Encore Overview

Encore Capital Group, Inc.

March/April 2022

Better Solutions. Better Life.®

Legal Disclaimers

The statements in this presentation that are not historical facts, including, most importantly, those statements preceded by, or that include, the words “will,” “may,” “believe,” “projects,” “expects,” “anticipates” or the negation thereof, or similar expressions, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). These statements may include, but are not limited to, statements regarding our future operating results, earnings per share, growth, run rates and impacts of COVID-19. For all “forward-looking statements,” the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in the reports filed by the Company with the Securities and Exchange Commission, including its most recent reports on Form 10-K and Form 10-Q, as they may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.

Introduction to Encore

Who We Are

6,600 global colleagues

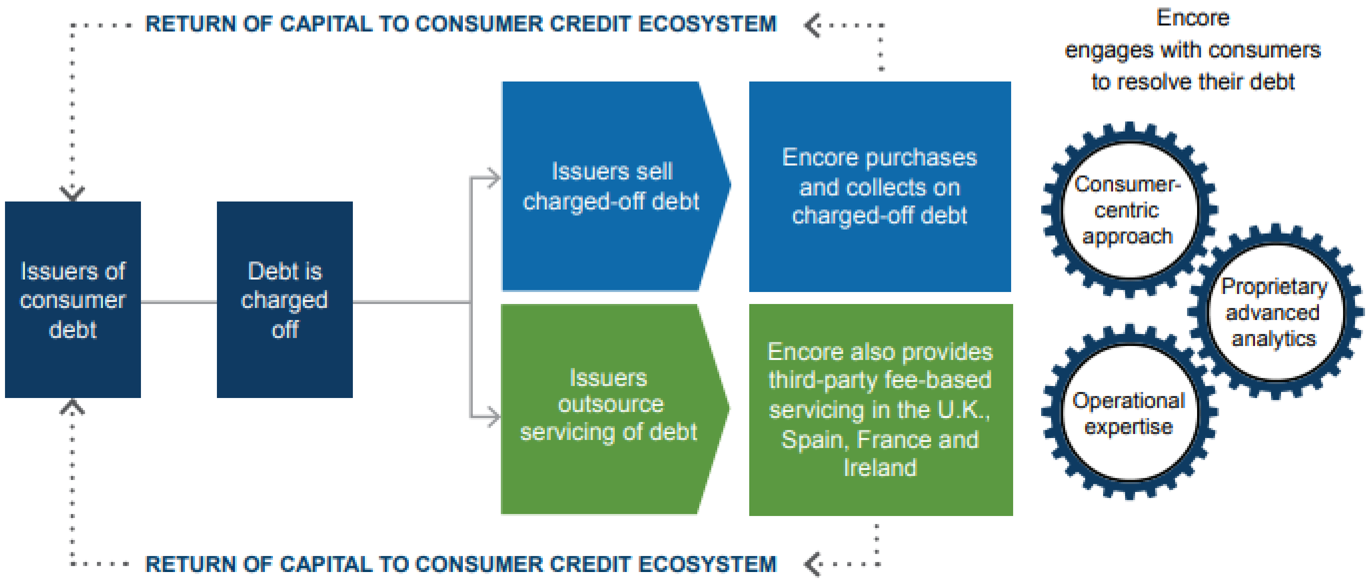
9 countries where we operate

25+ years in business

ENCORE ENABLES THE FUNCTIONING OF A HEALTHY CREDIT ECOSYSTEM

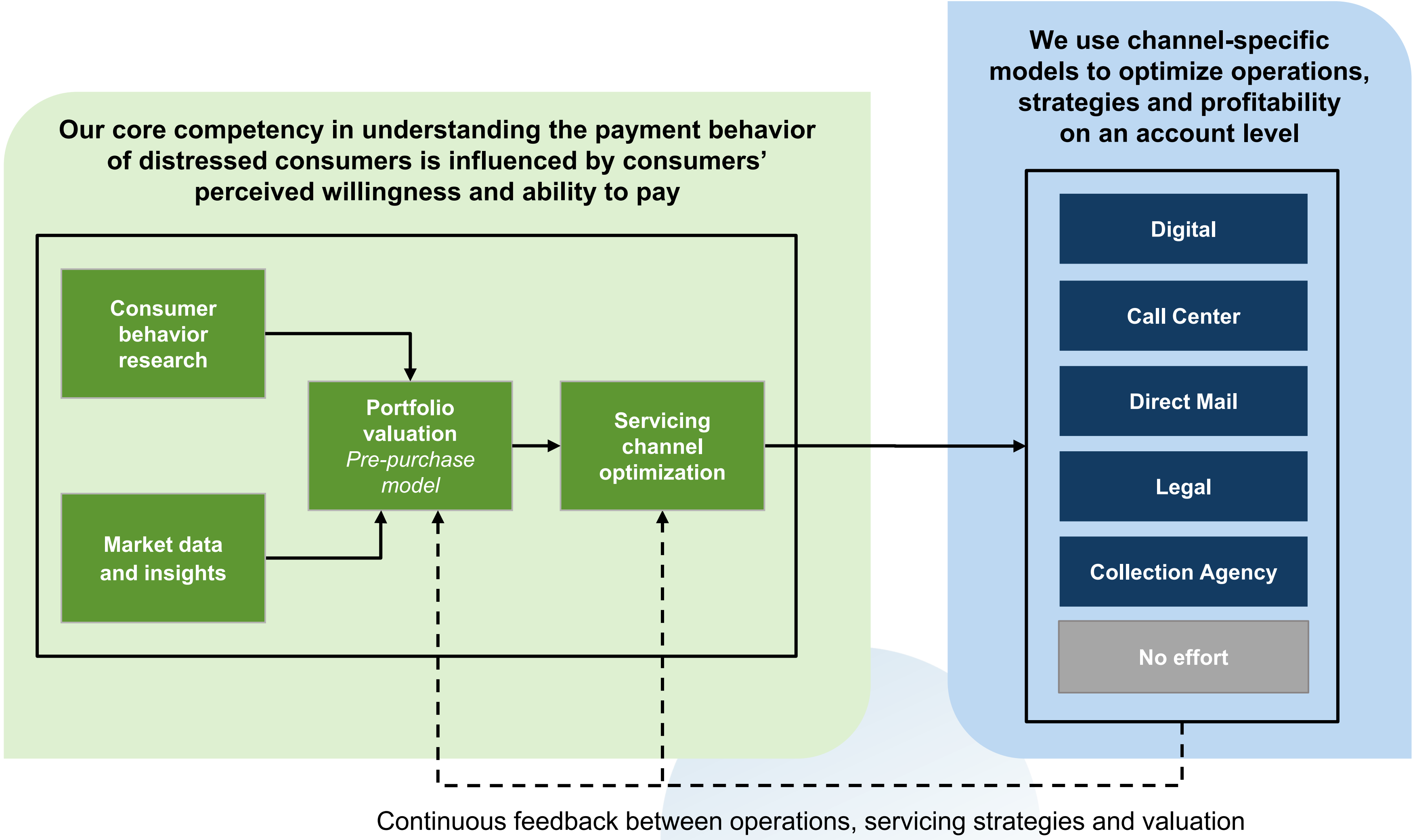
By purchasing NPL portfolios, we return capital to banks, enabling further lending and thus playing a key role in the consumer credit ecosystem. Our two largest operating units are Midland Credit Management (U.S.) and Cabot Credit Management (U.K. and Europe).

Encore's primary business is the purchase and collection of charged-off consumer debt in the U.S. and Europe



$11B **Amount of capital returned to the consumer credit ecosystem through our portfolio purchases since our inception**

Our large data sets feed proprietary predictive models to optimize valuation, pricing and account level collection strategies



Our Strategy and Financial Priorities

Our Business and Our Strategy

Our Business

- Purchase NPL portfolios at attractive cash returns
- Focus on the consumer and ensure the highest level of compliance
- Meet or exceed collection expectations
- Maintain efficient cost structure
- Minimize cost of funding

Our Strategy

- Market Focus
- Competitive Advantage
- Balance Sheet Strength

First Pillar of Our Strategy

Market Focus

Concentrating on our most valuable markets with the highest risk-adjusted returns

- Target market characteristics:
  - Large, consistent flow of purchasing opportunities
  - Strong regulatory framework
  - Sophistication and data availability
  - Stable, long-term returns
- Emphasizing U.S. and U.K. now, strengthening in Spain, France, Portugal and Ireland
- Thrive on recurring portfolio sales through the credit cycle. Our success does not rely on large macro events.

Second Pillar of Our Strategy

Competitive Advantage

Innovating to enhance our competitive advantages

We are built around certain key competencies that allow us to both deliver differentiated returns and earnings as well as generate significant cash flow:

- Price risk and optimize collections using data analytics
- Excel at operating in highly regulated environments
- Embed compliance in all we do
- Treat each consumer with fairness and respect
- Operate effectively, supported by scale, efficient platforms and digital technology investments

Third Pillar of Our Strategy

Balance Sheet Strength

Continuing focus on the strength of our balance sheet

- Reduced leverage ratio[1] to 1.9x at December 30, 2021, below the low end of our targeted range of 2.0x-3.0x
- Returning capital through share repurchases and tender offer
- Combined balance sheets of our U.S. and European businesses, formed unified global funding structure
- Established best-in-class capital structure: cost, liquidity, tenor, diversification of capital sources, overall flexibility
- Well positioned with ample liquidity and access to attractive funding to increase NPL purchases and capitalize on opportunities through the cycle

1) Leverage ratio defined as net debt / (Adjusted EBITDA + collections applied to principal balance).

