



PRA Group Q2 2024 Conference Call Presentation



Nasdaq: PRAA

PRA
Group 

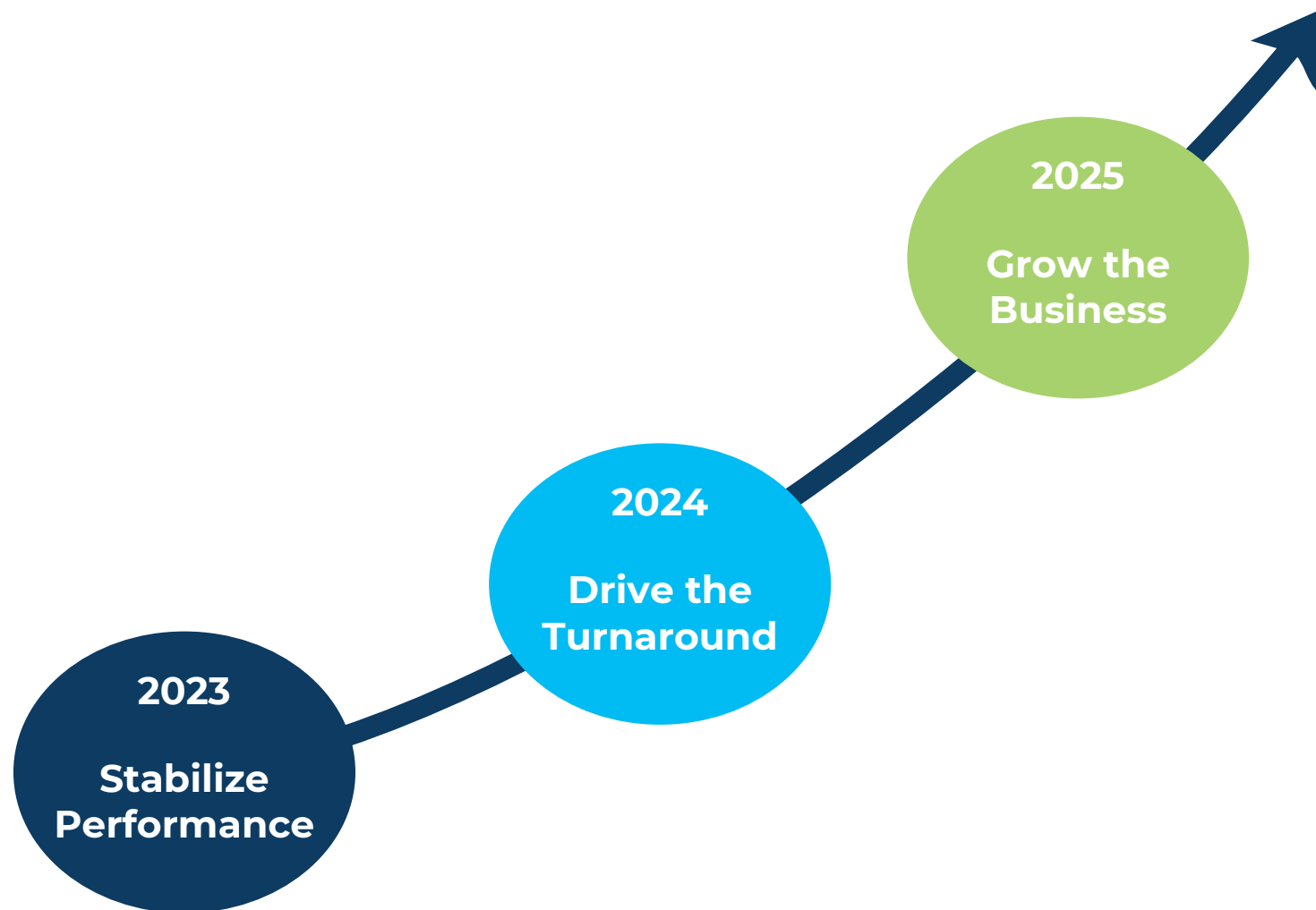
Forward-Looking Statements

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 Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.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

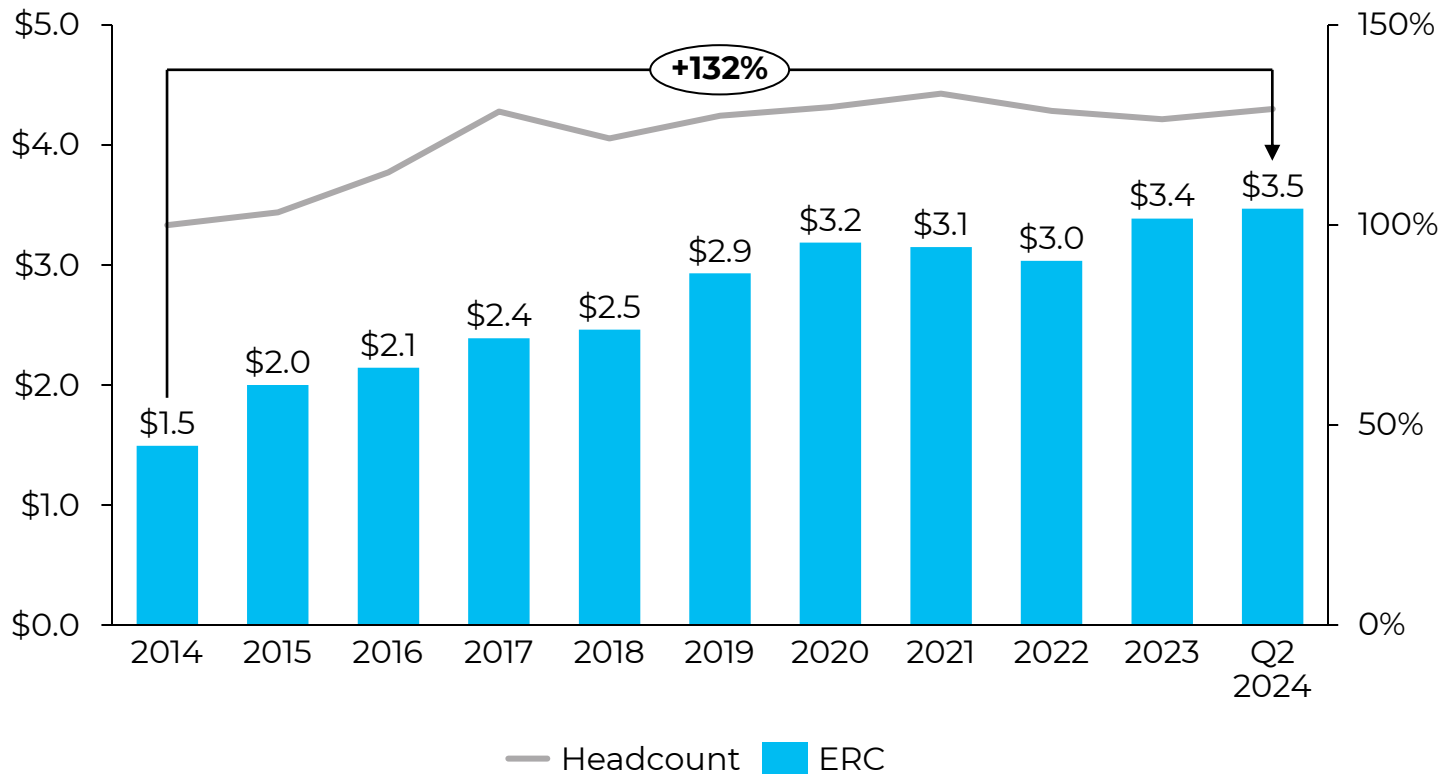
Successful Turnaround in U.S. Business Is Clearly Visible



