Second Quarter 2023 Investor Presentation

Encore Capital Group, Inc.

August 2, 2023

encore CAPITAL GROUP

Better Solutions. Better Life.®

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Q2 2023 Highlights

- Q2 performance reflected normalized consumer behavior and a stable collections environment in our key markets
- Growth in U.S. portfolio supply continues, leading to MCM portfolio purchases in Q2 matching Q1's record of $213M at strong returns
- Quarterly cash generation[1] grew sequentially
- Earnings comparisons to Q2 2022 are challenging due to the positive impact of collections overperformance and ERC forecast increases in the U.S. in that quarter

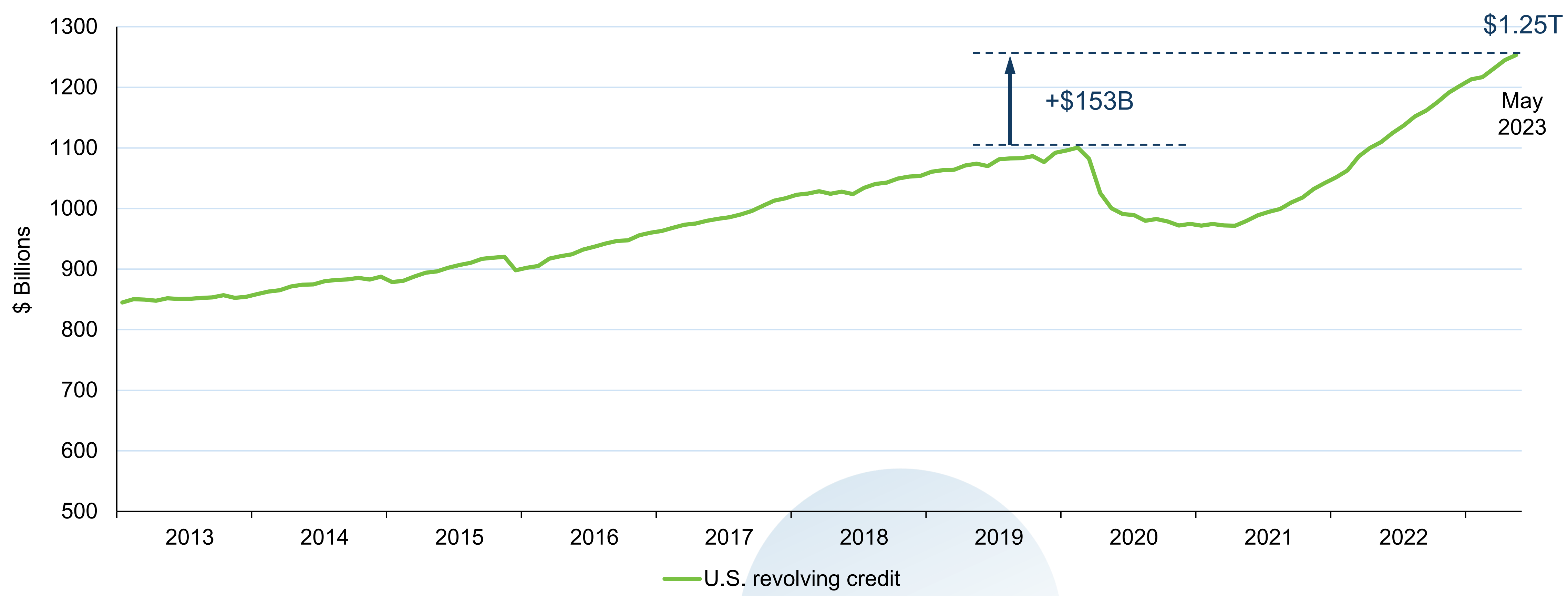
1) Cash generation defined as Adjusted EBITDA + collections applied to principal balance.

Our Business and Our Strategy

Our Business		Our Strategy
○ 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	➔	○ Market Focus ○ Competitive Advantage ○ Balance Sheet Strength

