

Fourth Quarter 2022 Investor Presentation

Encore Capital Group, Inc.

February 22, 2023

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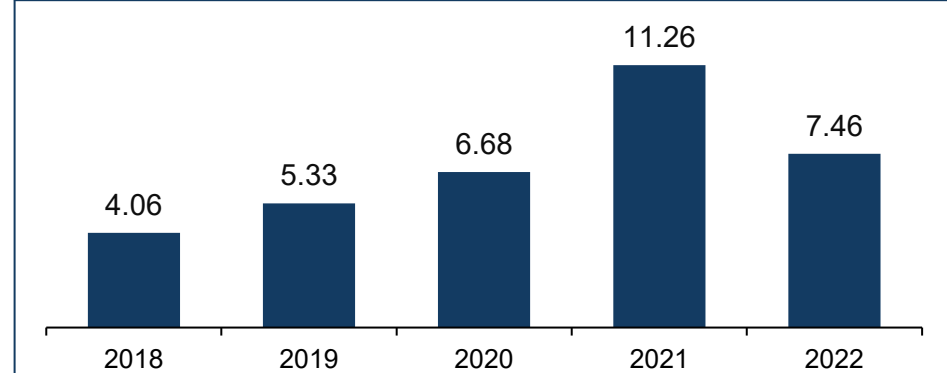
Today's Call

- 2022 – A Strong Year
- Our Business and Our Strategy
- Financial Results
- Priorities and Outlook for 2023

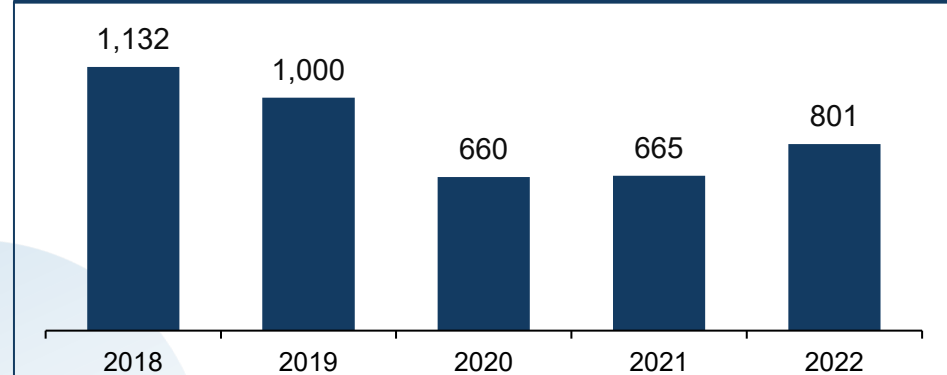
2022 – A Strong Year

- Strong operational performance drove 2022 earnings per share that was second only to an extraordinary 2021
 - Collections reverting to pre-pandemic levels
- Q4 results impacted by 1.5% reduction to ERC forecast and certain one-time tax items
- Portfolio purchases of \$801M increased 20% compared to prior year
 - Entering growth portion of supply cycle in the U.S.
- Estimated Remaining Collections (ERC) of \$7.6B as reported, grew 2% in constant currency
- Returned \$87M of capital to shareholders through share repurchases
- Disciplined execution of our strategy has led to our strong current position
 - Balance sheet well-positioned for anticipated growth in portfolio purchasing opportunities in the U.S. market

GAAP Earnings Per Share¹ (in \$)



Portfolio Purchases (in \$M)



1) Diluted earnings per share attributable to Encore stockholders.

Our Business and Our Strategy

Our Business

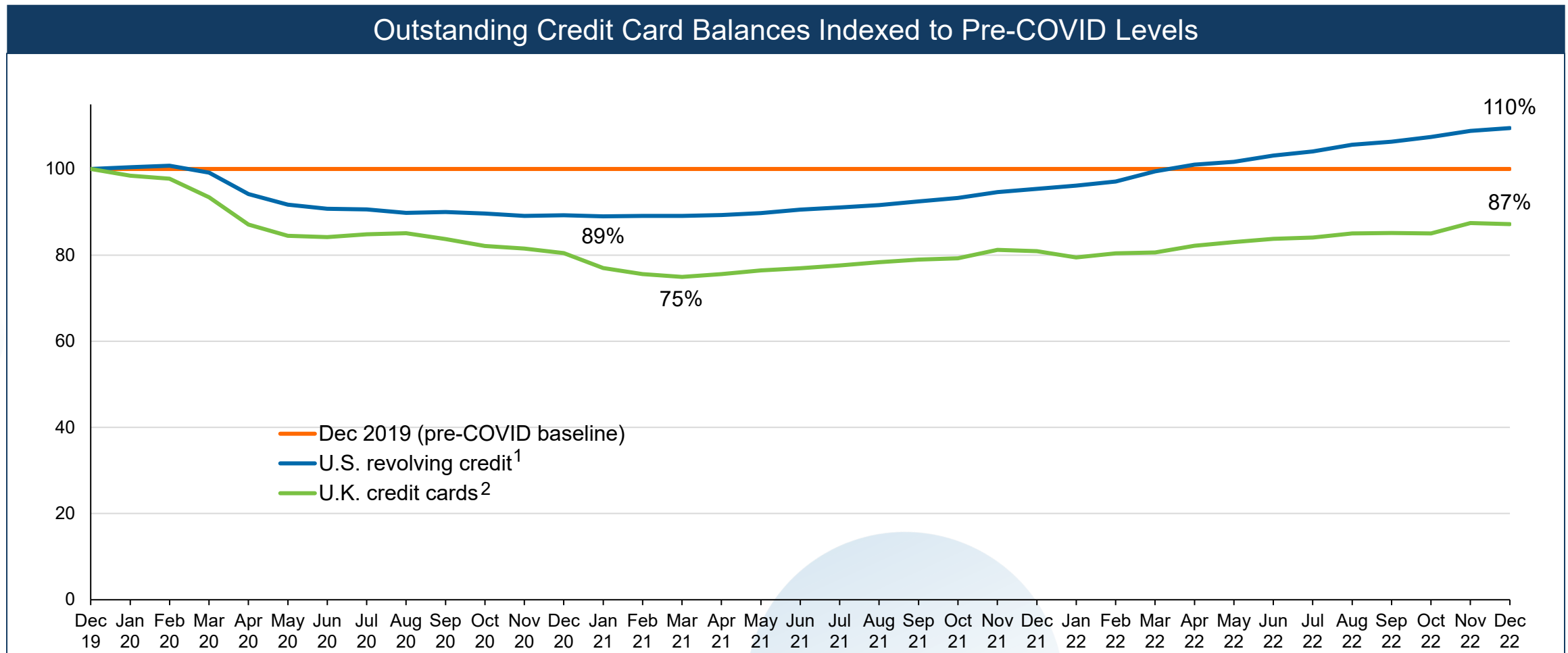
- Purchase NPL portfolios at attractive cash returns
- Focus on the consumer and ensure the highest level of compliance
- Meet or exceed collection expectations
- Maintain efficient cost structure
- Minimize cost of funding



