(1,792,624)	2,036,299
COSTS AND EXPENSES:			
Depreciation of Lease Merchandise	1,727,904	(508,870)	1,219,034
Retail Cost of Sales	19,819	(19,819)	—
Non-Retail Cost of Sales	174,180	(174,180)	—
Operating Expenses	1,618,423	(957,324)	661,099
Restructuring Expenses, Net	1,105	(1,105)	—
Other Operating Income, Net	(2,116)	1,483	(633)
	3,539,315	(1,659,815)	1,879,500
OPERATING PROFIT	289,608	(132,809)	156,799
Interest Income	454	(454)	—
Interest Expense	(16,440)	16,440	—
Impairment of Investment	(20,098)	20,098	—
Other Non-Operating Expense, Net	(1,320)	1,320	—
EARNINGS BEFORE INCOME TAXES	252,204	(95,405)	156,799
INCOME TAX EXPENSE	55,994	(24,498)	31,496
NET EARNINGS	$ 196,210	$ (70,907)	$ 125,303
EARNINGS PER SHARE			
Basic	$ 2.84		$ 1.81
Assuming Dilution	$ 2.78		$ 1.77
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	69,128		69,128
Assuming Dilution	70,597		70,597

PROG HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

	Year Ended December 31, 2017		
	Historical (as reported)	Discontinued Operations (a)	Pro Forma
	(In Thousands, Except Per Share Data)		
REVENUES:			
Lease Revenues and Fees	$ 3,000,231	$ (1,433,818)	$ 1,566,413
Retail Sales	27,465	(27,465)	—
Non-Retail Sales	270,253	(270,253)	—
Franchise Royalties and Fees	48,278	(48,278)	—
Interest and Fees on Loans Receivable	34,925	—	34,925
Other	2,556	(2,556)	—
TOTAL REVENUES	3,383,708	(1,782,370)	1,601,338
COSTS AND EXPENSES:			
Depreciation of Lease Merchandise	1,448,631	(499,464)	949,167
Retail Cost of Sales	17,578	(17,578)	—
Non-Retail Cost of Sales	241,356	(241,356)	—
Operating Expenses	1,403,985	(874,999)	528,986
Restructuring Expenses, Net	17,994	(17,008)	986
Other Operating (Income) Expense, Net	(535)	694	159
	3,129,009	(1,649,711)	1,479,298
OPERATING PROFIT	254,699	(132,659)	122,040
Interest Income	1,835	(1,835)	—
Interest Expense	(20,538)	18,151	(2,387)
Other Non-Operating Income, Net	3,581	(3,581)	—
EARNINGS BEFORE INCOME TAXES	239,577	(119,924)	119,653
INCOME TAX BENEFIT	(52,959)	(40,776)	(93,735)
NET EARNINGS	$ 292,536	$ (79,148)	$ 213,388
EARNINGS PER SHARE			
Basic	$ 4.13		$ 3.01
Assuming Dilution	$ 4.06		$ 2.96
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	70,837		70,837
Assuming Dilution	72,121		72,121

(a) Reflects the presentation of the results of operations, assets, and liabilities of The Aaron's Company as discontinued operations, excluding general corporate overhead costs which are included in results of continuing operations.

(b) The adjustment to cash and cash equivalents reflects the repayment of outstanding indebtedness inclusive of accrued interest and prepayment fees, the net proceeds from the draw of $50.0 million on the new senior secured revolving credit facility and the payment of $38.7 million of separation and distribution costs prior to and upon the distribution date. The pro forma adjustments are summarized below:

Repayment of outstanding indebtedness	$	(286,649)
Payment of separation and distribution costs prior to and upon the distribution date		(38,699)
Net proceeds from the new senior unsecured revolving credit facility		47,598
Total pro forma adjustment to cash and cash equivalents	$	(277,750)

(c) Reflects the entry into a $350.0 million new senior unsecured revolving credit facility, of which $50.0 million was drawn prior to the distribution date and which we have assumed to be drawn during the year ended December 31, 2019 and the nine months ended September 30, 2020. The adjustment also reflects the recognition of $2.4 million of debt issuance costs incurred in connection with the new senior unsecured revolving credit facility.

(d) Represents tax-related adjustments arising out of the separation and distribution transaction.

(e) Reflects the impact to shareholders' equity from the pro forma adjustments described in notes (b), (c), and (d) above.

