PRA Group Q4 and FY 2023 Conference Call Presentation

Nasdaq: PRAA

Forward-Looking Statements

Statements in this presentation, other than statements of historical fact, are forward-looking statements, which are based on our current beliefs, projections, assumptions and expectations concerning future operations and financial performance. Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation and are qualified in their entirety by these cautionary statements.

Information regarding risks and other factors that could cause our actual results to differ materially from our expectations can be found in our most recent Annual Report on Form 10-K and in subsequent SEC filings and should be considered when evaluating the forward-looking statements in this presentation. Except as required by law, we assume no obligation to update or revise these statements to reflect changes in the events, conditions, or circumstances upon which any such forward-looking statements are based.

Our Imperatives

Rebuild Profitability and Shareholder Value

Stabilize Performance

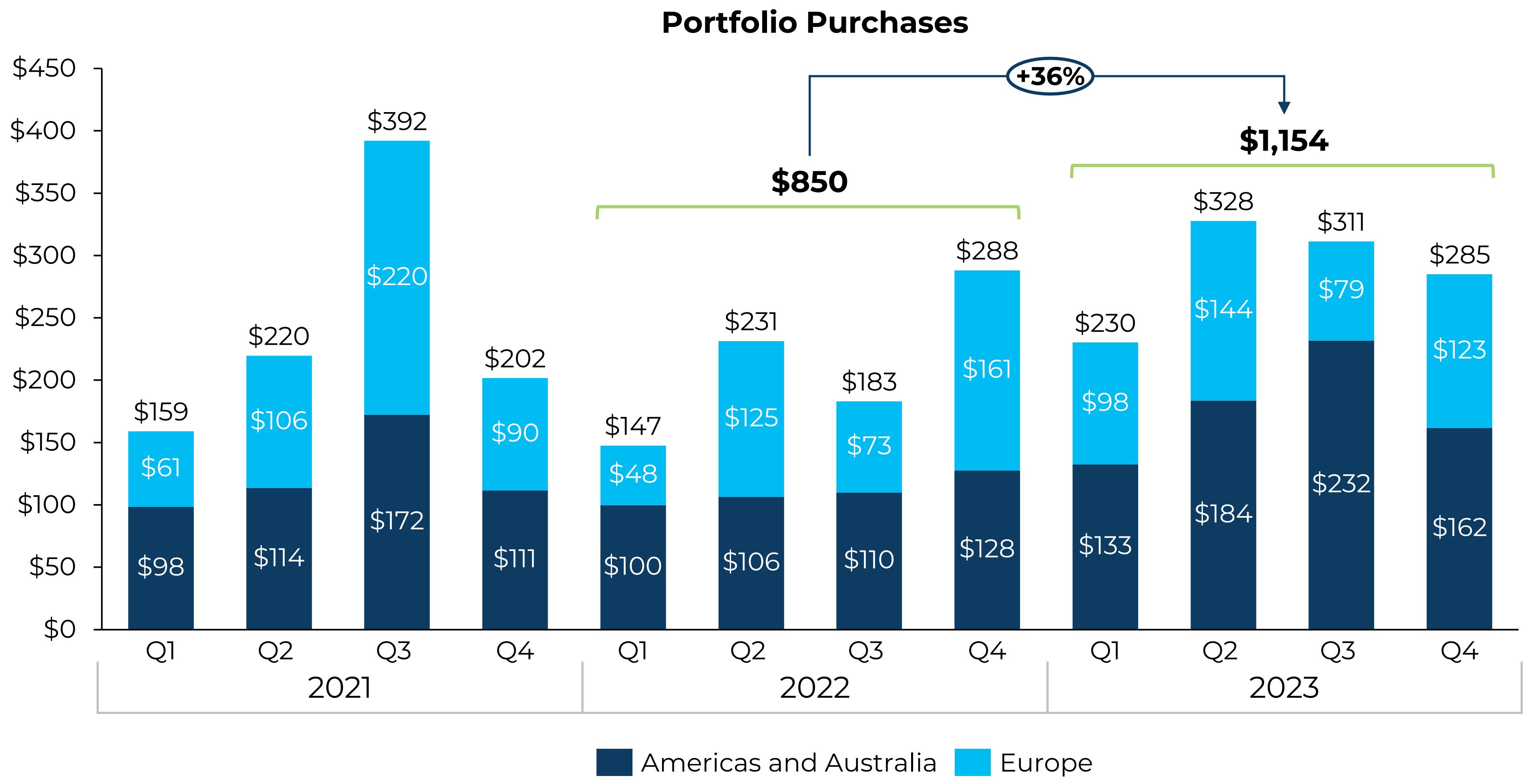
Drive the Turnaround

Executing with urgency

Portfolio Investments Stable For Q4 and Up 36% for 2023

Q4 U.S. Portfolio Investments Up 61% Year-over-Year, Driven by Improving Supply

$ in millions

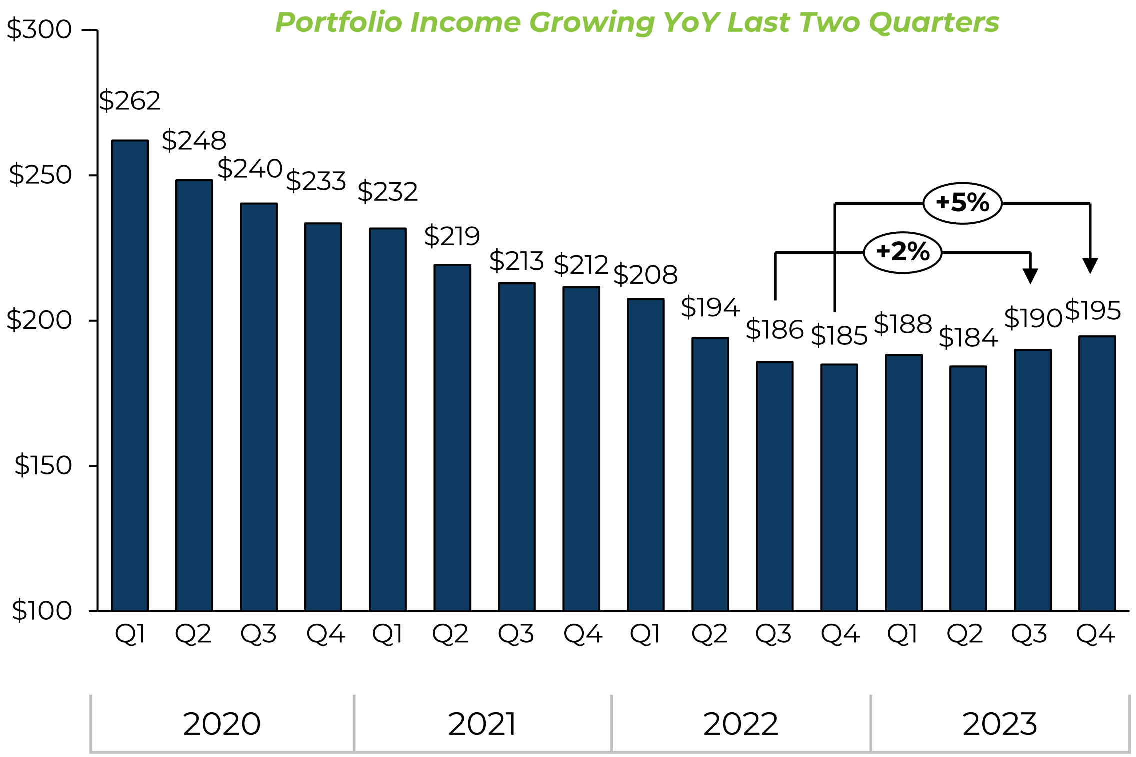


 Note: numbers may not add up due to rounding.