Our Financial Priorities

Balance Sheet Objectives

- Preserve financial flexibility
- Target leverage[1] between 2.0x and 3.0x
- Maintain a strong BB debt rating

Capital Allocation Priorities

- Portfolio purchases at attractive returns
- Strategic M&A
- Share Repurchases

Deliver strong ROIC through the credit cycle

1) Leverage defined as Net Debt / (LTM Adjusted EBITDA + LTM collections applied to principal balance), which we also refer to as our Leverage Ratio

Our Value Proposition

Our Value Proposition

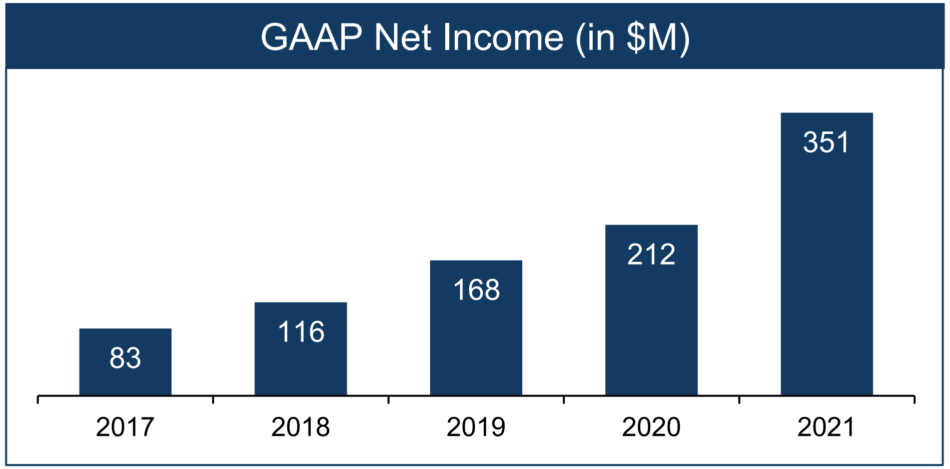
- A global leader in the debt purchasing industry, which is a critical component of the world's credit ecosystem
- Industry leadership in the U.S. and the U.K., two of the world's largest and most valuable credit markets
- Interactions with consumers are conducted with respect and empathy, emphasizing a thorough understanding of each consumer's individual circumstance to arrive at an optimal solution
- Business results driven by best-in-class collections operation anchored by deep analytics and more than 25 years of experience
- Balance sheet amongst the strongest in the industry, focused on preserving financial flexibility, operating with appropriate leverage and maintaining access to many sources of funding
- Clear financial objectives and capital allocation priorities
- Significant cash flow generation and the highest returns[1] in the industry

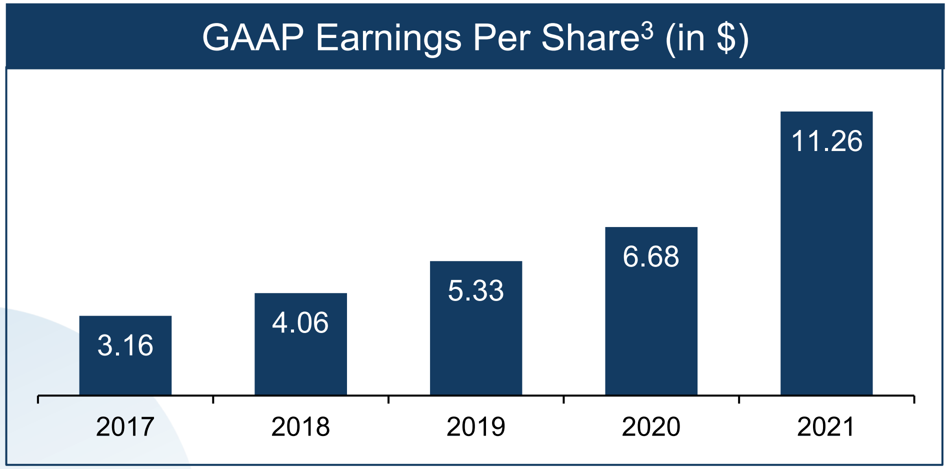
1) Statements made about historical ROIC performance and comparisons to peers relate to the debt buying industry in the United States and Europe and are based on LTM performance for the most recent reported period.

Full Year 2021 Update

FY2021 - An Exceptional Year

- Exceptional performance driven by record collections
  - Achieved all-time highs for ROIC and earnings
- Portfolio purchases were $665M at a purchase price multiple of 2.4x
  - We are seeing early signs of credit normalization
- Further strengthened balance sheet
  - Reduced Leverage Ratio[1] to 1.9x, low end of target range
  - Refinanced last of the legacy Cabot bonds
- Returned $390M of capital to shareholders
  - Repurchased 23% of ECPG shares[2] during 2021

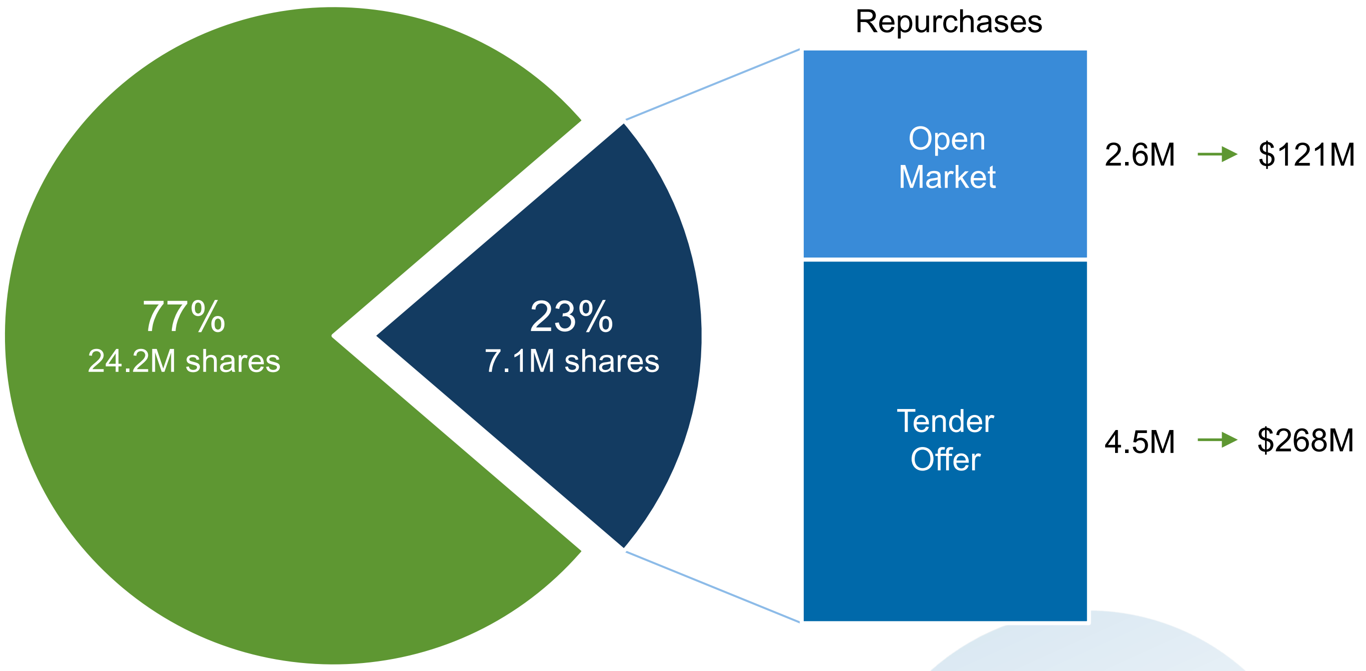




1) Leverage Ratio defined as Net Debt / (LTM Adjusted EBITDA + LTM collections applied to principal balance). See appendix for reconciliation of Net Debt to GAAP Borrowings and Adjusted EBITDA to GAAP net income.
2) ECPG shares outstanding as of December 31, 2020
3) Diluted earnings per share attributable to Encore stockholders. For 2017, figure represents GAAP EPS from continuing operations.

Bought back more than 7M ECPG shares in 2021, or 23% of shares outstanding a year ago

ECPG Shares[1] Repurchased in 2021 (in M shares)



- Through open market repurchases and the tender offer, returned $390 million of capital to shareholders in 2021
- $179M remaining in our multi-year repurchase authorization as of December 31, 2021

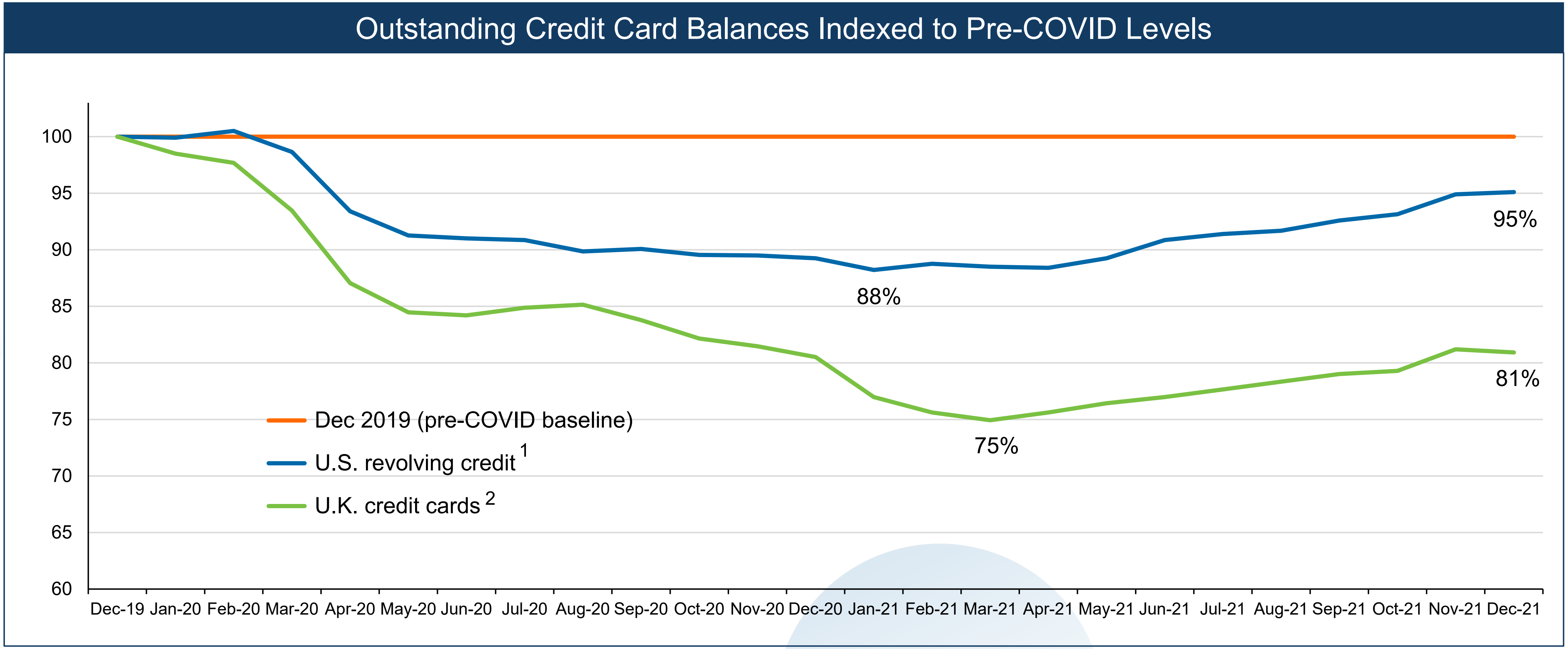
1) ECPG shares outstanding were 31.3 million on 12/31/2020.

