Second Quarter 2021 Financial Results

Encore Capital Group, Inc.

August 4, 2021

Cautionary Note about Forward-Looking Statements

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.

Q2 2021 Highlights

- Strong performance driven by record collections for both MCM and Cabot
- Portfolio purchases were $143M at a purchase price multiple of 2.4x
- Refinanced the last of the legacy Cabot bonds with £250M of new senior secured notes at a significantly lower coupon, saving 325 bps
- Repurchased ECPG shares totaling $27M in Q2 and $47M in the first half of 2021

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

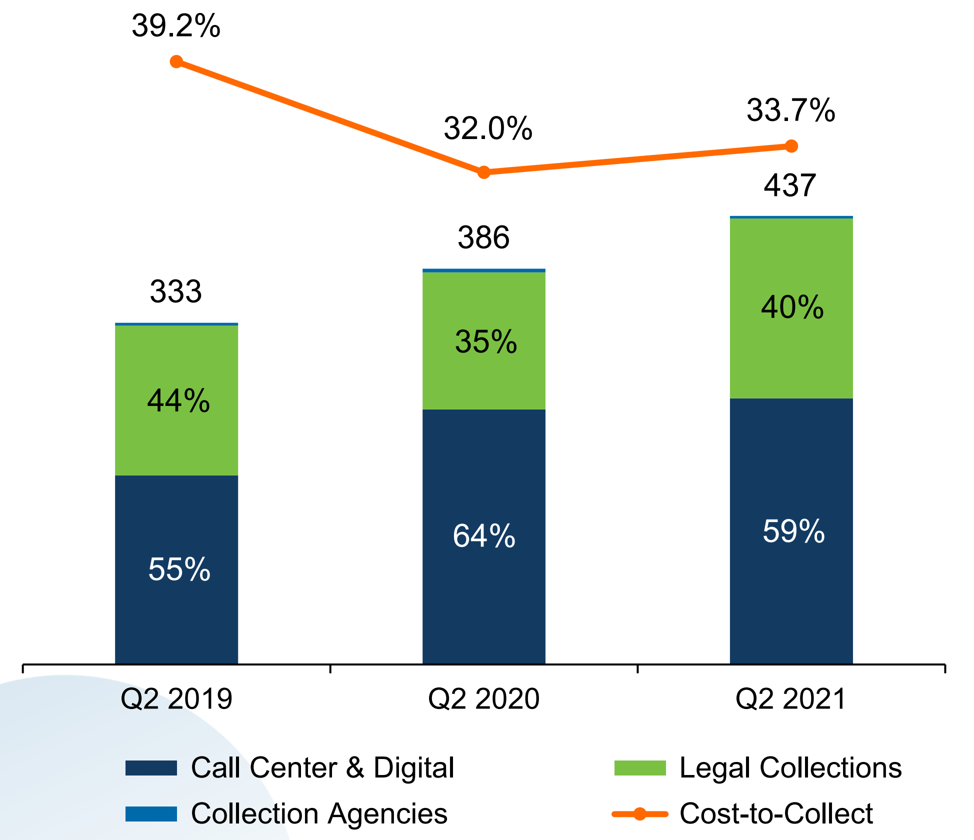
- Market Focus
- Competitive Advantage
- Balance Sheet Strength

Market Focus: Record MCM collections in Q2 driven by strong performance in both the Legal and Call Center & Digital channels

MCM (U.S.) Business

- Record MCM collections of $437M grew 13% compared to Q2 2020
  - Record Call Center & Digital collections grew 4% compared to Q2 2020
  - Legal collections grew 31% compared to Q2 2020 as legal activity resumed
- Portfolio purchases of $90M in the U.S. were lower than in Q2 2020 as supply remains subdued
- Prepared to fully implement long-awaited CFPB industry rules in November

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

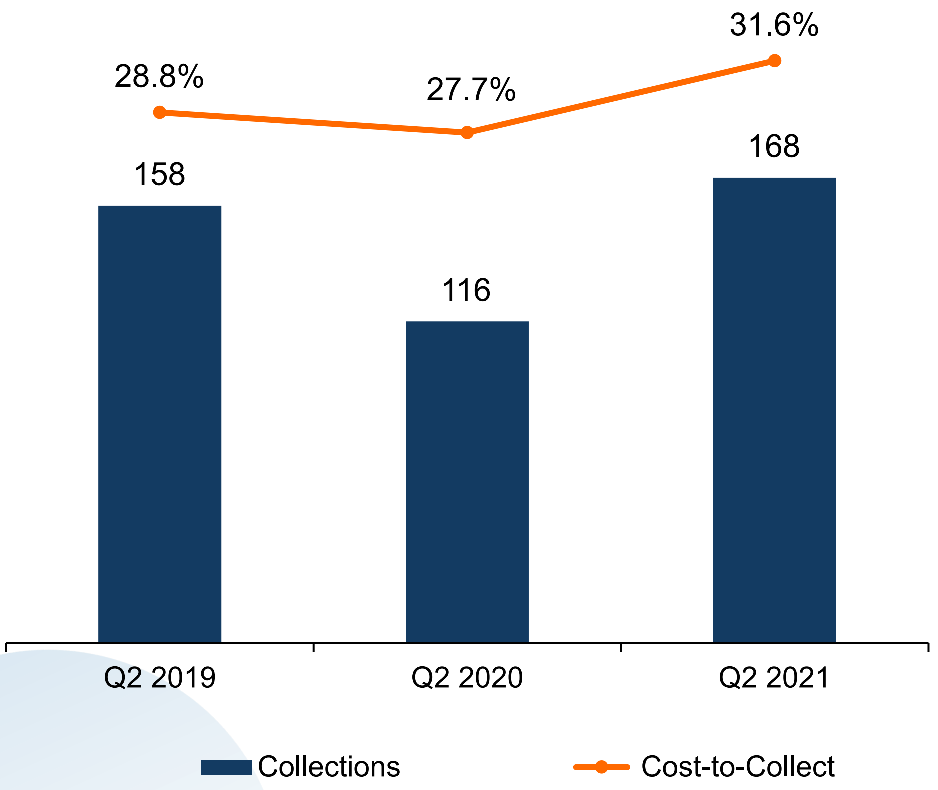


Market Focus: Cabot delivered strong collections in Q2

Cabot (Europe) Business

- Quarterly collections of $168M grew 45% compared to Q2 2020
- 36% increase in legal channel collections compared to Q2 2020 drove higher cost-to-collect in the quarter
- H1 2021 collections were 107% of Dec 31, 2020 ERC forecast[1]
- Portfolio purchases of $53M were higher than in Q2 2020; H1 2021 purchases of $131M were higher than full-year 2020 purchases
- Higher pricing across our European footprint constrained our investment appetite, while supply continued to ramp up through the period

