Third Quarter 2023 Investor Presentation

Encore Capital Group, Inc.

November 1, 2023

Better Solutions. Better Life.®

Legal Disclaimers

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

Q3 2023 Highlights

- MCM[1] business continues to thrive
  - Continuing growth in U.S. portfolio supply, driven by credit card lending growth and rising charge off rates, has led to improving portfolio pricing and returns
  - Portfolio purchases of $179M at a 2.4x purchase price multiple
- Cabot[1] continues to navigate challenging purchasing markets
  - We continue to constrain Cabot deployments - $51M in Q3 - until returns become more attractive
- Q3 global collections performance was in line with expectations and continues to reflect normalized consumer behavior and a stable collections environment
- Post Q3-close, added $175M liquidity at attractive terms amid challenging capital market conditions

1) Midland Credit Management (MCM) is our business in the U.S. and Cabot is our business in Europe including the U.K.

Our Business and Our Strategy

Our Business

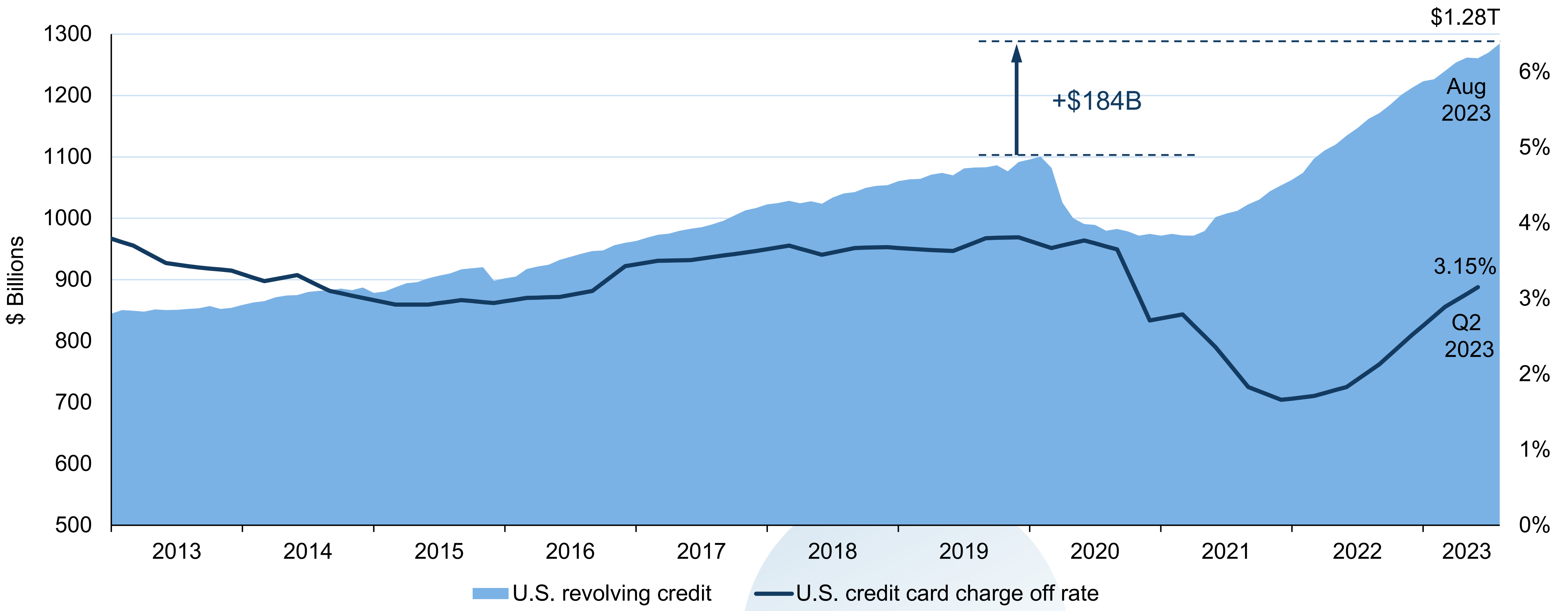
- Purchase NPL portfolios at attractive cash returns
- Focus on the consumer and ensure the highest level of compliance
- Meet or exceed collection expectations
- Maintain efficient cost structure
- Minimize cost of funding

Our Strategy

- Market Focus
- Competitive Advantage
- Balance Sheet Strength

Credit card lending in the U.S. continues to grow and charge off rate continues to rise

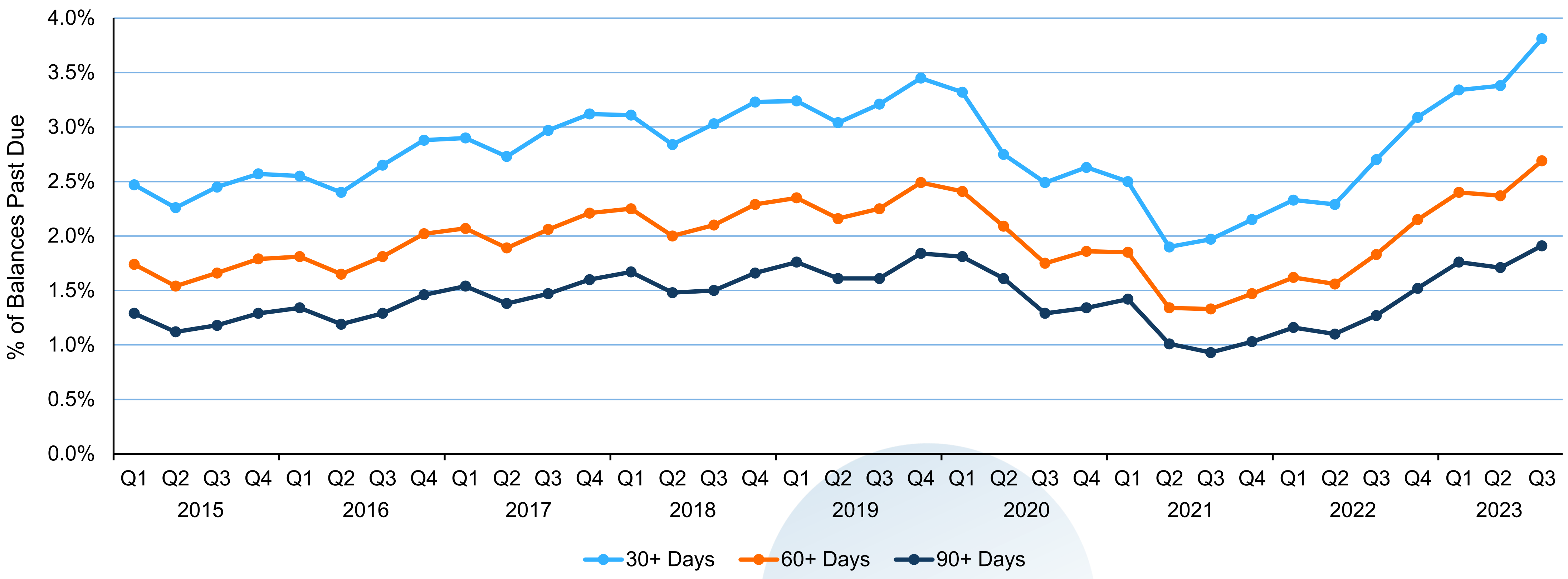
Outstanding U.S. Revolving Credit and U.S. Credit Card Charge Off Rate



