UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For the Transition Period from ________ to ________

Commission file Number. 1-39628

PROG HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Georgia	**85-2484385**
(State or other jurisdiction of incorporation or organization)	**(I. R. S. 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.50 Par Value	**PRG**	**New York Stock Exchange**

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
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. ☐

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2023 was $923,341,852 based on the closing price on that date as reported by the New York Stock Exchange. Solely for the purpose of this calculation and for no other purpose, the non-affiliates of the registrant are assumed to be all shareholders of the registrant other than (i) directors of the registrant, (ii) executive officers of the registrant, and (iii) any shareholder that beneficially owns 10% or more of the registrant's common shares.

As of February 16, 2024, there were 43,688,712 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2024 annual meeting of shareholders, to be filed subsequently with the Securities and Exchange Commission, or SEC, pursuant to Regulation 14A, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Cautionary Note Regarding Forward Looking Statements

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

Risk Factor Summary

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

Risks Related to our Businesses, Regulatory Environment and Industry

- Our businesses are subject to extensive laws and regulations, including laws and regulations unique to the industries in which our businesses operate, that may subject them to government investigations and significant monetary penalties and compliance-related burdens.
- Progressive Leasing serves subprime consumers, and its lease-to-own business model poses inherent risks that may have an adverse impact on our financial performance.
- Inflation, elevated interest rates for extended periods and other adverse macroeconomic conditions may adversely affect consumer confidence and demand for the products and services offered by our Progressive Leasing, Vive and Four businesses.
- Our customers' inability to make the payments they owe our Progressive Leasing, Vive and Four businesses due to inflation, elevated interest rates for extended periods and other adverse macroeconomic conditions may unfavorably impact our overall financial performance.
- Given the uncertain macroeconomic environment, our proprietary algorithms and decisioning tools used in approving Progressive Leasing and Vive customers may no longer be indicative of their ability to perform.
- A large percentage of Progressive Leasing's revenue, which represents approximately 97% of PROG Holdings' consolidated revenue, is concentrated with several key point-of-sale partners (whom we refer to as our "POS partners").
- Progressive Leasing may be unable to attract additional POS partners and consumers and to retain and grow its existing POS and customer relationships.
- Although Vive and Four serve subprime and near-prime consumers, their business models differ significantly from Progressive Leasing's lease-to-own business, which means each of these businesses have different risk profiles.
- The ability of the Company, Progressive Leasing, Vive and Four to protect confidential, proprietary, or sensitive information, including the confidential information of their customers, may be adversely affected by cyber-attacks or similar disruptions which may result in significant costs, litigation and reputational damage or otherwise have a material adverse impact on several aspects of our performance.
- Our cost reduction initiatives may not be adequate or may have unintended consequences that could be disruptive to our businesses.

- Our capital allocation strategy and financial policies, including our current stock repurchase and dividend programs, as well as any potential debt repurchase program, may not be effective at enhancing shareholder value, or providing other benefits we expect.
- The loss of services of our key executives or our inability to attract and retain key talent, particularly with respect to our information technology function, may have a material adverse impact on our operations.
- The failure of our businesses to successfully compete in our highly and increasingly competitive industries may harm several aspects of our performance.
- The transactions offered to consumers by Progressive Leasing, Vive and Four may be negatively characterized by government officials, consumer advocacy groups and the media.
- Any significant disruption in, or errors in, service on Progressive Leasing's, Vive's or Four's platforms or relating to key vendors, including those providing information technology support, may prevent Progressive Leasing, Vive or Four from processing transactions (including making accurate lease and loan decisioning).
- Our business continuity and disaster recovery plans may not be sufficient to prevent losses in the event we experience a significant disruption in, or errors in, service on Progressive Leasing's, Vive's or Four's platforms.
- Real or perceived software errors, failures, bugs, defects, or outages may adversely affect Progressive Leasing, Vive and/or Four.
- The effects of Progressive Leasing's 2020 settlement with the FTC are not certain.
- Interruptions, inventory shortages and other factors affecting the supply chains of our retail partners may have a material and adverse effect on several aspects of our performance.
- Consumer identity fraud may adversely affect the performance of our businesses' lease and loan portfolios.
- E-commerce lease and loan origination processes may give rise to greater risks than in-store originations and processes.
- The geographic concentration of Progressive Leasing's POS partners may magnify the impact of conditions in a particular region, including economic downturns and other occurrences.
- Our results largely depend on prominent presentation, integration, and support of Progressive Leasing and Vive's products and services by POS partners.

Risks Related to Our Indebtedness

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

Risks Related to the Spin-Off of The Aaron's Company, Inc.

- In connection with the spin-off of The Aaron's Company, Inc. in November 2020 (the "Spin-Off"), The Aaron's Company agreed to indemnify us for certain liabilities, and we agreed to indemnify The Aaron's Company for certain liabilities.
- If the Spin-Off does not ultimately qualify as a transaction that is generally tax free for U.S. federal income tax purposes, we or our shareholders may be subject to significant tax liabilities.
- Potential liabilities in connection with the Spin-Off may arise under fraudulent conveyance and transfer laws and legal capital requirements.

PART I

ITEM 1. BUSINESS

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

Overview

PROG Holdings is a financial technology holding company that provides transparent and competitive payment options to consumers. PROG Holdings' operating segments include Progressive Leasing, an in-store, app-based, and e-commerce point-of-sale lease-to-own solutions provider, Vive Financial ("Vive"), an omnichannel provider of second-look revolving credit products, and Four Technologies, Inc. ("Four"), which offers Buy Now, Pay Later ("BNPL") payment options to consumers through the Four platform. PROG Holdings also owns Build, a credit building financial management tool. The Progressive Leasing segment comprised approximately 97% of our consolidated revenues for the year ended December 31, 2023. Progressive Leasing provides consumers with lease-purchase solutions for merchandise, including furniture, appliances, electronics, jewelry, mobile phones and accessories, mattresses, and automobile electronics and accessories from leading traditional and e-commerce retailers (whom we refer to as our point-of-sale partners, "POS partners," or "retail partners"). Many of our customers fall within the near-prime or subprime Fair Isaac and Company ("FICO") score categories and may have difficulty purchasing big-ticket and other durable goods they desire. Progressive Leasing's technology-based, proprietary decisioning platform offers prompt lease decisioning at the point-of-sale and is integrated with both traditional and e-commerce POS partners' systems. Progressive Leasing provides customers with transparent and competitive lease payment options along with flexible terms that are designed to help customers achieve merchandise ownership, including through low initial payments and early buyout options. Lease-to-own transactions facilitated through our Company also benefit our POS partners by generating incremental sales to credit-challenged consumers, who typically would not have qualified for financing offers traditionally provided by these retailers.

Strategy

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

- ***Grow our gross merchandise volume ("GMV") through existing merchant partners, new partners, and direct-to-consumer initiatives -*** We plan to grow GMV through strategic collaboration and marketing efforts with our existing POS partners. We remain focused on converting our pipeline of retailers into new POS partners. Our ability to maintain and strengthen new and existing relationships, including addressing the changing needs of our POS partners, is critical to the long-term growth of our business. We will also continue to expand our direct-to-consumer marketing efforts to attract new customers and drive more GMV through in-store and online retailers.

- ***Enhance our industry-leading consumer experience -*** We are investing in technology platforms that promote customer engagement and simplify the lease application, origination and servicing experience. We are committed to providing our customers with transparency, flexibility, and greater choice on how and where they choose to shop. We are expanding and innovating our e-commerce capabilities to benefit existing and new POS partners and customers.

- ***Expand our ecosystem to increase access and deliver more value to our consumers -*** We expect to broaden our financial technology product ecosystem through research and development ("R&D") efforts and strategic acquisitions that will result in a more loyal and engaged customer base. We will leverage our extensive database of lease agreements to offer current and previous customers products that meet their needs.

Operating Segments

As of December 31, 2023, the Company has three operating segments: Progressive Leasing, Vive and Four. The Company's two reportable segments are Progressive Leasing and Vive, which is consistent with the current organizational structure and how the chief operating decision maker regularly reviews results to analyze performance and allocate resources.

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

Progressive Leasing

Progressive Leasing is our largest operating segment, which empowers consumers and businesses with transparent and flexible lease-to-own options to help consumers achieve ownership of durable goods. Progressive Leasing provides e-commerce, app-based, and in-store point-of-sale lease-to-own solutions through approximately 23,000 third-party POS partner locations and e-commerce websites in 45 states, the District of Columbia and Puerto Rico. It does so by purchasing the desired merchandise from POS partners and, in turn, leasing that merchandise to customers through a cancellable lease-to-own transaction. Progressive Leasing consequently has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers. The Progressive Leasing segment comprised approximately 97% of our consolidated revenues for the year ended December 31, 2023.

Vive

Vive primarily serves customers who may not qualify for traditional prime lending offers and desire to purchase goods and services from participating merchants. Vive offers customized programs with services that include revolving loans through private label and Vive-branded credit cards. Vive's current network of over 7,500 POS partner locations and e-commerce websites includes furniture, mattresses, fitness equipment, and home improvement retailers, as well as medical and dental service providers. The Vive segment comprised approximately 3% of our consolidated revenues for the year ended December 31, 2023.

Four

Four provides consumers of all credit backgrounds with BNPL options through four interest-free installments. Four's proprietary platform capabilities provide our base of customers and POS partners with another payment solution as part of the PROG Holdings financial technology offerings. Shoppers use Four's platform to purchase furniture, clothing, electronics, health and beauty, footwear, jewelry, and other consumer goods from retailers across the United States. Four was not a reportable segment for the year ended December 31, 2023 as its financial results were not material to the Company's results of operations or financial condition. Four's financial results are reported within "Other" for segment reporting purposes.

Operations

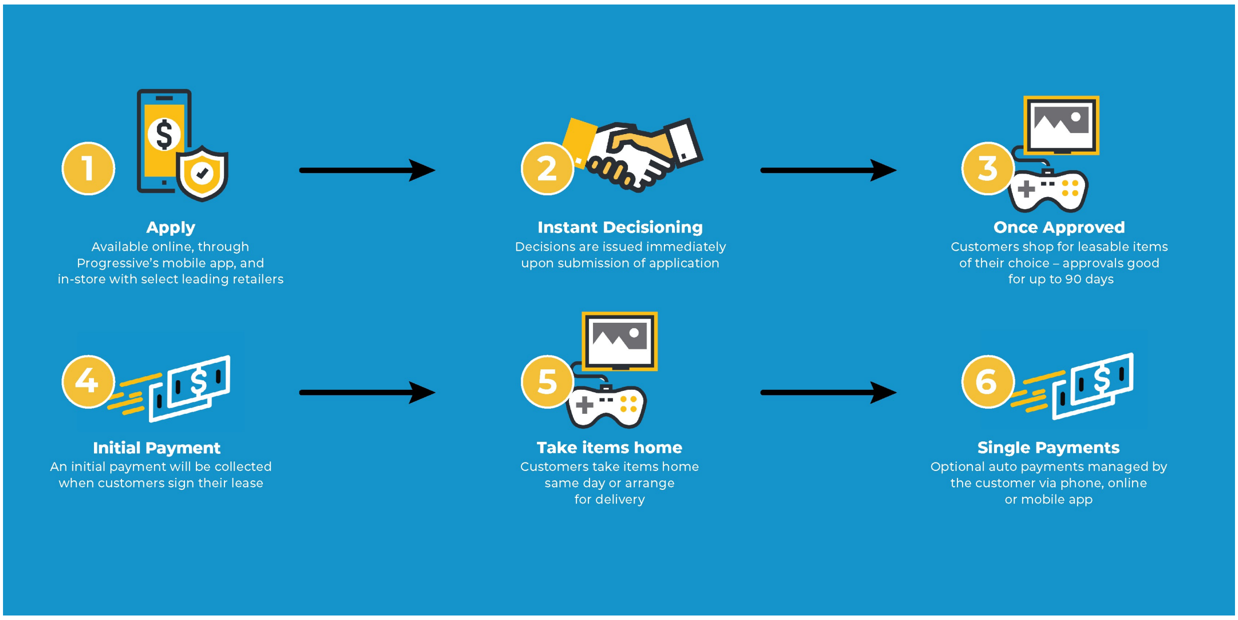
Operating Strategy

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

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

Lease Agreement Customer Experience

We offer simplified and transparent lease application and payment processes:



Lease Agreement Decisioning Process

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

Lease Agreement and Collection

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

Contractual payments are usually based on a customer's pay frequency and are typically processed through automated clearing house payments. If a payment is not made in a timely manner, collections are managed in-house through our customer payment assistance team and proprietary lease management system. The customer payment assistance team contacts customers within a few days after the due date to encourage them to keep their agreement current. If the customer chooses to return the merchandise, arrangements may be made to receive the merchandise from the customer by either scheduling a pick-up or shipping the merchandise to our warehouse in Draper, Utah.

For customer agreements that are past due, the Company's policy is to write off lease merchandise after 120 days. The provision for lease merchandise write-offs as a percentage of lease revenues was 6.7%, 7.7% and 4.8% for the years ended December 31, 2023, 2022, and 2021, respectively. The Company's provision for lease merchandise write-offs as a percentage of lease revenues targeted annual range is 6% to 8%.

Vive's Credit Decisioning and Collection

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

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

Customer Service

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

We believe the strong focus on customer satisfaction generates repeat business from our customers and long-lasting relationships with our POS partners. Our customers are given access to products through multiple channels, including a network of POS partner store locations and e-commerce sites. Our customers benefit from Progressive Leasing's flexible payment alternatives and other features, including early purchase options, reinstatement options, product replacement, discounts and other benefits. In addition, we offer payment deferral options and other payment adjustment options to customers who are experiencing financial difficulties, such as to those customers who have been adversely impacted by financial hardships and other qualifying events. If a payment is not made in a timely manner, collections are managed in-house through our customer payment assistance team and proprietary lease management system. The customer payment assistance team contacts customers within a few days after the due date to encourage them to keep their agreement current. We also send email/text reminders to customers and provide payment options and instructions. We foster relationships with POS partners to better serve new and existing customers. Our Progressive Leasing segment offers centralized customer and retailer support through internal employee representatives located primarily in Utah, Arizona and Texas. Additionally, we utilize a third-party service provider in Cali, Colombia to assist us with our customer support efforts. Our customer service representatives for Vive are located primarily in Utah and Arkansas. Since early 2020, substantially all customer service representatives for Progressive Leasing and Vive have transitioned to working remotely.

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

Purchasing and POS Partner Relationships

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

	Year Ended December 31,		
Progressive Leasing POS Partner Merchandise Category[1]	**2023**	**2022**	**2021**
Furniture, Appliances and Electronics[2]	58 %	57 %	57 %
Jewelry	15 %	17 %	17 %
Mobile Phones and Accessories	15 %	14 %	12 %
Mattresses	6 %	6 %	7 %
Automobile Electronics and Accessories	3 %	3 %	4 %
Other	3 %	3 %	3 %

[1]Revenues from a POS partner are attributed to a single category even if the POS partner may carry merchandise across multiple categories.
[2]Progressive Leasing also classifies some electronics within mobile phones and accessories, automobile electronics and accessories, and other.

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

	Year Ended December 31,		
Vive POS Partner Services and Merchandise Category[1]	**2023**	**2022**	**2021**
Furniture and Mattresses	55 %	55 %	48 %
Medical and Dental	17 %	20 %	26 %
Home Exercise and Home Improvement	14 %	11 %	8 %
Other	14 %	14 %	18 %

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

During 2023, three POS partners each individually provided customer relationships that generated greater than 10% of our consolidated revenues.

Marketing and Advertising

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

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

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

Competition

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

Working Capital

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

Human Capital

Diversity, equity and inclusion ("DE&I") is integral to our ability to grow and thrive. We strive to nurture a culture of inclusion, holding all employees accountable for advancing our culture of belonging while supporting a diverse environment free from discrimination, harassment and bullying.

In supporting a diverse and inclusive workplace, we focus on hiring, retention and advancement of women and underrepresented groups, and work hard to cultivate a welcoming and nurturing workplace that will activate the next generation of innovators. In particular, our employee resource groups ("ERGs") help to ensure the many experiences of our diverse employees, customers and communities are reflected in our decisions and actions. Our ERGs receive executive, monetary and other support from the Company and participation by all employees in all positions and locations is encouraged and welcomed. Currently, our ERGs include The Black Inclusion Group ("BIG"); Women In Leadership ("WIL"); Adelante!; PROGPeople Respecting Individuality, Diversity and Equality ("PRIDE"); Veterans and Allies Leading the Organization Responsibly ("VALOR"); and Pacific Islanders & Asians Celebrating Equality ("PACE").

In addition to providing support to our ERGs, our efforts to promote DE&I practices include:

- Hosting internal and guest speakers to discuss topics relevant to DE&I matters;
- Conducting training to educate our employees about various DE&I themes, racial justice, disability inclusion and LGBTQ+ allyship, among other themes;
- Improving and formalizing mentorship programs targeted towards our female, minority and LGBTQ+ employees, which were implemented in 2023;
- Implementing a talent review process that is designed to utilize a multi-factor approach to understanding the talents of our employees and the potential they have to be future leaders of the Company; and
- Providing the ERGs with financial and other resources to support their missions.

As of December 31, 2023, our employee count was 1,420 for Progressive Leasing, 167 for Vive, and 19 for Four and Other, the majority of which were full time employees. On January 25, 2024, the Company announced the continuation of cost reduction initiatives, which included a reduction in Progressive Leasing's workforce. None of our employees are covered by a collective bargaining agreement, and we believe that our relations with employees are good.

The information in the tables below summarizes our gender, ethnicity and race diversity metrics as of December 31, 2023:

	December 31, 2023	
	Male	Female
Vice Presidents and Above	81.6 %	18.4 %
All Other Employees	46.9 %	53.1 %

	December 31, 2023						
	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races
Vice Presidents and Above	2.6 %	81.6 %	2.6 %	—%	10.6 %	—%	2.6%
All Other Employees	29.2 %	52.7 %	9.0 %	1.1 %	4.7 %	0.4 %	2.9 %

We foster a culture of learning that provides employees with development opportunities to support their unique career paths. We support our employees in owning their development and growth, and we provide development training and resources to empower employees to achieve their personal best at work. In 2023, we launched a career development framework tool that links employees to online learning curricula in multiple delivery formats as a way to further aid employees in their development. The tool provides content on topics such as compliance and specific business-related needs, as well as assessments, videos and digital learning modules, which are available live, in-person and online.

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

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

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

For the years ended December 31, 2023, 2022, and 2021, personnel expenses were $187.2 million, $194.2 million, and $189.6 million, respectively.

Seasonality

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

Industry Overview

The Lease-to-Own Industry

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

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

Government Regulation

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

Federal regulatory authorities are increasingly focused on alternative consumer financial services and products that our Progressive Leasing, Vive and Four businesses provide. For example, in April 2020, Progressive Leasing entered into a settlement (the "FTC Settlement") with the Federal Trade Commission ("FTC") to resolve allegations by the FTC that certain of Progressive Leasing's advertising and marketing practices violated the FTC Act. Even though Progressive Leasing believed it was in compliance with the FTC Act, and thus, did not admit any violations of the FTC Act or any other laws, under the terms of the FTC Settlement, Progressive Leasing paid $175 million to the FTC and agreed to enhance certain of its compliance-related activities, including augmenting disclosures to its customers and expanding its POS partner monitoring programs. More recently, the Consumer Financial Protection Bureau ("CFPB") has filed a lawsuit against one of our lease-to-own competitors, alleging violations of various laws, and has indicated that it may take legal action against another one in connection with its investigation of that competitor. Furthermore, our Vive business, through its bank partners, offers Vive branded credit cards and other private label credit card products for subprime and near-prime consumers. Accordingly, it is subject to federal laws and regulations with respect to cardholder agreement terms and disclosures (e.g., the Truth In Lending Act), credit discrimination (e.g., the Equal Credit Opportunity Act), credit reporting (e.g., the Fair Credit Reporting Act), and servicing and collection activities. The BNPL industry is also under increasing scrutiny from federal regulators as the CFPB has been reviewing the business practices of a number of companies that offer BNPL services and has alleged several areas of perceived risks of consumer harm, including inconsistent consumer protections and the risk of borrowers becoming overextended. We expect applicable federal regulatory agencies will continue their increased focus on alternative consumer financial services and products, and, as a result, businesses such as ours may be held to higher standards of monitoring, disclosure and reporting, regardless of whether new laws or regulations governing our industry are adopted.

In addition to federal regulatory oversight, currently, nearly every state specifically regulates lease-to-own transactions via state statutes, and are holding businesses like Progressive Leasing to higher standards of training, monitoring and compliance. Most state lease purchase laws require lease-to-own companies to disclose to their customers the total number of payments, total amount and timing of all payments to acquire ownership of any item, any other charges that may be imposed and miscellaneous other items. The more restrictive state lease purchase laws limit the retail price for an item, limit the total amount that a customer may be charged for an item, or regulate the "cost-of-rental" amount that lease-to-own companies may charge on lease-to-own transactions. With respect to the regulation of the "cost-of-rental" amount, such laws generally define "cost-of-rental" as lease fees paid in excess of the "retail" price of the goods. Progressive Leasing's long-established policy in all states is to disclose the terms of its lease purchase transactions as a matter of good business ethics and customer service. From time to time, state attorneys general have directed investigations, regulatory initiatives and/or legal actions toward us, our industry, or certain companies within the industry, including states in which our Progressive Leasing business has POS partners. For example, in August 2022, the Pennsylvania Attorney General filed a complaint against Progressive Leasing alleging, among other things, that Progressive Leasing was operating in Pennsylvania in violation of the Pennsylvania Rental Purchase Agreement Act by failing to disclose certain terms and conditions of rent-to-own ("RTO") transactions on "hang tags" physically attached to RTO merchandise. Although the Company believed the Pennsylvania Attorney General's claims were without merit, it entered into a settlement agreement with the Pennsylvania Attorney General in January 2024, pursuant to which the Attorney General agreed to release its claims against Progressive Leasing. That settlement was approved on January 26, 2024 by the court where the lawsuit was pending. There can be no assurances that other state attorneys general will not pursue similar legal actions against the Company in future periods. At December 31, 2023, the Company had accrued $1.0 million for the lawsuit within accounts payable and accrued expenses in the consolidated balance sheets, as the settlement was believed to be probable and reasonably estimable.

Intellectual Property

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

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

Available Information

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

ITEM 1A. RISK FACTORS

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

Risk Factors

Risks Related to our Businesses, Regulatory Environment and Industry

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

In April 2020, our Progressive Leasing business entered into a settlement with the FTC (the "FTC Settlement") to resolve allegations by the FTC that certain of Progressive Leasing's advertising and marketing practices violated the FTC Act, even though Progressive Leasing believed it was in compliance with the FTC Act, and thus, did not admit any violations of that act or any other laws. Under the FTC Settlement, Progressive Leasing paid $175 million to the FTC and agreed to enhance certain of its compliance-related activities, including augmenting disclosures to its customers and expanding its POS partner monitoring programs. In recent years, federal regulatory authorities have increasingly focused on alternative consumer financial services products, including consumer protection within the subprime financial marketplace in which our Progressive Leasing, Vive and Four businesses operate. For example, the Consumer Financial Protection Bureau ("CFPB") has filed a lawsuit against one of our lease-to-own competitors and has threatened to take legal action against another one in connection with its investigation of that competitor. In addition, in 2022, the CFPB announced a review of the business practices of a number of companies that offer buy-now-pay-later ("BNPL") services, alleging several areas of perceived risk of consumer harm, including inconsistent consumer protections and the risk of borrowers becoming overextended. We believe the CFPB's review is illustrative of the greater focus federal regulatory authorities have put on alternative consumer financial services products, including within the industries in which our businesses operate, which may result in increased compliance costs and the possibility of significant monetary penalties, remediation expenses and costly changes to the manner in which we conduct our businesses.

Any of these federal agencies may propose and adopt new regulations (or interpret existing regulations) that may result in significant adverse changes in the regulatory landscape for Progressive Leasing, Vive and Four. We expect federal regulatory agencies will continue their increased focus on alternative consumer financial services products, and, as a result, businesses transacting with subprime consumers, for example, may be held to higher standards of monitoring, disclosure and reporting, regardless of whether new laws or regulations governing our industry are adopted. This increased attention may increase Progressive Leasing's, Vive's and Four's compliance costs significantly, result in additional fines or monetary penalties or settlements due to future government investigations, and materially and adversely impact the manner in which they operate, which may be materially adverse to several aspects of our performance.

In recent years, state regulatory authorities have also been increasingly focused on the subprime financial marketplace, including the lease-to-own industry. For example, in August 2022, a complaint was filed by the Pennsylvania Attorney General against the Company's Progressive Leasing business alleging, among other things, that Progressive Leasing had violated the Pennsylvania Rental Purchase Agreement Act by failing to disclose certain terms and conditions of rent-to-own ("RTO") transactions on "hang tags" physically attached to RTO merchandise. Although the Company believed the Pennsylvania Attorney General's claims were without merit, it entered into a settlement with the Pennsylvania Attorney General in January 2024, pursuant to which the Attorney General agreed to release its claims against Progressive Leasing. That settlement was approved by the court where the lawsuit was pending on January 26, 2024. Additionally, in early 2021, a number of lease-to-own companies, including the Company's Progressive Leasing business, received a subpoena from the California Department of Financial Protection and Innovation (the "DFPI"). The subpoena received by Progressive Leasing in January 2021 from the DFPI requested the production of documents regarding Progressive Leasing's operations and its compliance with state consumer protection laws, including new legislation that went into effect on January 1, 2021. Although the Company believes Progressive Leasing is in compliance with all applicable consumer financial laws and regulations in California, this inquiry may lead to an enforcement action and/or a consent order and substantial costs, including legal fees, fines, penalties, and remediation expenses. While the Company intends to preserve defenses surrounding the jurisdiction of DFPI in this matter, the Company has fully cooperated and anticipates that it will continue cooperating with the DFPI in responding to its inquiry. We are currently unable to predict the ultimate timing or outcome of the investigation undertaken by the DFPI. In addition, the FTC

Settlement may lead to investigations and enforcement actions by, and/or consent orders with, state Attorneys General or other state regulatory agencies.

Furthermore, in November 2021, Upbound Group, Inc. announced that its Acima division ("Acima"), which is a large virtual lease-to-own business that competes with Progressive Leasing, had received a letter from the Nebraska Attorney General's office stating that the Attorney General of Nebraska, along with a coalition of thirty-eight state Attorneys General, had initiated a multistate investigation into the business acts and practices of Acima. As of the date of this Annual Report on Form 10-K, we have not received a similar communication from the Nebraska Attorney General's office and are not aware of any intention by any state Attorneys General involved in the Acima matter to broaden their investigation to include Progressive Leasing in their investigation. However, there can be no assurance that Progressive Leasing will not be included in such matter and, if it is, that it would not lead to an enforcement action and/or a consent order, or substantial costs, including legal fees, fines, penalties, and remediation expenses. We cannot predict whether any state Attorneys General or state regulatory agencies will direct other investigations or regulatory investigations towards us or our industry in the future, or what the impact of any such future regulatory investigation may be.

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

We have incurred and will continue to incur substantial costs to comply with federal, state and local laws and regulations, including rapidly evolving expected consumer protection standards. In addition to compliance costs, we may continue to incur substantial expenses to respond to regulatory and other third-party investigations and enforcement actions, proposed fines and penalties, criminal or civil sanctions, and private litigation, as well as potential "headline risks" that may negatively impact our business and may adversely affect our share price. Consumer complaints with respect to our industry have resulted in, and may in the future result in, state, federal and local regulatory and other investigations. In addition, while we are not aware of any whistleblower claims regarding Progressive Leasing's, Vive's or Four's specific business practices, such claims are on the rise generally. We believe these claims will likely continue, in part because of the provisions enacted by the Dodd-Frank Act that provide for cash awards to persons who report alleged wrongdoing to the U.S. Securities and Exchange Commission, and because competitors may use it as a method to weaken their competitors, and others, like former personnel or other constituencies, may use it as means to extract payment or otherwise retaliate.

