Encore Overview

Encore Capital Group, Inc.

May-June 2023

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 (including portfolio purchase volumes), supply, portfolio pricing, returns, run rates, tax rates, the consumer credit cycle and the impacts of inflation, interest rates and other macroeconomic factors. 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

6,900 global colleagues

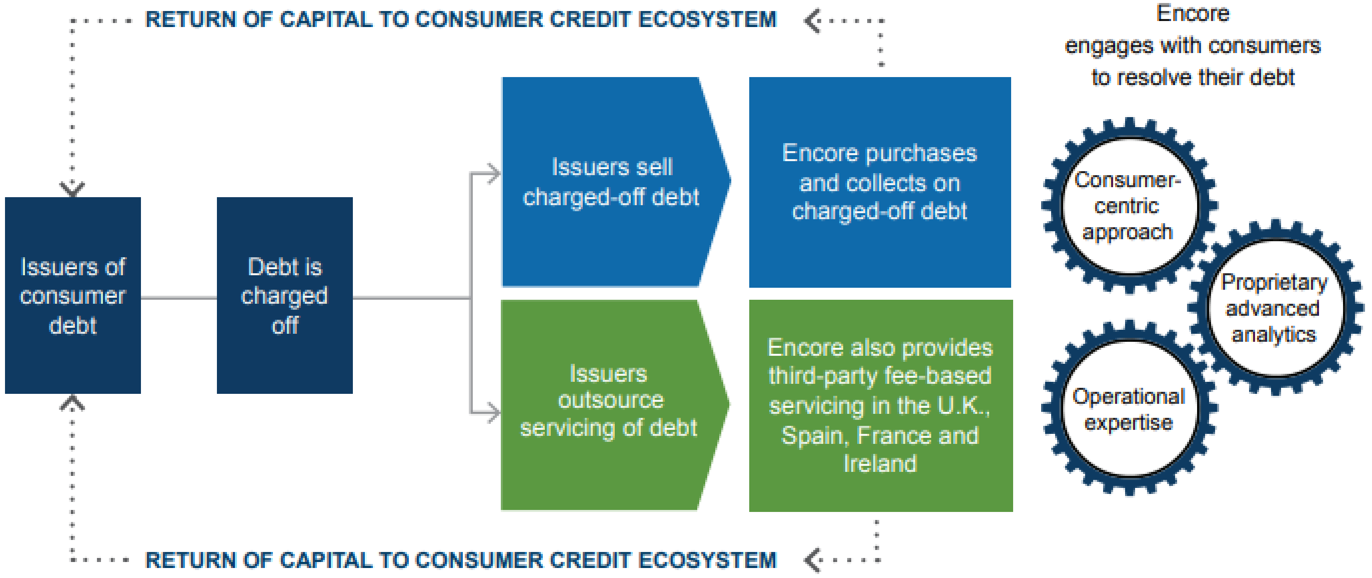
9 countries where we operate

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



$12B Amount of capital returned to the consumer credit ecosystem through our portfolio purchases since our inception

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

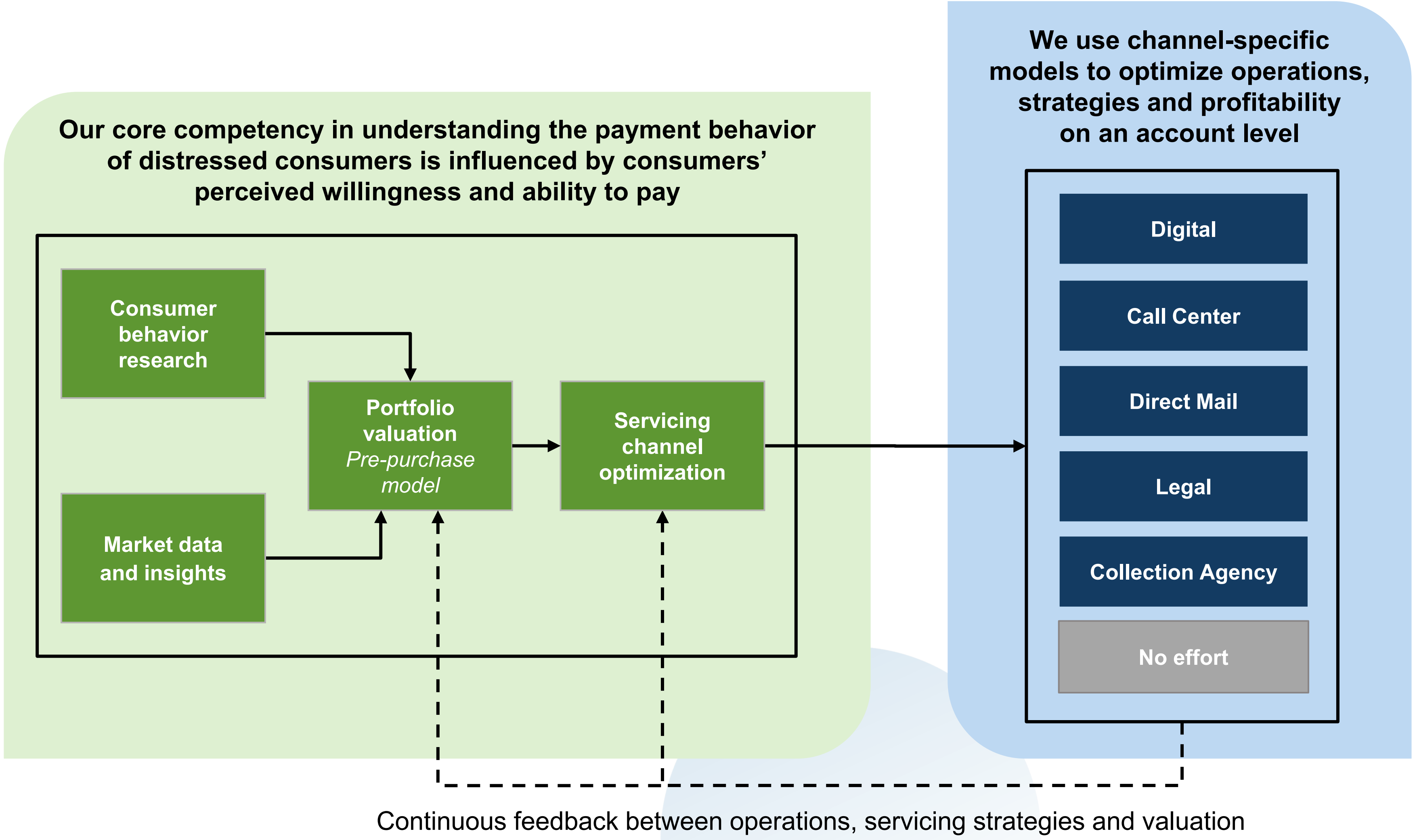
Values

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

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

- Leverage ratio[1] of 2.7x at March 31, 2023, well within our targeted range of 2.0x-3.0x
- Combined balance sheets of our U.S. and European businesses, formed unified global funding structure
- Established best-in-class capital structure: cost, tenor, diversification of capital sources, overall flexibility
- Well positioned with operational capability 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	Capital Allocation Priorities
○ Preserve financial flexibility ○ Target leverage[1] between 2.0x and 3.0x ○ Maintain a strong BB debt rating	○ 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 strong returns