Source: U.S. Federal Reserve

Delinquencies continue to rise - leading to record volume projected to be sold by banks/issuers in 2023

U.S. Bankcard Balance Delinquency Rates

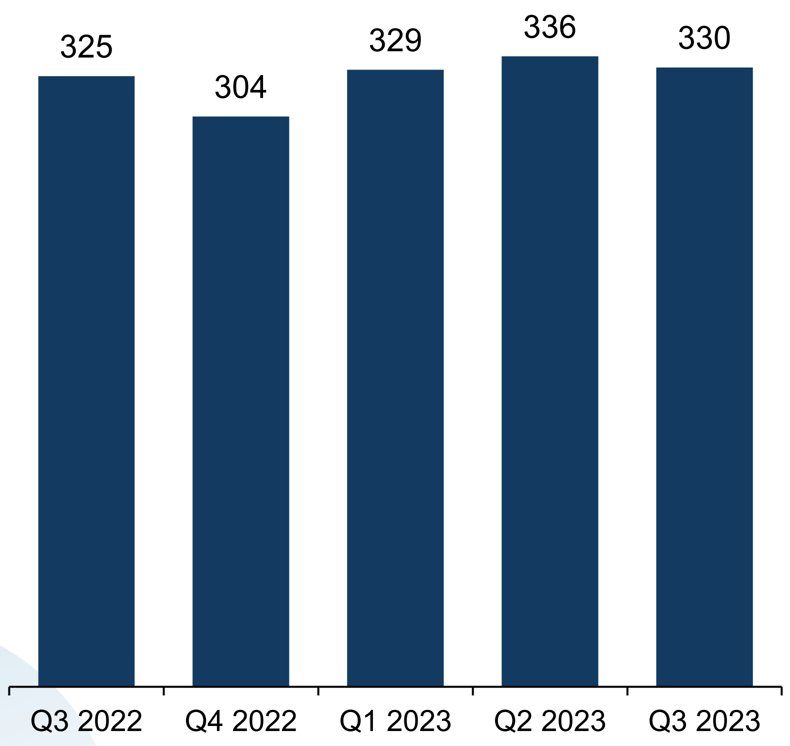


Source: TransUnion

Continuing U.S. market supply growth and improving portfolio pricing leading to attractive MCM purchase price multiples

- Market supply growth in the U.S. continues
  - Lending setting new records every month
  - Charge-off rates continue upward trend
- Q3 2023 portfolio purchases in the U.S. of $179M
  - 2.4x multiple in Q3, a result of disciplined purchasing approach amid improving pricing environment
  - Q4 purchasing expected to be above $200M at a 2.4x multiple, would establish a new annual MCM purchasing record
  - Competitors facing realities of prior purchasing and valuation decisions
- MCM collections of $330M in Q3 with stable U.S. consumer behavior
- MCM continues to expand operational capacity to match growing purchases, adding 350 account managers so far in 2023

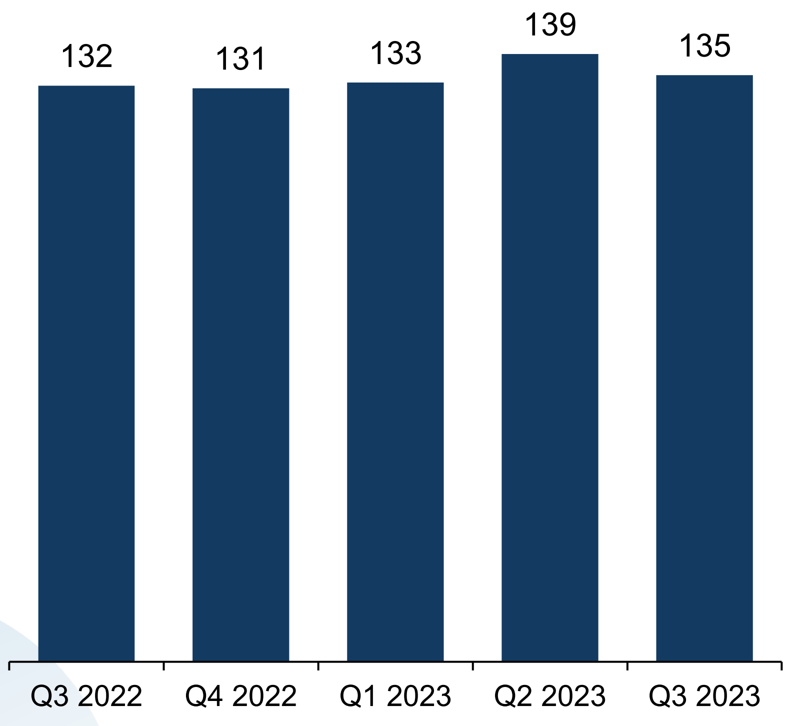
MCM (U.S.) Collections (in $M)



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

- Cabot collections of $135M were flat compared to recent quarters
- UK credit card outstandings still 8% below pre-pandemic level[1]
- European market remains very competitive
- Cabot's portfolio purchases were $51M as we continue to constrain our deployments until returns become more attractive
- Prudently managing cost structure

Cabot (Europe) Collections (in $M)

