



# PRA Group Q3 2023 Conference Call Presentation



Nasdaq: PRAA

PRA  
Group 

# 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 Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.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 when 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.

# Optimizing Performance: An Update

**Portfolio Supply  
& Pricing**

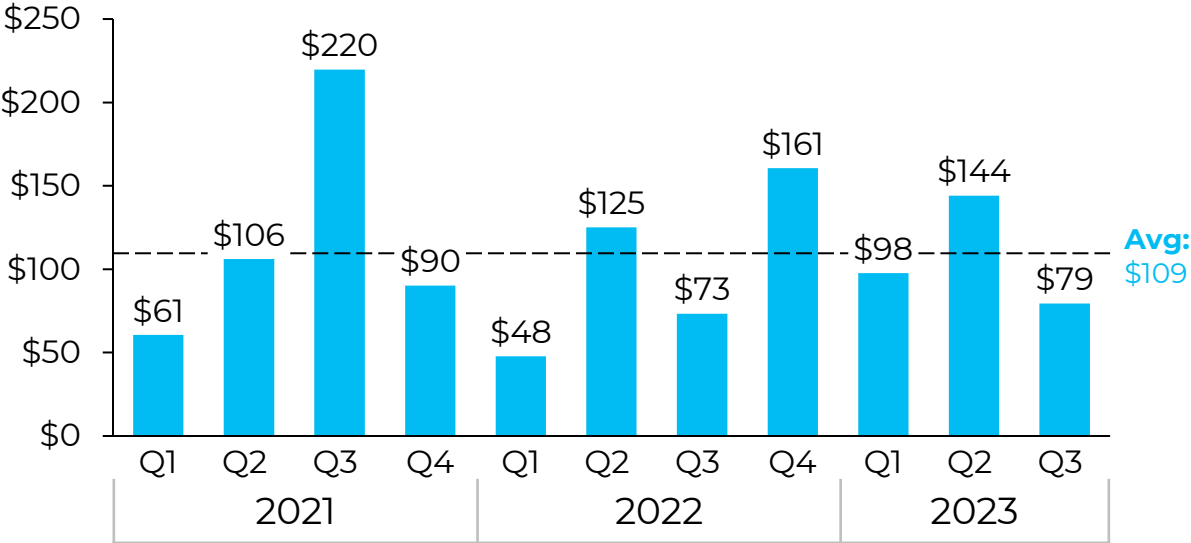
**Operational  
Effectiveness**

**Efficiency**

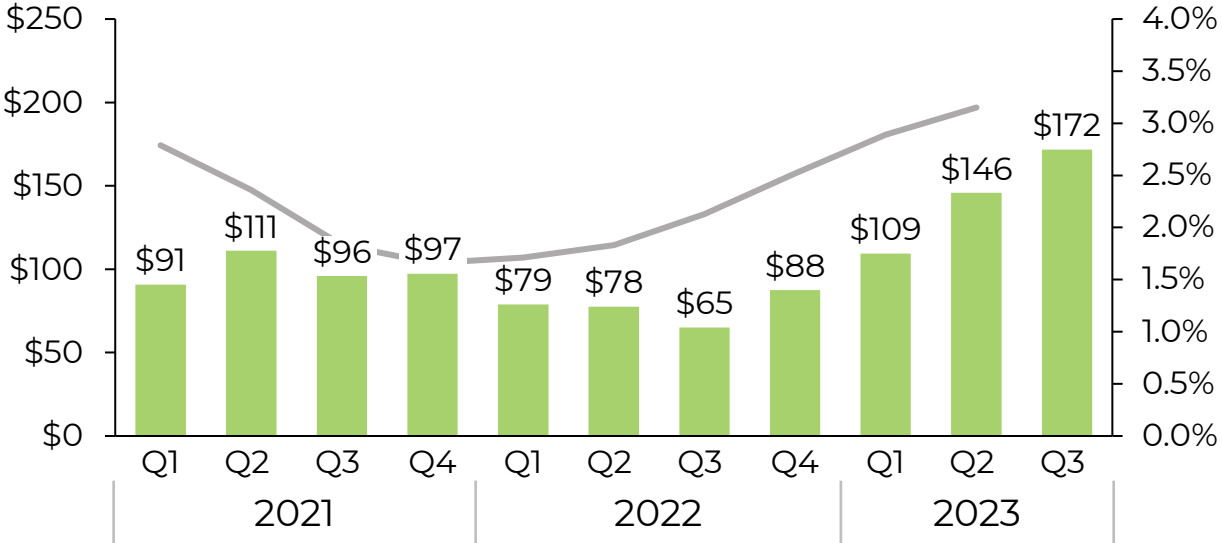
***With Accelerated Speed + Expanded Scope***