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

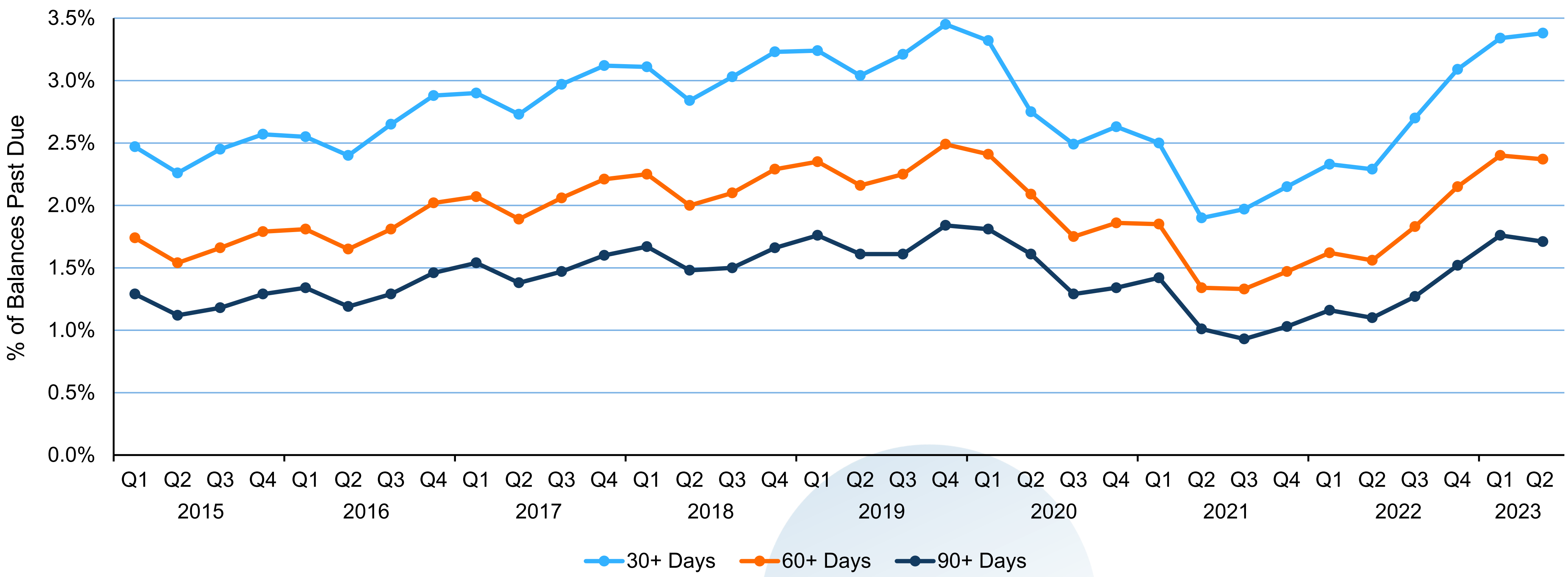
Outstanding U.S. Revolving Credit



Source: U.S. Federal Reserve

U.S consumer credit card delinquency rates continue to grow significantly year-over-year while exhibiting typical seasonal patterns

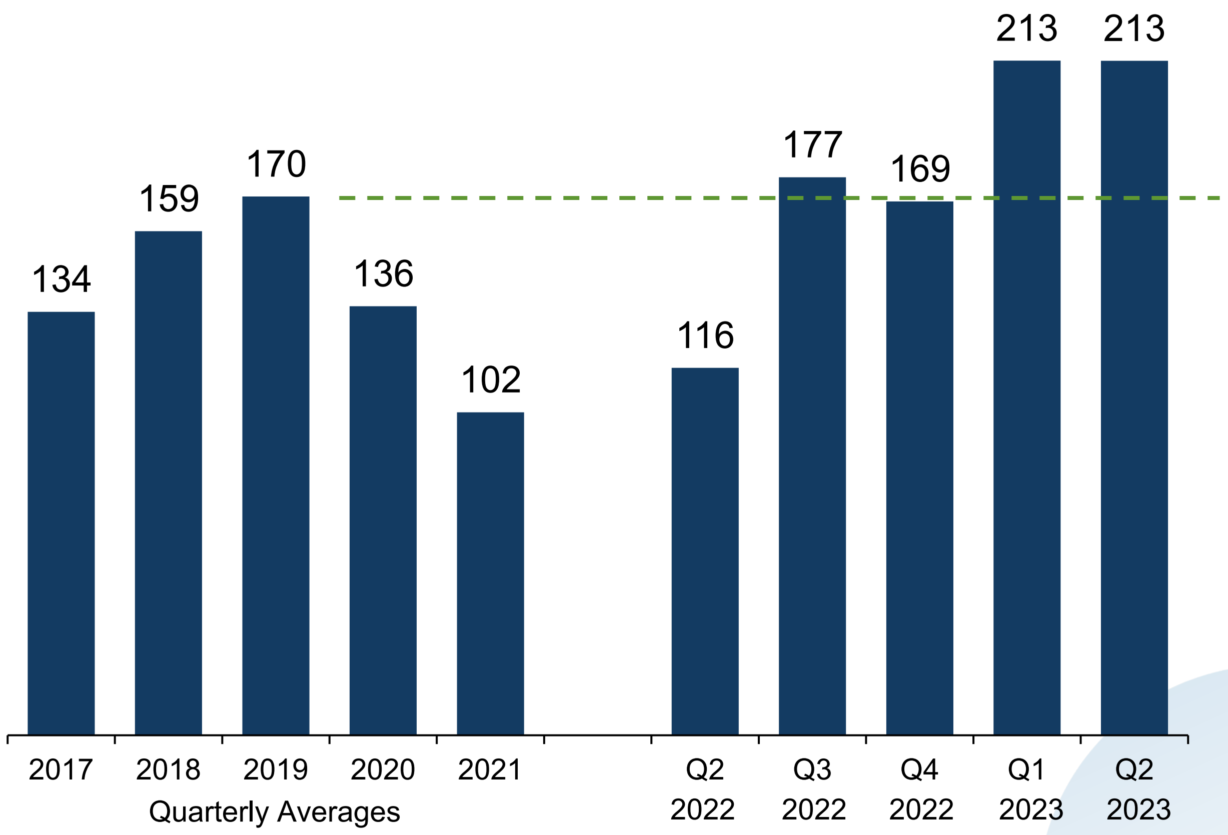
U.S. Bankcard Balance Delinquency Rates



Source: TransUnion

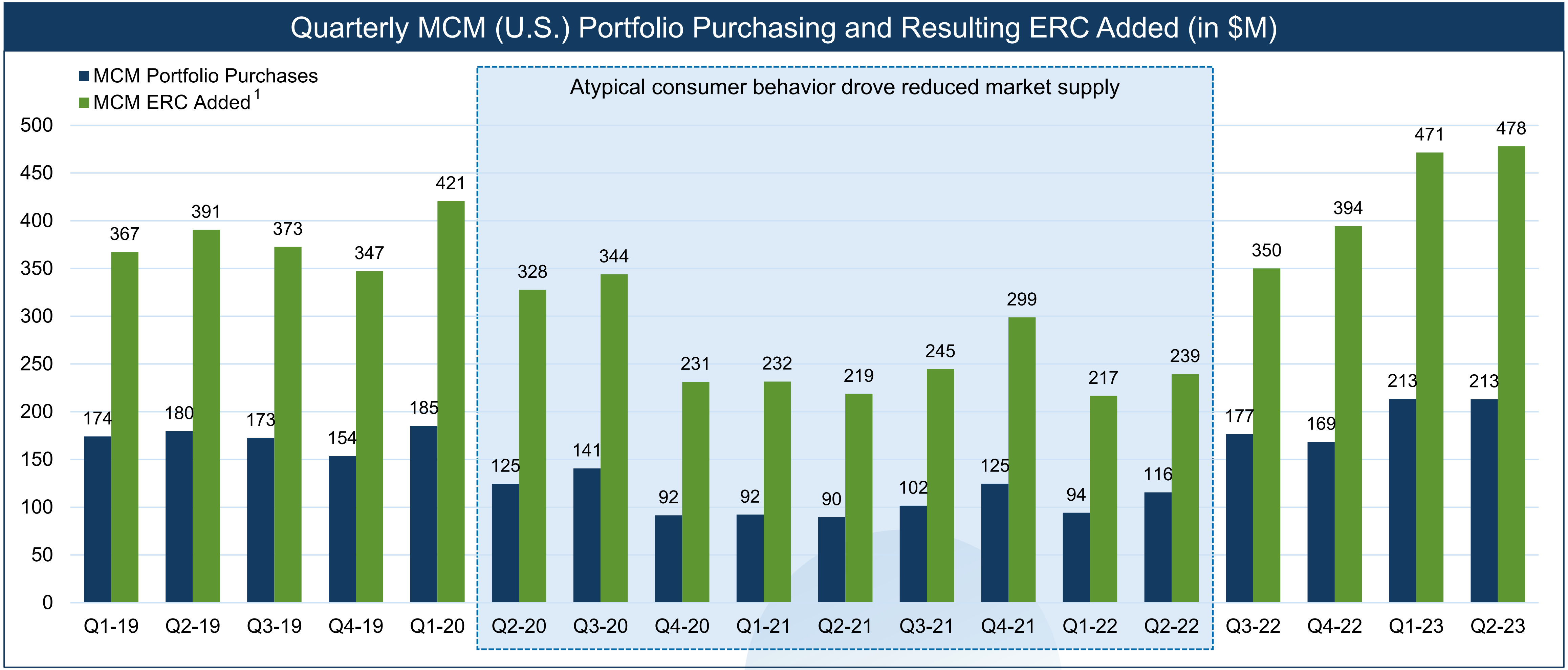
With U.S. market supply continuing to grow, MCM portfolio purchasing in Q2 matched the record set last quarter