PRA Europe

A Growing, Profitable and Differentiated Business

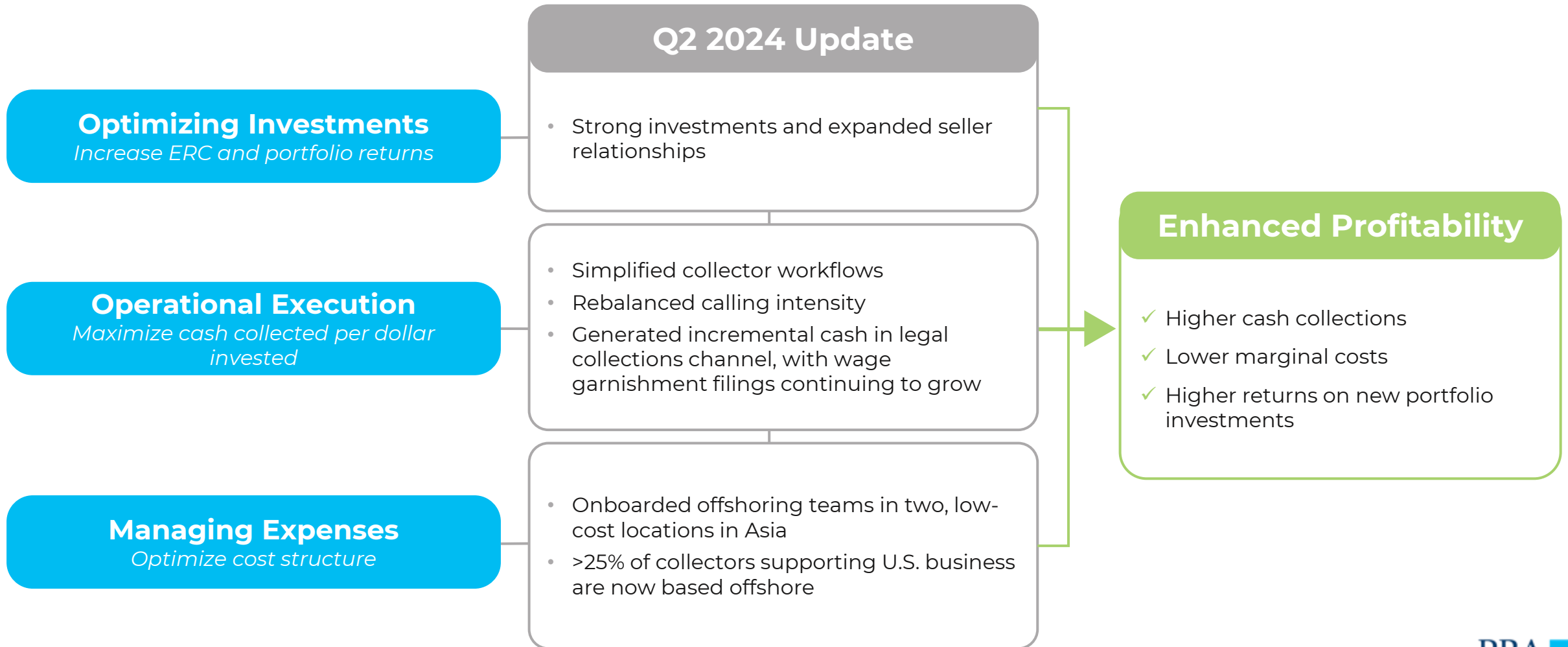
PRA Europe ERC¹ and Headcount²



- ✓ **Experienced and stable management team**
- ✓ **Diversified presence** across 13 countries
- ✓ **Disciplined investments** with deep seller relationships & limited M&A
- ✓ Long track record of **collections overperformance**
- ✓ **Strong capital position** at parent level with diverse funding, longstanding lender relationships and moderate leverage