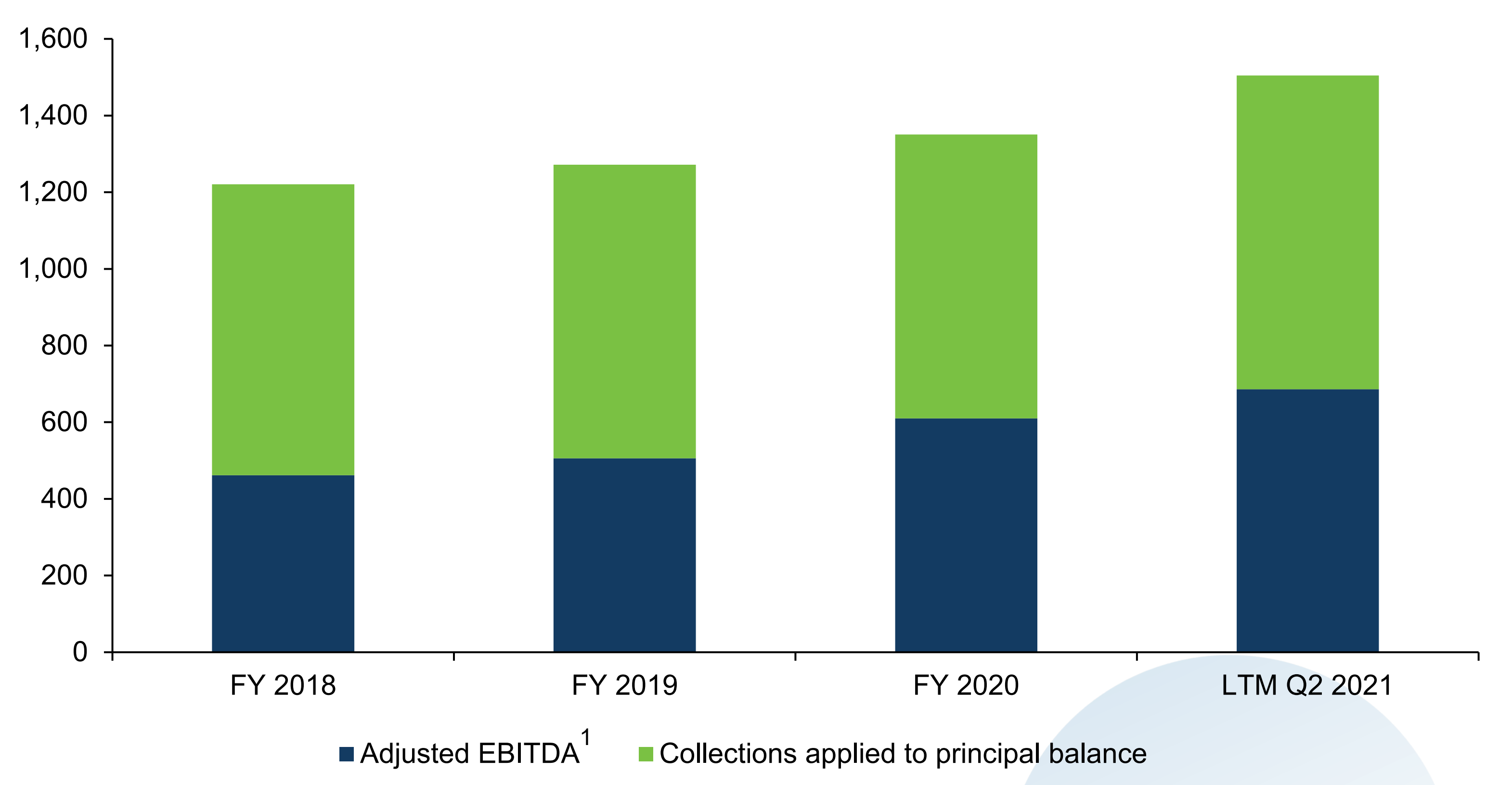
Cabot Collections (in $M) and Cost-to-Collect



1) Includes collections only related to portfolios purchased prior to January 1, 2021.

Competitive Advantage: Continued strong cash generation

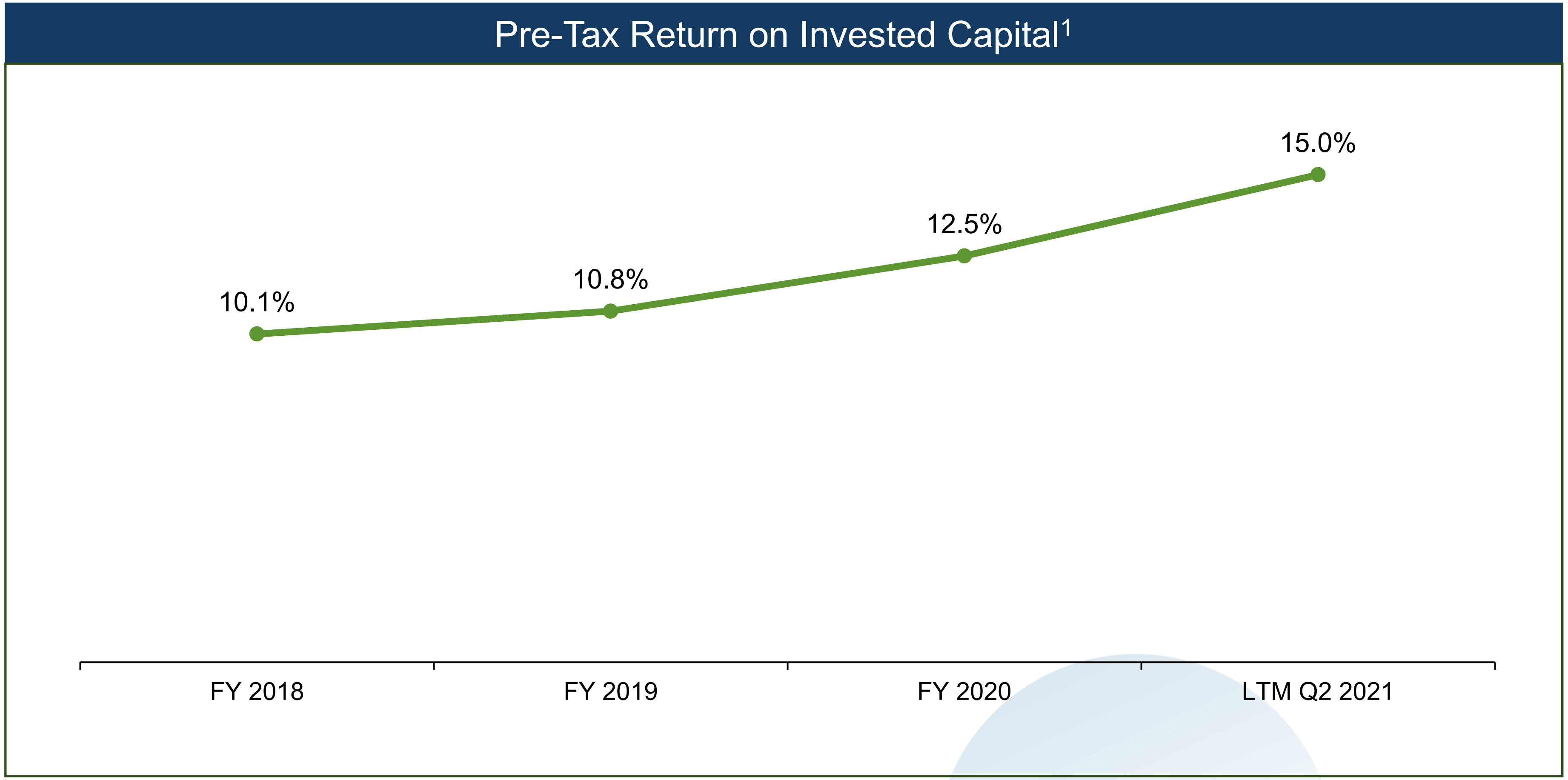
Adjusted EBITDA + Collections applied to principal balance (in $M)



- Our cash generation is driven by our operational efficiency and portfolio resilience
- LTM Q2 2021 cash generation[2] up 16% versus LTM Q2 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.