# Stable Investments in Europe with Growing Supply in U.S.

\$ in millions



Europe Portfolio Purchases



U.S. Portfolio Purchases — U.S. Credit Card Charge-Off Rates<sup>1</sup>

# Optimizing Performance: An Update

## Portfolio Supply & Pricing

- ✓ **Stable investments in Europe** expected to remain
- ✓ Capitalizing on **improved supply in U.S.**
- ✓ Pricing changes drive **improving returns**

## Operational Effectiveness

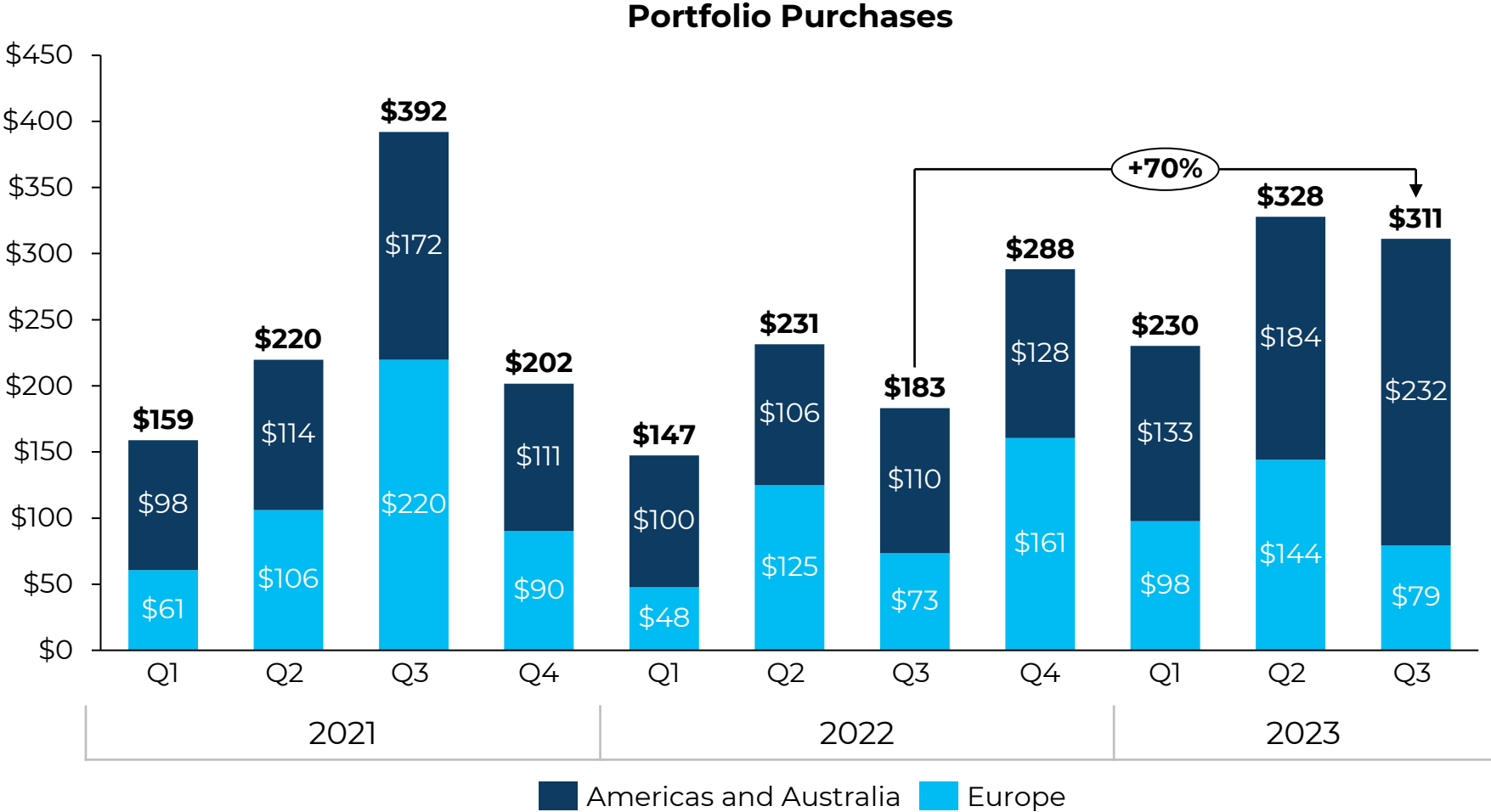
- ✓ Leveraging additional third parties to **bolster post-judgment initiatives**
- ✓ Driving **increased contact rates** and **more effective customer interactions**
- ✓ Growth in **payment plans**
- ✓ **U.S. cash collections modestly overperformed expectations** in last six months