Roadmap to Enhanced Profitability

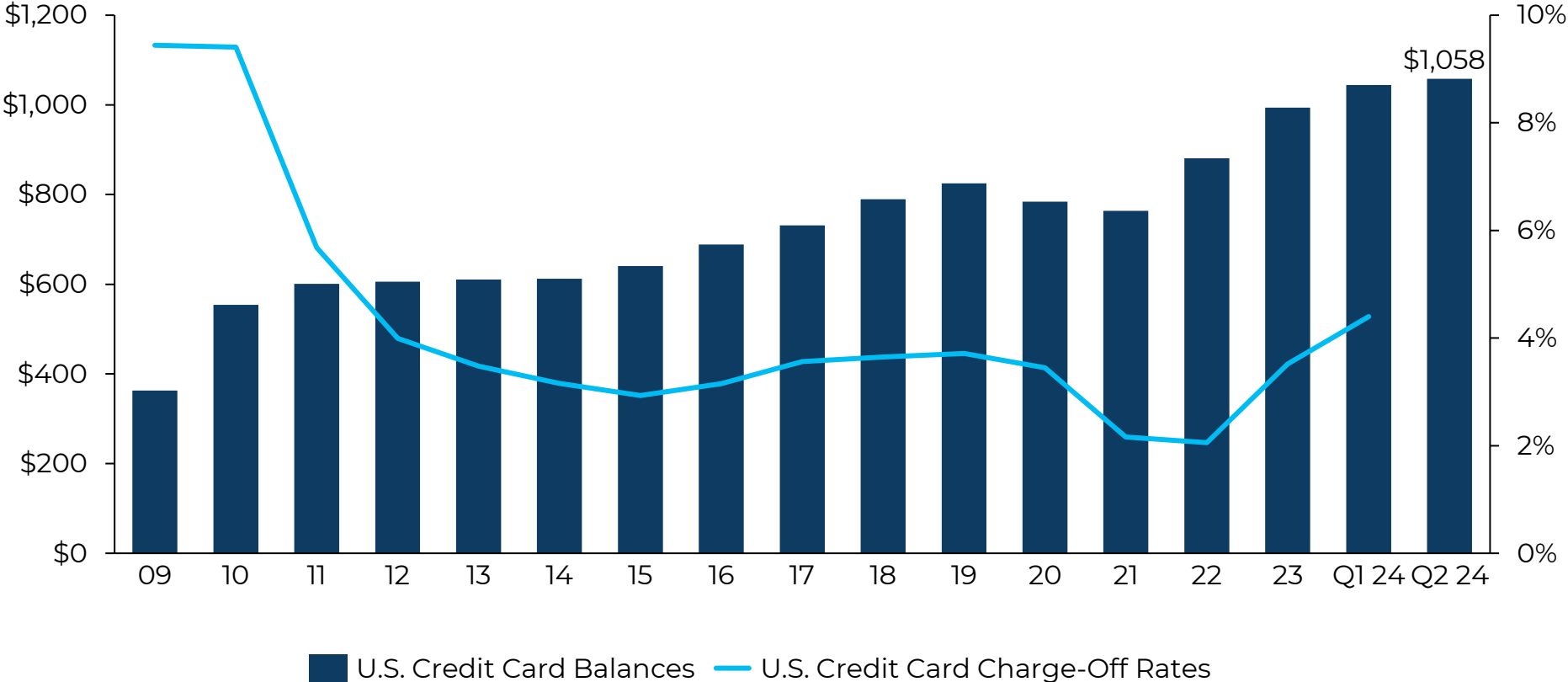
Value Creation from Higher Cash Collections While Reducing Marginal Costs



U.S. Portfolio Supply Driven By Charge-Off Rates and Credit Card Balances

\$ in millions

U.S. Credit Card Balances¹ and Charge-Off Rates²

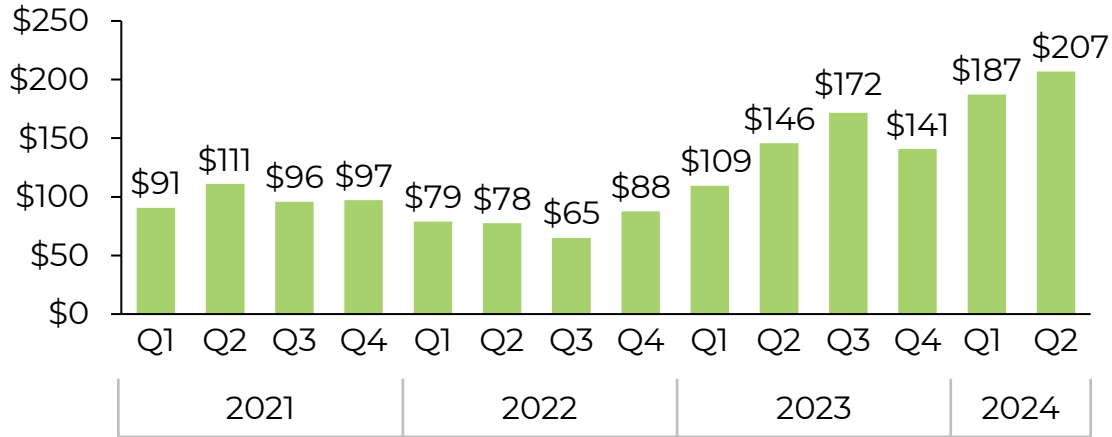


1. FRED, Consumer Loans: Credit Cards and Other Revolving Plans, All Commercial Banks
 2. Board of Governors of the Federal Reserve Board, Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks

