



PRA Group Q1 2023 Conference Call Presentation



Nasdaq: PRAA



Forward-Looking Statements

Statements in this presentation, other than statements of historical fact, are forward-looking statements, which are based on our current beliefs, projections, assumptions and expectations concerning future operations and financial performance. Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation and are qualified in their entirety by these cautionary statements.

Information regarding risks and other factors that could cause our actual results to differ materially from our expectations can be found in our most recent Annual Report on Form 10-K and in subsequent SEC filings and should be considered in evaluating the forward-looking statements in this presentation. Except as required by law, we assume no obligation to update or revise these statements to reflect changes in the events, conditions, or circumstances upon which any such forward-looking statements are based.

Opening Remarks



Vik Atal
President and CEO

- **Joined PRA Board of Directors** in 2015
- **27 years** across various senior executive roles at Citigroup, Inc.
 - Oversaw operations spanning 50 countries, 30,000 employees, and 60 million customers
 - Managed \$200 billion of high-risk consumer assets during the 2008 financial crisis
 - Helped shape Citi's global consumer bank as an information-centric enterprise, leveraging analytics and data to drive growth
- **Significant experience** in finance, management and operations, particularly in the credit card space

Where We Are Today



Outstanding credibility and reputation among customers, investors, legislators, and other key stakeholders



One of the industry's strongest balance sheets, with flexibility to capitalize on our global presence