MCM (U.S.) Purchases (in $M)



- Market supply growth in the U.S. continues
  - Lending setting new records every month
  - Charge-off rates continue upward trend
- Q2 2023 portfolio purchases in the U.S. of $213M
  - Maintaining disciplined purchasing approach amid improving pricing environment
- MCM collections of $336M in Q2 2023 reflect higher recent purchasing
- Consumer payment behavior has stabilized
- MCM continues to expand operational capacity to match growing supply

U.S. ERC growth driven by both attractive purchase price multiples and increased purchase volume

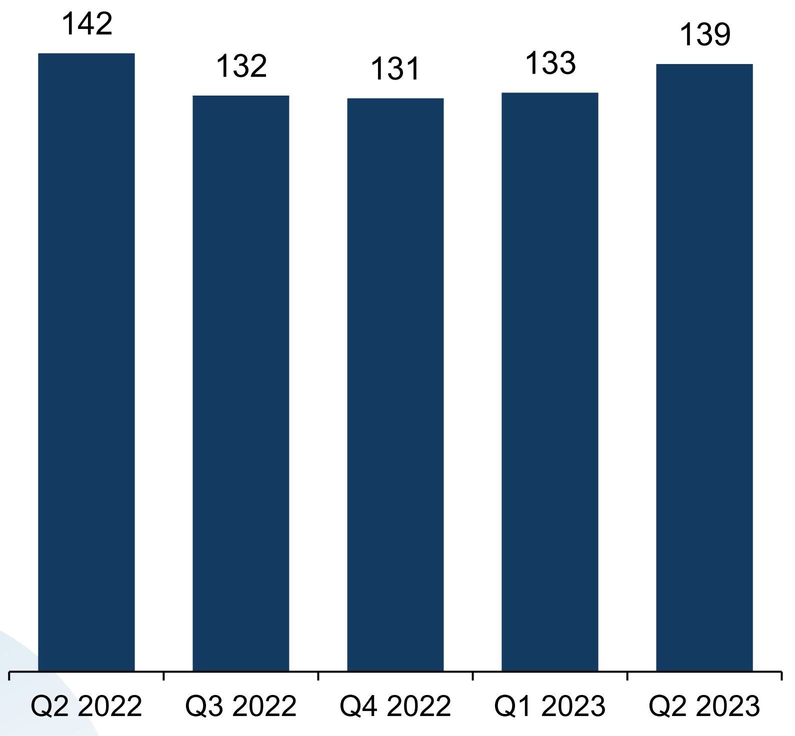


1) For a given quarter, ERC (Estimated Remaining Collections) Added represents the amount of lifetime collections initially expected for the portfolios purchased in each quarter.

Cabot's collections remain stable as we continue to constrain portfolio purchasing in the competitive UK/EU market