Key Financial Measures by Year

	2019	2020	2021	2021 vs. 2020
Collections	$2.03B	$2.11B	$2.31B	+9%
Revenues	$1.40B	$1.50B	$1.61B	+8%
Portfolio Purchases	$1.00B	$0.66B	$0.66B	+1%
ERC[1]	$7.83B	$8.53B	$7.75B	-9%
GAAP Net Income[2]	$168M	$212M	$351M	+66%
GAAP EPS	$5.33	$6.68	$11.26	+69%
Pre-Tax ROIC[3]	10.8%	12.5%	15.2%	+270bps
Leverage Ratio[4]	2.7x	2.4x	1.9x	-0.5x

1) 180-month Estimated Remaining Collections
2) Attributable to Encore
3) See appendix for calculation of Pre-Tax ROIC (Return on Invested Capital)
4) Leverage ratio defined as Net debt / (Adjusted EBITDA + collections applied to principal balance).

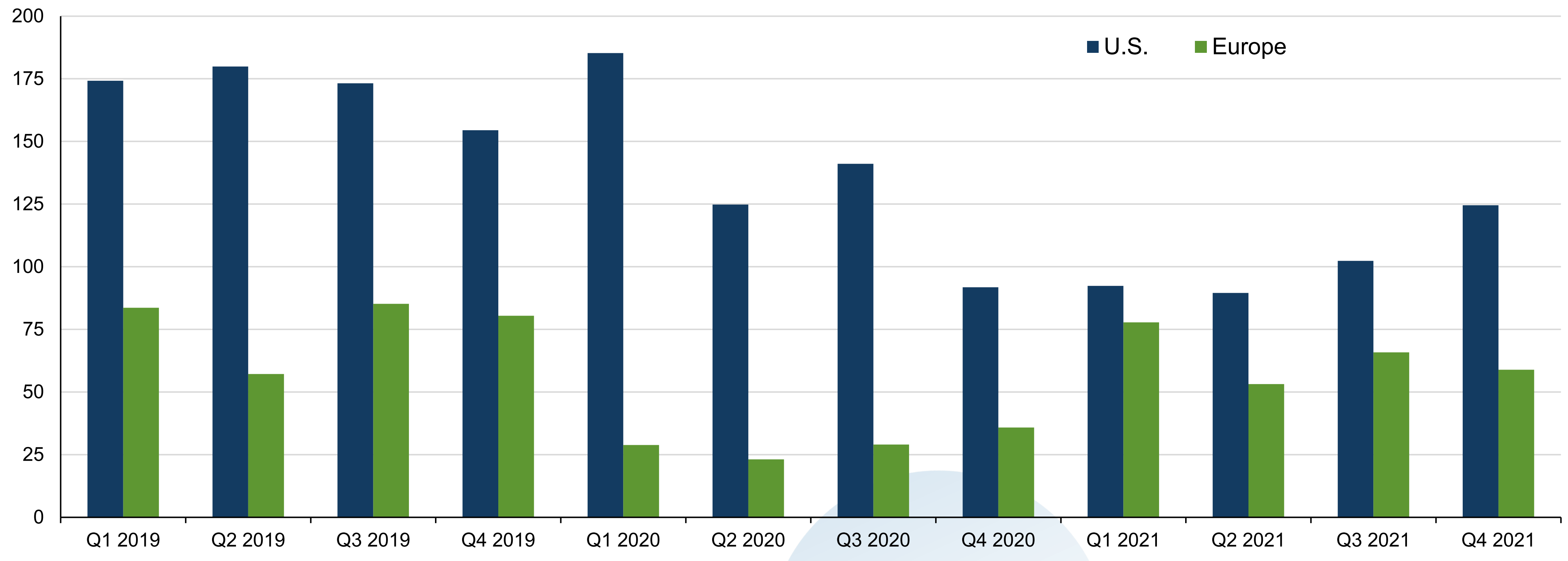
Using credit card balances as a leading indicator, anticipate supply to eventually return to pre-COVID levels - and beyond



1) Source: U.S. Federal Reserve
2) Source: Bank of England

Remained disciplined in purchasing portfolios at strong returns while our volumes largely followed supply dynamics

Encore Quarterly Portfolio Purchasing (in $M)