Trusted, long-term relationships with key sellers around the world



Disciplined, customer-centric focus



Strong base of deeply experienced employees

Looking Ahead



The future is bright, but facing near-term challenges in U.S. business



We are committed to addressing these challenges with urgency and intensity



Our overall business strategy remains intact and on target

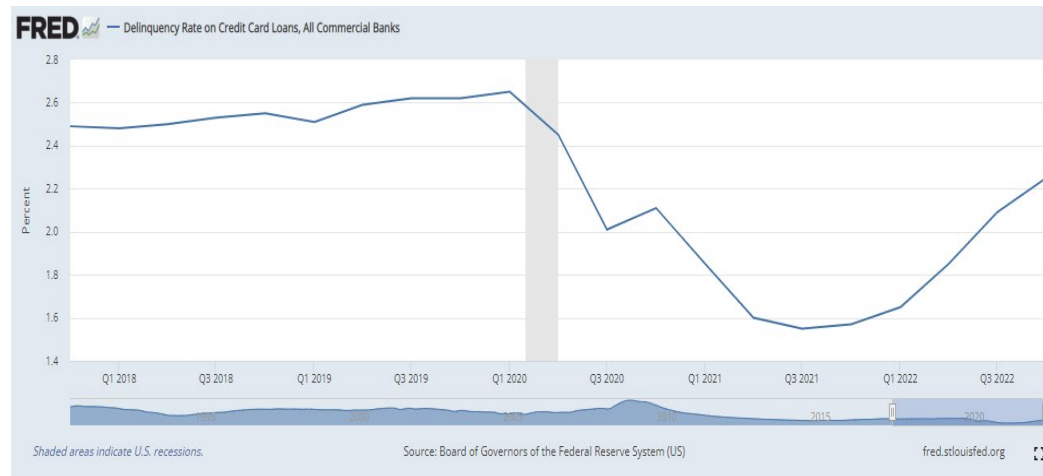
Q1 2023 Highlights

Cash collections of \$411 million