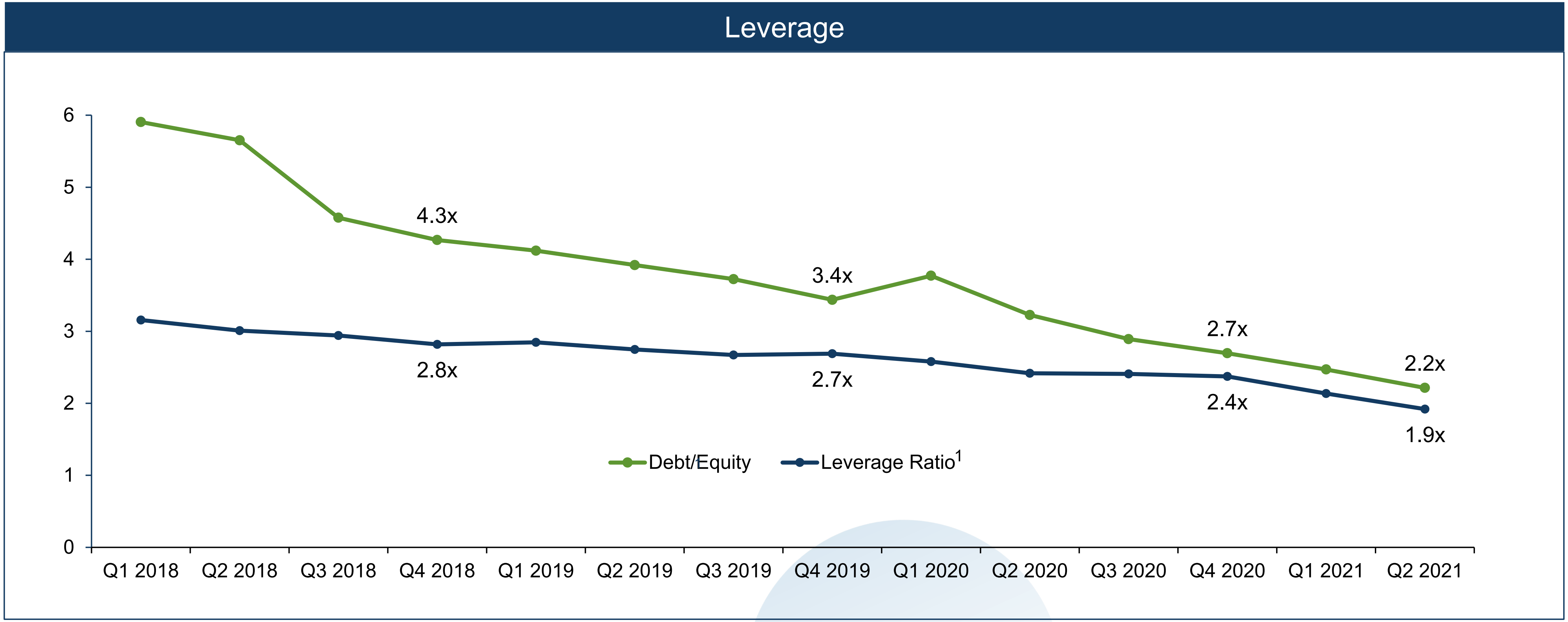
Competitive Advantage: We expect to deliver strong returns through the credit cycle



ROIC is an important measure of our overall performance

1) See appendix for calculation of Pre-Tax ROIC (Return on Invested Capital)

Competitive Advantage: Strong cash generation in Q2 drove a further reduction in our leverage ratio



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

Detailed Financial Discussion

Q2 2021 Key Financial Measures

	Q2 2021	vs. Q2 2020
Collections	$612M	+21%
Revenues	$428M	+0%
Portfolio Purchases	$143M	-4%
ERC[1]	$8.11B	-3%
Operating Expenses	$253M	+23%
GAAP Net Income[2]	$97M	-26%
GAAP EPS	$3.07	-26%
LTM Pre-Tax ROIC[3]	15.0%	+310 bps
Leverage Ratio[4]	1.9x	-0.5x

True quality of Q2 2021 results not readily apparent when comparing to Q2 2020 due to significant business volatility in the emerging stages of the pandemic