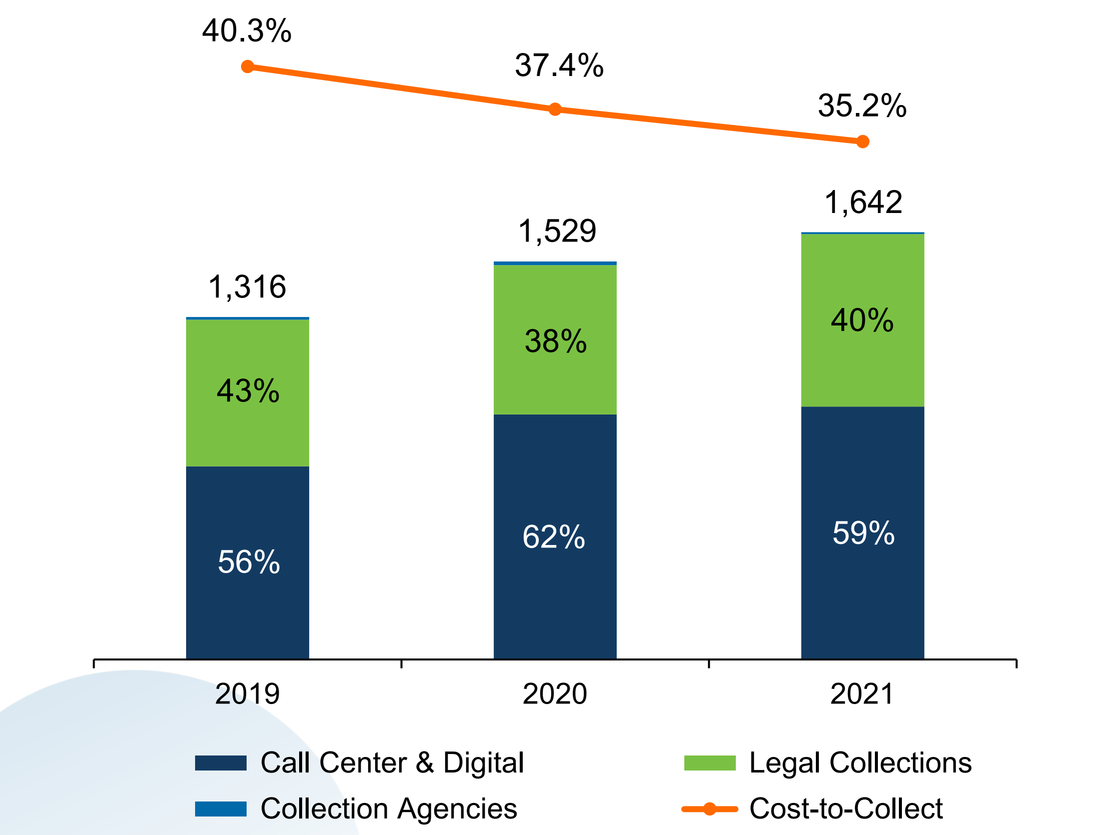


Market Focus: 2021 for MCM characterized by exceptional collections performance

MCM (U.S.) Business

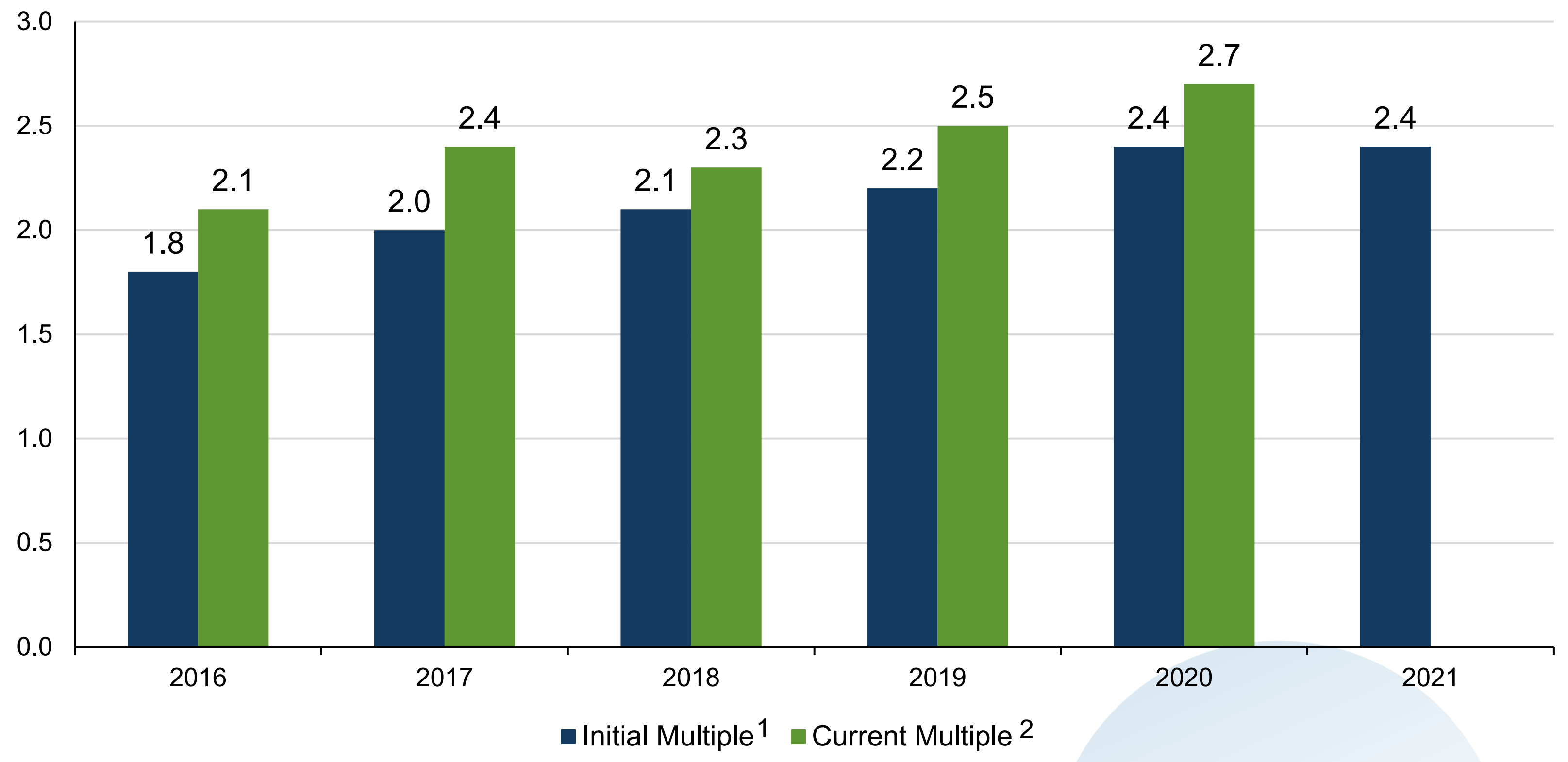
- Record MCM collections of $1,642M in 2021 grew 7% compared to 2020
- Scale effects and greater efficiencies led to a lower cost to collect in 2021
- Successfully implemented long-awaited CFPB industry rules in November
- Portfolio purchases were $409M in the U.S. with purchase price multiple of 2.4x, reflecting our disciplined purchasing and superior collections effectiveness

MCM Collections by Channel (in $M) and Cost-to-Collect



MCM's purchase price multiples continue to expand

MCM Portfolio Purchase Price Multiples (by vintage)



Our strong purchase price multiples and best-in-class returns are driven by meaningful differentiators:

- Disciplined purchasing
- Superior collections effectiveness
- Continuous collections improvement efforts

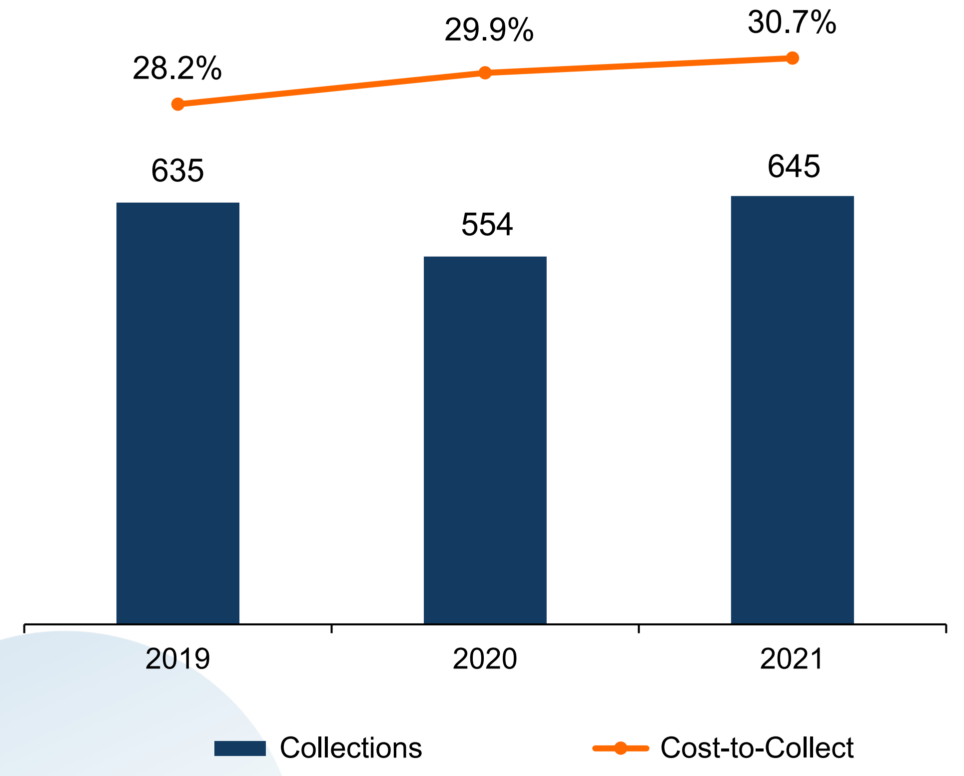
1) Initial multiple is established at the end of each year as the weighted average purchase price multiple for all portfolios purchased during that year.
2) Current multiple reflects an updated purchase price multiple for each vintage as of 12/31/2021.

Market Focus: Cabot delivered solid performance in 2021

Cabot (Europe) Business

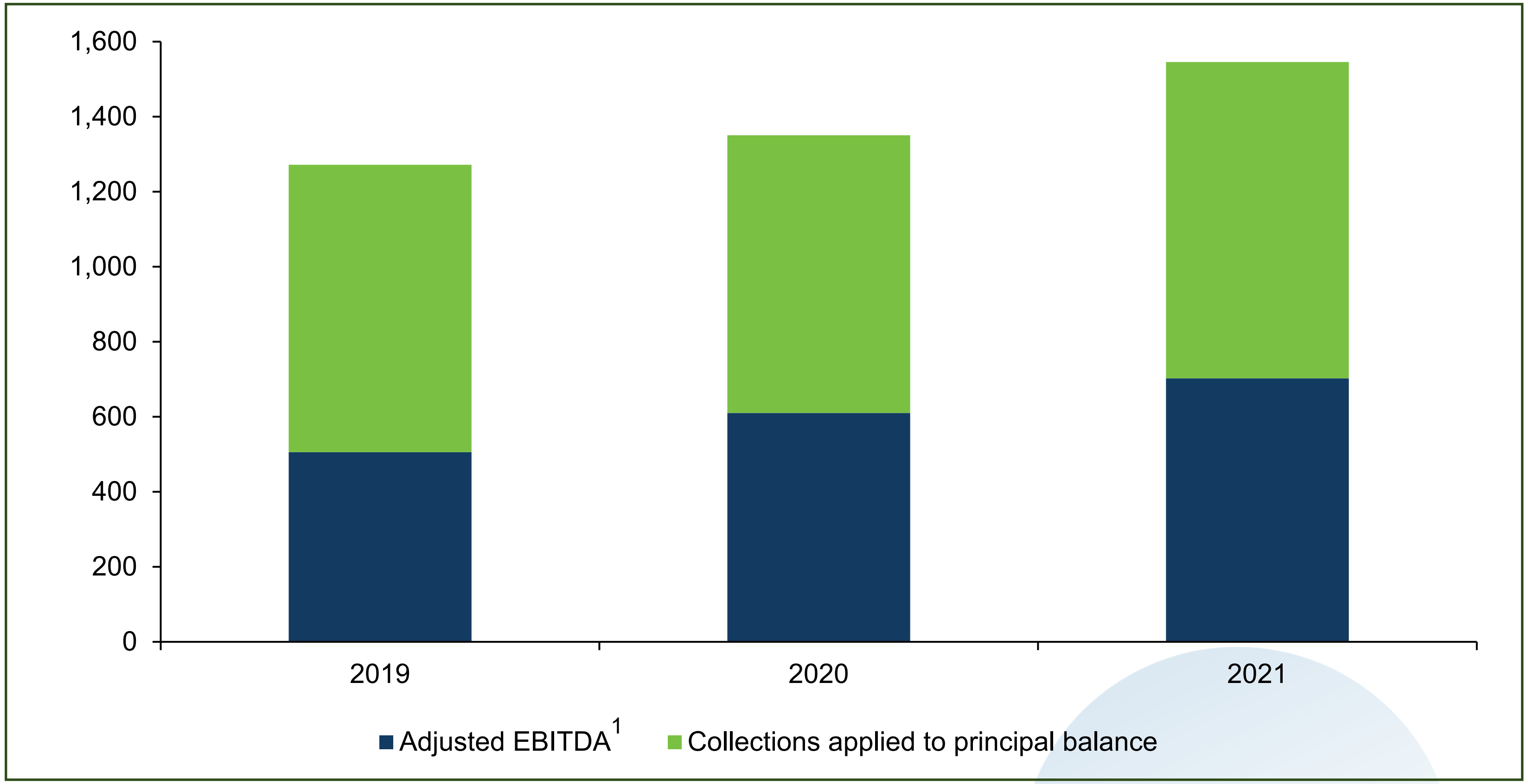
- Cabot collections of $645M in 2021 grew 16% compared to 2020
- The mix of collections compared to 2020 led to higher cost-to-collect for the year
- Portfolio purchases of $256M in 2021 more than doubled in comparison to 2020
- With the level of purchasing activity rising, we remained disciplined in our approach to purchasing portfolios at strong returns

Cabot Collections (in $M) and Cost-to-Collect



Competitive Advantage: Continued strong cash generation

Adjusted EBITDA + Collections applied to principal balance (in $M)