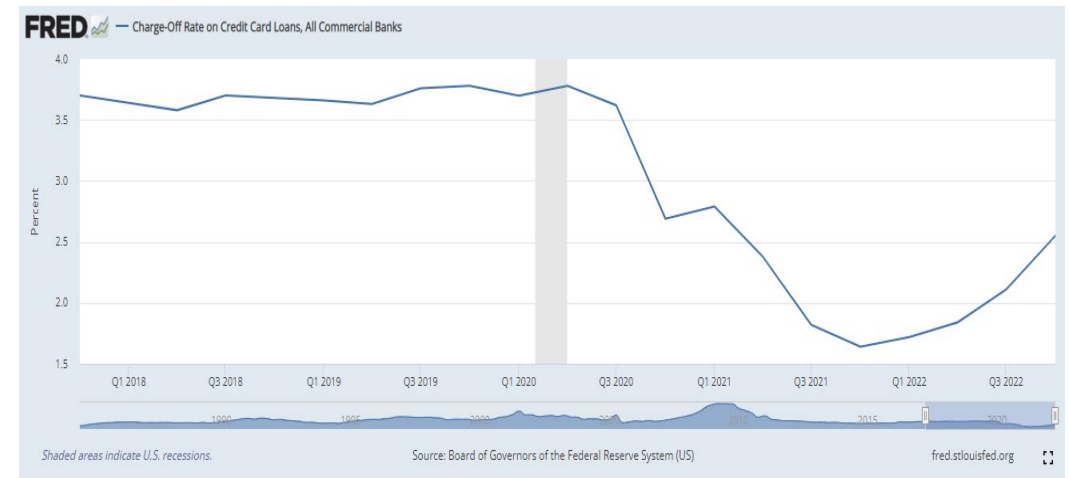
Portfolio purchases of \$230 million

U.S. Delinquency and Charge-Off Rates Continue to Climb

Delinquency Rate on Credit Card Loans



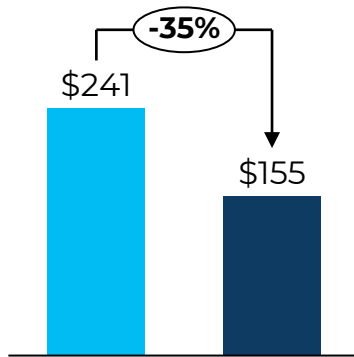
Charge-Off Rate on Credit Card Loans



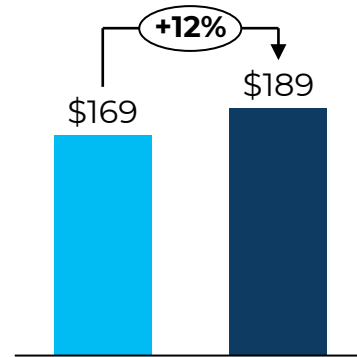
Q1 2023 Financial Results

\$ in millions, except per share amounts

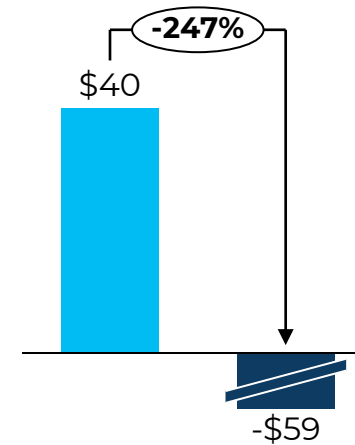
Total Revenues



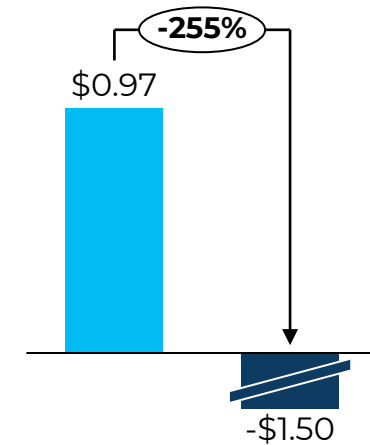