## Efficiency

- ✓ Improving **call center productivity**
- ✓ **Optimizing U.S. site footprint**
- ✓ Piloting third-party programs to **leverage lower cost locations**

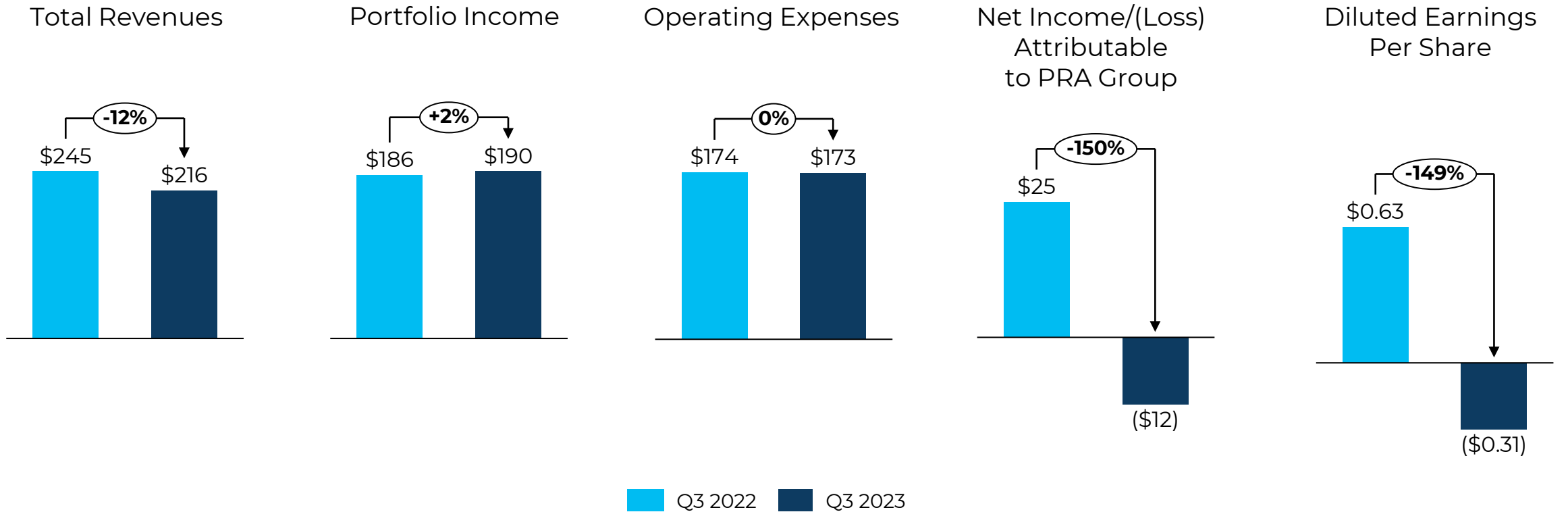
# Q3 Portfolio Investments Increased 70% Year-over-Year