Q1 2023 Update

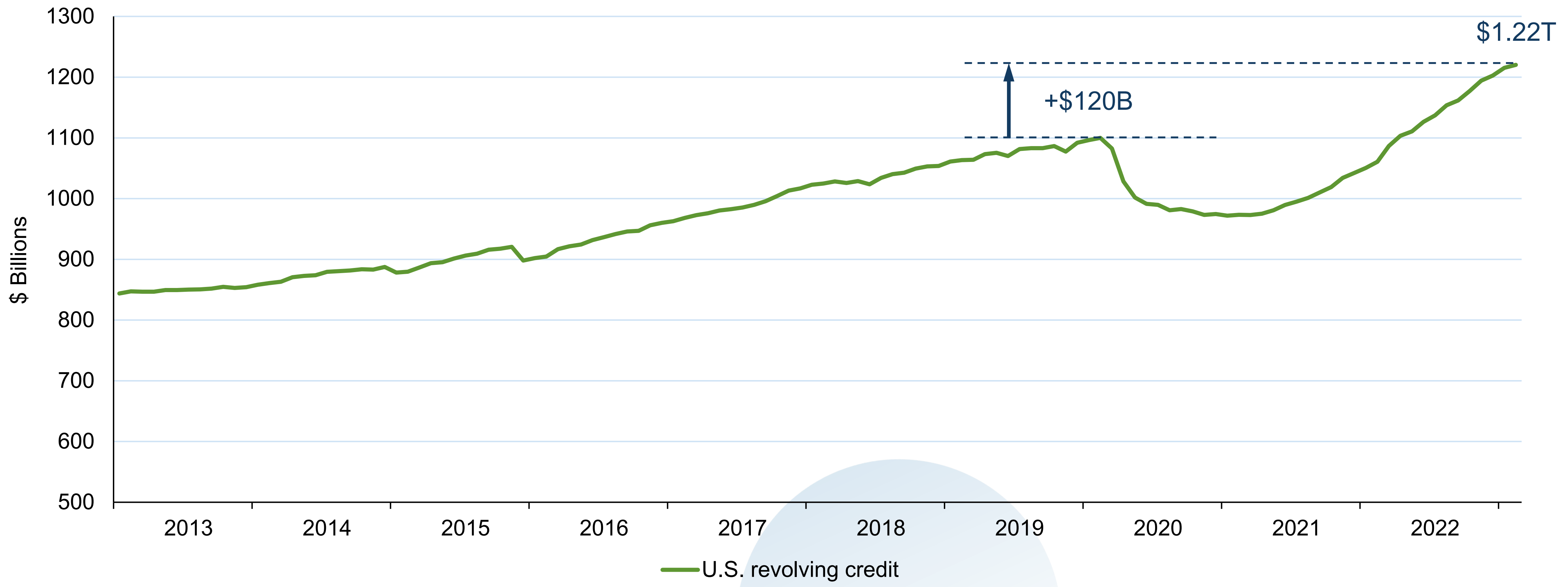
Q1 2023 Highlights

- Q1 performance reflected normalized consumer behavior in our key markets
- Growth in U.S. portfolio supply is accelerating, leading to a record quarter of MCM portfolio purchases of $213M at strong returns
- Quarterly cash generation[1] grew sequentially - a trend we expect to continue
- Earnings comparisons to year ago quarter are challenging due to the significant impact of collections overperformance and ERC forecast increases in the U.S. in Q1 2022

1) Cash generation defined as Adjusted EBITDA + collections applied to principal balance.

Credit card lending in the U.S. continues to grow

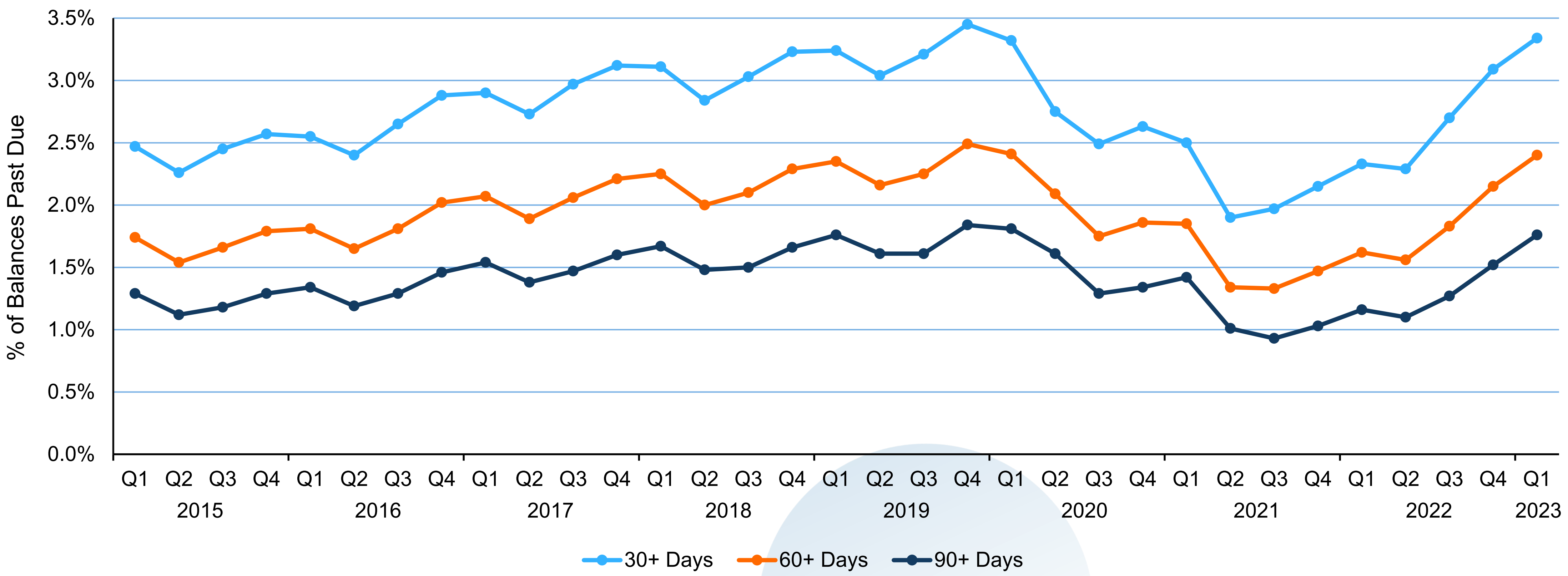
Outstanding U.S. Revolving Credit



Source: U.S. Federal Reserve

The sustained increase in U.S consumer credit card delinquency rates indicates continued growth in charge-offs