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

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

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

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

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

Inflation, elevated interest rates for extended periods, and other adverse macroeconomic conditions may adversely affect consumer confidence and demand for the products and services offered by our Progressive Leasing, Vive and Four businesses.

We derive our revenue from the products and services offered by our Progressive Leasing, Vive and Four businesses. Consumer confidence is affected by inflation, elevated interest rates for extended periods, and other macroeconomic conditions. A deterioration in consumer confidence could adversely affect our business in many ways, including reducing demand for our products and services. As a result, a sustained decline or continued uncertainty in macroeconomic conditions could result in lower revenue and negatively impact our businesses and the Company's overall financial results.

Our customers' inability to make the payments they owe our Progressive Leasing, Vive and Four businesses due to inflation, elevated interest rates for extended periods and other adverse macroeconomic conditions may unfavorably impact our overall financial performance.

During 2022 and 2023, the United States experienced historic levels of inflation, resulting in the Federal Reserve raising interest rates multiple times. While the rate of inflation has since slowed, the costs of living, including food, energy and residential rent remains significantly higher than it was prior to the COVID-19 pandemic, which we believe disproportionately negatively affects the customers we serve and therefore may unfavorably impact our customers' ability to make the payments they owe the Company. In turn, these conditions could result in increased customer payment delinquencies, and may also result in increases in lease merchandise write-offs, loan loss provisioning and loan write-offs.

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

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

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

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

For example, during 2023, we derived 51.3% of our consolidated revenues from customers of Progressive Leasing's top three POS partners, and 78.6% of our consolidated revenues from customers of Progressive Leasing's top ten POS partners. Any extended discontinuance of Progressive Leasing's relationship with any of those POS partners or other high visibility retailers, including as a result of such partners going out of business or otherwise being unable or unwilling to continue their relationships with Progressive Leasing, would have a material adverse impact on several aspects of our performance. In addition, in the event that Progressive Leasing enters into new or amended business or contractual terms or conditions with any of its largest POS partners that are less favorable than its current arrangements with those POS partners, including with respect to the prices it pays those POS partners for merchandise that it leases to consumers and/or exclusivity, rebate or other incentive payments it may make to those POS partners, our business and prospects may be materially and adversely effected.

Any publicity associated with the loss of any of Progressive Leasing's large POS partners may harm its reputation, making it more difficult to attract and retain consumers and other POS partners and could lessen its negotiating power with its remaining and prospective POS partners. Our operating revenues and operating results may also suffer if any of Progressive Leasing's POS partners experiences a significant decline in sales for any reason, including, for example, due to increased inflation and/or a prolonged recession reducing or eliminating many consumers' discretionary incomes, and/or supply chain interruptions unfavorably impacting the inventories of our POS partners.

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

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

Our continued success is dependent on the ability of Progressive Leasing to maintain its relationship with its existing POS partners and grow its gross merchandise volume, or "GMV", (which we define as the retail price of merchandise acquired by Progressive Leasing, which we then lease to our customers) from those existing POS partners through their in-store and e-commerce platforms, and also to expand its POS partner base. Progressive Leasing's ability to retain and grow its relationships with POS partners depends on the willingness of POS partners to partner with it. The attractiveness of Progressive Leasing's platform to POS partners depends upon, among other things: its brand and reputation; its ability to sustain its value proposition to POS partners for consumer acquisition; the attractiveness to POS partners of its virtual and data-driven platform; the services, products and customer decisioning standards offered by Progressive Leasing's competitors; the amount of rebates or other incentive payments offered to those POS partners by Progressive Leasing, and its ability to perform under, and maintain, its POS partner agreements, most of which have terms that do not exceed three years.

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

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

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

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

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

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

In addition, through its BNPL offerings, Four's business model allows shoppers to pay for merchandise through four interest-free installments, which enables its customers to purchase furniture, clothing, electronics, health and beauty, footwear, jewelry, and other consumer goods from retailers across the United States. As discussed above, BNPL offerings have recently become subject to enhanced regulatory scrutiny by federal regulatory authorities, including the CFPB, which allege several areas of perceived risks to consumers, including the risks that borrowers will become overextended. As a result, Four's regulatory compliance obligations may be evolving, which creates unique risks that are different than those faced by more mature businesses, such as Progressive Leasing and Vive, and which could be materially adverse to Four.

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

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

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

The techniques used to obtain unauthorized, improper, or illegal access to Progressive Leasing's, Vive's, or Four's systems, their or their customers' data, or to disable or degrade service or sabotage systems, are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been launched against a target. They may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventative or remedial measures. Unauthorized parties have in the past attempted and may in the future attempt to gain access to Progressive Leasing's, Vive's or Four's systems or facilities through various means, including, among others, hacking into our or their POS partners' or customers' systems or facilities, or attempting to fraudulently induce employees, POS partners, customers or others into disclosing usernames, passwords, or other sensitive information, which may in turn be used to access systems and gain access to confidential, proprietary, or sensitive information. Such efforts may be state-sponsored and supported by significant financial and technological resources, making them even more difficult to detect and prevent. As a result, there can be no assurance that the protections deployed by us, Progressive Leasing, Vive and Four will always be successful.

For example, as the Company disclosed on September 21, 2023, Progressive Leasing experienced a cybersecurity incident affecting certain of its systems. While there was no major operational impact to any of Progressive Leasing's services as a result of the incident, and the Company's other subsidiaries were not impacted, this incident, as well as any other breach of our systems or facilities, or those of Progressive Leasing, Vive or Four, may continue to result in the risks discussed herein.

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

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

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

Our cost reduction initiatives may not be adequate or may have unintended consequences that could be disruptive to our businesses.

In light of the uncertain macroeconomic environment, we have taken a number of steps to reduce our cost structure in order to drive efficiencies and right-size variable costs, while minimizing the negative impact on growth-related initiatives. These cost reduction initiatives have included, among others, reduction of our workforce and of other SG&A expenditures. For example, on January 25, 2024, we announced the continuation of such cost reduction initiatives, including a termination of certain independent sales agent agreements, a reduction in our workforce and office space reduction and consolidation. While we believe these initiatives have thus far benefited the Company, particularly as they relate to aligning our servicing costs with our expectations regarding GMV and revenue, such initiatives may ultimately prove to be inadequate or have unintended consequences disruptive to our businesses, including those relating to the implementation of a global workforce outsourcing strategy for certain of the Company's information technology functions. In addition, we may not be fully successful in realizing the efficiencies we are seeking, which are subject to many estimates and assumptions and other factors we may not be able to control. We may also be required to undertake additional cost reduction steps, including a further reduction of our workforce, which could also be disruptive to our businesses and potentially lower the anticipated benefits with respect to our future performance, including with respect to GMV and revenue.

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

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

We have taken significant steps intended to better align our existing capital structure with our go-forward capital allocation strategy. For example, in November 2021, our Board of Directors approved an increase to our share repurchase program, increasing the program from $300 million to $1.0 billion in the aggregate. Promptly thereafter, we commenced a modified "Dutch Auction" tender offer to repurchase up to $425 million of our common stock, funded largely from the proceeds of a $600 million senior notes issuance that was undertaken in connection with the tender offer. The tender offer resulted in the Company repurchasing approximately 13% of its outstanding shares, at $49.00 per share.

Since the tender offer, we have resumed purchases under our share repurchase program. Under the program, we may repurchase shares in open market transactions or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Exchange Act. For the fiscal year ended December 31, 2023, we purchased an additional $139.6 million of our common stock, representing 9.8% of our outstanding shares, with remaining authority to purchase additional shares up to our remaining authorization limit of $197.7 million. The timing and actual number of further share repurchases following the date of this Annual Report on Form 10-K, if any, will depend on a variety of factors, including the price and availability of our shares, trading volume, general market conditions, and projected cash positions in light of other capital allocation opportunities such as organic growth and strategic acquisitions. The program may be suspended or discontinued at any time in the future without prior notice.

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

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

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

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

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

The industries in which our Progressive Leasing, Vive and Four businesses operate are highly and increasingly competitive. Progressive Leasing and Vive face competition from national, regional and local operators of lease-to-own stores, virtual lease-to-own companies, traditional and e-commerce retailers (including many that offer layaway programs and title or installment lending), traditional and online sellers of used merchandise, and various types of consumer finance companies that may enable our customers to shop at traditional or online retailers, as well as with rental stores that do not offer their customers a purchase option. Similarly, Four faces competition from other companies who offer buy now, pay later products, many of whom are larger than Four, in addition to some of the competitors mentioned above. These competitors may have significantly greater financial and operating resources, greater name recognition in certain markets and more developed products and services, which may allow them to grow faster, including through acquisitions, and to offer more aggressive exclusivity, rebate and/or other incentive payments to existing and potential POS partners, some of whom may be our POS partners. This in turn may enable these competitors to enter new markets, which may decrease opportunities for us in those markets. Greater name recognition, or better public perception of a competitor's reputation, may help the competitor divert market share, even in established markets. Some competitors may be willing to offer competing products on an unprofitable basis (or may have looser decisioning standards or be willing to relax their decisioning standards) in an effort to gain market share, which could compel us to match their pricing and/or decisioning strategy or lose business. In addition, some of Progressive Leasing's competitors may be willing to lease certain types of products that we will not agree to lease, enter into customer leases that have services, as opposed to goods, as a significant portion of the lease value, or engage in other practices related to pricing, aggressive rebates and other incentive payments to POS partners, compliance, and other areas that we will not, in an effort to gain market share at our expense. Our business relies heavily on relationships with POS partners. An increase in competition may cause our POS partners to no longer offer our product and services in favor of our competitors, or to offer our product and services and the products of its competitors simultaneously at the same store locations, which may slow growth in our business and limit or reduce profitability. Furthermore, our virtual lease-to-own competitors may deploy different business models, such as direct-to-consumer strategies, that forego reliance on POS partner relationships that may prove to be more successful.

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

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

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

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

Although we strongly disagree with these characterizations, if the negative characterization of these types of lease-to-own transactions becomes increasingly accepted by consumers or Progressive Leasing's POS partners and others with whom it does business, demand for its products and services may significantly decrease, which may have a material adverse effect on several aspects of our performance. Additionally, if the negative characterization of these types of transactions is accepted by government officials, Progressive Leasing may become subject to more restrictive laws and regulations and more stringent enforcement of existing laws and regulations, any of which may have a material adverse effect on several aspects of our performance. The vast expansion and reach of technology, including social media platforms, has increased the risk that Progressive Leasing's, Vive's or Four's reputations may be significantly impacted by negative characterizations in a relatively short amount of time. If Progressive Leasing is unable to quickly and effectively respond to such characterizations, it may experience declines in customer loyalty and traffic and its relationships with its POS partners may suffer, which may have a material adverse effect on several aspects of our performance. Similarly, either Vive or Four's inability to timely and effectively respond to such characterizations may harm its relationships with its merchant partners and customers, and result in declines in transactions and revenue. Additionally, any failure by Progressive Leasing or by its competitors, including smaller, regional competitors, for example, to comply with the laws and regulations applicable to the traditional and/or virtual lease-to-own business models, or any actions by those competitors that are challenged by consumers, advocacy groups, the media or governmental agencies or entities as being abusive or predatory may result in our business being mischaracterized, by implication, as engaging in similar unlawful or inappropriate activities or business practices, even if our only association with such conduct is that we operate in the same general industries as one or more offenders.

Any significant disruption in, or errors in, service on Progressive Leasing's, Vive's or Four's platforms or relating to key vendors, including those providing information technology support, may prevent Progressive Leasing, Vive or Four from processing transactions (including making accurate lease and loan decisioning).

Progressive Leasing, Vive and Four use vendors, such as cloud computing web services providers, third-party software providers, and other vendors who provide information technology functional support, in the operation of their businesses. The satisfactory performance, reliability, and availability of Progressive Leasing's, Vive's and Four's technology and their underlying network and infrastructure are critical to their operations and reputation and the ability of their platforms to attract new and retain existing POS partners and customers. They rely on these vendors to protect their systems and facilities against damage or service interruptions from natural disasters, power or telecommunications failures, computer viruses or attempts to harm these systems, criminal acts, and similar events, and also rely upon them to adhere to their information technology policies and procedures. If an arrangement with a vendor is terminated, there is a lapse of service or damage to Progressive Leasing's, Vive's or Four's systems or facilities, or the vendor fails to comply with Progressive Leasing's, Vive's or Four's information technology policies and procedures, they may experience interruptions in their ability to operate their platforms. Similarly, the business continuity and disaster recovery plans maintained by Progressive Leasing, Vive and Four, as well as those maintained by any third-party vendors, may not adequately or efficiently prevent or protect against the types of damage or service interruptions discussed above. They also may experience increased costs and difficulties in replacing vendors, and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all. Any interruptions or delays in their platform availability, whether as a result of a failure to perform on the part of a vendor, any damage to one of their vendor's systems or facilities, the termination of any third-party vendor agreement, software failures, the inadequacy of their or their vendor's business continuity and disaster recovery plans, their or their vendor's error, natural disasters, terrorism, other man-made problems, security breaches, whether accidental or willful, or other factors, may harm their relationships with their POS partners and customers and also harm their reputation.

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

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

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

Although Progressive Leasing, Vive and Four maintain business continuity and disaster recovery plans in the event of a disruption in service on their platforms, including a disruption in service from a required vendor to those platforms, they may not have sufficient capacity to recover all data and services in the event of an outage. For example, they may be unable to process transactions or post payments on their platforms, which could damage their brands and reputations, divert the attention of their employees, reduce our revenue, subject us and them to liability, and cause consumers or merchants to abandon their platforms. In addition, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we incur. The impact of any of these events may have a material and adverse effect on several aspects of our performance.

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

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

Real or perceived software errors, failures, bugs, defects, or outages may adversely affect Progressive Leasing, Vive and/or Four and have a material and adverse effect on several aspects of our performance.

The platforms and internal systems utilized by Progressive Leasing, Vive and Four rely on software that is highly technical and complex. In many cases, these systems are developed by internal and/or external resources and customized specifically for the Progressive Leasing, Vive and Four businesses, resulting in a higher likelihood that they may have undetected errors, failures, bugs, or defects than other commercially available software and platforms. For example, each of the Progressive Leasing and Vive platforms and internal systems depend on the ability of such software to store, retrieve, process, and manage immense amounts of data. As a result, undetected errors, failures, bugs, or defects may be present in such software or occur in the future in such software. For example, in 2015, Progressive Leasing experienced software issues that resulted in the failure to identify a number of accounts as delinquent and, therefore, affected its ability to begin prompt collection efforts.

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

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

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

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

Interruptions, inventory shortages and other factors affecting the supply chains of our retail partners may have a material and adverse effect on several aspects of our performance.

The POS partners with whom our Progressive Leasing, Vive and Four businesses partner are critical to our success. Any extended supply chain interruptions, inventory shortages or other operational disruptions affecting any of our POS partners may have a material adverse impact on our business. We depend on our POS partners' abilities to deliver products to customers at the right time and in the right quantities. Accordingly, it is important for our POS partners to maintain optimal levels of inventory and respond rapidly to shifting demands. For example, during the first half of 2022, global supply chain issues attributable to the COVID-19 pandemic negatively impacted inventory and stocking levels in the retail industry. Public health emergencies such as this, as well as international trade disputes, unstable foreign and domestic economic and political conditions, geopolitical conflicts, acts of terrorism and other factors beyond our control, could result in similar supply chain disruptions and inventory shortages for our POS partners in future periods, which could adversely affect their sales and Progressive Leasing's GMV, revenue and earnings.

While Progressive Leasing, Vive and Four take precautions to prevent consumer identity fraud, it is possible that identity fraud may still occur or has occurred, which may adversely affect the performance of Progressive Leasing's, Vive's and Four's lease and loan portfolios.

As described above, there is risk of fraudulent activity associated with Progressive Leasing's, Vive's and Four's virtual platforms. The technologies and fraud prevention tools employed by Progressive Leasing, Vive and Four may be insufficient to accurately detect and prevent fraud. Progressive Leasing, Vive and Four bear the risk of consumer fraud in their transactions and they generally have no recourse to the respective POS partner (as the case may be) to collect the amount owed by the customer. Significant amounts of fraudulent transactions may adversely affect Progressive Leasing's, Vive's and Four's respective businesses. High profile fraudulent activity or significant increases in fraudulent activity may also lead to regulatory intervention, negative publicity, and the erosion of trust from Progressive Leasing's, Vive's and Four's POS partners and may materially and adversely affect several aspects of our performance.

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

As described above, Progressive Leasing, Vive and Four increasingly use e-commerce platforms, including the websites of our POS partners, to obtain application information and distribute certain legally required notices to their lease and loan applicants, and to obtain electronically signed documents in lieu of paper documents with tangible consumer signatures. For example, in 2023, Progressive Leasing's GMV generated from e-commerce platforms represented 16.9% of its total GMV. These e-commerce-based processes entail additional risks relative to in-store-based underwriting processes and procedures, including risks regarding the sufficiency of notice for compliance with consumer protection laws, increased risks and occurrences of fraud, risks that customers may challenge the authenticity of their lease or loan documents, or the validity of electronic signatures and records, and risks that, despite internal controls, unauthorized changes are made to their electronic documents.

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

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

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

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

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

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

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

Progressive Leasing, Vive and Four may improve their products and services in ways that forego short-term gains.

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

We may pursue acquisitions or strategic investments, or make significant investments to enhance certain enterprise-wide information management systems and technologies, and the failure of these initiatives to produce the anticipated results may have a material adverse impact on several aspects of our performance.

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

To the extent we pay the purchase price of any strategic acquisition or investment in cash, it may have an adverse effect on our financial condition; similarly, if the purchase price is paid with our stock, it may be dilutive to our shareholders. In addition, we may assume liabilities associated with a business acquisition or investment, including unrecorded liabilities that are not discovered at the time of the transaction, and the repayment or settlement of those liabilities may have an adverse effect on our financial condition.

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

We may also consider or make significant investments to enhance certain enterprise-wide internal information management systems and technologies, including our proprietary lease management system. These efforts may take longer and may require greater financial and other resources than anticipated, may cause distraction of key personnel, may cause disruptions to our existing systems and our business, and may not provide the anticipated benefits. In addition, our inability to improve, upgrade, integrate or expand such systems and technologies to meet our evolving business requirements could impair our ability to achieve critical strategic initiatives and could materially and adversely affect several aspects of our performance.

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

The application of indirect taxes, such as sales tax, continues to be a complex and evolving issue, particularly with respect to the lease-to-own industry generally and our virtual lease-to-own business more specifically. Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the lease-to-own industry and e-commerce and, therefore, in many cases it is not clear how existing statutes apply to our business. In addition, governments are increasingly looking for ways to increase revenues, which has resulted in discussions about tax reform and other legislative action to increase tax revenues, including through indirect taxes. This also may result in other adverse changes in or interpretations of existing sales, income and other tax regulations. For example, from time to time, some taxing authorities in the United States have notified us that they believe we owe them certain taxes imposed on transactions with our customers, including some state tax authorities suggesting that our virtual lease-to-own business may owe certain state taxes based on the locations of POS partners where our lease-to-own transactions are originated. Although these notifications have not resulted in material tax liabilities to date, there is a risk that one or more jurisdictions may be successful in the future, which may have a material adverse effect on several aspects of our performance. In addition, we may record uncertain tax positions from time to time, such as with respect to the deductibility of the FTC Settlement in April 2020. Any unfavorable outcome with respect to such uncertain tax positions also may have an adverse effect on several aspects of our performance.

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

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

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

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

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

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

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

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

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

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

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

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

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

Some aspects of Progressive Leasing's, Vive's and Four's platforms include open source software, and their use of open source software may negatively affect several aspects of our performance.

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

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or other contractual protections regarding infringement, misappropriation, or other violations, the quality of code, or the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated and may adversely affect several aspects of our performance. For instance, open source software is often developed by different groups of programmers outside of our control that collaborate with each other on projects. As a result, open source software may have security vulnerabilities, defects, or errors of which we are not aware. Even if we become aware of any security vulnerabilities, defects, or errors, it may take a significant amount of time for either us or the programmers who developed the open source software to address such vulnerabilities, defects, or errors, which may negatively impact our products and services, including by adversely affecting the market's perception of Progressive Leasing's, Vive's and/or Four's products and services, impairing the functionality of their products and services, delaying the launch of new products and services, or resulting in the failure of their products and services, any of which may result in liability to them (and us).

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

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

In addition, and as discussed above, if federal, state or local governmental authorities pursue economic stimulus actions or issue additional tax refunds, tax credits or other statutory payments at other times during the year, such actions may have a material adverse effect on the Company's results of operations, financial condition, and prospects during such periods.

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

Each of Vive and Four maintains an allowance for loan losses that we believe is appropriate at December 31, 2023. Each of Vive and Four estimates its allowance for loan losses in accordance with ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* ("CECL"), which requires the recognition of all expected credit losses over the life of the loan based on historical experience, current conditions and reasonable and supportable forecasts. The process for establishing the allowance for loan losses is critical to our results of operations and financial condition, and requires complex models and judgments, including forecasts of economic conditions and other qualitative factors. Changes in economic conditions affecting our customers, new information regarding our loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. We may underestimate our expected losses and fail to maintain an allowance for credit losses sufficient to account for these losses. In cases where we modify a loan, if the modified loans do not perform as anticipated, we may be required to establish additional allowances on these loans.

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

Risks Related to Our Indebtedness

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

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

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

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

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

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

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

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the indenture that governs the Senior Notes and the Revolving Facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions may be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. As of December 31, 2023, we would have had undrawn commitments available to be borrowed under the Revolving Facility of up to $350.0 million. We also would have had available to us an uncommitted incremental facility under the Revolving Facility of up to $300.0 million, with availability subject to satisfaction of certain conditions. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face may intensify.

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

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

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

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

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

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

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

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

Risks Related to the Spin-Off of The Aaron's Company, Inc.

General

On November 30, 2020, we consummated the spin-off (the "Spin-Off") of The Aaron's Company, Inc. ("The Aaron's Company"), an omnichannel provider of lease-purchase solutions through its company-operated and franchised stores in the United States, Canada and Puerto Rico.

In connection with the Spin-Off, The Aaron's Company agreed to indemnify us for certain liabilities, and we agreed to indemnify The Aaron's Company for certain liabilities. If we are required to make payments to The Aaron's Company under these indemnities, our financial results may be negatively impacted. The Aaron's Company indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which Aaron's will be allocated responsibility, and The Aaron's Company may not be able to satisfy its indemnification obligations in the future.

Pursuant to our separation agreement and certain other agreements with The Aaron's Company, The Aaron's Company agreed to indemnify us for certain liabilities, and we agreed to indemnify The Aaron's Company for certain liabilities, in each case for uncapped amounts. Third parties may also seek to hold us responsible for any of the liabilities that The Aaron's Company has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities may require us to divert cash that would otherwise have been used in furtherance of operating our business and implementing our strategic plan. Further, the indemnity from The Aaron's Company may not be sufficient to protect us against the full amount of such liabilities, and The Aaron's Company may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from The Aaron's Company any amounts for which we are held liable, we may be temporarily required to bear those losses ourselves. Each of these risks may negatively affect several aspects of our performance.

If the Spin-Off, together with certain related transactions, does not qualify as a transaction that is generally tax free for U.S. federal income tax purposes, our Company or our shareholders may be subject to significant tax liabilities.

It was a condition to the distribution that we received an opinion of counsel regarding the qualification of the Spin-Off, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel was based upon and relied on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings of us and Aaron's, including those relating to the past and future conduct of us and The Aaron's Company. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if we or The Aaron's Company breaches any of the covenants in the Spin-Off documents, the opinion of counsel may be invalid and the conclusions reached therein may be jeopardized.

Notwithstanding the opinion of counsel, the Internal Revenue Service ("IRS") may determine that the Spin-Off, together with certain related transactions, should be treated as a taxable transaction if it determines that any of the representations, assumptions or undertakings upon which the opinion of counsel was based are false or have been violated, or if it disagrees with the conclusions in the opinion of counsel. The opinion of counsel is not binding on the IRS and there can be no assurance that the IRS will not assert a contrary position.

If the Spin-Off, together with certain related transactions, fails to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, in general, we would recognize taxable gain as if we had sold The Aaron's Company common stock in a taxable sale for its fair market value and our shareholders who received Aaron's shares in the Spin-Off would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Potential liabilities in connection with the Spin-Off may arise under fraudulent conveyance and transfer laws and legal capital requirements.

With respect to the Spin-Off, if either we or The Aaron's Company subsequently fails to pay our creditors or enter insolvency proceedings, the transaction may be challenged under U.S. federal, U.S. state and foreign fraudulent conveyance and transfer laws, as well as legal capital requirements governing distributions and similar transactions. If a Court were to determine under these laws that the transaction in question failed to satisfy applicable legal capital requirements, the Court may determine that the Spin-Off was voidable, in whole or in part. Subject to various defenses, the Court could then require us or The Aaron's Company, or other recipients of value in connection with the Spin-Off (potentially including recipients of shares of The Aaron's Company common stock in connection with the Spin-Off), as the case may be, to turn over value to other entities involved in the Spin-Off and contemplated transactions for the benefit of unpaid creditors. The measure of insolvency and applicable legal capital requirements will vary depending upon the jurisdiction whose law is being applied.

General Risk Factors

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

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

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

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

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

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

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

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

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

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

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

Our actual operating results may differ significantly from our guidance.

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

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

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

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

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

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

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

ITEM 2. PROPERTIES

The Company leases management and information technology space for corporate functions under operating leases expiring at various times through 2027. Most of the leases contain renewal options for additional periods ranging from three to five years. The following table sets forth certain information regarding our corporate and segment management facilities as of December 31, 2023:

LOCATION	SEGMENT, PRIMARY USE AND HOW HELD	SQ. FT.
Draper, Utah[2]	Progressive Leasing and Vive—Corporate Management – Leased	148,000
Glendale, Arizona[1, 2]	Progressive Leasing—Corporate Management – Leased	69,000

[1] During 2022, the office space in Arizona was consolidated to a single floor as part of the Company's restructuring initiatives and partial impairment was recognized for the abandoned portion of the right-of-use lease asset.

[2] On January 25, 2024, the Company announced that it had taken several restructuring actions, including the planned reduction and consolidation of its office space in Utah and Arizona. During the first quarter of 2024, the Company will reduce its office space in Utah by 50% and completely vacate the office space in Arizona, and corresponding impairment will be recognized for the abandoned right-of-use lease assets. The existing lease agreements for Utah and Arizona expire in August 2027 and March 2025, respectively.

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

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to various legal proceedings arising in the ordinary course of business. While any proceeding contains an element of uncertainty, we do not currently believe that any of the outstanding legal proceedings to which we are a party will have a material adverse impact on our business, financial position or results of operations. However, an adverse resolution of a number of these items may have a material adverse impact on our business, financial position or results of operations. For further information, see Note 10 in the accompanying consolidated financial statements under the heading "Legal Proceedings," which discussion is incorporated by reference in response to this Item 3.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information, Holders and Dividends

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

The number of shareholders of record of the Company's common stock at February 16, 2024 was 430. The closing price for the common stock at February 16, 2024 was $31.11.

On February 21, 2024, the Company's Board of Directors declared a quarterly cash dividend in the amount of $0.12 per share of outstanding common stock, payable on March 28, 2024 to shareholders of record as of March 14, 2024. The future declaration and payment of dividends to holders of our common stock may be limited by the provisions of Georgia law, among other considerations. The future payment of dividends, if permitted, will be at the sole discretion of our Board of Directors and will depend on many factors, including our earnings, financial condition, and other considerations that our Board of Directors deems relevant.

