PRA Group Q1 2024 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 Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.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 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.

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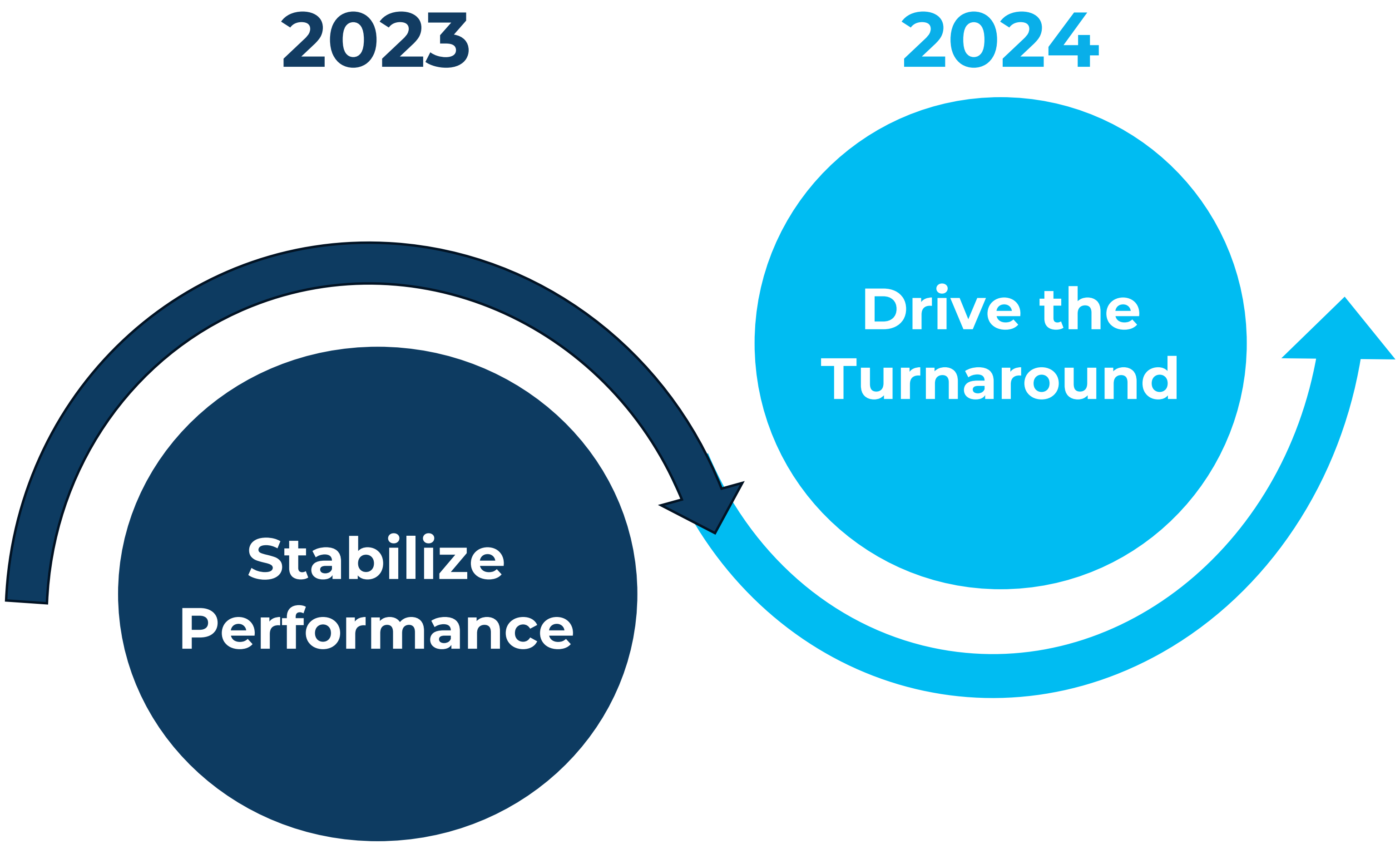
Our Imperatives



Roadmap to Enhanced Profitability

Value Creation from Higher Cash Collections While Reducing Marginal Costs

Optimizing Investments

Increase ERC and portfolio returns

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Driving Operational Execution

Maximize cash collected per dollar invested

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Managing Expenses

Optimize cost structure

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Enhanced Profitability

- ✓ Capitalizing on supply tailwinds and opportunities
- ✓ Deepening seller relationships
- ✓ Proactively managing pricing

- ✓ Addressing operational execution gaps
- ✓ Call center strategy enhancements
- ✓ Legal process optimization
- ✓ Leveraging third-party vendors

- ✓ Leveraging low-cost locations
- ✓ Driving to lower marginal unit costs
- ✓ Establishing flexibility
- ✓ Productivity enhancements
- ✓ Cost elimination/ restructuring

- ✓ **Significantly higher cash collections**
- ✓ **Lower marginal costs**
- ✓ Positive buying loop – **higher returns on new portfolio investments**