Operating Expenses



Net Income Attributable to PRA Group



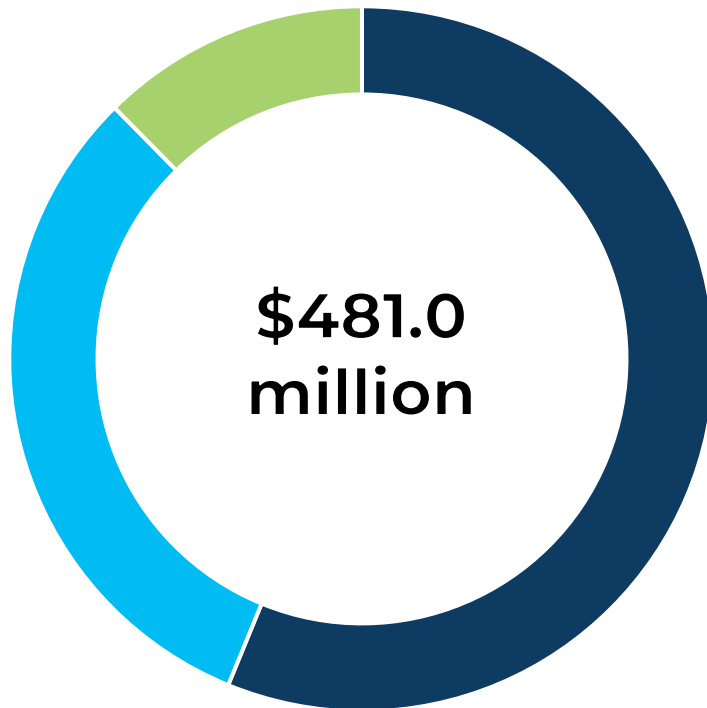
Diluted Earnings Per Share



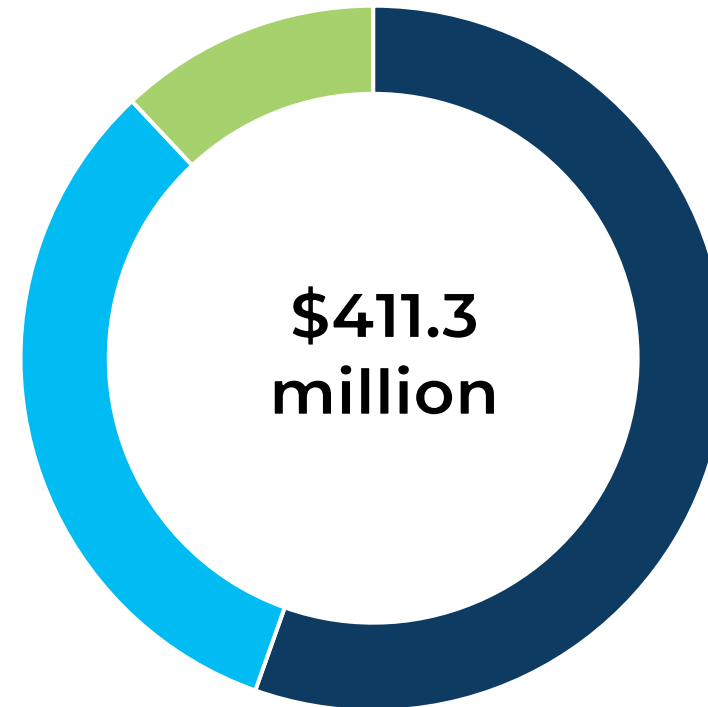
Q1 2022 Q1 2023

Cash Collections

First Quarter 2022



First Quarter 2023



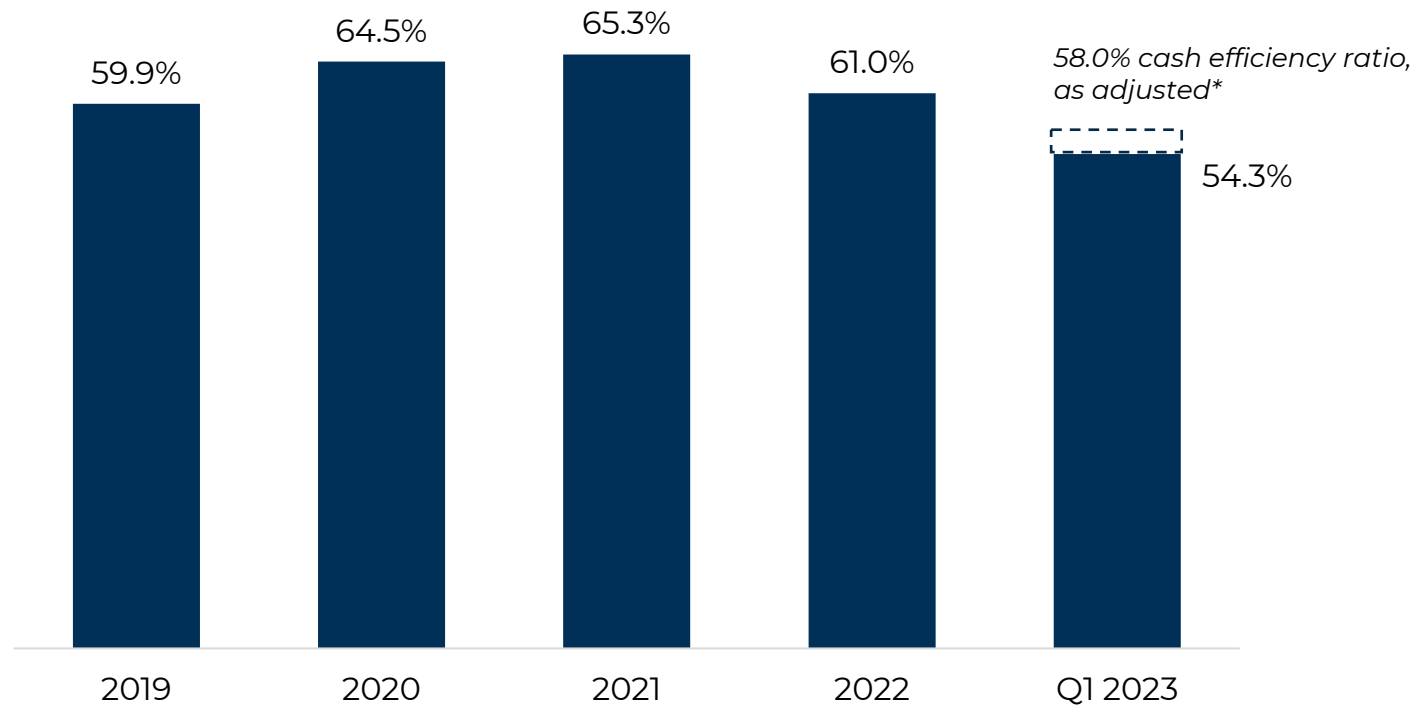
■ Americas & Australia Core

■ Europe Core

■ Global Insolvency

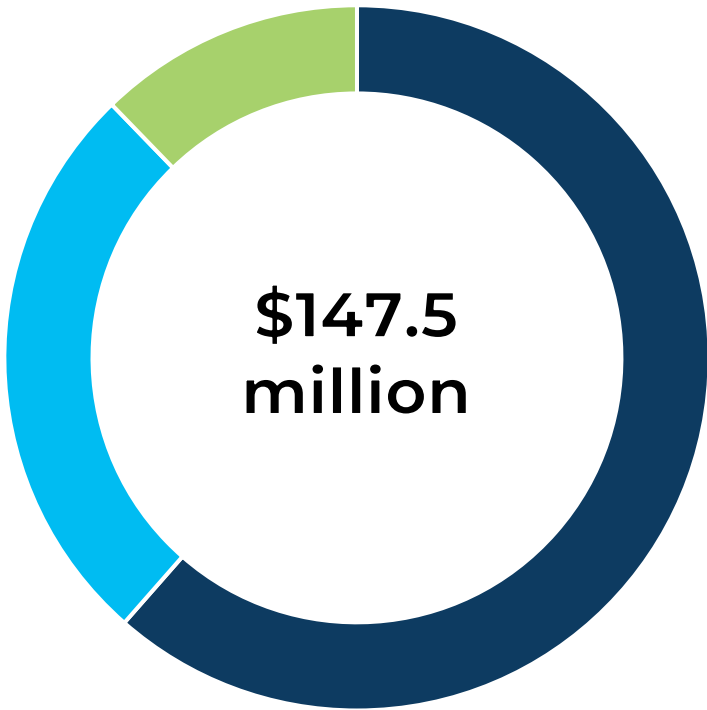
Cash Efficiency Ratio Remained Strong on an Adjusted Basis in Q1