Issuer Purchases of Equity Securities

The following table presents our share repurchase activity for the three months ended December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1]
October 1, 2023 through October 31, 2023	200,000	$ 27.75	200,000	$ 223,450,364
November 1, 2023 through November 30, 2023	683,913	28.16	683,913	204,188,047
December 1, 2023 through December 31, 2023	220,000	29.48	220,000	197,702,595
Total	1,103,913		1,103,913	

[1] Share repurchases are conducted under authorizations made from time to time by the Company's Board of Directors. The authorization, effective November 3, 2021, provided the Company with the ability to repurchase shares up to a maximum amount of $1.0 billion. Subject to the terms of the Board's authorization and applicable law, repurchases may be made at such times and in such amounts as the Company deems appropriate. Repurchases may be discontinued at any time.

On February 21, 2024, the Company's Board of Directors reauthorized the repurchase of Company common stock up to an aggregate purchase price of $500 million under the Company's existing share repurchase program, with such reauthorized share repurchase program to be extended for a period of three years from February 21, 2024, or until the $500 million aggregate purchase price of Company common stock purchased pursuant to the reauthorized share repurchase program has been met, whichever occurs first. No share repurchases have been made under the reauthorized share repurchase program.

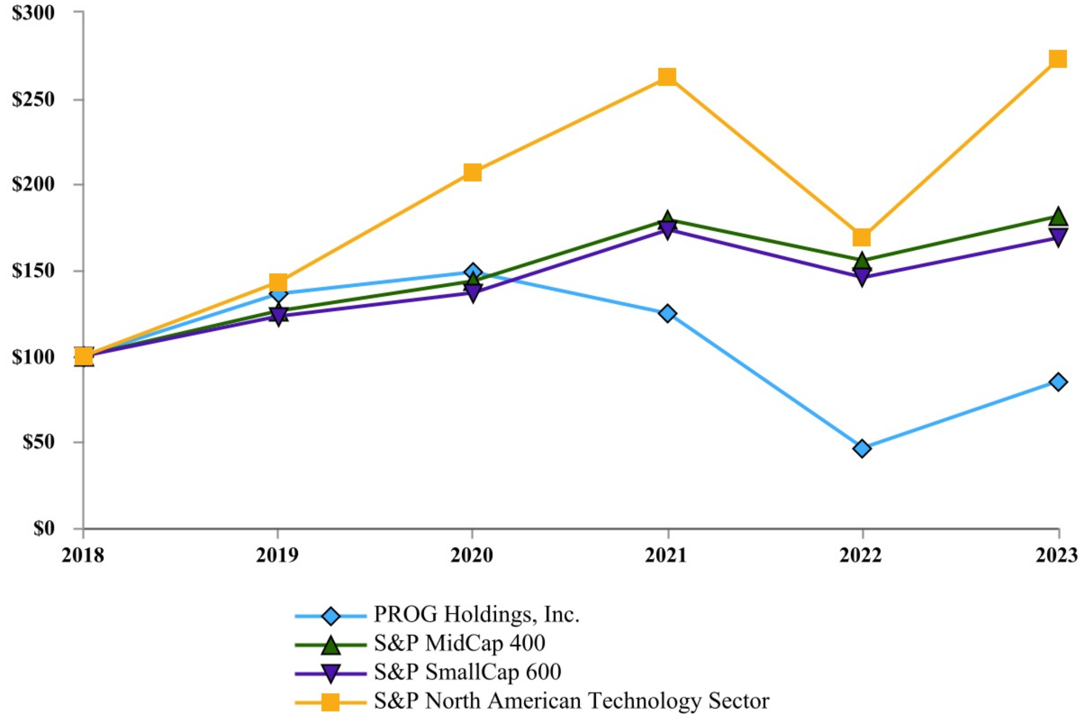
Securities Authorized for Issuance Under Equity Compensation Plans

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

Performance Graph

Comparison of 5 Year Cumulative Total Return*

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



*$100 invested on 12/31/18 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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

December 31,	2018	2019	2020	2021	2022	2023
PROG Holdings, Inc.	$ 100.00	$ 136.15	$ 148.69	$ 124.51	$ 46.62	$ 85.31
S&P MidCap 400	100.00	126.20	143.44	178.95	155.58	181.15
S&P SmallCap 600	100.00	122.78	136.64	173.29	145.39	168.73
S&P North American Technology Sector	100.00	142.68	207.11	261.79	169.22	272.66

ITEM 6. [RESERVED]

Not applicable.

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

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

Business Overview

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

Our Progressive Leasing segment provides consumers with lease-purchase solutions through its point-of-sale partner locations and e-commerce website partners (collectively, "POS partners"). It does so by purchasing merchandise from the POS partners desired by customers and, in turn, leasing that merchandise to the customers through a cancellable lease-to-own transaction. Progressive Leasing has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers. The Progressive Leasing segment comprised approximately 97% of our consolidated revenues for the year ended December 31, 2023.

Our Vive segment primarily serves customers that may not qualify for traditional prime lending offers who desire to purchase goods and services from participating merchants. Vive offers customized programs, with services that include revolving loans through private label and Vive-branded credit cards. Vive's current network of POS partner locations and e-commerce websites includes furniture, mattresses, home exercise equipment, and home improvement retailers, as well as medical and dental service providers. The Vive segment comprised approximately 3% of our consolidated revenues for the year ended December 31, 2023.

On June 25, 2021, the Company completed the acquisition of Four Technologies, Inc. ("Four"), an innovative Buy Now, Pay Later ("BNPL") company that allows shoppers to pay for merchandise through four interest-free installments. Four's proprietary platform capabilities and its base of customers and retailers expand PROG Holdings' ecosystem of financial technology offerings by introducing a payment solution that further diversifies the Company's consumer financial technology offerings. Shoppers use Four to purchase furniture, clothing, electronics, health and beauty products, footwear, jewelry, and other consumer goods from retailers across the United States. Four is not a reportable segment for the year ended December 31, 2023 as its financial results are not material to the Company's consolidated financial results. Four's financial results are reported within "Other" for segment reporting purposes.

Macroeconomic and Business Environment

The Company continues to operate in a challenging macroeconomic environment. We believe the rapid increase in the rate of inflation during 2022, and higher year-over-year inflation continuing in 2023, particularly in housing, food, and gas costs, has disproportionately negatively affected the customers we serve and has resulted in an unfavorable impact on our Gross Merchandise Volume ("GMV") during 2022 and 2023 and on our lease portfolio performance during much of 2022. While the rate of increase in inflation has since slowed, the cost of living remains significantly higher than it was prior to the COVID-19 pandemic, and we believe inflation continues to present a challenge to our customers. We believe the significant increase in inflation, elevated interest rates for extended periods, and fears of a possible recession have also unfavorably impacted consumer confidence within our customer base, resulting in a decrease in demand for the types of merchandise offered by many of our key national and regional POS partners. In light of these macroeconomic challenges and to align the cost structure of our business with our near-term revenue outlook, the Company executed on a number of cost reduction initiatives during 2022, 2023, and the first quarter of 2024 to drive efficiencies and right-size variable costs, while attempting to minimize the negative impact on growth-related initiatives.

Customer payment delinquencies and uncollectible renewal payments experienced within our Progressive Leasing segment during much of 2022 significantly exceeded levels experienced during pre-pandemic periods. In response to increasing customer delinquencies and higher write-offs, Progressive Leasing tightened its lease decisioning several times during the first half of 2022, resulting in fewer lease approvals and an adverse impact on GMV in 2022 and 2023. Levels of customer payment delinquencies and uncollectible renewal payments for leases originated after Progressive Leasing further tightened its lease decisioning in mid-2022 improved to levels consistent with pre-pandemic lease portfolio performance. However, any meaningful increase in unemployment rates, any further increase in inflation and/or the possibility of a recession in the United States may result in increasing levels of customer payment delinquencies and related write-offs, which would result in an unfavorable impact on our performance.

Cybersecurity Incident

As previously disclosed by the Company on September 21, 2023, Progressive Leasing experienced a cybersecurity incident affecting certain data and IT systems of Progressive Leasing. Promptly after detecting the incident, the Company engaged third-party cybersecurity experts and took immediate steps to respond to, remediate and investigate the incident. Law enforcement was also notified. Based on the Company's investigation, the Company determined that the data involved in the incident contained a substantial amount of personally identifiable information, including social security numbers, of Progressive Leasing's customers and other individuals. With the assistance of our cybersecurity experts, the Company located the Progressive Leasing customers and other individuals whose information was impacted and notified them, consistent with state and federal requirements. The Company also took a number of additional measures to demonstrate its continued support and commitment to data privacy and protection. The investigation is nearly complete and the Company believes it has a full view of the compromised data.

As a result of this cybersecurity incident, Progressive Leasing has become subject to multiple lawsuits which allege, among other things, the incurrence of various types of damages arising out of the incident. As of the date of this Form 10-K, all but one of these lawsuits have been consolidated into a single action in the United States District Court for the District of Utah (the "District Court"). We believe the remaining unconsolidated lawsuit will be consolidated soon, and a consolidated complaint is expected to be filed against Progressive Leasing in the District Court in March or April of 2024.

Progressive Leasing believes the allegations made in this lawsuit are without merit and intends to vigorously defend itself against the lawsuit; however, at this time, the Company is unable to determine or predict the outcome of this lawsuit or reasonably provide an estimate or range of the possible losses, if any. The Company also maintains cybersecurity insurance coverage, subject to a $1.0 million retention, to limit the exposure to losses and related costs and expenses, such as those related to the cybersecurity incident and lawsuits stemming therefrom; however, there can be no assurance that such insurance coverage will be adequate to cover all of the costs and expenses related thereto or that the insurers will agree to cover all such losses, costs and expenses.

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

Highlights

The following summarizes significant highlights from the year ended December 31, 2023:

- We reported revenues of $2.4 billion in 2023, a decrease of 7.3% compared to 2022. The decrease in revenues was primarily due to a smaller lease portfolio, which was a result of decreased customer demand for many of the products offered by our POS partners and the tightened lease decisioning implemented by Progressive Leasing in mid-2022. The decline in revenues was partially offset by improved customer payment activity in 2023, as compared to 2022.
- GMV decreased by $180.1 million for Progressive Leasing and $34.5 million for Vive in 2023, compared to 2022. These decreases were due to a decrease in demand for many of the products offered by Progressive Leasing's POS partners and tighter decisioning for Progressive Leasing and Vive, resulting in fewer lease and loan originations. These negative impacts were partially offset by GMV from our other operations, which increased by 67.2% primarily due to an increase in loan originations for our Four business in 2023, compared to 2022.
- Earnings before income tax expense increased to $196.2 million compared to $148.2 million in 2022. Despite the decline in 2023 revenues discussed above, the increase in earnings before income tax expense was primarily driven by fewer customers choosing to exercise early buyout options in 2023; improved customer payment activity; lower depreciation of lease merchandise due to the smaller lease portfolio for 2023 as compared to 2022; the absence of a goodwill impairment loss that was incurred in the third quarter of 2022; and an increase in interest income on the Company's cash and cash equivalent deposits resulting from higher interest rates.

Key Operating Metrics

Gross Merchandise Volume. We believe GMV is a key performance indicator of our Progressive Leasing and Vive segments, as it provides the total value of new leases and loans written into our portfolio over a specified time period. GMV does not represent revenues earned by the Company, but rather is a leading indicator we use in forecasting revenues the Company may earn in the short-term. Progressive Leasing's GMV is defined as the retail price of merchandise acquired by Progressive Leasing, which it then expects to lease to its customers. GMV for Vive and Other are defined as gross loan originations.

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

For the Year Ended December 31 (Unaudited and In Thousands)	2023	2022	2021
Progressive Leasing	$ 1,796,647	$ 1,976,794	$ 2,143,948
Vive	143,541	178,002	199,139
Other	101,099	60,459	8,651
Total GMV	$ 2,041,287	$ 2,215,255	$ 2,351,738

The decrease in Progressive Leasing's GMV was primarily due to a decrease in customer demand for many of the products offered by our POS partners, which is due in part to a shift in consumer spending from leasable categories to consumables and experiences. The decline in Progressive Leasing's GMV is also due to tightened lease decisioning beginning in mid-2022 to address the unfavorable economic conditions that were present in 2022. The decrease in Vive's GMV was primarily a result of tighter loan decisioning in mid-2022. We believe these factors have unfavorably impacted the generation of new leases and loans. E-commerce channels generated 16.9% of Progressive Leasing's GMV in 2023 compared to 17.2% in 2022. The decrease in total GMV was partially offset by an increase in GMV from our other operations, primarily due to an increase in loan originations by our Four business.

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

As of December 31 (Unaudited and In Thousands)	2023	2022	2021
Active Customer Count:			
Progressive Leasing	893	943	1,044
Vive	86	92	88
Other	113	39	18

The decrease in the number of Progressive Leasing customers was primarily due to a decrease in customer demand for the types of merchandise typically purchased through our lease-to-own solutions and the tightening of our lease decisioning in mid-2022 to address the unfavorable economic conditions that were driving higher customer payment delinquencies and uncollectible renewal payments during much of 2022. The decrease in Vive customers was primarily due to a reduction in loan originations as the result of tightened decisioning in mid-2022. These decreases were partially offset by an increase in the number of customers for our other strategic businesses.

Key Components of Earnings Before Income Tax Expense

In this MD&A section, we review our consolidated results. For the year ended December 31, 2023 and the comparable prior year periods, some of the key revenue, cost and expense items that affected earnings before income taxes were as follows:

Revenues. We separate our total revenues into two components: (i) lease revenues and fees and (ii) interest and fees on loans receivable. Lease revenues and fees include all revenues derived from lease agreements from our Progressive Leasing segment. Lease revenues are recorded net of a provision for uncollectible renewal payments. Interest and fees on loans receivable represents merchant fees, finance charges and annual and other fees earned on outstanding loans in our Vive segment and, to a lesser extent, from Four.

Depreciation of Lease Merchandise. Depreciation of lease merchandise reflects the expense associated with depreciating merchandise leased to customers by Progressive Leasing.

Provision for Lease Merchandise Write-offs. The provision for lease merchandise write-offs represents the estimated merchandise losses incurred but not yet identified by management and adjustments for changes in estimates for the allowance for lease merchandise write-offs.

Operating Expenses. Operating expenses include personnel costs, stock-based compensation expense, occupancy costs, advertising, decisioning expense, professional services expense, sales acquisition expense, computer software expense, bank service charges, the provision for loan losses, fixed asset depreciation expense, intangible asset amortization, and restructuring expense, among other expenses.

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

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

Results of Operations

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

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

nmf—Calculation is not meaningful

Revenues

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

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

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

Operating Expenses

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

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

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

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

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

[4] Progressive Leasing's sales, general and administrative expense was $315.1 million and $321.3 million during the years ended December 31, 2023 and 2022, respectively.

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

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

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

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

Other Costs and Expenses

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

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

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

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

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

nmf—Calculation is not meaningful

Interest expense, net decreased $8.0 million due to interest income earned on the Company's deposits in cash and cash equivalents resulting from an increase in deposits in higher yield accounts. The Company earned interest income of $9.3 million during 2023 compared to $1.3 million during 2022.

Earnings Before Income Tax Expense

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

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

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

Income Tax Expense

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

Results of Operations – Years Ended December 31, 2022 and 2021

(In Thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Change 2022 vs. 2021 $	Change 2022 vs. 2021 %
REVENUES:				
Lease Revenues and Fees	$ 2,523,785	$ 2,619,005	$ (95,220)	(3.6)%
Interest and Fees on Loans Receivable	74,041	58,915	15,126	25.7
	2,597,826	2,677,920	(80,094)	(3.0)
COSTS AND EXPENSES:				
Depreciation of Lease Merchandise	1,757,730	1,820,010	(62,280)	(3.4)
Provision for Lease Merchandise Write-offs	193,926	126,984	66,942	52.7
Operating Expenses	450,374	397,399	52,975	13.3
Impairment of Goodwill	10,151	—	10,151	nmf
	2,412,181	2,344,393	67,788	2.9
OPERATING PROFIT	185,645	333,527	(147,882)	(44.3)
Interest Expense, Net	(37,401)	(5,323)	(32,078)	nmf
EARNINGS BEFORE INCOME TAX EXPENSE	148,244	328,204	(179,960)	(54.8)
INCOME TAX EXPENSE	49,535	84,647	(35,112)	(41.5)
NET EARNINGS	$ 98,709	$ 243,557	$ (144,848)	(59.5)%

nmf—Calculation is not meaningful

Revenues

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

(In Thousands)	Year Ended December 31, 2022 Progressive Leasing	Vive	Other	Total	Year Ended December 31, 2021 Progressive Leasing	Vive	Other	Total
Lease Revenues and Fees	$ 2,523,785	$ —	$ —	$ 2,523,785	$ 2,619,005	$ —	$ —	$ 2,619,005
Interest and Fees on Loans Receivable	—	70,911	3,130	74,041	—	58,462	453	58,915
Total Revenues	$ 2,523,785	$ 70,911	$ 3,130	$ 2,597,826	$ 2,619,005	$ 58,462	$ 453	$ 2,677,920

The decrease in Progressive Leasing revenues was primarily due to an increase in customer payment delinquencies and uncollectible renewal payments, as compared to the strong customer payment activity and low delinquencies it experienced in 2021. The provision for uncollectible renewal payments, which is recorded as a reduction to lease revenues and fees, was $376.3 million for the year ended December 31, 2022 compared to $224.7 million in 2021. The decrease in Progressive Leasing revenues was also the result of having a smaller lease portfolio at the beginning of and throughout 2022, as compared to 2021, and fewer customers electing to exercise early lease buyouts. The increase in Vive revenues was primarily driven by a larger loan portfolio throughout 2022 as compared to 2021.

Operating Expenses

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

(In Thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Change 2022 vs. 2021 $	Change 2022 vs. 2021 %
Personnel Costs[1]	$ 194,195	$ 189,576	$ 4,619	2.4 %
Stock-Based Compensation	17,521	21,349	(3,828)	(17.9)
Occupancy Costs	6,466	6,633	(167)	(2.5)
Advertising	15,762	17,502	(1,740)	(9.9)
Professional Services	22,824	24,106	(1,282)	(5.3)
Sales Acquisition Expense[2]	28,828	22,374	6,454	28.8
Computer Software Expense[3]	27,629	20,674	6,955	33.6
Bank Service Charges	12,491	11,542	949	8.2
Other Sales, General and Administrative Expense	40,574	32,717	7,857	24.0
Sales, General and Administrative Expense[4]	366,290	346,473	19,817	5.7
Provision for Loan Losses	41,232	17,668	23,564	133.4
Depreciation and Amortization	33,851	33,258	593	1.8
Restructuring Expense	9,001	—	9,001	nmf
Operating Expenses	$ 450,374	$ 397,399	$ 52,975	13.3 %

nmf—Calculation is not meaningful

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

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

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

[4] Progressive Leasing's sales, general and administrative expense was $321.3 million and $316.3 million during the years ended December 31, 2022 and 2021, respectively.

The increase in personnel costs of $4.6 million was driven primarily by an increase of $2.9 million in personnel costs attributable to an increase in the number of employees resulting from the Four acquisition and other strategic initiatives started by the Company in 2021 that continued incurring costs in 2022. Personnel costs also increased by $2.2 million at Vive, primarily due to wage inflation. These increases were partially offset by a decrease of $0.8 million at Progressive Leasing, primarily due to its reduction in the number of employees during the second half of 2022 as part of its restructuring and cost cutting initiatives.

Sales acquisition expense increased $6.5 million primarily due to increased incentives, sales commissions, and other expenses at Progressive Leasing to promote lease originations with its POS partners.

Computer software expense increased $7.0 million primarily due to an increase in non-capitalizable costs for software implementation projects by Progressive Leasing during 2022, other strategic initiatives started by the Company in 2021 that continued incurring costs in 2022, and increased software licensing costs.

Other sales, general and administrative expense increased $7.9 million primarily due to additional administrative costs within Progressive Leasing during 2022, in addition to an increase of $2.4 million due to the acquisition and growth of our Four business, and other strategic initiatives started by the Company in 2021 that incurred greater costs in 2022 than in 2021.

Provision for loan losses increased $23.6 million, primarily in connection with our Vive business, due to unfavorable economic conditions present during 2022 and projected macroeconomic conditions, including a rapid increase in the rate of inflation, high unemployment rates, and the absence of government stimulus payments and enhanced unemployment benefits and child tax credits, as compared to 2021. The provision for loan losses also increased due to growth in GMV at Four since it was acquired in June 2021. The provision for loan losses as a percentage of interest and fees revenue increased to 55.7% for the year ended December 31, 2022 compared to 30.0% in 2021, due to customer payment delinquencies at Vive returning to pre-pandemic levels, higher expected credit losses due to projected unfavorable macroeconomic conditions, and higher write-offs within our Four operations.

Restructuring expense of $9.0 million was the result of a number of restructuring activities initiated by the Company during 2022 intended to reduce expenses, consolidate certain segment corporate headquarters and other office locations, and align the cost structure of the business with the Company's strategy and near-term revenue outlook. The restructuring expense was primarily comprised of severance costs associated with a reduction in Progressive Leasing's workforce and operating lease right-of-use asset impairment charges related to a reduction in management and information technology office space and the relocation of the Vive corporate headquarters to the Company's corporate office building.

Other Costs and Expenses

Depreciation of lease merchandise. Depreciation of lease merchandise decreased by 3.4% due to fewer customers exercising early lease buyout elections during the year ended December 31, 2022 compared to 2021. As a percentage of total lease revenues and fees, depreciation of lease merchandise increased slightly compared to 2021, resulting from the decline in early buyout elections.

Provision for lease merchandise write-offs. The provision for lease merchandise write-offs increased by $66.9 million due to higher customer payment delinquencies and write-offs during the year ended December 31, 2022, compared to the strong customer payment activity and historically low lease merchandise write-offs we experienced in 2021. Given the significant economic uncertainty resulting from challenges in the macroeconomic environment, including high inflation, forecasted unemployment rates, and/or the possibility of a recession and the potential effects of such developments on our POS partners, customers, and business going forward, a high level of estimation was involved in determining the allowance as of December 31, 2022.

The provision for lease merchandise write-offs as a percentage of lease revenues was 7.7% for the year ended December 31, 2022, compared to 4.8% for the year ended December 31, 2021. The increase in the provision as a percentage of lease revenues was primarily due to higher customer payment delinquencies and write-offs on leases originated in 2022, most notably in the first half of 2022 prior to the Company further tightening its lease decisioning to address the unfavorable economic conditions. The provision also increased as a result of changes in estimates for the allowance as discussed above.

Impairment of Goodwill. The Company recorded a loss of $10.2 million to partially write off the goodwill balance of the Four reporting unit during the third quarter of 2022. Refer to Note 1 for additional information regarding the details of the goodwill impairment loss.

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

	Year Ended December 31,		Change 2022 vs. 2021	
(In Thousands)	**2022**	**2021**	**$**	**%**
Interest Expense, Net				
Interest Expense	$ 38,675	$ 5,590	$ 33,085	nmf
Interest Income	(1,274)	(267)	(1,007)	nmf
Total Interest Expense, Net	$ 37,401	$ 5,323	$ 32,078	nmf

nmf—Calculation is not meaningful

Interest expense, net increased $32.1 million as a result of interest expense related to the Company's $600 million senior unsecured notes issued on November 26, 2021. Refer to Note 8 for further information regarding the debt issuance.

Earnings Before Income Tax Expense

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

	Year Ended December 31,		Change 2022 vs. 2021	
(In Thousands)	**2022**	**2021**	**$**	**%**
EARNINGS BEFORE INCOME TAX EXPENSE:				
Progressive Leasing	$ 174,143	$ 319,125	$ (144,982)	(45.4)%
Vive	9,195	20,225	(11,030)	(54.5)
Other	(35,094)	(11,146)	(23,948)	nmf
Earnings Before Income Tax Expense	$ 148,244	$ 328,204	$ (179,960)	(54.8)%

nmf—Calculation is not meaningful

The $35.1 million loss before income taxes within Other primarily relates to our Four operations and includes a $10.2 million impairment loss related to the partial impairment of Four's goodwill. Other factors impacting the change in earnings before income tax expense for each reporting segment are discussed above.

Income Tax Expense

Income tax expense decreased to $49.5 million for the year ended December 31, 2022 compared to $84.6 million in 2021 primarily due to lower earnings before income tax expense. The effective tax rate was 33.4% for the year ended December 31, 2022 compared to 25.8% in 2021. The increase in the effective tax rate was primarily driven by the non-deductible goodwill impairment loss for Four of $10.2 million, interest on the Company's uncertain tax position liabilities, an unfavorable adjustment for employee stock-based compensation vesting, and an increase in the valuation allowance related to certain deferred tax assets.

Overview of Financial Position

The major changes in the consolidated balance sheet from December 31, 2022 to December 31, 2023, include:

- Cash and cash equivalents increased $23.5 million to $155.4 million for the year ended December 31, 2023. For additional information, refer to the "Liquidity and Capital Resources" section below.
- Lease merchandise, net, decreased $14.6 million due primarily to a 9.1% decrease in Progressive Leasing's GMV in 2023 as compared to 2022.
- Accounts payable and accrued expenses increased $16.2 million due primarily to a $5.9 million increase in accrued salaries and benefits resulting from the timing of year-end payroll and a higher estimated payout percentage for the executive bonus accrual, a $5.9 million increase in accounts payable to POS partners due to an increase in fourth quarter GMV compared to the same period in 2022, and a $3.9 million increase in accrued interest on the Company's uncertain tax position related to the FTC settlement.
- Deferred tax liability decreased $32.4 million due primarily to a decline in the temporary book-to-tax depreciation difference of lease merchandise resulting from the decline in merchandise on lease during 2023, as compared to 2022, and the reduction of federal bonus depreciation from 100% in 2022 to 80% in 2023.

Liquidity and Capital Resources

General

We expect that our primary capital requirements will consist of:

- Reinvesting in our business, including buying merchandise for the operations of Progressive Leasing. Because we believe Progressive Leasing will continue to grow over the long-term, we expect that the need for additional lease merchandise will remain a major capital requirement;
- Making merger and acquisition investment(s) to further broaden our product offerings; and
- Returning excess cash to shareholders through periodically repurchasing stock and/or paying dividends.

Other capital requirements include (i) expenditures related to software development; (ii) expenditures related to our corporate operating activities; (iii) personnel expenditures; (iv) income tax payments; (v) funding of loans receivable for Vive; and (vi) servicing our outstanding debt obligations.

Our capital requirements have been financed through:

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

As of December 31, 2023, the Company had $155.4 million of cash, $350.0 million of availability under the Revolving Facility, and $600.0 million of indebtedness.

Cash Provided by Operating Activities

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

Cash provided by operating activities was $242.5 million and $246.0 million during the years ended December 31, 2022 and 2021, respectively. Cash provided by operating activities decreased by $3.5 million despite the $144.8 million decrease in net earnings from continuing operations as compared to 2021. Other significant changes in operating cash outflows for 2022 as compared to the prior year include $35.6 million of interest paid on the Company's Senior Notes compared to $1.5 million in 2021, and an $8.6 million increase in net income tax payments for the year ended December 31, 2022. These decreases in operating cash flows were partially offset by a $165.3 million decrease in purchases of lease merchandise by Progressive Leasing during the year ended December 31, 2022 compared to 2021. Other changes in cash provided by operating activities are discussed above in our discussion of results for the year ended December 31, 2022.

Cash Used in Investing Activities

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

Cash used in investing activities was $53.5 million and $82.2 million during the years ended December 31, 2022 and 2021, respectively. The $28.7 million decrease in investing cash outflows in the year ended December 31, 2022 as compared to the same period in 2021 was primarily due to the $22.8 million of cash paid for the acquisition of Four in June 2021. Additionally, proceeds from loans receivable increased $27.4 million in 2022 compared to 2021. These changes were partially offset by a $21.4 million increase in cash outflows for investments in loans receivables in 2022 as compared to 2021.