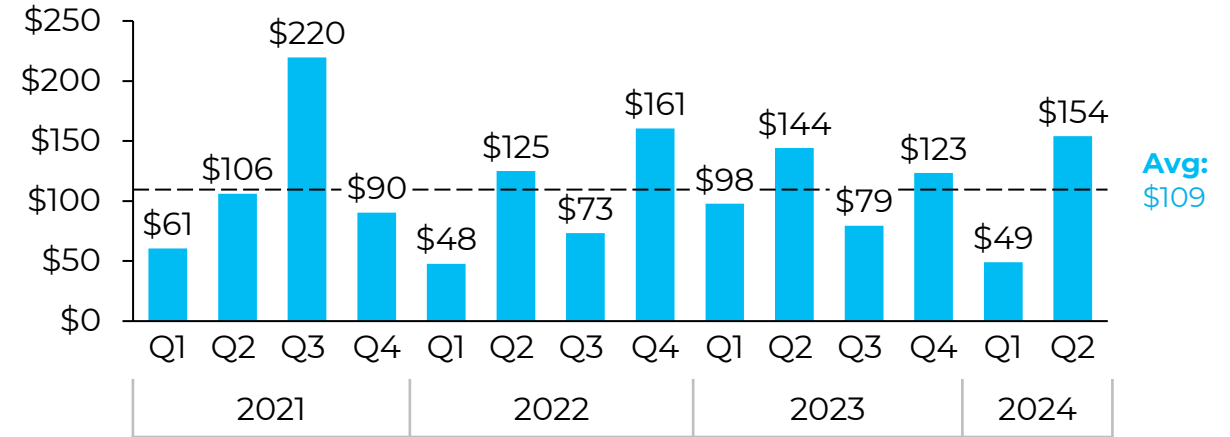


Capitalizing on Strong U.S. Supply & Attractive Pricing Globally

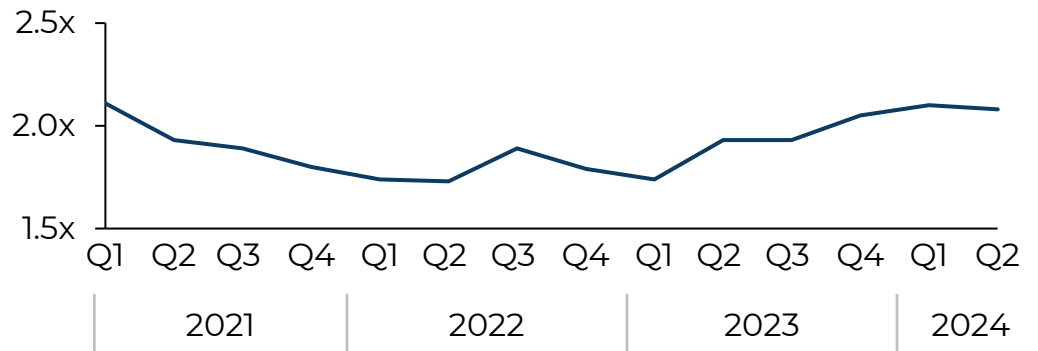
\$ in millions



■ U.S. Portfolio Purchases



■ Europe Portfolio Purchases



— Americas & Australia Core Purchase Price Multiples

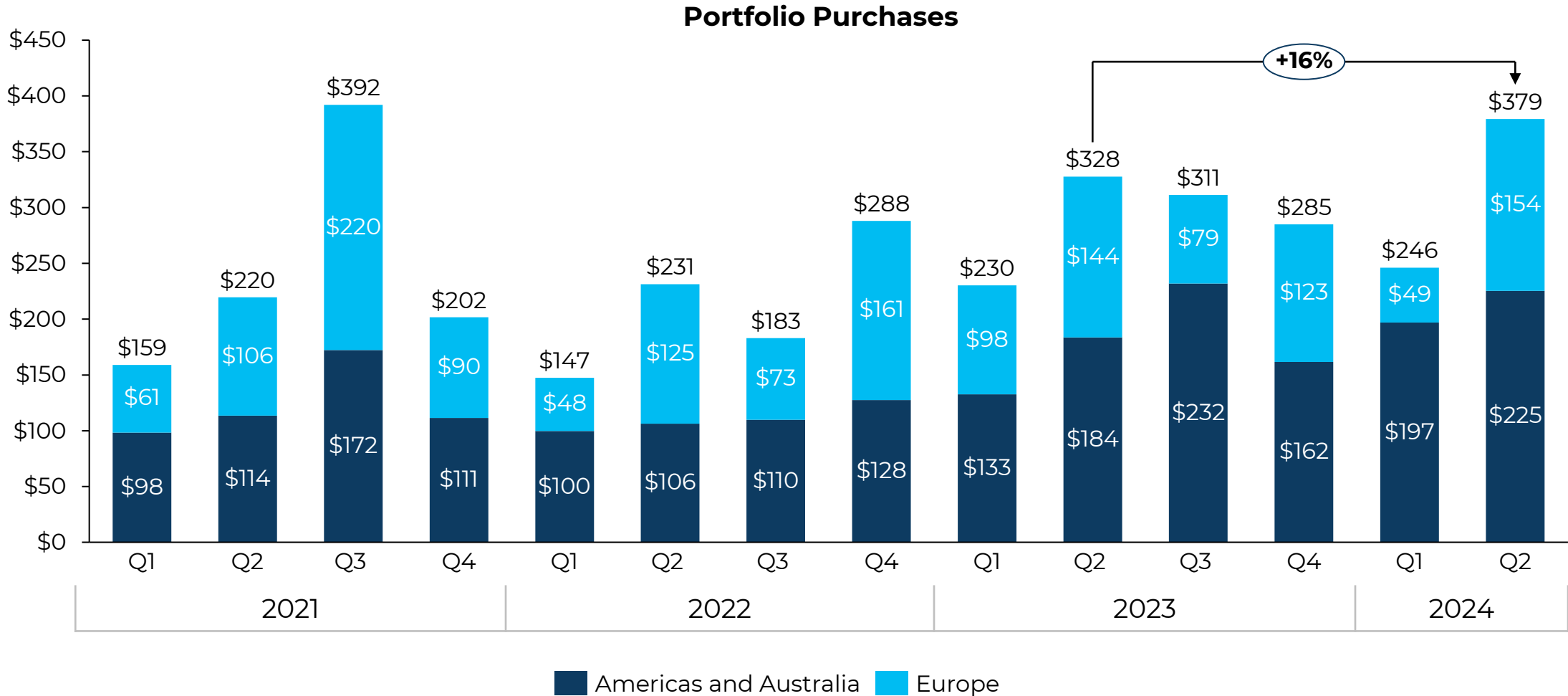


— Europe Core Purchase Price Multiples

Portfolio Investments of \$379 Million

Up 16% Year-over-Year