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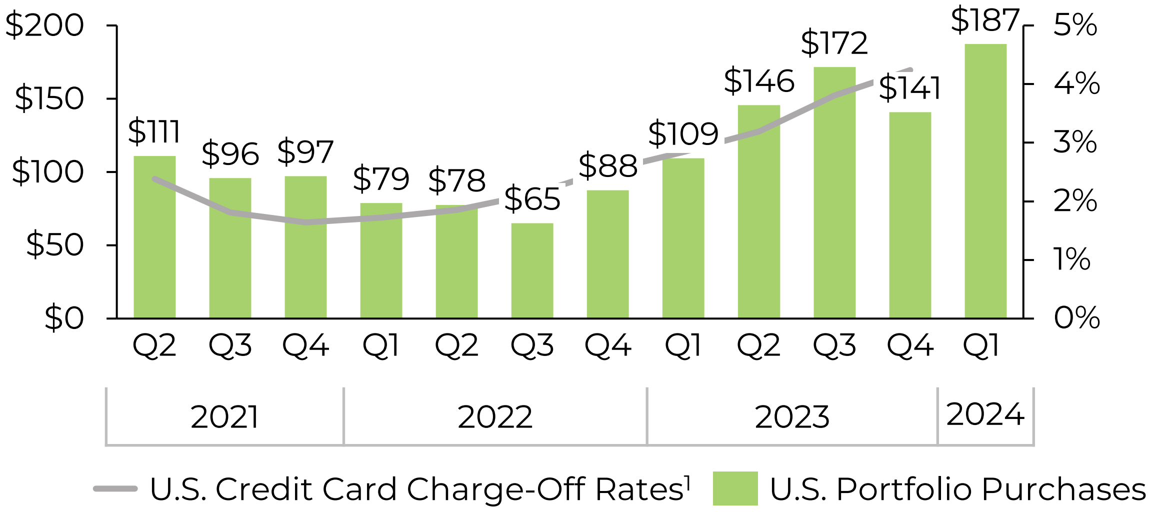
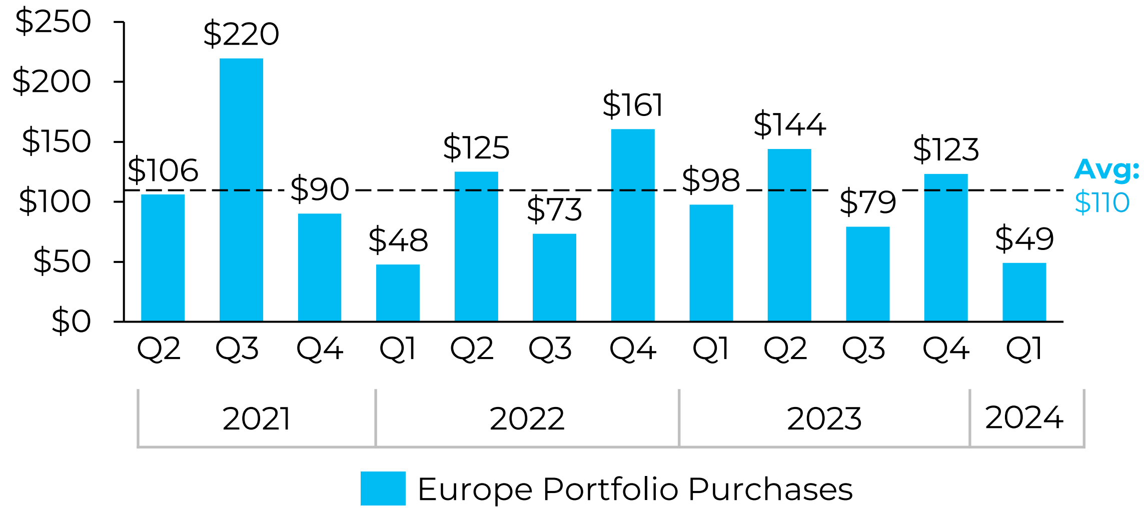
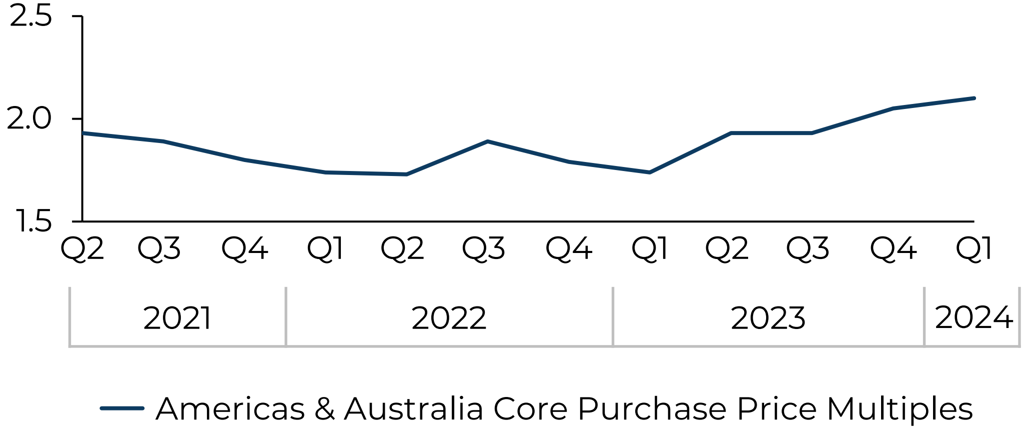
Capitalizing on Strong U.S. Supply and Improving Prices Globally