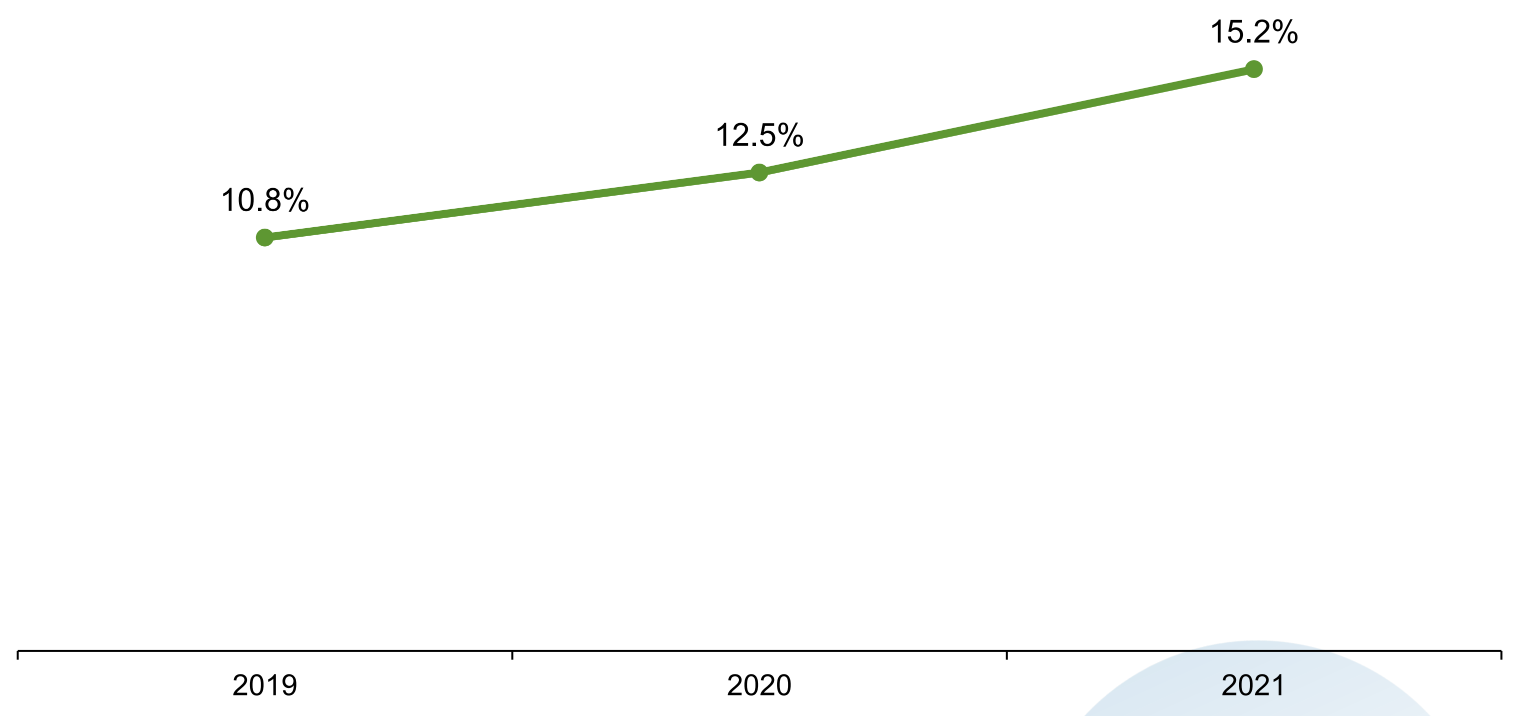


- Our cash generation is driven by our operational efficiency and portfolio resilience
- Cash generation[2] in 2021 was up 14% versus 2020

1) See appendix for reconciliation of Adjusted EBITDA to GAAP net income.
2) Cash generation defined as Adjusted EBITDA + collections applied to principal balance.

Competitive Advantage: Delivering the best returns in the debt buying industry

Pre-Tax Return on Invested Capital[1]

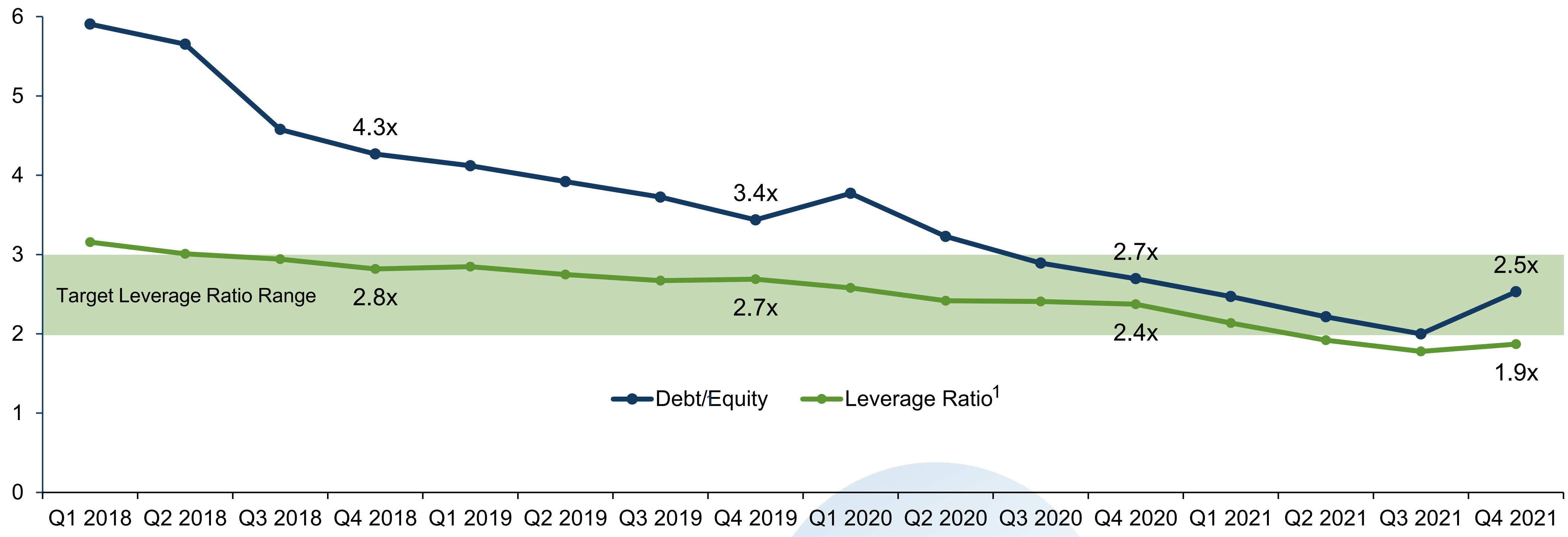


- ROIC takes into account both the performance of our collections operation and our ability to price risk appropriately when investing our capital
- We expect to continue to deliver strong returns through the credit cycle

1) See appendix for calculation of Pre-Tax ROIC (Return on Invested Capital).
2) Statements made about historical ROIC performance and comparisons to peers relate to the debt buying industry in the United States and Europe and are based on LTM performance for the most recent reported period.

Balance Sheet Strength: Leverage remains at low end of our target range despite repurchasing 23% of our shares in 2021

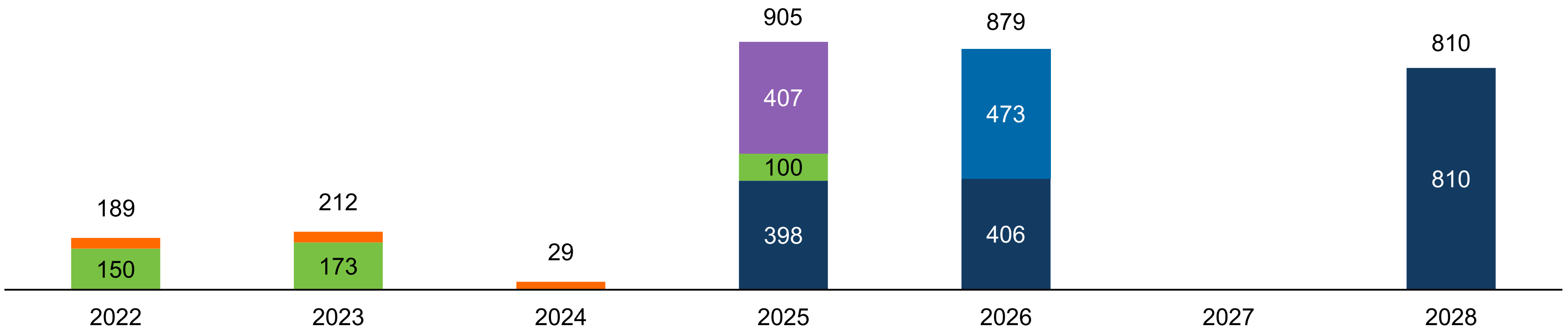
Leverage

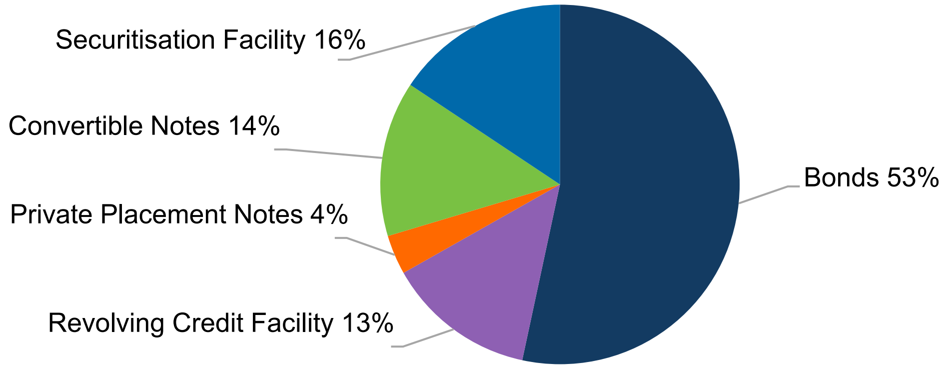


1) Leverage Ratio defined as Net Debt / (LTM Adjusted EBITDA + LTM collections applied to principal balance). See appendix for reconciliation of Net Debt to GAAP Borrowings and Adjusted EBITDA to GAAP net income.