Cash efficiency ratio = (cash receipts – operating expenses)/cash receipts

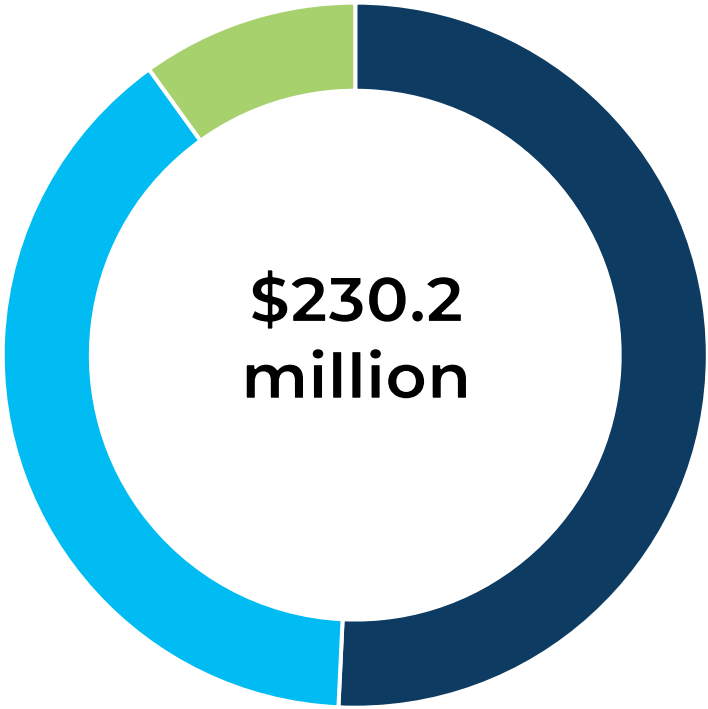


Portfolio Investments Increased 56% Year-over-Year

First Quarter 2022



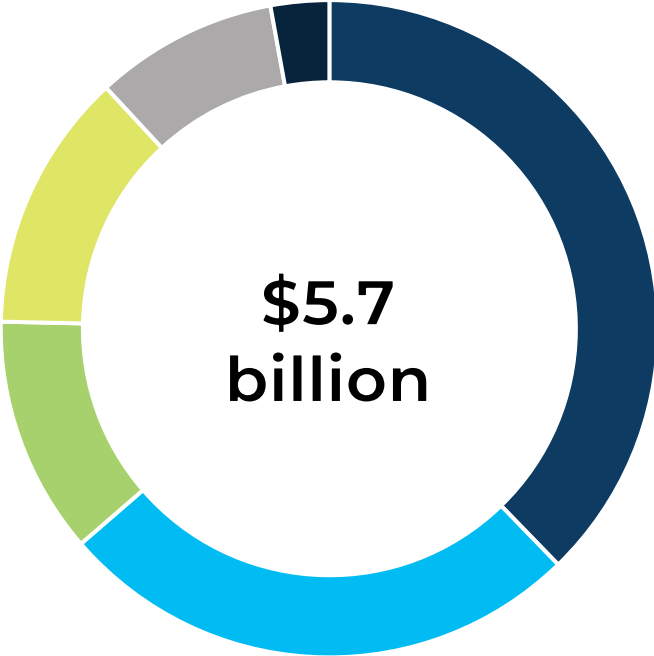
First Quarter 2023



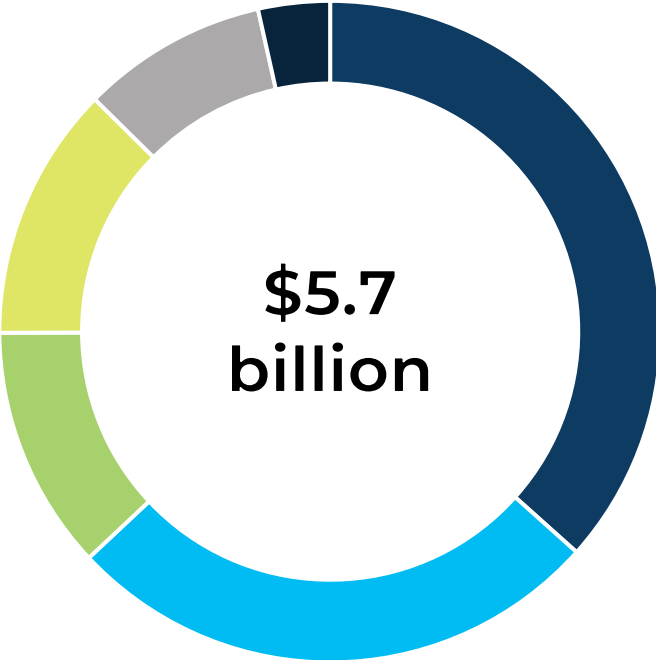
■ Americas & Australia Core ■ Europe Core ■ Global Insolvency