Cash Used In Financing Activities

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

Cash used in financing activities was $227.2 million during the year ended December 31, 2022 compared to $30.3 million during the year ended December 31, 2021, an increase of $196.9 million. Cash used in financing activities in 2022 was primarily due to the $223.6 million of outflows for the acquisition of treasury stock. Cash used in financing activities in 2021 was primarily comprised of: (i) a $425 million outflow for the "Dutch auction" tender offer, plus $3.6 million in related transaction fees, for the repurchase and retirement of our common stock; (ii) a $142.4 million outflow for the acquisition of treasury stock; (iii) the repayment of $50.0 million on our Revolving Facility; and (iv) $600 million gross proceeds from the issuance of Senior Notes, net of $8.3 million of bank fees.

Share Repurchases

We purchase our stock in the market from time to time as authorized by our Board of Directors. Effective November 3, 2021, the Company announced that its Board of Directors had authorized a share repurchase program that provided the Company with the ability to repurchase shares up to a maximum amount of $1 billion. As of December 31, 2023, we had the authority to purchase additional shares up to our remaining authorization limit of $197.7 million. On February 21, 2024, the Company's Board of Directors reauthorized the repurchase of Company common stock at an aggregate purchase price of up to $500 million under the Company's existing share repurchase program, with such reauthorized share repurchase program to be extended for a period of three years from February 21, 2024, or until the $500 million aggregate purchase price of Company common stock purchased pursuant to the reauthorized share repurchase program has been met, whichever occurs first.

The Company purchased 4,691,274 shares of its common stock for $139.6 million during the year ended December 31, 2023, 8,720,223 shares for $223.6 million during the year ended December 31, 2022, and 11,611,178 shares for $567.4 million during the year ended December 31, 2021. These amounts do not include any excise tax that may be assessed on those repurchases.

Dividends

We paid no dividends during 2023, 2022, and 2021. On February 21, 2024, our Board of Directors declared a quarterly cash dividend in the amount of $0.12 per share of outstanding common stock, payable on March 28, 2024 to shareholders of record as of March 14, 2024. While we expect to continue paying quarterly cash dividends in future periods, the future payment of dividends, if permitted, will be at the sole discretion of our Board of Directors and will depend on our capital allocation strategy at that time as well as other factors, including our earnings, financial condition, and other considerations that our Board of Directors deems relevant.

Debt Financing

On November 24, 2020, the Company entered into a credit agreement with a consortium of lenders providing for a $350 million senior revolving credit facility, under which all borrowings and commitments will mature or terminate on November 24, 2025.

The Revolving Facility includes an uncommitted incremental facility increase option ("Incremental Facilities") which, subject to certain terms and conditions, permits the Company at any time prior to the maturity date to request an increase in extensions of credit available thereunder by an aggregate additional principal amount of up to $300 million. As of December 31, 2023, the Company had no outstanding balance and $350 million remaining available for borrowings on the Revolving Facility.

The Revolving Facility contains certain financial covenants, which include requirements that the Company maintain ratios of (i) total net debt to EBITDA of no more than 2.50:1.00 and (ii) consolidated interest coverage of no less than 3.00:1.00. The Company will be in default under the Revolving Facility if it fails to comply with these covenants, and all borrowings outstanding may become due immediately. Additionally, under the Revolving Facility, if the total net debt to EBITDA, as defined by the Revolving Facility, exceeds 1.25, the revolver becomes fully secured for the remaining duration of the Revolving Facility term. During 2022, the Company exceeded the 1.25 total net debt to EBITDA ratio and the Revolving Facility became fully secured. As of December 31, 2023, the Company was in compliance with the financial covenants set forth in the Revolving Facility and believes it will continue to be in compliance in the future.

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

The indenture discussed above contains various other covenants and obligations to which the Company and its subsidiaries are subject while the Senior Notes are outstanding. The covenants in the indenture may limit the extent to which, or the ability of the Company and its subsidiaries to, among other things: (i) incur additional debt and guarantee debt; (ii) pay dividends or make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain debt; (iv) issue certain preferred stock or similar equity securities; (v) make loans and investments; (vi) sell assets; (vii) incur liens; (viii) enter into transactions with affiliates; (ix) enter into agreements restricting the ability of the Company's subsidiaries to pay dividends; and (x) consolidate, merge or sell all or substantially all of the Company's assets. The indenture also contains customary events of default for transactions of this type and amount. The Company was in compliance with these covenants at December 31, 2023 and believes that it will continue to be in compliance in the future.

Commitments

Income Taxes. During the year ended December 31, 2023, we made net income tax payments of $100.4 million. During the year ended December 31, 2024 we anticipate making estimated cash payments of $49.0 million for United States federal and state income taxes.

Leases. We lease management and information technology space for corporate functions as well as storage space for our hub facilities under operating leases expiring at various times through 2027. Our corporate and segment management office leases contain renewal options for additional periods ranging from three to five years. Approximate future minimum payments for operating leases that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2023 are disclosed in Note 7 in the accompanying consolidated financial statements.

Contractual Obligations and Commitments. Future interest payments on the Company's variable-rate debt are based on a rate per annum equal to, at our option, (i) the Secured Overnight Financing Rate ("SOFR") plus a margin within the range of 1.5% to 2.5% for revolving loans, based on total leverage, or (ii) the administrative agent's base rate plus a margin ranging from 0.5% to 1.5%, as specified in the agreement. Future interest payments related to our Revolving Facility are based on the borrowings outstanding at that time. Future interest payments may be different depending on future borrowing activity and interest rates. The Company had no outstanding borrowings under the Revolving Facility as of December 31, 2023.

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

The Company has no long-term commitments to purchase merchandise nor does it have significant purchase agreements that specify minimum quantities or set prices that exceed our expected requirements for three months.

Deferred income tax liabilities as of December 31, 2023 were approximately $104.8 million. Deferred income tax liabilities are calculated based on temporary differences between the tax basis of assets and liabilities and their respective book basis, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period may be misleading, because this scheduling would not necessarily relate to liquidity needs.

Unfunded Lending Commitments. The Company, through its Vive business, had unconditionally cancellable unfunded lending commitments totaling approximately $523.9 million and $513.7 million as of December 31, 2023 and 2022, respectively, that do not give rise to revenues and cash flows. These unfunded commitments arise in the ordinary course of business from credit card agreements with individual cardholders that give them the ability to borrow, against unused amounts, up to the maximum credit limit assigned to their account. While these unfunded amounts represented the total available unused lines of credit, the Company does not anticipate that all cardholders will utilize their entire available line at any given point in time. Commitments to extend unsecured credit are agreements to lend to a cardholder so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Critical Accounting Policies

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

Revenue Recognition

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

At December 31, 2023 and 2022, we had deferred revenue representing cash collected in advance of being due or earned totaling $35.7 million and $37.1 million, respectively, and accounts receivable, net of an allowance for doubtful accounts based on historical collection rates, of $67.9 million and $64.5 million, respectively. Our accounts receivable allowance is estimated using historical write-off and collection experience. Other qualitative factors, such as current and forecasted customer payment trends, are considered in estimating the allowance. For customer agreements that are past due, the Company's policy is to write off lease receivables after 120 days. The provision for uncollectible renewal payments is recorded as a reduction of lease revenues and fees in accordance with ASC 842.

Vive recognizes interest income based upon the amount of the loans outstanding, which is recognized as interest and fees on loans receivable in the billing period in which they are assessed if collectability is reasonably assured. Vive acquires loans receivable from its third-party bank partners at a discount from the face value of the loan. The discount is comprised mainly of a merchant fee discount, which represents a pre-negotiated, nonrefundable discount that generally ranges from 3.0% to 25% of the loan face value. The discount is designed to cover the risk of loss related to the portfolio of cardholder charges and Vive's direct origination costs. The merchant fee discount, net of the origination costs, is amortized on a net basis and is recorded as interest and fee revenue on loans receivable on a straight-line basis over the initial 24-month period that the card is active.

Lease Merchandise

The Company's Progressive Leasing segment, at which all merchandise is on lease, depreciates merchandise on a straight-line basis to a 0% salvage value generally over 12 months. We record a provision for lease merchandise write-offs using the allowance method. The allowance for lease merchandise write-offs estimates the merchandise losses incurred but not yet identified by management as of the end of the accounting period. The Company estimates its allowance for lease merchandise write-offs using historical write-off experience. Other qualitative factors, such as current and forecasted customer payment trends, are considered in estimating the allowance. For customer agreements that are past due, the Company's policy is to write off lease merchandise after 120 days. As of December 31, 2023 and 2022, the allowance for lease merchandise write-offs was $44.2 million and $47.1 million, respectively. The provision for lease merchandise write-offs was $155.3 million and $193.9 million for the years ended December 31, 2023 and 2022, respectively.

Provision for Loan Losses and Loan Loss Allowance

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

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

The Company may also consider other qualitative factors in estimating the allowance, as necessary. For the purposes of determining the allowance as of December 31, 2023, management considered other qualitative factors such as the tightening of Vive's loan decisioning in mid-2022 and more recent macroeconomic conditions associated with the impacts from increased inflation, unemployment rates, and/or the possibility of a recession in the United States, which were not fully factored into the macroeconomic forecasted data. The allowance for loan losses is maintained at a level considered appropriate to cover expected lifetime losses of principal, interest and fees on active loans in the loans receivable portfolio, and the appropriateness of the allowance is evaluated at each period end.

Delinquent loans receivable are those that are 30 days or more past due based on their contractual billing dates. The Company places loans receivable on nonaccrual status when they are greater than 90 days past due or upon notification of cardholder bankruptcy, death or fraud. The Company discontinues accruing interest and fees and amortizing merchant fee discounts and promotional fee discounts for loans receivable in nonaccrual status. Loans receivable are removed from nonaccrual status when cardholder payments resume, the loan becomes 90 days or less past due and collection of the remaining amounts outstanding is deemed probable. Payments received on nonaccrual loans are allocated according to the same payment hierarchy methodology applied to loans that are accruing interest. Loans receivable are charged off at the end of the following month after the billing cycle in which the loans receivable become 120 days past due.

The provision for loan losses was $40.8 million and $41.2 million for the years ended December 31, 2023 and 2022, respectively. The allowance for loan losses was $40.6 million and $42.4 million as of December 31, 2023 and 2022, respectively.

Recent Accounting Pronouncements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2023, we had no outstanding borrowings under our senior unsecured Revolving Facility. Borrowings under the Revolving Facility are indexed to SOFR or the prime rate, which exposes us to the risk of increased interest costs if interest rates rise. Based on the Company's variable-rate debt outstanding as of December 31, 2023, a hypothetical 1.0% increase or decrease in interest rates would not affect interest expense.

We do not use any significant market risk sensitive instruments to hedge commodity, foreign currency or other risks, and hold no market risk sensitive instruments for trading or speculative purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PROG Holdings, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 21, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

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

	Valuation of the allowance for loan losses
Description of the Matter	As of December 31, 2023, the allowance for loan losses (ALL) was $40.6 million. As discussed in Note 1 and Note 6 to the consolidated financial statements, management records the ALL to estimate probable lifetime losses that are expected in the loan portfolio. In determining the estimate, management utilizes quantitative factors such as actual historical loss experience and incorporates observable and forecasted macroeconomic data such as projected changes in unemployment rates, stock market volatility, United States treasury rates, inflation, and prime lending rates over a reasonable and supportable forecast period. The Company also considers, as necessary, qualitative factors such as the tightening of Vive's loan decisioning in mid-2022 and more recent macroeconomic conditions associated with the impacts from increased inflation, unemployment rates and/or the possibility of a recession in the United States, which were not fully factored into the macroeconomic forecasted data to evaluate the impact of such programs on its customers' ability to pay. The Company applies judgment, including the determination of the expected life of the loan receivable, as it determines necessary to make its best estimate of probable expected lifetime losses in the portfolio. Auditing management's ALL estimate involved a high degree of complexity in evaluating the quantitative calculation of expected losses in the loan portfolio and subjectivity in evaluating management's qualitative factors. Management's assessment and measurement of the qualitative factors is judgmental and could have a significant effect on the ALL.
How We Addressed the Matter in Our Audit	We focused our testing within the Vive segment as it comprised the majority of the Company's ALL balance as of December 31, 2023. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls for management's process of the measurement and valuation of the ALL. For example, we tested controls over management's review of the ALL calculations, methodology and significant assumptions, including qualitative adjustments. With respect to the quantitative calculation of expected losses, we involved internal specialists and evaluated the conceptual soundness of the methodology and performed calculation procedures over the model. We also tested the appropriateness of key inputs and assumptions used in the calculation by agreeing a sample of inputs to supporting information. With respect to the identification of qualitative factors, we evaluated the potential impact of imprecision in the calculation and hence the need to consider a qualitative adjustment to the ALL. Regarding measurement of the qualitative adjustment, we evaluated internal data and qualitative factors utilized by management, as well as external macroeconomic factors independently obtained during the audit.

/s/ Ernst & Young LLP

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

Salt Lake City, Utah
February 21, 2024

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited PROG Holdings, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, PROG Holdings, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 21, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 21, 2024

Management Report on Internal Control over Financial Reporting

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

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in Internal Control-Integrated Framework. Based on its assessment using those criteria, management concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

The Company's internal control over financial reporting as of December 31, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report dated February 21, 2024, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023.

PROG HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
	(In Thousands, Except Share Data)	
ASSETS:		
Cash and Cash Equivalents	$ 155,416	$ 131,880
Accounts Receivable (net of allowances of $64,180 in 2023 and $69,264 in 2022)	67,879	64,521
Lease Merchandise (net of accumulated depreciation and allowances of $423,466 in 2023 and $467,355 in 2022)	633,427	648,043
Loans Receivable (net of allowances and unamortized fees of $50,022 in 2023 and $53,635 in 2022)	126,823	130,966
Property and Equipment, Net	24,104	23,852
Operating Lease Right-of-Use Assets	9,271	11,875
Goodwill	296,061	296,061
Other Intangibles, Net	91,664	114,411
Income Tax Receivable	32,918	18,864
Deferred Income Tax Assets	2,981	2,955
Prepaid Expenses and Other Assets	50,711	48,481
Total Assets	$ 1,491,255	$ 1,491,909
LIABILITIES & SHAREHOLDERS' EQUITY:		
Accounts Payable and Accrued Expenses	$ 151,259	$ 135,025
Deferred Income Tax Liabilities	104,838	137,261
Customer Deposits and Advance Payments	35,713	37,074
Operating Lease Liabilities	15,849	21,122
Debt	592,265	590,966
Total Liabilities	899,924	921,448
Commitments and Contingencies (Note 10)		
Shareholders' Equity:		
Common Stock, Par Value $0.50 Per Share: Authorized: 225,000,000 Shares at December 31, 2023 and 2022; Shares Issued: 82,078,654 at December 31, 2023 and 2022	41,039	41,039
Additional Paid-in Capital	352,421	338,814
Retained Earnings	1,293,073	1,154,235
	1,686,533	1,534,088
Less: Treasury Shares at Cost		
Common Stock: 38,404,527 Shares at December 31, 2023 and 34,044,102 at December 31, 2022	(1,095,202)	(963,627)
Total Shareholders' Equity	591,331	570,461
Total Liabilities & Shareholders' Equity	$ 1,491,255	$ 1,491,909

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

PROG HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended December 31,		
	2023	2022	2021
	(In Thousands, Except Per Share Data)		
REVENUES:			
Lease Revenues and Fees	$ 2,333,588	$ 2,523,785	$ 2,619,005
Interest and Fees on Loans Receivable	74,676	74,041	58,915
	2,408,264	2,597,826	2,677,920
COSTS AND EXPENSES:			
Depreciation of Lease Merchandise	1,576,303	1,757,730	1,820,010
Provision for Lease Merchandise Write-offs	155,250	193,926	126,984
Operating Expenses	451,084	450,374	397,399
Impairment of Goodwill	—	10,151	—
	2,182,637	2,412,181	2,344,393
OPERATING PROFIT	225,627	185,645	333,527
Interest Expense, Net	(29,406)	(37,401)	(5,323)
EARNINGS BEFORE INCOME TAX EXPENSE	196,221	148,244	328,204
INCOME TAX EXPENSE	57,383	49,535	84,647
NET EARNINGS	$ 138,838	$ 98,709	$ 243,557
EARNINGS PER SHARE			
Basic	$ 3.02	$ 1.90	$ 3.69
Assuming Dilution	$ 2.98	$ 1.90	$ 3.67
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	46,034	51,921	66,026
Assuming Dilution	46,550	52,075	66,416

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

PROG HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Treasury Stock		Common Stock				
(In Thousands, Except Per Share)	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
Balance, January 1, 2021	(23,029)	$ (613,881)	90,752	$ 45,376	$ 318,263	$ 1,236,378	$ 986,136
Stock-Based Compensation	—	—	—	—	21,349	—	21,349
Reissued Shares	329	6,838	—	—	(7,368)	—	(530)
Repurchased Shares	(2,938)	(142,358)	—	—	—	—	(142,358)
Tender Offer Shares Repurchased and Retired	—	—	(8,673)	(4,337)	—	(424,409)	(428,746)
Net Earnings	—	—	—	—	—	243,557	243,557
Balance, December 31, 2021	(25,638)	$ (749,401)	82,079	$ 41,039	$ 332,244	$ 1,055,526	$ 679,408
Stock-Based Compensation	—	—	—	—	17,694	—	17,694
Reissued Shares	314	9,372	—	—	(11,124)	—	(1,752)
Repurchased Shares	(8,720)	(223,598)	—	—	—	—	(223,598)
Net Earnings	—	—	—	—	—	98,709	98,709
Balance, December 31, 2022	(34,044)	$ (963,627)	82,079	$ 41,039	$ 338,814	$ 1,154,235	$ 570,461
Stock-Based Compensation	—	—	—	—	25,152	—	25,152
Reissued Shares	330	9,280	—	—	(11,545)	—	(2,265)
Repurchased Shares	(4,691)	(140,855)	—	—	—	—	(140,855)
Net Earnings	—	—	—	—	—	138,838	138,838
Balance, December 31, 2023	(38,405)	$ (1,095,202)	82,079	$ 41,039	$ 352,421	$ 1,293,073	$ 591,331

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

PROG HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(In Thousands)	**2023**	**2022**	**2021**
OPERATING ACTIVITIES:			
Net Earnings	$ 138,838	$ 98,709	$ 243,557
Adjustments to Reconcile Net Earnings to Cash Provided by Operating Activities:			
Depreciation of Lease Merchandise	1,576,303	1,757,730	1,820,010
Other Depreciation and Amortization	32,032	33,851	33,258
Provisions for Accounts Receivable and Loan Losses	345,383	417,496	242,412
Stock-Based Compensation	24,920	17,521	21,349
Deferred Income Taxes	(32,449)	(9,199)	15,729
Impairment of Goodwill	—	10,151	—
Non-Cash Lease Expense	(2,669)	(1,674)	974
Other Changes, Net	(5,992)	(7,164)	(7,561)
Changes in Operating Assets and Liabilities, Net of Effects of Acquisitions:			
Additions to Lease Merchandise	(1,721,117)	(1,889,207)	(2,054,467)
Book Value of Lease Merchandise Sold or Disposed	159,430	197,489	130,665
Accounts Receivable	(307,984)	(374,515)	(229,703)
Prepaid Expenses and Other Assets	(2,110)	68	(7,879)
Income Tax Receivable and Payable	(14,188)	(6,007)	(29,753)
Operating Lease Right-of-Use Assets and Liabilities	—	2,999	(1,955)
Accounts Payable and Accrued Expenses	15,200	2,227	70,820
Customer Deposits and Advance Payments	(1,361)	(7,996)	(1,495)
Cash Provided by Operating Activities	204,236	242,479	245,961
INVESTING ACTIVITIES:			
Investments in Loans Receivable	(214,686)	(203,600)	(182,204)
Proceeds from Loans Receivable	185,056	159,707	132,281
Outflows on Purchases of Property and Equipment	(9,616)	(9,674)	(9,555)
Proceeds from Property and Equipment	48	27	78
Proceeds (Outflows) from Acquisitions of Businesses and Customer Agreements	365	6	(22,766)
Cash Used in Investing Activities	(38,833)	(53,534)	(82,166)
FINANCING ACTIVITIES:			
Repayments on Revolving Facility, Net	—	—	(50,000)
Proceeds from Debt	—	—	591,750
Acquisition of Treasury Stock	(139,573)	(223,598)	(142,358)
Tender Offer Stock Repurchased and Retired	—	(274)	(428,551)
Issuance of Stock Under Stock Option and Employee Purchase Plans	1,357	1,150	4,592
Shares Withheld for Tax Payments	(3,622)	(2,902)	(5,123)
Debt Issuance Costs	(29)	(1,600)	(591)
Cash Used In Financing Activities	(141,867)	(227,224)	(30,281)
Increase (Decrease) in Cash and Cash Equivalents	23,536	(38,279)	133,514
Cash and Cash Equivalents at Beginning of Year	131,880	170,159	36,645
Cash and Cash Equivalents at End of Year	$ 155,416	$ 131,880	$ 170,159
Net Cash Paid During the Year:			
Interest	$ 36,991	$ 35,712	$ 1,452
Income Taxes	$ 100,433	$ 62,172	$ 53,602

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

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

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

Our Progressive Leasing segment provides consumers with lease-purchase solutions through its point-of-sale partner locations and e-commerce website partners in the United States and Puerto Rico (collectively, "POS partners"). It does so by purchasing merchandise from the POS partners desired by customers and, in turn, leasing that merchandise to the customers through a cancellable lease-to-own transaction. Progressive Leasing has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers.

Our Vive segment primarily serves customers that may not qualify for traditional prime lending offers who desire to purchase goods and services from participating merchants. Vive offers customized programs, with services that include revolving loans through private label and Vive-branded credit cards. Vive's current network of POS partner locations and e-commerce websites includes furniture, mattresses, home exercise equipment, and home improvement retailers, as well as medical and dental service providers.

On June 25, 2021, the Company completed the acquisition of Four Technologies, Inc. ("Four"), an innovative Buy Now, Pay Later ("BNPL") company that allows shoppers to pay for merchandise through four interest-free installments. Shoppers use Four to purchase furniture, clothing, electronics, health and beauty products, footwear, jewelry, and other consumer goods from retailers across the United States. Four is not a reportable segment for the years ended December 31, 2023, 2022 and 2021 as its financial results are not material to the Company's consolidated financial results. See Note 2 for further discussion on the acquisition.

Basis of Presentation

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Management does not believe these estimates or assumptions will change significantly in the future absent unidentified and unforeseen events, such as the possible direct or indirect impacts associated with elevated inflation, increasing unemployment rates, the resumption of student loan repayments in October 2023, and/or the possibility of a recession in the United States.

Principles of Consolidation

The consolidated financial statements include the accounts of PROG Holdings, Inc. and its subsidiaries, each of which is wholly-owned. Intercompany balances and transactions between consolidated entities have been eliminated.

Revenue Recognition

Lease Revenues and Fees

Progressive Leasing provides merchandise, consisting primarily of furniture, appliances, electronics, jewelry, mobile phones and accessories, mattresses, automobile electronics and accessories, and a variety of other products, to its customers for lease under terms agreed to by the customer. Progressive Leasing offers customers of traditional and e-commerce retailers a lease-purchase solution through leases with payment terms that can generally be renewed up to 12 months. Progressive Leasing does not require deposits upon inception of customer agreements. The customer has the right to acquire ownership either through early buyout options or through payment of all required lease payments. The agreements are cancellable at any time by either party without penalty.

All of Progressive Leasing's customer agreements are considered operating leases. The Company maintains ownership of the lease merchandise until all payment obligations are satisfied under the lease ownership agreements. Initial lease payments made by the customer upon lease execution are recognized as deferred revenue and are amortized as lease revenue over the estimated lease term on a straight-line basis. Initial lease payments and other payments collected in advance of being due or earned are recognized as deferred revenue within customer deposits and advance payments in the accompanying consolidated balance sheets. All other customer lease billings are earned prior to the lease payment due date and are recorded net of related sales taxes as earned. Payment due date terms include weekly, bi-weekly, semi-monthly and monthly frequencies. Revenue recorded prior to the payment due date results in unbilled receivables recognized in accounts receivable, net of allowances, in the accompanying consolidated balance sheets. Lease revenues are recorded net of a provision for uncollectible renewal payments.

Initial direct costs related to lease purchase agreements are capitalized as incurred and amortized as operating expense over the estimated lease term. The capitalized costs have been classified within prepaid expenses and other assets in the accompanying consolidated balance sheets.

Interest and Fees on Loans Receivable

Interest and fees on loans receivable is primarily generated from our Vive segment. Vive extends or declines credit to an applicant through its bank partners based upon the applicant's credit rating and other factors. Qualifying applicants are approved for a specified maximum revolving credit card line to finance their initial purchase and to use in subsequent purchases at the merchant or other participating merchants for an initial 24-month period, which Vive may renew if the cardholder remains in good standing.

Vive acquires the loan receivable from its third-party bank partners at a discount from the face value of the loan. The discount is comprised of a merchant fee discount and a promotional fee discount, if applicable.

The merchant fee discount represents a pre-negotiated, nonrefundable discount that generally ranges from 3% to 25% of the loan face value. The discount is designed to cover the risk of loss related to the portfolio of cardholder charges and Vive's direct origination costs. The merchant fee discount and origination costs are presented net in the consolidated balance sheets in loans receivable. Cardholders generally have an initial 24-month period that the card is active. The merchant fee discount, net of the origination costs, is amortized on a net basis and is recorded as interest and fees on loans receivable in the consolidated statements of earnings on a straight-line basis over the initial 24-month period. If the loan receivable is paid off or charged off during the 24-month period, the remaining net merchant fee discount is recognized as interest and fees on loans receivable at that time.

The discount from the face value of the loan on the acquisition of the loan receivable from the merchant through the third-party bank partners may also include a promotional fee discount, which generally ranges from 1% to 8%. The promotional fee discount is intended to compensate the holder of the loan receivable (i.e., Vive) for deferred or reduced interest rates that are offered to the cardholder for a specified period on the outstanding loan balance (generally for six, 12 or 18 months). The promotional fee discount is amortized as interest and fees on loans receivable in the consolidated statements of earnings on a straight-line basis over the promotional interest period (i.e., over six, 12 or 18 months, depending on the promotion). If the loan receivable is paid off or charged off prior to the expiration of the promotional period, the remaining promotional fee discount is recognized as interest and fees on loans receivable at that time. The unamortized promotional fee discount is presented net within loans receivable in the consolidated balance sheets.

The customer is typically required to make monthly minimum payments of at least 3.5% of the outstanding loan balance, which includes outstanding interest. Fixed and variable interest rates, typically 27% to 35.99%, are compounded daily for cards that do not qualify for deferred or reduced interest promotional periods. Interest income, which is recognized based upon the amount of the loans outstanding, is recognized as interest and fees on loans receivable when earned if collectibility is reasonably assured. For credit cards that provide deferred interest, if the balance is not paid off during the promotional period or if the cardholder defaults, interest is billed to the customers at standard rates and the cumulative amount owed is charged to the cardholder account in the month that the promotional period expires. The Company recognizes interest revenue during the promotional period based on its historical experience related to cardholders that fail to pay off balances during the promotional period if collectibility is reasonably assured.

Annual fees are charged to cardholders at the commencement of the loan and on each subsequent anniversary date. Annual fees are deferred and recognized into revenue on a straight-line basis over a one-year period. Under the provisions of the credit card agreements, Vive also may assess fees for missed or late payments, which are recognized as revenue in the billing period in which they are assessed if collectibility is reasonably assured. Annual fees and other fees are recognized as interest and fees on loans receivable in the consolidated statements of earnings.

Lease Merchandise

Progressive Leasing's merchandise consists primarily of furniture, appliances, electronics, jewelry, mobile phones and accessories, mattresses, automobile electronics and accessories, and a variety of other products, and is recorded at the lower of depreciated cost or net realizable value. Progressive Leasing depreciates lease merchandise to a 0% salvage value generally over 12 months. Depreciation is accelerated upon early buyout. All of Progressive Leasing's merchandise, net of accumulated depreciation and allowances, represents on-lease merchandise.