Further strengthened our diversified funding structure in 2021

Debt Maturity Profile at December 31, 2021 (in $M)





As of December 31, 2021, available capacity under Encore's global senior facility was $643M, not including non-client cash and cash equivalents of $160M

In mid-2021, refinanced last of the legacy Cabot bonds with new Encore senior secured notes at a significantly lower coupon

Note: At 12/31/2021, LTV Ratio (loan-to-value) = 38.7% (72.5% covenant), FCCR (Fixed Charge Coverage Ratio) = 11.3x (2.0x covenant), each as calculated under our Senior Secured Note indentures.

Our Mission, Vision and Values

Mission

Creating pathways to economic freedom

Vision

We help make credit accessible by partnering with consumers to restore their financial health

Values

We Care
We put people first and engage with honesty, empathy and respect

We Find a Better Way
We deliver our best in everything we do, find ways to make a positive difference, and achieve impactful results

We are Inclusive and Collaborative
We embrace our differences and work together to ensure every individual can thrive

We approach Environmental, Social and Governance (ESG) with a commitment to transparency

Our ESG strategy reflects the issues that are important to our stakeholders as well as those that are critical to ensuring the long-term success of our business

- Formalized **CEO and Board Governance** oversight structure
- Expanded cross-functional **ESG Steering Committee**
- Conducted enterprise-wide **assessment** to guide ESG strategy
- Created **comprehensive strategy** focused on 5 key ESG pillars
- Selected **SASB and TCFD**[1] reporting frameworks
- **Inaugural Annual ESG Report (In progress)**

Encore's ESG Pillars

Consumer	People	Environment	Community	Operating Responsibly

1) SASB is the Sustainability Accounting Standards Board and TCFD is the Task Force on Climate-related Financial Disclosures.

Priorities and Outlook for 2022 and beyond

Financial Priorities

Balance Sheet Objectives

- Preserve financial flexibility
- Target leverage[1] between 2.0x and 3.0x
- Maintain a strong BB debt rating

Capital Allocation Priorities

- Portfolio purchases at attractive returns
- Strategic M&A
- Share Repurchases

Deliver strong ROIC through the credit cycle

Outlook

- Anticipate credit markets will continue to normalize in the U.S., the U.K. and the rest of Europe
- Portfolio purchase volumes projected to grow for both MCM and Cabot in 2022
- Collections environment expected to normalize compared to the exceptional level in 2021
- ERC projected to grow in 2022

1) Leverage defined as Net Debt / (LTM Adjusted EBITDA + LTM collections applied to principal balance), which we also refer to as our Leverage Ratio

Appendix

Key Financial Measures by Quarter

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Collections	$537M	$606M	$612M	$567M	$522M
Revenues	$383M	$417M	$428M	$413M	$357M
Portfolio Purchases	$128M	$170M	$143M	$168M	$183M
ERC[1]	$8.53B	$8.31B	$8.11B	$7.88B	$7.75B
GAAP Net Income[2]	$37M	$95M	$97M	$84M	$76M
GAAP EPS	$1.17	$2.97	$3.07	$2.66	$2.53
LTM Pre-tax ROIC[3]	12.5%	15.8%	15.0%	15.2%	15.2%
LTM GAAP ROAE[4]	18.9%	29.1%	23.7%	24.7%	29.2%
Leverage Ratio[5]	2.4x	2.1x	1.9x	1.8x	1.9x

1) 180-month Estimated Remaining Collections
2) Attributable to Encore
3) See appendix for calculation of Pre-Tax ROIC (Return on Invested Capital)
4) LTM GAAP ROAE (Return on Average Equity) defined as LTM GAAP net income / average stockholders' equity
5) Leverage ratio defined as Net debt / (LTM Adjusted EBITDA + LTM collections applied to principal balance).

Debt/Equity and Leverage Ratios

	at 03/31/21	at 06/30/21	at 09/30/21	at 12/31/21
Debt / Equity[1]	2.5x	2.2x	2.0x	2.5x
Leverage Ratio[2]	2.1x	1.9x	1.8x	1.9x

	at 03/31/20	at 06/30/20	at 09/30/20	at 12/31/20
Debt / Equity[1]	3.8x	3.2x	2.9x	2.7x
Leverage Ratio[2]	2.6x	2.4x	2.4x	2.4x

	at 03/31/19	at 06/30/19	at 09/30/19	at 12/31/19
Debt / Equity[1]	4.1x	3.9x	3.7x	3.4x
Leverage Ratio[2]	2.8x	2.7x	2.7x	2.7x

	at 03/31/18	at 06/30/18	at 09/30/18	at 12/31/18
Debt / Equity[1]	5.9x	5.7x	4.6x	4.3x
Leverage Ratio[2]	3.2x	3.0x	2.9x	2.8x

1. GAAP Borrowings / Total Encore Capital Group, Inc. stockholders' equity
2. Leverage Ratio defined as Net Debt / (LTM Adjusted EBITDA + LTM collections applied to principal balance). See appendix for reconciliation of Net Debt to GAAP Borrowings and Adjusted EBITDA to GAAP net income.

Non-GAAP Financial Measures

This presentation includes certain financial measures that exclude the impact of certain items and therefore have not been calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company has included information concerning Adjusted EBITDA because management utilizes this information in the evaluation of its operations and believes that this measure is a useful indicator of the Company's ability to generate cash collections in excess of operating expenses through the liquidation of its receivable portfolios. The Company has included information concerning Adjusted Operating Expenses in order to facilitate a comparison of approximate cash costs to cash collections for the portfolio purchasing and recovery business in the periods presented. The Company has included Pre-Tax ROIC as management uses this measure to monitor and evaluate operating performance relative to our invested capital and because the Company believes it is a useful measure for investors to evaluate effective use of capital. The Company has included Net Debt and Leverage Ratio as management uses these measures to monitor and evaluate its ability to incur and service debt. The Company has included impacts from foreign currency exchange rates to facilitate a comparison of operating metrics that are unburdened by variations in foreign currency exchange rates over time.

Adjusted EBITDA, Adjusted Operating Expenses, Adjusted Income from Operations (used in Pre-Tax ROIC), Net Debt, Leverage Ratio and impacts from foreign currency exchange rates have not been prepared in accordance with GAAP. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, net income, net income per share, income from operations and total operating expenses as indicators of the Company's operating performance or liquidity. Further, these non-GAAP financial measures, as presented by the Company, may not be comparable to similarly titled measures reported by other companies. The Company has attached to this presentation a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

Reconciliation of Adjusted EBITDA to GAAP Net Income

(Unaudited, in $ thousands) Twelve Months Ended

	12/31/2019	12/31/2020	12/31/2021
GAAP net income, as reported	**$ 168,909**	**$ 212,524**	**$ 351,201**
Interest expense	217,771	209,356	169,647
Loss on extinguishment of debt	8,989	40,951	9,300
Interest income	(3,693)	(2,397)	(1,738)
Provision for income taxes	32,333	70,374	85,340
Depreciation and amortization	41,029	42,780	50,079
CFPB settlement fees[1]	---	15,009	---
Stock-based compensation expense	12,557	16,560	18,330
Acquisition, integration and restructuring related expenses[2]	7,049	4,962	20,559
Loss on sale of Baycorp[3]	12,489	---	---
Goodwill impairment[3]	10,718	---	---
Net gain on fair value adjustments to contingent considerations[4]	(2,300)	---	---
Adjusted EBITDA	**$ 505,851**	**$ 610,119**	**$ 702,718**
Collections applied to principal balance[5]	$ 765,748	$ 740,350	$ 843,087

1) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for this amount because we believe it is not indicative of ongoing operations; therefore, adjusting for it enhances comparability to prior periods, anticipated future periods, and our competitors' results.
2) Amount represents acquisition, integration and restructuring related expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
3) The sale of Baycorp resulted in a goodwill impairment charge of $10.7 million and a loss on sale of $12.5 million during the year ended December 31, 2019. We believe the goodwill impairment charge and the loss on sale are not indicative of ongoing operations, therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
4) Amount represents the net gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations.
5) For periods prior to January 1, 2020, amount represents (a) gross collections from receivable portfolios less the sum of (b) revenue from receivable portfolios and (c) allowance charges or allowance reversals on receivable portfolios. For periods subsequent to January 1, 2020 amount represents (a) gross collections from receivable portfolios less (b) debt purchasing revenue. For consistency with the Company debt covenant reporting, for periods subsequent to June 30, 2020, the collections applied to principal balance also includes proceeds applied to basis from sales of REO assets and related activities; prior period amounts have not been adjusted to reflect this change as such amounts were immaterial.