\$ in millions



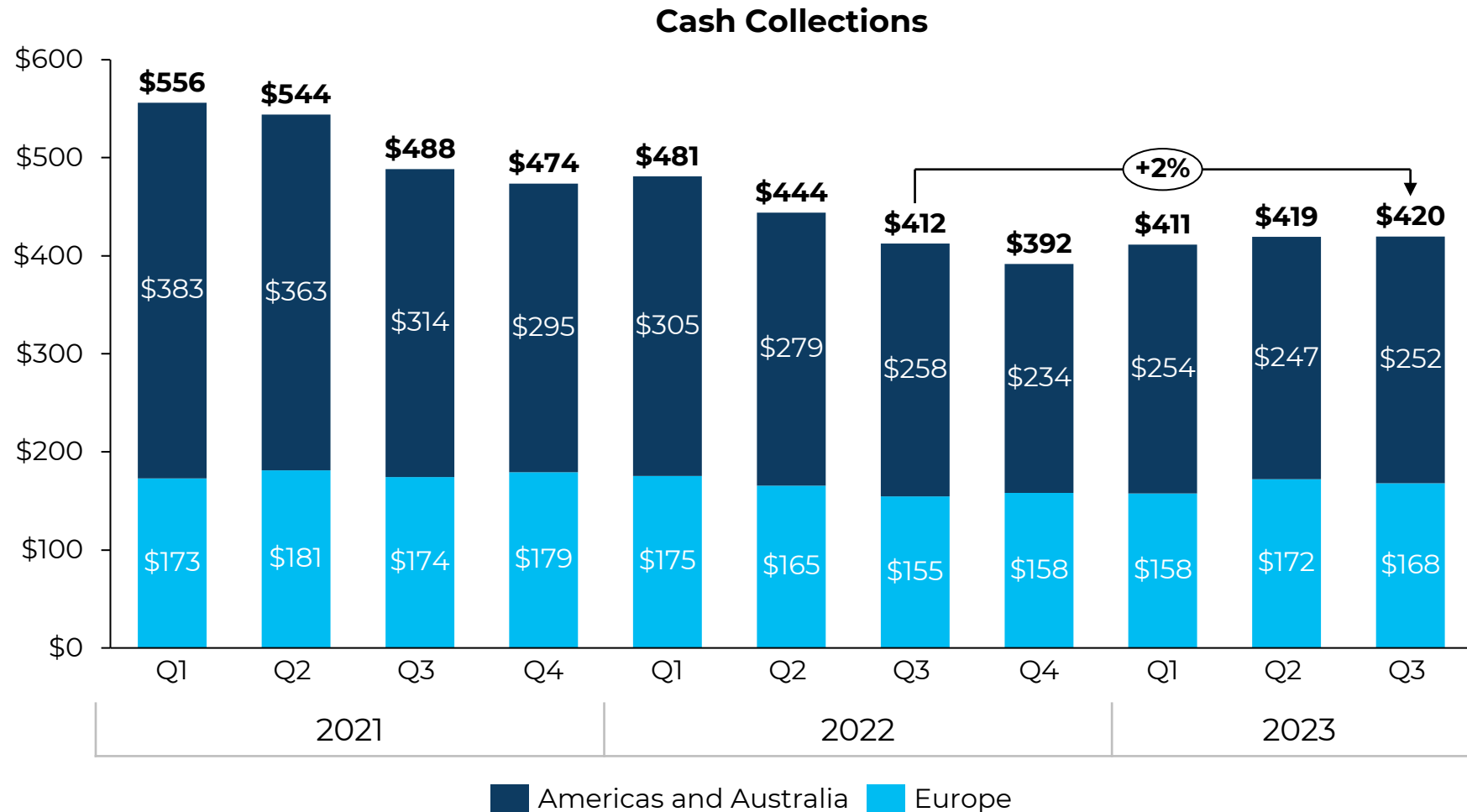
# Q3 Financial Results

\$ in millions, except per share amounts



# Cash Collections Increased 2% Year-Over-Year

\$ in millions