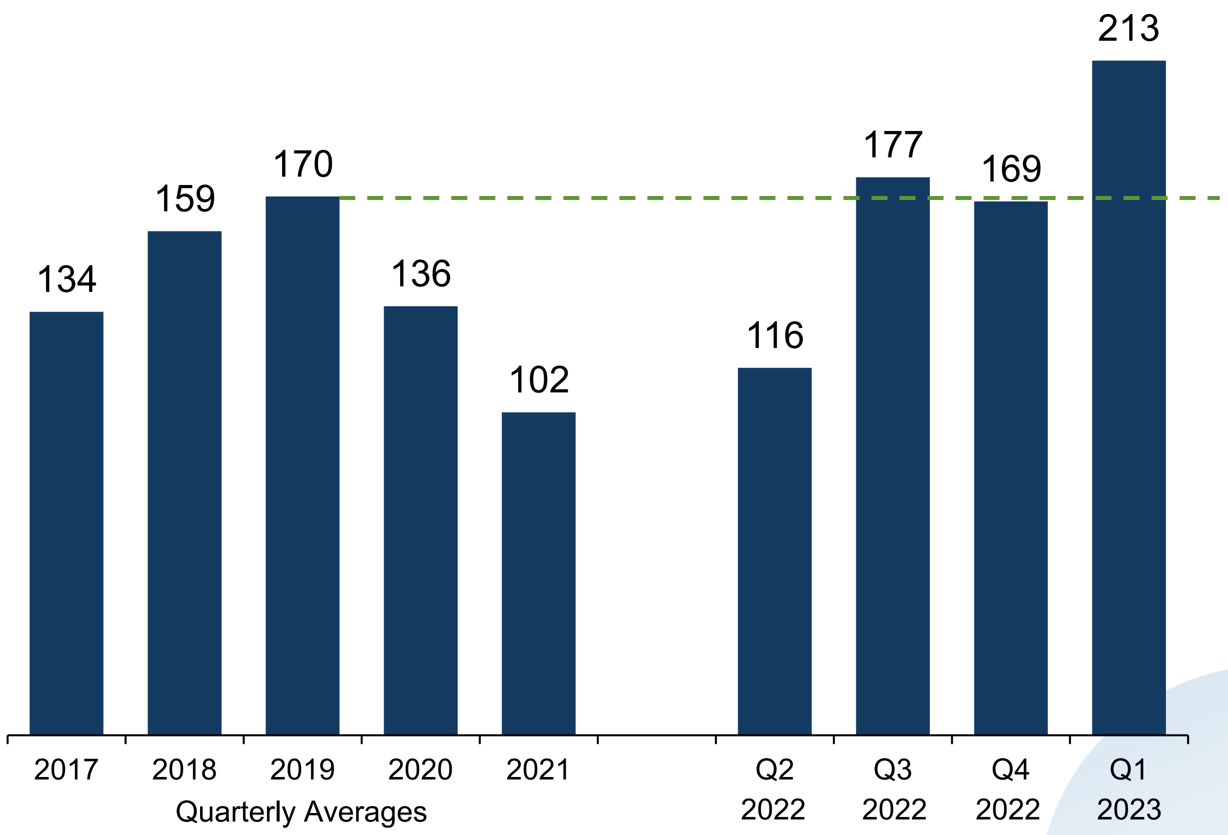
U.S. Bankcard Balance Delinquency Rates



Source: TransUnion

With U.S. market supply growing rapidly, MCM portfolio purchasing set a record in Q1 with a similar level expected in Q2

MCM Purchases (in $M)



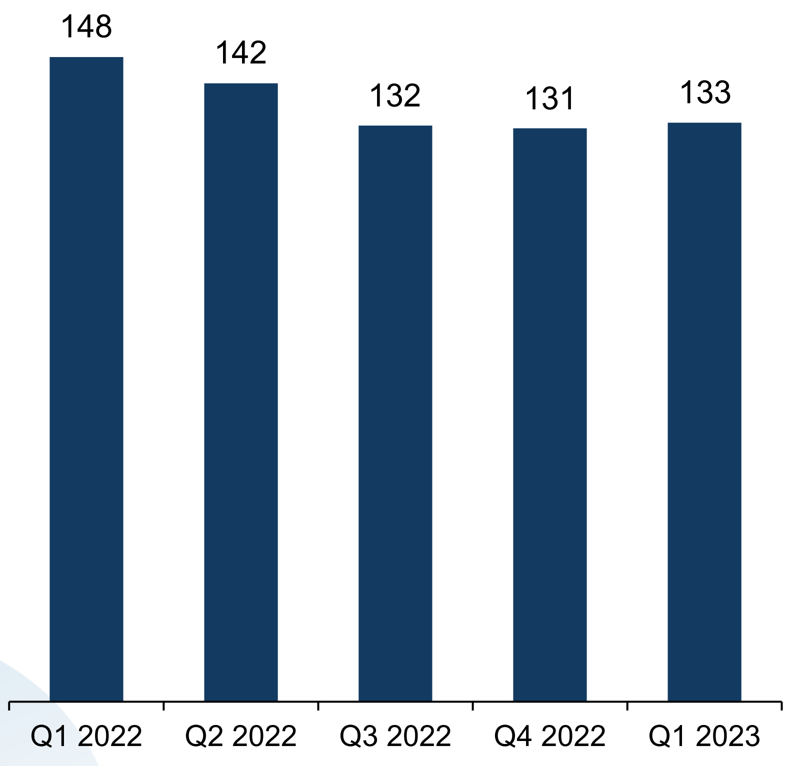
- Market supply growth in the U.S. is accelerating
  - Lending setting new records every month
  - Charge-off rates continue to rise
- Q1 2023 portfolio purchases in the U.S. of $213M
  - Highest-ever quarter
  - Expect Q2 2023 at similar level
- MCM collections of $329M in Q1 2023 beginning to grow as purchasing increases
- MCM focused on expanding capacity to meet accelerating supply growth

