Breach Inlet
CAPITAL MANAGEMENT

PROG Holdings (NYSE: PRG)

Misunderstood transformation with potential upcoming catalysts

September 10, 2026

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PRG Investment Thesis

1. Transformed after a challenging first five years as a standalone public company

2. PRG is now a collection of high-quality & growing businesses

3. Each business has hit a positive inflection point

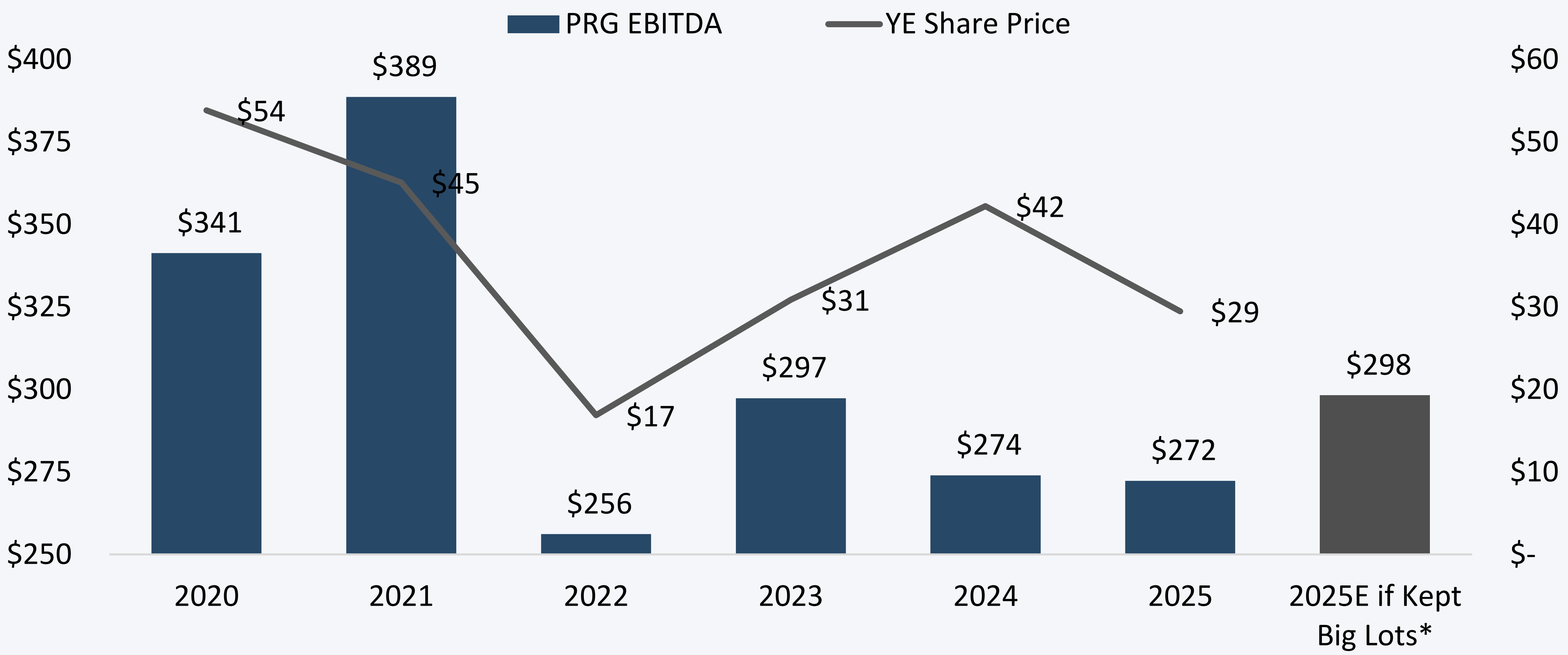
4. Yet we believe remains significantly undervalued & mispriced as a secularly declining business