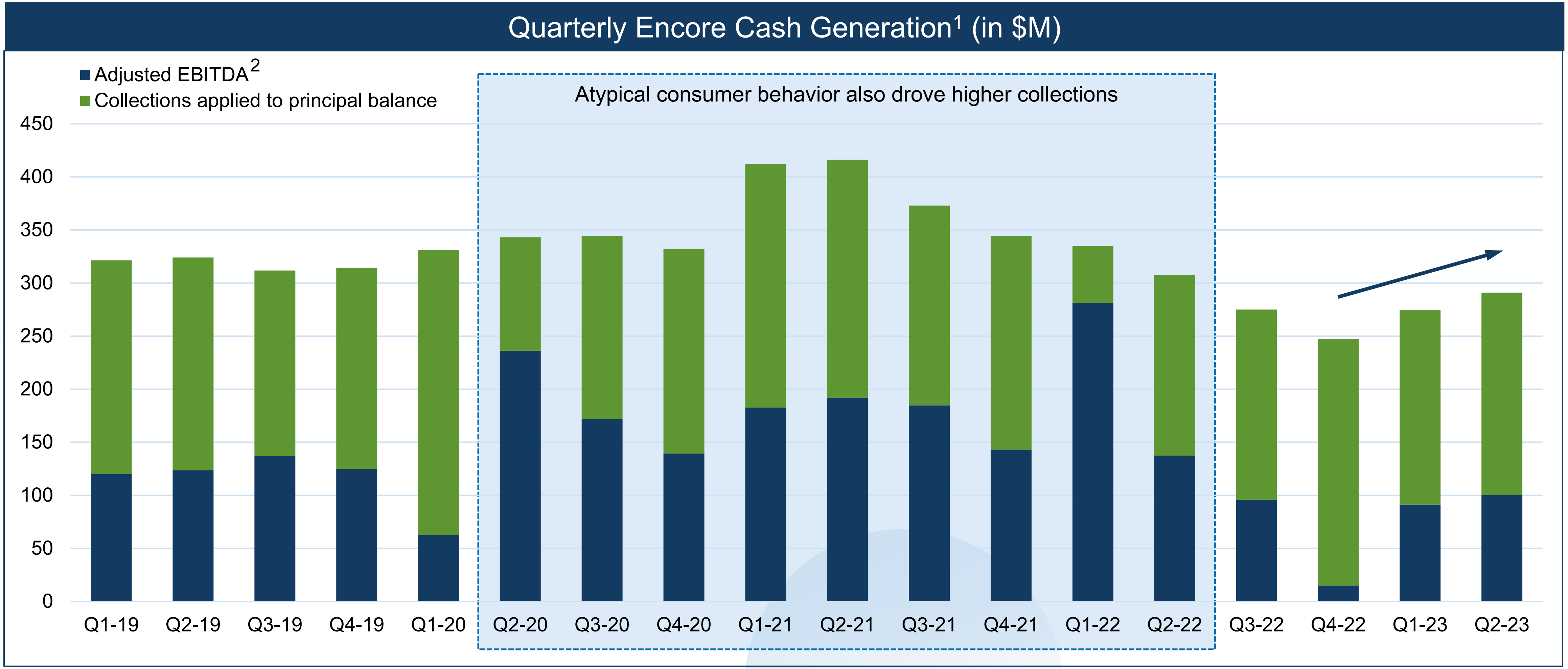
- Cabot collections of $139M declined 2% compared to Q2 2022, in line with our expectations
- UK credit card outstandings still 9% below pre-pandemic level[1]
- European market remains very competitive
- Cabot's portfolio purchases were $61M as we continue to constrain our deployments until returns become more attractive

Cabot (Europe) Collections (in $M)



1) Source: Bank of England

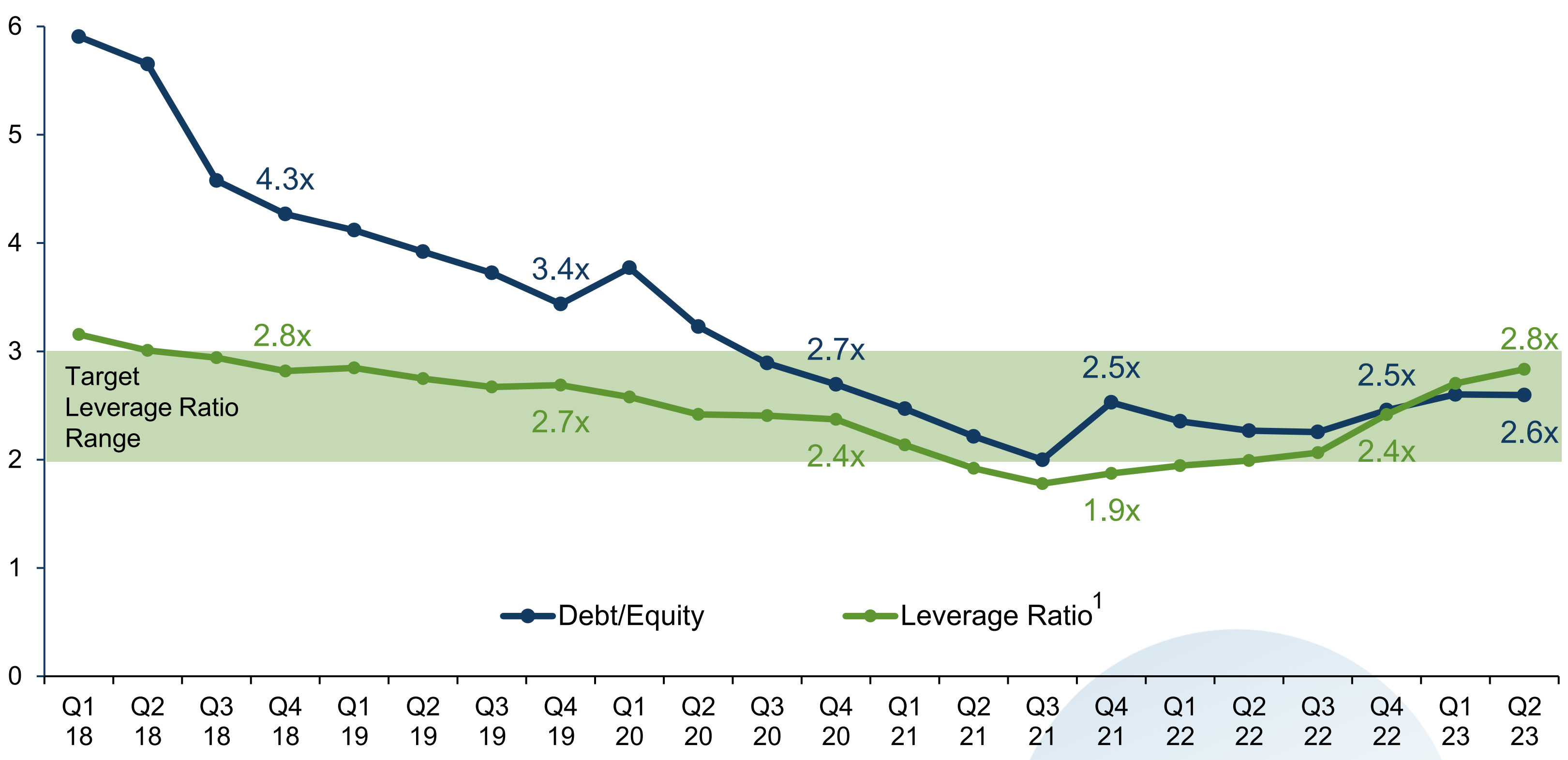
Increasing U.S. purchasing and improving pricing contributing to growth in quarterly cash generation



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 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.