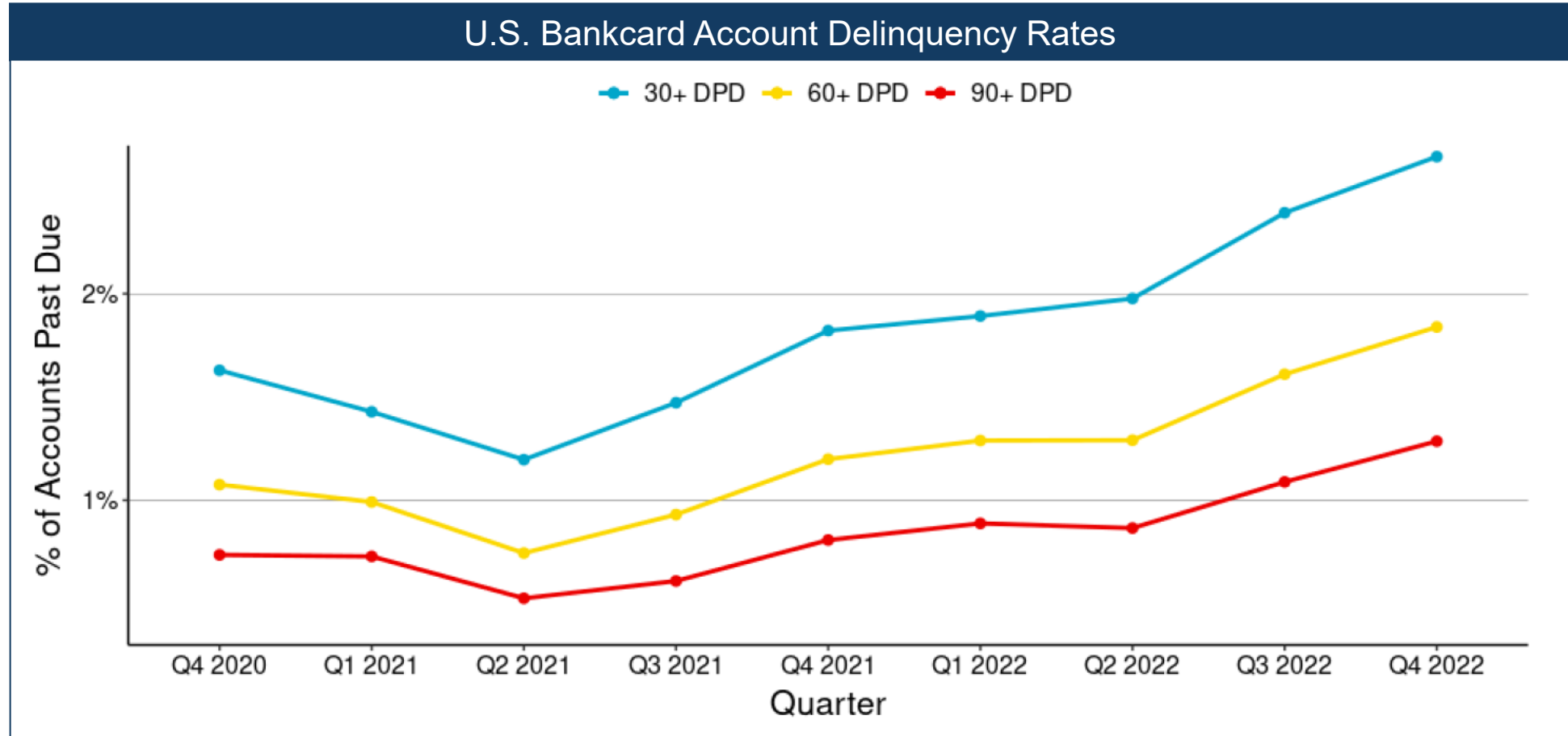
Our Strategy

- Market Focus
- Competitive Advantage
- Balance Sheet Strength

Credit card lending continues to grow; well above pre-pandemic levels in the U.S. while the U.K. recovery is slower

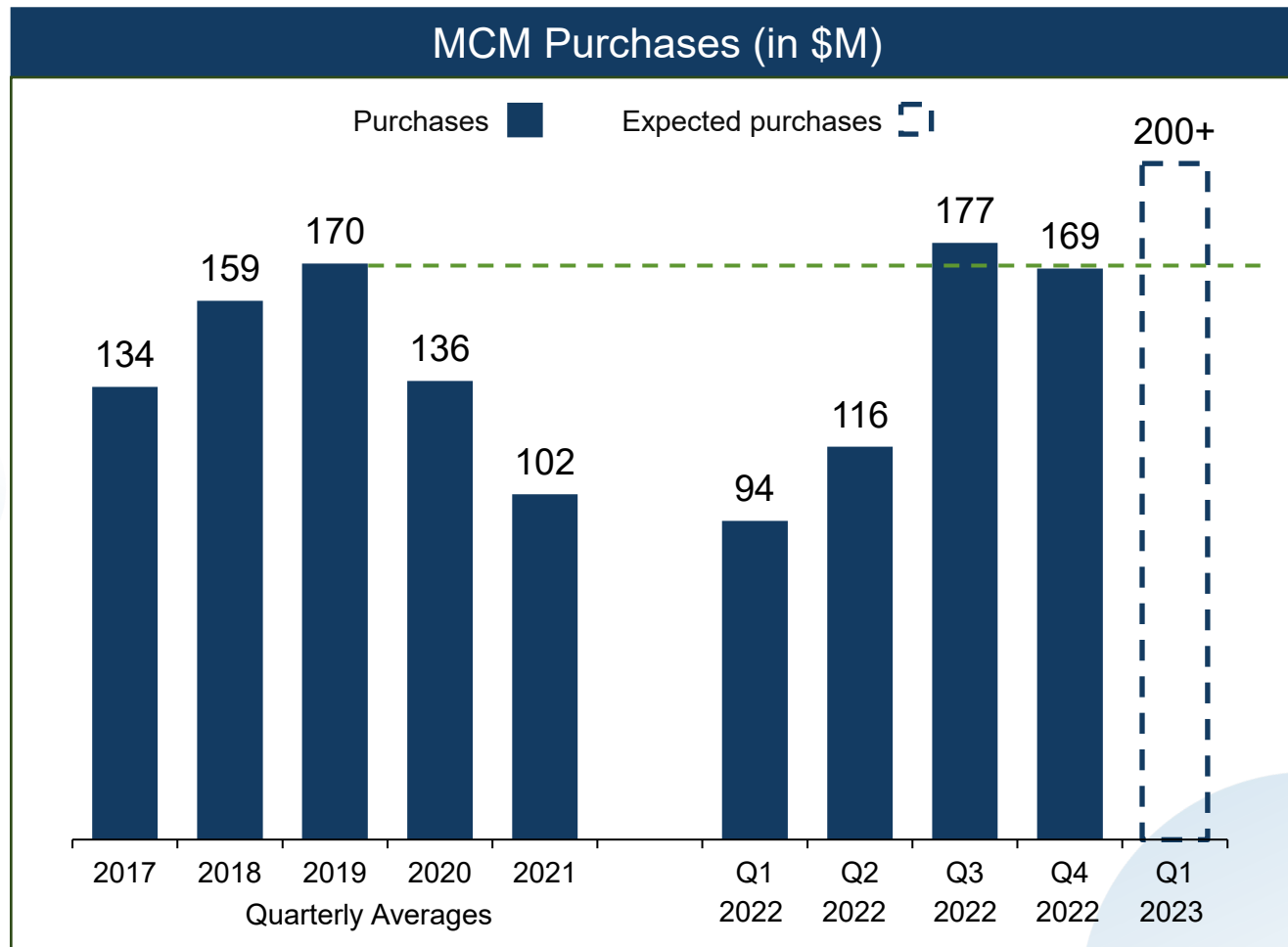


The rise in consumer credit card delinquency rates in the U.S. is becoming more evident



Source: TransUnion: *TU Credit Industry Insights Report – Q4 2022*
“DPD” = Days past due

With U.S. market supply rising, MCM deployments have returned to pre-pandemic levels and returns are growing again