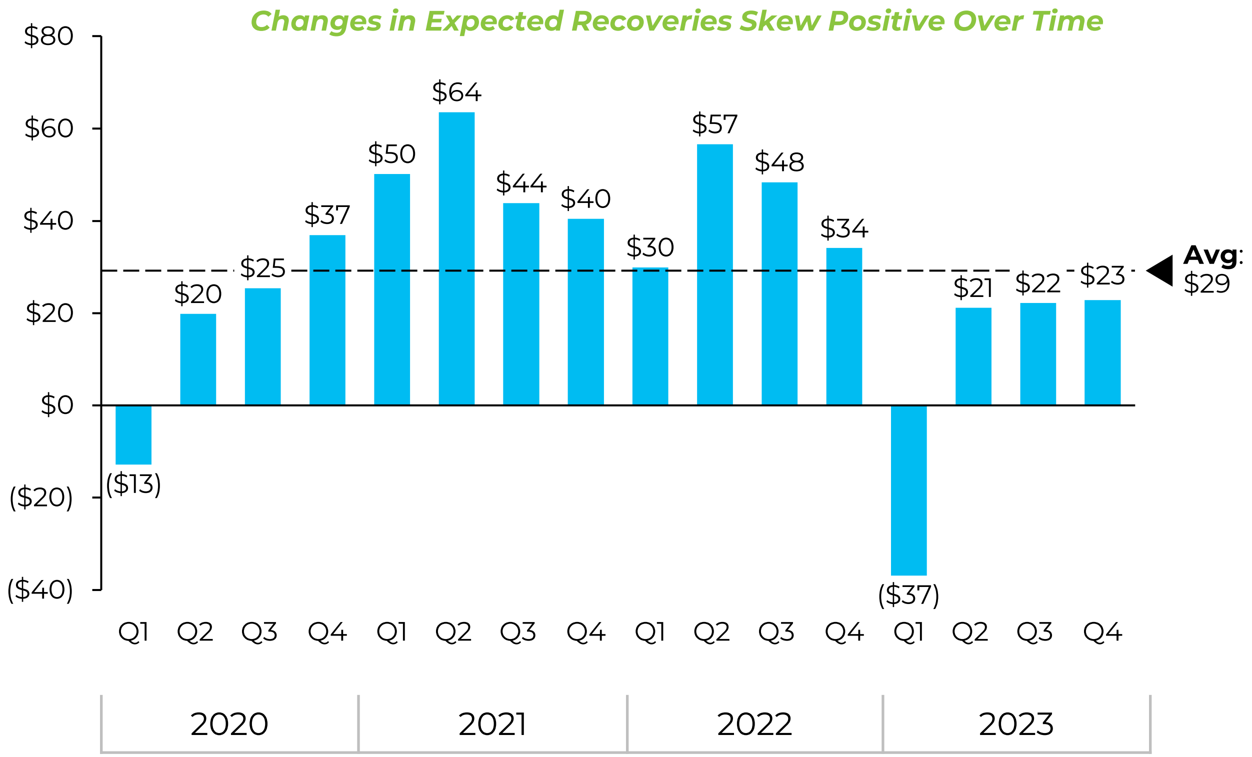
The Two Components of Portfolio Revenue

$ in millions

Portfolio Income



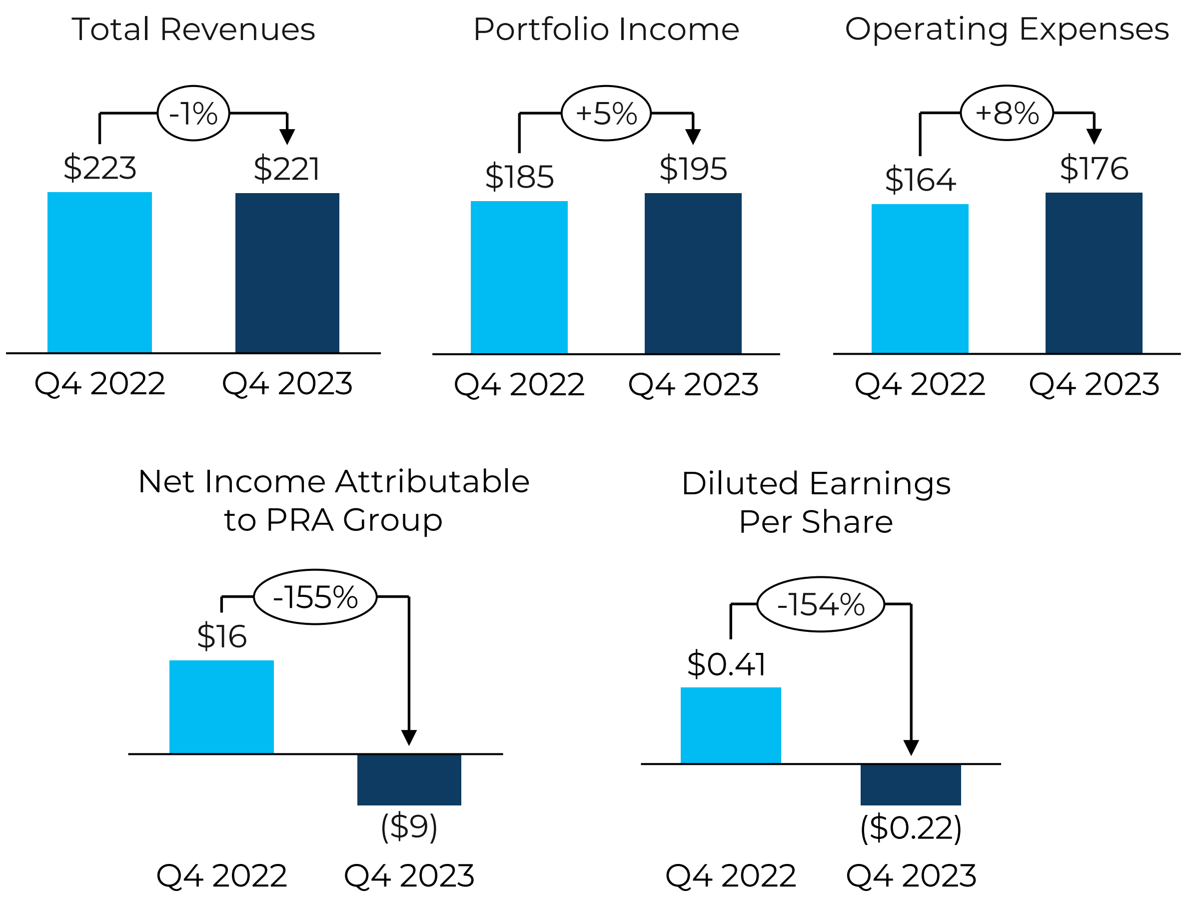