Reconciliation of Adjusted EBITDA to GAAP Net Income

(Unaudited, in $ thousands) Three Months Ended

	03/31/20	06/30/20	09/30/20	12/31/20	03/31/21	06/30/21	09/30/21	12/31/21
GAAP net income (loss), as reported	**$ (10,579)**	**$ 130,784**	**$ 55,107**	**$ 37,212**	**$ 94,765**	**$ 96,787**	**$ 83,566**	**$ 76,083**
Interest expense	54,662	50,327	52,974	51,393	46,526	44,159	40,874	38,088
Loss on extinguishment of debt	-	-	14,988	25,963	-	9,300	-	-
Interest income	(1,000)	(559)	(394)	(444)	(474)	(426)	(270)	(568)
Provision for income taxes	4,558	35,570	19,747	10,499	26,968	24,607	24,703	9,061
Depreciation and amortization	10,285	10,542	10,609	11,344	11,512	12,046	14,136	12,385
Stock-based compensation expense	4,527	4,778	3,884	3,371	3,405	5,651	3,847	5,427
Acquisition, integration and restructuring related expenses[1]	187	4,776	(23)	22	-	-	17,950	2,609
CFPB settlement fees[2]	-	-	15,009	-	-	-	-	-
Adjusted EBITDA	**$ 62,640**	**$ 236,218**	**$ 171,901**	**$ 139,360**	**$ 182,702**	**$ 192,124**	**$ 184,806**	**$ 143,085**
Collections applied to principal balance[3]	$ 268,575	$ 106,921	$ 172,406	$ 192,448	$ 229,510	$ 224,074	$ 188,181	$ 201,322

1) Amount represents acquisition, integration and restructuring related expenses, including the loss recognized on the sale of our investment in Colombia and Peru of $17.4 million during the three months ended September 30, 2021 and the loss on sale of our investment in Brazil of $4.8 million during the three months ended June 30, 2020. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
2) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for this amount because we believe it is not indicative of ongoing operations; therefore, adjusting for it enhances comparability to prior periods, anticipated future periods, and our competitors' results.
3) For periods prior to January 1, 2020, amount represents (a) gross collections from receivable portfolios less the sum of (b) revenue from receivable portfolios and (c) allowance charges or allowance reversals on receivable portfolios. For periods subsequent to January 1, 2020 amount represents (a) gross collections from receivable portfolios less (b) debt purchasing revenue. For consistency with the Company debt covenant reporting, for periods subsequent to June 30, 2020, the collections applied to principal balance also includes proceeds applied to basis from sales of REO assets and related activities; prior period amounts have not been adjusted to reflect this change as such amounts were immaterial. A reconciliation of "collections applied to investment in receivable portfolios, net" to "collections applied to principal balance" is available in the Form 10-K for the period ending December 31, 2021.

Calculation of ROIC
Reconciliation of Adjusted Income from Operations

(in $ thousands) Last Twelve Months Ended

	LTM 12/31/2019	LTM 12/31/2020	LTM 12/31/2021
Numerator			
GAAP Income from operations	**$ 446,345**	**$ 533,562**	**$ 633,272**
Adjustments:[1]			
CFPB settlement fees[2]	---	15,009	---
Acquisition, integration and restructuring related expenses[3]	7,049	154	5,681
Amortization of certain acquired intangible assets[4]	7,017	7,010	7,417
Goodwill impairment[5]	10,718	---	---
Net gain on fair value adjustments to contingent considerations[6]	(2,300)	---	---
Adjusted income from operations	$ 468,829	$ 555,735	$ 646,370
Denominator			
Average net debt	$ 3,429,624	$ 3,311,835	$ 3,049,979
Average equity	922,547	1,122,741	1,202,669
Total invested capital	$ 4,352,171	$ 4,434,576	$ 4,252,648
LTM Pre-tax ROIC	**10.8%**	**12.5%**	**15.2%**

1) Adjustments below are to adjust GAAP income from operations and accordingly do not include any amounts related to other income and expense.
2) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for this amount because we believe it is not indicative of ongoing operations; therefore, adjusting for it enhances comparability to prior periods, anticipated future periods, and our competitors' results.
3) Amount represents acquisition, integration and restructuring related expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
4) We have acquired intangible assets, such as trade names and customer relationships, as a result of our acquisition of debt solution service providers. These intangible assets are valued at the time of the acquisition and amortized over their estimated lives. We believe that amortization of acquisition-related intangible assets, especially the amortization of an acquired company's trade names and customer relationships, is the result of pre-acquisition activities. In addition, the amortization of these acquired intangibles is a non-cash static expense that is not affected by operations during any reporting period.
5) The sale of Baycorp resulted in a goodwill impairment charge during the year ended December 31, 2019. We believe the goodwill impairment charge is not indicative of ongoing operations, therefore adjusting for this expense enhances comparability to prior periods, anticipated future periods, and our competitors' results.
6) Amount represents the net gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations.

Calculation of ROIC
Reconciliation of Adjusted Income from Operations

(in $ thousands) Last Twelve Months Ended

	LTM 12/31/2020	LTM 03/31/2021	LTM 06/30/2021	LTM 09/30/2021	LTM 12/31/2021
Numerator					
GAAP Income from operations	**$ 533,562**	**$ 654,675**	**$ 609,269**	**$ 633,462**	**$ 633,272**
Adjustments:[1]					
CFPB settlement fees[2]	15,009	15,009	15,009	---	---
Acquisition, integration and restructuring related expenses[3]	154	(33)	(1)	2,670	5,681
Amortization of certain acquired intangible assets[4]	7,010	7,232	7,326	7,409	7,417
Adjusted income from operations	$ 555,735	$ 676,883	$ 631,603	$ 643,541	$ 646,370
Denominator					
Average net debt	$ 3,311,835	$ 3,181,033	$ 3,016,599	$ 2,967,800	$ 3,049,979
Average equity	1,122,741	1,092,298	1,198,369	1,263,038	1,202,669
Total invested capital	$ 4,434,576	$ 4,273,331	$ 4,214,968	$ 4,230,838	$ 4,252,648
LTM Pre-tax ROIC	**12.5%**	**15.8%**	**15.0%**	**15.2%**	**15.2%**

1) Adjustments below are to adjust GAAP income from operations and accordingly do not include any amounts related to other income and expense.
2) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for this amount because we believe it is not indicative of ongoing operations; therefore, adjusting for it enhances comparability to prior periods, anticipated future periods, and our competitors' results.
3) Amount represents acquisition, integration and restructuring related expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
4) We have acquired intangible assets, such as trade names and customer relationships, as a result of our acquisition of debt solution service providers. These intangible assets are valued at the time of the acquisition and amortized over their estimated lives. We believe that amortization of acquisition-related intangible assets, especially the amortization of an acquired company's trade names and customer relationships, is the result of pre-acquisition activities. In addition, the amortization of these acquired intangibles is a non-cash static expense that is not affected by operations during any reporting period.

Reconciliation of Adjusted Income from Operations

(in $ thousands) Three Months Ended

	03/31/2020	06/30/2020	09/30/2020	12/31/2020	03/31/2021	06/30/2021	09/30/2021	12/31/2021
Numerator								
GAAP Income from operations	**$47,202**	**$ 219,692**	**$ 142,455**	**$ 124,213**	**$ 168,314**	**$ 174,287**	**$ 166,647**	**$ 124,023**
Adjustments:[1]								
CFPB settlement fees[2]	---	---	15,009	---	---	---	---	---
Acquisition, integration and restructuring related expenses[3]	187	(32)	(23)	22	---	---	2,648	3,033
Amortization of certain acquired intangible assets[4]	1,643	1,791	1,773	1,803	1,865	1,885	1,856	1,811
Adjusted income from operations	$ 49,032	$ 221,451	$ 159,214	$ 126,038	$ 170,179	$ 176,172	$ 171,151	$ 128,867
LTM Adjusted income from operations	$ 403,718	$ 510,481	$545,270	$ 555,735	$ 676,883	$ 631,603	$ 643,541	$ 646,370

1) Adjustments below are to adjust GAAP income from operations and accordingly do not include any amounts related to other income and expense.
2) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for this amount because we believe it is not indicative of ongoing operations; therefore, adjusting for it enhances comparability to prior periods, anticipated future periods, and our competitors' results.
3) Amount represents acquisition, integration and restructuring related expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
4) We have acquired intangible assets, such as trade names and customer relationships, as a result of our acquisition of debt solution service providers. These intangible assets are valued at the time of the acquisition and amortized over their estimated lives. We believe that amortization of acquisition-related intangible assets, especially the amortization of an acquired company's trade names and customer relationships, is the result of pre-acquisition activities. In addition, the amortization of these acquired intangibles is a non-cash static expense that is not affected by operations during any reporting period.

Reconciliation of Net Debt

(in $ millions) Three Months Ended

	03/31/21	06/30/21	09/30/21	12/31/21
GAAP Borrowings, as reported	**$ 3,152**	**$ 2,999**	**$2,796**	**$2,997**
Debt issuance costs and debt discounts	68	64	60	58
Cash & cash equivalents	(185)	(199)	(158)	(190)
Client cash[1]	23	24	28	29
Net Debt	**$ 3,058**	**$ 2,889**	**$ 2,727**	**$ 2,895**

	03/31/20	06/30/20	09/30/20	12/31/20
GAAP Borrowings, as reported	**$ 3,404**	**$ 3,354**	**$3,252**	**$ 3,282**
Debt issuance costs and debt discounts	69	63	107	92
Cash & cash equivalents	(188)	(294)	(170)	(189)
Client cash[1]	19	21	20	20
Net Debt	**$ 3,304**	**$ 3,144**	**$ 3,209**	**$ 3,205**

	03/31/19	06/30/19	09/30/19	12/31/19
GAAP Borrowings, as reported	**$ 3,593**	**$ 3,530**	**$ 3,429**	**$ 3,513**
Debt issuance costs and debt discounts	79	73	75	73
Cash & cash equivalents	(167)	(169)	(187)	(192)
Client cash[1]	25	24	22	25
Net Debt	**$ 3,530**	**$ 3,459**	**$ 3,340**	**$ 3,419**

	03/31/18	06/30/18	09/30/18	12/31/18
GAAP Borrowings, as reported	**$ 3,607**	**$ 3,530**	**$ 3,561**	**$ 3,491**
Debt issuance costs and debt discounts	77	70	89	85
Cash & cash equivalents	(217)	(182)	(205)	(157)
Client cash[1]	26	23	26	22
Net Debt	**$ 3,493**	**$ 3,442**	**$ 3,472**	**$ 3,440**

1) Client cash is cash that was collected on behalf of, and remains payable to, third party clients.