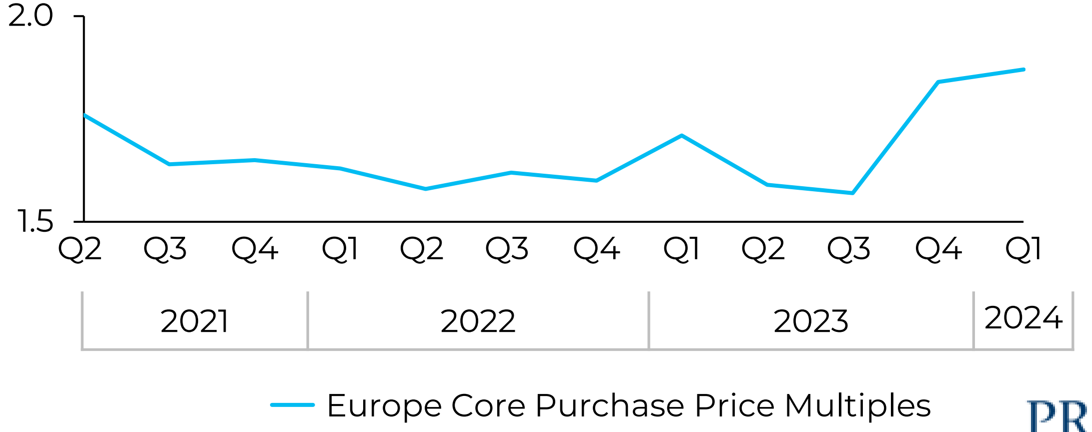
$ in millions

Optimizing Investments









1. Board of Governors of the Federal Reserve System, Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks

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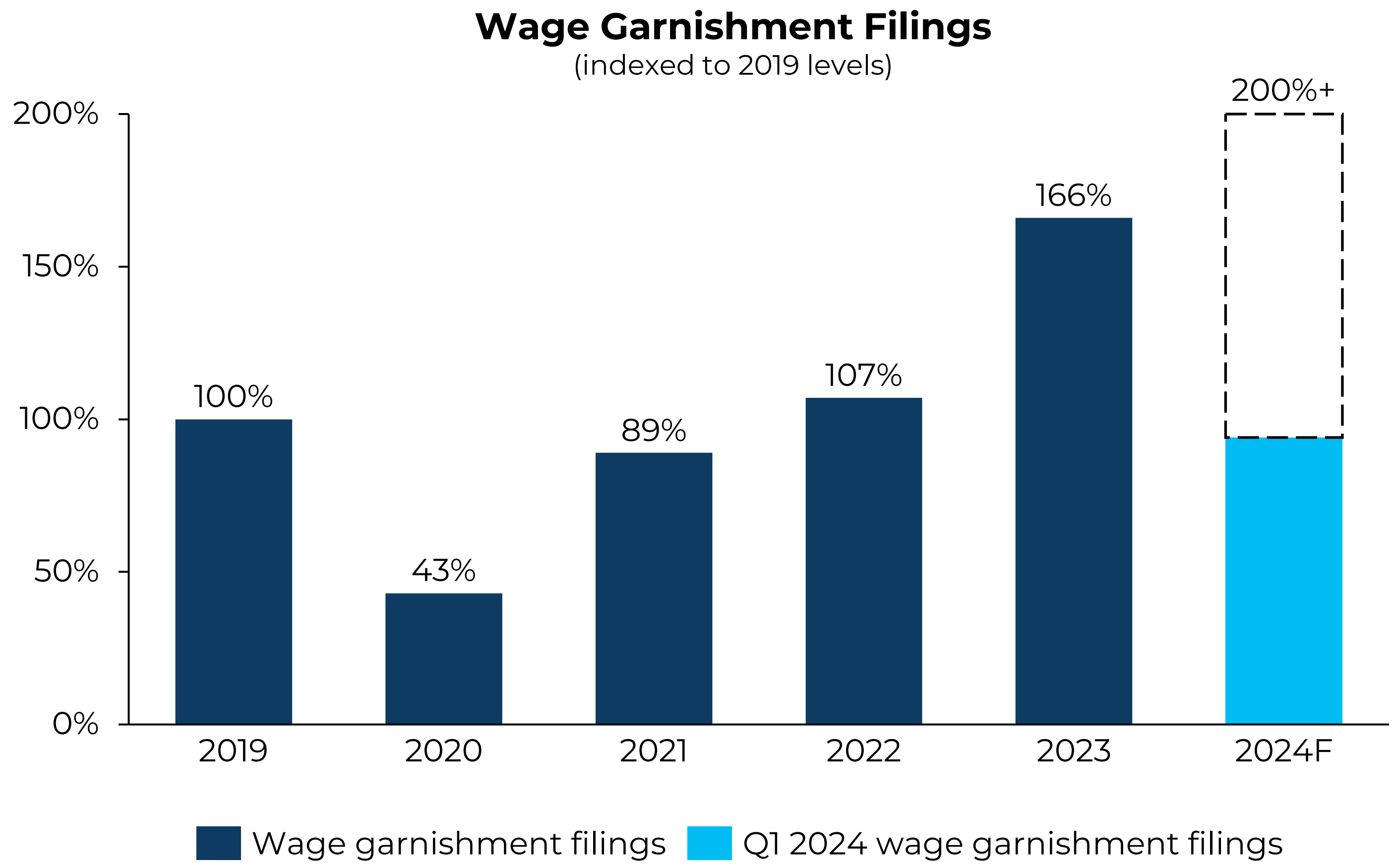
Generating Momentum in U.S. Legal Collections Activities

Driving Operational Execution



- **>$100 million estimated cash impact** from post-judgment legal optimization, starting in 1H 2024, with majority realized by year-end 2026
- On track for full year 2024 wage garnishment filings to **more than double** the number in 2019

Driving Efficiencies and Cost Savings

Expenses Expected to Grow Slower Than Cash Collections, Driving Cash Efficiency in the Low 60% Range