ERC¹ is Diversified with 54% in Europe and 37% in U.S.

As of December 31, 2022



As of March 31, 2023

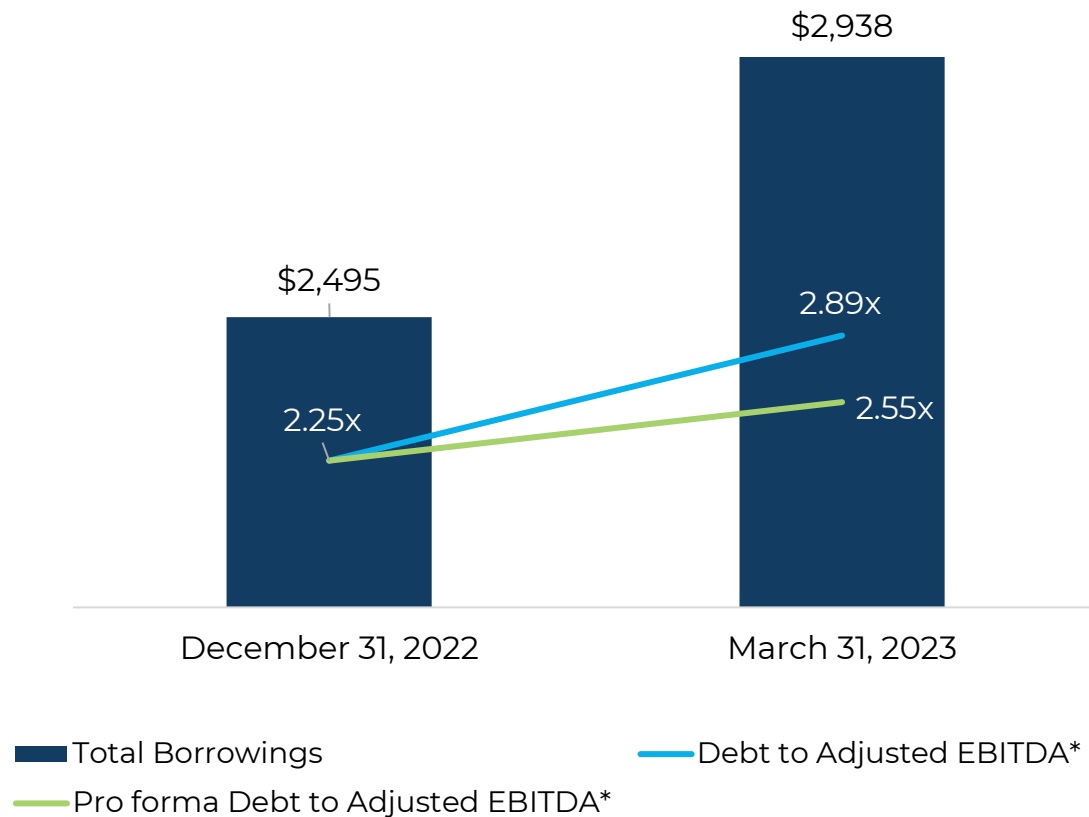


■ United States ■ United Kingdom ■ Central Europe ■ Northern Europe ■ Other Americas and Australia ■ Southern Europe

1. Estimated remaining collections (ERC) refers to the sum of all future projected cash collections on the Company's nonperforming loan portfolios.