Reconciliation of Adjusted Operating Expenses related to Portfolio Purchasing and Recovery Business

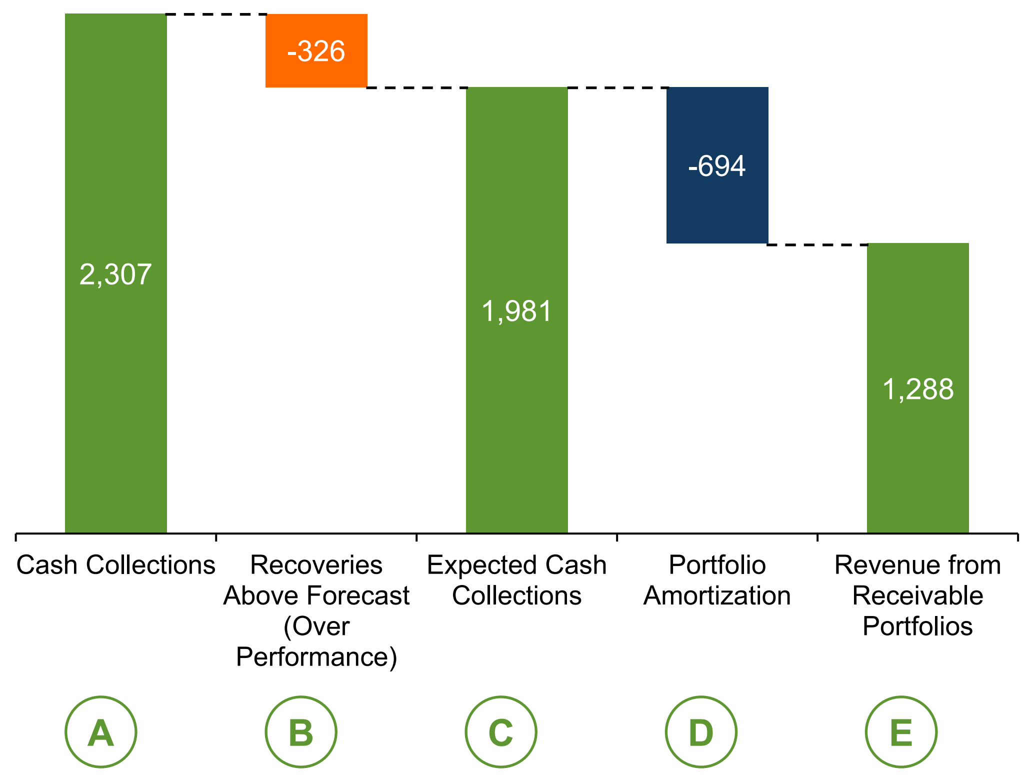
(Unaudited, in $ thousands) Three Months Ended

	03/31/20	06/30/20	09/30/20	12/31/20	03/31/21	06/30/21	09/30/21	12/31/21
GAAP total operating expenses, as reported	**$ 241,879**	**$ 206,341**	**$ 261,221**	**$ 258,397**	**$ 248,523**	**$ 253,448**	**$ 245,977**	**$ 233,279**
Operating expenses related to non-portfolio purchasing and recovery business[1]	(41,489)	(42,386)	(54,001)	(45,054)	(42,653)	(43,267)	(47,088)	(40,445)
CFPB settlement fees[2]	---	---	(15,009)	---	---	---	---	---
Stock-based compensation expense	(4,527)	(4,778)	(3,884)	(3,371)	(3,405)	(5,651)	(3,847)	(5,427)
Acquisition, integration and restructuring related expenses[3]	(187)	32	23	(22)	---	---	---	(1,692)
Adjusted operating expenses related to portfolio purchasing and recovery business	**$ 195,676**	**$ 159,209**	**$ 188,350**	**$ 209,950**	**$ 202,465**	**$ 204,530**	**$ 195,042**	**$ 185,715**

1) Operating expenses related to non-portfolio purchasing and recovery business include operating expenses from other operating segments that primarily engage in fee-based business, as well as corporate overhead not related to our portfolio purchasing and recovery business.
2) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for this amount because we believe it is not indicative of ongoing operations; therefore, adjusting for it enhances comparability to prior periods, anticipated future periods, and our competitors' results.
3) Amount represents acquisition, integration and restructuring related operating expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.

2021 Cash Collections and Revenue Reconciliation

2021 Collections and Revenue Reconciliation (in $M)

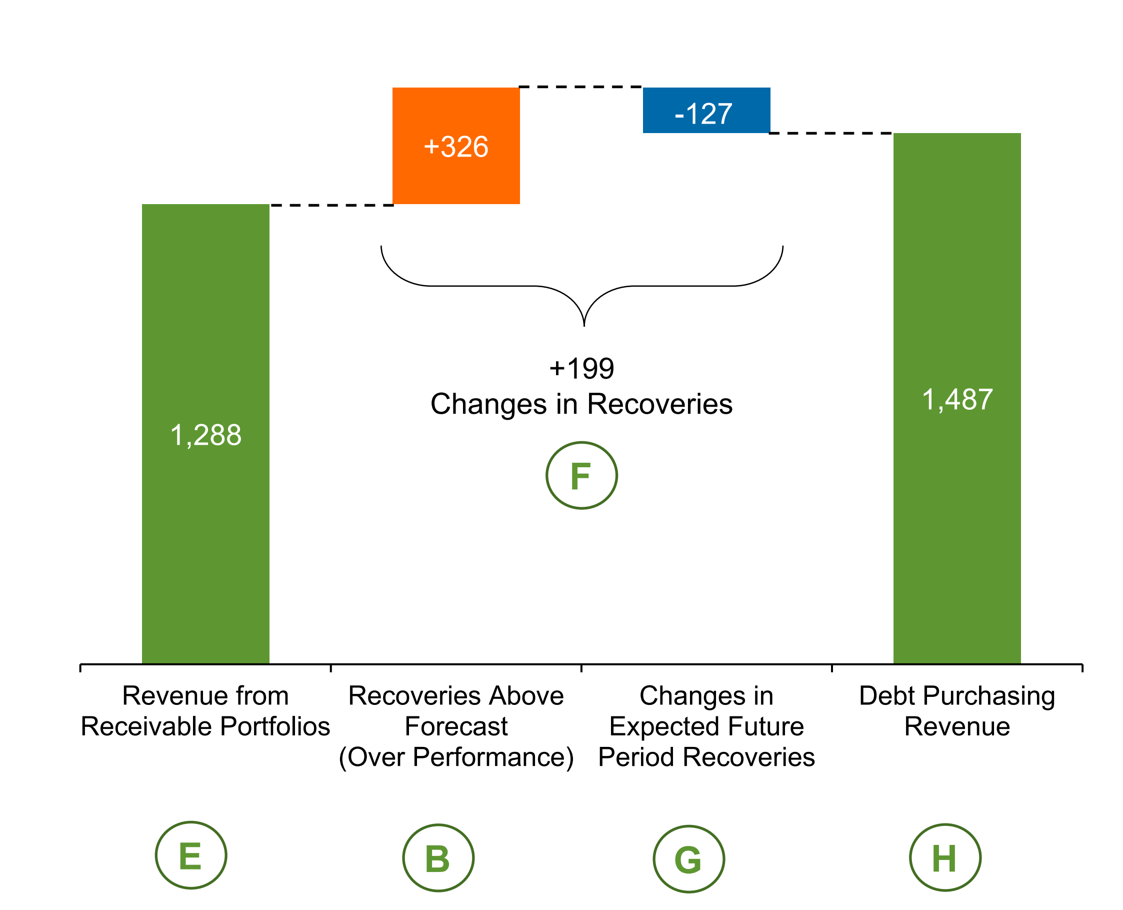


- **A** $2,307M **Cash Collections** from debt purchasing business in 2021
- **B** $326M **Recoveries Above Forecast**, cash collections in excess of Expected Cash Collections for 2021
- **C** $1,981M **Expected Cash Collections**, equal to the sum of 2020 ERC plus expected collections from portfolios purchased in 2021
- **D** $694M **Portfolio Amortization**
- **E** $1,288M **Revenue from Receivable Portfolios** (further detailed on the next slide)

Note: For simplicity, amounts reported above do not include the immaterial impacts of put-backs and recalls, which were ~$7M for the twelve months ended December 31, 2021.

Components of Debt Purchasing Revenue in 2021

2021 Debt Purchasing Revenue (in $M)



E **Revenue from Receivable Portfolios** is revenue from expected collections and is a formulaic calculation based on the investment in receivable balance and an effective interest rate (EIR) that is established at the time of the purchase of each portfolio.

F **Changes in Recoveries** is the sum of **B** + **G**

- **B** **Recoveries Above Forecast** is the amount collected as compared to forecast for the period and represents over/under performance for the period. Colloquially referred to as "cash-overs" or "cash-unders".
- **G** **Changes in Expected Future Period Recoveries**[1] is the present value of changes to future ERC, which generally consists of:
  - Collections "pulled forward from" or "pushed out to" future periods (amounts either collected early or expected to be collected later); and
  - Magnitude and timing changes to estimates of expected future collections (which can be increases or decreases)

H **Debt Purchasing Revenue** is the sum of **E** + **F**

Debt Purchasing Revenue in the Financial Statements

	Year Ended December 31, 2021	2020	2019
Revenues			
Revenue from receivable portfolios	$ 1,287,730	$ 1,374,717	$ 1,269,288
Changes in recoveries	199,136	7,246	—
Total debt purchasing revenue	1,486,866	1,381,963	1,269,288
Servicing revenue	120,778	115,118	126,527

1) References within our reporting to Collections Applied to Principal primarily reflects the aggregate of Changes in Future Period Recoveries plus Portfolio Amortization

Methodology for estimating dilutive impact of convertible and exchangeable notes

The following methodology can be used to estimate the number of dilutive shares associated with Encore's 2023 Exchangeable Notes and 2025 Convertible Notes for a given period.

For each note:

Conversion Value = (Principal Balance / Adjusted Conversion or Exchange Price) X average share price

Dilutive Shares = (Conversion Value – Principal Balance) / average share price

* See pages F-25 and F-26 of Encore's annual report on Form 10-K for the period ending December 31, 2021 for details pertaining to the company's convertible and exchangeable notes, including Principal Balance and Adjusted Conversion or Exchange Price.

* Average share price represents the average share price for a given period. For example, for Q4 2021, Encore's average share price was $56.31 and there were 0.8M dilutive shares associated with the 2023 Exchangeable Notes and 0.7M dilutive shares associated with the 2025 Convertible Notes.

* There are no dilutive shares associated with Encore's 2022 Convertible Notes, which will be settled in cash as previously disclosed.