5. Multiple potential catalysts, including a spin-off, to correct this material mispricing

Sources: PRG filings, BICM research

1. Difficult First Five Years As a Standalone Public Company

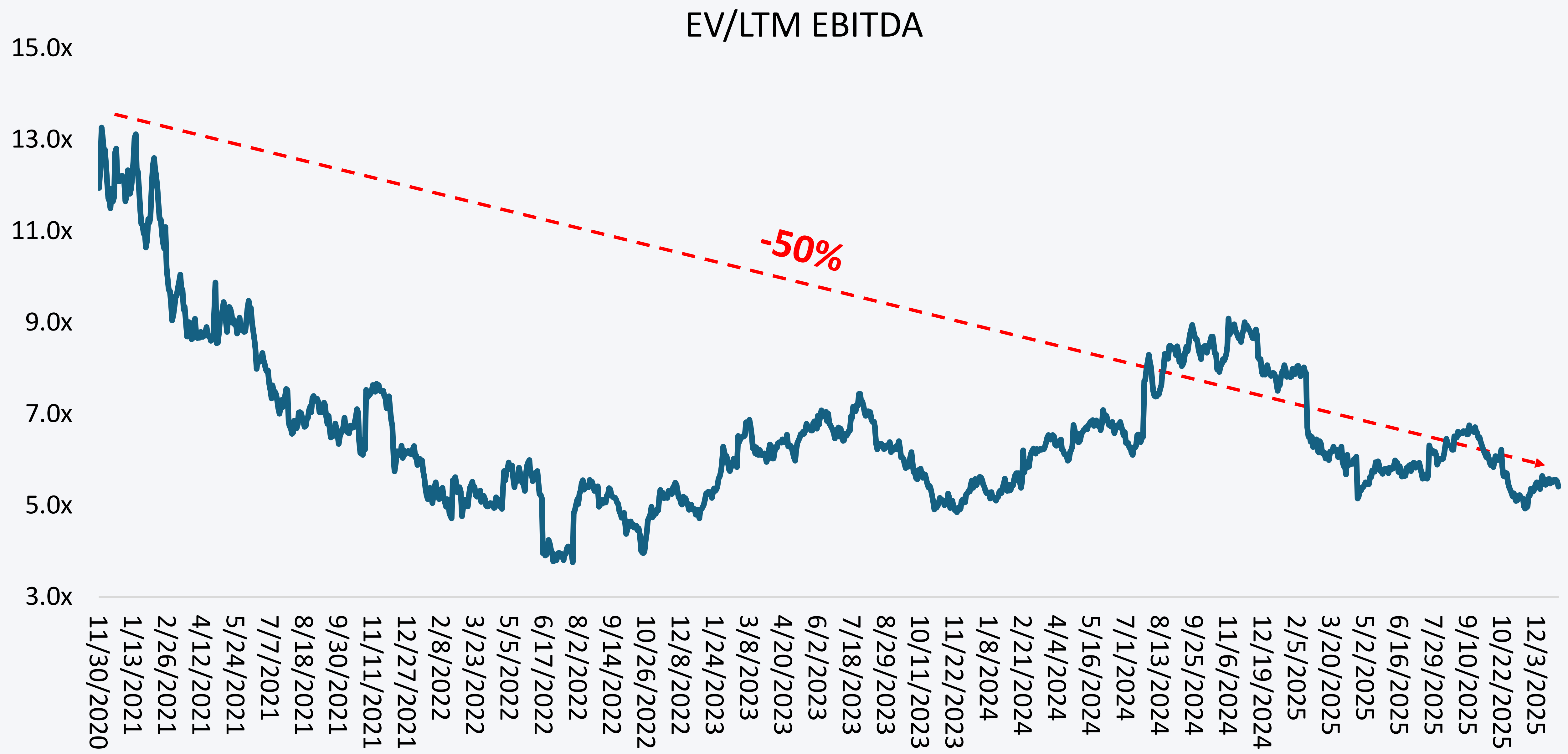
- 2020: Progressive Leasing spun off Aaron's & renamed to PROG Holdings (NYSE: PRG)
- 2021-22: EBITDA hit a record on new retail partners but then fell as stimulus faded
- 2023-2025: Recovering but then large retail partner closed (Big Lots)