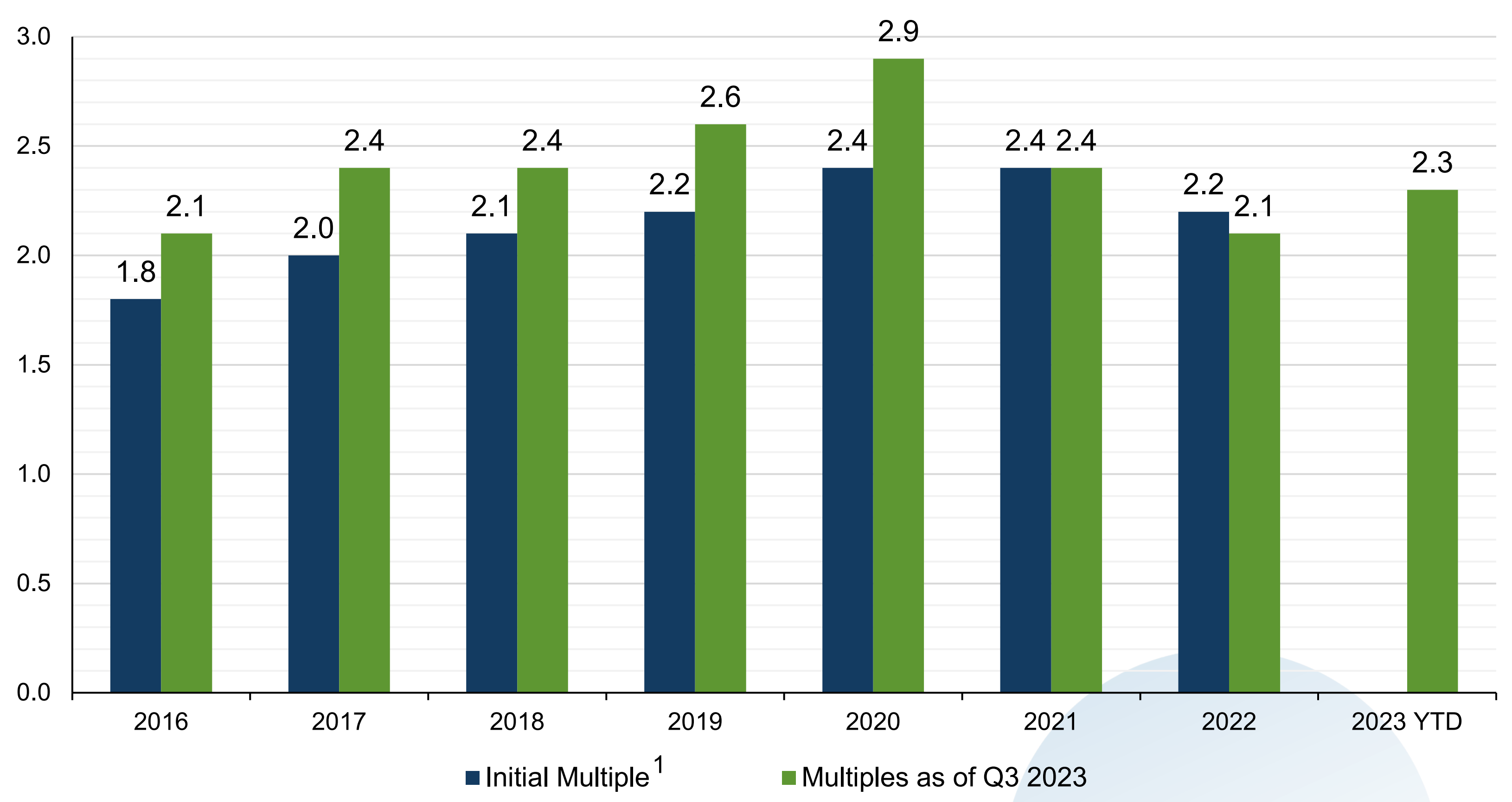


1) Source: Bank of England

Competitive Advantage

MCM's collections performance is driving increased collection expectations and purchase price multiple expansion

MCM Portfolio Purchase Price Multiples (by vintage)



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

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

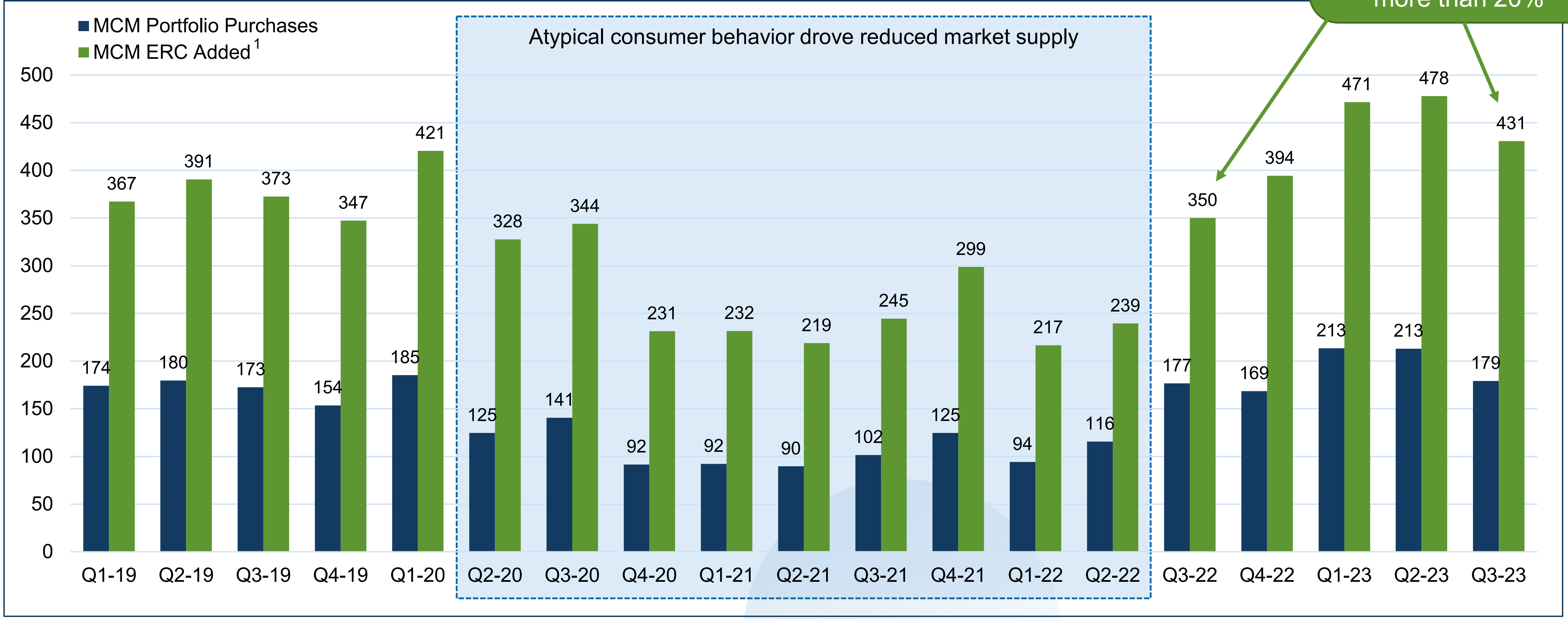
1) Initial multiple is established at the end of each year as the weighted average purchase price multiple for all portfolios purchased during that year.
Note: Current purchase price multiple is calculated as (cumulative collections + ERC) ÷ purchase price.