Managing Expenses

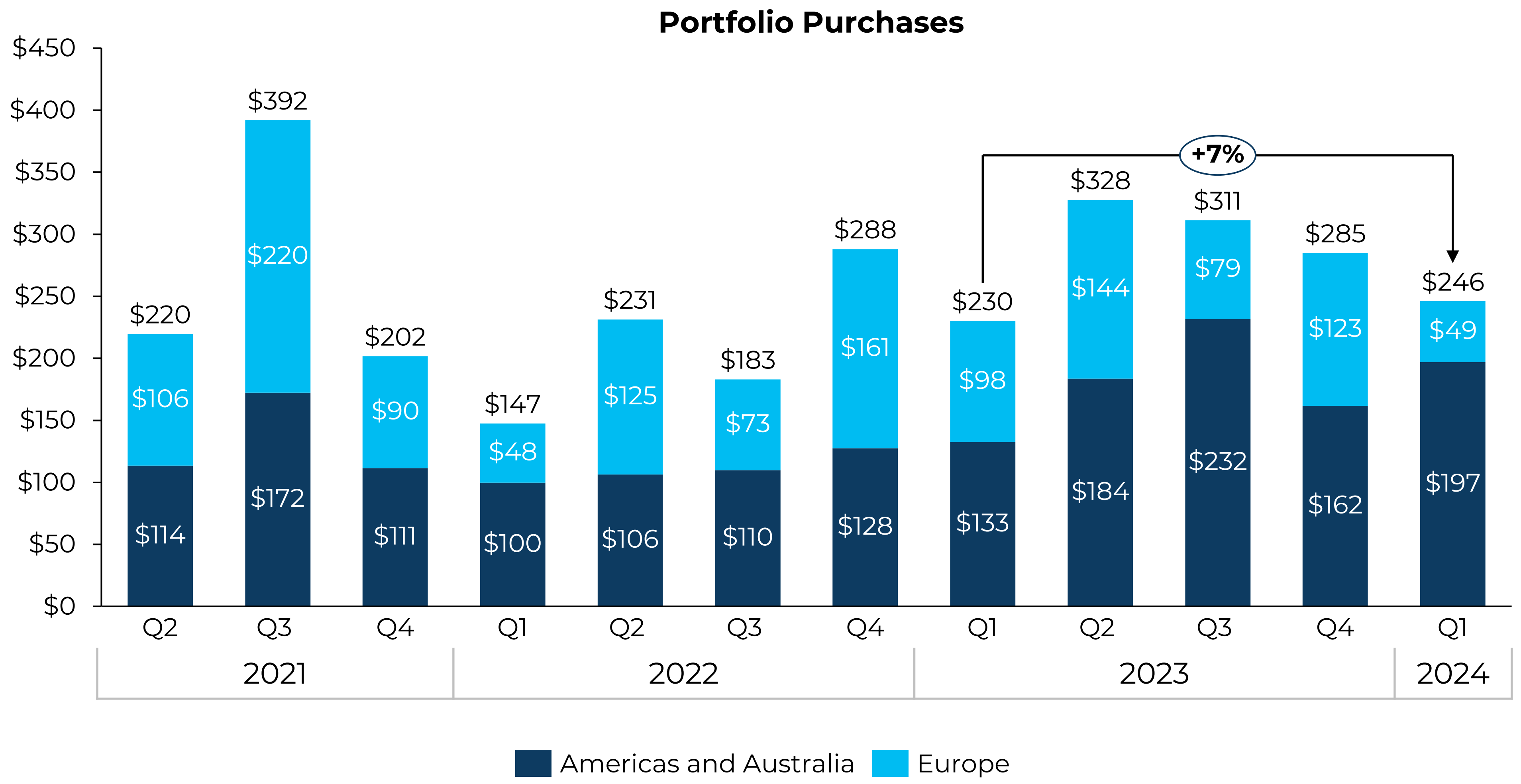
Building flexibility into the business

- Restructure and eliminate non-essential processes/costs
- Re-examine and simplify processes
- Rebalance resources to leverage lower-cost locations

Portfolio Investments Up 7% Year-over-Year

Q1 U.S. Portfolio Investments Up 71% Year-over-Year to $187 Million

$ in millions



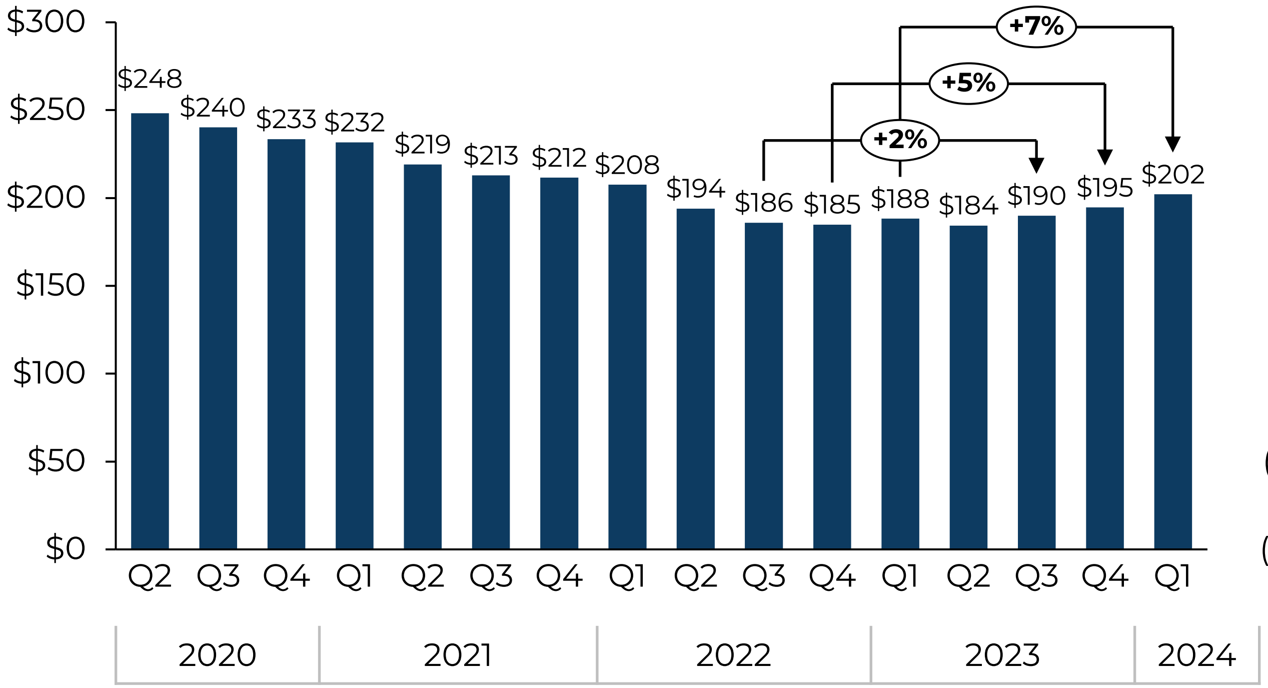
Note: numbers may not add up due to rounding.