Sources: PRG filings, BICM research
*Adds $153mm GVM lost from Big Lots (2Q25 deck) x 1.3x to convert to Revenue (7.1.26 deck) x 13% margin (high of 11-13% target based on discussion with management)

1. Caused PRG's Valuation Multiple to Compress Materially

EV/EBITDA Fell from > 12x Post-Aaron's Spin-off to < 6x Due to Falling EBITDA



Source: FactSet; BICM research

1. Management Took Actions to Transform PRG

- Acquired Four for ~$23mm in 2021, rapidly grew, & began to disclose financials in 4Q25
- Sold non-core/money-losing Vive Financial for $150mm in 4Q25
- Proceeds funded acquisition of higher-quality Purchasing Power for $420mm in 1Q26
- Hosted its first Investor Day to highlight its “Transformation Journey” in 1Q26
- Quickly de-levered below 2x Net Leverage & resumed share buybacks in 2Q26 ($299mm available)
- Continue to invest in AI/technology to improve underwriting & enhance marketing

Sources: PRG filings, BICM research

1. Transformation Diversified PRG & Reignited Its Growth

- Progressive Leasing represented > 100% of PRG's EBITDA following the Aaron's spin-off
- Today, Progressive represents only ~75% of 2026 EBITDA guidance
- PRG's remaining 25% of EBITDA comes from faster-growing businesses (Four & Power)
- PRG is now a collection of three high-quality & growing companies
- As evidence, guided to 2026 EBITDA growth in February after years of disappointment
- Already raised 2026 EBITDA guidance after 1Q26 & again after 2Q26
- Provided pro forma 2025-2028 CAGR targets of 13-16% for EBITDA & 17-20% for EPS

Sources: PRG filings, BICM research

2. PRG is Now a Collection of High-Quality & Growing Businesses

Three Primary Businesses Helping Credit-Constrained Consumers Purchase Products

- Progressive Leasing: virtual-lease-to-own company; 74/76% FY26 guided Revenue/EBITDA
  - Progressive partners with retailers → consumers choose products at retailers
    → Progressive buys these products & consumers take home
    → Consumers repay through 6-18 months of leases then own or return product early
  - Retail partners include Best Buy & Lowe's & leases don't impact consumer's credit score
- Purchasing Power ("Power"): employee purchase program; 21/16% FY26 guided Revenue/EBITDA
  - Power contracts with employer clients → their employees select products
    → Power purchases those products & delivers them to the employees
    → Employees repay Power through automatic payroll deductions
- Four Technologies: Buy Now, Pay Later ("BNPL") business; 5/9% FY26 guided Revenue/EBITDA
  - Shoppers split online purchases into 4 equal, interest-free payments every 2 weeks

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Sources: PRG filings, BICM research

2. Progressive Leasing ("Progressive"): Virtual-Lease-to-Own ("VLTO") Pioneer

- Consumers need VLTO: ~40% or 100mm+ Americans are below prime
- Retailers want VLTO: incremental sales to below prime at no merchant discount (unlike BNPL)
- Pioneer: first introduced VLTO transactions in 1999
- Leader: only VLTO with multiple national retail partners (e.g., Lowe's, Best Buy, Signet Jewelers)
- Countercyclical: Aaron's same-store sales accelerated during the GFC due to tightening credit
- Revenue Visibility: ~70% under exclusive 5-7 year contracts through 2030s
- Reignite Growth: greater focus on SMBs & targeting the many unserved national retailers
- Stable EBITDA Margins: = or above 11-13% target 10 of 12 yrs & only missed by 60bps in 2 yrs
- Capital Light: CapEx is < 1% of Revenue