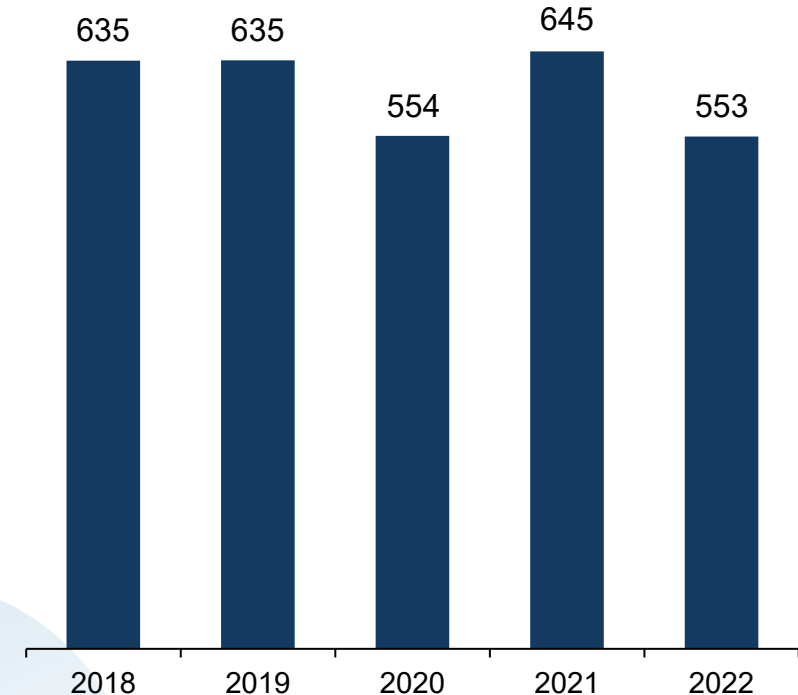
- Market supply in the U.S. is growing
 - lending well above pre-pandemic levels
 - charge-off rates steadily rising
- Q1 2023 portfolio purchases in the U.S. expected to be over \$200M at attractive returns with robust full-year pipeline
- MCM collections of \$1.35B in 2022 were back to a pre-pandemic level
 - despite 2.5 years of lower portfolio purchasing
 - consumer behaviors continue to normalize
- MCM well-positioned with capacity to collect larger volumes at strong returns

Cabot's performance in 2022 was impacted by fewer opportunities to purchase portfolios at attractive returns

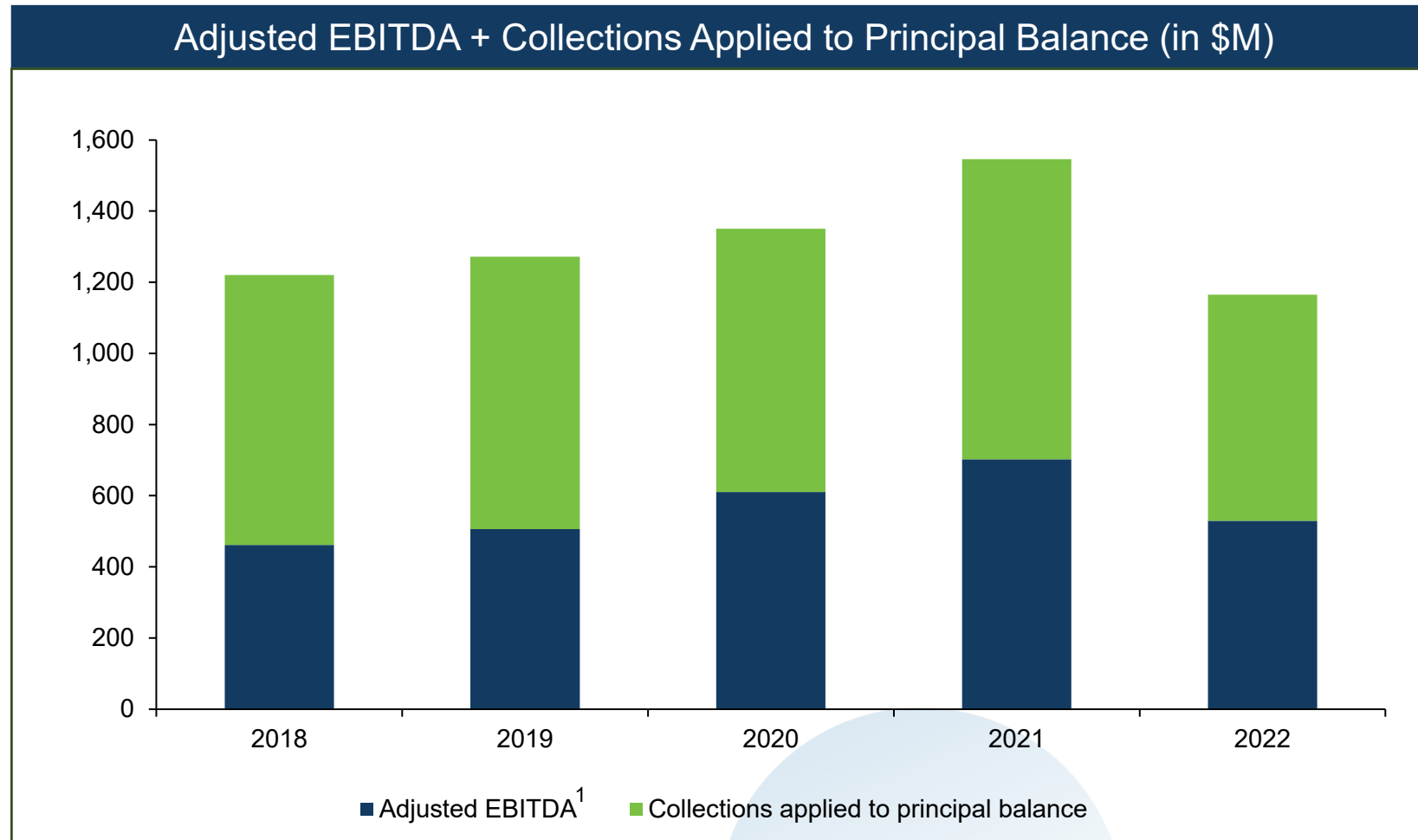
Cabot (Europe) Business

- Cabot collections of \$553M in 2022 declined 14% compared to 2021 as reported, and declined 5% in constant currency, primarily due to lower portfolio purchasing in recent years
- Portfolio purchases of \$245M in 2022 decreased 4% compared to 2021. European market remains competitive, pricing not yet reflecting increase in funding costs
- U.K. labor market showing signs of stabilizing while inflation in 2022 reached 10%, putting pressure on wages and other costs
- Taking preemptive action to manage cost base, including headcount reduction in support functions, that we expect will lead to an approximate \$4M pre-tax charge in Q1 2023