Strong and Conservative Capital Structure

\$ in millions



- **\$1.6 billion** total available capacity under credit facilities
- **\$437 million** available capacity after considering borrowing base restrictions
- Debt to Adjusted EBITDA* of **2.89x** as of March 31, 2023
- Within target Debt to Adjusted EBITDA* of **between 2.0x and 3.0x**
- Pro forma Debt to Adjusted EBITDA* of **2.55x** assuming we repaid our convertible notes as of March 31, 2023

Key Takeaways

Q1 was a **strong purchasing** quarter

Economic signs continue to point to **more supply** coming

Focused on **executing strategy** and delivering
improved **financial performance**

Q&A



Reconciliation of Non-GAAP Financial Measures to GAAP

Use of Non-GAAP Financial Measures

PRA Group, Inc. reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management uses certain non-GAAP financial measures, including Adjusted EBITDA, internally to evaluate the Company's performance and to set performance goals. Adjusted EBITDA is calculated as net income attributable to PRA Group, Inc. plus income tax expense; less foreign exchange gain (or plus foreign exchange loss); plus interest expense, net; plus other expense (or less other income); plus depreciation and amortization; plus adjustment for net income attributable to noncontrolling interests; and plus recoveries applied to negative allowance less changes in expected recoveries. Adjusted EBITDA is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP. PRA Group, Inc. presents Adjusted EBITDA because the Company considers it an important supplemental measure of operations and financial performance. Management believes Adjusted EBITDA helps provide enhanced period-to-period comparability of operations and financial performance and is useful to investors as other companies in the industry report similar financial measures. Adjusted EBITDA should not be considered as an alternative to net income determined in accordance with GAAP. Set forth below is a reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA for the last twelve months (LTM) ended March 31, 2023 and for the year ended December 31, 2022. The calculation of Adjusted EBITDA below may not be comparable to the calculation of similarly titled measures reported by other companies. Additionally, the Company evaluates its business using certain ratios that use Adjusted EBITDA. Debt to Adjusted EBITDA is calculated by dividing borrowings by Adjusted EBITDA. The second table reflects the Company's Debt to Adjusted EBITDA for the LTM as of March 31, 2023, for the LTM as of March 31, 2023 assuming repayment of our 2023 convertible notes on March 31, 2023, and for the year ended December 31, 2022:

	LTM	For the Year Ended
Adjusted EBITDA for PRA Group (\$ in millions)	March 31, 2023	December 31, 2022
Net income attributable to PRA Group, Inc.	\$19	\$117
Adjustments:		
Income tax expense	14	37
Foreign exchange gains	(2)	(1)
Interest expense, net	137	131
Other expense/(income)	1	1
Depreciation and amortization	15	15
Adjustment for net income attributable to noncontrolling interests	11	1
Recoveries applied to negative allowance less Changes in expected recoveries	820	806
Adjusted EBITDA	\$1,015	\$1,107

	LTM	LTM	For the Year Ended
(\$ in millions)	March 31, 2023	March 31, 2023 ¹	December 31, 2022
Borrowings	\$2,938	\$2,593	\$2,495
Adjusted EBITDA	1,015	1,015	1,107
Debt to Adjusted EBITDA	2.89	2.55	2.25

1. For the LTM as of March 31, 2023, as adjusted, assuming repayment of our 2023 Notes on March 31, 2023.

Reconciliation of Cash Efficiency Ratio

Cash efficiency ratio = (cash receipts – operating expenses)/cash receipts

	<u>As Reported</u>	
(\$ in millions)	Q1 2022	Q1 2023
Cash Collections	\$ 481	\$ 411
Fee Income	\$ 2	\$ 3
Operating Expenses	\$ 169	\$ 189
Cash Efficiency As Reported	65.1%	54.3%

	<u>As Adjusted</u>	
(\$ in millions)	Q1 2022	Q1 2023
Cash Collections	\$ 481	\$ 411
Fee Income	\$ 2	\$ 3
Operating Expenses	\$ 169	\$ 174 *
Cash Efficiency As Adjusted	65.1%	58.0%



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