Sources: PRG filings, BICM research

2. Four Technologies ("Four"): High-Growth & Unappreciated Business

- Untapped Potential: only 6% of U.S. e-commerce financed through BNPL[1]
- Rapid Growth: Four 2026 Revenue guide implies 50x growth in 5 years & 5x in 3 years
- Brand Recognition: #4 in Shopping category in Apple's App Store
- Blue Chip Retailers: recently partnered with Amazon, Target, & Walmart
- Re-occurring Revenue: ~80% from paying subscribers
- Expanding EBITDA Margins: unprofitable in 2024 to 13% in 2025 to 21% for 2026 guide
- Short Duration/Low Risk: 95% of principal collected within 45 days
- Capital Light: CapEx is < 1% of Revenue

1. Source: Buy Now, Pay Later (BNPL) Growth Raises Concerns | Morgan Stanley

Sources: PRG filings, BICM research

2. Purchasing Power ("Power"): Complementary & Growing Business

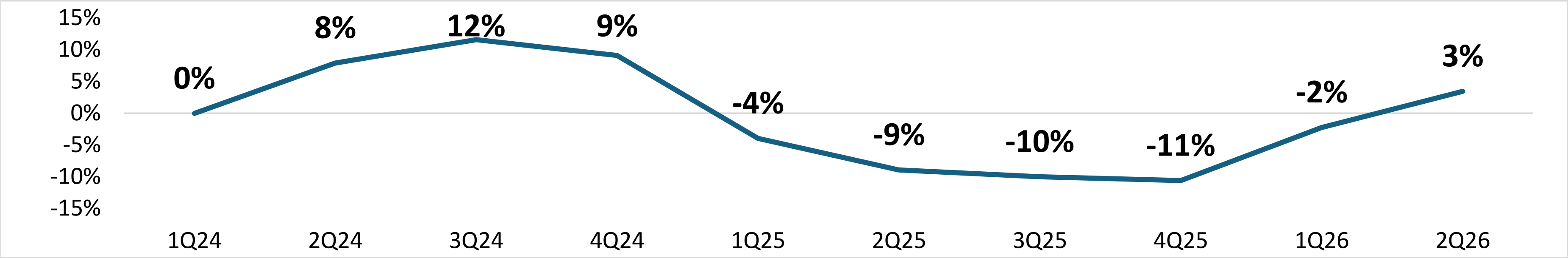
- Complementary: similar customer as Progressive but targeted through a different B2B2C channel
- Employer / Employee Benefits: increases employee loyalty / convenient way to spend
- First Mover: created the modern employee purchase program
- Scale: offer 70k SKUs to 7mm+ eligible employees via 360+ employer clients (48 of Fortune 500)
- Sticky Relationships: 98% client revenue retention & consistent repeat consumer buyers
- Predictable Revenue: consumers pay through automatic payroll deductions
- High Growth: GMV[1] growth of 15% in 2Q26 & guided to double-digit growth in FY26
- Improving Margins: integration driving synergies
- Capital Light: CapEx is < 1% of Revenue