(f) Reflects interest expense assuming $50.0 million of outstanding borrowings on the $350.0 million new senior unsecured revolving credit facility during the year ended December 31, 2019 and the nine months ended September 30, 2020. The interest expense was calculated based on a commitment fee of 0.25%, an interest rate of 1.90% on outstanding borrowings and the amortization of debt issuance costs. Actual interest expense may be higher or lower in future periods depending on the outstanding borrowings under the new senior unsecured revolving credit facility as well as changes to our floating interest rate.

(g) Reflects the income tax impact of the pro forma adjustments, using the historic blended statutory tax rate for each of the respective periods. The actual blended statutory rate could be different depending on events subsequent to the separation and distribution transaction.

PROG HOLDINGS, INC. AND SUBSIDIARIES
NON-GAAP FINANCIAL INFORMATION
SEGMENT EBITDA

Use of Non-GAAP Financial Information

This report includes information that does not conform to U.S. GAAP and are considered non-GAAP measures. Earnings before interest expense, income taxes, depreciation on property plant and equipment, and amortization (“EBITDA”) and adjusted EBITDA are supplemental measures of our operating performance that are not calculated in accordance with U.S. GAAP.

The EBITDA and Adjusted EBITDA metrics discussed in this report are calculated as the Company and our segments’ earnings before interest expense, income taxes, depreciation on property, plant and equipment, amortization of intangible assets and income taxes. Adjusted EBITDA also excludes restructuring charges; costs incurred related to the separation and distribution transaction; regulatory legal expenses incurred related to the FTC matter, net of insurance recoveries; and asset disposition gains. The amounts for these after-tax non-GAAP adjustments can be found in the Segment EBITDA tables below.

Management believes that EBITDA 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 segment performance. EBITDA and Adjusted EBITDA also provide 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 and liquidity 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 a financial measurement that is 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.

The non-GAAP measures presented herein were derived from the historical operating results of the Progressive Leasing and Vive segments of the Aaron’s Holdings Company, Inc. consolidated results and from the recasted condensed consolidated statement of earnings of PROG Holdings, Inc. for the recognition of discontinued operations resulting from the separation and distribution transaction as disclosed in Exhibit 99.1. This data should be read in conjunction with the Aaron's, Inc. Annual Report on Form 10-K for the year ended December 31, 2019, the Aaron's Holdings Company, Inc. Quarterly Report on Form 10-Q for the nine months ended September 30, 2020, and the PROG Holdings, Inc. unaudited pro forma condensed consolidated financial statements included in Exhibit 99.1.

Non-GAAP financial measures should not be used as a substitute for, or considered superior to, measures of financial performance prepared in accordance with U.S. GAAP, such as the Company’s U.S. GAAP basis earnings before income taxes of the Company’s segments. Further, we caution investors that amounts presented in accordance with our definitions of non-GAAP EBITDA 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. AND SUBSIDIARIES
NON-GAAP FINANCIAL INFORMATION
SEGMENT EBITDA

	(Unaudited) Nine Months Ended September 30, 2020			
In thousands	**Progressive Leasing[1]**	**Vive[1]**	**Unallocated Corporate Expenses[2]**	**Total**
Net Loss				$ (102,283)
Loss from Discontinued Operations, Net of Tax				293,605
Net Earnings - Continuing Operations				191,322
Income Taxes - Continuing Operations [3]				13,915
Pre-Tax Earnings from Continuing Operations	$ 232,502	$ (7,873)	$ (19,392)	$ 205,237
Depreciation	6,508	623	—	7,131
Amortization	16,262	435	—	16,697
EBITDA - Continuing Operations	$ 255,272	$ (6,815)	$ (19,392)	$ 229,065
Separation Costs	1,765	—	678	2,443
Legal and Regulatory Expense, Net of Recoveries	(835)	—	—	(835)
Restructuring Expenses	—	—	238	238
Adjusted EBITDA	$ 256,202	$ (6,815)	$ (18,476)	$ 230,911

	(Unaudited) Year Ended December 31, 2019			
housands	**Progressive Leasing[1]**	**Vive[1]**	**Unallocated Corporate Expenses[2]**	**Total**
t Earnings				$ 31,472
arnings from Discontinued Operations, Net of Tax				(56,087)
t Loss - Continuing Operations				(24,615)
come Taxes - Continuing Operations [3]				52,228
Pre-Tax Earnings from Continuing Operations	$ 64,283	$ (6,127)	$ (30,543)	27,613
epreciation	8,284	805	—	9,089
mortization	21,683	580	—	22,263
ITDA - Continuing Operations	$ 94,250	$ (4,742)	$ (30,543)	58,965
egal and Regulatory Expense, Net of Recoveries	179,261	—	—	179,261
estructuring Expenses	—	—	304	304
justed EBITDA	$ 273,511	$ (4,742)	$ (30,239)	238,530

(1) For all periods presented, a predetermined amount of corporate overhead costs were allocated to the Progressive Leasing and Vive segments. Historical unallocated corporate overhead costs were assigned to the Aaron’s Business segment. Management currently estimates that PROG Holdings will incur corporate overhead costs of $5 million to $10 million on an annualized pre-tax basis in excess of historical allocated amounts included within the Progressive Leasing and Vive segments.