Detailed Financial Discussion

Q2 2023 Key Financial Measures

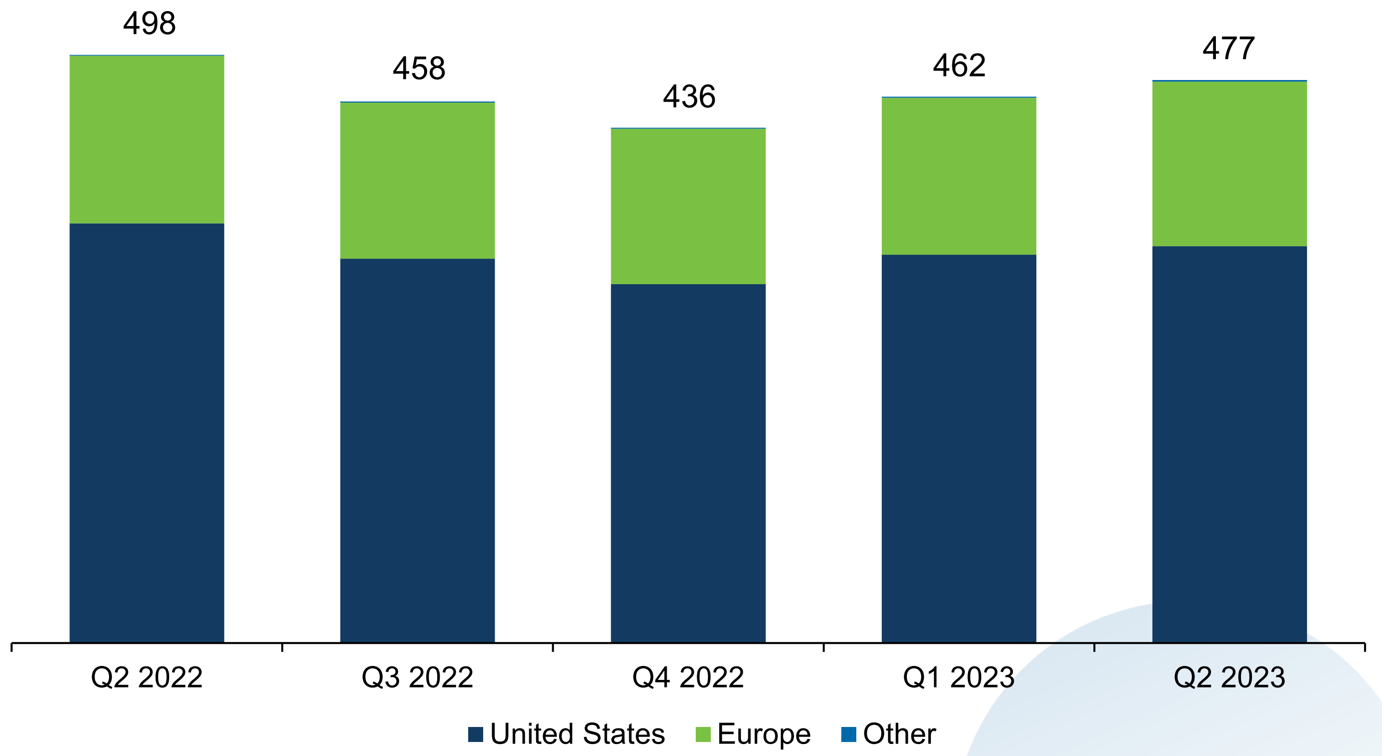
	Q2 2023	Q2 2022	Q2 2023 vs. Q2 2022
Portfolio Purchases	$274M	$173M	+59%
ERC[1]	$7.98B	$7.56B	+6%
Collections	$477M	$498M	-4%
Revenues	$323M	$357M	-9%
Operating Expenses	$235M	$238M	-1%
Interest Expense	$50M	$37M	+35%
GAAP Net Income	$26M	$60M	-56%
GAAP EPS	$1.08	$2.29	-53%

1) 180-month Estimated Remaining Collections

- A year ago, Q2 revenues and earnings benefitted from $25M of changes in recoveries
- Q2 2023 interest expense of $50M increased primarily due to increasing interest rates in 2022
- Slight impact on Q2 2023 revenues and earnings from changes in recoveries:
  - $0.5M of recoveries below forecast reduced Q2 2023 EPS by $0.01
  - $3M of negative changes in expected future recoveries reduced Q2 2023 EPS by $0.10

Q2 collections of $477M – down 4% compared to last year – reflect a stable collections environment

Collections by Geographic Location (in $M)



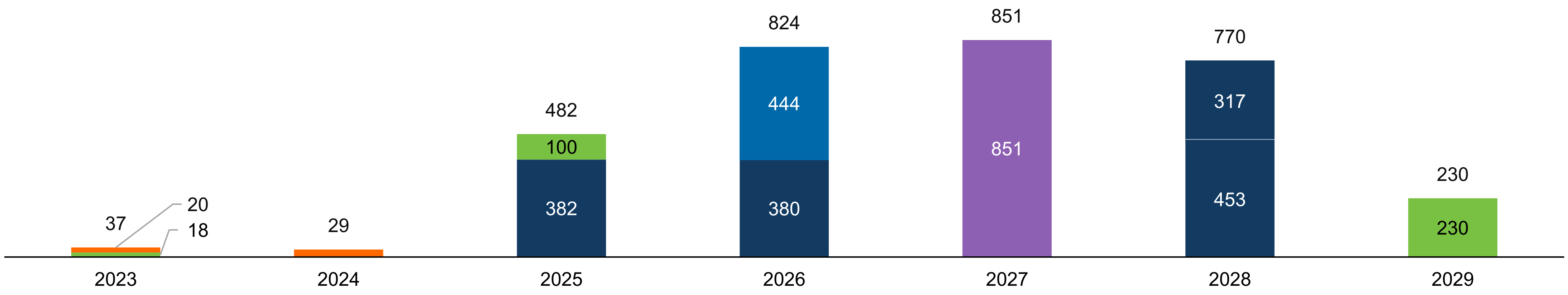
Collections on a comparative basis impacted by:

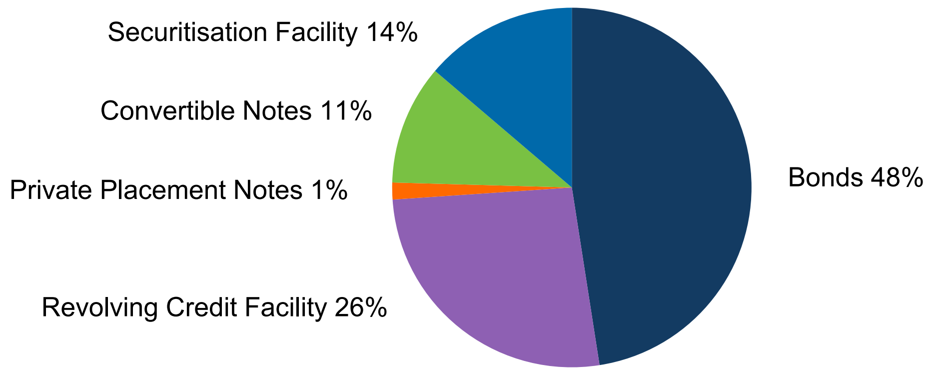
- Lower portfolio purchases in recent years
- Normalized consumer behavior in the U.S.

Note: Year-to-date global collections through Q2 2023 were 97%, U.S. collections were 97% and Europe collections were 98% of the Dec 31, 2022 portfolio ERC forecast for the period, respectively, for portfolios purchased prior to Dec 31, 2022.

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

Debt Maturity Profile at June 30, 2023 (in $M)





- As of June 30, 2023, available capacity under Encore's global senior facility was $329M, not including non-client cash and cash equivalents of $166M
- In Q2, amended global senior facility to increase size by $40M to $1.18B and extend maturity from September 2026 to September 2027 with no change to interest terms

Our Financial Priorities

Balance Sheet Objectives

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

Capital Allocation Priorities

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

Deliver strong ROIC through the credit cycle

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

Well-positioned to capitalize on opportunities ahead

Encore's Strong Position

- Well-diversified global balance sheet
- Solid cash generation
- Consistent, disciplined purchasing approach building upon foundation of strong back book returns

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Looking Ahead

- A strong year for portfolio purchasing driven by growing supply and improved pricing in the U.S.
- Continued discipline in highly competitive European market
- Steady growth in ERC and earnings expected to continue

Appendix

Key Financial Measures by Quarter

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Portfolio Purchases	$173M	$233M	$225M	$276M	$274M
ERC[1]	$7.56B	$7.31B	$7.56B	$7.79B	$7.98B
Collections	$498M	$458M	$436M	$462M	$477M
Revenues	$357M	$308M	$234M	$313M	$323M
Operating Expenses	$238M	$227M	$236M	$242M	$235M
Interest Expense	$37M	$39M	$42M	$47M	$50M
GAAP Net Income	$60M	$31M	($73M)	$19M	$26M
GAAP EPS	$2.29	$1.22	($3.11)	$0.75	$1.08

Key Financial Measures by Year

	2018	2019	2020	2021	2022
Portfolio Purchases	$1.13B	$1.00B	$0.66B	$0.66B	$0.80B
ERC[1]	$7.22B	$7.83B	$8.53B	$7.75B	$7.56B
Collections	$1.97B	$2.03B	$2.11B	$2.31B	$1.91B
Revenues	$1.36B	$1.40B	$1.50B	$1.61B	$1.40B
Operating Expenses	$957M	$951M	$968M	$981M	$936M
Interest Expense	$237M	$218M	$209M	$170M	$153M
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

	Twelve months ending					
(Unaudited, in $ thousands)	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022	Jun 30, 2023
GAAP net income, as reported	**$ 109,736**	**$ 168,909**	**$ 212,524**	**$ 351,201**	**$ 194,564**	**$ 3,307**
Interest expense	237,355	217,771	209,356	169,647	153,308	178,439
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)	(2,816)
Provision for income taxes	46,752	32,333	70,374	85,340	116,425	54,589
Depreciation and amortization	41,228	41,029	42,780	50,079	50,494	48,591
CFPB settlement fees[1]	---	---	15,009	---	---	---
Stock-based compensation expense	12,980	12,557	16,560	18,330	15,402	14,287
Acquisition, integration and restructuring related expenses[2]	7,523	7,049	4,962	20,559	1,213	6,027
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**	**$ 302,424**
Collections applied to principal balance[7]	$ 759,014	$ 765,748	$ 740,350	$ 843,087	$ 635,262	$ 785,222

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. For the twelve months ended June 30, 2023 amount represents costs related to headcount reductions in Europe. The remainder of the costs relating to the headcount reductions in Europe are included in stock-based compensation expense.
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, plus (c) proceeds applied to basis from sales of real estate owned ("REO") assets and other receivable portfolios.

Reconciliation of Adjusted EBITDA to GAAP Net Income

(Unaudited, in $ thousands)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
GAAP net income (loss), as reported	**$ 83,566**	**$ 76,083**	**$ 175,749**	**$ 60,439**	**$ 31,494**	**$ (73,118)**	**$ 18,626**	**$ 26,305**
Interest expense	40,874	38,088	34,633	37,054	39,308	42,313	46,835	49,983
Interest income	(270)	(568)	(437)	(588)	(749)	-	(944)	(1,123)
Provision for income taxes	24,703	9,061	55,024	23,250	10,920	27,231	6,409	10,029
Depreciation and amortization	14,136	12,385	11,829	11,646	11,659	15,360	10,870	10,702
Stock-based compensation expense	3,847	5,427	3,921	5,119	3,191	3,171	4,052	3,873
Acquisition, integration and restructuring related expenses[1]	17,950	2,609	679	487	13	34	5,526	454
Adjusted EBITDA	**$ 184,806**	**$ 143,085**	**$ 281,398**	**$ 137,407**	**$ 95,836**	**$ 14,991**	**$ 91,374**	**$ 100,223**
Collections applied to principal balance[2]	$ 188,181	$ 201,322	$ 53,567	$ 170,112	$ 179,163	$ 232,420	$ 182,981	$ 190,658

1) Amount represents acquisition, integration and restructuring related expenses. For the three months ended June 30, 2023 and 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 real estate owned ("REO") assets and other receivable portfolios.