1. GMV = Gross Merchandise Value = total value of merchandise delivered, which is leading indicator for Revenue

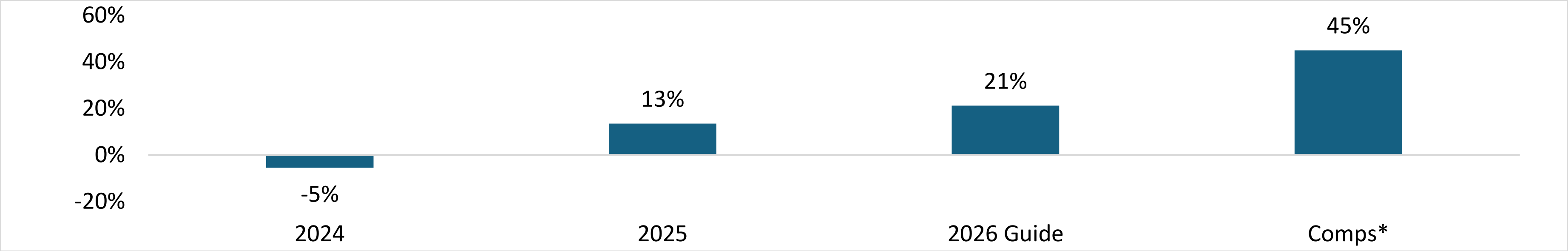
Sources: PRG filings, BICM research

3. Positive Inflection Across Businesses

- Progressive Leasing: GMV[1] grew in 2Q26 for first time in six quarters



- Four Technologies: rapidly expanding EBITDA margins with room to double to reach comps



- Purchasing Power: synergies accelerating profit growth
  - Cross-selling to Progressive clients & adding SKUs
  - Cost savings due to scale of larger PROG through shared services, underwriting, & technology

1. GMV = Gross Merchandise Value = retail price of merchandise acquired by Progressive that it then expects to lease to its customers = leading indicator for Revenue

*Comps: AFRM, SEZL; Sources: PRG filings, BICM research

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4. Yet We Believe Remains Mispriced as a Secularly Declining Business

- Trades for only ~7x P/FCF or a 14% FCF yield
- Growing companies do not typically trade for a yield this high

Share Price as of 9/9/26	$ 37.43
Diluted Shares	40.0
Current Market Cap	$ 1,497
2026 EBITDA Guide (midpoint)	$ 365
Stock Based Compensation guide	$ (36)
Estimated Interest Expense (x-ABS in EBITDA)	$ (32)
Estimated Taxes (26% rate)	$ (65)
Estimated CapEx	$ (17)
2026 Estimated Free Cash Flow	$ 215
P / 2026 Estimated FCF	**6.9x**
Implied FCF Yield	**14%**

Sources: FactSet, PRG filings, BICM research/estimates
Dollar figures in millions other than share price; share count in millions

4. We Believe Remains Mispriced as a Secularly Declining Business Cont'd…

- Companies below expect 2026 EBITDA to be ~45% below 2019, yet trade for ~6.5x EBITDA-CapEx[1]
- PRG expects 2026 EBITDA (x-Purchasing Power) to be 20% above 2019, yet trades for < 6.0x

Ticker	Company	EV/2026E EBITDA - CapEx	2026E / 2019 EBITDA
FLWS	1 800 FLOWERS COM INC	9.6x	-89%
JELD	JELD-WEN HLDG INC	7.3x	-66%
EPC	EDGEWELL PERSONAL CARE CO	6.6x	-35%
WHR	WHIRLPOOL CORP	6.8x	-45%
CRI	CARTERS INC	5.6x	-47%
WWW	WOLVERINE WORLD WIDE INC	9.0x	-22%
BLMN	BLOOMIN BRANDS INC	5.3x	-34%
KSS	KOHLS CORP	4.7x	-46%
BBWI	BATH & BODY WORKS INC	5.0x	-32%
XRX	XEROX HOLDINGS CORP	4.7x	-47%
Average of Secular-Decliners		**6.5x**	**-46%**
PRG		**5.8x**	**20%**

1. BICM chose these select companies that sell to consumers with FY26E EBITDA at least 20% below FY19.
Sources: FactSet, PRG filings, BICM research
Dollar figures in millions other than share price; share count in millions

4. Conservative Status Quo Highlights Substantial Upside

If PRG continues its current path including aggressive buybacks, then we forecast a ~30% IRR…

Assumptions: 2026 midpoint guidance then…

- Progressive Growth < 2Q26 GMV growth
- Four Growth = 2026 $ growth
- Power Growth = 2026 % growth
- Progressive/Power Margin = 2026
- Four Incremental Margin = 2026
- 100% FCF = Share Repurchases
- Value at 10x FCF = 7x EBITDA ≈ 6-year average