Competitive Advantage

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

Compared to Q3 2022, capital deployed increased 1.5% but ERC Added increased more than 20%

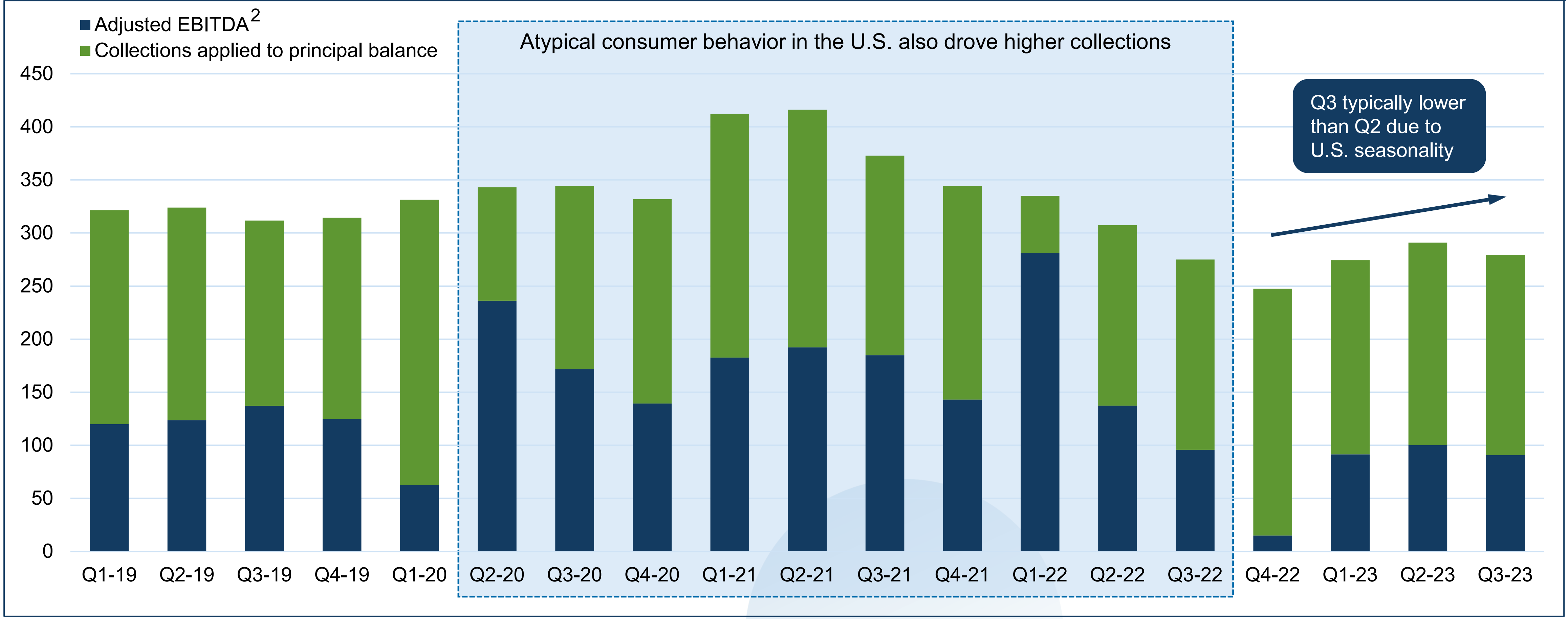
Quarterly MCM (U.S.) Portfolio Purchasing and Resulting ERC Added (in $M)



1) ERC (Estimated Remaining Collections) Added represents a calculated approximation of the amount of ERC added for a given quarter based on the change in Total Estimated Gross Collections (as defined in the 10-Q) for the quarter. See the table "*Purchase Price Multiple*" in the Company's 10-Q filing for additional detail.

Increasing U.S. purchasing and improving pricing contributing to quarterly cash generation growth trend for Encore

Quarterly Encore Cash Generation[1] (in $M)



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

Detailed Financial Discussion

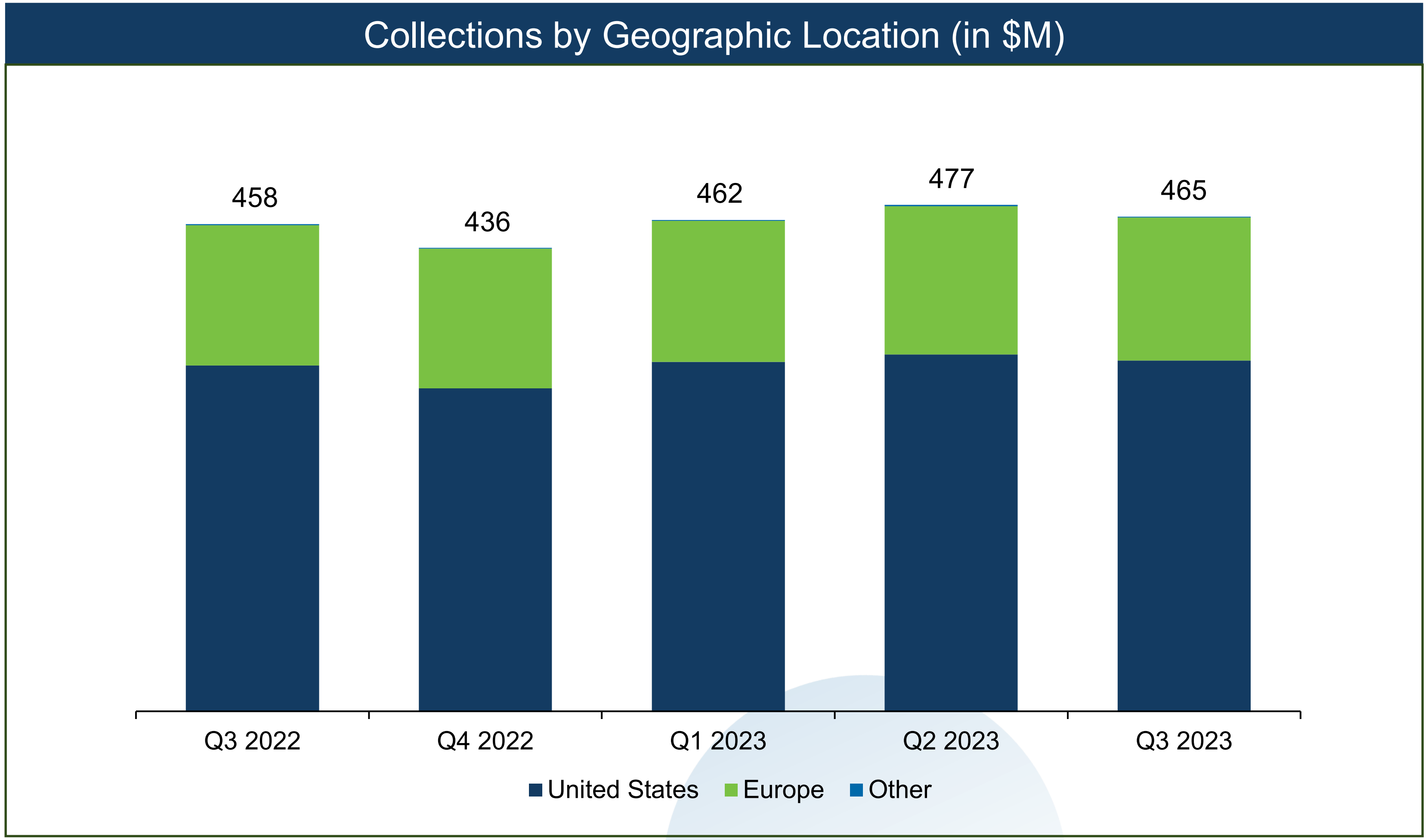
Q3 2023 Key Financial Measures

	Q3 2023	Q3 2022	Q3 2023 vs. Q3 2022
Portfolio Purchases	$231M	$233M	-1%
ERC[1]	$7.88B	$7.31B	+8%
Collections	$465M	$458M	+2%
Revenues	$310M	$308M	+1%
Operating Expenses	$234M	$227M	+3%
Interest Expense	$51M	$39M	+29%
GAAP Net Income	$19M	$31M	-39%
GAAP EPS	$0.79	$1.22	-35%