Cabot's purchasing continues to be constrained by a very competitive environment

Cabot (Europe) Business

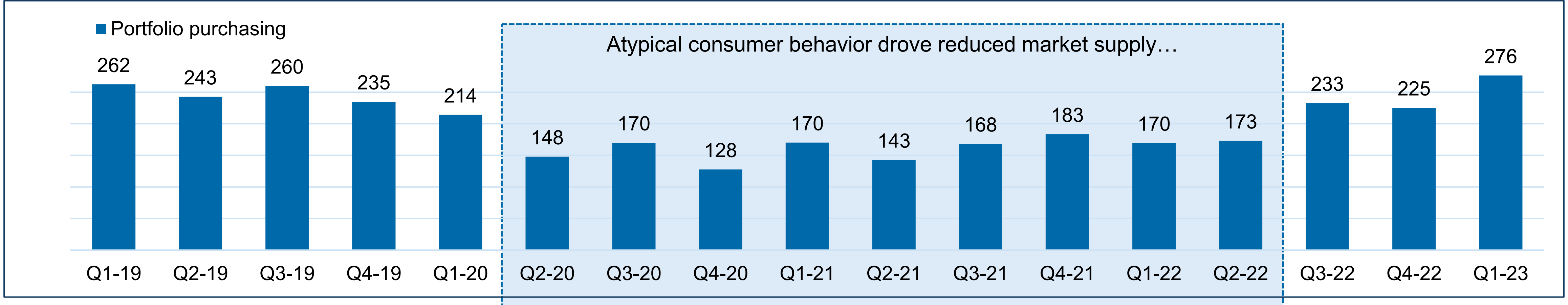
- Cabot collections of $133M as reported declined 10% compared to Q1 2022, but were down only 2% in constant currency
- Collections performance was broadly in line with our expectations, though collections in Spain were somewhat impacted by strikes in the Spanish court system
- Cabot's portfolio purchases of $63M as reported were down 16% compared to Q1 2022, but were down only 9% in constant currency
- European market remains very competitive
- We incurred a $6M pre-tax charge in Q1 to manage our cost base, primarily headcount reductions in support functions

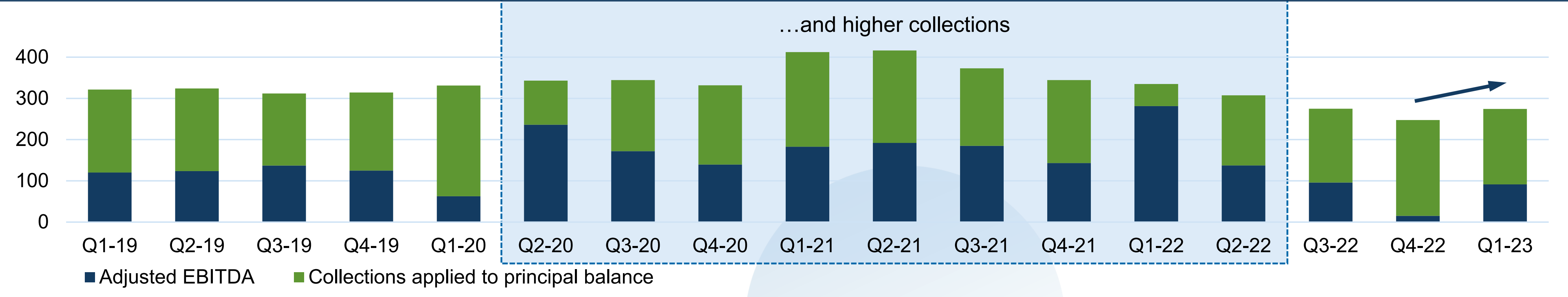
Cabot Collections (in $M)



Driven by increasing U.S. purchasing, quarterly cash generation has begun to grow again

Quarterly Portfolio Purchasing and Cash Generation (in $M)

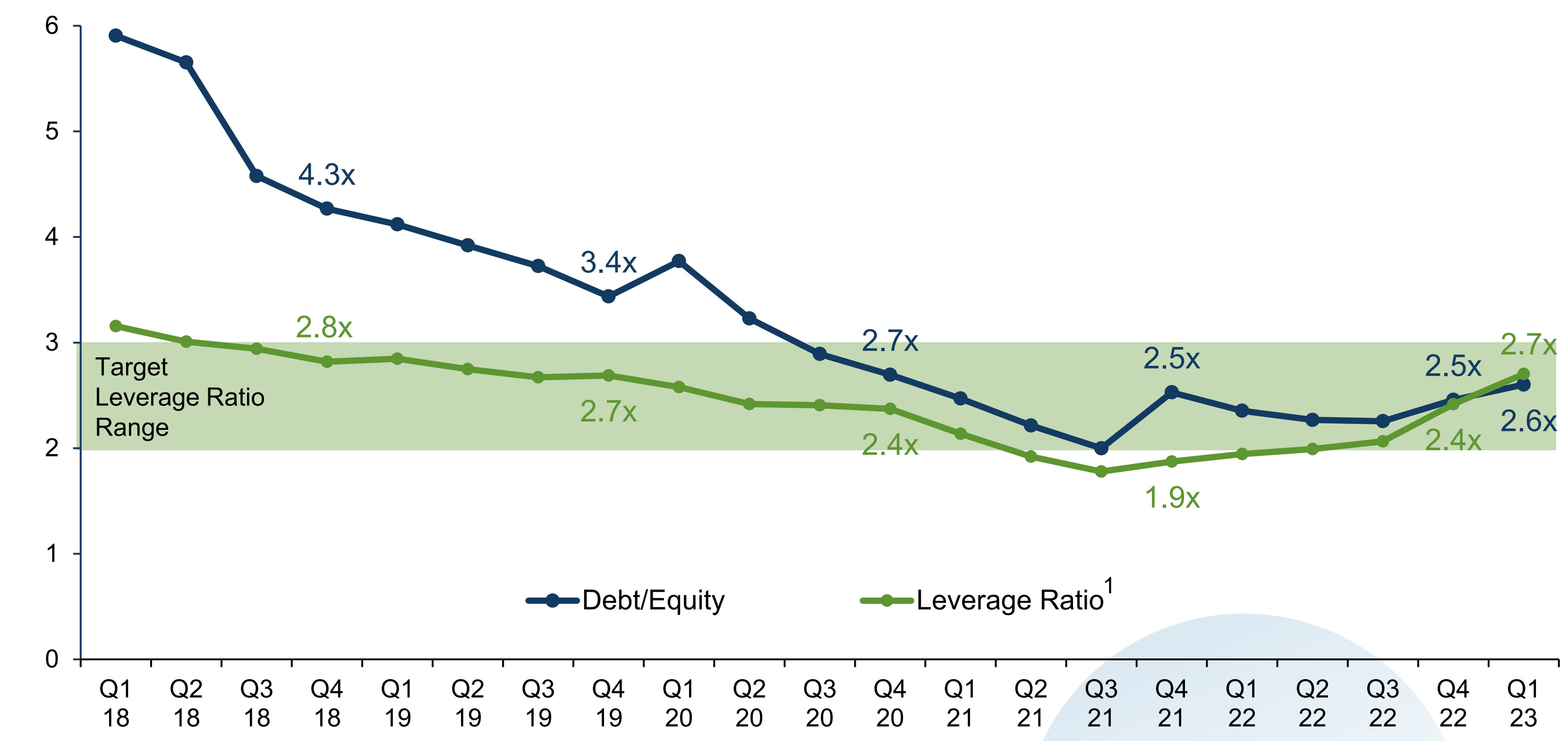




1) Cash generation defined as Adjusted EBITDA + collections applied to principal balance.
2) See appendix for reconciliation of Adjusted EBITDA to GAAP net income.