Changes in Expected Recoveries



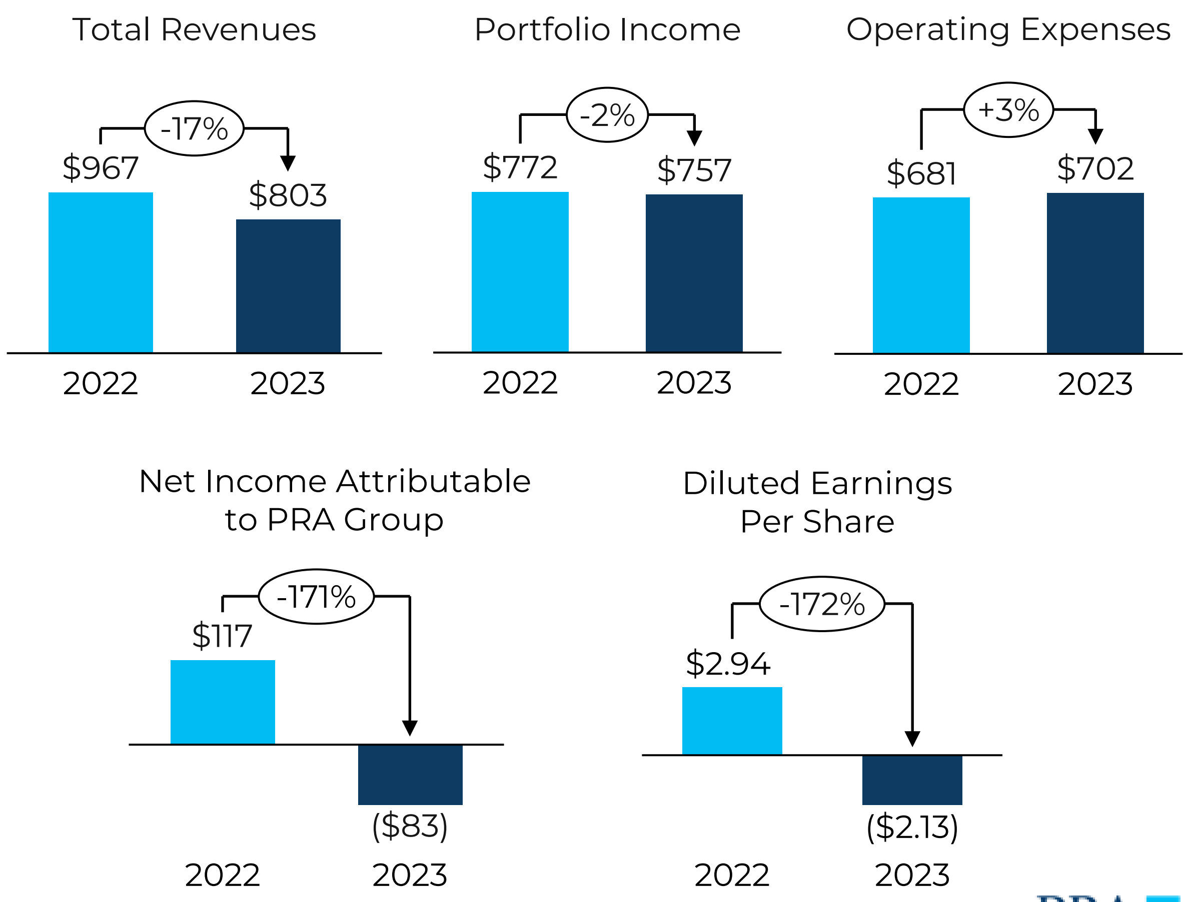
Q4 and Full Year 2023 Financial Results

$ in millions, except per share amounts