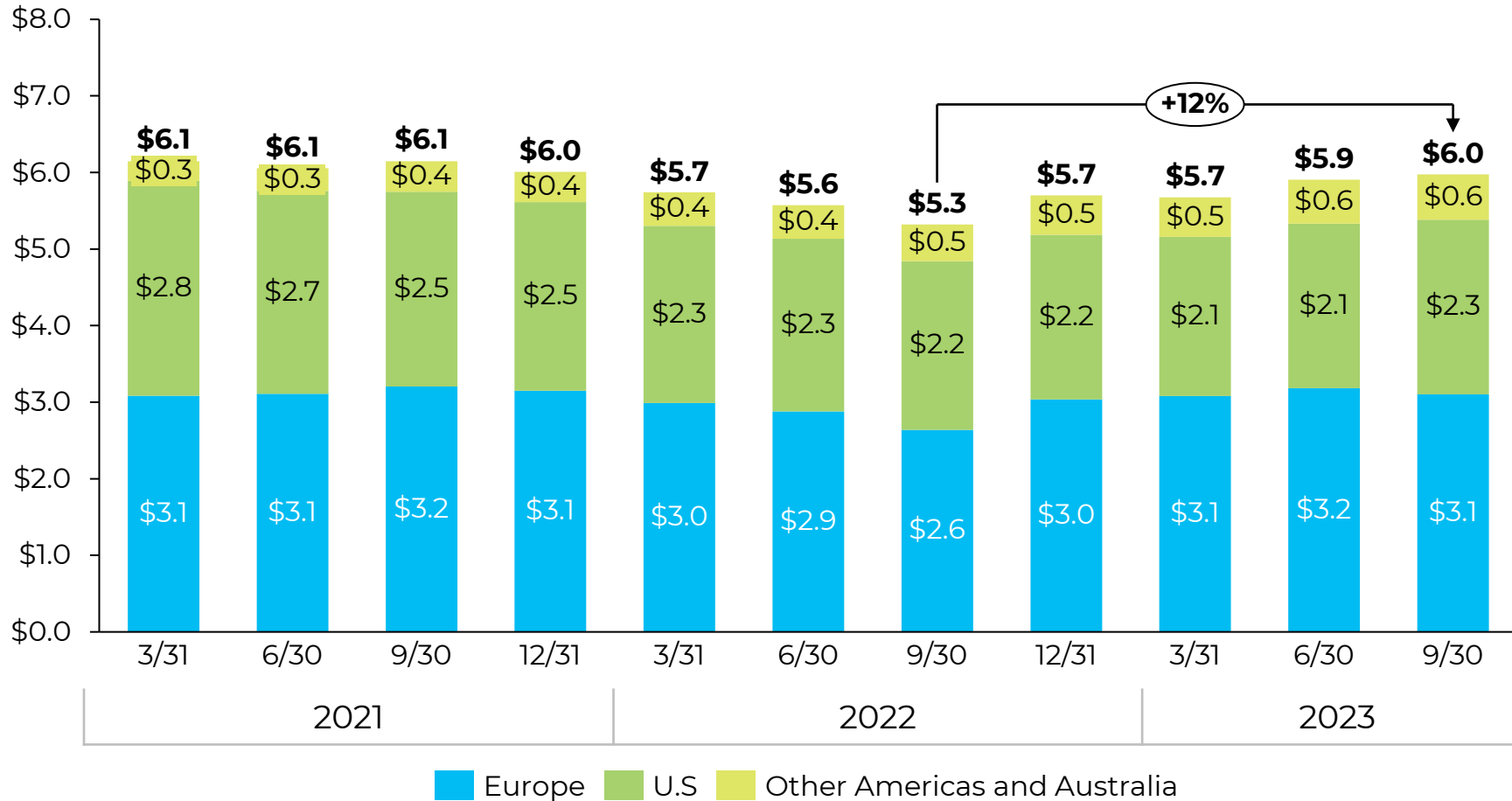




# ERC Increased 12% Year-over-Year

ERC increased \$70+ million compared to prior quarter, with U.S. ERC up \$135 million