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.
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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				
	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023
Numerator					
GAAP Income from operations	**$ 674,633**	**$ 588,503**	**$ 462,174**	**$ 267,298**	**$ 236,422**
Adjustments:[1]					
Acquisition, integration and restructuring related expenses[2]	6,847	4,212	1,213	6,611	6,578
Expense related to certain acquired intangible assets[3]	7,110	6,717	10,074	9,418	8,949
Adjusted income from operations	$ 688,590	$ 599,432	$ 473,461	$ 283,328	$ 251,949
Denominator					
Average net debt	$ 2,798,699	$ 2,666,562	$ 2,855,219	$ 2,920,347	$ 2,895,640
Average equity	1,292,975	1,295,874	1,182,444	1,215,266	1,232,717
Total average invested capital	$ 4,091,674	$ 3,962,436	$ 4,037,663	$ 4,135,613	$ 4,128,357
LTM Adjusted Pre-tax ROIC	**16.8%**	**15.1%**	**11.7%**	**6.9%**	**6.1%**

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)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Numerator								
GAAP Income from operations	**$ 166,647**	**$ 124,023**	**$ 265,014**	**$ 118,948**	**$ 80,517**	**$ (2,305)**	**$ 70,138**	**$ 88,072**
Adjustments:[1]								
Acquisition, integration and restructuring related expenses[2]	2,648	3,033	679	487	13	34	6,077	454
Amortization of certain acquired intangible assets[3]	1,856	1,811	1,797	1,646	1,463	5,168	1,142	1,177
Adjusted income from operations	$ 171,151	$ 128,867	$ 267,490	$ 121,081	$ 81,992	$ 2,897	$ 77,357	$ 89,703
LTM Adjusted income from operations	$ 643,541	$ 646,370	$ 743,680	$ 688,590	$ 599,432	$ 473,461	$ 283,328	$ 251,949

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 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	Q2
GAAP Borrowings, as reported	**$ 3,152**	**$ 2,999**	**$ 2,796**	**$ 2,997**	**$ 2,934**	**$ 2,793**	**$ 2,690**	**$ 2,899**	**$ 3,082**	**$ 3,203**
Debt issuance costs and debt discounts	68	64	60	58	55	50	45	42	44	42
Cash & cash equivalents	(185)	(199)	(158)	(190)	(160)	(154)	(147)	(144)	(159)	(185)
Client cash[1]	23	24	28	29	26	19	18	18	19	22
Net Debt	**$ 3,058**	**$ 2,889**	**$ 2,727**	**$ 2,895**	**$ 2,855**	**$ 2,708**	**$ 2,607**	**$ 2,815**	**$ 2,986**	**$ 3,083**

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	Q2
Debt / Equity[1]	2.5x	2.2x	2.0x	2.5x	2.4x	2.3x	2.3x	2.5x	2.6x	2.6x
Leverage Ratio[2]	2.1x	1.9x	1.8x	1.9x	1.9x	2.0x	2.1x	2.4x	2.7x	2.8x

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

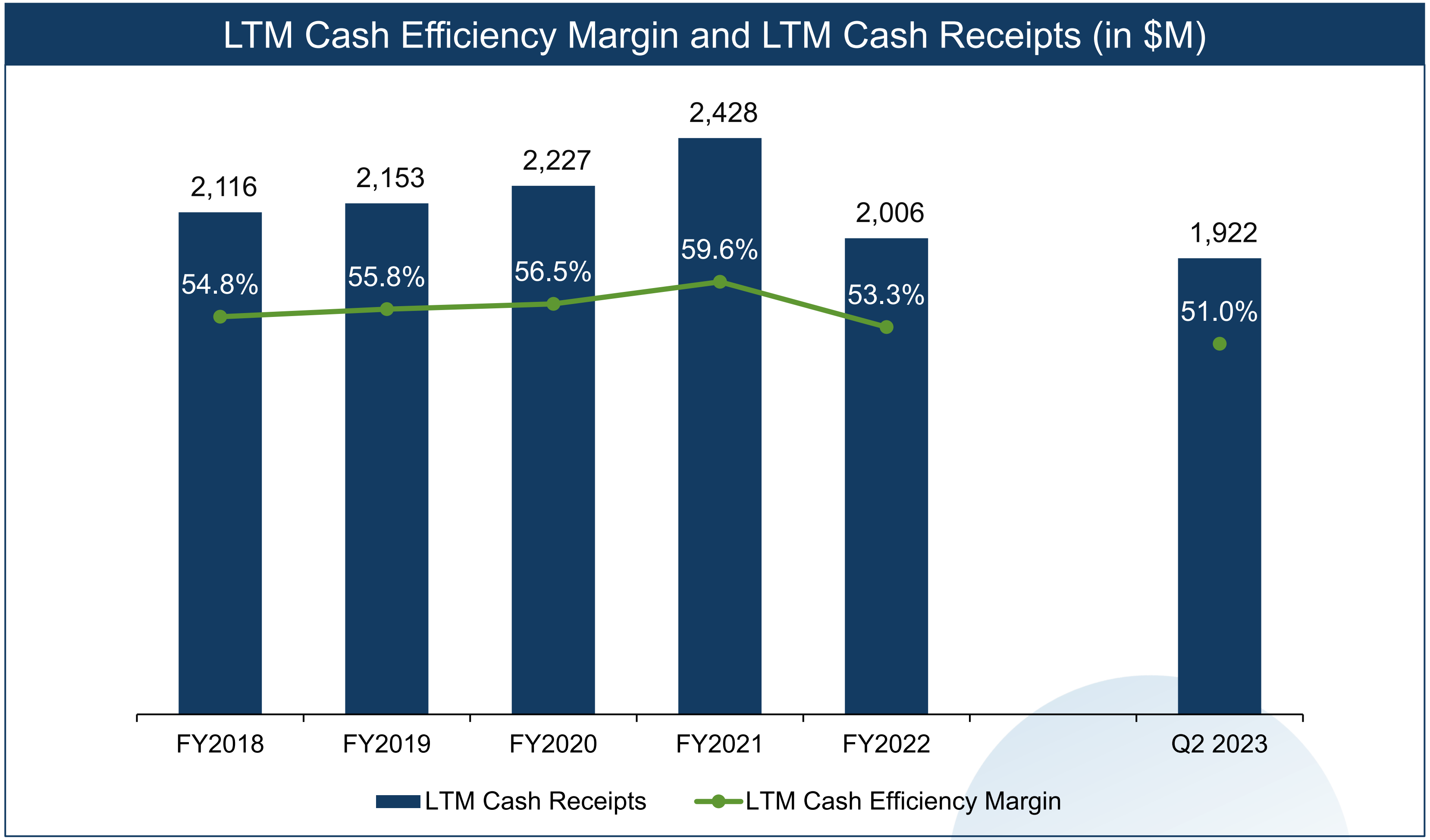
Impact of Fluctuations in Foreign Currency Exchange Rates