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

H1 2021 Key Financial Measures

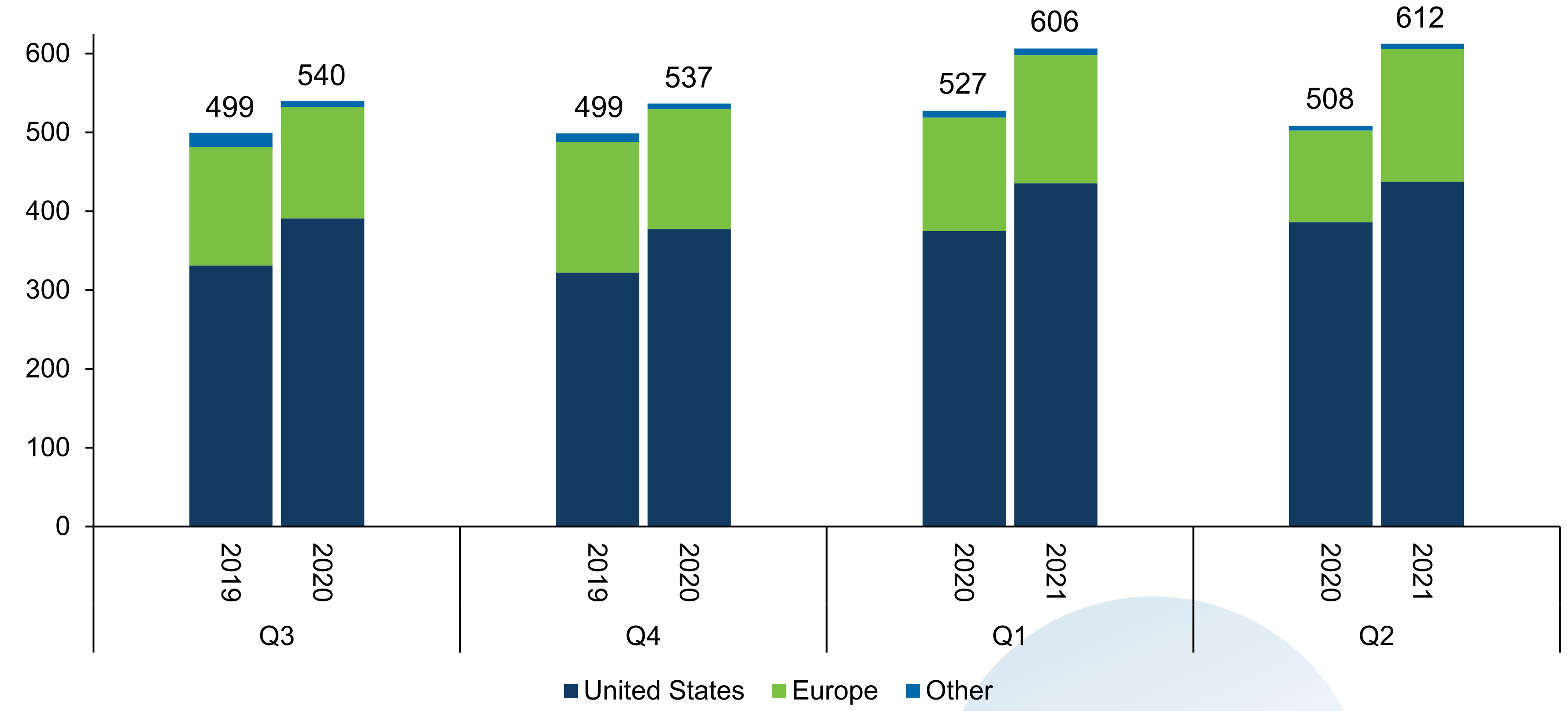
	H1 2021	vs. H1 2020
Collections	$1.22B	+18%
Revenues	$845M	+18%
Portfolio Purchases	$313M	-14%
Operating Expenses	$502M	+12%
GAAP Net Income[1]	$191M	+59%
GAAP EPS	$6.04	+59%

The six-month view provides a clearer comparison of our financial performance

1) Attributable to Encore

Collections of $612M were up 21% compared to Q2 last year

Collections by Geographic Location (in $M)

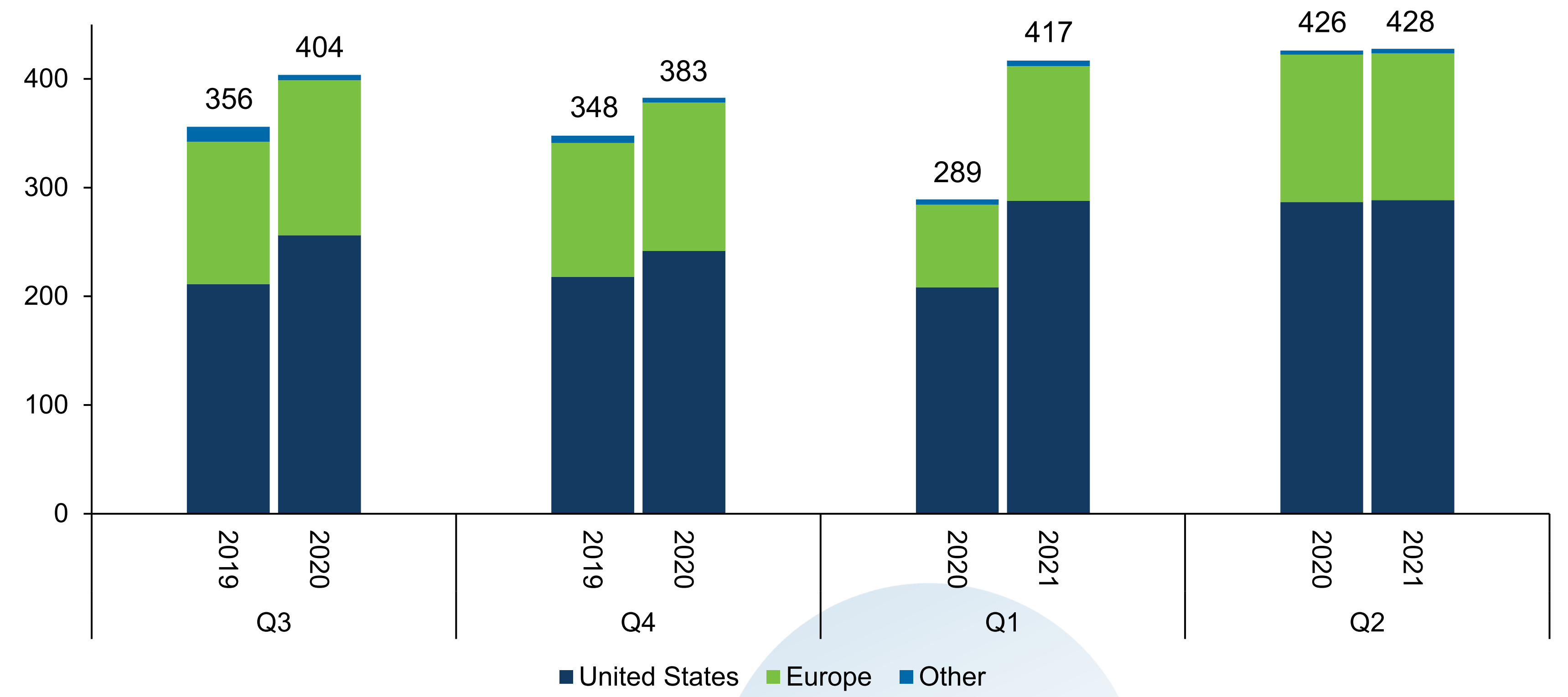


Year-to-date global collections[1] through Q2 2021 were 119% of our 12/31/2020 ERC forecast

1) Includes collections only related to portfolios purchased prior to 12/31/2020. U.S. collections were at 125% and Europe collections were at 107% of our 12/31/2020 ERC forecast, respectively.