The Company records a provision for write-offs using the allowance method. The allowance method for lease merchandise write-offs estimates the merchandise losses incurred but not yet identified by management as of the end of the accounting period based on historical write-off experience. Other qualitative factors, such as current and forecasted customer payment trends, are considered in estimating the allowance. Given the significant uncertainty regarding the impacts of inflation, elevated interest rates, the resumption of student loan repayments, and/or unemployment rates on our business, a high level of estimation was involved in determining the allowance as of December 31, 2023. Actual lease merchandise write-offs may differ materially from the allowance as of December 31, 2023. For customer lease agreements that are past due, the Company's policy is to write off lease merchandise after 120 days.

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

	Year Ended December 31,		
(In Thousands)	**2023**	**2022**	**2021**
Beginning Balance	$ 47,118	$ 54,367	$ 45,992
Net Book Value of Merchandise Written off	(165,153)	(210,160)	(128,031)
Recoveries	6,965	8,985	9,422
Provision for Write-offs	155,250	193,926	126,984
Ending Balance	$ 44,180	$ 47,118	$ 54,367

Vendor Incentives and Rebates Provided to POS Partners

Progressive Leasing has agreements with some of its POS partners that require additional consideration to be paid to the POS partner, including payments for exclusivity, rebates based on lease volume originations generated through the POS partners, and payments to the POS partners for marketing or other development initiatives to promote additional lease originations through these POS partners. Payments made to POS partners as consideration for them providing exclusivity to Progressive Leasing for lease-to-own transactions with customers of the POS partner are expensed on a straight-line basis over the exclusivity term. Rebates are accrued over the period the POS partner is earning the rebate, which is typically based on quarterly or annual lease origination volumes. Payments made to POS partners for marketing or development initiatives are expensed on a straight-line basis over the period the POS partner is earning the funds or the specified marketing term. Progressive Leasing expensed $28.5 million, $27.7 million, and $18.0 million for such additional consideration to POS partners, for the years ended December 31, 2023, 2022 and 2021, respectively. Expenses related to additional consideration provided to POS partners are classified within operating expenses in the consolidated statements of earnings.

Advertising

The Company expenses advertising costs as incurred. Total advertising costs amounted to $17.2 million, $15.8 million and $17.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, and are classified within operating expenses in the consolidated statements of earnings.

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are more fully described in Note 13 to these consolidated financial statements. The Company estimates the fair value for the options granted on the grant date using a Black-Scholes-Merton option-pricing model. The fair value of each share of restricted stock units ("RSUs"), restricted stock awards ("RSAs") and performance share units ("PSUs") awarded is equal to the market value of a share of the Company's common stock on the grant date. The Company estimates the fair value of awards issued under the Company's employee stock purchase plan ("ESPP") using a series of Black-Scholes pricing models that consider the components of the "lookback" feature of the plan, including the underlying stock, call option and put option. The design of awards issued under the Company's ESPP is described in more detail in Note 13 to these consolidated financial statements.

Deferred Income Taxes

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

Earnings Per Share

Earnings per share is computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period. The computation of earnings per share assuming dilution includes the dilutive effect of stock options, RSUs, RSAs, PSUs and awards issuable under the Company's ESPP (collectively, "share-based awards") as determined under the treasury stock method. The following table shows the calculation of dilutive share-based awards:

	Year Ended December 31,		
(Shares In Thousands)	**2023**	**2022**	**2021**
Weighted Average Shares Outstanding	46,034	51,921	66,026
Dilutive Effect of Share-Based Awards	516	154	390
Weighted Average Shares Outstanding Assuming Dilution	46,550	52,075	66,416

Approximately 833,000, 1,410,000 and 423,000 weighted-average share-based awards were excluded from the computation of earnings per share assuming dilution during the years ended December 31, 2023, 2022 and 2021, respectively, as the awards would have been antidilutive for the periods presented.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consist primarily of receivables due from customers of Progressive Leasing and amounted to $67.9 million and $64.5 million, net of allowances, as of December 31, 2023 and 2022, respectively.

The Company maintains an accounts receivable allowance, which primarily relates to its Progressive Leasing operations and, to a lesser extent, receivables from Vive's POS partners. The Company's policy is to record an allowance for uncollectible renewal payments based on historical collection experience. Other qualitative factors, such as current and forecasted business trends, are considered in estimating the allowance. Given the significant uncertainty regarding the impacts of inflation, elevated interest rates, the resumption of student loan repayments, and/or unemployment rates on our business, a high level of estimation was involved in determining the allowance as of December 31, 2023. Therefore, actual future accounts receivable write-offs may differ materially from the allowance. The provision for uncollectible renewal payments is recorded as a reduction of lease revenues and fees within the consolidated statements of earnings. For customer lease agreements that are past due, the Company's policy is to write off lease receivables after 120 days.

Vive's allowance for uncollectible merchant accounts receivable, which primarily relates to cardholder returns and refunds, and is an immaterial amount related to Vive's bad debt expense, is recorded within operating expenses in the consolidated statements of earnings. See below for a discussion of Vive's loans receivable and related allowance for loan losses.

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

	Year Ended December 31,		
(In Thousands)	**2023**	**2022**	**2021**
Beginning Balance	$ 69,264	$ 71,233	$ 56,364
Net Book Value of Accounts Written Off	(348,729)	(415,344)	(247,789)
Recoveries	39,019	37,111	37,914
Accounts Receivable Provision	304,626	376,264	224,744
Ending Balance	$ 64,180	$ 69,264	$ 71,233

Loans Receivable, Net

Gross loans receivable primarily represents the principal balances of credit card charges at Vive's participating merchants that remain due from cardholders, plus unpaid interest and fees due from cardholders. The allowance and unamortized fees represent uncollectible amounts; merchant fee discounts, net of capitalized origination costs; promotional fee discounts; and deferred annual card fees. Loans receivable, net, also includes $13.9 million and $5.3 million of outstanding receivables from customers of Four as of December 31, 2023 and 2022, respectively.

Economic conditions and loan performance trends are closely monitored to manage and evaluate exposure to credit risk. Trends in delinquency rates are an indicator of credit risk within the loans receivable portfolio, including the migration of loans between delinquency categories over time. Charge-off rates represent another indicator of the potential for future credit losses. The risk in the loans receivable portfolio is correlated with broad economic trends, such as current and projected unemployment rates, stock market volatility, and changes in medium and long-term risk-free rates, which are considered in determining the allowance for loan losses and can have a material effect on credit performance.

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

The Company calculates Vive's allowance for loan losses based on internal historical loss information and incorporates observable and forecasted macroeconomic data over a six-month reasonable and supportable forecast period. Incorporating macroeconomic data could have a material impact on the measurement of the allowance to the extent that forecasted data changes significantly, such as higher forecasted inflation and unemployment rates. Subsequent to the six-month reasonable and supportable forecast period described above, the Company reverts to using historical loss information on a straight-line basis over a three-month period. For the remaining life of the portfolio, the Company utilizes historical loss information. The Company may also consider other qualitative factors in estimating the allowance, as necessary. For the purposes of determining the allowance as of December 31, 2023, management considered qualitative factors such as the tightening of Vive's loan decisioning in mid-2022 and macroeconomic conditions associated with the impacts from increased inflation, unemployment rates, and/or the possibility of a recession in the United States. The allowance for loan losses is maintained at a level considered appropriate to cover expected future losses of principal, interest and fees on active loans in the loans receivable portfolio. The appropriateness of the allowance is evaluated at each period end. To the extent that actual results differ from estimates of uncollectible loans receivable, due to the volatility of inflation, forecasted higher unemployment rates, housing costs, the resumption of student loan repayments in October 2023, and/or changes to other macroeconomic factors used to calculate the allowance, the Company's results of operations and liquidity may be materially affected.

Vive's delinquent loans receivable includes those that are 30 days or more past due based on their contractual billing dates. Vive's loans receivable are placed on nonaccrual status when they are greater than 90 days past due or upon notification of cardholder bankruptcy, death or fraud. The Company discontinues accruing interest and fees and amortizing merchant fee discounts and promotional fee discounts for Vive's loans receivable in nonaccrual status. Loans receivable are removed from nonaccrual status when cardholder payments resume, the loan becomes 90 days or less past due and collection of the remaining amounts outstanding is deemed probable. Payments received on nonaccrual loans are allocated according to the same payment hierarchy methodology applied to loans that are accruing interest. Loans receivable are charged off no later than the end of the following month after the billing cycle in which the loans receivable become 120 days past due.

Vive extends or declines credit to an applicant through its bank partners based upon the applicant's credit rating and other factors. Below is a summary of the credit quality of the Company's loan portfolio as of December 31, 2023 and 2022 by FICO score as determined at the time of loan origination:

	December 31,	
FICO Score Category	**2023**	**2022**
600 or Less	6.5 %	6.9 %
Between 600 and 700	73.5 %	75.4 %
700 or Greater	11.2 %	13.4 %
No Score Identified	8.8 %	4.3 %

Property and Equipment

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

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful life of the software, which ranges from five to 10 years. The Company develops software for use in its Progressive Leasing, Vive, and Four operations and related to other strategic initiatives. The Company uses an agile development methodology in which feature-by-feature updates are made to its software. Certain costs incurred during the application development stage of an internal-use software project are capitalized when management, with the relevant authority, authorizes and commits to funding a feature update and it is probable that the project will be completed and the software will be used to perform the function intended. Capitalization of costs ceases when the feature update is substantially complete and ready for its intended use. All costs incurred during preliminary project and post-implementation project stages are expensed. Generally, the life cycle for each feature update implementation is one to six months.

Gains and losses related to dispositions and retirements are recognized as incurred. Maintenance and repairs are also expensed as incurred, and leasehold improvements are capitalized and amortized over the lesser of the lease term or the asset's useful life. Depreciation expense for property and equipment is included in operating expenses in the accompanying consolidated statements of earnings and was $9.3 million, $11.0 million and $11.0 million during the years ended December 31, 2023, 2022 and 2021, respectively. Amortization of previously capitalized internal use software development costs, which is a component of depreciation expense for property and equipment, was $5.4 million, $5.5 million and $4.9 million during the years ended December 31, 2023, 2022 and 2021, respectively.

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

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

	December 31,	
(In Thousands)	**2023**	**2022**
Prepaid Expenses	$ 17,768	$ 18,845
Prepaid Lease Merchandise	9,944	10,134
Prepaid Software Expenses	8,624	7,022
Unamortized Initial Direct Costs on Lease Agreement Originations	7,192	6,016
Other Assets	7,183	6,464
Prepaid Expenses and Other Assets	$ 50,711	$ 48,481

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

Goodwill

Goodwill represents the excess of the purchase price paid over the fair value of the identifiable net tangible and intangible assets acquired in connection with business acquisitions. Progressive Leasing and Four are the only reporting units with goodwill. Impairment occurs when the reporting unit's carrying value exceeds its fair value. The Company's goodwill is not amortized but is subject to an impairment test at the reporting unit level annually as of October 1 and more frequently if events or circumstances indicate that an impairment may have occurred. Factors which could necessitate an interim impairment assessment include a sustained decline in the Company's stock price, prolonged negative industry or economic trends and significant underperformance relative to historical results, projected future operating results, or the Company failing to successfully execute on one or more elements of Progressive Leasing and/or Four's strategic plans.

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

The Company completed qualitative assessments for its annual goodwill impairment test for both Progressive Leasing and Four as of October 1, 2023. The qualitative assessments did not present any indicators of impairment and the Company concluded that no impairment had occurred. The Company determined that there were no events that occurred or circumstances that changed during the fourth quarter of 2023 that would more likely than not reduce the fair value of Progressive Leasing or Four below their carrying amounts.

Other Intangibles

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

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

Indefinite-lived intangible assets are not amortized but are subject to an impairment test annually and when events or circumstances indicate that impairment may have occurred. The Company performs the impairment test for its indefinite-lived intangible assets on October 1 in conjunction with its annual goodwill impairment test. The Company completed its indefinite-lived intangible asset impairment test as of October 1, 2023 and concluded that no impairment had occurred.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	December 31,	
(In Thousands)	**2023**	**2022**
Accounts Payable	$ 20,237	$ 14,386
Accrued Salaries and Benefits	27,256	21,366
Accrued Sales and Personal Property Taxes	11,684	13,517
Income Taxes Payable	1,153	1,287
Uncertain Tax Positions[1]	54,995	51,110
Accrued Vendor Rebates	11,446	9,320
Other Accrued Expenses and Liabilities	24,488	24,039
Accounts Payable and Accrued Expenses	$ 151,259	$ 135,025

[1] The uncertain tax positions as of December 31, 2023 and 2022 are primarily related to the Company's tax treatment of the $175.0 million settlement payment made in 2020 to the FTC as discussed in Note 9.

Cybersecurity Incident

As previously disclosed by the Company on September 21, 2023, Progressive Leasing experienced a cybersecurity incident affecting certain data and IT systems of Progressive Leasing. Promptly after detecting the incident, the Company engaged third-party cybersecurity experts and took immediate steps to respond to, remediate and investigate the incident. Law enforcement was also notified. Based on the Company's investigation, the Company determined that the data involved in the incident contained a substantial amount of personally identifiable information, including social security numbers, of Progressive Leasing's customers and other individuals. With the assistance of our cybersecurity experts, the Company located the Progressive Leasing customers and other individuals whose information was impacted and notified them, consistent with state and federal requirements. The Company also took a number of additional measures to demonstrate its continued support and commitment to data privacy and protection. The investigation is nearly complete and the Company believes it has a full view of the compromised data.

During the year ended December 31, 2023, the Company incurred $2.8 million for actual and anticipated costs related to the cybersecurity incident. These costs related primarily to third-party legal and consulting services and credit monitoring services for Progressive Leasing's customers and employees that were impacted and are included within professional services expense as a component of operating expenses in the consolidated statements of earnings. At December 31, 2023, the Company had $0.9 million accrued for costs related to the cybersecurity incident, which are included in accounts payable and accrued expenses in the consolidated balance sheets.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Company measures a liability related to its non-qualified deferred compensation plan, which represents benefits accrued for plan participants and is valued at the quoted market prices of the participants' investment elections, at fair value on a recurring basis. The Company maintains certain financial assets and liabilities that are not measured at fair value but for which fair value is disclosed.

The fair values of the Company's other current financial assets and liabilities, including cash and cash equivalents, accounts receivable and accounts payable, approximate their carrying values due to their short-term nature.

Recent Accounting Pronouncements

Adopted

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses, Troubled Debt Restructurings and Vintage Disclosures*. ASU 2022-04 eliminates the accounting guidance for troubled debt restructurings by creditors while enhancing disclosure requirements for certain restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the amendments require disclosure of current period gross write-offs for financing receivables by year of origination in the vintage disclosures. ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years for entities. The Company has elected to early adopt this standard for the year ended December 31, 2022. The adoption of this update did not have a material impact to the financial statements; however, the Company enhanced its vintage disclosure to include the current period gross write-offs by year of origination within Note 6.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). The standard provides temporary guidance to ease the potential burden in accounting for reference rate reform primarily resulting from the discontinuation of the London Interbank Overnight Rate ("LIBOR") or another reference rate expected to be discontinued. Entities may apply the provisions of the new standard as of the beginning of the reporting period when the election is made. The provisions of this update have been extended to December 31, 2024, when the reference rate replacement activity is expected to have been completed. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts referencing LIBOR. The new guidance provides an expedient which simplifies accounting analyses under current U.S. GAAP for contract modifications if the change is directly related to a change from LIBOR to a new interest rate index. The Company amended the Revolving Facility agreement to change the reference rate from LIBOR to the Secured Overnight Financing Rate ("SOFR") during 2023. There were no other changes to key terms of the Revolving Facility agreement and the legal expenses incurred in connection with the amendment were immaterial.

NOTE 2. ACQUISITION

On June 25, 2021, the Company acquired 100% of the capital stock of Four for a purchase price of $22.7 million in cash, inclusive of cash acquired.

Four is an innovative BNPL company that allows shoppers to pay for merchandise through four interest-free installments. Four's proprietary platform capabilities and its base of customers and retailers expand PROG Holdings' ecosystem of financial technology offerings by introducing a payment solution that further diversifies the Company's consumer financial technology offerings. Shoppers use Four to purchase furniture, clothing, electronics, health and beauty, footwear, jewelry, and other consumer goods from retailers across the United States.

The amounts of revenue and loss before income taxes of Four are included in the Company's consolidated statements of earnings from the date of acquisition. Four generated revenues of $5.7 million and losses before income taxes of $14.4 million during the year ended December 31, 2023, and revenues of $3.1 million and losses before income taxes of $24.4 million during the year ended December 31, 2022. Four's results of operations were not material to the Company's 2021 consolidated financial results.

The following table provides the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date:

(In Thousands)	Final Amounts Recognized as of Acquisition Date
Aggregate Purchase Price	$ 22,694
Fair Value of Identifiable Assets Acquired and Liabilities Assumed	
Cash and Cash Equivalents	334
Loans Receivable	609
Property, Plant and Equipment	198
Other Intangibles	5,173
Prepaid Expenses and Other Assets	39
Total Identifiable Assets Acquired	6,353
Accounts Payable and Accrued Expenses	(232)
Deferred Income Tax Liability	(838)
Total Liabilities Assumed	(1,070)
Goodwill	17,411
Net Assets Acquired	$ 22,694

The intangible assets attributable to the acquisition are comprised of the following:

	Fair Value (In Thousands)	Weighted Average Life (In Years)
Acquired Technology	$ 4,000	5.0
Trade Name	587	5.0
Merchant Relationships	586	2.0
Total Acquired Intangibles Assets[1]	$ 5,173	

[1]Acquired definite-lived intangible assets have a total weighted average life of 4.7 years.

The fair value measurements for acquired intangible assets were based on significant unobservable inputs (level 3) developed using company-specific information. Goodwill consists of the excess of the estimated purchase price over the fair value of the net assets acquired and represents the Company's ability to provide a BNPL product to PROG Holdings' existing base of retailers, merchants and customers. The value of goodwill is not tax deductible.

The Company incurred $0.6 million of acquisition-related costs in connection with the acquisition during the year ended December 31, 2021. These costs were included in operating expenses in the consolidated statements of earnings.

NOTE 3: GOODWILL AND INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

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

(In Thousands)	December 31, 2023	December 31, 2022
Trade Name	$ 53,000	$ 53,000
Goodwill	296,061	296,061
Indefinite-lived Intangible Assets	$ 349,061	$ 349,061

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

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

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

Definite-Lived Intangible Assets

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

	2023			2022		
(In Thousands)	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Acquired Internal-Use Software	$ 14,000	$ (14,000)	$ —	$ 14,000	$ (14,000)	$ —
Technology	72,550	(68,662)	3,888	72,550	(61,262)	11,288
Merchant Relationships	181,586	(147,104)	34,482	181,586	(131,874)	49,712
Other Intangibles[1]	587	(293)	294	587	(176)	411
Total	$ 268,723	$ (230,059)	$ 38,664	$ 268,723	$ (207,312)	$ 61,411

[1] Other intangibles consists of the Four trade name.

Total amortization expense of definite-lived intangible assets included in operating expenses in the accompanying consolidated statements of earnings was $22.7 million, $22.9 million and $22.3 million during the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, estimated future amortization expense for the next five years related to definite-lived intangible assets is as follows:

(In Thousands)	
2024	$ 17,889
2025	16,001
2026	4,774
2027	—
2028	—

NOTE 4: FAIR VALUE MEASUREMENT

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial liabilities measured at fair value on a recurring basis:

	December 31, 2023			December 31, 2022		
(In Thousands)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Deferred Compensation Liability	$ —	$ 2,487	$ —	$ —	$ 2,185	$ —

The Company maintains the PROG Holdings, Inc. Deferred Compensation Plan as described in Note 15 to these consolidated financial statements, which is an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. The liability is recorded in accounts payable and accrued expenses in the consolidated balance sheets. The liability represents benefits accrued for plan participants and is valued at the quoted market prices of the participants' investment elections, which consist of equity and debt "mirror" funds. As such, the Company has classified the deferred compensation liability as a Level 2 liability.

Financial Assets and Liabilities Not Measured at Fair Value for Which Fair Value is Disclosed

Vive's loans receivable are measured at amortized cost, net of an allowance for loan losses and unamortized fees in the consolidated balance sheets. In estimating fair value for Vive's loans receivable, the Company utilized a discounted cash flow methodology. The Company used various unobservable inputs reflecting its own assumptions, such as contractual future principal and interest cash flows, future loss rates, and discount rates (which consider current interest rates and are adjusted for credit risk, among other factors).

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

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

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

	December 31, 2023			December 31, 2022		
(In Thousands)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Senior Notes	$ —	$ 559,500	$ —	$ —	$ 481,320	$ —
Loans Receivable, Net	$ —	$ —	$ 148,466	$ —	$ —	$ 165,690

NOTE 5: PROPERTY AND EQUIPMENT

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

	December 31,	
(In Thousands)	**2023**	**2022**
Leasehold Improvements	$ 10,910	$ 10,910
Fixtures, Equipment and Vehicles	33,771	32,722
Internal-Use Software	39,792	31,163
Internal-Use Software - In Development	1,057	1,868
Property and Equipment, Gross	85,530	76,663
Less: Accumulated Depreciation and Amortization[1]	(61,426)	(52,811)
Property and Equipment, Net	$ 24,104	$ 23,852

[1]Accumulated amortization of internal-use software development costs amounted to $23.1 million and $17.8 million as of December 31, 2023 and 2022, respectively.

NOTE 6: LOANS RECEIVABLE

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

(In Thousands)	December 31, 2023	December 31, 2022
Loans Receivable, Gross	$ 176,845	$ 184,601
Unamortized Fees	(9,402)	(11,207)
Loans Receivable, Amortized Cost	167,443	173,394
Allowance for Loan Losses	(40,620)	(42,428)
Loans Receivable, Net of Allowances and Unamortized Fees[1]	$ 126,823	$ 130,966

[1] Loans Receivable, Net of Allowances and Unamortized Fees attributable to Four was $13.9 million and $5.3 million as of December 31, 2023 and 2022, respectively.

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

As of December 31, 2023 (In Thousands)	2023	2022 and Prior	Revolving Loans	Total
FICO Score Category:				
600 or Less	$ —	$ —	$ 10,909	$ 10,909
Between 600 and 700	—	—	120,860	120,860
700 or Greater	—	—	17,919	17,919
No Score Identified	17,755	—	—	17,755
Total Amortized Cost	$ 17,755	$ —	$ 149,688	$ 167,443
Gross Charge-offs by Origination Year for the Year Ended December 31, 2023	$ 2,188	$ 2,449	$ 43,569	$ 48,206

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

(Dollar Amounts in Thousands) Aging Category	December 31, 2023	December 31, 2022
30-59 Days Past Due	7.3 %	6.6 %
60-89 Days Past Due	3.8 %	3.5 %
90 or More Days Past Due	5.4 %	5.1 %
Past Due Loans Receivable	16.5 %	15.2 %
Current Loans Receivable	83.5 %	84.8 %
Balance of Credit Card Loans on Nonaccrual Status	$ 4,482	$ 4,436
Balance of Loans Receivable 90 or More Days Past Due and Still Accruing Interest and Fees	$ —	$ —

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

(In Thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022
Beginning Balance	$ 42,428	$ 40,789
Provision for Loan Losses	40,757	41,232
Charge-offs	(48,206)	(43,979)
Recoveries	5,641	4,386
Ending Balance	$ 40,620	$ 42,428

NOTE 7: LEASES

Lessor Information

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

Lessee Information

As a lessee, the Company leases management and information technology space for corporate functions under operating leases expiring at various times through 2027. To the extent that a leased property is vacated prior to the termination of the lease, the Company may sublease these spaces to third parties. The Company also leases space for its hub facilities and information technology equipment under operating leases. During 2022, the Company also had operating leases for some of its vehicles. For all of its leases in which the Company is a lessee, the Company has elected to include both the lease and non-lease components as a single component and account for it as a lease. The Company did not have any obligations under finance leases for any of the periods presented within the consolidated financial statements.

Operating lease costs are recorded on a straight-line basis within operating expenses in the consolidated statements of earnings. The Company did not have any subleases in which it remained as the primary obligor during 2023 or 2022 and currently does not anticipate receiving any future sublease receipts. The Company's total operating lease cost is comprised of the following:

	Year Ended December 31,	
(In Thousands)	**2023**	**2022**
Operating Lease cost:		
Operating Lease cost classified within Operating Expenses[1]	$ 3,178	$ 4,239
Total Operating Lease cost:	$ 3,178	$ 4,239

[1] Short-term and variable lease expenses were not significant during the years ended December 31, 2023 and 2022. Short-term lease expense is defined as leases with a lease term of greater than one month, but not greater than 12 months.

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

	Year Ended December 31,	
(In Thousands)	**2023**	**2022**
Cash Paid for amounts included in measurement of Lease Liabilities:		
Operating Cash Flows for Operating Leases	$ 5,847	$ 5,913
Total Cash paid for amounts included in measurement of Lease Liabilities	5,847	5,913
Right-of-Use Assets obtained in exchange for new Operating Lease Liabilities	—	711

Supplemental balance sheet information related to leases is as follows:

		December 31,	
(In Thousands)	**Balance Sheet Classification**	**2023**	**2022**
Assets			
Total Lease Assets[1]	Operating Lease Right-of-Use Assets	$ 9,271	$ 11,875
Liabilities			
Total Lease Liabilities	Operating Lease Liabilities	$ 15,849	$ 21,122

[1] Operating lease right-of-use assets as of December 31, 2022 reflects impairment charges of $2.9 million that were recorded as part of the restructuring activities initiated during 2022. For further details related to the restructuring activities, see Note 11.

Many of the Company's real estate leases contain renewal options for additional periods ranging from three to five years. The Company currently does not have any real estate leases in which it considers the renewal options to be reasonably certain of exercise, as the Company's leases contain contractual renewal rental rates that are considered to be in line with market rental rates and there are not significant economic penalties or business disruptions incurred by not exercising any renewal options. In January 2024, the Company announced that it had taken several restructuring actions, including the planned reduction of its office space in Utah and Arizona. During the first quarter of 2024, the Company will reduce its office space in Utah by 50% and completely vacate the office space in Arizona.

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

	December 31,			
	2023		2022	
	Weighted Average Discount Rate	Weighted Average Remaining Lease Term (in years)	Weighted Average Discount Rate	Weighted Average Remaining Lease Term (in years)
Operating Leases	3.5 %	3.1	3.4 %	3.9

Under the short-term lease exception provided within ASC 842, the Company does not record a lease liability or right-of-use asset for any leases that have a lease term of 12 months or less at commencement. Below is a summary of undiscounted operating lease liabilities that have initial terms in excess of one year as of December 31, 2023. The table also includes a reconciliation of the future undiscounted cash flows to the present value of operating lease liabilities included in the consolidated balance sheets.

(In Thousands)	Total
2024	$ 5,675
2025	4,513
2026	3,911
2027	2,672
2028	—
Thereafter	—
Total Undiscounted Cash Flows	16,771
Less: Interest	(922)
Present Value of Lease Liabilities	$ 15,849

NOTE 8: INDEBTEDNESS

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

	December 31,	
(In Thousands)	2023	2022
Senior Unsecured Notes, 6.000%, due November 2029	$ 600,000	$ 600,000
Revolving Facility Outstanding[1]	—	—
Less: Unamortized Debt Issuance Costs	(7,735)	(9,034)
Total Debt, Net of Unamortized Debt Issuance Costs	$ 592,265	$ 590,966

[1] Unamortized debt issuance costs related to the Revolving Facility were $0.9 million and $1.3 million as of December 31, 2023 and 2022, respectively. These amounts were included within prepaid expenses in the consolidated balance sheets.