Q4 2022 vs Q4 2023

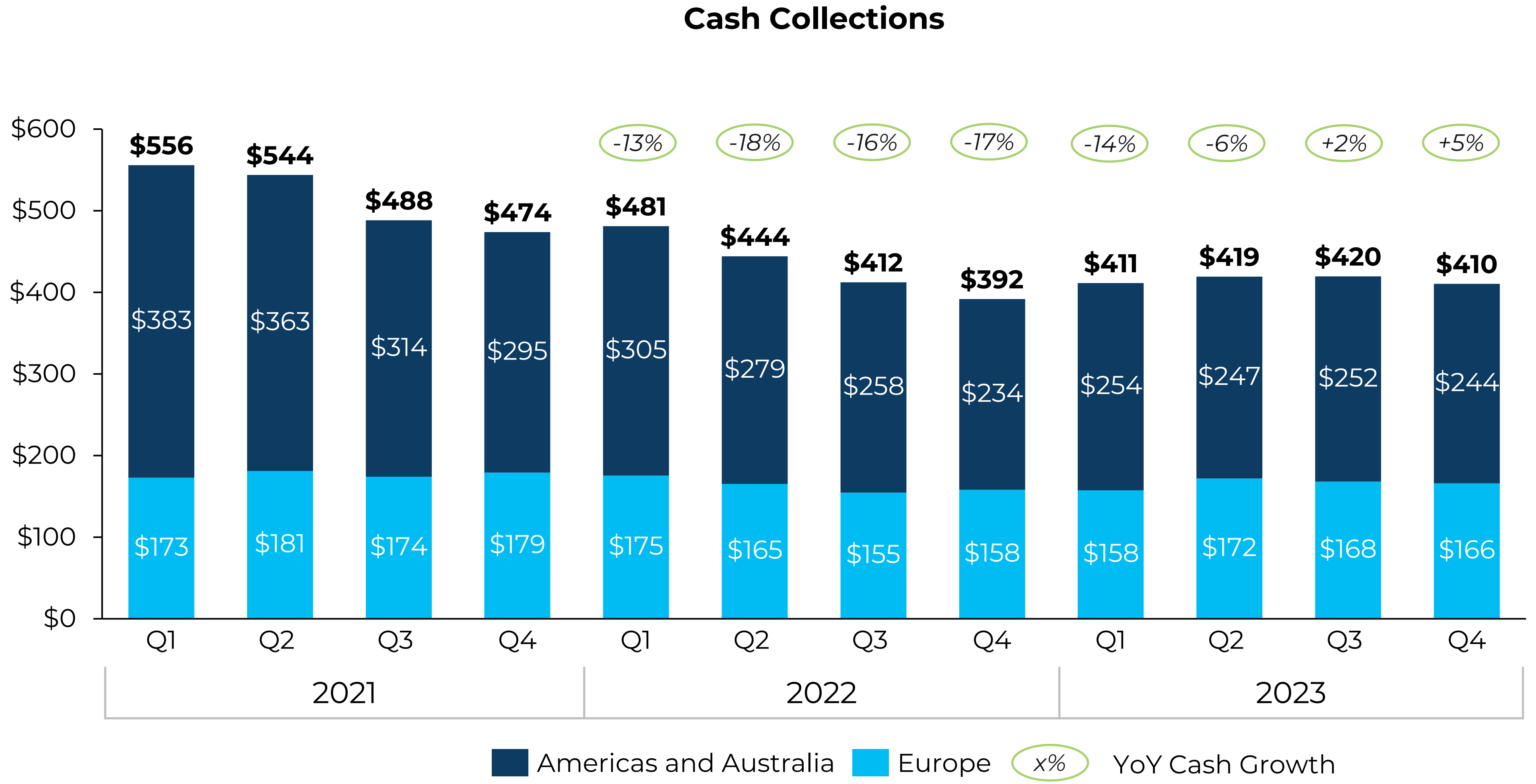


2022 vs 2023



Cash Collections Increased 5% Year-Over-Year

$ in millions



Americas and Australia:

- 5% increase driven primarily by higher collections in Brazil

Europe:

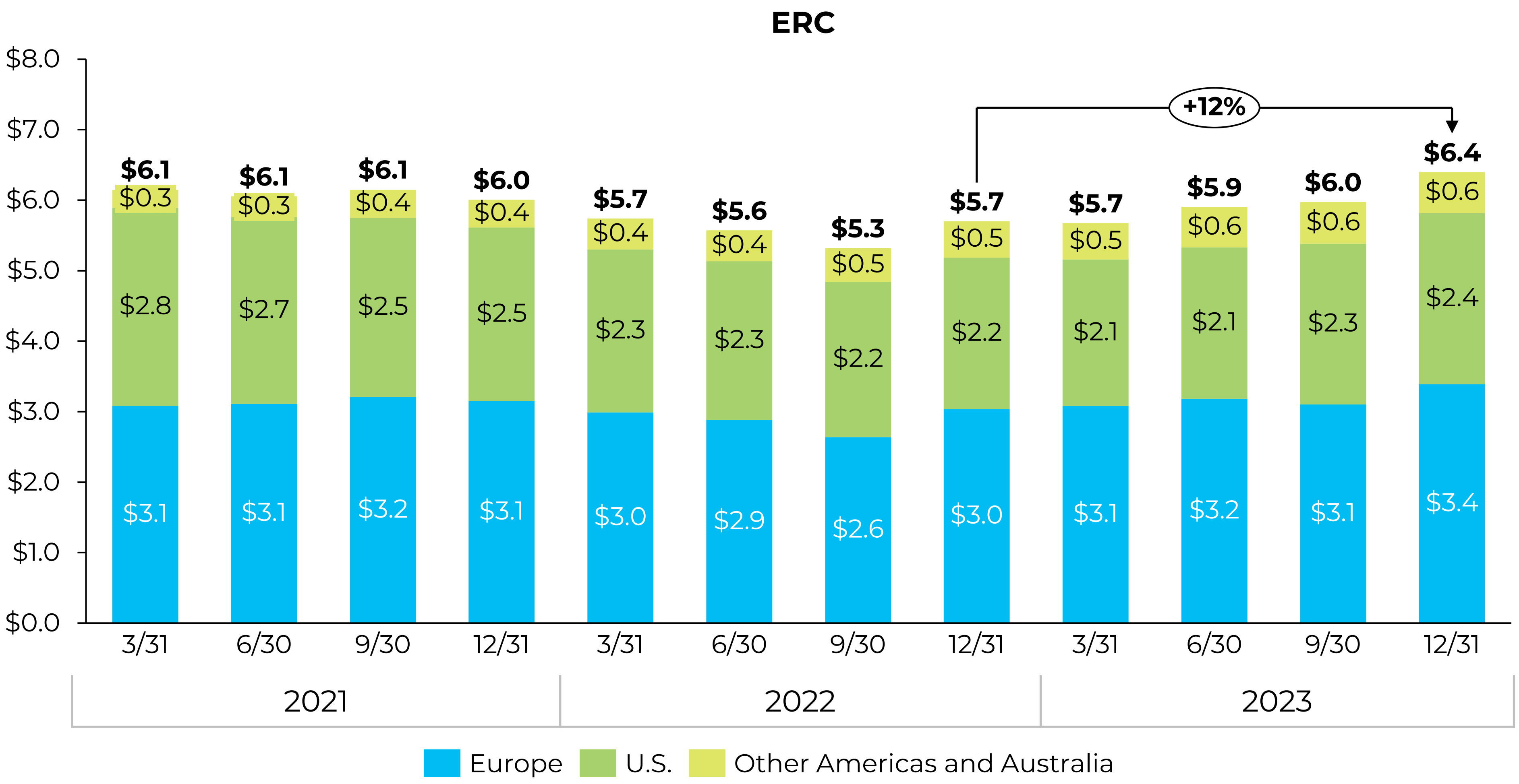
- 5% increase driven by higher recent purchases

Note: numbers may not add up due to rounding.

ERC Increased 12% Year-over-Year

ERC increased $423 million compared to prior quarter, with U.S. ERC up $147 million