Implied Outcome

- 3-year EBITDA CAGR of only 9% vs. 13-16% guidance
- **3-year IRR = ~30%**

	2026	2027	2028	2029
Progressive		2%	2%	2%
Four		51%	34%	25%
Power		10%	10%	10%
Other		0%	0%	0%
Revenue Y/Y		6%	6%	6%
Progressive	12%	12%	12%	12%
Four	21%	24%	25%	26%
Power	9%	9%	9%	9%
EBITDA Margin	12%	12%	13%	13%
Progressive	$ 2,266	$ 2,312	$ 2,358	$ 2,405
Four	$ 150	$ 225	$ 301	$ 377
Power	$ 630	$ 693	$ 762	$ 839
Other	$ 17	$ 17	$ 17	$ 17
PRG Revenue	$ 3,063	$ 3,247	$ 3,438	$ 3,637
Progressive	$ 276	$ 282	$ 287	$ 293
Four	$ 32	$ 54	$ 76	$ 98
Power	$ 57	$ 63	$ 69	$ 76
PRG EBITDA	$ 365	$ 398	$ 432	$ 467
FCF/EBITDA	59%	59%	59%	59%
FCF	**$ 215**	**$ 235**	**$ 255**	**$ 276**
Shares	40	36	32	29
FCF/Share	$ 5.39	$ 6.53	$ 7.88	$ 9.45
xFCF	10.0x	10.0x	10.0x	10.0x
Implied Fair Value/Share	**$ 54**	**$ 65**	**$ 79**	**$ 95**
Implied IRR		**53%**	**38%**	**32%**

Please see slide 2 for disclaimer related to forward-looking statements, including estimates and projections
Sources: FactSet, PRG filings, BICM research/estimates
Dollar figures in millions other than share price; share count in millions

4. Spin Off of Four Technologies Could Lead to Even Greater Upside

- A better option…spin off Four to unlock BNPL's valuation premium…
- BNPL's EV/Revenue is 5x > VLTOs while BNPL's EV/EBITDA is 10x > VLTOs [1]

Assumptions

- Same as "Status Quo" Case except…
- Four spun off
- Trades for SEZL's EV/Revenue
- SEZL = most comparable to Four
- Use EV/Revenue since Four still scaling
- PRG (RemainCo) trades for 7x EBITDA
- 100% FCF = Share Repurchases[2]

	2026	2027	2028	2029
Four Revenue	$ 150	$ 225	$ 301	$ 377
xSEZL Revenue Multiple	7.0x	7.0x	7.0x	7.0x
Implied Value	$ 1,047	$ 1,577	$ 2,107	$ 2,638
PRG (RemainCo) EBITDA	$ 333	$ 344	$ 356	$ 369
xEBITDA	7.0x	7.0x	7.0x	7.0x
Implied Value	$ 2,331	$ 2,410	$ 2,493	$ 2,581
EV (Combined Value)	$ 3,378	$ 3,986	$ 4,600	$ 5,219
Current Net Debt	$ (508)	$ (508)	$ (508)	$ (508)
Equity Value	$ 2,869	$ 3,478	$ 4,092	$ 4,711
Shares	40	37	35	33
Implied Fair Value/Share	**$ 72**	**$ 94**	**$ 118**	**$ 144**
Implied IRR		**102%**	**64%**	**50%**

Implied Outcome

- **3-year IRR = ~50%**

1. BNPLs (AFRM, SEZL) trade at ~800% premium to VLTOs (PRG, UPBD) on EV/Rev & ~200% on EV/EBITDA |2. Assume 100% consolidated FCF repurchases consolidated shares. Reduce FCF by $10mm for Four public company costs. | Sources: PRG filings BICM Research Please see slide 2 for disclaimer related to forward-looking statements, including estimates and projections | Dollar figures in millions other than share price; share count in millions