Senior Unsecured Notes

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

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

The net proceeds from the Senior Notes were used to fund the purchase price, and related fees and expenses, of the Company's tender offer to purchase $425 million of the Company's common stock in 2021 as discussed in Note 12. The remaining proceeds were used for additional share repurchases during the year ended December 31, 2022.

The Senior Notes will also be redeemable, in whole or in part, at any time or from time to time on or after November 15, 2024, at the redemption prices specified in the indenture, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time and from time to time prior to November 15, 2024, the Senior Notes may be redeemed, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus a "make-whole premium" specified in the indenture and accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, the Company may redeem up to 40% of the Senior Notes at any time or from time to time before November 15, 2024, with the proceeds from certain equity offerings at a redemption price equal to 106% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

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

Revolving Facility

On November 24, 2020, the Company entered into a credit agreement with a consortium of lenders providing for a $350 million senior unsecured revolving credit facility (the "Revolving Facility"), under which revolving borrowings became available at the completion of the separation and distribution transaction, and under which all borrowings and commitments will mature or terminate on November 24, 2025. The Company expects that the Revolving Facility will be used to provide for working capital and capital expenditures, to finance future permitted acquisitions, and for other general corporate purposes. The Company incurred $2.2 million of lender and legal fees related to the Revolving Facility, which were recorded within prepaid expenses and other assets in the consolidated balance sheets and will be deferred and amortized through the maturity date. The Company had no outstanding borrowings under the Revolving Facility as of December 31, 2023.

The Company is a guarantor of the Revolving Facility with Progressive Finance Holdings, LLC, a wholly-owned subsidiary of the Company, as borrower. The Revolving Facility includes (i) a $20.0 million sublimit for the issuance of letters of credit on customary terms and (ii) a $25.0 million sublimit for swingline loans on customary terms. The Company will have the right from time to time to request to increase the size of the Revolving Facility or add certain incremental revolving or term loan facilities (the "Incremental Facilities") in minimum amounts to be agreed upon. The aggregate principal amount of all such Incremental Facilities may not exceed $300.0 million. During 2023, the Company amended the Revolving Facility agreement to change the reference rate from LIBOR to SOFR. There were no other changes to key terms of the Revolving Facility agreement and the legal expenses incurred in connection with the amendment were immaterial. Borrowings under the Revolving Facility bear interest at a rate per annum equal to, at our option, (i) SOFR plus a margin within the range of 1.50% to 2.50% for revolving loans, based on total leverage, or (ii) the base rate plus the applicable margin, which will be 1.00% lower than the applicable margin for SOFR loans.

The Company pays a commitment fee on unused balances, which ranges from 0.20% to 0.35% as determined by the Company's ratio of total net debt to EBITDA as defined by the Revolving Facility. As of December 31, 2023, the amount available under the Revolving Facility was $350 million.

Financial Covenants

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

The Revolving Facility discussed above contains financial covenants, which include requirements that the Company maintain ratios of (i) total net debt to EBITDA as defined by the Revolving Facility of no more than 2.50:1.00 and (ii) consolidated interest coverage of no less than 3.00:1.00. The Company will be in default under the Revolving Facility agreement if it fails to comply with these covenants, and all borrowings outstanding may become due immediately. Additionally, under the Revolving Facility agreement, if the total net debt to EBITDA as defined by the Revolving Facility agreement exceeds 1.25, the revolver becomes fully secured for the remaining duration of the Revolving Facility term. During 2022, the Company exceeded the 1.25 total net debt to EBITDA ratio and the Revolving Facility became fully secured. Under the Revolving Facility, the Company may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, the Company maintains compliance with its financial covenants and no event of default has occurred or would result from the payment.

At December 31, 2023, the Company was in compliance with all covenants related to its debt.

Below is a summary of future principal maturities due as of December 31, 2023:

(In Thousands)		
2024	$	—
2025		—
2026		—
2027		—
2028		—
Thereafter		600,000
Total	$	600,000

NOTE 9: INCOME TAXES

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

(In Thousands)	Year Ended December 31, 2023	2022	2021
Current Income Tax Expense:			
Federal	$ 77,412	$ 46,579	$ 50,240
State	12,420	12,155	18,678
	89,832	58,734	68,918
Deferred Income Tax (Benefit) Expense:			
Federal	(32,612)	(10,696)	16,852
State	163	1,497	(1,123)
	(32,449)	(9,199)	15,729
Income Tax Expense	$ 57,383	$ 49,535	$ 84,647

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

(In Thousands)	December 31, 2023	2022
Deferred Income Tax Liabilities:		
Property and Equipment	$ 103	$ 232
Goodwill and Other Intangibles	657	949
Investment in Partnership	131,002	161,499
Operating Lease Right-of-Use Assets	173	271
Total Deferred Income Tax Liabilities	131,935	162,951
Deferred Income Tax Assets:		
Accrued Liabilities	9,769	10,420
Advance Payments	38	33
Operating Lease Liabilities	191	382
Other, Net	25,795	23,598
Total Deferred Income Tax Assets	35,793	34,433
Less: Valuation Allowance	(5,715)	(5,788)
Net Deferred Income Tax Liabilities	$ 101,857	$ 134,306

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

	Year Ended December 31,		
	2023	2022	2021
Statutory Rate	21.0 %	21.0 %	21.0 %
Increases (Decreases) in United States Federal Taxes			
Resulting From:			
State Income Taxes, Net of Federal Income Tax Benefit	4.9	5.0	3.8
Non-deductible Goodwill Impairment	—	1.4	—
Other Permanent Differences	0.3	0.6	—
Deferred Tax Adjustments	1.1	0.7	—
Valuation Allowance	—	2.2	—
Current Uncertain Tax Position Expense	1.9	2.2	0.7
Shortfall in Stock-based Compensation	0.4	1.0	—
Other, Net	(0.4)	(0.7)	0.3
Effective Tax Rate	29.2 %	33.4 %	25.8 %

At December 31, 2023, the Company had $1.9 million of tax-effected state net operating loss carryforwards and $3.5 million of state tax credit carryforwards, which will both begin to expire in 2024 and 2025, respectively.

The Company files a federal consolidated income tax return in the United States, and the separate legal entities file in various states. With few exceptions, the Company is no longer subject to federal, state and local tax examinations by tax authorities for years before 2020.

Uncertain Tax Positions

The following table summarizes the activity related to the Company's uncertain tax positions:

	Year Ended December 31,		
(In Thousands)	2023	2022	2021
Balance at January 1,	$ 46,407	$ 46,750	$ 2,748
Additions Based on Tax Positions Related to the Current Year	81	850	44,816
Additions for Tax Positions of Prior Years	—	—	21
Prior Year Reductions	—	—	(1)
Statute Expirations	(288)	(607)	(692)
Settlements	—	(586)	(142)
Balance at December 31,	$ 46,200	$ 46,407	$ 46,750

As of December 31, 2023 and 2022, uncertain tax positions (inclusive of accrued interest) were $55.0 million and $51.1 million, respectively, and are included within accounts payable and accrued expenses in the consolidated balance sheets. The increase is primarily driven by the Company's tax treatment of its settlement with the Federal Trade Commission ("FTC").

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

The $175.0 million settlement was finalized and paid to the FTC in 2020. Prior to filing the Company's 2020 income tax return, it was determined there is a reasonable basis for deducting the settlement amount on the return. However, the tax position does not meet the more-likely-than-not recognition standard and no tax benefit has been recognized in the current period. As a result, the Company has reclassified $44.7 million from taxes payable, previously recognized in December 2019, to an uncertain tax position as of September 30, 2021. Additionally, the Company has recognized the accrued interest related to the uncertain tax position as a component of income tax expense in accordance with the Company's accounting policy. As of December 31, 2023 and 2022, the amount of accrued interest related to the FTC settlement was $8.6 million and $4.5 million, respectively. The Company believes, due to the statute of limitations expiration, it is reasonably possible the uncertain tax position related to the FTC settlement, including the accrued interest, could be released within the next 12 months.

As of December 31, 2023 and 2022, the amount of uncertain tax benefits that, if recognized, would affect the effective tax rate is $51.2 million and $48.1 million, respectively, including interest and penalties.

During the years ended December 31, 2023, 2022 and 2021 the Company recognized a net expense of $4.1 million, $3.0 million, and $1.5 million respectively, related to penalties and interest. The Company had $8.8 million and $4.7 million of accrued interest and penalties at December 31, 2023 and 2022, respectively. The Company recognizes potential interest and penalties related to uncertain tax benefits as a component of income tax expense.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the Company is party to various legal and regulatory proceedings arising in the ordinary course of business.

Some of the proceedings to which the Company is currently a party are described below. The Company believes it has meritorious defenses to all of the claims described below, and intends to vigorously defend against the claims. However, these proceedings are still developing and due to the inherent uncertainty in litigation, regulatory and similar adversarial proceedings, there can be no guarantee that the Company will ultimately be successful in these proceedings, or in others to which it is currently a party. Substantial losses from these proceedings or the costs of defending them could have a material adverse impact upon the Company's business, financial position and results of operations.

The Company establishes an accrued liability for legal and regulatory proceedings when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. The Company continually monitors its litigation and regulatory exposure and reviews the adequacy of its legal and regulatory reserves on a quarterly basis. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters.

At December 31, 2023 and 2022, the Company had accrued $1.2 million and $0.6 million, respectively for pending legal and regulatory matters for which it believes losses are probable and the amount of the loss can be reasonably estimated. The Company records its best estimate of the loss to legal and regulatory liabilities in accounts payable and accrued expenses in the consolidated balance sheets. The Company estimates the aggregate range of reasonably possible loss in excess of accrued liabilities for such probable loss contingencies is immaterial. Those matters for which a probable loss cannot be reasonably estimated are not included within the estimated ranges.

At December 31, 2023, the Company estimated that the aggregate range of loss for all material pending legal and regulatory proceedings for which a loss is reasonably possible, but less likely than probable (i.e., excluding the contingencies described in the preceding paragraph), is immaterial. Those matters for which a reasonable estimate is not possible are not included within estimated ranges and, therefore, the estimated ranges do not represent the Company's maximum loss exposure. The Company's estimates for legal and regulatory accruals, aggregate probable loss amounts and reasonably possible loss amounts are all subject to the uncertainties and variables described above.

Regulatory Inquiries

In January 2021, the Company, along with other lease-to-own companies, received a subpoena from the California Department of Financial Protection and Innovation (the "DFPI") requesting the production of documents regarding the Company's compliance with state consumer protection laws, including new legislation that went into effect on January 1, 2021. Although the Company believes it is in compliance with all applicable consumer financial laws and regulations in California, this inquiry may lead to an enforcement action and/or a consent order, and substantial costs, including legal fees, fines, penalties, and remediation expenses. While the Company intends to preserve defenses surrounding the jurisdiction of DFPI in this matter, it has fully cooperated, and anticipates continuing to cooperate, with the DFPI in responding to its inquiry.

Litigation Matters

On August 25, 2022, the Pennsylvania Attorney General filed a complaint against Progressive Leasing in the Philadelphia County Court of Common Pleas alleging, among other things, that Progressive Leasing was operating in the Commonwealth of Pennsylvania in violation of the Pennsylvania Rental Purchase Agreement Act by failing to disclose certain terms and conditions of rent-to-own ("RTO") transactions on "hang tags" physically attached to RTO merchandise. Although Progressive Leasing believed the Pennsylvania Attorney General's claims were without merit, it entered into a settlement agreement with the Attorney General in January 2024, pursuant to which the Attorney General agreed to release its claims against Progressive Leasing. The court where that lawsuit was pending approved the settlement on January 26, 2024 resulting in a $1.0 million settlement. At December 31, 2023, the Company had accrued $1.0 million for the lawsuit within accounts payable and accrued expenses in the consolidated balance sheet.

As previously disclosed by the Company on September 21, 2023, Progressive Leasing experienced a cybersecurity incident affecting certain data and IT systems of Progressive Leasing. Promptly after detecting the incident, the Company engaged third-party cybersecurity experts and took immediate steps to respond to, remediate and investigate the incident. Law enforcement was also notified. Based on the Company's investigation, the Company determined that the data involved in the incident contained a substantial amount of personally identifiable information, including social security numbers, of Progressive Leasing's customers and other individuals. With the assistance of our cybersecurity experts, the Company located the Progressive Leasing customers and other individuals whose information was impacted and notified them, consistent with state and federal requirements. The Company also took a number of additional measures to demonstrate its continued support and commitment to data privacy and protection. The investigation is nearly complete and the Company believes it has a full view of the compromised data.

As a result of the cybersecurity incident, Progressive Leasing has become subject to multiple lawsuits which allege, among other things, the incurrence of various types of damages arising out of the incident. As of the date of this Form 10-K, all but one of these lawsuits have been consolidated into a single action in the United States District Court for the District of Utah (the "District Court"). We believe the remaining unconsolidated lawsuit will be consolidated soon, and a consolidated complaint is expected to be filed against Progressive Leasing in the District Court in March or April of 2024.

Progressive Leasing believes the allegations made in this lawsuit are without merit and intends to vigorously defend itself against the lawsuit; however, at this time, the Company is unable to determine or predict the outcome of this lawsuit or reasonably provide an estimate or range of the possible losses, if any. The Company also maintains cybersecurity insurance coverage, subject to a $1.0 million retention, to limit the exposure to losses such as those related to the cybersecurity incident and lawsuits stemming therefrom; however, there can be no assurance that such insurance coverage will be adequate to cover all of the losses, costs and expenses related thereto or that the insurers will agree to cover such losses, costs and expenses.

Other Contingencies

At December 31, 2023, the Company had non-cancelable commitments primarily related to certain consulting and information technology services agreements, software licenses, hardware and software maintenance, and minimum contractually required customer loan amounts that were originated through and to be acquired from Vive's third-party federally insured banks of $36.2 million. Payments under these commitments are scheduled to be $20.0 million in 2024, $10.3 million in 2025, $3.1 million in 2026, $1.8 million in 2027, and $1.0 million in 2028, with no amounts committed thereafter.

Management regularly assesses the Company's insurance deductibles, monitors the Company's litigation and regulatory exposure with the Company's attorneys and evaluates its loss experience. The Company also enters into various contracts in the normal course of business that may subject it to risk of financial loss if counterparties fail to perform their contractual obligations.

Off-Balance Sheet Risk

The Company, through its Vive segment, had unconditionally cancellable unfunded lending commitments totaling $523.9 million and $513.7 million as of December 31, 2023 and 2022, respectively, that do not give rise to revenues and cash flows. These unfunded commitments arise in the ordinary course of business from credit card agreements with individual cardholders that give them the ability to borrow, against unused amounts, up to the maximum credit limit assigned to their account. While these unfunded amounts represent the total available unused lines of credit, the Company does not anticipate that all cardholders will utilize their entire available line at any given point in time. Commitments to extend unsecured credit are agreements to lend to a cardholder so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

NOTE 11. RESTRUCTURING EXPENSES

During 2022, the Company initiated restructuring activities intended to reduce expenses, consolidate certain segment corporate headquarters, and align the cost structure of the business with the Company's near-term revenue outlook. The Company continued such activities during 2023 and recorded restructuring expenses of $12.5 million for the year ended December 31, 2023, resulting in aggregate expenses of $21.5 million since the inception of the restructuring activities in 2022. These costs were primarily comprised of early contract termination costs related to certain independent sales agreements, employee severance within Progressive Leasing, and operating lease right-of-use asset impairment charges related to the relocation of the Vive corporate headquarters to the Company's corporate office building and a reduction of management and information technology office space.

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

	Year Ended December 31, 2023				Year Ended December 31, 2022			
(In Thousands)	Progressive Leasing	Vive	Other	Total	Progressive Leasing	Vive	Other	Total
Severance	$ 2,958	$ —	$ —	$ 2,958	$ 5,611	$ —	$ —	$ 5,611
Right-of-Use Asset Impairment	—	—	—	—	2,285	655	—	2,940
Property and Equipment Impairment	—	—	—	—	309	3	—	312
Other Restructuring Activities[1]	9,575	—	—	9,575	138	—	—	138
Total Restructuring Expenses	$ 12,533	$ —	$ —	$ 12,533	$ 8,343	$ 658	$ —	$ 9,001

[1] Other Restructuring Activities for the year ended December 31, 2023 are primarily early contract termination costs related to certain independent sales agreements.

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

(In Thousands)	Severance	Other Restructuring Activities	Total
Balance at December 31, 2021	$ —	$ —	$ —
Charges	5,611	138	5,749
Cash Payments	(2,550)	(96)	(2,646)
Balance at December 31, 2022	3,061	42	3,103
Charges	2,958	9,575	12,533
Cash Payments	(3,344)	(7,117)	(10,461)
Balance at December 31, 2023	$ 2,675	$ 2,500	$ 5,175

On January 25, 2024, the Company announced that it had taken several restructuring actions that are expected to result in annual pre-tax savings. In connection with these actions, the Company estimates that it will incur approximately $18 to $21 million of restructuring charges, substantially all of which are expected to be incurred by the end of the first quarter of 2024. These estimated charges consist primarily of costs related to the early termination of an independent sales agent agreement, office space reduction and consolidation, and one-time severance payments and other termination benefits involving a reduction in Progressive Leasing's workforce. In connection with the cost reduction initiatives, the Company expects that substantially all charges will be cash expenditures.

The estimated charges that the Company expects to incur are subject to a number of assumptions, and actual amounts may differ materially from such estimates. The Company may also incur additional charges not currently contemplated due to unanticipated events that may occur, including potential costs incurred in connection with the implementation of the cost reduction initiatives.

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

NOTE 12: SHAREHOLDERS' EQUITY

At December 31, 2023, the Company held 38,404,527 shares in its treasury and had the authority to purchase additional shares up to its remaining authorization limit of $197.7 million. On February 21, 2024, the Company's Board of Directors reauthorized the repurchase of Company common stock at an aggregate purchase price of up to $500 million under the Company's existing share repurchase program, with such reauthorized share repurchase program to be extended for a period of three years from February 21, 2024, or until the $500 million aggregate purchase price of Company common stock purchased pursuant to the reauthorized share repurchase program has been met, whichever occurs first.

In 2023, the Company repurchased 4,691,274 shares of its common stock for $139.6 million. That amount does not include any excise tax that may be assessed on those repurchases. During 2022, the Company repurchased 8,720,223 shares of its common stock for $223.6 million.

On February 21, 2024, the Company's Board of Directors declared a quarterly cash dividend of $0.12 per share of outstanding Company common stock, payable on March 28, 2024 to shareholders of record at the close of business on March 14, 2024. The future declaration and payment of dividends to holders of our common stock may be limited by the provisions of Georgia law, among other considerations. The future payment of dividends, if permitted, will be at the sole discretion of our Board of Directors and will depend on many factors, including our earnings, financial condition, and other considerations that our Board of Directors deems relevant.

The holders of common stock are entitled to receive dividends and other distributions in cash or stock of the Company as and when declared by the Company's Board of Directors out of legally available funds. Certain unvested time-based restricted stock awards entitle participants to vote and accrue dividends during the vesting period. As of December 31, 2023, the Company had issued approximately 63,000 unvested restricted stock awards that contain voting rights but are not presented as outstanding in the consolidated balance sheets.

On November 4, 2021, the Company commenced a tender offer to purchase for cash up to $425 million in value of the Company's common stock at a price of not less than $44.00 per share and not more than $50.00 per share, less any applicable withholding taxes and without interest. The tender offer expired at the end of the day on December 3, 2021, and the Company subsequently accepted for payment, at a purchase price of $49.00 per share, a total of 8,673,469 shares for an aggregate cost of $425 million, excluding $3.7 million in fees and expenses relating to the tender offer. The shares repurchased through the tender offer were retired by the Company.

In addition to the shares repurchased through the tender offer, the Company repurchased 2,937,709 shares of its common stock during 2021 for $142.4 million, totaling 11,611,178 shares of common stock for $567.4 million during the year ended December 31, 2021.

The Company has 1,000,000 shares of preferred stock authorized. The shares are issuable in series with terms for each series fixed by, and such issuance subject to approval by, the Board of Directors. As of December 31, 2023, no preferred shares have been issued.

NOTE 13: STOCK-BASED COMPENSATION

Description of Plans

The Company grants stock options, RSUs, RSAs and PSUs to certain employees and directors of the Company under the 2015 Equity and Incentive Award Plan, and previously did so under the 2001 Stock Option and Incentive Award Plan (the "2015 Plan" and "2001 Plan"). The 2001 Plan was originally approved by the Company's shareholders in May 2001 and was amended and restated with shareholder approval in May 2009 and discontinued with the approval of the 2015 Plan on May 6, 2015. The 2015 Plan was subsequently amended and restated with shareholder approval in February 2019. In May 2021, the 2015 Plan was amended, with shareholder approval, to increase the number of shares of common stock authorized for issuance under the 2015 Plan from 8,000,000 shares to 10,980,000 shares. Beginning in 2015, as part of the Company's long-term incentive compensation program ("LTIP Plan") and pursuant to the Company's 2001 Plan and 2015 Plan, the Company granted a mix of stock options, time-based restricted stock and performance share units to key executives and managers and also granted time-based restricted stock units to directors of the Company. As of December 31, 2023, the aggregate number of common stock shares that may be issued or transferred under the 2015 Plan is 4,039,103.

Stock-based Compensation Expense

The Company has elected a policy to estimate forfeitures in determining the amount of stock compensation expense. Total stock-based compensation expense was $24.9 million, $17.5 million and $21.3 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The total income tax benefit recognized in the consolidated statements of earnings for stock-based compensation arrangements was $6.2 million, $5.9 million and $5.5 million in the years ended December 31, 2023, 2022 and 2021, respectively. Deficits of recognized compensation costs in excess of tax deductions were $0.4 million and $1.7 million for the years ended December 31, 2023 and 2022, respectively. Benefits of tax deductions in excess of recognized compensation cost was $0.2 million for the year ended December 31, 2021. Deficits and benefits related to tax deductions for compensation cost are included in operating cash flows and as a component of income tax expense in the consolidated statements of earnings.

As of December 31, 2023, there was $24.0 million of total unrecognized compensation expense related to non-vested stock-based compensation of directors and employees of PROG Holdings, which is expected to be recognized over an average period of 1.26 years.

Stock Options

Under the Company's 2001 Plan, options granted become exercisable after a period of one to five years and unexercised options lapse 10 years after the date of grant. Under the Company's 2015 Plan, options granted to date become exercisable after a period of one to three years and unexercised options lapse 10 years after the date of the grant. Unvested options are subject to forfeiture upon termination of service for both plans. The Company recognizes compensation expense for options that have a graded vesting schedule on a straight-line basis over the requisite service period. Shares are issued from the Company's treasury shares upon share option exercises.

The Company determines the fair value of stock options on the grant date using a Black-Scholes-Merton option pricing model that incorporates expected volatility, expected option life, risk-free interest rates and expected dividend yields. The expected volatility is based on implied volatilities from traded options on the Company's stock and the historical volatility of the Company's common stock subsequent to the separation and distribution of The Aaron's Company in combination with the volatility of the Company's comparable peer group prior to the separation and distribution for the most recent period generally commensurate with the expected estimated life of each respective grant. The expected lives of options are based on the Company's historical option exercise experience. The Company believes that the historical experience method is the best estimate of future exercise patterns. The risk-free interest rates are determined using the implied yield available for zero-coupon United States government issues with a remaining term equal to the expected life of the grant. The expected dividend yields are based on the approved annual dividend rate in effect and the market price of the underlying common stock at the time of grant. Beginning in 2021, the annual dividend rate is assumed to be zero, and no assumption for a future dividend rate has been included, as the Company did not anticipate paying any dividends at the time of grant.

The Company granted 208,000, 264,000 and 150,000 stock options during the years ended December 31, 2023, 2022 and 2021, respectively. The weighted-average fair value of options granted and the weighted-average assumptions used in the Black-Scholes-Merton option pricing model for such grants were as follows:

	2023	2022	2021
Dividend Yield	— %	— %	— %
Expected Volatility	51.6 %	43.0 %	44.0 %
Risk-free Interest Rate	4.3 %	1.5 %	0.6 %
Expected Term (in years)	4.5	4.5	4.4
Weighted-average Fair Value of Stock Options Granted	$ 11.66	$ 10.89	$ 17.26

The following table summarizes information about stock options outstanding at December 31, 2023:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Number Outstanding December 31, 2023**	**Weighted Average Remaining Contractual Life (in Years)**	**Weighted Average Exercise Price**	**Number Exercisable December 31, 2023**	**Weighted Average Exercise Price**
$20.00-30.00	551,340	7.06	$ 26.31	207,140	$ 25.84
30.01-40.00	94,100	5.94	35.06	94,100	35.06
40.01-50.00	263,366	5.64	46.71	224,156	46.66
50.01-60.00	5,304	7.35	53.55	3,536	53.55
20.00-60.00	914,110	6.54	33.25	528,932	36.49

The table below summarizes option activity for the year ended December 31, 2023:

	Options (In Thousands)	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (in Years)**	**Aggregate Intrinsic Value (in Thousands)**	**Weighted Average Fair Value**
Outstanding at January 1, 2023	727	$ 35.55			
Granted	208	24.70			
Forfeited/Expired	(18)	28.16			
Exercised	(3)	29.16			
Outstanding at December 31, 2023	914	33.25	6.54	$ 2,536	$ 12.45
Expected to Vest	375	28.88	8.57	1,429	11.98
Exercisable at December 31, 2023	529	36.49	5.05	1,050	12.81

The aggregate intrinsic value amounts in the table above represent the closing price of the Company's common stock on December 31, 2023 in excess of the exercise price, multiplied by the number of in-the-money stock options as of that same date. Options outstanding that are expected to vest are net of estimated future option forfeitures.

The aggregate intrinsic value of options exercised, which represents the value of the Company's common stock at the time of exercise in excess of the exercise price, was $0.1 million and $1.0 million during the years ended December 31, 2023 and 2021, respectively. The total grant-date fair value of options exercised was $0.1 million and $1.0 million during the years ended December 31, 2023 and 2021, respectively. There were no options exercised during 2022.

Restricted Stock

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

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

The Company granted 574,000, 630,000 and 521,000 shares of restricted stock at weighted-average fair values of $25.69, $26.05 and $44.44 in the years ended December 31, 2023, 2022 and 2021, respectively. The following table summarizes information about restricted stock activity during 2023:

	Restricted Stock (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2023	1,028	$ 33.84
Granted	574	25.69
Forfeited	(115)	26.30
Vested	(307)	30.53
Non-vested at December 31, 2023	1,180	31.47

The total vest-date fair value of restricted stock described above that vested during the year was $8.4 million, $3.9 million and $7.8 million in the years ended December 31, 2023, 2022 and 2021, respectively.

Performance Share Units

For performance share units, which are settled in stock, the number of shares earned is determined at the end of the one to three-year performance periods based upon achievement of specified performance conditions. The performance criteria vary by agreement and have included the following performance conditions: (i) adjusted pre-tax profit, (ii) return on investment capital, (iii) consolidated revenues, (iv) segment or business unit revenues, (v) certain business development and technology initiatives and/or (vi) business unit customer count. When the performance criteria are met, the award is earned and vests assuming continued employment through the specified service period(s). Shares are issued from the Company's treasury shares upon vesting. The number of performance-based shares which could potentially be issued ranges from 0% up to a maximum of 100%, 200%, 260%, or 400% of the target award depending on the specified terms and conditions of the target award.

The fair value of performance share units is based on the fair market value of the Company's common stock on the date of grant. The compensation expense associated with these awards is amortized on an accelerated basis over the vesting period based on the Company's projected assessment of the level of performance that will be achieved and earned. In the event the Company determines it is no longer probable that the minimum performance criteria specified in the plan will be achieved, all previously recognized compensation expense is reversed in the period such a determination is made.