\$ in millions

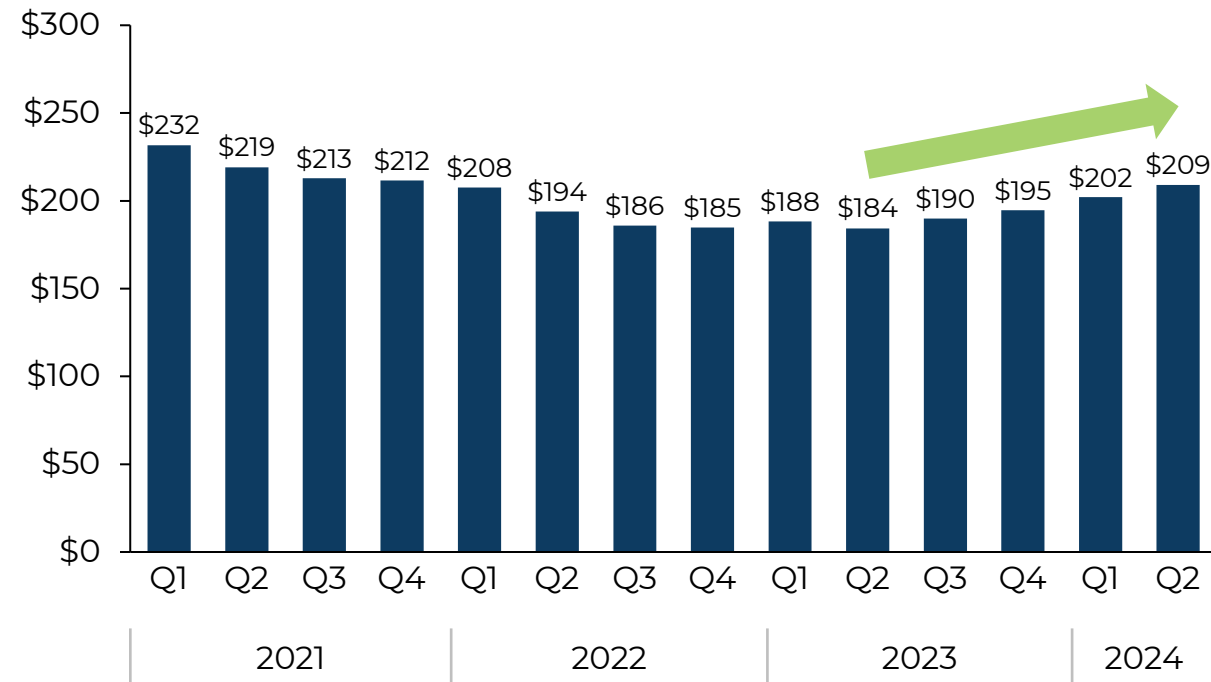


The Two Components of Portfolio Revenue

\$ in millions

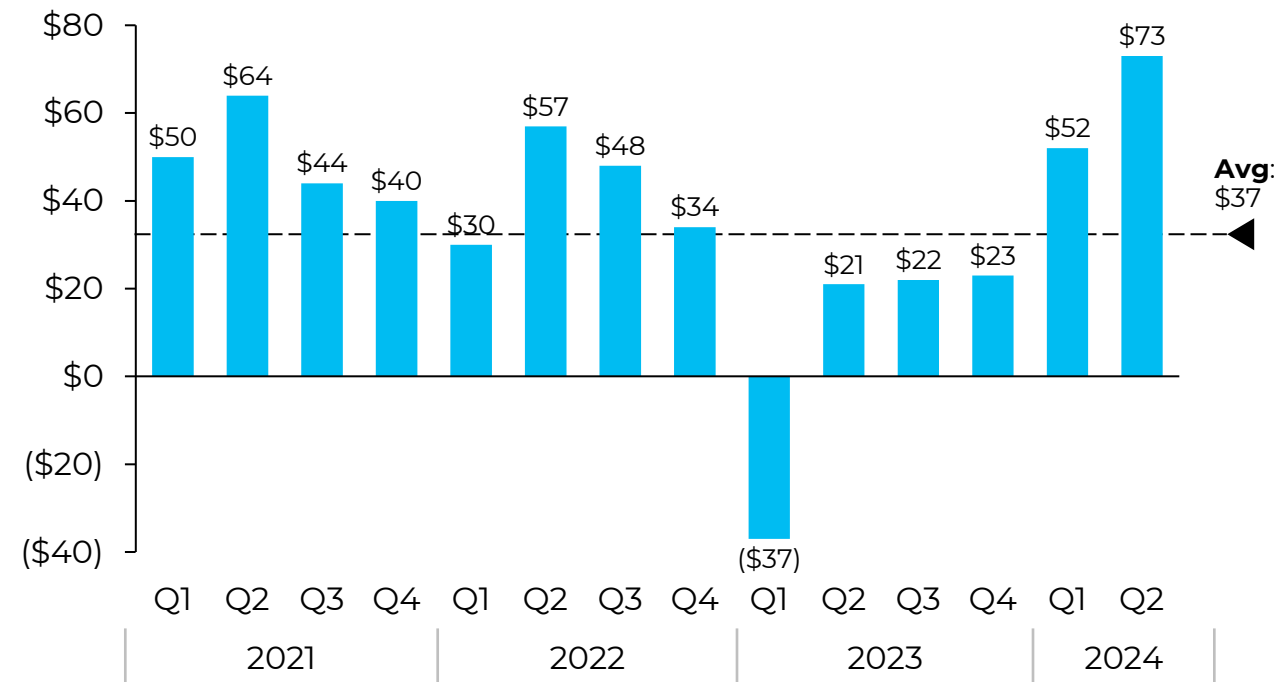
Portfolio Income

Portfolio Income Continues to Grow



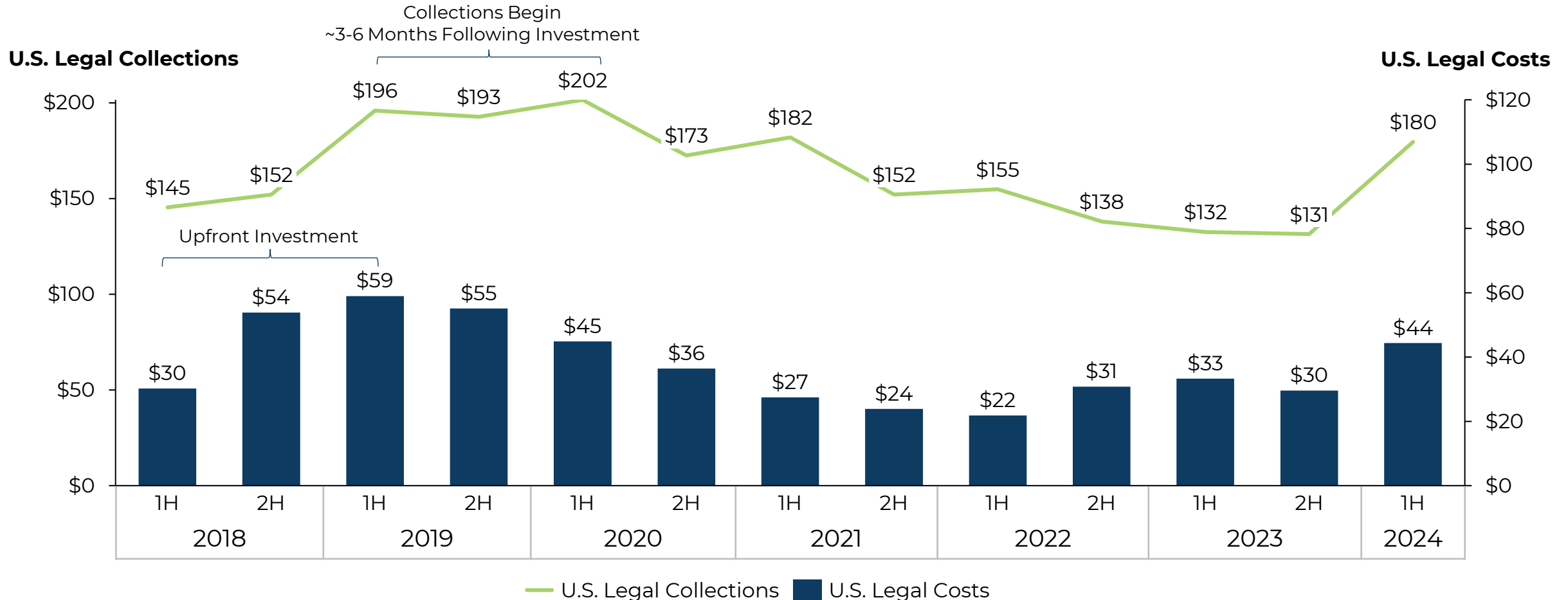
Changes in Expected Recoveries

Changes in Expected Recoveries Positive Over Time



Investing More in Legal Costs to Generate Proportionately Higher Legal Collections