5. Potential Catalysts: Reasons to Spin Off Four Technologies Now

Valuation Disconnect	VLTO companies trade for < 1x Revenue BNPL companies trade for > 5x[1]
Capitalize on Profit Momentum	Doubled GMV y/y eleven straight quarters, recently profitable, & margins rapidly expanding
Currency to Accelerate Growth	Public stock currency to attract & compensate talent, including a robust sales team
Optionality	Existing PRG shareholders can sell at lofty BNPL multiple or participate in future upside
Limited Dis-synergies	Little retailer & consumer overlap with Progressive Leasing; agreements can mitigate impact
Retain Leadership	Reward key execs & long-time loyal Four employees, including its co-founder who remains CTO
Sufficient Size	Estimated Market Cap > $600mm so would exceed Aaron's at time of spinoff in November 2020

1. VLTO companies: UPBD, PRG; BNPL comps: AFRM, SEZL

Sources: FactSet, PRG filings, Breach Inlet research

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5. Other Potential Catalysts

Believe PRG shareholders should have multiple "ways to win" due to PRG's low valuation & several potential catalysts

- Accelerated Share Buybacks
  - ~90% of FCF allocated to buybacks from FY22-24 until Purchasing Power acquisition
  - Under-levered at only ~1.5x & significant FCF supports returning to aggressive buybacks
  - Our Status Quo Case assumes aggressive buybacks resume

- Achieving FY26 guidance…would then imply…
  - Progressive returns to growth, Power grows double-digits, & Four EBITDA triples
  - PRG's first year of organic growth since FY23

- Achieving 3-year targets provided at PRG's inaugural Investor Day in March 2026
  - GMV/Revenue/EBITDA/EPS CAGRs of 20-25/5-8/13-16/17-20%
  - Would significantly exceed our forecast & imply even greater upside

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Sources: PRG filings, BICM research/estimates

Risks

- Progressive Leasing fails to consistently grow profits
  - *Mitigant: Progressive's GMV, a leading indicator, grew 3% in 2Q26*
  - *Mitigant: Growth at large retail partners accelerating (BBY, LOW, SIG)*
  - *Mitigant: We believe PRG can continue to grow even if Progressive is not*
  - *Mitigant: We believe PRG's current valuation already reflects this scenario*

- PRG does not spin off Four Technologies & PRG continues to trade for its low valuation multiple
  - *Mitigant: Status Quo Case assumes no spinoff & would imply > 20% IRR if kept 7x P/FCF*
  - *Mitigant: Management has recently proven it will take steps to maximize shareholder value*

- PRG misses its 2026 guidance
  - *Mitigant: PRG raised EBITDA guide by $28mm but beat 1H26 by $31mm so implies conservatism*
  - *Mitigant: We believe PRG's current valuation already reflects this scenario*

- PRG misses its 3-year targets, including a 13-16% EBITDA CAGR
  - *Mitigant: Our forecasts assume only a 9% EBITDA CAGR yet imply 30-50% IRRs*

- A prolonged recession reduces demand for consumer goods that PRG finances
  - *Mitigant: We believe could be offset by prime lenders tightening credit & pushing sales to PRG*
  - *Mitigant: LTO companies were countercyclical in the GFC so we believe Progressive would be*

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Sources: PRG filings, BICM research, BBY/LOW/SIG filings

Conclusion

- ✓ PRG has transformed into a higher-quality company (& would remain such if Four spun off)
- ✓ Its businesses are inflecting positively & should benefit from multi-year tailwinds
- ✓ Yet we believe PRG remains mispriced as a secularly challenged company
- ✓ We forecast a ~30% IRR after haircutting PRG's long-term targets & assuming Four is not spun off
- ✓ If Four is spun off to capitalize on BNPL's premium valuations, then we forecast a ~50% IRR
- ✓ 30-year veteran CEO incentivized with $25mm+ of equity & 75% of compensation in equity grants

Sources: PRG filings, BICM research/estimates