$ in billions



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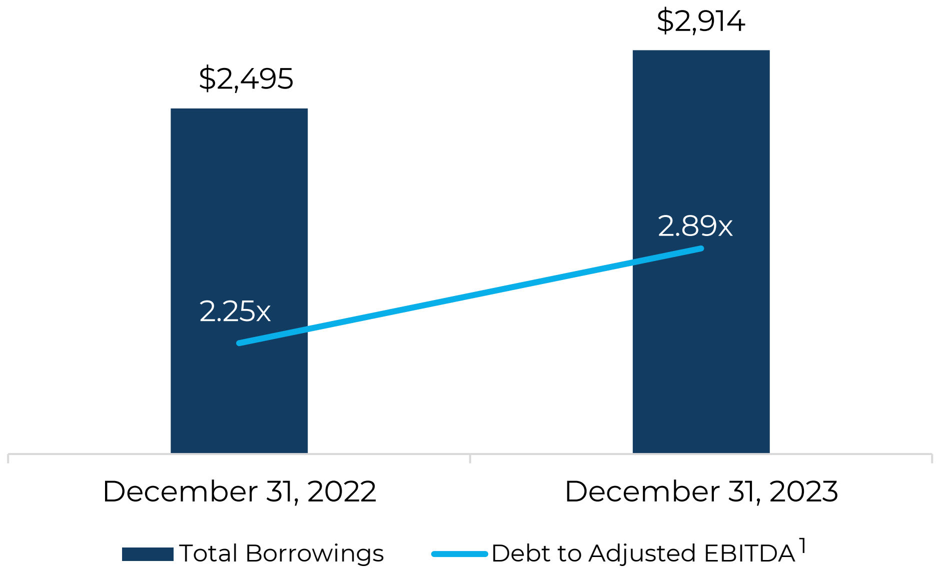
Note: numbers may not add up due to rounding.

Strong Capital Structure With Longstanding Bank Relationships

$ in millions

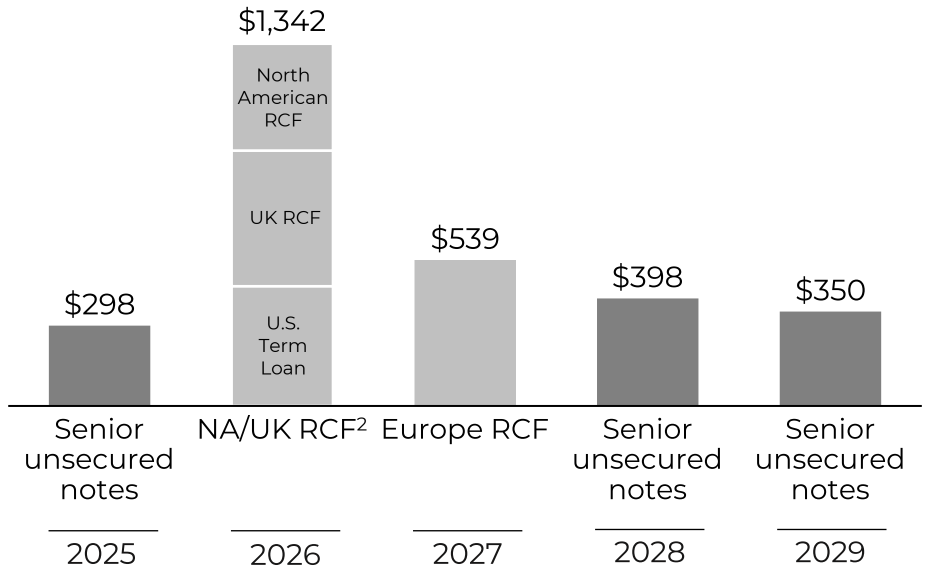
Total Borrowings and Debt to Adjusted EBITDA[1]



- **$1.3 billion availability under our credit facilities**
  - **$344 million** available based on current ERC
  - **$939 million** additional availability subject to debt covenants, including advance rates

Debt Maturity Profile

(Amount Outstanding)



1. A reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA can be found at the end of this presentation. 2. Includes North American (NA) Revolving Credit Facility (RCF), UK RCF, and U.S. term loan

Our Imperatives

Rebuild Profitability and Shareholder Value

Stabilize Performance

Drive the Turnaround

Executing with urgency

Roadmap to Enhanced Profitability

Value Creation from Higher Cash Collections While Reducing Marginal Costs

ERC & Pricing

Grow the portfolio with discipline

- ✓ Capitalizing on U.S. supply
- ✓ Deepening seller relationships
- ✓ Proactively managing pricing

+

Operational Effectiveness

Maximize cash collected per dollar invested

- ✓ Addressing operational execution gaps
- ✓ Call center strategy realignment
- ✓ Legal process optimization
- ✓ Leveraging third-party vendors

+

Expense Management

Optimize cost structure

- ✓ Cost elimination/ restructuring
- ✓ Productivity enhancements
- ✓ Leveraging low-cost locations
- ✓ Driving to lower marginal unit costs
- ✓ Establishing flexibility