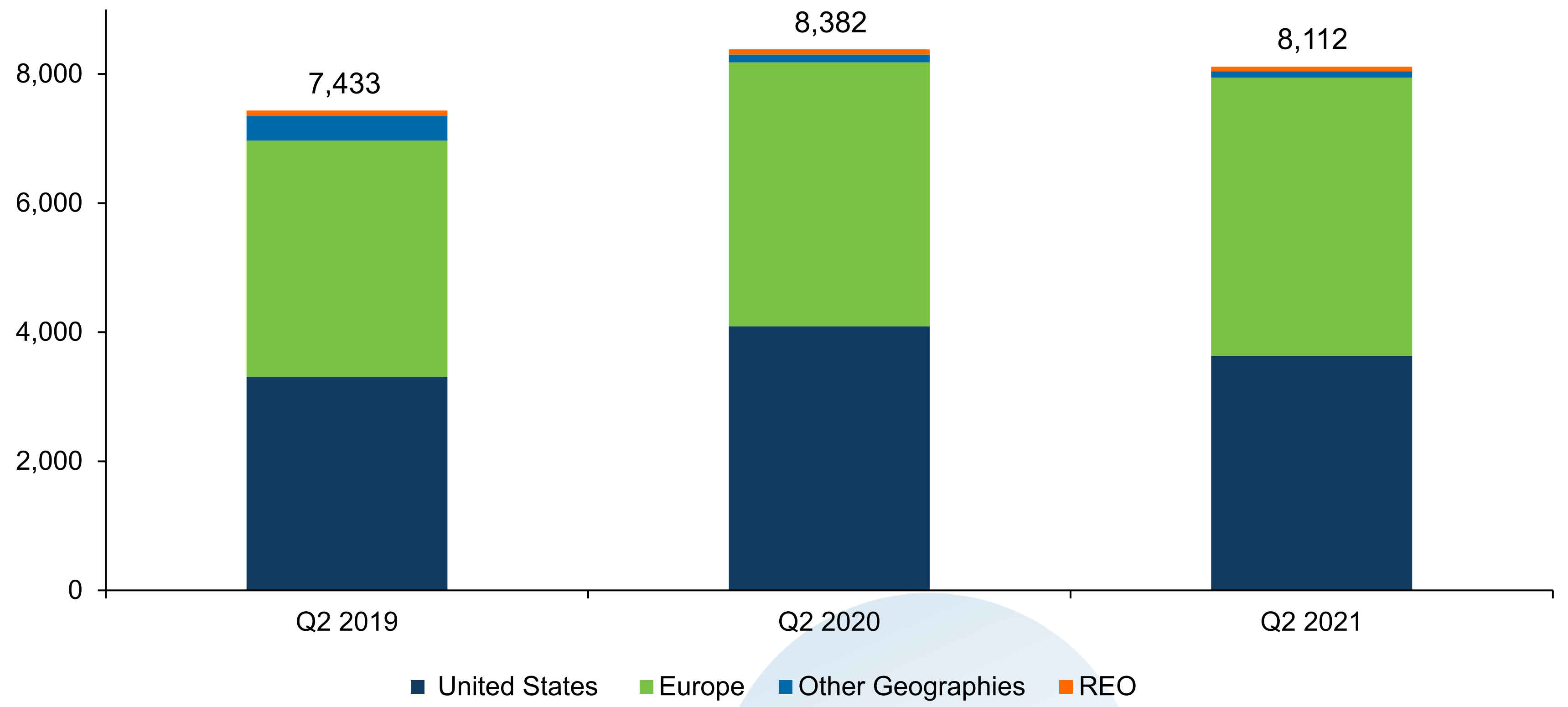
Q2 Revenues of $428M were flat compared to last year

Revenues by Geographic Location (in $M)



ERC of $8.1B lower by 3% compared to Q2 last year

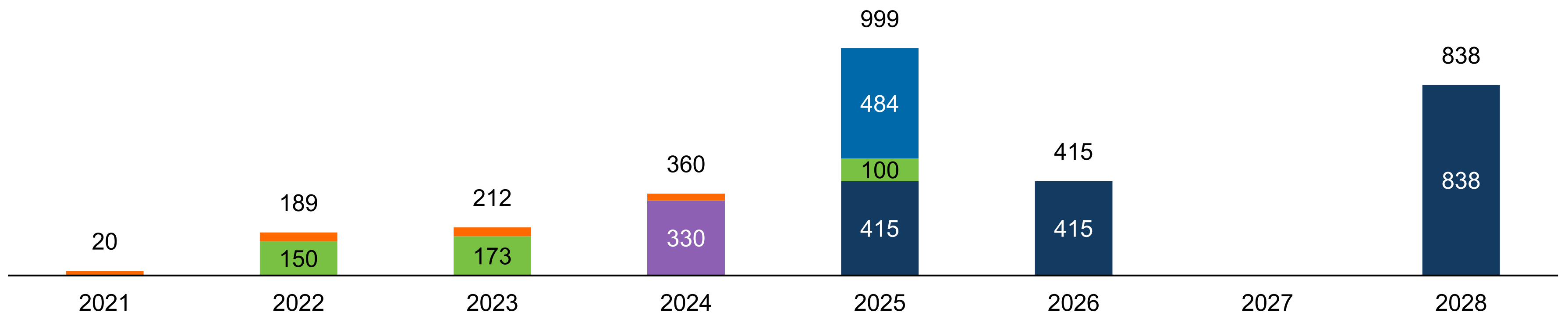
Total Estimated Remaining Collections[1] (in $M)

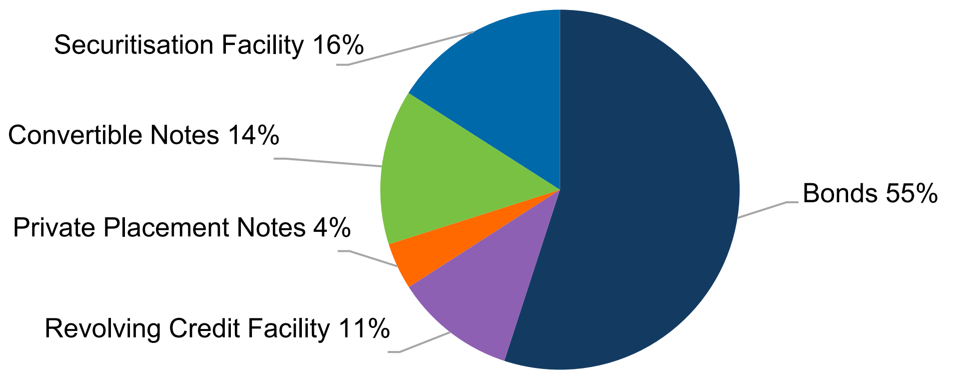


1) Q2 2019 ERC of $7,350M as reported did not include $83M of ERC related to Encore's real estate-owned (REO) business.

We further strengthened our diversified funding structure in Q2

Debt Maturity Profile at June 30, 2021 (in $M)





As of June 30, 2021, available capacity under Encore's global senior facility was $720M, not including non-client cash and cash equivalents of $175M

We refinanced the last of our legacy Cabot bonds with new £250M senior secured notes at 325 bps lower coupon while also extending the maturity from 2023 to 2028

Note: At 06/30/2021, LTV Ratio (loan-to-value) = 37.2% (72.5% covenant), FCCR (Fixed Charge Coverage Ratio) = 9.2x (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

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 / (Adjusted EBITDA + collections applied to principal balance)

Appendix

Key Financial Measures by Year

	2018	2019	2020
Collections	$1.97B	$2.03B	$2.11B
Revenues	$1.36B	$1.40B	$1.50B
Portfolio Purchases	$1.13B	$1.00B	$0.66B
ERC[1]	$7.22B	$7.83B	$8.53B
GAAP Net Income[2]	$116M	$168M	$212M
GAAP EPS	$4.06	$5.33	$6.68
Pre-Tax ROIC[3]	10.1%	10.8%	12.5%
GAAP ROAE[4]	16.6%	18.2%	18.9%
Leverage Ratio[5]	2.8x	2.7x	2.4x

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

Key Financial Measures by Quarter

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Collections	$508M	$540M	$537M	$606M	$612M
Revenues	$426M	$404M	$383M	$417M	$428M
Portfolio Purchases	$148M	$170M	$128M	$170M	$143M
ERC[1]	$8.38B	$8.46B	$8.53B	$8.31B	$8.11B
GAAP Net Income[2]	$130M	$55M	$37M	$95M	$97M
GAAP EPS	$4.13	$1.72	$1.17	$2.97	$3.07
LTM Pre-tax ROIC[3]	11.9%	12.7%	12.5%	15.8%	15.0%
LTM GAAP ROAE[4]	20.8%	21.3%	18.9%	29.1%	23.7%
Leverage Ratio[5]	2.4x	2.4x	2.4x	2.1x	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 / (Adjusted EBITDA + collections applied to principal balance).