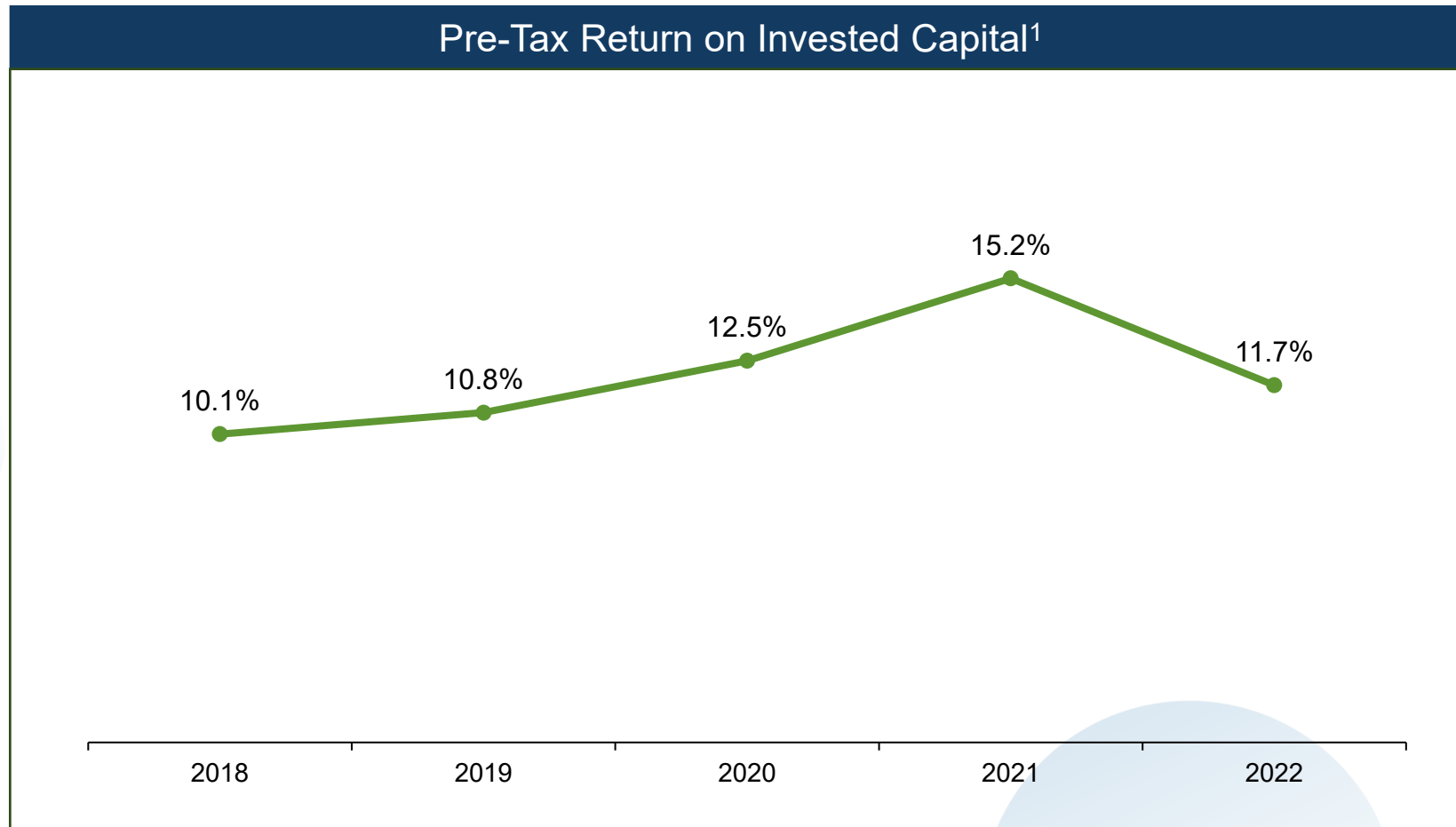
Cabot Collections (in \$M)



Continued significant cash generation despite lower portfolio purchases during the pandemic and lower recent collections



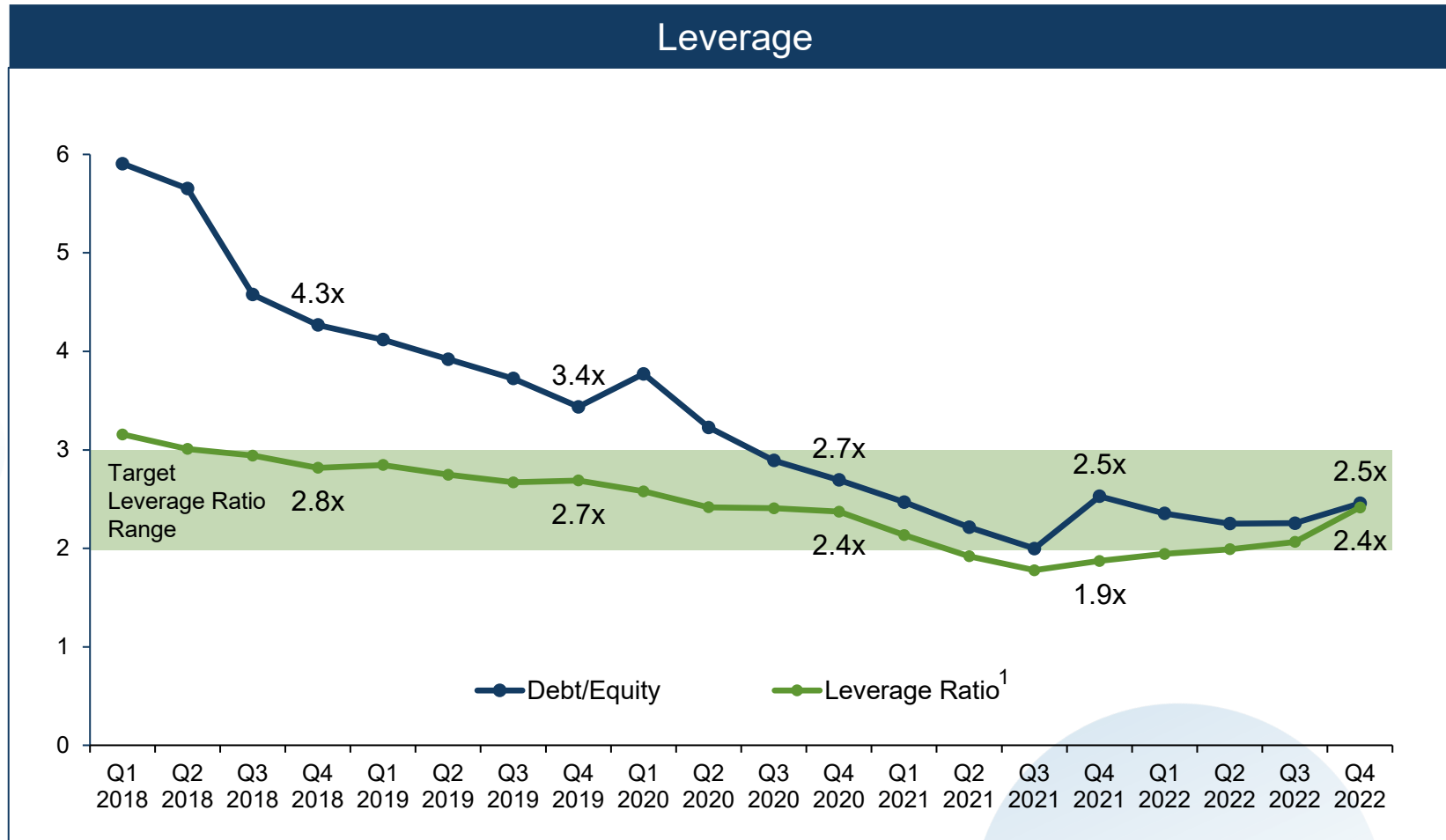
Continue to deliver strong returns



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

ROIC takes into account both the performance of our collections operation and our ability to price risk appropriately when investing our capital

Leverage below the midpoint of our target range



- Leverage increase in Q4 was impacted by foreign currency effects
- Underlying rise in leverage in 2022 was more gradual and resulted from normalizing collections and increased portfolio purchasing
- Expect to end 2023 with leverage near the midpoint of 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.



Detailed Financial Discussion

Key Financial Measures by Year

	2022	2021	2022 vs. 2021
Collections	\$1.91B	\$2.31B	-17%
Revenues	\$1.40B	\$1.61B	-13%
Portfolio Purchases	\$801M	\$665M	+20%
ERC ¹	\$7.56B	\$7.75B	-3%
Operating Expenses	\$936M	\$981M	-5%
Effective tax rate ²	37.4%	19.5%	+1790bps
GAAP Net Income ³	\$195M	\$351M	-45%
GAAP EPS	\$7.46	\$11.26	-34%

- Full-year EPS of \$7.46 is the second-highest in Encore history
- Portfolio purchases of \$801M were up 20%, reflecting the transition to the growth phase of the U.S. consumer credit cycle
- Higher purchases contributed to ERC of \$7.56B as reported, which grew 2% in constant currency
- Effective tax rate of 37.4% was higher than normal and largely reflects certain one-time tax items in Q4

1) 180-month Estimated Remaining Collections

2) The effective tax rate in 2021 was lower than normal as a result of certain favorable tax benefits related to foreign subsidiaries in 2021.