=

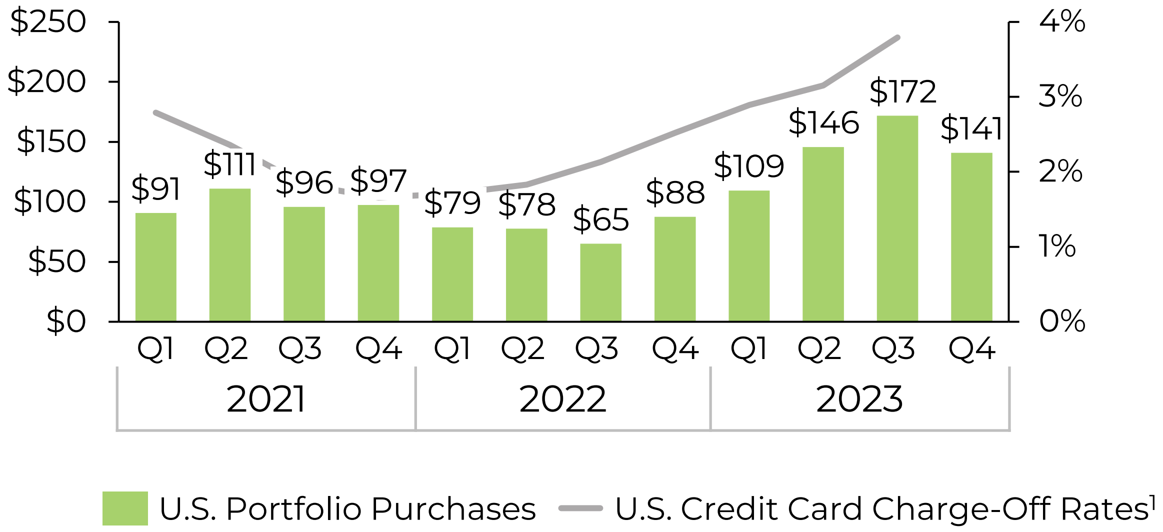
Enhanced Profitability

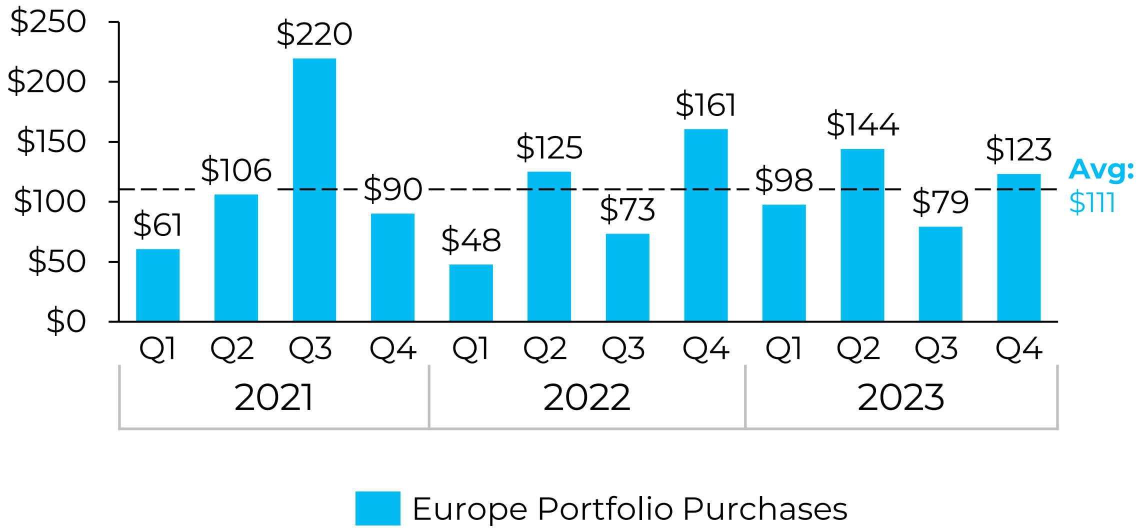
- ✓ **Significantly higher cash collections**
- ✓ **Lower marginal costs**
- ✓ Positive buying loop – **higher returns on new portfolio investments**

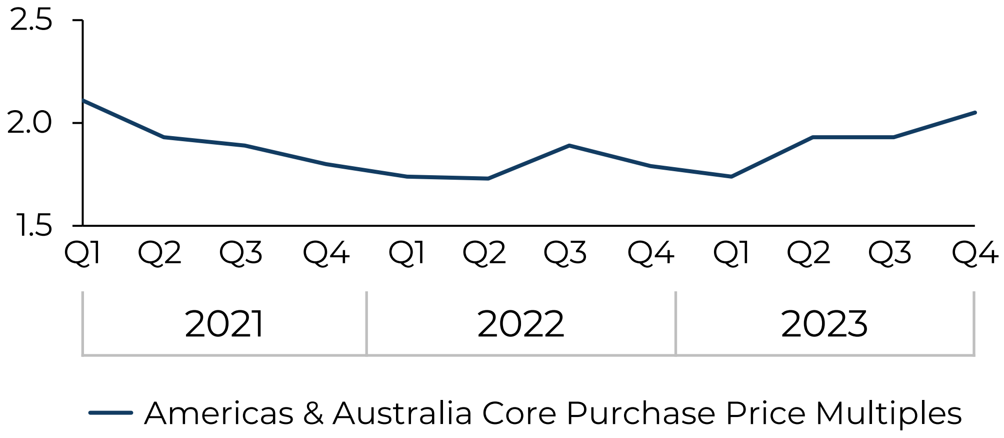
Capitalizing on Strong U.S. Supply and Improving Prices Globally