- Q3 2023 interest expense of $51M increased primarily due to increasing interest rates and a higher debt balance
- Impact on Q3 2023 revenues (-$17M) and earnings (-$0.60) from changes in recoveries:
  - $4M of recoveries below forecast reduced Q3 2023 EPS by $0.16
  - $13M of negative changes in expected future recoveries reduced Q3 2023 EPS by $0.44

1) 180-month Estimated Remaining Collections

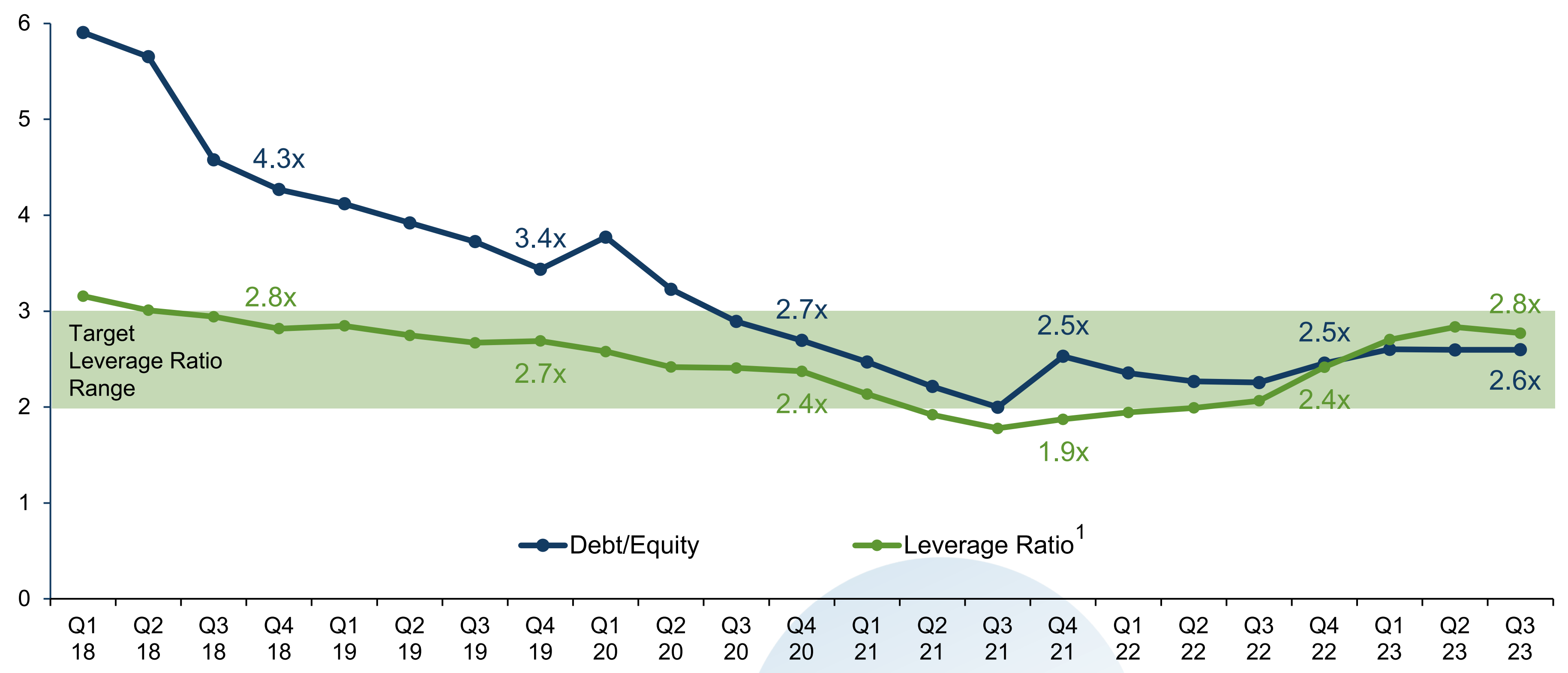
Q3 collections of $465M reflect a stable collections environment



Note: Year-to-date global collections through Q3 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 leverage ratio has leveled off and remains well within our target range

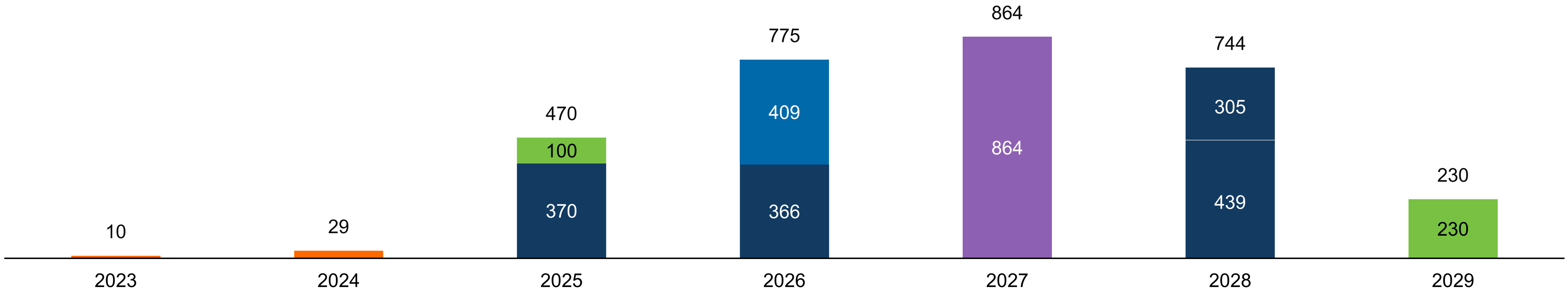
Leverage

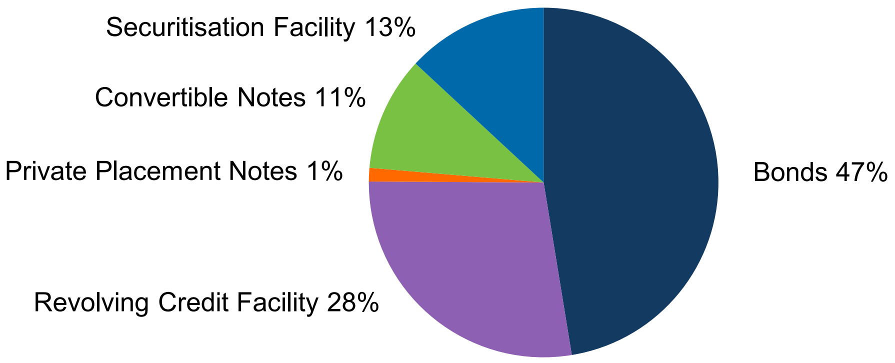


1) Leverage Ratio utilizes non-GAAP metrics and is defined as Net Debt ÷ (LTM Adjusted EBITDA + LTM collections applied to principal balance). See appendix for calculations and a reconciliation to GAAP.