The following table summarizes information about performance share unit activity during 2023:

	Performance Share Units (In Thousands)	Weighted Average Fair Value
Non-vested at January 1, 2023	741	$ 39.86
Granted	358	25.57
Forfeited	(50)	26.57
Vested	(82)	40.86
Performance Factor Adjustment	(217)	30.19
Non-vested at December 31, 2023	750	36.38

The total vest-date fair value of performance share units described above that vested during the period was $2.2 million, $4.1 million and $7.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Employee Stock Purchase Plan

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

The compensation cost related to the ESPP is measured on the grant date based on eligible employees' expected withholdings and is recognized over each six-month offering period. Total compensation cost recognized in connection with the ESPP was $0.4 million, $0.4 million and $0.4 million for years ended December 31, 2023, 2022 and 2021, respectively.

The Company issued 67,720, 81,784 and 38,044 shares under the ESPP at weighted average purchase prices of $18.72, $14.06 and $39.62 during the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, the aggregate number of shares of common stock that may be issued under the ESPP was 387,766.

NOTE 14: SEGMENTS

Description of Products and Services of Reportable Segments

As of December 31, 2023, the Company has two reportable segments: Progressive Leasing and Vive.

Progressive Leasing partners with traditional and e-commerce retailers, primarily in the consumer residential electronics, furniture and appliance, jewelry, mobile phones and accessories, mattresses, and automobile electronics and accessories industries to offer a lease-purchase solution primarily for customers who may not have access to traditional credit-based financing options. It does so by offering leases with monthly, semi-monthly, bi-weekly and weekly payment frequencies.

Vive offers a variety of second-look financing programs originated through third-party federally insured banks to customers of participating merchants and, together with Progressive Leasing, allows the Company to provide POS partners with near-prime and below-prime customers one source for financing and leasing transactions.

As discussed in Note 2 above, on June 25, 2021, the Company completed the acquisition of Four, an innovative BNPL company that allows shoppers to pay for merchandise through four interest-free installments. Four is not a reportable segment for the year ended December 31, 2023 as its financial results are not material to the Company's consolidated financial results. The revenues, loss before income taxes, and assets within Other below are primarily comprised of the operating activities of Four.

Factors Used by Management to Identify the Reportable Segments

The Company's reportable segments are based on the operations of the Company that the chief operating decision maker regularly reviews to analyze performance and allocate resources among business units of the Company.

Disaggregated Revenue

The following table presents revenue by source and by segment for the year ended December 31, 2023:

	Year Ended December 31, 2023			
(In Thousands)	**Progressive Leasing**	**Vive**	**Other**	**Total**
Lease Revenues and Fees[1]	$ 2,333,588	$ —	$ —	$ 2,333,588
Interest and Fees on Loans Receivable[2]	—	68,912	5,764	74,676
Total	$ 2,333,588	$ 68,912	$ 5,764	$ 2,408,264

[1] Revenue within the scope of ASC 842, *Leases*.

[2] Revenue within the scope of ASC 310, *Receivables*.

The following table presents revenue by source and by segment for the year ended December 31, 2022:

	Year Ended December 31, 2022			
(In Thousands)	Progressive Leasing	Vive	Other	Total
Lease Revenues and Fees[1]	$ 2,523,785	$ —	$ —	$ 2,523,785
Interest and Fees on Loans Receivable[2]	—	70,911	3,130	74,041
Total	$ 2,523,785	$ 70,911	$ 3,130	$ 2,597,826

[1] Revenue within the scope of ASC 842, *Leases*.

[2] Revenue within the scope of ASC 310, *Receivables*.

The following table presents revenue by source and by segment for the year ended December 31, 2021:

	Year Ended December 31, 2021			
(In Thousands)	Progressive Leasing	Vive	Other	Total
Lease Revenues and Fees[1]	$ 2,619,005	$ —	$ —	$ 2,619,005
Interest and Fees on Loans Receivable[2]	—	58,462	453	58,915
Total	$ 2,619,005	$ 58,462	$ 453	$ 2,677,920

[1] Revenue within the scope of ASC 842, *Leases*.

[2] Revenue within the scope of ASC 310, *Receivables*.

Measurement of Segment Profit or Loss and Segment Assets

The Company evaluates performance and allocates resources based on revenues and earnings (loss) before income tax expense. The Company determines earnings (loss) before income tax expense for all reportable segments in accordance with U.S. GAAP. A portion of interest expense is allocated from the Progressive Leasing segment to the Vive segment based on the balance of outstanding intercompany debt.

The Company incurred various corporate overhead expenses for certain executive management, finance, treasury, tax, audit, legal, risk management, and other overhead functions during the years ended December 31, 2023, 2022, and 2021. Corporate overhead expenses incurred are primarily reflected as expenses of the Progressive Leasing segment and an immaterial amount was allocated to the Vive segment and Other. The allocation of corporate overhead costs to Progressive Leasing, Vive and Other is consistent with how the chief operating decision maker analyzed performance and allocated resources among the segments of the Company during the years ended December 31, 2023, 2022, and 2021. The following is a summary of earnings before income tax expense by segment:

	Year Ended December 31,		
(In Thousands)	2023	2022	2021
Earnings Before Income Tax Expense:			
Progressive Leasing	$ 216,271	$ 174,143	$ 319,125
Vive	4,545	9,195	20,225
Other[1]	(24,595)	(35,094)	(11,146)
Total Earnings Before Income Tax Expense	$ 196,221	$ 148,244	$ 328,204

[1] Earnings before income tax expense attributable to Other for the year ended December 31, 2022 includes a $10.2 million goodwill impairment loss related to the partial impairment of Four's goodwill as discussed in Note 1 and Note 3.

The following is a summary of total assets by segment:

	December 31,	
(In Thousands)	2023	2022
Assets:		
Progressive Leasing	$ 1,286,587	$ 1,309,487
Vive	141,028	155,846
Other	63,640	26,576
Total Assets	$ 1,491,255	$ 1,491,909

(In Thousands)	Year Ended December 31, 2023	2022	2021
Depreciation and Amortization:			
Progressive Leasing	$ 29,165	$ 31,374	$ 31,762
Vive	745	795	849
Other	2,122	1,682	647
Total Depreciation and Amortization[1]	$ 32,032	$ 33,851	$ 33,258
Depreciation of Lease Merchandise:			
Progressive Leasing	$ 1,576,303	$ 1,757,730	$ 1,820,010
Vive	—	—	—
Other	—	—	—
Total Depreciation of Lease Merchandise	$ 1,576,303	$ 1,757,730	$ 1,820,010
Interest Expense, Net:			
Interest Expense:			
Progressive Leasing	$ 38,859	$ 38,675	$ 5,590
Vive	593	398	472
Other	—	—	—
Intercompany Elimination	(758)	(398)	(472)
Interest Income:			
Progressive Leasing	$ (9,881)	$ (1,672)	$ (739)
Vive	—	—	—
Other	(165)		—
Intercompany Elimination	758	398	472
Total Interest Expense, Net	$ 29,406	$ 37,401	$ 5,323
Capital Expenditures[2]:			
Progressive Leasing	$ 6,160	$ 5,835	$ 8,101
Vive	601	926	819
Other	2,855	2,913	635
Total Capital Expenditures	$ 9,616	$ 9,674	$ 9,555

[1] Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

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

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

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

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

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

In 2021, the results of the Company's operating segments were not impacted by any significant unusual items.

NOTE 15: COMPENSATION ARRANGEMENTS

Deferred Compensation

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

Compensation deferred under the plan is recorded as a deferred compensation liability, which is recorded in accounts payable and accrued expenses in the consolidated balance sheets. The deferred compensation plan liability was $2.5 million and $2.2 million as of December 31, 2023 and 2022, respectively. Liabilities under the plan are recorded at amounts due to participants, based on the fair value of participants' selected investments, which consist of equity and debt "mirror" funds. The obligations are unsecured general obligations of the Company and the participants have no right, interest or claim in the assets of the Company, except as unsecured general creditors. The Company has established a rabbi trust to fund obligations under the plan, primarily with cash and money market funds. The value of the assets within the rabbi trust was $2.6 million and $1.9 million as of December 31, 2023 and 2022, respectively, and is included in prepaid expenses and other assets in the consolidated balance sheets. Benefits paid to employees of the Company were not material during the years ended December 31, 2023, 2022 and 2021.

Effective January 1, 2018, the Company implemented a discretionary match within the nonqualified Deferred Compensation Plan. The match allows eligible employees to receive 100% matching by the Company on the first 3% of contributions and 50% on the next 2% of contributions for a total of a 4% match. The annual match for an individual employee is not to exceed $13,200, $12,200, and $11,600 in 2023, 2022, and 2021, respectively, and is subject to a three-year cliff vesting schedule. The deferred compensation expense related to the Company's matching contributions was not material for the years ended December 31, 2023, 2022, and 2021.

401(k) Defined Contribution Plan

The Company maintains a 401(k) savings plan for all its employees. Effective January 1, 2015, the 401(k) savings plan was amended to allow employees to contribute up to 75% of their annual compensation in accordance with federal contribution limits with 100% matching by the Company on the first 3% of compensation and 50% on the next 2% of compensation for a total of a 4% match. The Company's expense related to the plan was $3.2 million in 2023, $3.2 million in 2022 and $2.5 million in 2021.

Employee Stock Purchase Plan

See Note 13 to these consolidated financial statements for more information regarding the Company's compensatory ESPP.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, was carried out by management, with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as of the end of the period covered by this Annual Report on Form 10-K. Based on management's evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of December 31, 2023 to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

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

Management has assessed, and the Company's independent registered public accounting firm, Ernst & Young LLP, has audited, the Company's internal control over financial reporting as of December 31, 2023. The unqualified reports of management and Ernst & Young LLP thereon are included in Item 8 of this Annual Report on Form 10-K and are incorporated by reference herein.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, during the Company's fourth fiscal quarter of 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 2023, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

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

The information required in response to this Item is contained under the captions "Nominees to Serve as Directors," "Executive Officers Who Are Not Directors," "Communicating with the Board of Directors and Corporate Governance Documents," "Composition, Meetings and Committees of the Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement to be filed with the SEC pursuant to Regulation 14A. These portions of the Proxy Statement are hereby incorporated by reference.

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

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item is contained under the captions "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards in Fiscal Year 2023," "Outstanding Equity Awards at 2023 Fiscal Year-End," "Options Exercised and Stock Vested in Fiscal Year 2023," "Non-Qualified Deferred Compensation as of December 31, 2023," "Potential Payments Upon Termination or Change-in-Control," "Non-Management Director Compensation in 2023," "Components of Our 2023 Executive Compensation Programs," "Base Salaries," "Annual Cash Incentive Awards," "Long-Term Equity Incentive Awards," "2015 Equity and Incentive Plan," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in the Proxy Statement. These portions of the Proxy Statement are hereby incorporated by reference.

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS and SCHEDULES

a) 1. FINANCIAL STATEMENTS

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

Consolidated Balance Sheets—December 31, 2023 and 2022
Consolidated Statements of Earnings —Years ended December 31, 2023, 2022 and 2021
Consolidated Statements of Shareholders' Equity—Years ended December 31, 2023, 2022 and 2021
Consolidated Statements of Cash Flows—Years ended December 31, 2023, 2022 and 2021
Notes to Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
Management Report on Internal Control over Financial Reporting

2. FINANCIAL STATEMENT SCHEDULES

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

3. EXHIBITS

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

	Material Contracts
10.1	Credit Agreement among PROG Holdings, Inc. (formerly Aaron's Holdings Company, Inc.), PROG Holding Company, LLC (formerly Aaron's Progressive Holding Company), Progressive Finance Holdings, LLC, those certain other subsidiaries of PROG Holdings, Inc. party thereto, the several banks and other financial institutions from time to time party thereto and JP Morgan Chase Bank, N.A., as administrative agent, dated November 24, 2020 (incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on December 1, 2020).
10.2	Second Amendment to Credit Agreement, dated as of May 26, 2023, entered into among Progressive Finance Holdings, LLC, PROG Holdings, Inc. and the other Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 filed with the SEC on July 26, 2023).
10.3	Consent Agreement dated February 21, 2020 (incorporated by reference to Exhibit 10.1 of Aaron's, Inc.'s Current Report on Form 8-K filed with the SEC on February 25, 2020).
10.4	Consent Order, dated April 22, 2020 (incorporated by reference to Exhibit 10.1 of Aaron's, Inc.'s Current Report on Form 8-K filed with the SEC on April 23, 2020).
	Management Contracts and Compensatory Plans or Arrangements
10.5	Employees Retirement Plan, as amended and restated, effective January 1, 2016 (incorporated by reference to Exhibit 10.7 of Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed with the SEC on August 4, 2016).
10.6	First Amendment to the Employees Retirement Plan, dated as of June 28, 2016, to be effective October 4, 2016 (incorporated by reference to Exhibit 10.8 of Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed with the SEC on August 4, 2016).
10.7	Third Amendment to the Employees Retirement Plan, dated August 23, 2019 (incorporated by reference to Exhibit 10.1 of Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 filed with the SEC on November 4, 2019).
10.8	Fourth Amendment to the Employees Retirement Plan, dated October 16, 2020 (incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020).
10.9	Amended and Restated Compensation Plan for Non-Employee Directors, 2020 Amendment and Restatement (incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020).
10.10	Deferred Compensation Plan, 2020 Amendment and Restatement (incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on October 16, 2020).
10.11	Form of Employee Stock Option Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan (incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement on Form S-8 (333-204014) filed with the SEC on May 8, 2015).
10.12	Form of Executive Performance Share Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan (incorporated by reference to Exhibit 99.3 of the Registrant's Registration Statement on Form S-8 (333-204014) filed with the SEC on May 8, 2015).
10.13	Amendment to Form of Executive Performance Share Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan (incorporated by reference to Exhibit 10.6 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 6, 2015).
10.14	Form of Executive Officer Restricted Stock Unit Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan (incorporated by reference to Exhibit 99.4 of the Registrant's Registration Statement on Form S-8 (333-204014) filed with the SEC on May 8, 2015).
10.15	Amendment to Form of Executive Officer Restricted Stock Unit Award Agreement under the Aaron's, Inc. 2015 Equity and Incentive Award Plan (incorporated by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 6, 2015).
10.16	Executive Severance Pay Plan of PROG Holdings, Inc., Effective July 29, 2021 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed with the SEC on July 29, 2021).
10.17*	Executive Severance Pay Plan of PROG Holdings, Inc., Effective November 8, 2023.
10.18	Form of Severance and Change In Control Agreement, effective July 29, 2021 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed with the SEC on July 29, 2021).
10.19	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.29 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 26, 2021).

10.20	PROG Holdings, Inc. Amended and Restated 2015 Equity and Incentive Plan, 2022 Amendment and Restatement (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement filed with the SEC on April 26, 2022).
10.21	PROG Holdings, Inc. Amended Employee Stock Purchase Plan (incorporated by reference to Appendix C to the Company's Definitive Proxy Statement filed with the SEC on April 26, 2022).
97*	PROG Holdings, Inc. Incentive-Based Compensation Recoupment Policy.
	Other Exhibits and Certifications
21*	Subsidiaries of the Registrant.
23*	Consent of Ernst & Young LLP.
31.1*	Certification of the Chief Executive Officer of PROG Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of PROG Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer of PROG Holdings, Inc. furnished herewith pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of PROG Holdings, Inc. furnished herewith pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and embedded within Exhibit 101)

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

* Filed herewith.

(b) EXHIBITS

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

(c) FINANCIAL STATEMENTS AND SCHEDULES

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

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 21, 2024.

PROG Holdings, Inc.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 21, 2024.

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

DESCRIPTION OF PROG HOLDINGS, INC. CAPITAL STOCK

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

Overview

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

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

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

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

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

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

Authorized but Unissued Capital Stock

We have an aggregate 225 million authorized shares of common stock and 1 million authorized shares of preferred stock. One of the consequences of our authorized but unissued common stock and undesignated preferred stock may be to enable our board of directors to make more difficult or to discourage an attempt to obtain control of us. If, in the exercise of its fiduciary obligations, our board of directors determined that a takeover proposal was not in our best interest, our board of directors could authorize the issuance of those shares without stockholder approval, subject to limits imposed by the New York Stock Exchange. The shares could be issued in one or more transactions that might prevent or make the completion of a proposed change of control transaction more difficult or costly by, among other things:

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

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

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

Shareholder Action by Written Consent; Special Meetings of Shareholders

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

Election and Removal of Directors

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

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

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

Advance Notice Procedure for Director Nomination and Shareholder Proposals

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

Amendments of Our Articles of Incorporation and Bylaws

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

Georgia Anti-Takeover Statutes

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

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

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

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

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

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

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

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

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

Limitation of Liability of Directors

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

EXECUTIVE SEVERANCE PAY PLAN
OF
PROG HOLDINGS, INC.

Effective as of November 8, 2023

SECTION I
Establishment and Purpose of Plan

1.1 PROG Holdings, Inc. (the "Company") hereby establishes the Executive Severance Pay Plan of PROG Holdings, Inc. (the "Plan"), effective as of November 8, 2023 (the "Effective Date"). The Plan shall continue in effect until terminated by the Company, subject to the provisions of Section X below.

1.2 The purposes of the Plan include (i) providing certain executives of the Company and/or any affiliate or subsidiary with severance pay benefits in the event of the termination of their employment, (ii) better enabling the Company and its affiliates and subsidiaries to attract and retain highly qualified executives, (iii) providing executives protection in the event of a change in control of the Company so that the executives are focused on pursuing transaction opportunities that are beneficial to shareholders, and (iv) retaining critical talent in the event of a potential change in control transaction.

SECTION II
Definitions

The following words and phrases shall have the meanings set forth below where used in the Plan, unless the context clearly indicates otherwise.

1.1 "Administrator" means the Company in its capacity as Plan "administrator" and "named fiduciary" within the meaning of ERISA. The Committee shall act as the Administrator unless and until it delegates such authority and responsibility to one or more officers or a committee.

1.2 "Annual Salary" means, with respect to a Participant, the Participant's annual base salary, exclusive of any bonus pay, commissions, overtime pay or other additional compensation, in effect at the time of his or her Separation from Service.

1.3 "Board" means the Board of Directors of the Company.

1.4 "Cause" means, unless provided otherwise in an individual agreement between the Executive and his or her Employer, with respect to an Executive:

(a) the commission by the Executive of an act of fraud, embezzlement, theft or proven dishonesty, or any other illegal act or practice (whether or not resulting in criminal prosecution or conviction);

(b) the willful engaging by the Executive in misconduct which is deemed by the Committee, in good faith, to be materially injurious to the Company or an affiliate or subsidiary of the Company, monetarily or otherwise;

(c) the willful and continued failure or habitual neglect by the Executive to perform his or her duties with the Company or an affiliate or subsidiary of the Company substantially in accordance with the operating and personnel policies and procedures of the Company, affiliate or subsidiary generally applicable to all of their employees.

For purposes of this Plan, no act or failure to act by the Executive shall be deemed to be “willful” unless done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive’s action or omission was in the best interest of the Company and/or an affiliate or subsidiary of the Company. "Cause" under either (a), (b) or (c) shall be determined by the Committee in its sole discretion.

1.5 A “Change in Control” means:

(a) The acquisition (other than from the Company) by any person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (but without regard to any time period specified in Rule 13d-3(d)(1)(i))), of thirty-five percent (35%) or more of the combined voting power of then outstanding securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); excluding, however, (1) any acquisition by the Company or (2) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;

(b) A majority of the members of the Board is replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(c) Consummation by the Company of a reorganization, merger, or consolidation or sale of all or substantially all of the assets of the Company (a “Transaction”); excluding, however, a Transaction pursuant to which all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Company Voting Securities immediately prior to such Transaction will beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors of the corporation resulting from such Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or indirectly) in substantially the same proportions relative to each other as their ownership, immediately prior to such Transaction, of the Outstanding Company Voting Securities.

Provided, however, a Change in Control shall not be deemed to occur unless the transaction also constitutes a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, each as defined in Code Section 409A(a)(2)(A)(v) and the regulations promulgated thereunder.

1.6 “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

1.7 “COBRA Charge” means the dollar amount of the Employer’s monthly premium in effect for continued coverage under the Employer’s group health insurance plan in which the Participant participates on the Executive’s Termination Date, pursuant to the requirements of COBRA, less the administrative charge imposed by the Employer for such coverage, less the portion of the premium paid by an active employee for the type of coverage in effect for the Participant under such health plan on the Participant’s Termination Date.

1.8 “Code” means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

1.9 “Committee” means the Compensation Committee of the Board.

1.10 “Company” means PROG Holdings, Inc., its successors and assigns, or, following a Change in Control, the surviving entity resulting from such event.

1.11 “Employer” means the Company, or any affiliate or subsidiary of the Company that has adopted the Plan as a participating employer with the consent of the Company, as reflected on Exhibit B from time to time.

1.12 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.13 “Executive” means each executive of an Employer who has a title of President, Senior Vice President or Vice President or a similarly positioned senior officer who is designated by the Chief Executive Officer provided that the Chief Executive Officer does not participate in the Plan (or such other classification determined by the Committee from time to time) unless excluded from participation by the Committee or Section 3.1, and any other key employee of an Employer who is specifically designated on Exhibit A attached hereto as eligible to participate in the Plan by the Committee from time to time.

1.14 “Good Reason” shall mean, without an Executive’s express written consent, the occurrence of any of the following circumstances within the two (2)-year period following the date of a Change in Control of the Company:

(a) A material diminution in the Executive’s annual base salary other than as a result of an across-the-board base salary reduction similarly affecting other Executives;

(b) A material diminution in the Executive’s authority, duties, or responsibilities;

(c) A material change in the geographic location at which the Executive must perform services for his or her Employer (for this purpose, the relocation of the Executive’s principal office location to a location more than fifty (50) miles from its current location will be deemed to be material); or

(d) A material breach of this Plan by the Company;

provided that any of the events described above shall constitute Good Reason only if (i) Executive provides the Company written notice of the existence of the event or circumstances constituting Good Reason (with sufficient specificity for the Company to respond to such claim) within sixty (60) days of the initial existence of such event or circumstances, (ii) Executive cooperates in good faith with the Company’s efforts to cure such event or circumstance for a period not less than thirty (30) days following Executive’s notice to the Company (the “Cure Period”), (iii) notwithstanding such efforts, the Company or the Employer fails to cure such event or circumstances prior to the end of the Cure Period, and (iv) Executive terminates employment with the Company and all affiliates and subsidiaries of the Company within sixty (60) days after the end of the Cure Period.

1.15 “Involuntary Termination” means the termination of an Executive’s employment by his or her Employer without Cause; provided that for purposes of determining eligibility for Severance Pay Benefits under Section 5.1 of the Plan, in no event shall Executive be deemed to have been subject to an Involuntary Termination if he or she is offered employment in a different role or position with the Company, or any affiliate or subsidiary of the Company, which the Committee in its sole discretion determines is a comparable position (taking into account total compensation, benefits and location), and the Executive refuses to accept such new role or position.

1.16 "Participant" means each Executive who is currently entitled to severance pay benefits under the Plan in the event of his or her Separation from Service.

1.17 "Plan" means this Executive Severance Pay Plan of PROG Holdings, Inc. and its successors as set forth in this document, as it may be amended from time to time.

1.18 "Pro Rata Bonus" means an amount equal to the product of (a) Target Bonus and (b) a fraction, the numerator of which is the number of days from and including the first day of the fiscal year in which the Participant's Separation from Service occurs, through and including the Participant's Termination Date, and the denominator of which is three hundred sixty-five (365).

1.19 "Section 409A" means Section 409A of the Code.

1.20 "Separation from Service" means an Executive's Involuntary Termination or, within two (2) years following the date of a Change in Control, the Executive's resignation of his or her employment with the Company and all affiliates and subsidiaries of the Company for Good Reason.

1.21 "Severance Pay Benefits" means the aggregate benefits payable to a Participant upon his or her Separation from Service, as determined pursuant to the provisions of Section V or VI below.

1.22 "Target Bonus" means (a) with respect to a Participant whose annual target bonus is expressed as a percentage of Annual Salary, the Participant's target annual bonus under his or her Employer's annual bonus program in which the Participant is covered at the time of his or her Separation from Service, (b) with respect to a Participant whose annual target bonus is expressed as a fixed target value, the Participant's fixed target value under his or her Employer's annual bonus program in which the Participant is covered at the time of his or her Separation from Service, and (c) with respect to all other Participants, the average of the Participant's actual annual bonus payouts for each of the two (2) years prior to the year of the Participant's Separation from Service.

1.23 "Termination Date" means the date of the Participant's Separation from Service.

1.24 "Waiver and Release Agreement" means an agreement prepared by the Company, with terms satisfactory to the Company in its sole discretion, which will include, among other provisions, a legally-binding general waiver of claims against the Company and its affiliates and subsidiaries, a deadline for the Executive's delivery of the Waiver and Release Agreement to the Company, a deadline for the Executive's revocation of the Waiver and Release Agreement (if applicable), and affirmative and negative covenants (which may include, but which are not limited to, covenants regarding confidentiality, non-solicitation, non-disparagement and non-competition). Different forms of the Waiver and Release Agreement may be used from one business unit to another, from one state to another, and from one Executive to another, as determined by the Company in its sole discretion.

SECTION III
<u>Participation; Contributions; General Provisions</u>

1.1 An Executive who has not entered into an individual employment or severance agreement with his or her Employer that provides for severance benefits will become a

Participant in the Plan upon his or her Separation from Service. An Executive who has entered into an individual employment or severance agreement with his or her Employer that provides for severance benefits will not participate in the Plan; the severance benefits, if any, to which such an Executive is entitled from his or her Employer will be determined solely in accordance with the terms of such individual employment or severance agreement.

1.2 If an Executive is rehired by the Company or an affiliate or subsidiary of the Company while receiving benefits under this Plan, any remaining, unpaid Severance Pay Benefits shall be forfeited upon rehire, and no additional benefits shall be paid.

1.3 The Employer will pay the entire cost of all benefits provided under the Plan, solely from its general assets. The Plan is "unfunded," and no Executive is required to make any contribution to the Plan.

1.4 This Plan is not intended to constitute an "employee pension benefit plan" within the meaning of Section 3 of ERISA and the corresponding Department of Labor regulations and other guidance.

SECTION IV
Waiver and Release Agreement

A Participant's entitlement to Severance Pay Benefits is conditioned upon the Participant's execution and submission to the Administrator of, and failure to revoke, a Waiver and Release Agreement. The Administrator will present the Waiver and Release Agreement to a Participant at the time of the Participant's Separation from Service. Failure to submit the signed Waiver and Release Agreement to the Administrator by the deadline, or revocation of a signed Waiver and Release Agreement, will render the Participant ineligible for Severance Pay Benefits. In addition, if a Participant breaches the terms of a Waiver and Release Agreement, the Participant shall not be eligible for any further Severance Pay Benefits and may be required to repay any Severance Pay Benefits already paid to the Participant.

SECTION V
Severance Pay Benefits

A Participant shall be entitled to Severance Pay Benefits in accordance with the terms of either Section 5.1 or 5.2 below. A Participant's Severance Pay Benefits may be reduced or subject to forfeiture or recoupment upon the breach of any agreement with the Company or Employer, as determined by the Administrator.

1.1 Termination other than in Connection with a Change in Control. A Participant shall be entitled to the following benefits in the event of his or her Separation from Service if Section 5.2 does not apply to the Participant and if the Participant timely signs, submits to the Company and, if applicable, does not revoke a Waiver and Release Agreement as described in Section 4 above:

(a) Salary Benefits. The Participant's Employer shall continue to pay the Participant an amount equal to his or her Annual Salary in effect immediately prior to his or her Termination Date for a period of twelve (12) months following his or her Termination Date, subject to Section 5.3(a).

(b) COBRA Premiums. The Participant's Employer will pay the Participant a lump sum payment equal to the monthly COBRA Charge, multiplied by twelve (12) (the number of months during which the Participant is entitled to salary continuation payments), grossed up for the estimated taxes payable on such payment (as determined by the Company).