Leverage Ratios

	at 03/31/21	at 06/30/21
Debt / Equity	2.5x	2.2x
Net Debt / (LTM Adjusted EBITDA + LTM Collections applied to principal balance)[1]	2.1x	1.9x

	at 03/31/20	at 06/30/20	at 09/30/20	at 12/31/20
Debt / Equity	3.8x	3.2x	2.9x	2.7x
Net Debt / (LTM Adjusted EBITDA + LTM Collections applied to principal balance)[1]	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	4.1x	3.9x	3.7x	3.4x
Net Debt / (LTM Adjusted EBITDA + LTM Collections applied to principal balance)[1]	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	5.9x	5.7x	4.6x	4.3x
Net Debt / (LTM Adjusted EBITDA + LTM Collections applied to principal balance)[1]	3.2x	3.0x	2.9x	2.8x

1) See appendix for reconciliation of Adjusted EBITDA to GAAP net income and for reconciliation of Net Debt to GAAP Borrowings.

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 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) 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. 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

	12/31/2018	12/31/2019	12/31/2020
GAAP net income, as reported	**$ 109,736**	**$ 168,909**	**$ 212,524**
Interest expense	237,355	217,771	209,356
Loss on extinguishment of debt	2,693	8,989	40,951
Interest income	(3,345)	(3,693)	(2,397)
Provision for income taxes	46,752	32,333	70,374
Depreciation and amortization	41,228	41,029	42,780
CFPB settlement fees[1]	---	---	15,009
Stock-based compensation expense	12,980	12,557	16,560
Acquisition, integration and restructuring related expenses[2]	7,523	7,049	4,962
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 derivative in connection with Cabot Transaction[5]	9,315	---	---
Expenses related to withdrawn Cabot IPO[6]	2,984	---	---
Adjusted EBITDA	**$ 461,557**	**$ 505,851**	**$ 610,119**
Collections applied to principal balance[7]	$ 759,014	$ 765,748	$ 740,350

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 the sum of (b) revenue from receivable portfolios and (c) changes in expected recoveries. 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

	09/30/19	12/31/19	03/31/20	06/30/20	09/30/20	12/31/20	03/31/21	06/30/21
GAAP net income (loss), as reported	**$ 39,413**	**$ 43,232**	**$ (10,579)**	**$ 130,784**	**$ 55,107**	**$ 37,212**	**$ 94,765**	**$ 96,787**
Interest expense	54,365	53,515	54,662	50,327	52,974	51,393	46,526	44,159
Loss on extinguishment of debt	-	-	-	-	14,988	25,963	-	9,300
Interest income	(590)	(843)	(1,000)	(559)	(394)	(444)	(474)	(426)
Provision for income taxes	3,021	13,886	4,558	35,570	19,747	10,499	26,968	24,607
Depreciation and amortization	10,000	11,293	10,285	10,542	10,609	11,344	11,512	12,046
Stock-based compensation expense	4,005	3,145	4,527	4,778	3,884	3,371	3,405	5,651
Acquisition, integration and restructuring related expenses[1]	3,819	704	187	4,776	(23)	22	-	-
Loss on Baycorp Transaction[2]	12,489	-	-	-	-	-	-	-
Goodwill impairment[2]	10,718	-	-	-	-	-	-	-
Settlement fees and related administrative expenses[3]	-	-	-	-	15,009	-	-	-
Net gain on fair value adjustments to contingent consideration[4]	(101)	-	-	-	-	-	-	-
Adjusted EBITDA	**$ 137,139**	**$ 124,932**	**$ 62,640**	**$ 236,218**	**$ 171,901**	**$ 139,360**	**$ 182,702**	**$ 192,124**
Collections applied to principal balance[5]	$ 174,663	$ 189,434	$ 268,575	$ 106,921	$ 172,406	$ 192,448	$ 229,510	$ 224,074

1) 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.
2) The Baycorp Transaction resulted in a goodwill impairment charge of $10.7 million and a loss on sale of $12.5 million during the three and nine months ended September 30, 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.
3) Amount represents a charge resulting from the Stipulated Judgment with the CFPB. We have adjusted for these amounts because we believe they are not indicative of ongoing operations; therefore, adjusting for them enhances comparability to prior periods, anticipated future periods, and our competitors' results.
4) Amount represents the 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) (1) 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 the sum of (b) revenue from receivable portfolios and (c) changes in expected recoveries. 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.

Calculation of ROIC
Reconciliation of Adjusted Income from Operations

(in $ thousands) Last Twelve Months Ended

	LTM 12/31/2018	LTM 12/31/2019	LTM 12/31/2020
Numerator			
GAAP Income from operations	**$ 405,300**	**$ 446,345**	**$ 533,562**
Adjustments:[1]			
CFPB settlement fees[2]	---	---	15,009
Acquisition, integration and restructuring related expenses[3]	9,041	7,049	154
Amortization of certain acquired intangible assets[4]	8,337	7,017	7,010
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
Denominator			
Average net debt	$ 3,388,336	$ 3,429,624	$ 3,311,835
Average equity	695,811	922,547	1,122,741
Average redeemable noncontrolling interest	75,989	---	---
Total invested capital	$ 4,160,136	$ 4,352,171	$ 4,434,576
LTM Pre-tax ROIC	**10.1%**	**10.8%**	**12.5%**

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.
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

(in $ thousands) Last Twelve Months Ended

	LTM 06/30/2020	LTM 09/30/2020	LTM 12/31/2020	LTM 03/31/2021	LTM 06/30/2021
Numerator					
GAAP Income from operations	**$ 488,449**	**$ 522,559**	**$ 533,562**	**$ 654,675**	**$ 609,269**
Adjustments:[1]					
CFPB settlement fees[2]	---	15,009	15,009	15,009	15,009
Acquisition, integration and restructuring related expenses[3]	4,678	836	154	(33)	(1)
Amortization of certain acquired intangible assets[4]	6,737	6,866	7,010	7,232	7,326
Goodwill impairment[5]	10,718	---	---	---	---
Net gain on fair value adjustments to contingent considerations[6]	(101)	---	---	---	---
Adjusted income from operations	$ 510,481	$ 545,270	$ 555,735	$ 676,883	$ 631,603
Denominator					
Average net debt	$ 3,301,314	$3,274,693	$ 3,311,835	$ 3,181,033	$ 3,016,599
Average equity	972,672	1,025,626	1,122,741	1,092,298	1,198,369
Total invested capital	$ 4,273,986	$ 4,300,319	$ 4,434,576	$ 4,273,331	$ 4,214,968
LTM Pre-tax ROIC	**11.9%**	**12.7%**	**12.5%**	**15.8%**	**15.0%**

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.