The Two Components of Portfolio Revenue

$ in millions

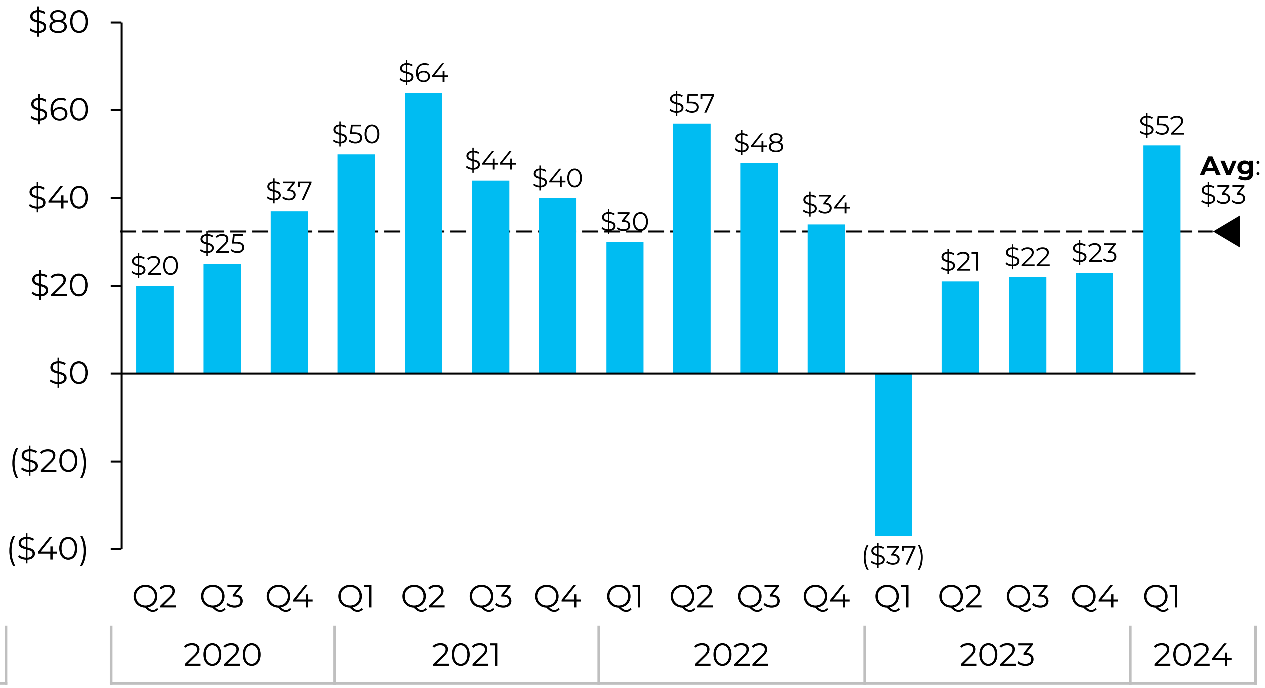
Portfolio Income

Portfolio Income Growing YoY Last Three Quarters



Changes in Expected Recoveries

Changes in Expected Recoveries Trend Positive Over Time

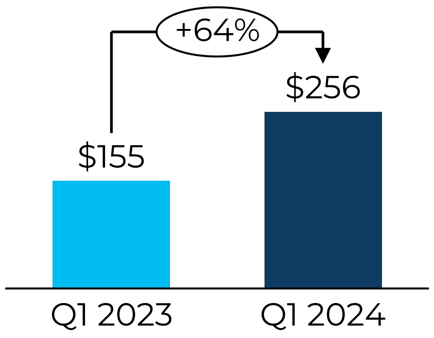


Q1 2024 Financial Results

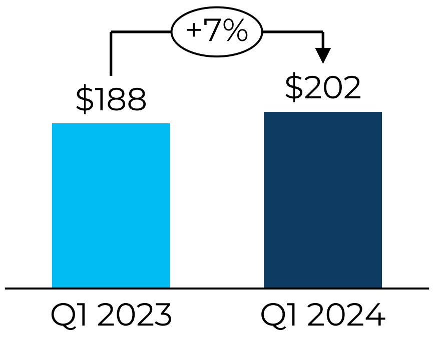
$ in millions, except per share amounts

Q1 2023 vs Q1 2024

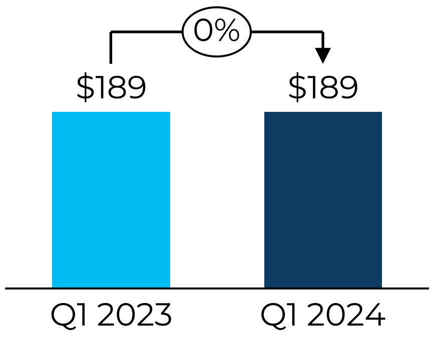
Total Revenues



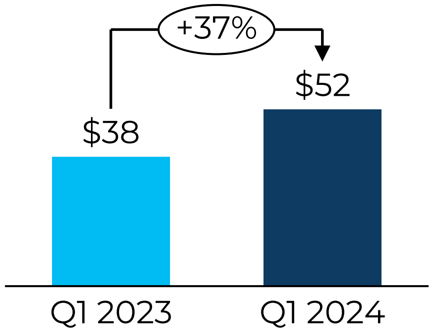
Portfolio Income



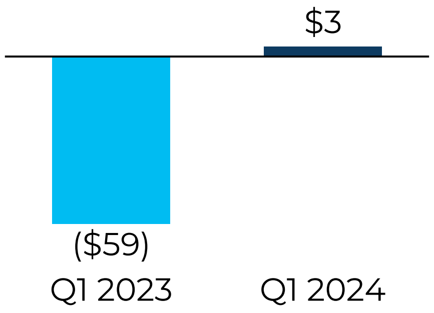
Operating Expenses



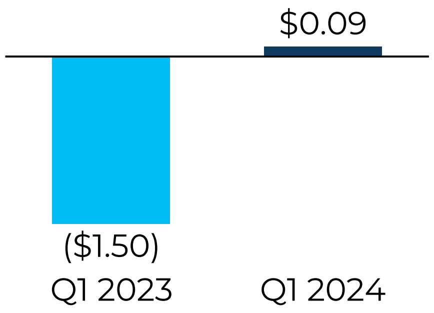
Interest Expense, Net



Net Income Attributable to PRA Group



Diluted Earnings Per Share



Total Revenues:

- Increase driven by higher portfolio income and changes in expected recoveries

Portfolio Income:

- Increase driven by higher recent purchases, improved returns & FX

Operating Expenses:

- Q1 2024 result included higher legal collection fees, legal collection costs, agency fees and communication expenses – all linked to portfolio growth and investment in cash-generating initiatives

Interest Expense, Net:

- Increase driven by higher debt balances and increased interest rates

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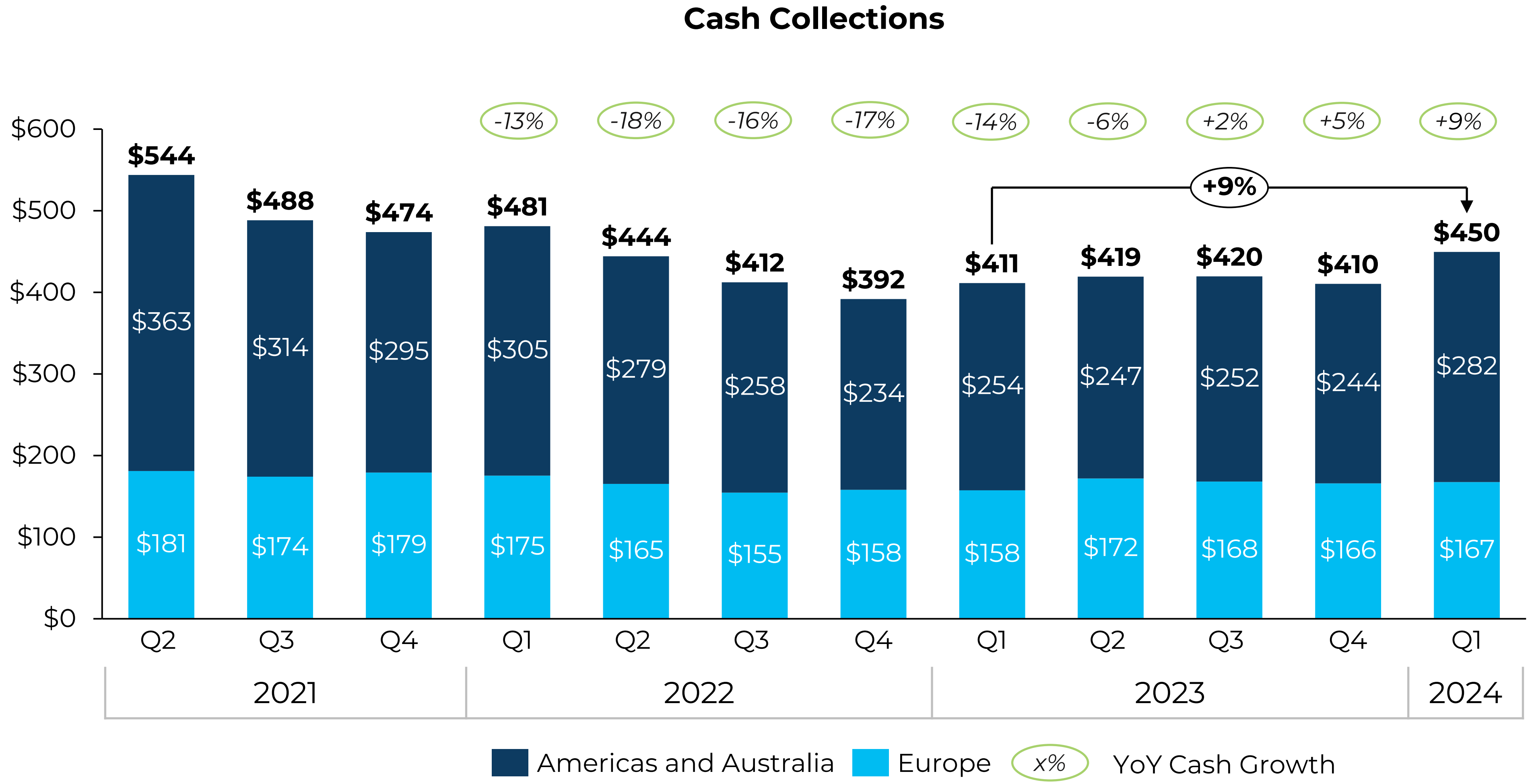
Cash Collections Increased 9% Year-Over-Year

$ in millions



Americas and Australia:

- 11% increase driven primarily by higher cash collections in the U.S. and Brazil

Europe:

- 6% increase driven by FX and higher recent purchases

Note: numbers may not add up due to rounding.

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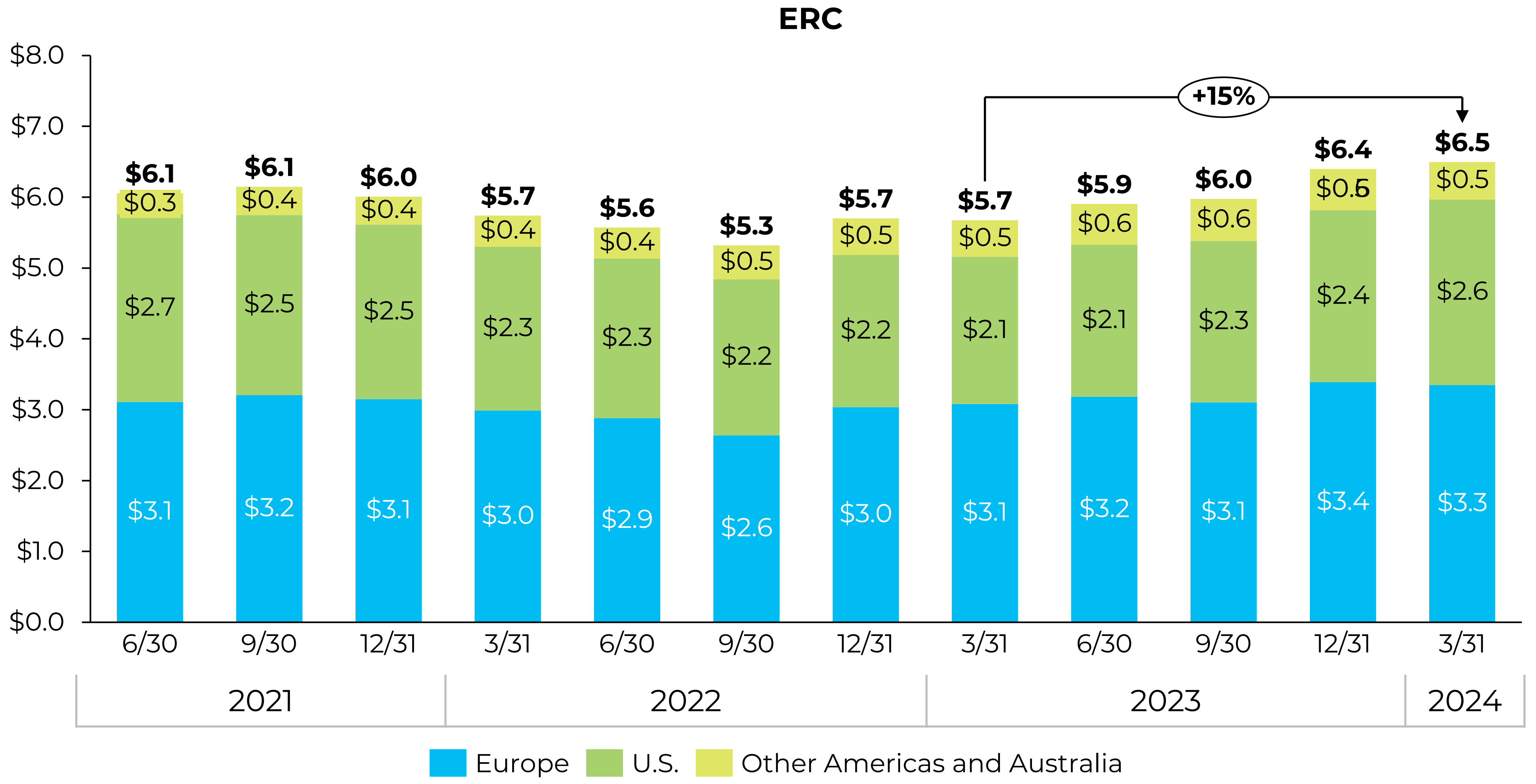
ERC Increased 15% Year-over-Year