(c) Annual Bonus. In addition to the amounts set forth in Sections 5.1(a) and (b) above, the Participant's Employer will pay the Participant an amount equal to the Participant's Pro Rata Bonus under the Employer's annual bonus plan for the fiscal year of the Participant's Separation from Service, payable in substantially equal installments over a period of twelve (12) months in accordance with Section 5.3(a). Notwithstanding the above, this Section 5.1(c) is not intended to provide the Participant with duplicative benefits and shall not apply to the extent that pursuant to the terms of the annual bonus plan, the Participant has received or is already entitled to receive a payment under or with respect to such annual bonus plan for the fiscal year of the Participant's Separation from Service.

1.2 Termination in Connection with a Change in Control. A Participant shall be entitled to the following benefits in the event of his or her Separation from Service within the two (2)-year period following the effective date of a Change in Control if the Participant timely signs, submits to the Company and, if applicable, does not revoke a Waiver and Release Agreement as described in Section 4 above:

(a) Salary Benefits. A Participant who is employed by the Employer shall be entitled to receive the amount of severance pay based on the Participant's title as indicated in the chart below. Any other Participant who is specifically designated by the Committee as eligible to participate in the Plan from time to time shall be entitled to receive the amount of severance pay indicated on Exhibit A.

Title	Amount of Severance Pay
President	24 months of Annual Salary + 24 months of Target Bonus
Senior Vice President, Vice President and similarly positioned senior officers who are designated by the Chief Executive Officer in accordance with Section 2.13	18 months of Annual Salary + 18 months of Target Bonus

(b) COBRA Premiums. The Participant's Employer will pay the Participant a lump sum amount equal to the monthly COBRA Charge, multiplied by the number of months during which the Participant is entitled to salary continuation payments as provided in the table in Section 5.2(a) above, grossed up for the estimated taxes payable on such payment (as determined by the Company).

(c) Annual Bonus. In addition to the amounts set forth in Sections 5.2(a) and (b) above, the Participant's Employer will pay the Participant a lump sum amount equal to the Participant's Target Bonus under the Employer's annual bonus plan for the fiscal year of the Participant's Separation from Service, prorated based on the number of days completed in the year as of the Termination Date. Notwithstanding the above, this Section 5.2(c) is not intended to provide the Participant with duplicative benefits and shall not apply to the extent that in connection with the Change in Control or pursuant to the terms of the annual bonus plan, the Participant has received or is already entitled to receive a payment under or with respect to such annual bonus plan for the fiscal year of the Participant's Separation from Service.

1.3 Payment of Severance Pay Benefits

(a) The salary continuation benefits payable to a Participant under Section 5.1(a) or Section 5.2(a) and the annual bonus payable to a Participant under Section 5.1(c) above shall be paid to the Participant in accordance with the Employer's standard payroll schedule for the payment of base salary to executives, in substantially equal installments over the specified number of months (e.g., twelve (12) months under Section 5.1(a) and Section 5.1(c) or eighteen (18) or twenty-four (24) months under Section 5.2(a)). Payment will begin on the sixtieth (60th) day following the Participant's Termination Date, with a lump sum catch-up payment made at that time in an amount equal to the aggregate amount of payments that would have been paid through such date had payments commenced on the Participant's Termination Date. Notwithstanding the foregoing, to the extent that the salary benefits or annual bonus payable to a Participant under Section 5.1(a), Section 5.2(a) or Section 5.1(c) above are not exempt from Section 409A of the Code, such salary benefits or annual bonus shall be paid to the Participant in the original payment form specified under the Plan, except as otherwise permitted by Section 409A of the Code.

(b) The lump sum payment for COBRA Premiums payable under Section 5.1(b) or Section 5.2(b) and the lump sum payment of bonus payable under Section 5.2(c) will be paid to the Participant in a lump sum in cash on the sixtieth (60th) day following the date of the Participant's Termination Date.

(c) The amount of the Severance Pay Benefits payable to a Participant that are exempt from Section 409A may be reduced, in the sole discretion of the Administrator, by any debt of the Participant to the Employer arising out of the employment relationship between the Participant and the Employer.

(d) The Employer shall deduct from the Severance Pay Benefits to be paid to a Participant or any beneficiary all federal, state and local withholding and other taxes and charges required to be deducted under applicable law.

1.4 Restrictive Covenants. In consideration of the Severance Pay Benefits payable to a Participant under Section 5.1 or Section 5.2 above, the Participant shall be required to agree to certain covenants including, without limitation, covenants regarding maintaining the Employer's confidential information, refraining from soliciting the Employer's employees, suppliers, and customers, refraining from competing with the Employer, and refraining from making disparaging remarks, all of which shall be set forth in the Waiver and Release Agreement. If a Participant violates any of the provisions in the Waiver and Release Agreement, such Participant shall immediately forfeit his right to receive any Severance Pay Benefits, the Employer shall have no further obligation to make any payment of Severance Pay Benefits to such Participant, and such Participant shall be obligated to repay any Severance Pay Benefits already paid pursuant to the Plan.

1.5 Section 280G Limitation. Notwithstanding any provision of this Plan to the contrary, if any payment or benefit to be paid or provided hereunder would be a "Parachute Payment," within the meaning of Section 280G of the Code, or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be paid or provided hereunder shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes a Parachute Payment; provided, however, that the foregoing reduction shall not be made if the total of the unreduced aggregate payments and benefits to be provided to Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes), exceeds by at least ten percent (10%) the total after-tax amount of such aggregate payments and benefits after application of the foregoing reduction. The determination of whether any reduction in such payments or benefits to be provided hereunder is required pursuant to the preceding sentence shall be made at the expense of the Company, if requested by Executive or the Company, by the Company's independent accountants. The fact that Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section shall not of itself limit or otherwise affect any other rights of Executive under this Agreement. In the event that any payment or benefit intended to be provided hereunder is required to be reduced pursuant to this Section and no such payment or benefit qualifies as a "deferral of compensation" within the meaning of and subject to Section 409A ("Nonqualified Deferred Compensation"), Executive shall be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section. The Company shall provide Executive with all information reasonably requested by Executive to permit Executive to make such designation. In the event that any payment or benefit intended to be provided hereunder is required to be reduced pursuant to this Section and any such payment or benefit constitutes Nonqualified Deferred Compensation or Executive fails to elect an order in which payments or benefits will be reduced pursuant to this Section, then the reduction shall occur in the following order: (a) reduction of cash payments described in Sections 5.1 or 5.2 (with such reduction being applied to the payments in the reverse order in which they would otherwise be made, that is, later payments shall be reduced before earlier payments); (b) cancellation of acceleration of vesting on any equity awards for which the exercise price exceeds the then fair market value of the underlying equity; and (c) cancellation of acceleration of vesting of equity awards not covered under (c) above. Within any category of payments and benefits (that is, (a), (b) or (c)), a reduction shall occur first with respect to amounts that are not Nonqualified Deferred Compensation within the meaning of Internal Revenue Code Section 409A and then with respect to amounts that are. In the event that acceleration of vesting of equity awards is to be cancelled, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of such equity awards, that is, later equity awards shall be canceled before earlier equity awards.

SECTION VI
Special Severance Arrangements

The Administrator may in its sole discretion make exceptions to the severance pay guidelines set forth in this document at any time in its sole discretion. As a result, it is possible that an Executive will not receive severance benefits in a circumstance otherwise covered by this document; it is possible that the severance benefits of a Participant may be different than the terms set forth in this document; and it is possible that an employee of the Company or its affiliates or subsidiaries who is not otherwise eligible for severance benefits may be designated as a Participant and awarded severance benefits under this Plan.

SECTION VII
Death Benefits

Upon the death of any Participant after his Termination Date and prior to his or her having received all of his or her Severance Pay Benefits, any unpaid amount of the Severance Pay Benefits shall be paid in a single lump sum to the Participant's spouse, or if the Participant has no surviving spouse at the time such payment is to be made, to the Participant's estate, within ninety (90) days after the date of the Participant's death.

SECTION VIII
Rights and Duties of Participants

1.1 No Participant or any other person shall have any interest in any fund or in any specific asset or assets of the Employers by reason of any amounts or benefits payable under the Plan. Any Executive, former Executive, Participant, former Participant, or other individual, person, entity, representative, or group of one or more of the foregoing (collectively, a "Claimant") under this Plan shall have the status of a general unsecured creditor of the Employer.

1.2 Every person receiving or claiming payments under the Plan shall be conclusively presumed to be mentally competent until the date on which the Administrator receives a written notice in a form and manner acceptable to the Administrator that such person is incompetent and that a guardian, conservator or other person legally vested with the interest of his or her estate has been appointed. In the event a guardian or conservator of the estate or any person receiving or claiming payments under the Plan shall be appointed by a court of competent jurisdiction, payments under this Plan may be made to such guardian or conservator provided that the proper proof of appointment and continuing qualification is furnished in a form and manner acceptable to the Administrator. Any such payments so made shall be a complete discharge of any liability or obligation of the Employer or Administrator regarding such payments.

1.3 Each person entitled to receive a payment under this Plan, whether a Participant, a duly designated beneficiary, a guardian or otherwise, shall provide the Administrator with such information as it may from time to time deem necessary or in its best interest in administering the Plan. Any such person shall also furnish the Administrator with such documents, evidence, data or other information as the Administrator may from time to time deem necessary or advisable.

SECTION IX
Administrator

1.1 The Plan shall be administered by the Administrator. The Administrator may designate a committee or individual to carry out one or more of the Administrator's responsibilities as Administrator. Any reference in this document to the "Administrator" shall be deemed to include any such committee or individual. An Executive who is such an individual or a member of such committee shall not participate in any decision involving an election made by him or relating in any way to his individual rights, duties and obligations as a Participant under the Plan.

1.2 The Administrator shall have absolute and exclusive discretionary authority to decide all questions of eligibility for benefits and to determine the amount of such benefits, to establish rules, forms and procedures for the administration of the Plan, to construe and interpret any and all provisions of the Plan, including but not limited to the discretion to resolve ambiguities, inconsistencies, or omissions conclusively and to decide any and all questions of fact, interpretation, definition, computation or administration arising in connection with the operation of this Plan. As a result, benefits under the Plan will be paid only if the Administrator determines in its discretion that the Participant (or other Claimant) is entitled to them. All determinations of the Administrator in matters within its jurisdiction, irrespective of their character or nature, including, but not limited to, all questions of equity, construction and interpretation, including resolution of any ambiguity in the Plan, shall be final, binding and conclusive on all parties. In construing or applying the provisions of the Plan, the Administrator shall have the right to rely upon a written opinion of legal counsel, which may be independent legal counsel or legal counsel regularly employed by the Company, whether or not any question or dispute has arisen as to any distribution from the Plan. Any interpretation or determination made pursuant to such discretionary authority shall be upheld on judicial review, unless it is shown that the interpretation or determination was arbitrary and capricious or an abuse of discretion.

1.3 The Administrator shall be responsible for maintaining books and records for the Plan.

SECTION X
Amendment or Termination

The Company hereby reserves the right to (and may, at any time, through action of the Board, the Committee or either entity's delegate) amend, modify, terminate or discontinue the Plan at any time, provided, however, that no amendment or termination of, or discontinuance of participation in, the Plan will decrease the amount of any Severance Pay Benefits awarded but not yet fully paid to a Participant prior to the date of such amendment or termination without the written consent of the Participant and no such amendment that would have a material adverse effect on an Executive shall be effective until the one (1)-year anniversary of the date such amendment is adopted, unless the Executive provides written consent to such amendment. In addition, for the two (2)-year period following the date of a Change in Control, the Company may not amend, modify, terminate or discontinue the Plan in any manner that is materially adverse to an Executive, unless the Executive provides written consent to such amendment.

SECTION XI
Not a Contract of Employment

This Plan shall not be deemed to constitute a contract of employment between an Executive and the Employer, nor shall any provision hereof restrict the right of the Employer to discharge an Executive or to restrict the right of an Executive to terminate his or her employment.

SECTION XII
Claims Procedure

1.1 A Claimant may make a claim for benefits under the Plan by filing a written claim with the Administrator. Determinations of each such claim shall be made as described below; provided, however, that the Claimant and the Administrator may agree to extended periods of time for making determinations beyond those periods described below.

1.2 The Administrator will notify a Claimant of its decision regarding his claim within a reasonable period of time, but not later than ninety (90) days following the date on which the claim is filed, unless special circumstances require a longer period for processing of the claim and the Claimant is notified in writing of the reasons for an extension of time prior to the end of the initial ninety (90) day period and the date by which the Administrator expects to make the final decision. In no event will the Administrator be given an extension for processing the claim beyond one hundred eighty (180) days after the date on which the claim is first filed with the Administrator unless otherwise agreed in writing by the Claimant and the Administrator.

1.3 If a claim is denied, the Administrator will notify the Claimant of its decision in writing. Such notification will be written in a manner calculated to be understood by the Claimant and will contain the following information: the specific reason(s) for the denial; a specific reference to the Plan provision(s) on which the denial is based; a description of additional information necessary for the Claimant to perfect his claim, if any, and an explanation of why such material is necessary; and an explanation of the Plan's claim review procedure and the applicable time limits under such procedure and a statement as to the Claimant's right to bring a civil action under ERISA after all of the Plan's review procedures have been satisfied.

1.4 The Claimant shall have sixty (60) days following receipt of the notice of denial to file a written request with the Administrator for a review of the denied claim. The decision by the Administrator with respect to the review must be given within sixty (60) days after receipt of the request, unless special circumstances require an extension and the Claimant is notified in writing of the reasons for an extension of time prior to the end of the initial sixty (60) day period and the date by which the Administrator expects to make the final decision. In no event will the decision be delayed beyond one hundred twenty (120) days after receipt of the request for review unless otherwise agreed in writing by the Claimant and the Administrator.

1.5 Every Claimant will be provided a reasonable opportunity for a full and fair review of an adverse determination. A full and fair review means the following: the Claimant will be given the opportunity to submit written comments, documents, records, etc. with regard to the claim, and the review will take into account all information submitted by the Claimant, regardless of whether it was reviewed as part of the initial determination; and the Claimant will be provided, upon request and free of charge, with copies of all documents and information relevant to the claim for benefits.

1.6 The Administrator will notify the Claimant of its decision regarding an appeal of a denied claim in writing. The decision will be written in a manner calculated to be understood by the Claimant, and will include: the specific reason(s) for the denial and adverse determination; a reference to the specific Plan provisions on which the denial is based; a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all information relevant to the Claimant's claim for benefits; and a statement regarding the Claimant's right to bring a civil action under ERISA.

1.7 If the Administrator fails to follow these procedures consistent with the requirements of ERISA with respect to any claim, the Claimant will be deemed to have exhausted all administrative remedies under the Plan and will have the right to bring a civil action under Section 502(a) of ERISA. This Article XII shall be interpreted such that the claims procedures applicable under the Plan conform to the claims review requirements of Part 5, Title I, of ERISA, and the applicable provisions set forth in Department of Labor Regulation Section 2560.503-1.

1.8 Before filing any claim or action, the Claimant must first fully exhaust all of the Claimant's actual or potential rights under the claims procedures of Article XII, including such rights as the Administrator may choose to provide in connection with novel claims or issues or in particular situations. For purposes of the prior sentence, any Claimant that has any claim, issue or matter that implicates in whole or in part –

(a) The interpretation of the Plan,

(b) The interpretation of any term or condition of the Plan,

(c) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law,

(d) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect, or

(e) Any claim, issue or matter deemed similar to any of the foregoing by the Administrator,

(or two or more of these) shall not be considered to have satisfied the exhaustion requirement of this Section 12.8 unless the Claimant first submits the claim, issue or matter to the Administrator to be processed pursuant to the claims procedures of Section 12.1 or to be otherwise considered by the Administrator, and regardless of whether claims, issues or matters that are not listed above are of greater significance or relevance. The exhaustion requirement of this Section 12.8 shall apply even if the Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such claim, issue or matter, and in which case the Administrator (upon notice of the claim, issue or matter) shall either promptly establish such claims procedures or shall apply (or act by analogy to) the claims procedures of Section XII that apply to claims for benefits. Upon review by any court or other tribunal, this exhaustion requirement is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to effect this intent should be taken).

1.9 Any claim or action that is filed in court against or with respect to the Plan, Administrator, or Employer must be filed within the applicable time frame that relates to the claim or action, as follows:

(a) Claims or actions for Severance Pay Benefits must be filed within two (2) years of the later of the date the Participant received the Severance Pay Benefits or the date of the Claimant's Separation from Service.

(b) For all other claims or actions, the claim or action must be filed within two (2) years of the date when the Claimant knew or should have known of the actions or events that gave rise to the claim or action.

Any claim or action filed after the applicable time frame stated above will be void.

1.10 Any claim or action in connection with the Plan must be filed in the United States District Court of the District of Utah.

1.11 If a claim for benefits arises during the twenty-four (24)-month period following the date of a Change in Control, the Company shall pay or reimburse Executive for all reasonable costs (including reasonable legal fees) incurred by the Executive to enforce his rights under this Plan if the Executive prevails on at least one material issue with respect to such claims.

SECTION XIII
Construction and Expense

1.1 Whenever the context so requires, words in the masculine include the feminine and words in the feminine include the masculine and the definition of any term in the singular may include the plural.

1.2 All expenses of administering the Plan shall be paid by the Company unless provided herein to the contrary.

1.3 The Plan shall be construed, administered and governed in all respects under and by the applicable laws of the State of Utah, except to the extent preempted by ERISA.

1.4 An Executive may not rely upon any oral statement regarding the Plan.

1.5 This Plan and any properly adopted amendments shall be binding on the parties hereto and their respective heirs, administrators, trustees, successors, and assignees and on all Beneficiaries of the Participant.

1.6 Service of legal process may be made upon the Administrator at the Company headquarters or upon such other person as may be designated by the Company for this purpose.

1.7 The records of the Plan will be maintained on the basis of a year that begins each January 1 and ends the next following December 31.

1.8 The Company intends that all benefits provided under this Plan shall either be exempt from or comply with Section 409A. However, the Administrator shall operate this Plan in accordance with the requirements of Section 409A and the corresponding Department of Treasury guidance with respect to those benefits provided under this Plan that are, in fact, subject to Section 409A. In order to ensure compliance with Section 409A, the provisions of this Section 13.8 shall govern in all cases over any contrary or conflicting provision in the Plan.

(a) It is the intent of this Plan to comply with the requirements of Section 409A and the corresponding Department of Treasury guidance with respect to any nonqualified deferred compensation subject to Section 409A, and any ambiguities in the Plan will be interpreted and this Plan will be applied to comply with these requirements with respect to such compensation.

(b) To the extent necessary to comply with Section 409A, references in this Plan to “termination of employment” or “terminates employment” (and similar references) shall have the same meaning as “separation from service” under Section 409A(a)(2)(A)(i), and no payment subject to Section 409A that is payable upon a termination of employment shall be paid unless and until the Participant incurs a “separation from service” under Section 409A(a)(2)(A)(i) (a “409A Separation from Service”). In addition, if the Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) at the time of his or her 409A Separation from Service, any nonqualified deferred compensation subject to Section 409A that would otherwise have been payable on account of, and within the first six (6) months following, the Participant’s 409A Separation from Service, and not by reason of another event under Section 409A(a)(2)(A), will become payable on the first business day after six (6) months following the date of the Participant’s 409A Separation from Service or, if earlier, the date of the Participant’s death.

(c) Each installment payment of the salary continuation benefits payable pursuant to Section 5.3 and each other payment payable under Section 5.1 or 5.2 above is a separate payment within the meaning of the final regulations under Section 409A. Each such payment that is made within two and one-half (2-1/2) months following the end of the year that contains the date of the Participant’s Separation from Service is intended to be exempt from Section 409A as a short-term deferral within the meaning of the final regulations under Section 409A; each other payment is intended to be exempt under the two-times compensation exemption of Treasury Reg. § 1.409A-1(b)(9)(iii) up to the limitation on the availability of that exemption specified in the regulation; and each payment that is not exempt from Section 409A shall be subject to delay (if necessary) in accordance with subsection (b) above.

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IN WITNESS WHEREOF, this Plan has been executed by a duly authorized officer of the Company to be effective as of the Effective Date.

PROG HOLDINGS, INC.

By: /s/ Steven A. Michaels

Name: Steven A. Michaels

Title: President and Chief Executive Officer

EXHIBIT A

Specifically Designated Executives

None.

EXHIBIT B

Participating Employers

Effective as of November 8, 2023

1. Progressive Finance Holdings, LLC
2. Prog Leasing, LLC
3. Vive Financial, LLC

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

Exhibit 23

Consent of Independent Registered Public Accounting Firm

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

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

of our reports dated February 21, 2024, with respect to the consolidated financial statements of PROG Holdings, Inc. and the effectiveness of internal control over financial reporting of PROG Holdings, Inc. included in this Annual Report (Form 10-K) of PROG Holdings, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Salt Lake City, UT
February 21, 2024

Exhibit 31.1

CERTIFICATION

I, Steven A. Michaels, certify that:

1. I have reviewed this annual report on Form 10-K of PROG Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: February 21, 2024

/s/ Steven A. Michaels

Steven A. Michaels
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian Garner, certify that:

1. I have reviewed this annual report on Form 10-K of PROG Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: February 21, 2024

/s/ Brian Garner

Brian Garner
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven A. Michaels, Chief Executive Officer of PROG Holdings, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2024

/s/ Steven A. Michaels

Steven A. Michaels
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Garner, Chief Financial Officer of PROG Holdings, Inc. (the "Company"), certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2024

/s/ Brian Garner

Brian Garner
Chief Financial Officer

PROG Holdings, Inc.

Incentive-Based Compensation Recoupment Policy

Approved by the Compensation Committee on November [8], 2023
Effective as of October 2, 2023

1. **Purpose**. The purpose of this Policy is to describe the circumstances in which Executive Officers will be required to repay or return Erroneously Awarded Compensation to members of the Company Group. This Policy is designed to comply with, and will be interpreted in a manner that is consistent with, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Section 10D of the Securities Exchange Act of 1934 and the listing standards of the Exchange.

2. **Administration**. This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals.

3. **Definitions**. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) "***Accounting Restatement***" shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements, or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) "***Board***" shall mean the Board of Directors of the Company.

(c) "***Recoupment Eligible Incentive Compensation***" shall mean, in connection with an Accounting Restatement and with respect to each individual who served as an Executive Officer at any time during the applicable performance period for any Incentive-based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company Group), all Incentive-based Compensation Received by such Executive Officer (i) on or after the Effective Date, (ii) after beginning service as an Executive Officer, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association and (iv) during the applicable Recoupment Period.

(d) "***Recoupment Period***" shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(e) "***Committee***" shall mean the Compensation Committee of the Board.

(f) "***Company***" shall mean PROG Holdings, Inc., a Georgia corporation.

(g) "***Company Group***" shall mean the Company, together with each of its direct and indirect subsidiaries.

(h) "***Exchange***" shall mean The New York Stock Exchange or any other national securities exchange on which the Company's securities are listed.

(i) "***Effective Date***" shall mean October 2, 2023.

(j) "***Erroneously Awarded Compensation***" shall mean, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Recoupment Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

(k) "***Executive Officer***" shall mean (i) the Company's current and former president, principal financial officer, principal accounting officer (or if there is no principal accounting officer, the controller), any vice-president in charge of a principal business unit, division or function (such as sales, administration, or finance), any other officer who performs a policy-making function for the Company, or any other person who performs similar policy-making functions for the Company, as determined by the Committee in accordance with Federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed. Identification of an executive officer for purposes of this Policy includes at a minimum executive officers identified pursuant to 17 C.F.R. 229.401(b).

(l) "***Financial Reporting Measures***" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

(m) "***Incentive-based Compensation***" shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-based Compensation does not include: (i) bonuses paid solely at the discretion of the Board or the Committee that are not paid from a bonus pool that is determined by satisfying a financial reporting measure performance goal or solely upon satisfying one or more subjective standards and/or completion of a specified employment period, (ii) non-equity incentive plan awards earned solely upon satisfying one or more strategic or operational measures, (iii) equity awards not contingent upon achieving any financial reporting measure performance goal and vesting is contingent solely upon the completion of a specified employment period and/or attaining one or more non-financial reporting measures or (iv) any Incentive-based Compensation received before the Company had a class of securities listed on a national securities exchange.

(n) "***Policy***" shall mean this Incentive-Based Compensation Recoupment Policy, as the same may be amended and/or restated from time to time.

(o) "***Received***" shall, with respect to any Incentive-based Compensation, mean actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if payment or grant of the Incentive-based Compensation occurs after the end of that period.

(p) "***Restatement Date***" shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the issuer is required to prepare an Accounting Restatement, or (ii) the date of court, regulator or other legally authorized body directs the issuer to prepare an Accounting Restatement.

(q) "***SEC***" shall mean the U.S. Securities and Exchange Commission.

4. Repayment of Erroneously Awarded Compensation.

(a) In the event of an Accounting Restatement, the Committee shall determine the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and thereafter, provide each Executive Officer with a written notice containing the amount of Erroneously Awarded Compensation and a demand for repayment or return, as applicable. For Incentive-based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to the Exchange).

(b) The Committee shall take such action as it deems appropriate to recover Erroneously Awarded Compensation reasonably promptly after such obligation is incurred and shall have broad discretion to determine the appropriate means of recovery of such Erroneously Awarded Compensation based on all applicable facts and circumstances. The Committee may seek recoupment in the manner it chooses, in its sole discretion, which may include, without limitation, one or a combination of the following: (i) direct reimbursement from the Executive Officer of Incentive-based Compensation previously paid, (ii) deduction of the recouped amount from unpaid compensation otherwise owed by the Company to the Executive Officer, (iii) set-off, (iv) rescinding or cancelling vested or unvested equity or cash based awards, and (v) any other remedial and recovery action permitted by law, as determined by the Committee. For the avoidance of doubt, except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer's obligations hereunder.

(c) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(b) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company Group for any and all expenses reasonably incurred (including legal fees) by the Company Group in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section 4(b) above if the following conditions are met and the Committee determines that recovery would be impracticable:

(i) The direct expenses paid to a third party to assist in enforcing the Policy against an Executive Officer would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously Awarded Compensation, documented such attempts and provided such documentation to the Exchange.

(ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and a copy of the opinion is provided to the Exchange; or

(iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. Reporting and Disclosure. The Company shall file all disclosures with respect to this Policy in accordance with the requirement of the Federal securities laws, including the disclosure required by the applicable SEC filings.

6. Indemnification Prohibition. No member of the Company Group shall be permitted to indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the

Company Group's enforcement of its rights under this Policy. Further, no member of the Company Group shall enter into any agreement that exempts any Incentive-based Compensation from the application of this Policy or that waives the Company Group's right to recovery of any Erroneously Awarded Compensation and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

7. **Interpretation**. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors or other legal representatives.

8. **Effective Date**. This Policy shall be effective as of the Effective Date.

9. **Amendment**; **Termination**. The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any Federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Committee may terminate this Policy at any time. Notwithstanding anything in this Section 9 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any Federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

10. **Other Recoupment Rights**. The Committee intends that this Policy will be applied to the fullest extent of the law. This Policy shall be incorporated by reference into and shall apply to all incentive, bonus, equity, equity-based and compensation plans, agreements, and awards outstanding as of the Effective Date or entered into on or after the Effective Date. In addition, this Policy is intended as a supplement to any other incentive-based compensation recoupment policies in effect now or in the future at the Company. The Committee may also require that any employment agreement, equity award agreement, or any other agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Executive Officer to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group under applicable law, regulation or rule or pursuant to any other Company policy or the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company Group. Notwithstanding the foregoing, to the extent this Policy applies to compensation payable to a person covered by this Policy, it shall be the only incentive-based compensation recoupment policy applicable to such compensation and no other incentive-based compensation recoupment policy shall apply unless such other policy provides that a greater amount of such compensation shall be subject to recoupment, in which case such other policy shall apply with respect to the amount in excess of the amount subject to recoupment under this Policy.

11. **Successors**. This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

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