Reconciliation of Adjusted Income from Operations

(in $ thousands) Three Months Ended

	09/30/2019	12/31/2019	03/31/2020	06/30/2020	09/30/2020	12/31/2020	03/31/2021	06/30/2021
Numerator								
GAAP Income from operations	**$ 108,345**	**$ 113,210**	**$47,202**	**$ 219,692**	**$ 142,455**	**$ 124,213**	**$ 168,314**	**$ 174,287**
Adjustments:[1]								
CFPB settlement fees[2]	---	---	---	---	15,009	---	---	---
Acquisition, integration and restructuring related expenses[3]	3,819	704	187	(32)	(23)	22	---	---
Amortization of certain acquired intangible assets[4]	1,644	1,659	1,643	1,791	1,773	1,803	1,865	1,885
Goodwill impairment[5]	10,718	---	---	---	---	---	---	---
Net gain on fair value adjustments to contingent considerations[6]	(101)	---	---	---	---	---	---	---
Adjusted income from operations	$ 124,425	$ 115,573	$ 49,032	$ 221,451	$ 159,214	$ 126,038	$ 170,179	$ 176,172
LTM Adjusted income from operations	$ 464,837	$ 468,829	$ 403,718	$ 510,481	$545,270	$ 555,735	$ 676,883	$ 631,603

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 quarter ended September 30, 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.

Reconciliation of Net Debt

(in $ millions) Three Months Ended

	03/31/21	06/30/21
GAAP Borrowings, as reported	**$ 3,152**	**$ 2,999**
Debt issuance costs and debt discounts	68	64
Cash & cash equivalents	(185)	(199)
Client cash[1]	23	24
Net Debt	**$ 3,058**	**$ 2,889**

	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

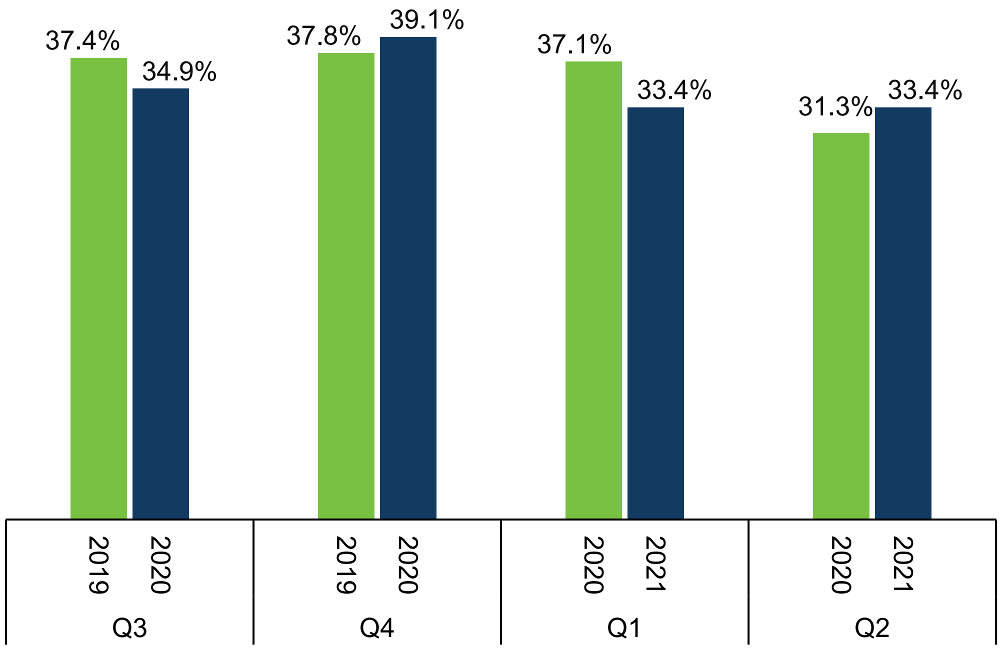
(Unaudited, in $ thousands) Three Months Ended

	09/30/19	12/31/19	03/31/20	06/30/20	09/30/20	12/31/20	03/31/21	03/31/21
GAAP total operating expenses, as reported	**$ 247,591**	**$ 234,584**	**$ 241,879**	**$ 206,341**	**$ 261,221**	**$ 258,397**	**$ 248,523**	**$ 253,448**
Operating expenses related to non-portfolio purchasing and recovery business[1]	(42,503)	(42,373)	(41,489)	(42,386)	(54,001)	(45,054)	(42,653)	(43,267)
CFPB settlement fees[2]	---	---	---	---	(15,009)	---	---	---
Stock-based compensation expense	(4,005)	(3,145)	(4,527)	(4,778)	(3,884)	(3,371)	(3,405)	(5,651)
Gain on fair value adjustments to contingent considerations[3]	101	---	---	---	---	---	---	---
Goodwill impairment[4]	(10,718)	---	---	---	---	---	---	---
Acquisition, integration and restructuring related expenses[5]	(3,819)	(704)	(187)	32	23	(22)	---	---
Adjusted operating expenses related to portfolio purchasing and recovery business	**$ 186,647**	**$ 188,362**	**$ 195,676**	**$ 159,209**	**$ 188,350**	**$ 209,950**	**$ 202,465**	**$ 204,530**

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 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.
4) The sale of Baycorp resulted in a goodwill impairment charge of $10.7 million that is included in operating expenses during the quarter ended September 30, 2019. We believe the goodwill impairment charge is not indicative of ongoing operations, therefore, adjusting for the expense enhances comparability to prior periods, anticipated future periods, and our competitors' results.
5) 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.

Beginning in Q1 2020, Cost-to-Collect includes 100% of court costs, bringing Encore into alignment with the industry

Overall Cost-to-Collect[1]



Location	Q2 2020 CTC	Q2 2021 CTC
United States	32.0%	33.7%
Europe	27.7%	31.6%
Other	59.7%	57.1%
Encore total	31.3%	33.4%

1) Cost-to-Collect = Adjusted operating expenses / collections. See appendix for reconciliation of Adjusted operating expenses to GAAP.