3) Attributable to Encore

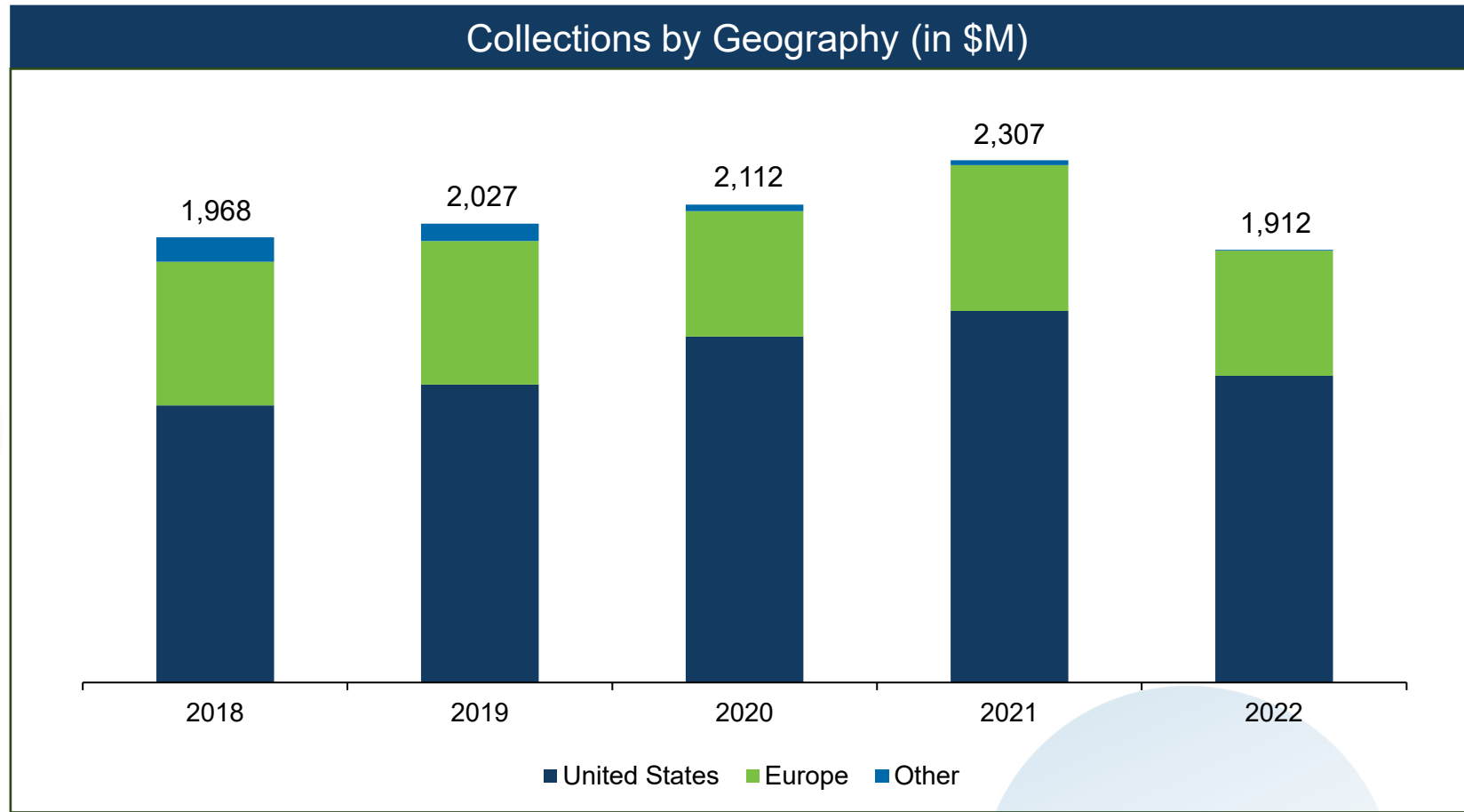
Q4 2022 Key Financial Measures

	Q4 2022	Q4 2021	Q4 2022 vs. Q4 2021
Collections	\$436M	\$522M	-16%
Revenues	\$234M	\$357M	-35%
Portfolio Purchases	\$225M	\$183M	+23%
Operating Expenses	\$236M	\$233M	+1%
Effective Tax Rate ¹	-59.3%	10.6%	N/A
GAAP Net Income ²	-\$73M	\$76M	-196%
GAAP EPS	-\$3.11	\$2.53	-223%

- Q4 Revenues negatively impacted:
 - \$22M of recoveries below forecast (5% of Q4 collections) which reduced Q4 EPS by \$0.73
 - \$64M of changes in expected future recoveries (1.5% change to ERC) which reduced Q4 EPS by \$2.20
- Incurred \$28M of one-time tax items which impacted tax rate and reduced Q4 EPS by \$1.21

1) The effective tax rate in Q4 2021 was lower than normal as a result of a favorable tax benefit related to the release of valuation allowances in certain foreign subsidiaries in the year ago quarter.
 2) Attributable to Encore

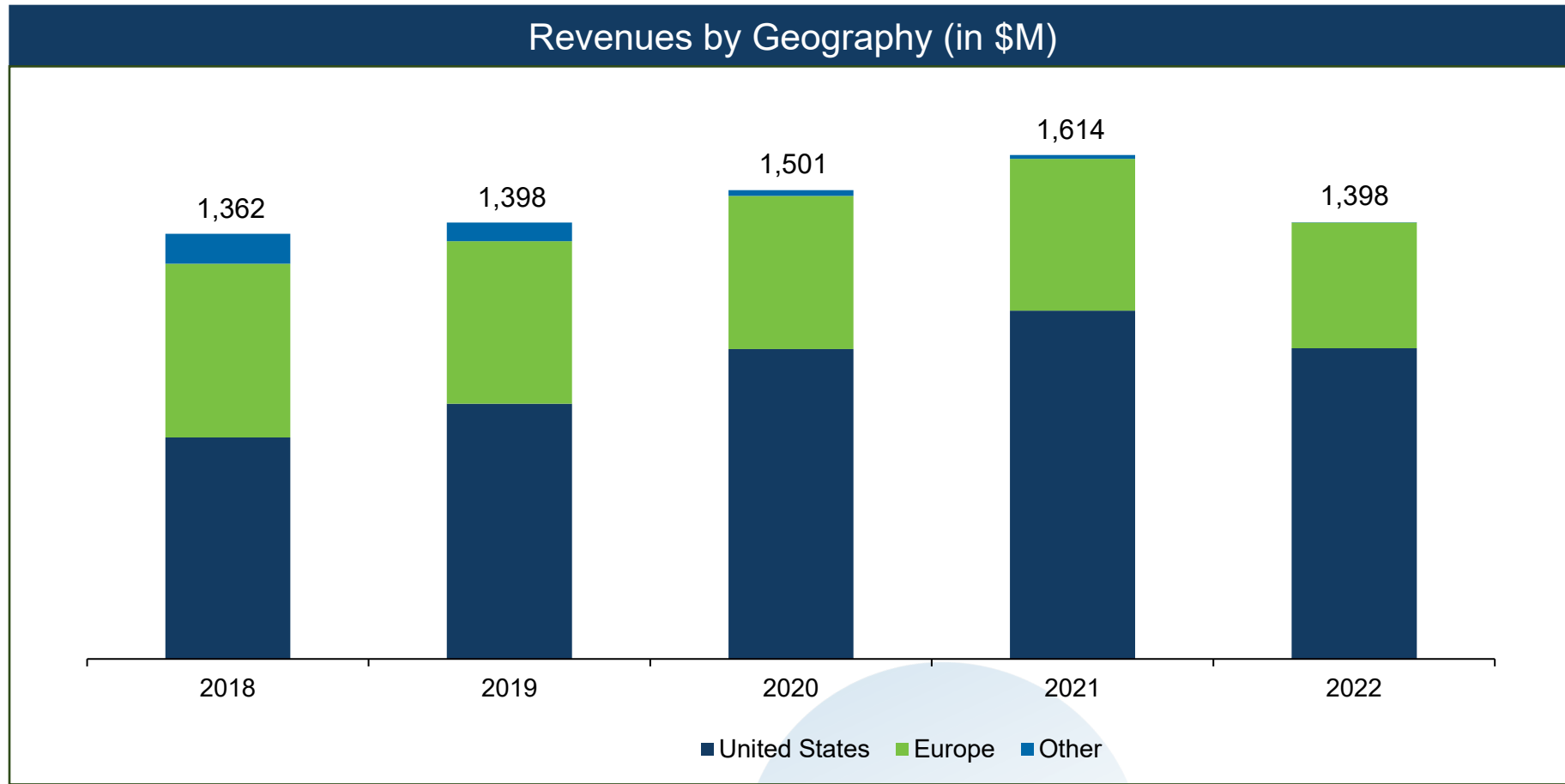
2022 global collections declined 17% as reported, and 14% in constant currency, as reversion to pre-pandemic level continues