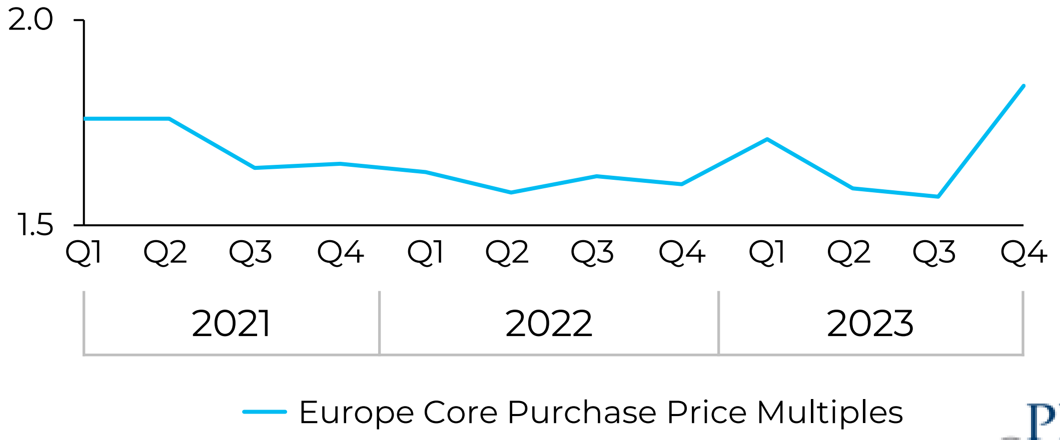
$ in millions

ERC and Pricing









1. Board of Governors of the Federal Reserve System, Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks

Optimizing Operational Effectiveness

Enhancements Driving Improved Cash Generation

Call Center Initiatives

- ✓ Addressed gaps in inventory management
- ✓ Optimized dialer strategies
- ✓ Enhanced customer engagement
- ✓ Reconfigured offers
- ✓ Conducted extensive process reviews

Post-Judgment Legal Optimization

- ✓ Enhanced multiple internal processes
- ✓ Established new third-party relationships
- ✓ Expanded access to information sources
- ✓ Optimizing placement of accounts

Driving Efficiencies and Cost Savings

Expenses Expected to Grow Slower Than Cash Collections, Driving Cash Efficiency in the Low 60% Range

Expense Management

Restructure & Eliminate Non-Essential Processes/Costs

- ✓ **U.S. reduction in force** (Q1 2023)
- ✓ **Restructured Italy business** (Q1 2023)
- ✓ **Closed U.S. call center** (Q3 2023)
- ✓ **Implemented process automation** that eliminated 100 vendor resources (Q3 2023)
- ✓ **Restructured Australia business** (Q4 2023)

Reexamine & Simplify Processes

- ✓ Implemented processes to **increase call center productivity**
- ✓ **Deploying new workforce management tools**
- ✓ **Enhanced vendor management**
- ✓ **Dynamic business prioritization**

Rebalance Resources to Leverage Lower-Cost Locations

- ✓ **Expanded relationships** with existing third parties
- ✓ **Onboarding third parties** to support strategic initiatives
- ✓ **Offshoring multiple processes to lower-cost locations**
- ✓ **Launched offshore call center** (Q4 2023), with significant expansion planned

Building flexibility in the business

PRA Group

2024 Outlook

Return to Meaningful Profitability and Substantially Improved Results

Strong portfolio investment levels

- Largely due to increase in U.S. portfolio supply and continued favorable returns

Double-digit growth in cash collections in 2024

- Driven by **portfolio growth, pricing, and execution of cash generation initiatives**

Modest expense growth

- **Overall expense management** and shift to lower-cost locations

60%+ cash efficiency ratio[1] in 2024

- **Cash efficiency** improving through 2024

6-8% return on average tangible equity[2] in 2024

- Adding new metric to **better assess and track performance**

1. Cash efficiency ratio = (cash receipts – operating expenses)/cash receipts
2. Return on average tangible equity (ROATE) = annual net income attributable to PRA Group, Inc. divided by average tangible equity. Average tangible equity = average total stockholders' equity - PRA Group, Inc. minus average goodwill

Q&A

Reconciliation of Non-GAAP Financial Measures to GAAP

Use of Non-GAAP Financial Measures

PRA Group, Inc. reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management uses certain non-GAAP financial measures, including Adjusted EBITDA, internally to evaluate the Company's performance and to set performance goals. Adjusted EBITDA is calculated as net income attributable to PRA Group, Inc. plus income tax expense; less foreign exchange gain (or plus foreign exchange loss); plus interest expense, net; plus other expense (or less other income); plus depreciation and amortization; plus impairment of real estate; plus adjustment for net income attributable to noncontrolling interests; and plus recoveries applied to negative allowance less changes in expected recoveries. Adjusted EBITDA is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP. PRA Group, Inc. presents Adjusted EBITDA because the Company considers it an important supplemental measure of operations and financial performance. Management believes Adjusted EBITDA helps provide enhanced period-to-period comparability of operations and financial performance and is useful to investors as other companies in the industry report similar financial measures. Adjusted EBITDA should not be considered as an alternative to net income determined in accordance with GAAP. Set forth below is a reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA for the years ended December 31, 2023 and 2022. The calculation of Adjusted EBITDA below may not be comparable to the calculation of similarly titled measures reported by other companies. Additionally, the Company evaluates its business using certain ratios that use Adjusted EBITDA. Debt to Adjusted EBITDA is calculated by dividing borrowings by Adjusted EBITDA. The following table reflects the Company's Debt to Adjusted EBITDA for the years ended December 31, 2023 and 2022.

Adjusted EBITDA for PRA Group ($ in millions)	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Net income/(loss) attributable to PRA Group, Inc.	**($83)**	**$117**
Adjustments:		
Income tax expense	(16)	37
Foreign exchange gains	—	(1)
Interest expense, net	182	131
Other expense	2	1
Depreciation and amortization	13	15
Impairment of real estate	5	—
Adjustment for net income attributable to noncontrolling interests	17	1
Recoveries applied to negative allowance less Changes in expected recoveries	888	806
Adjusted EBITDA	**$1,007**	**$1,107**

($ in millions)	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Borrowings	$2,914	$2,495
Adjusted EBITDA	1,007	1,107
Debt to Adjusted EBITDA	**2.89**	**2.25**

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