(2) The unallocated corporate expenses reconcile the historical operating results for the Progressive Leasing and Vive segments to the PROG Holdings earnings from continuing operations reflected in Exhibit 99.1. These unallocated corporate expenses represent corporate overhead costs that were previously assigned to the Aaron's Business segment and are in addition to the overhead costs allocated to the Progressive Leasing and Vive segments for these periods. These unallocated corporate overhead expenses have been classified as continuing operations in accordance with ASC 205-20 for these periods since the costs were not directly attributable to the discontinued operations of The Aaron's Company. Post-separation with The Aaron’s Company, management estimates that PROG Holdings will not incur most of these unallocated corporate overhead costs, other than the costs in excess of historical amounts allocated to the Progressive Leasing and Vive segments noted above.

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

PROG HOLDINGS, INC. AND SUBSIDIARIES
NON-GAAP FINANCIAL INFORMATION
SEGMENT EBITDA

	(Unaudited) Year Ended December 31, 2018			
thousands	Progressive Leasing[1]	Vive[1]	Unallocated Corporate Expenses[2]	Total
t Earnings				$ 196,210
arnings from Discontinued Operations, Net of Tax				(70,907)
t Earnings - Continuing Operations				125,303
come Taxes - Continuing Operations [3]				31,496
Pre-Tax Earnings from Continuing Operations	$ 191,303	$ (4,398)	$ (30,106)	$ 156,799
epreciation	6,291	852	—	7,143
mortization	21,683	580	—	22,263
ITDA - Continuing Operations	$ 219,277	$ (2,966)	$ (30,106)	$ 186,205
ain on Sale of Building	—	(775)	—	(775)
estructuring Reversals	—	(10)	—	(10)
ljusted EBITDA	$ 219,277	$ (3,751)	$ (30,106)	$ 185,420

	(Unaudited) Year Ended December 31, 2017			
thousands	Progressive Leasing[1]	Vive[1]	Unallocated Corporate Expenses[2]	Total
t Earnings				$ 292,536
arnings from Discontinued Operations, Net of Tax				(79,148)
t Earnings - Continuing Operations				213,388
come Taxes - Continuing Operations [3]				(93,735)
Pre-Tax Earnings from Continuing Operations	$ 158,801	$ (9,349)	$ (29,799)	$ 119,653
nterest Expense	—	2,387	—	2,387
epreciation	6,029	693	—	6,722
mortization	23,019	580	—	23,599
ITDA - Continuing Operations	$ 187,849	$ (5,689)	$ (29,799)	$ 152,361
estructuring Expenses	—	471	515	986
ljusted EBITDA	$ 187,849	$ (5,218)	$ (29,284)	$ 153,347

(1) For all periods presented, a predetermined amount of corporate overhead costs were allocated to the Progressive Leasing and Vive segments. Historical unallocated corporate overhead costs were assigned to the Aaron’s Business segment. Management currently estimates that PROG Holdings will incur corporate overhead costs of $5 million to $10 million on an annualized pre-tax basis in excess of historical allocated amounts included within the Progressive Leasing and Vive segments.

(2) The unallocated corporate expenses reconcile the historical operating results for the Progressive Leasing and Vive segments to the PROG Holdings earnings from continuing operations reflected in Exhibit 99.1. These unallocated corporate expenses represent corporate overhead costs that were previously assigned to the Aaron's Business segment and are in addition to the overhead costs allocated to the Progressive Leasing and Vive segments for these periods. These unallocated corporate overhead expenses have been classified as continuing operations in accordance with ASC 205-20 for these periods since the costs were not directly attributable to the discontinued operations of The Aaron's Company. Post-separation with The Aaron’s Company, management estimates that PROG Holdings will not incur most of these unallocated corporate overhead costs, other than the costs in excess of historical amounts allocated to the Progressive Leasing and Vive segments noted above.

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