ERC Increased $100 Million Sequentially

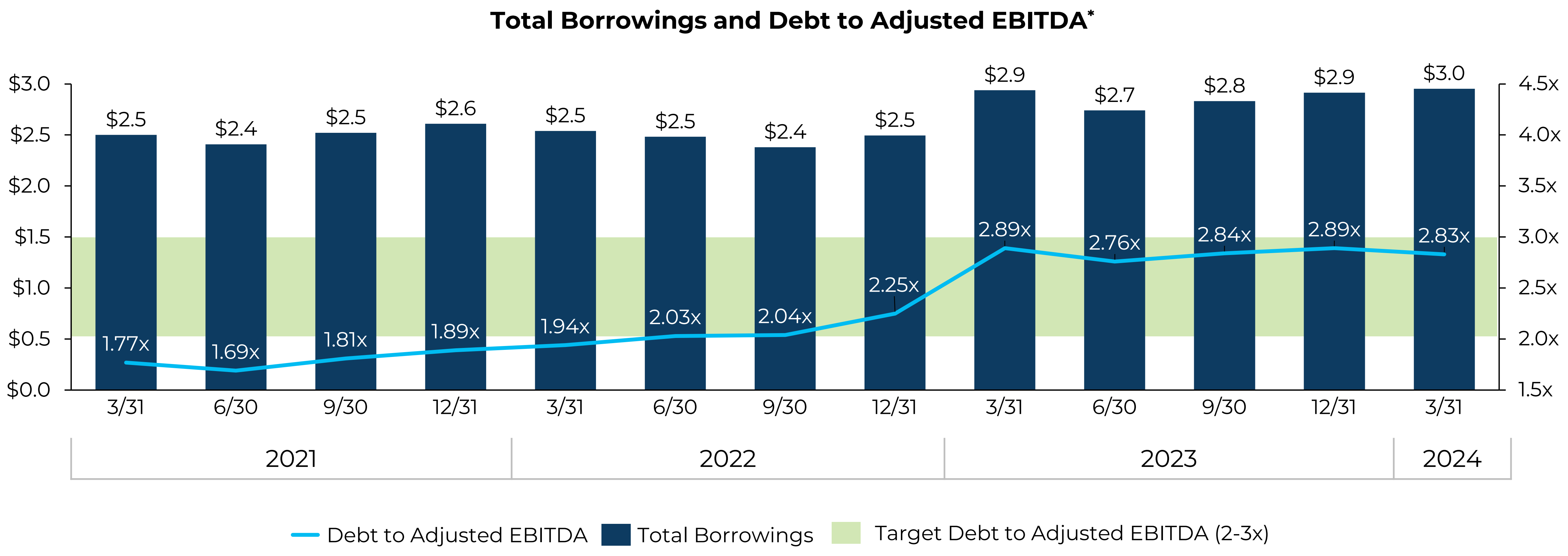
$ in billions



 Note: numbers may not add up due to rounding.

Leverage Remains Moderate & Within Target Range

$ in billions



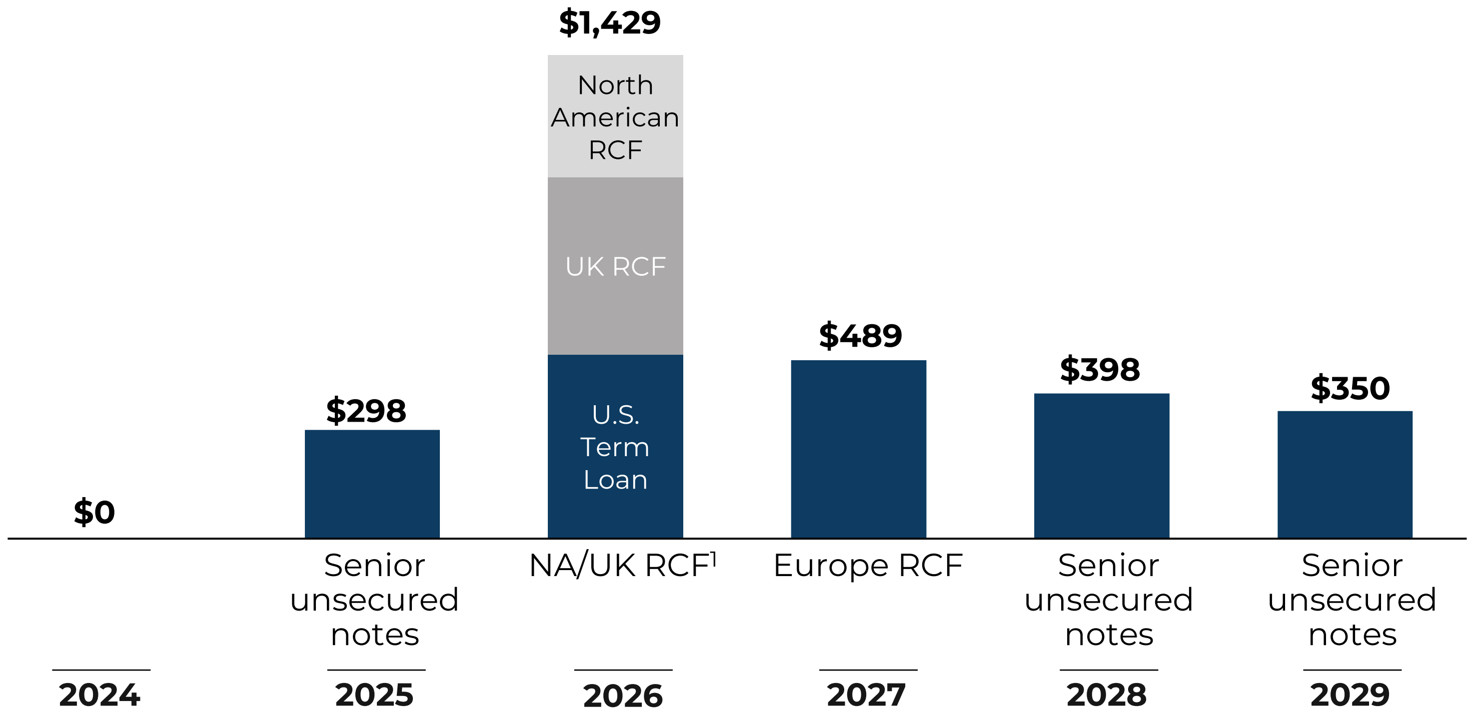
* A reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA can be found at the end of this presentation.