Recent rise in leverage ratio is the result of normalizing collections and increased portfolio purchasing

Leverage

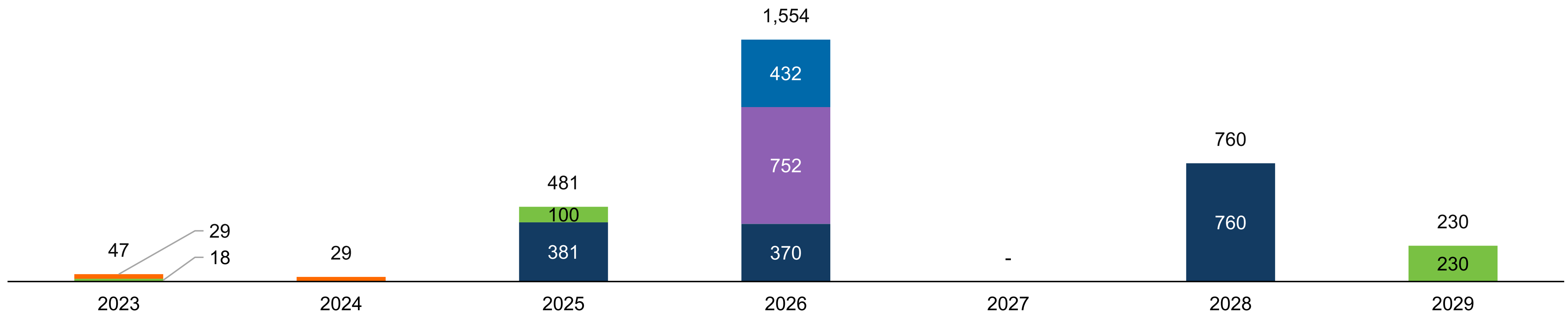


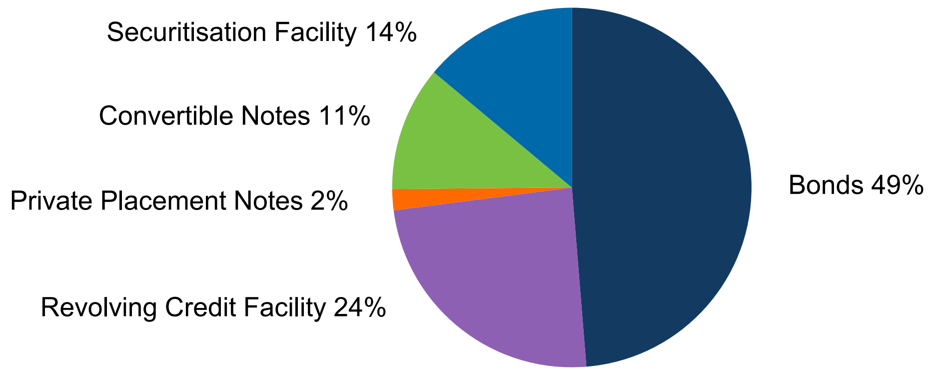
Leverage remains well within our target range

1) Leverage Ratio utilizes non-GAAP metrics and is defined as Net Debt ÷ (LTM Adjusted EBITDA + LTM collections applied to principal balance). See appendix for calculations and a reconciliation to GAAP.

Our funding structure is well diversified with no material maturities until 2025

Debt Maturity Profile at March 31, 2023 (in $M)





- As of March 31, 2023, available capacity under Encore's global senior facility was $388M, not including non-client cash and cash equivalents of $140M
- In Q1, essentially refinanced 4.5% convertible bond due 2023 with a new 4.0% convertible bond due 2029

Well-positioned to capitalize on opportunities ahead

Encore's Strong Position

- Well-diversified global balance sheet
- Solid cash generation
- Disciplined purchasing history driving strong back book returns

Looking Ahead

- 2023 starting off as a strong year for portfolio purchasing, driven by growth in the U.S.
- Quarterly cash generation growth trend expected to continue

Our Environmental, Social & Governance (ESG) Pillars

Our ESG Pillars

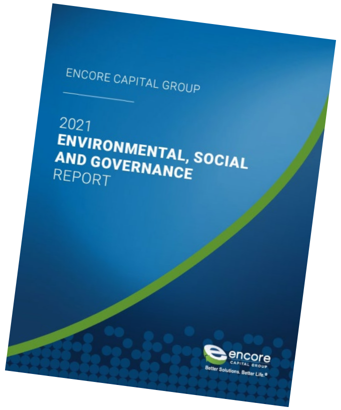
Consumer	People	Environment	Community	Operating Responsibly

Recent Progress

Performed Greenhouse Gas (GHG) Baseline Assessment

Gathered and Assessed Data

Sustainability Accounting Standards Board (SASB)
&
Task Force on Climate-Related Financial Disclosures (TCFD)



Published Encore's First Annual ESG Report

Appendix

Q1 2023 Key Financial Measures

	Q1 2023	Q1 2022	Q1 2023 vs. Q1 2022
Collections	$462M	$519M	-11%
Revenues	$313M	$500M	-37%
Portfolio Purchases	$276M	$170M	+63%
ERC[1]	$7.79B	$7.80B	0%
Operating Expenses	$242M	$235M	+3%
GAAP Net Income	$19M	$176M	-89%
GAAP EPS	$0.75	$6.40	-88%

1) 180-month Estimated Remaining Collections

- A year ago, Q1 revenues and earnings benefitted from $167M of changes in recoveries
- $6M charge related to Cabot headcount reductions reduced Q1 2023 EPS by $0.19
- Q1 2023 results also impacted by changes in recoveries:
  - $15M of recoveries below forecast (3% of Q1 collections) which reduced Q1 EPS by $0.46
  - $6M of positive changes in expected future recoveries (less than 1% change to ERC) which increased Q1 EPS by $0.18

Key Financial Measures by Quarter

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Collections	$519M	$498M	$458M	$436M	$462M
Revenues	$500M	$357M	$308M	$234M	$313M
Portfolio Purchases	$170M	$173M	$233M	$225M	$276M
ERC[1]	$7.80B	$7.56B	$7.31B	$7.56B	$7.79B
GAAP Net Income	$176M	$60M	$31M	($73M)	$19M
GAAP EPS	$6.40	$2.29	$1.22	($3.11)	$0.75

1) 180-month Estimated Remaining Collections

Key Financial Measures by Year

	2018	2019	2020	2021	2022
Collections	$1.97B	$2.03B	$2.11B	$2.31B	$1.91B
Revenues	$1.36B	$1.40B	$1.50B	$1.61B	$1.40B
Portfolio Purchases	$1.13B	$1.00B	$0.66B	$0.66B	$0.80B
ERC[1]	$7.22B	$7.83B	$8.53B	$7.75B	$7.56B
GAAP Net Income	$116M	$168M	$212M	$351M	$195M
GAAP EPS	$4.06	$5.33	$6.68	$11.26	$7.46