Our funding structure is well diversified with no material maturities until 2025; Added $175M in liquidity since the end of Q3

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





- As of September 30, 2023, available capacity under Encore's global senior facility was $307M, not including non-client cash and cash equivalents of $126M

Post-Q3 close activities included:

- Entered into new $175M U.S. facility secured by U.S. receivable portfolios
- Amended Cabot securitisation facility to extend maturity to 2028 and reduce size by £95M to £255M
- Issued an additional €100M of 2028 Floating Rate Notes

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.

Competitive advantages differentiate our business and results

- Encore is largest player in U.S. debt buying market, which is world’s largest market with the highest returns
- Our purchase price multiples – collecting more over a vintage’s lifetime generates more cash, more earnings and higher returns
- Well-diversified global balance sheet – allows allocation of capital to highest return opportunities as well as flexible funding solutions
- $8 billion in ERC – built using consistent, disciplined purchasing approach, represents enormous capability to generate cash

We believe Encore is truly differentiated from our competitors

Our Mission, Vision and Values are key enablers of our success

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

Well-positioned to capitalize on opportunities ahead

Looking Ahead

- Expect 2023 will be record year of capital deployment for MCM business with strong returns
- Robust supply pipeline in the U.S. for 2024 with even better returns
- Continued discipline in highly competitive European market
- Expect steady growth in ERC and earnings

Appendix

Key Financial Measures by Quarter

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Portfolio Purchases	$233M	$225M	$276M	$274M	$231M
ERC[1]	$7.31B	$7.56B	$7.79B	$7.98B	$7.88B
Collections	$458M	$436M	$462M	$477M	$465M
Revenues	$308M	$234M	$313M	$323M	$310M
Operating Expenses	$227M	$236M	$242M	$235M	$234M
Interest Expense	$39M	$42M	$47M	$50M	$51M
GAAP Net Income	$31M	($73M)	$19M	$26M	$19M
GAAP EPS	$1.22	($3.11)	$0.75	$1.08	$0.79

1) 180-month Estimated Remaining Collections

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	Sep 30, 2023
GAAP net income, as reported	**$ 109,736**	**$ 168,909**	**$ 212,524**	**$ 351,201**	**$ 194,564**	**$ (8,848)**
Interest expense	237,355	217,771	209,356	169,647	153,308	189,689
Interest income	(3,345)	(3,693)	(2,397)	(1,738)	(1,774)	(3,382)
Provision for income taxes	46,752	32,333	70,374	85,340	116,425	54,393
Depreciation and amortization	41,228	41,029	42,780	50,079	50,494	48,128
Stock-based compensation expense	12,980	12,557	16,560	18,330	15,402	14,188
Acquisition, integration and restructuring related expenses[1]	7,523	7,049	4,962	20,559	1,213	6,608
Net gain on derivative instruments[2]	---	---	---	---	---	(3,512)
Loss on extinguishment of debt	2,693	8,989	40,951	9,300	---	---
CFPB settlement fees[3]	---	---	15,009	---	---	---
Loss on sale of Baycorp[4]	---	12,489	---	---	---	---
Goodwill impairment[4]	---	10,718	---	---	---	---
Net gain on fair value adjustments to contingent considerations[5]	(5,664)	(2,300)	---	---	---	---
Loss on derivatives in connection with the Cabot Transaction[6]	9,315	---	---	---	---	---
Expenses related to withdrawn Cabot IPO[7]	2,984	---	---	---	---	---
Adjusted EBITDA	**$ 461,557**	**$ 505,851**	**$ 610,119**	**$ 702,718**	**$ 529,632**	**$ 297,264**
Collections applied to principal balance[8]	$ 759,014	$ 765,748	$ 740,350	$ 843,087	$ 635,262	$ 794,931

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. For the twelve months ended September 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.
2) Amount represents a $3.7 million gain recognized as a result of the partial dedesignation in September 2023 of a derivative instrument previously designated as a hedging instrument, net of a $0.2 million loss recognized on the change in fair value of the portion of the derivative that is not designated as a hedging instrument after the dedesignation. We adjust for this amount because we believe the gain or loss on derivative contracts is not indicative of ongoing operations.
3) 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.
4) 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.
5) 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.
6) 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.
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.
8) 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)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
GAAP net income (loss), as reported	**$ 76,083**	**$ 175,749**	**$ 60,439**	**$ 31,494**	**$ (73,118)**	**$ 18,626**	**$ 26,305**	**$ 19,339**
Interest expense	38,088	34,633	37,054	39,308	42,313	46,835	49,983	50,558
Interest income	(568)	(437)	(588)	(749)	-	(944)	(1,123)	(1,315)
Provision for income taxes	9,061	55,024	23,250	10,920	27,231	6,409	10,029	10,724
Depreciation and amortization	12,385	11,829	11,646	11,659	15,360	10,870	10,702	11,196
Stock-based compensation expense	5,427	3,921	5,119	3,191	3,171	4,052	3,873	3,092
Net gain on derivative instruments[1]	-	-	-	-	-	-	-	(3,512)
Acquisition, integration and restructuring related expenses[2]	2,609	679	487	13	34	5,526	454	594
Adjusted EBITDA	**$ 143,085**	**$ 281,398**	**$ 137,407**	**$ 95,836**	**$ 14,991**	**$ 91,374**	**$ 100,223**	**$ 90,676**
Collections applied to principal balance[3]	$ 201,322	$ 53,567	$ 170,112	$ 179,163	$ 232,420	$ 182,981	$ 190,658	$ 188,872

1) Amount represents a $3.7 million gain recognized as a result of the partial dedesignation in September 2023 of a derivative instrument previously designated as a hedging instrument, net of a $0.2 million loss recognized on the change in fair value of the portion of the derivative that is not designated as a hedging instrument after the dedesignation. We adjust for this amount because we believe the gain or loss on derivative contracts is not indicative of ongoing operations.
2) 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. 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.
3) 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.
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				
	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
Numerator					
GAAP Income from operations	**$ 588,503**	**$ 462,174**	**$ 267,298**	**$ 236,422**	**$ 231,423**
Adjustments:[1]					
Acquisition, integration and restructuring related expenses[2]	4,212	1,213	6,611	6,578	7,159
Expense related to certain acquired intangible assets[3]	6,717	10,074	9,418	8,949	8,676
Adjusted income from operations	$ 599,432	$ 473,461	$ 283,328	$ 251,949	$ 247,258
Denominator					
Average net debt	$ 2,666,562	$ 2,855,219	$ 2,920,347	$ 2,895,640	$ 2,816,513
Average equity	1,295,874	1,182,444	1,215,266	1,232,717	1,195,856
Total average invested capital	$ 3,962,436	$ 4,037,663	$ 4,135,613	$ 4,128,357	$ 4,012,369
LTM Adjusted Pre-tax ROIC	**15.1%**	**11.7%**	**6.9%**	**6.1%**	**6.2%**

1) Adjustments below are to adjust GAAP income from operations and accordingly do not include any amounts related to other income and expense.
2) Amount represents 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.