Strong Capital Structure With No Maturities Until Sept. 2025

Well-Positioned to Continue Taking Advantage of Increasing Portfolio Supply

$ in millions

Debt Maturity Profile
(Amount Outstanding)



- **$1.2 billion** availability under our credit facilities
  - **$367 million** available based on current ERC
  - **$855 million** additional availability subject to borrowing base and debt covenants, including advance rates
- **Strong relationships with creditors** going back several years
- Bank covenant structure provides the **financial flexibility to implement strategic investment plans**

1. Includes North American (NA) Revolving Credit Facility (RCF), UK RCF, and U.S. term loan

2024 Outlook

On Track to Meaningful Profitability and Substantially Improved Results

Strong portfolio investment levels

- Largely due to **increase in U.S. portfolio supply and continued favorable returns**

Double-digit growth in cash collections in 2024

- Driven by **portfolio growth, pricing, and execution of cash generation initiatives**

Modest expense growth

- **Overall expense management** and shift to lower-cost locations

60%+ cash efficiency ratio[1] in 2024

- **Cash efficiency** improving through 2024

6-8% return on average tangible equity[2] in 2024

- New metric to **better assess and track performance**

1. Cash efficiency ratio = (cash receipts – operating expenses)/cash receipts
2. Return on average tangible equity (ROATE) = annualized net income attributable to PRA Group, Inc. divided by average tangible equity. Average tangible equity = average total stockholders' equity - PRA Group, Inc. less average goodwill and average other intangible assets

Q&A

Reconciliation of Non-GAAP Financial Measures to GAAP

$ in millions

Use of Non-GAAP Financial Measures

The Company 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 (or less income tax benefit); 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. The Company 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) as of March 31, 2021 through the LTM as of March 31, 2024. 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 also reflects the Company's Debt to Adjusted EBITDA for the LTM as of March 31, 2021 through the LTM as of March 31, 2024.

	LTM Ended												
	2021				2022				2023				2024
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	3/31
Net Income/(Loss) Attributable to PRA Group, Inc.	**$ 189**	**$ 187**	**$ 179**	**$ 183**	**$ 165**	**$ 145**	**$ 135**	**$ 117**	**$ 19**	**$ (22)**	**$ (59)**	**$ (83)**	**$ (21)**
(+) Income Tax Expense/(Benefit)	55	53	58	55	42	44	43	37	14	1	(8)	(16)	5
(+) Foreign Exchange Loss (Gain)	—	2	1	1	1	(1)	—	(1)	(2)	(1)	(1)	—	(1)
(+) Interest Expense, Net and Other	137	131	126	124	124	126	129	132	138	150	168	183	198
(+) Depreciation and Amortization	18	18	17	15	15	15	15	15	15	15	14	13	13
(+) Impairment of Real Estate	—	—	—	—	—	—	—	—	—	—	5	5	5
(+) Adjustment for Net Income Attributable to Noncontrolling Interests	19	20	17	12	4	2	2	1	11	13	15	17	20
(+) Collections Applied to Principal on Finance Receivables	997	1,017	993	988	958	893	842	806	820	837	864	888	825
LTM Adjusted EBITDA	**$ 1,416**	**$ 1,428**	**$ 1,392**	**$ 1,378**	**$ 1,309**	**$ 1,224**	**$ 1,167**	**$ 1,107**	**$ 1,015**	**$ 993**	**$ 998**	**$ 1,007**	**$ 1,044**
Borrowings	$ 2,501	$ 2,409	$ 2,521	$ 2,609	$ 2,539	$ 2,482	$ 2,380	$ 2,495	$ 2,938	$ 2,740	$ 2,832	$ 2,914	$ 2,953
Debt to LTM Adjusted EBITDA	**1.77x**	**1.69x**	**1.81x**	**1.89x**	**1.94x**	**2.03x**	**2.04x**	**2.25x**	**2.89x**	**2.76x**	**2.84x**	**2.89x**	**2.83x**

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Reconciliation of Non-GAAP Financial Measures to GAAP (Cont.)

Use of Non-GAAP Financial Measures (Cont.)

In addition, the Company uses return on average tangible equity (ROATE), which is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP, to monitor and evaluate operating performance relative to the Company's equity. Management believes ROATE is a useful financial measure for investors in evaluating the effective use of equity, and is an important component of its long-term shareholder return. Average tangible equity ("ATE") is defined as average Total stockholders' equity - PRA Group, Inc. less average goodwill and average other intangible assets. ROATE is calculated by dividing annualized Net income/(loss) attributable to PRA Group, Inc. by ATE. The following table displays the Company's ROATE and provides a reconciliation of Total stockholders' equity - PRA Group, Inc. as reported in accordance with GAAP to ATE for the periods indicated (amounts in thousands, except for ratio data):

	Period-end		Average	Period-end		Average
	March 31, 2024	December 31, 2023	First Quarter 2024	March 31, 2023	December 31, 2022	First Quarter 2023
Total stockholders' equity - PRA Group, Inc.	**$ 1,129,326**	**$ 1,167,112**	**$ 1,148,219**	**$ 1,158,343**	**$ 1,227,661**	**$ 1,193,002**
Less: Goodwill	411,846	431,564	421,705	420,647	435,921	428,284
Less: Other intangible assets	1,666	1,742	1,704	1,833	1,847	1,840
Average tangible equity			**$ 724,810**			**$ 762,878**

	First Quarter 2024	First Quarter 2023
Net income/(loss) attributable to PRA Group, Inc.	$ 3,475	$ (58,629)
Return on average tangible equity[1]	**1.9%**	**(30.7)%**

1. Based on annualized Net income/(loss) attributable to PRA Group, Inc.

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