1) 180-month Estimated Remaining Collections

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 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 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 and income from operations 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)	2018	2019	2020	2021	2022
GAAP net income, as reported	**$ 109,736**	**$ 168,909**	**$ 212,524**	**$ 351,201**	**$ 194,564**
Interest expense	237,355	217,771	209,356	169,647	153,308
Loss on extinguishment of debt	2,693	8,989	40,951	9,300	---
Interest income	(3,345)	(3,693)	(2,397)	(1,738)	(1,774)
Provision for income taxes	46,752	32,333	70,374	85,340	116,425
Depreciation and amortization	41,228	41,029	42,780	50,079	50,494
CFPB settlement fees[1]	---	---	15,009	---	---
Stock-based compensation expense	12,980	12,557	16,560	18,330	15,402
Acquisition, integration and restructuring related expenses[2]	7,523	7,049	4,962	20,559	1,213
Loss on sale of Baycorp[3]	---	12,489	---	---	---
Goodwill impairment[3]	---	10,718	---	---	---
Net gain on fair value adjustments to contingent considerations[4]	(5,664)	(2,300)	---	---	---
Loss on derivatives in connection with the Cabot Transaction[5]	9,315	---	---	---	---
Expenses related to withdrawn Cabot IPO[6]	2,984	---	---	---	---
Adjusted EBITDA	**$ 461,557**	**$ 505,851**	**$ 610,119**	**$ 702,718**	**$ 529,632**
Collections applied to principal balance[7]	$ 759,014	$ 765,748	$ 740,350	$ 843,087	$ 635,262

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) Amount represents the loss recognized on the forward contract we entered into in anticipation of the completion of the Cabot Transaction. We adjust for this amount because we believe the loss is not indicative of ongoing operations; therefore, adjusting for this loss enhances comparability to prior periods, anticipated future periods, and our competitors' results.
6) Amount represents expenses related to the proposed and later withdrawn initial public offering by Cabot. 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.
7) 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)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
GAAP net income (loss), as reported	**$ 96,787**	**$ 83,566**	**$ 76,083**	**$ 175,749**	**$ 60,439**	**$ 31,494**	**$ (73,118)**	**$ 18,626**
Interest expense	44,159	40,874	38,088	34,633	37,054	39,308	42,313	46,835
Loss on extinguishment of debt	9,300	-	-	-	-	-	-	-
Interest income	(426)	(270)	(568)	(437)	(588)	(749)	-	(944)
Provision for income taxes	24,607	24,703	9,061	55,024	23,250	10,920	27,231	6,409
Depreciation and amortization	12,046	14,136	12,385	11,829	11,646	11,659	15,360	10,870
Stock-based compensation expense	5,651	3,847	5,427	3,921	5,119	3,191	3,171	4,052
Acquisition, integration and restructuring related expenses[1]	-	17,950	2,609	679	487	13	34	5,526
Adjusted EBITDA	**$ 192,124**	**$ 184,806**	**$ 143,085**	**$ 281,398**	**$ 137,407**	**$ 95,836**	**$ 14,991**	**$ 91,374**
Collections applied to principal balance[2]	$ 224,074	$ 188,181	$ 201,322	$ 53,567	$ 170,112	$ 179,163	$ 232,420	$ 182,981

1) Amount represents acquisition, integration and restructuring related expenses. For the three months ended March 31, 2023 amount represents costs related to headcount reductions at Cabot. The remainder of the costs relating to the reductions at Cabot are included in stock-based compensation expense. For the three months ended September 30, 2021 amount includes the loss recognized on the sale of our investment in Colombia and Peru of $17.4 million. We adjust for these amounts 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) gross collections from receivable portfolios, less (b) debt purchasing revenue, plus (c) proceeds applied to basis from sales of REO assets and related activities.

Calculation of ROIC
Reconciliation of Adjusted Income from Operations

(Unaudited, in $ thousands, except percentages)	2018	2019	2020	2021	2022
Numerator					
GAAP Income from operations	**$ 405,300**	**$ 446,345**	**$ 533,562**	**$ 633,272**	**$ 462,174**
Adjustments:[1]					
Acquisition, integration and restructuring related expenses[2]	9,041	7,049	154	5,681	1,213
Expense related to certain acquired intangible assets[3]	8,337	7,017	7,010	7,417	10,074
CFPB settlement fees[4]	---	---	15,009	---	---
Goodwill impairment[5]	---	10,718	---	---	---
Net gain on fair value adjustments to contingent considerations[6]	(5,664)	(2,300)	---	---	---
Expenses related to withdrawn Cabot IPO[7]	2,984	---	---	---	---
Adjusted income from operations	$ 419,998	$ 468,829	$ 555,735	$ 646,370	$ 473,461
Denominator					
Average net debt	$ 3,388,336	$ 3,429,624	$ 3,311,835	$ 3,049,979	$ 2,855,219
Average equity	695,811	922,547	1,122,741	1,202,669	1,182,444
Average redeemable noncontrolling interest	75,989	---	---	---	---
Total average invested capital	$ 4,160,136	$ 4,352,171	$ 4,434,576	$ 4,252,648	$ 4,037,663
Adjusted Pre-tax ROIC	**10.1%**	**10.8%**	**12.5%**	**15.2%**	**11.7%**

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 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) 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 expense related to these acquired intangibles is a non-cash static expense that is not affected by operations during any reporting period.
4) 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.
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.
7) Amount represents expenses related to the proposed and later withdrawn initial public offering by Cabot. 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.

Calculation of ROIC
Reconciliation of Adjusted Income from Operations

(Unaudited, in $ thousands, except percentages)	Last Twelve Months Ended				
	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023
Numerator					
GAAP Income from operations	**$ 729,971**	**$ 674,633**	**$ 588,503**	**$ 462,174**	**$ 267,298**
Adjustments:[1]					
Acquisition, integration and restructuring related expenses[2]	6,360	6,847	4,212	1,213	6,611
Expense related to certain acquired intangible assets[3]	7,349	7,110	6,717	10,074	9,418
Adjusted income from operations	$ 743,680	$ 688,590	$ 599,432	$ 473,461	$ 283,328
Denominator					
Average net debt	$ 2,956,452	$ 2,798,699	$ 2,666,562	$ 2,855,219	$ 2,920,347
Average equity	1,262,580	1,292,975	1,295,874	1,182,444	1,215,266
Total average invested capital	$ 4,219,032	$ 4,091,674	$ 3,962,436	$ 4,037,663	$ 4,135,613
LTM Adjusted Pre-tax ROIC	**17.6%**	**16.8%**	**15.1%**	**11.7%**	**6.9%**

1) Adjustments below are to adjust GAAP income from operations and accordingly do not include any amounts related to other income and expense.
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Reconciliation of Adjusted Income from Operations