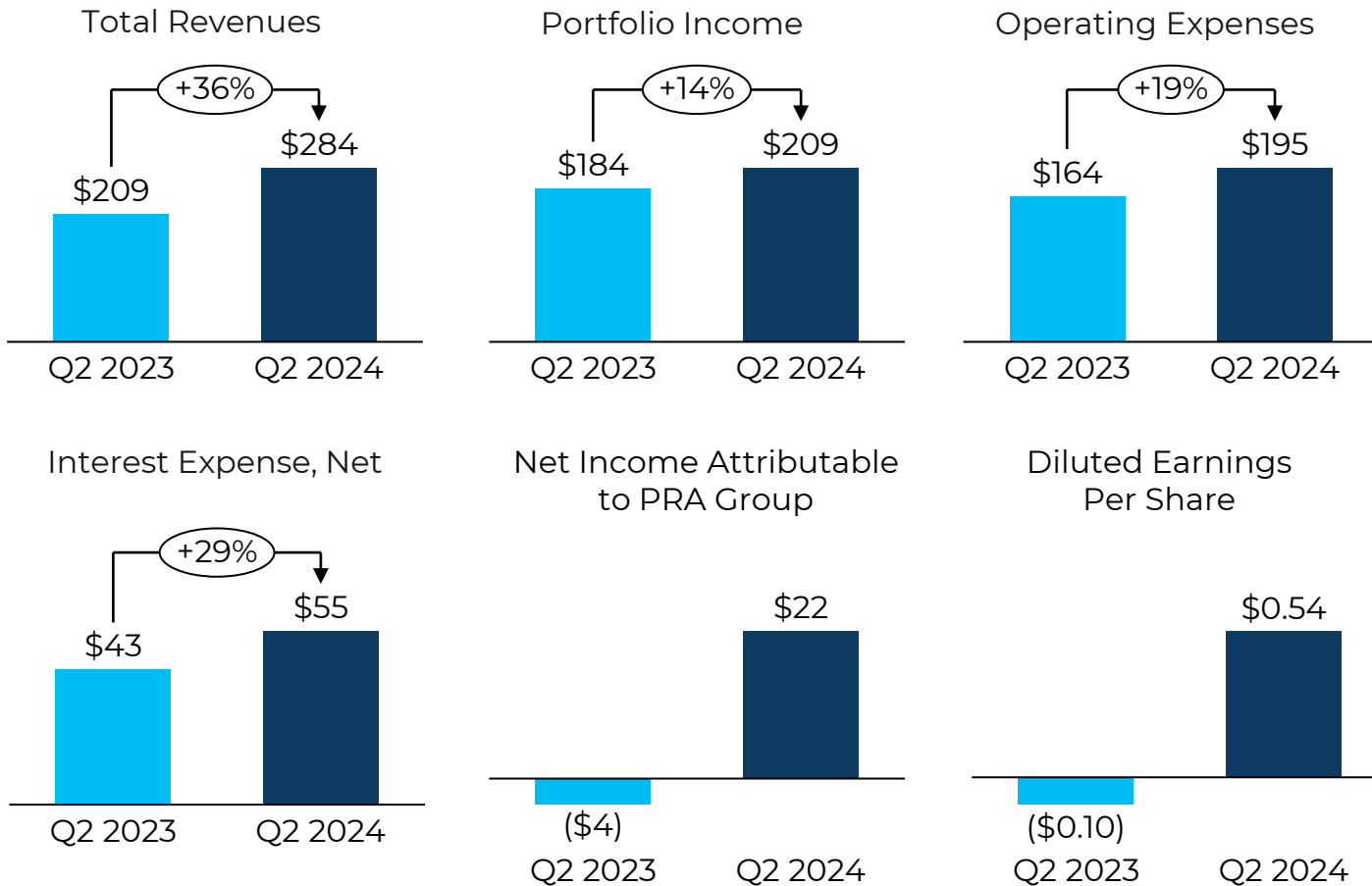
\$ in millions



Q2 2024 Financial Results

\$ in millions, except per share amounts

Q2 2023 vs Q2 2024



Total Revenues:

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

Portfolio Income:

- Increase driven by higher recent purchases and improved pricing

Operating Expenses:

- Increase driven primarily by higher legal collection costs, due to portfolio growth and investment in cash-generating initiatives

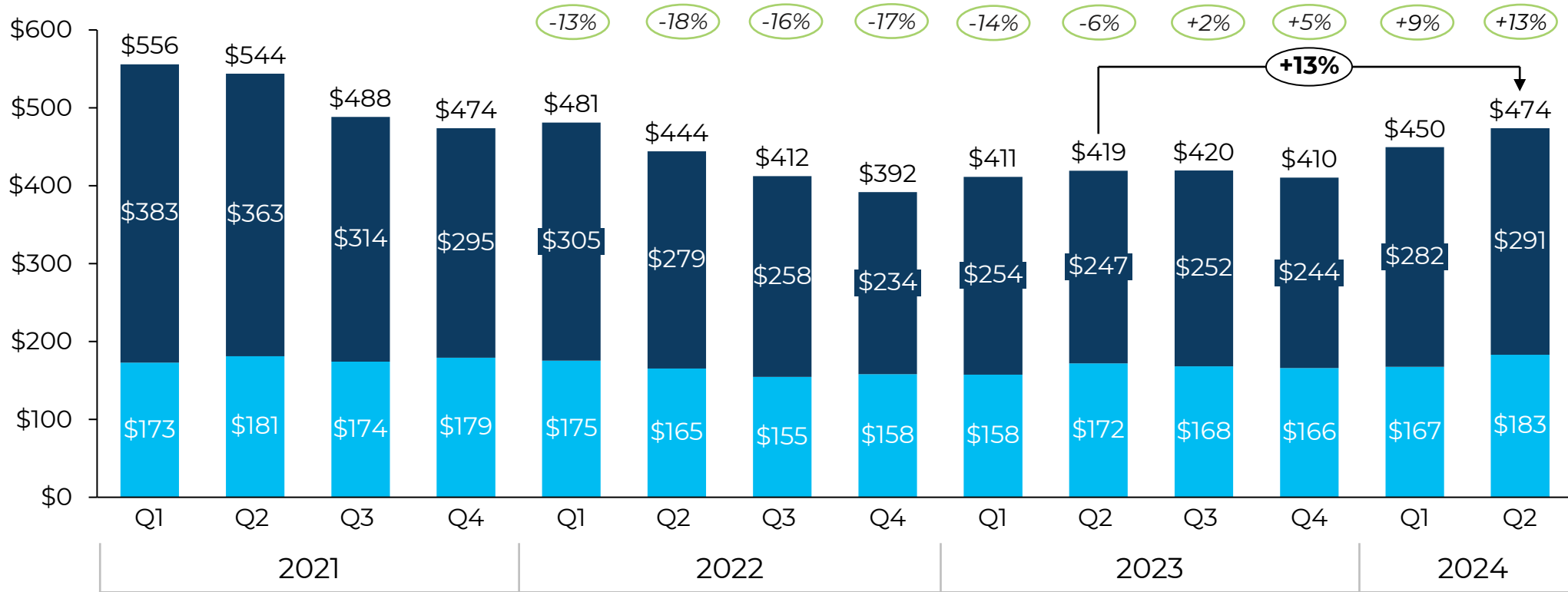
Interest Expense, Net:

- Increase driven primarily by higher debt balances and increased interest rates

Cash Collections Increased 13% Year-Over-Year

\$ in millions

Cash Collections



Americas and Australia:

- 18% increase driven primarily by higher cash collections in the U.S.