- 2022 collections on a comparative basis impacted by lower portfolio purchases in recent quarters as well as normalizing consumer behavior in the U.S.
- 2021 collections were exceptional in the U.S. as a result of strong execution in a favorable collections environment

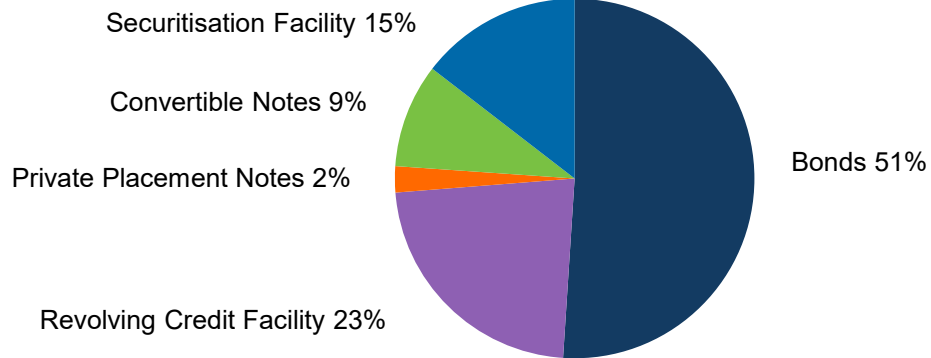
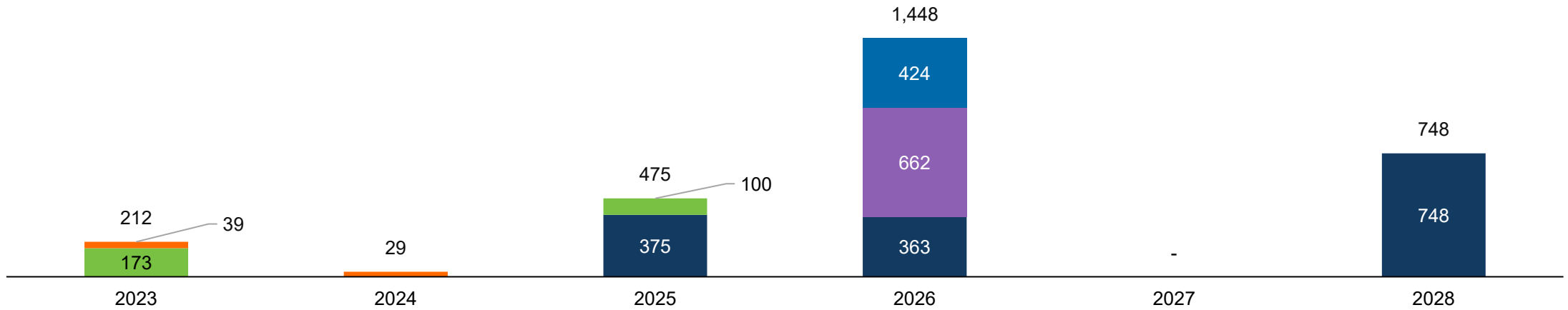
Note: Global collections in 2022 were 103% (105% in constant currency), U.S. collections were 112% and Europe collections were 87% (94% in constant currency) of the Dec 31, 2021 portfolio ERC forecast for the period, respectively, for portfolios purchased prior to Dec 31, 2021.

2022 revenues declined 13% compared to 2021, reverting to pre-pandemic levels



Our funding structure is well diversified

Debt Maturity Profile at December 31, 2022 (in \$M)



As of December 31, 2022, available capacity under Encore's global senior facility was \$478M, not including non-client cash and cash equivalents of \$126M

Our Financial Priorities

Balance Sheet Objectives

- Preserve financial flexibility
- Target leverage¹ 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

Well-positioned to capitalize on opportunities ahead

Encore's Strong Position

- Strong global balance sheet with low leverage and ample liquidity
- Solid cash generation
- Disciplined purchasing history with back book of strong returns

Looking Ahead

- 2023 already indicating to be a strong year for portfolio purchasing, driven by growth in the U.S.
- Expect to end 2023 with leverage near the mid-point of our target range

Appendix

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)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
GAAP net income (loss), as reported	\$ 94,765	\$ 96,787	\$ 83,566	\$ 76,083	\$ 175,749	\$ 60,439	\$ 31,494	\$ (73,118)
Interest expense	46,526	44,159	40,874	38,088	34,633	37,054	39,308	42,313
Loss on extinguishment of debt	-	9,300	-	-	-	-	-	-
Interest income	(474)	(426)	(270)	(568)	(437)	(588)	(749)	-
Provision for income taxes	26,968	24,607	24,703	9,061	55,024	23,250	10,920	27,231
Depreciation and amortization	11,512	12,046	14,136	12,385	11,829	11,646	11,659	15,360
Stock-based compensation expense	3,405	5,651	3,847	5,427	3,921	5,119	3,191	3,171
Acquisition, integration and restructuring related expenses ¹	-	-	17,950	2,609	679	487	13	34
Adjusted EBITDA	\$ 182,702	\$ 192,124	\$ 184,806	\$ 143,085	\$ 281,398	\$ 137,407	\$ 95,836	\$ 14,991
Collections applied to principal balance ²	\$ 229,510	\$ 224,074	\$ 188,181	\$ 201,322	\$ 53,567	\$ 170,112	\$ 179,163	\$ 232,420

- 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. 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) 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				
	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022
Numerator					
GAAP Income from operations	\$ 633,272	\$ 729,971	\$ 674,633	\$ 588,503	\$ 462,174
Adjustments: ¹					
Acquisition, integration and restructuring related expenses ²	5,681	6,360	6,847	4,212	1,213
Expense related to certain acquired intangible assets ³	7,417	7,349	7,110	6,717	10,074
Adjusted income from operations	\$ 646,370	\$ 743,680	\$ 688,590	\$ 599,432	\$ 473,461
Denominator					
Average net debt	\$ 3,049,979	\$ 2,956,452	\$ 2,798,699	\$ 2,666,562	\$ 2,855,219
Average equity	1,202,669	1,262,580	1,292,975	1,295,874	1,182,444
Total average invested capital	\$ 4,252,648	\$ 4,219,032	\$ 4,091,674	\$ 3,962,436	\$ 4,037,663
LTM Adjusted Pre-tax ROIC	15.2%	17.6%	16.8%	15.1%	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.
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Reconciliation of Adjusted Income from Operations