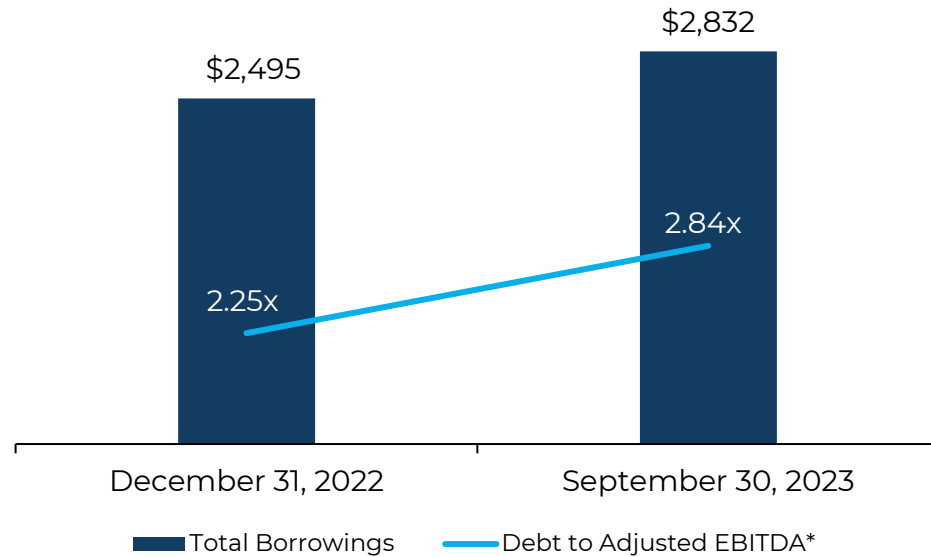
\$ in billions



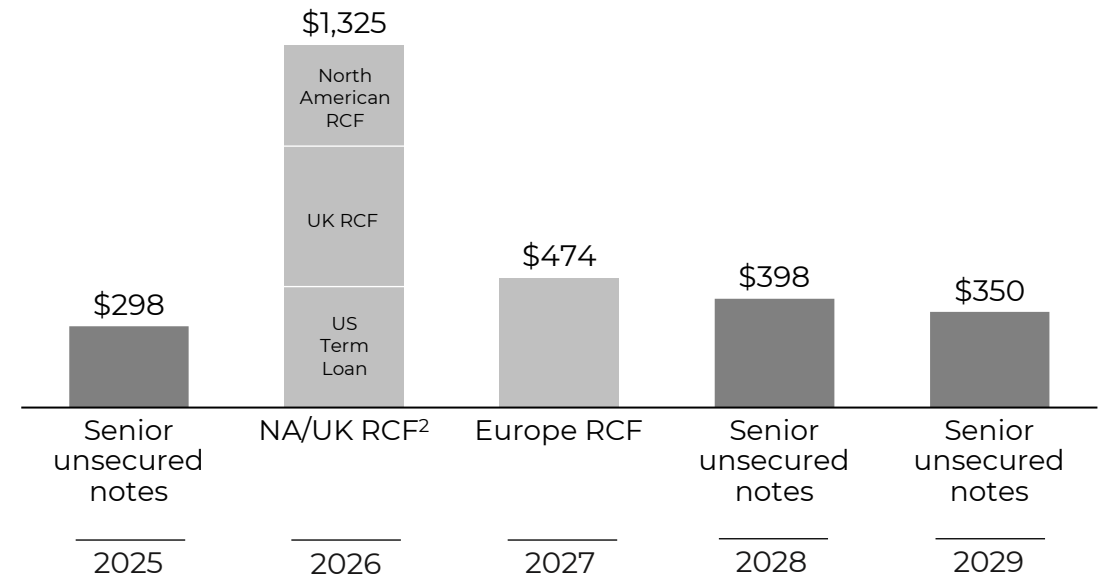
# Strong Capital Structure With No Debt Maturing Until 2025

\$ in millions

## Total Borrowings and Debt to Adjusted EBITDA



## Debt Maturity Profile<sup>1</sup>



- **\$1.3 billion availability under our credit facilities**
  - **\$278 million** available based on current ERC
  - **\$1.1 billion** additional availability subject to debt covenants, including advance rates

\*A reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA can be found at the end of this presentation.

1. As of September 30, 2023.

2. Includes North American Revolving Credit Facility (RCF), UK RCF, and US term loan

# Key Takeaways

Another **strong purchasing quarter** with improved pricing

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Supply in U.S. continues to build, amid ongoing credit normalization

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Executing on **strategy** and initiatives to optimize 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 impairment of real estate; 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 September 30, 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 following table reflects the Company's Debt to Adjusted EBITDA for the LTM as of September 30, 2023 and for the year ended December 31, 2022.

Adjusted EBITDA for PRA Group (\$ in millions)	LTM Sept. 30, 2023	For the Year Ended December 31, 2022
<b>Net income/(loss) attributable to PRA Group, Inc.</b>	<b>(\$59)</b>	<b>\$117</b>
<u>Adjustments:</u>		
Income tax expense	(8)	37
Foreign exchange gains	(1)	(1)
Interest expense, net	166	131
Other expense	2	1
Depreciation and amortization	14	15
Impairment of real estate	5	—
Adjustment for net income attributable to noncontrolling interests	15	1
Recoveries applied to negative allowance less Changes in expected recoveries	864	806
<b>Adjusted EBITDA</b>	<b>\$998</b>	<b>\$1,107</b>
(\$ in millions)	LTM Sept 30, 2023	For the Year Ended December 31, 2022
Borrowings	\$2,832	\$2,495
Adjusted EBITDA	998	1,107
<b>Debt to Adjusted EBITDA</b>	<b>2.84</b>	<b>2.25</b>



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