Europe:

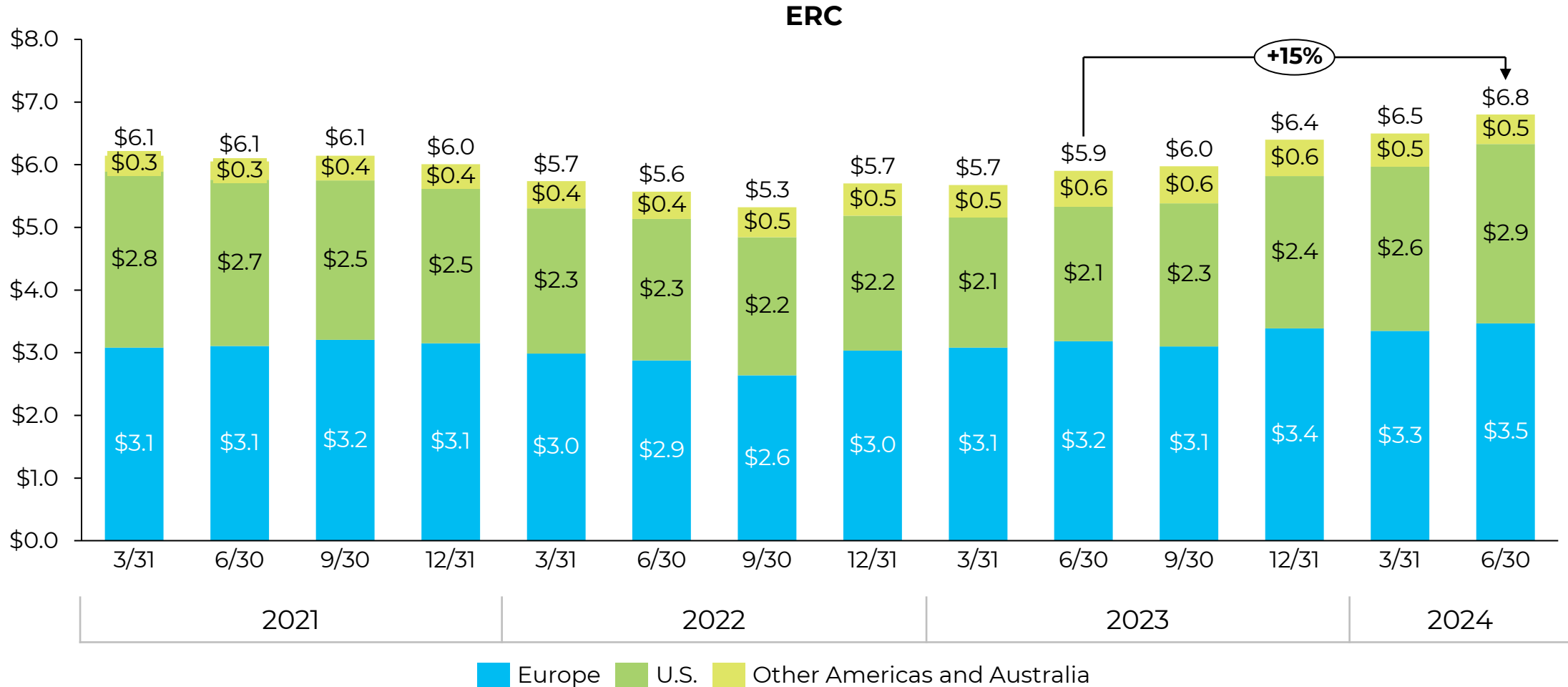
- 6% increase driven primarily by higher recent purchases