(Unaudited, in \$ thousands)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Numerator								
GAAP Income from operations	\$ 168,314	\$ 174,287	\$ 166,647	\$ 124,023	\$ 265,014	\$ 118,948	\$ 80,517	\$ (2,305)
Adjustments: ¹								
Acquisition, integration and restructuring related expenses ²	---	---	2,648	3,033	679	487	13	34
Amortization of certain acquired intangible assets ³	1,865	1,885	1,856	1,811	1,797	1,646	1,463	5,168
Adjusted income from operations	\$ 170,179	\$ 176,172	\$ 171,151	\$ 128,867	\$ 267,490	\$ 121,081	\$ 81,992	\$ 2,897
LTM Adjusted income from operations	\$ 676,883	\$ 631,603	\$ 643,541	\$ 646,370	\$ 743,680	\$ 688,590	\$ 599,432	\$ 473,461

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

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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Debt / Equity ¹	2.5x	2.2x	2.0x	2.5x	2.4x	2.3x	2.3x	2.5x
Leverage Ratio ²	2.1x	1.9x	1.8x	1.9x	1.9x	2.0x	2.1x	2.4x

- 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

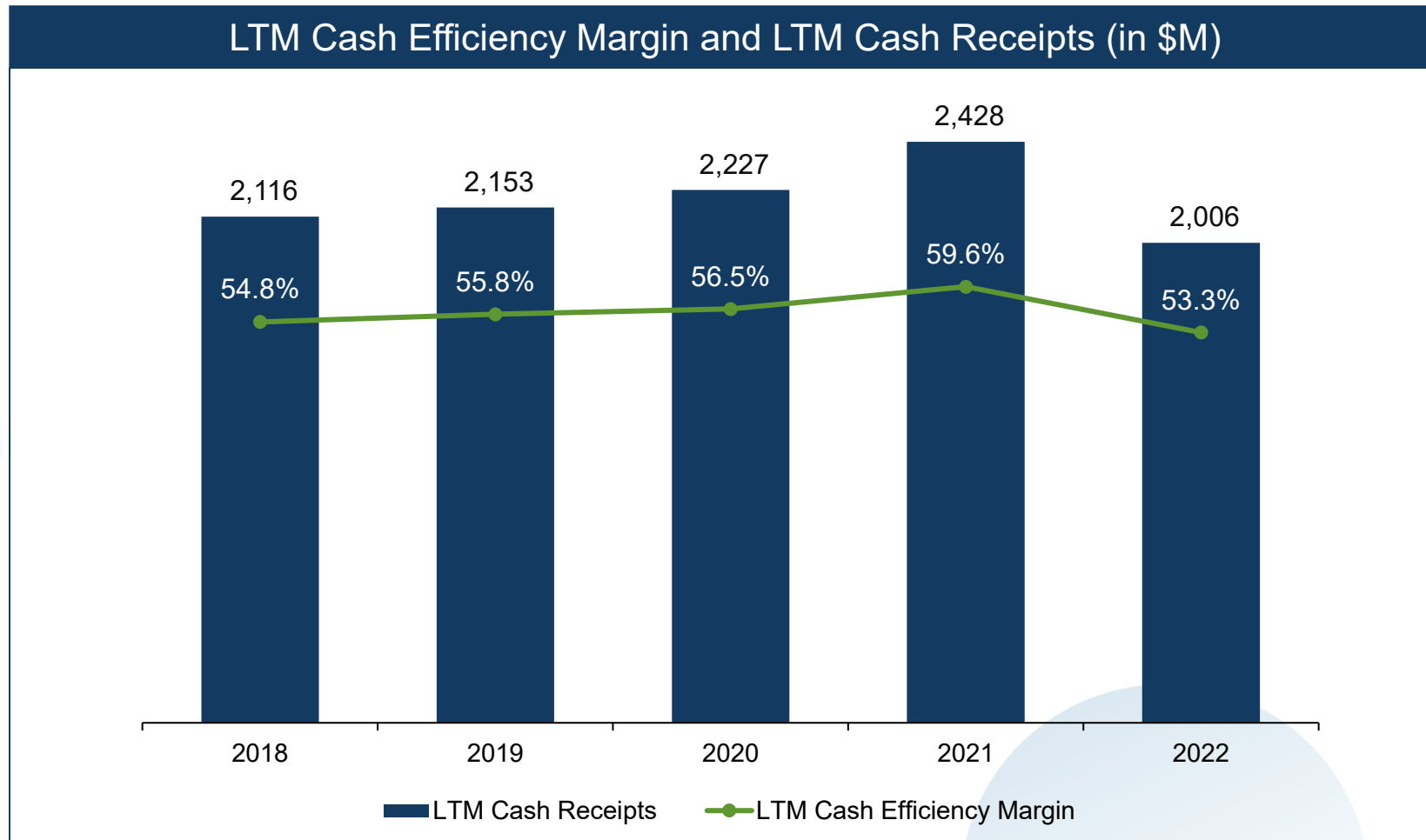
(Unaudited, in \$ millions, except per share amounts)

Three Months Ended 12/31/22	As Reported	Constant Currency
Collections	\$ 436	\$ 456
Revenues	\$ 234	\$ 243
Operating Expenses	\$ 236	\$ 249
GAAP Net Income ¹	\$ (73)	\$ (81)
GAAP EPS ¹	\$ (3.11)	\$ (3.44)

Twelve Months Ended 12/31/22	As Reported	Constant Currency
Collections	\$ 1,912	\$ 1,974
Revenues	\$ 1,398	\$ 1,441
ERC ²	\$ 7,555	\$ 7,919
Operating Expenses	\$ 936	\$ 974
GAAP Net Income ¹	\$ 195	\$ 187
GAAP EPS ¹	\$ 7.46	\$ 7.17
Borrowings ²	\$ 2,899	\$ 3,084

Note: Constant Currency figures are calculated by employing Q4 2021 foreign currency exchange rates to recalculate Q4 2022 results and FY2021 foreign currency exchange rates to recalculate FY2022 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