Reconciliation of Adjusted Income from Operations

(Unaudited, in $ thousands)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Numerator								
GAAP Income from operations	**$ 124,023**	**$ 265,014**	**$ 118,948**	**$ 80,517**	**$ (2,305)**	**$ 70,138**	**$ 88,072**	**$ 75,518**
Adjustments:[1]								
Acquisition, integration and restructuring related expenses[2]	3,033	679	487	13	34	6,077	454	594
Amortization of certain acquired intangible assets[3]	1,811	1,797	1,646	1,463	5,168	1,142	1,177	1,190
Adjusted income from operations	$ 128,867	$ 267,490	$ 121,081	$ 81,992	$ 2,897	$ 77,357	$ 89,703	$ 77,302
LTM Adjusted income from operations	$ 646,370	$ 743,680	$ 688,590	$ 599,432	$ 473,461	$ 283,328	$ 251,949	$ 247,258

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

Reconciliation of Net Debt

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

(Unaudited, in $ millions)	2021				2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GAAP Borrowings, as reported	**$ 3,152**	**$ 2,999**	**$ 2,796**	**$ 2,997**	**$ 2,934**	**$ 2,793**	**$ 2,690**	**$ 2,899**	**$ 3,082**	**$ 3,203**	**$ 3,114**
Debt issuance costs and debt discounts	68	64	60	58	55	50	45	42	44	42	38
Cash & cash equivalents	(185)	(199)	(158)	(190)	(160)	(154)	(147)	(144)	(159)	(185)	(145)
Client cash[1]	23	24	28	29	26	19	18	18	19	22	19
Net Debt	**$ 3,058**	**$ 2,889**	**$ 2,727**	**$ 2,895**	**$ 2,855**	**$ 2,708**	**$ 2,607**	**$ 2,815**	**$ 2,986**	**$ 3,083**	**$ 3,026**

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	Q3
Debt / Equity[1]	2.5x	2.2x	2.0x	2.5x	2.4x	2.3x	2.3x	2.5x	2.6x	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	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.

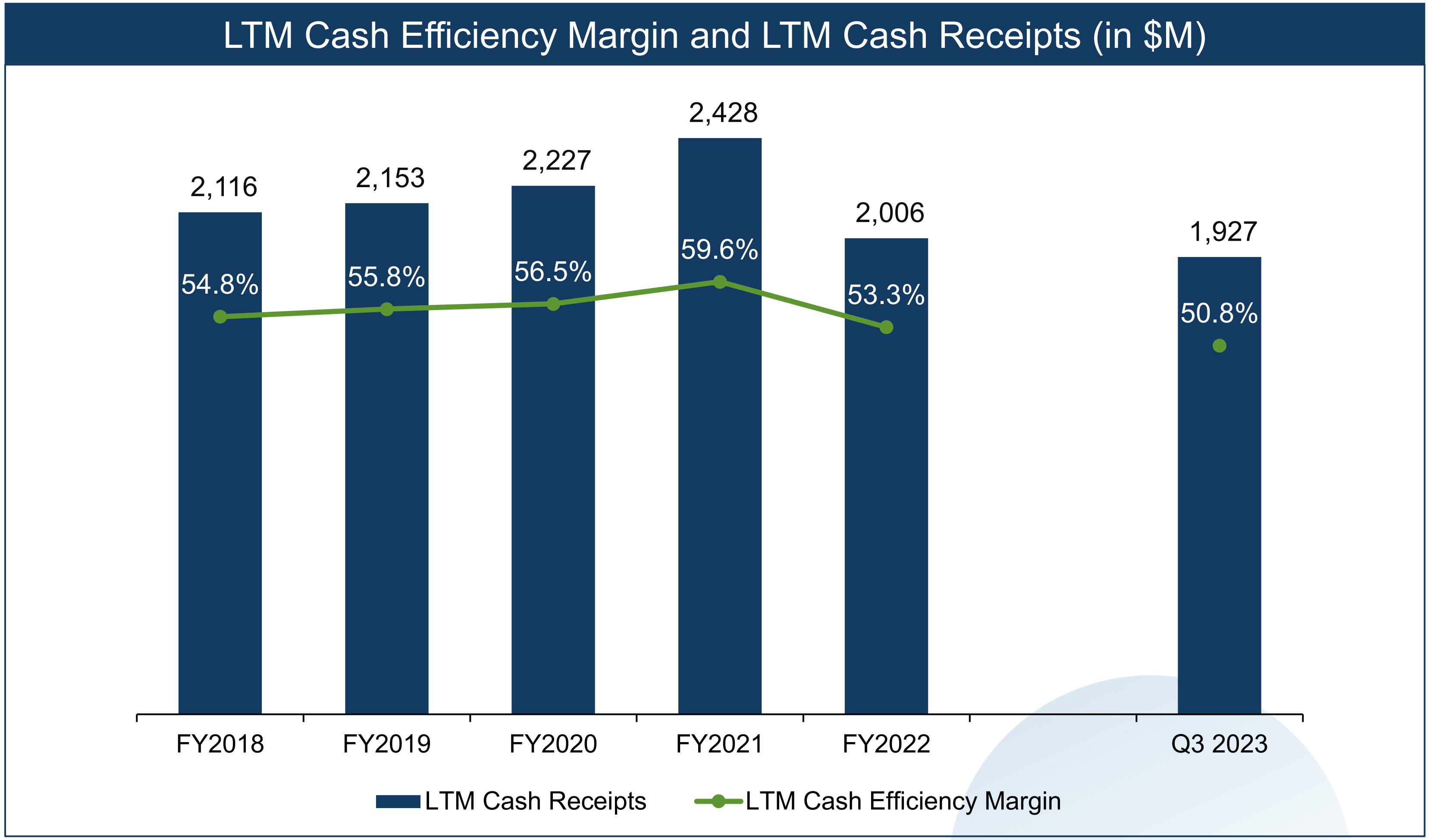
Impact of Fluctuations in Foreign Currency Exchange Rates

(Unaudited, in $M, except per share amounts)	Three Months Ended September 30, 2023	
	As Reported	Constant Currency
Collections	$465	$456
Revenues	$310	$302
ERC[1]	$7,878	$7,574
Operating Expenses	$234	$228
GAAP Net Income	$19	$19
GAAP EPS	$0.79	$0.76
Borrowings[1]	$3,114	$2,958

1) At September 30, 2023

Note: Constant Currency figures are calculated by employing Q3 2022 foreign currency exchange rates to recalculate Q3 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
- $\frac{\text{Cash receipts – Opex}}{\text{Cash receipts}}$
- 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