■ Americas and Australia ■ Europe ○ x% YoY Cash Growth

ERC Increased 15% Year-over-Year to \$6.8 Billion

Up \$304 Million Sequentially

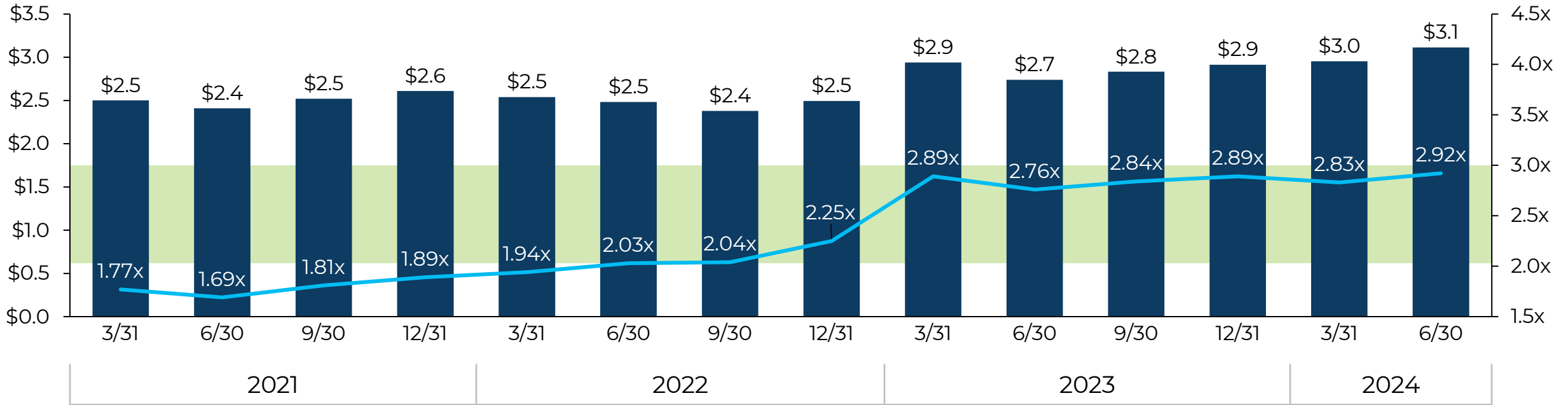
\$ in billions



Modest Leverage Despite Higher Portfolio Purchases

\$ in billions

Total Borrowings and Debt to Adjusted EBITDA*



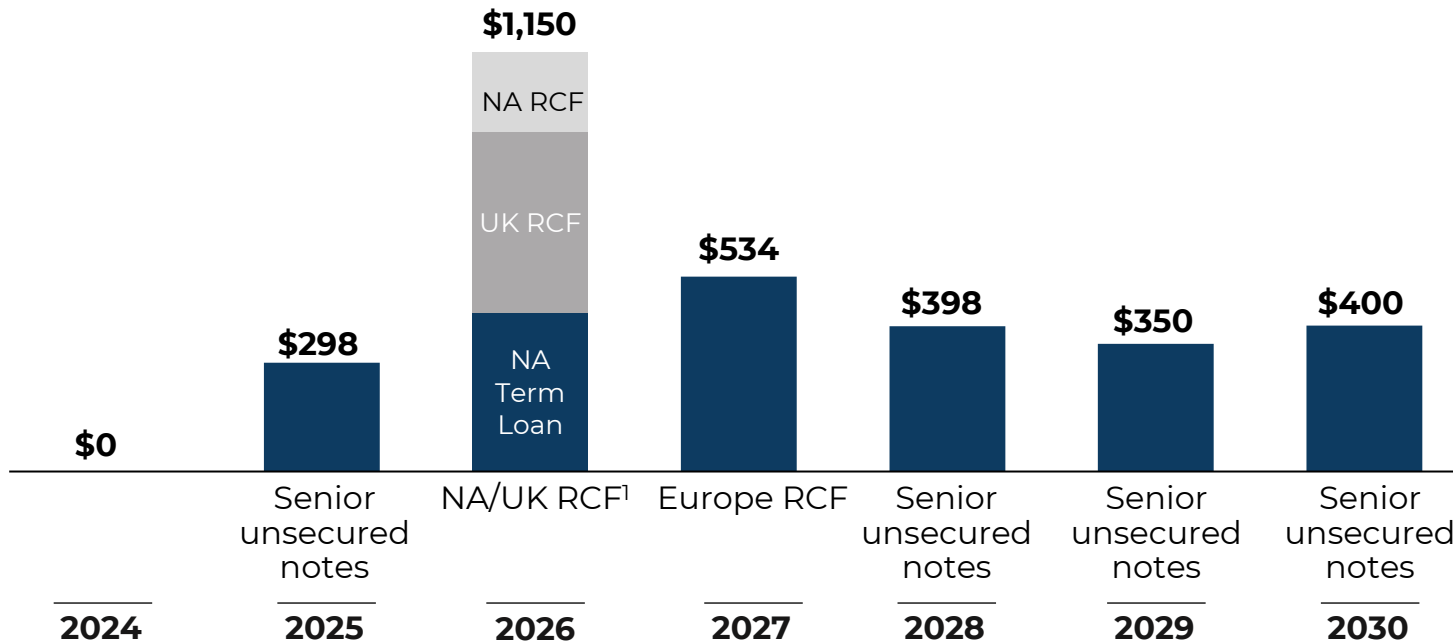
— Debt to Adjusted EBITDA* ■ Total Borrowings ■ Target Debt to Adjusted EBITDA* (2-3x)

Strong Capital Structure

Well-Positioned to Continue Capitalizing on Increasing Portfolio Supply

\$ in millions

Debt Maturity Profile
(Amount Outstanding)



- **\$1.4 billion** availability under our credit facilities
 - **\$742 million** available based on current ERC
 - **\$707 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**
- Intend to borrow \$298 million under North American (NA) Revolving Credit Facility (RCF) on or about September 1, 2024, to redeem Senior Notes due 2025²

1. Includes NA RCF, UK RCF, and NA term loan

2. This presentation does not constitute a notice of redemption of the Senior Notes due 2025 or satisfaction and discharge of a related indenture or an obligation to issue a notice of redemption. Any such notice will be given in accordance with the terms of the indenture governing the Senior Notes due 2025.

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 ratio¹ in 2024

- **Cash efficiency** improving through 2024

6-8% return on average tangible equity² 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); plus foreign exchange loss (or less foreign exchange gain); plus interest expense, net; plus other expense (or less other income); plus depreciation and amortization; plus impairment of real estate; plus 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 June 30, 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 June 30, 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 | 6/30 |
| Net Income/(Loss) Attributable to PRA Group, Inc. | \$ 189 | \$ 187 | \$ 179 | \$ 183 | \$ 165 | \$ 145 | \$ 135 | \$ 117 | \$ 19 | \$ (22) | \$ (59) | \$ (83) | \$ (21) | \$ 4 |
| (+) Income Tax Expense/(Benefit) | 55 | 53 | 58 | 55 | 42 | 44 | 43 | 37 | 14 | 1 | (8) | (16) | 5 | 12 |
| (+) 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 | 209 |
| (+) Depreciation and Amortization | 18 | 18 | 17 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 14 | 13 | 13 | 12 |
| (+) Impairment of Real Estate | — | — | — | — | — | — | — | — | — | — | 5 | 5 | 5 | 5 |
| (+) Net Income Attributable to Noncontrolling Interests | 19 | 20 | 17 | 12 | 4 | 2 | 2 | 1 | 11 | 13 | 15 | 17 | 20 | 19 |
| (+) Recoveries Applied to Negative Allowance less Changes in Expected Recoveries | 997 | 1,017 | 993 | 988 | 958 | 893 | 842 | 806 | 820 | 837 | 864 | 888 | 825 | 804 |
| 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 | \$ 1,065 |
| 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 | \$3,114 |
| 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 | 2.92x |

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):

| | Balance at Period End | | Average Balance | | | |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | Second Quarter | | Year-to-Date | |
| | June 30, 2024 | June 30, 2023 | 2024 | 2023 | 2024 | 2023 |
| Total stockholders' equity - PRA Group, Inc. | \$ 1,145,463 | \$ 1,165,525 | \$ 1,137,395 | \$ 1,161,934 | \$ 1,147,300 | \$ 1,183,843 |
| Less: Goodwill | 415,646 | 414,905 | 413,746 | 417,776 | 419,685 | 423,824 |
| Less: Other intangible assets | 1,597 | 1,836 | 1,632 | 1,835 | 1,668 | 1,839 |
| Average tangible equity | | | \$ 722,017 | \$ 742,323 | \$ 725,947 | \$ 758,180 |
| Net income/(loss) attributable to PRA Group, Inc. | | | \$ 21,516 | \$ (3,804) | \$ 24,991 | \$ (62,433) |
| Return on average tangible equity¹ | | | 11.9% | (2.0)% | 6.9% | (16.5)% |



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