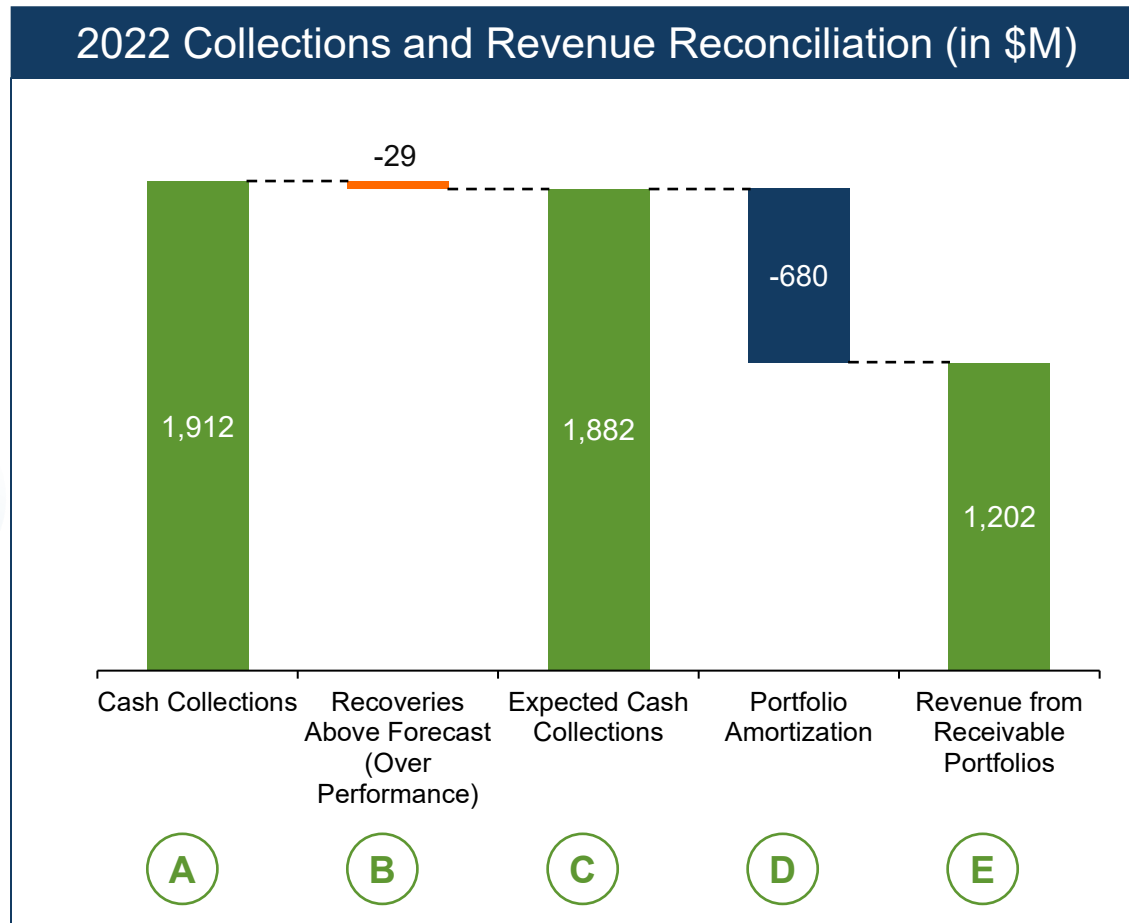
- Cash Efficiency Margin is a comprehensive measure of expense efficiency
- Calculation includes all Encore operating expenses
- $\frac{\text{Cash receipts} - \text{Opex}}{\text{Cash receipts}}$
- We use LTM to match our long-term view of the business

Calculation of Cash Efficiency Margin

(Unaudited, in \$ thousands, except percentages)	2018	2019	2020	2021	2022
Collections	\$ 1,967,620	\$ 2,026,928	\$ 2,111,848	\$ 2,307,359	\$ 1,911,537
Servicing revenue	\$ 148,044	\$ 126,527	\$ 115,118	\$ 120,778	\$ 94,922
Cash receipts (A)	\$ 2,115,664	\$ 2,153,455	\$ 2,226,966	\$ 2,428,137	\$ 2,006,459
Operating expenses (B)	\$ 956,730	\$ 951,336	\$ 967,838	\$ 981,227	\$ 936,173
LTM Cash Efficiency Margin (A-B)/A	54.8%	55.8%	56.5%	59.6%	53.3%

Note: Cash Efficiency Margin defined as $(\text{Cash receipts} - \text{Operating expenses}) \div \text{Cash receipts}$, where Cash receipts = Collections + Servicing revenue

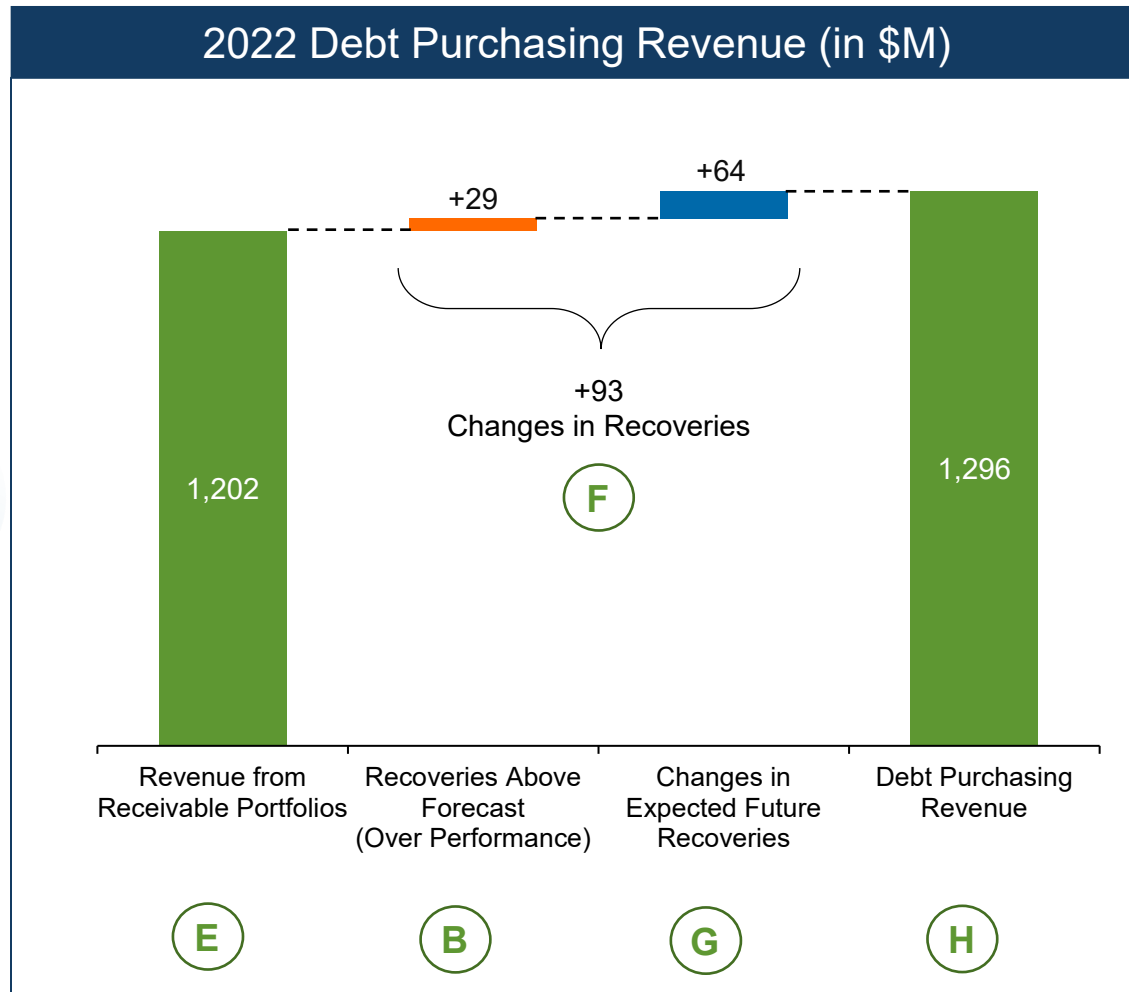
2022 Cash Collections and Revenue Reconciliation



- A** \$1,912M **Cash Collections** from debt purchasing business in 2022
- B** \$29M **Recoveries Above Forecast**, cash collections in excess of Expected Cash Collections for 2022
- C** \$1,882M **Expected Cash Collections**, equal to the sum of 2021 ERC plus expected collections from portfolios purchased in 2022
- D** \$680M **Portfolio Amortization**
- E** \$1,202M **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 ~\$10M for the twelve months ended December 31, 2022.

Components of Debt Purchasing Revenue in 2022



(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-under”.

(G) Changes in Expected Future Recoveries¹ 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

Revenues	Year Ended December 31,		
	2022	2021	2020
Revenue from receivable portfolios	\$ 1,202,361	\$ 1,287,730	\$ 1,374,717
Changes in recoveries	93,145	199,136	7,246
Total debt purchasing revenue	1,295,506	1,486,866	1,381,963