(Unaudited, in $ thousands)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Numerator								
GAAP Income from operations	**$ 174,287**	**$ 166,647**	**$ 124,023**	**$ 265,014**	**$ 118,948**	**$ 80,517**	**$ (2,305)**	**$ 70,138**
Adjustments:[1]								
Acquisition, integration and restructuring related expenses[2]	---	2,648	3,033	679	487	13	34	6,077
Amortization of certain acquired intangible assets[3]	1,885	1,856	1,811	1,797	1,646	1,463	5,168	1,142
Adjusted income from operations	$ 176,172	$ 171,151	$ 128,867	$ 267,490	$ 121,081	$ 81,992	$ 2,897	$ 77,357
LTM Adjusted income from operations	$ 631,603	$ 643,541	$ 646,370	$ 743,680	$ 688,590	$ 599,432	$ 473,461	$ 283,328

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 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) 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

(Unaudited, in $ millions)	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Borrowings, as reported	**$ 3,607**	**$ 3,530**	**$ 3,561**	**$ 3,491**	**$ 3,593**	**$ 3,530**	**$ 3,429**	**$ 3,513**	**$ 3,404**	**$ 3,354**	**$3,252**	**$ 3,282**
Debt issuance costs and debt discounts	77	70	89	85	79	73	75	73	69	63	107	92
Cash & cash equivalents	(217)	(182)	(205)	(157)	(167)	(169)	(187)	(192)	(188)	(294)	(170)	(189)
Client cash[1]	26	23	26	22	25	24	22	25	19	21	20	20
Net Debt	**$ 3,493**	**$ 3,442**	**$ 3,472**	**$ 3,440**	**$ 3,530**	**$ 3,459**	**$ 3,340**	**$ 3,419**	**$ 3,304**	**$ 3,144**	**$ 3,209**	**$ 3,205**

(Unaudited, in $ millions)	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GAAP Borrowings, as reported	**$ 3,152**	**$ 2,999**	**$2,796**	**$2,997**	**$ 2,934**	**$ 2,793**	**$ 2,690**	**$ 2,899**	**$3,082**
Debt issuance costs and debt discounts	68	64	60	58	55	50	45	42	44
Cash & cash equivalents	(185)	(199)	(158)	(190)	(160)	(154)	(147)	(144)	(159)
Client cash[1]	23	24	28	29	26	19	18	18	19
Net Debt	**$ 3,058**	**$ 2,889**	**$ 2,727**	**$ 2,895**	**$ 2,855**	**$ 2,708**	**$ 2,607**	**$ 2,815**	**$ 2,986**

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

Debt/Equity and Leverage Ratio

	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Debt / Equity[1]	5.9x	5.7x	4.6x	4.3x	4.1x	3.9x	3.7x	3.4x	3.8x	3.2x	2.9x	2.7x
Leverage Ratio[2]	3.2x	3.0x	2.9x	2.8x	2.8x	2.7x	2.7x	2.7x	2.6x	2.4x	2.4x	2.4x

	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Debt / Equity[1]	2.5x	2.2x	2.0x	2.5x	2.4x	2.3x	2.3x	2.5x	2.6x
Leverage Ratio[2]	2.1x	1.9x	1.8x	1.9x	1.9x	2.0x	2.1x	2.4x	2.7x

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.

Impact of Fluctuations in Foreign Currency Exchange Rates

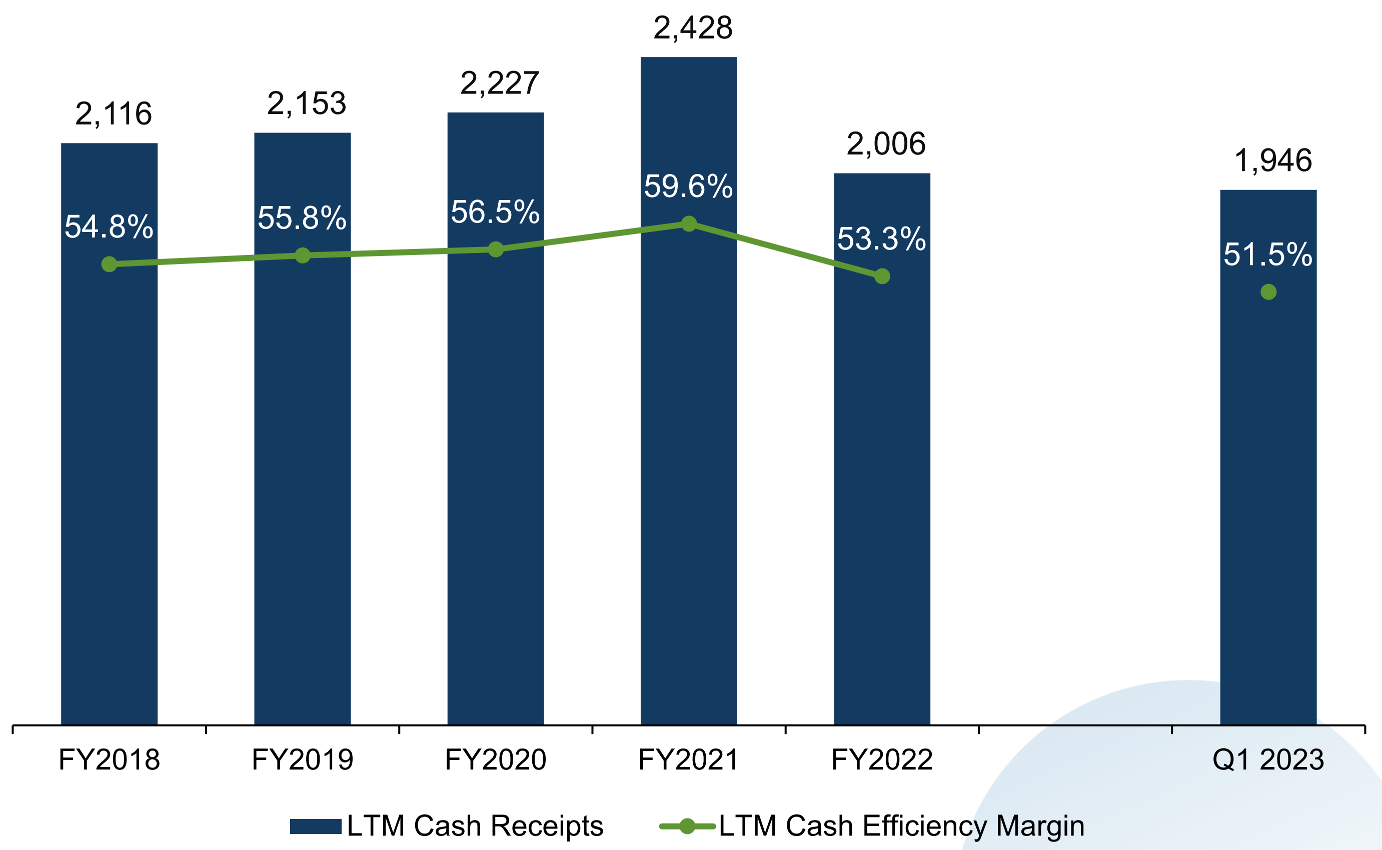
(Unaudited, in $M, except per share amounts)	Three Months Ended March 31, 2023	
	As Reported	Constant Currency
Collections	$462	$474
Revenues	$313	$324
ERC[1]	$7,790	$7,972
Operating Expenses	$242	$252
GAAP Net Income	$19	$19
GAAP EPS	$0.75	$0.76
Borrowings[1]	$3,082	$3,175

1) At March 31, 2023

Note: Constant Currency figures are calculated by employing Q1 2022 foreign currency exchange rates to recalculate Q1 2023 results. All constant currency values are calculated based on the average exchange rates during the respective periods, except for ERC and debt, which are calculated using the changes in the period-ending exchange rates. Management refers to operating results on a constant currency basis so that the operating results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of the company's operating performance. Constant currency financial results are calculated by translating current period financial results in local currency using the prior period's respective currency conversion rate. Certain foreign subsidiaries' local currency financial results in our calculation include the translation effect from their foreign operating results.