(Unaudited, in $M, except per share amounts)	Three Months Ended June 30, 2023	
	As Reported	Constant Currency
Collections	$477	$476
Revenues	$323	$323
ERC[1]	$7,979	$7,818
Operating Expenses	$235	$235
GAAP Net Income	$26	$27
GAAP EPS	$1.08	$1.10
Borrowings[1]	$3,203	$3,121

1) At June 30, 2023

Note: Constant Currency figures are calculated by employing Q2 2022 foreign currency exchange rates to recalculate Q2 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



- 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

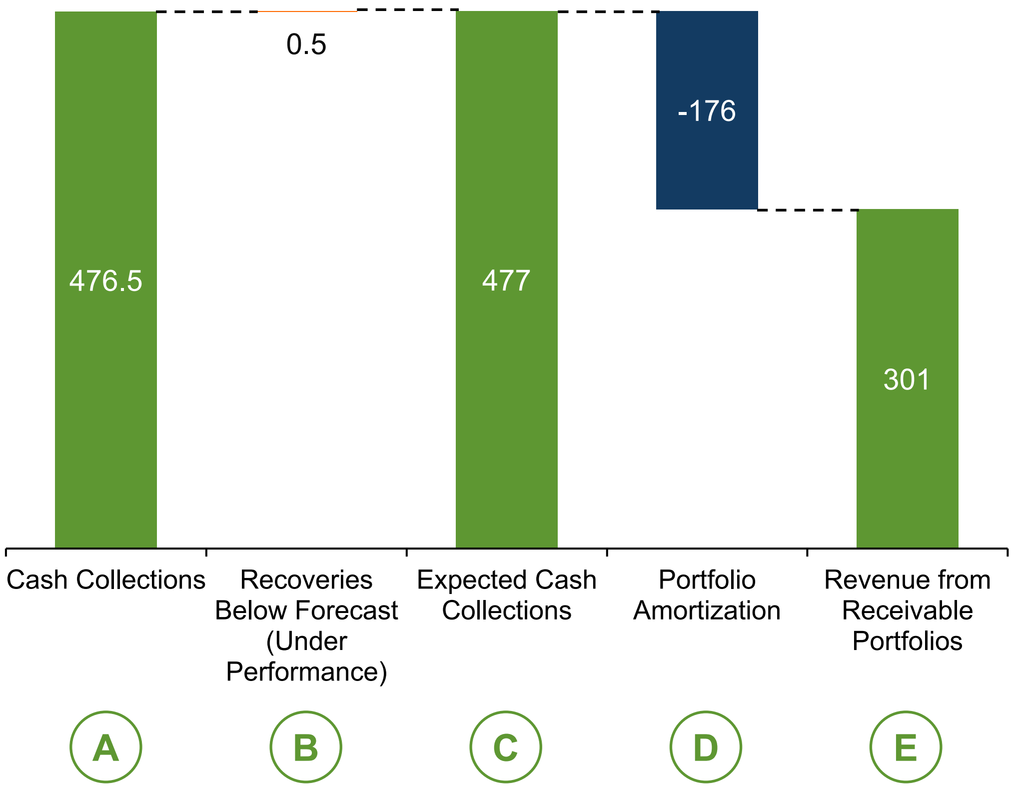
Calculation of Cash Efficiency Margin

(Unaudited, in $ thousands, except percentages)	FY2018	FY2019	FY2020	FY2021	FY2022	LTM Q2 2023
Collections	$ 1,967,620	$ 2,026,928	$ 2,111,848	$ 2,307,359	$ 1,911,537	$ 1,833,290
Servicing revenue	$ 148,044	$ 126,527	$ 115,118	$ 120,778	$ 94,922	$ 88,581
Cash receipts (A)	$ 2,115,664	$ 2,153,455	$ 2,226,966	$ 2,428,137	$ 2,006,459	$ 1,921,871
Operating expenses (B)	$ 956,730	$ 951,336	$ 967,838	$ 981,227	$ 936,173	$ 941,000
LTM Cash Efficiency Margin (A-B)/A	**54.8%**	**55.8%**	**56.5%**	**59.6%**	**53.3%**	**51.0%**

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

Cash Collections and Revenue Reconciliation

Q2 2023 Collections and Revenue Reconciliation (in $M)



A — $476.5M **Cash Collections** from debt purchasing business in Q2 2023

B — $0.5M **Recoveries Below Forecast**, actual cash collections amount below Expected Cash Collections in Q2 2023

C — $477M **Expected Cash Collections**, equal to the sum of Q1 2023 ERC plus expected collections from portfolios purchased in Q2 2023

D — $176M **Portfolio Amortization**

E — $301M **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 ~$4.2m for the three months ended June 30, 2023.

Components of Debt Purchasing Revenue

Q2 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 June 30, 2023	2022
Revenues		
Revenue from receivable portfolios	$ 301,184	$ 306,282
Changes in recoveries	(3,486)	25,150
Total debt purchasing revenue	297,698	331,432
Servicing revenue	21,008	23,788
Other revenues	4,338	1,697
Total revenues	323,044	356,917

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