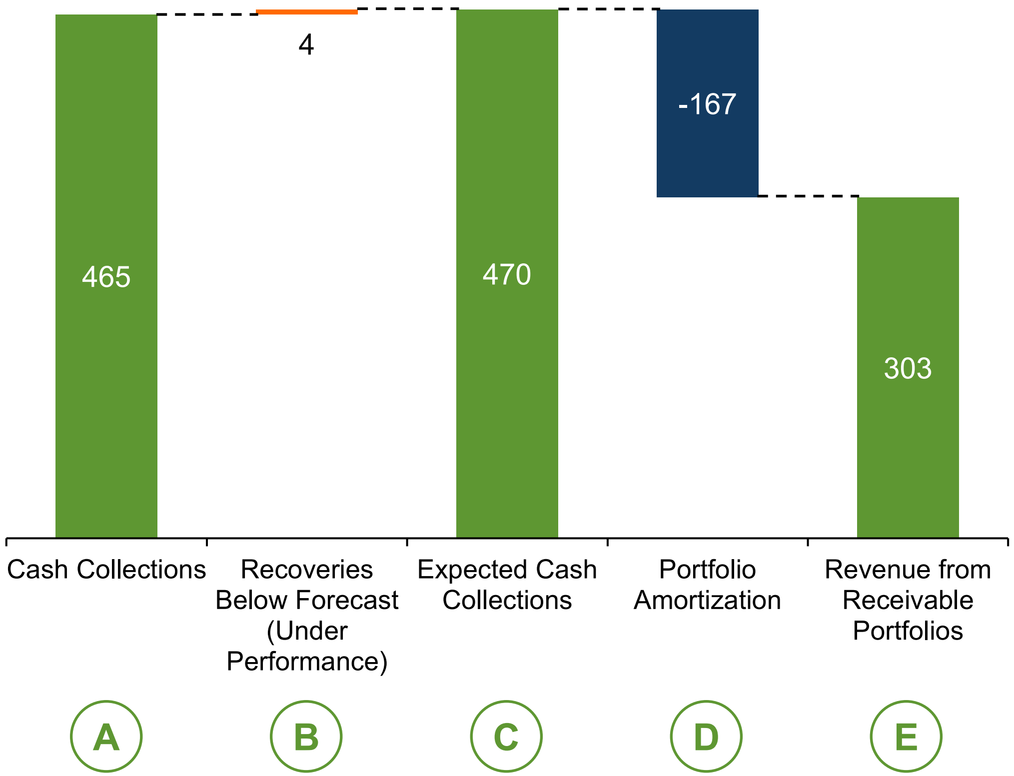
Calculation of Cash Efficiency Margin

(Unaudited, in $ thousands, except percentages)	FY2018	FY2019	FY2020	FY2021	FY2022	LTM Q3 2023
Collections	$ 1,967,620	$ 2,026,928	$ 2,111,848	$ 2,307,359	$ 1,911,537	$ 1,840,373
Servicing revenue	$ 148,044	$ 126,527	$ 115,118	$ 120,778	$ 94,922	$ 86,482
Cash receipts (A)	$ 2,115,664	$ 2,153,455	$ 2,226,966	$ 2,428,137	$ 2,006,459	$ 1,926,855
Operating expenses (B)	$ 956,730	$ 951,336	$ 967,838	$ 981,227	$ 936,173	$ 947,866
LTM Cash Efficiency Margin (A-B)/A	**54.8%**	**55.8%**	**56.5%**	**59.6%**	**53.3%**	**50.8%**

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

Cash Collections and Revenue Reconciliation

Q3 2023 Collections and Revenue Reconciliation (in $M)



A $465M **Cash Collections** from debt purchasing business in Q3 2023

B $4M **Recoveries Below Forecast**, actual cash collections amount below Expected Cash Collections in Q3 2023

C $470M **Expected Cash Collections**, equal to the sum of Q2 2023 ERC plus expected collections from portfolios purchased in Q3 2023

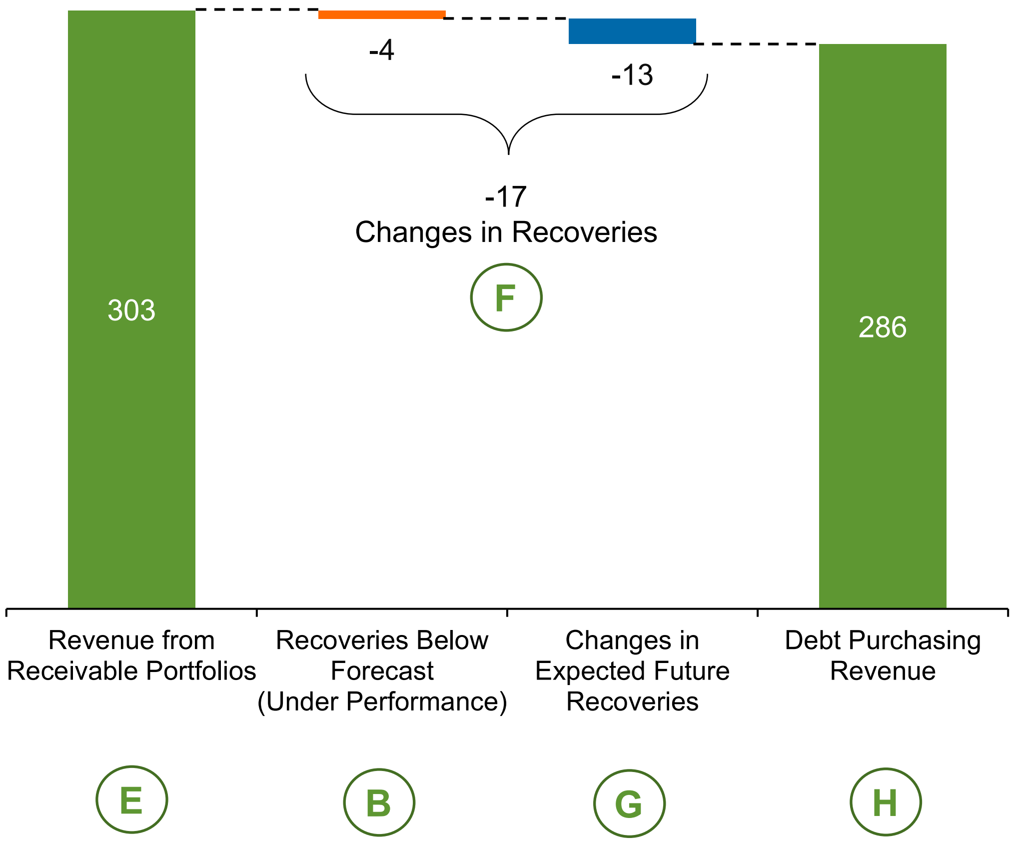
D $167M **Portfolio Amortization**

E $303M **Revenue from Receivable Portfolios** (further detailed on the next slide)

Notes: For simplicity, amounts reported above do not include the immaterial impacts of put-backs and recalls, which were ~$3.2m for the three months ended September 30, 2023.

Components of Debt Purchasing Revenue

Q3 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 September 30, 2023	Three Months Ended September 30, 2022
Revenues		
Revenue from receivable portfolios	$ 302,687	$ 297,219
Changes in recoveries	(17,067)	(13,080)
Total debt purchasing revenue	285,620	284,139
Servicing revenue	19,893	21,992
Other revenues	4,106	1,621
Total revenues	309,619	307,752

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