Impact of Fluctuations in Foreign Currency Exchange Rates

(Unaudited, in $ millions, except per share amounts)

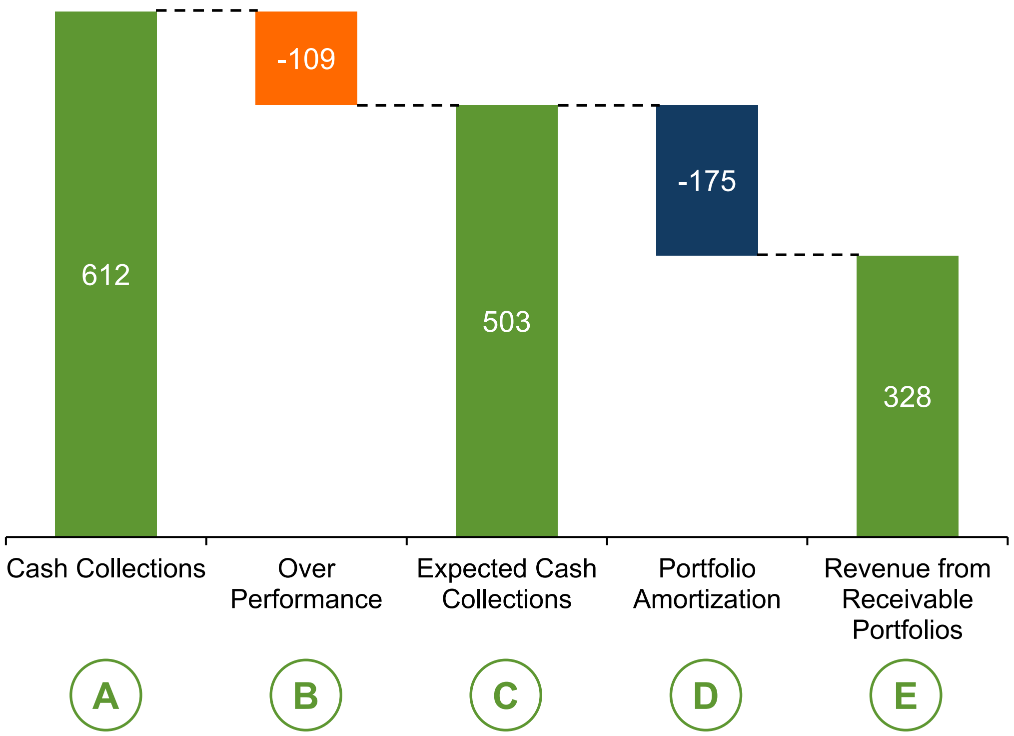
Three Months Ended 06/30/21	As Reported	Constant Currency
Collections	$612	$593
Revenues	$428	$413
ERC[2]	$8,112	$7,704
Operating Expenses	$253	$243
GAAP Net Income[1]	$97	$93
GAAP EPS[1]	$3.07	$2.95
Debt[2]	$2,999	$2,810

1. Attributable to Encore
2. At June 30, 2021

Note: Constant Currency figures are calculated by employing Q2 2020 foreign currency exchange rates to recalculate Q2 2021 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 Collections and Revenue Reconciliation

Q2 2021 Collections and Revenue Reconciliation (in $M)



A $612M **Cash Collections** from debt purchasing business in Q2

B $109M **Over Performance**, cash collections in excess of Expected Cash Collections for Q2

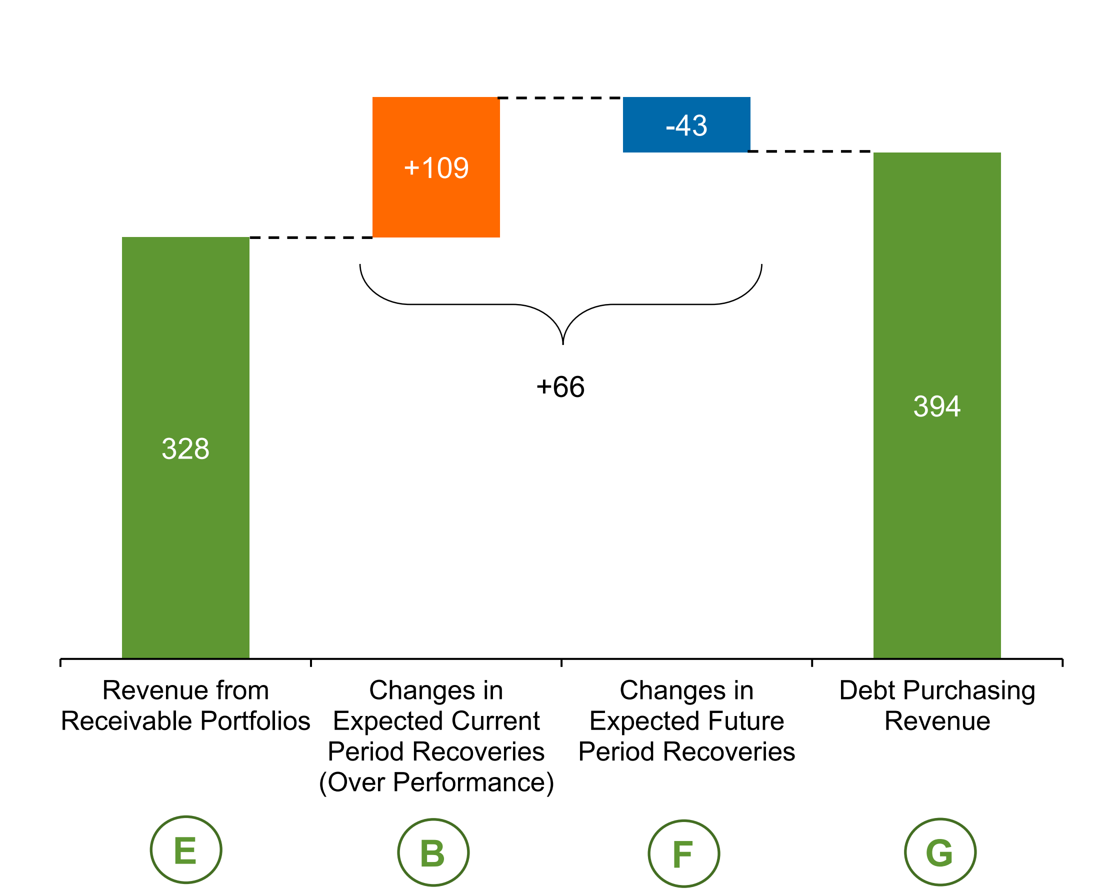
C $503M **Expected Cash Collections**, equal to the sum of Q1 ERC plus expected collections from portfolios purchased in Q2

D $175M **Portfolio Amortization**

E $328M **Revenue from Receivable Portfolios** (further detailed on the next slide)

Components of Debt Purchasing Revenue

Q2 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.

B **Changes in Expected Current Period Recoveries** 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".

F **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)

G **Debt Purchasing Revenue** is the sum of **E** + **B** + **F**

Debt Purchasing Revenue in the Financial Statements

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Revenues		
Revenue from receivable portfolios	$ 328,150	$ 335,287
Changes in expected current and future recoveries	66,178	66,007
Servicing revenue	32,064	23,950
Other revenues	1,343	789
Total revenues	427,735	426,033

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