Cash Efficiency Margin

LTM Cash Efficiency Margin and LTM Cash Receipts (in $M)



- Cash Efficiency Margin is a comprehensive measure of expense efficiency
- Calculation includes all Encore operating expenses
- $\frac{\text{Cash receipts} - \text{Opex}}{\text{Cash receipts}}$
- We use LTM to match our long-term view of the business

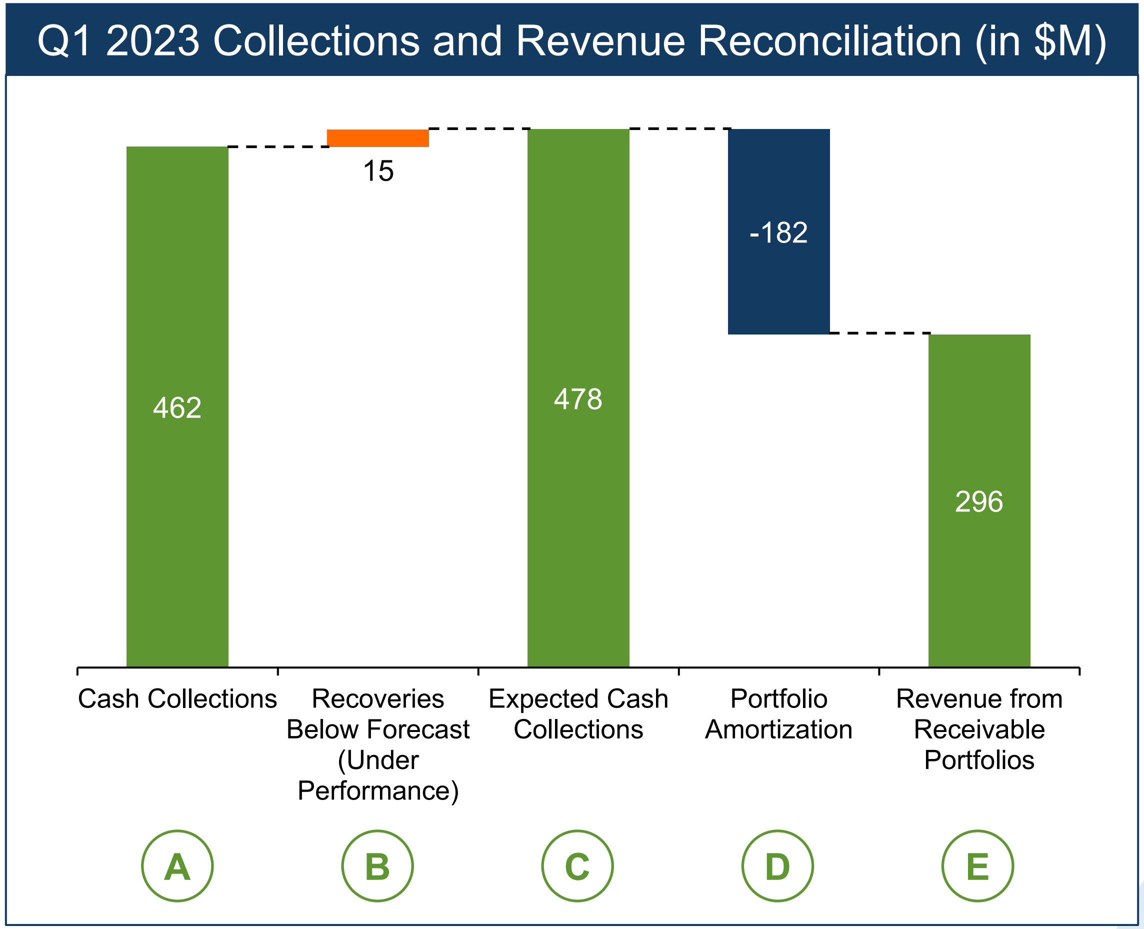
Note: Last Twelve Months ("LTM") Cash Efficiency Margin defined as (LTM Cash receipts – LTM Operating expenses) ÷ LTM Cash receipts, where Cash receipts = Collections + Servicing revenue

Calculation of Cash Efficiency Margin

(Unaudited, in $ thousands, except percentages)	FY2018	FY2019	FY2020	FY2021	FY2022	LTM Q1 2023
Collections	$ 1,967,620	$ 2,026,928	$ 2,111,848	$ 2,307,359	$ 1,911,537	$ 1,854,479
Servicing revenue	$ 148,044	$ 126,527	$ 115,118	$ 120,778	$ 94,922	$ 91,361
Cash receipts (A)	$ 2,115,664	$ 2,153,455	$ 2,226,966	$ 2,428,137	$ 2,006,459	$ 1,945,840
Operating expenses (B)	$ 956,730	$ 951,336	$ 967,838	$ 981,227	$ 936,173	$ 943,996
LTM Cash Efficiency Margin (A-B)/A	**54.8%**	**55.8%**	**56.5%**	**59.6%**	**53.3%**	**51.5%**

Note: Cash Efficiency Margin defined as (Cash receipts – Operating expenses) ÷ Cash receipts, where Cash receipts = Collections + Servicing revenue

Cash Collections and Revenue Reconciliation



A — $462M **Cash Collections** from debt purchasing business in Q1 2023

B — $15M **Recoveries Below Forecast**, actual cash collections amount below Expected Cash Collections in Q1 2023

C — $478M **Expected Cash Collections**, equal to the sum of Q4 2022 ERC plus expected collections from portfolios purchased in Q1 2023

D — $182M **Portfolio Amortization**

E — $296M **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 ~$1.8m for the three months ended March 31, 2023.

Components of Debt Purchasing Revenue

Q1 2023 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/Below Forecast** is the amount collected compared to forecast for the period and represents over/under performance for the period.

G **Changes in Expected Future 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

	Three Months Ended March 31, 2023	2022
Revenues		
Revenue from receivable portfolios	$ 295,674	$ 304,105
Changes in recoveries	(9,501)	167,223
Total debt purchasing revenue	286,173	471,328
Servicing revenue	22,585	26,146
Other revenues	3,872	2,208
Total revenues	312,630	499,682

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