



# PRA Group Q2 2025 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 Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.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.

# Starting New Chapter at PRA on the Front Foot

Working with urgency to **drive shareholder value**



Strong European track record provides **playbook for U.S. transformation**



Company building on a **solid foundation**, with many key strengths



# A Strong Foundation for Shareholder Value Creation

## Multiple Catalysts to Drive Near- and Long-Term Value



Strong leadership team with decades of relevant experience



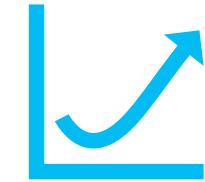
Geographically diversified business in 18 countries with a resilient business model



Deep global seller relationships and an attractive purchasing environment



Strong European business



Opportunity to accelerate transformation of U.S. business with significant operational initiatives underway



Ample funding with no debt maturities until 2027

# Near-Term Focus Centered Around Three Strategic Pillars to Enhanced Value

## Optimizing Investments

*Increase ERC<sup>1</sup> and portfolio returns*

- ✓ Continue allocating capital strategically
- ✓ Focus on higher-return opportunities

## Operational Execution

*Maximize cash collected per dollar invested*

- ✓ Build on progress made in U.S. legal, call center and digital channels
- ✓ Reorganize the U.S. operations and leadership structure
- ✓ Implement return-to-office initiative for corporate and support staff
- ✓ Create new hub to attract specialist talent

## Managing Expenses

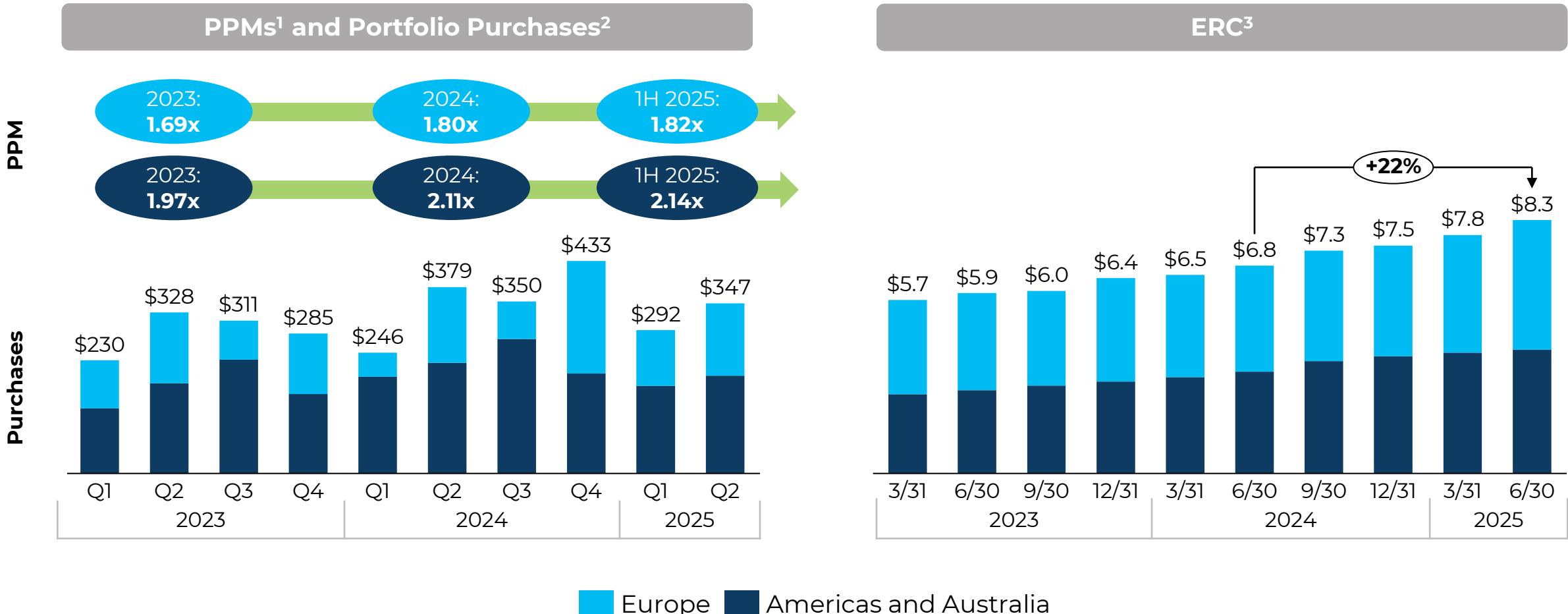
*Optimize cost structure*

- ✓ Continue leveraging offshore capabilities
- ✓ Review and optimize overhead costs

## Enhanced Value

- ✓ Higher portfolio returns
- ✓ Higher cash collections
- ✓ Lower marginal costs
- ✓ Improved cash efficiency

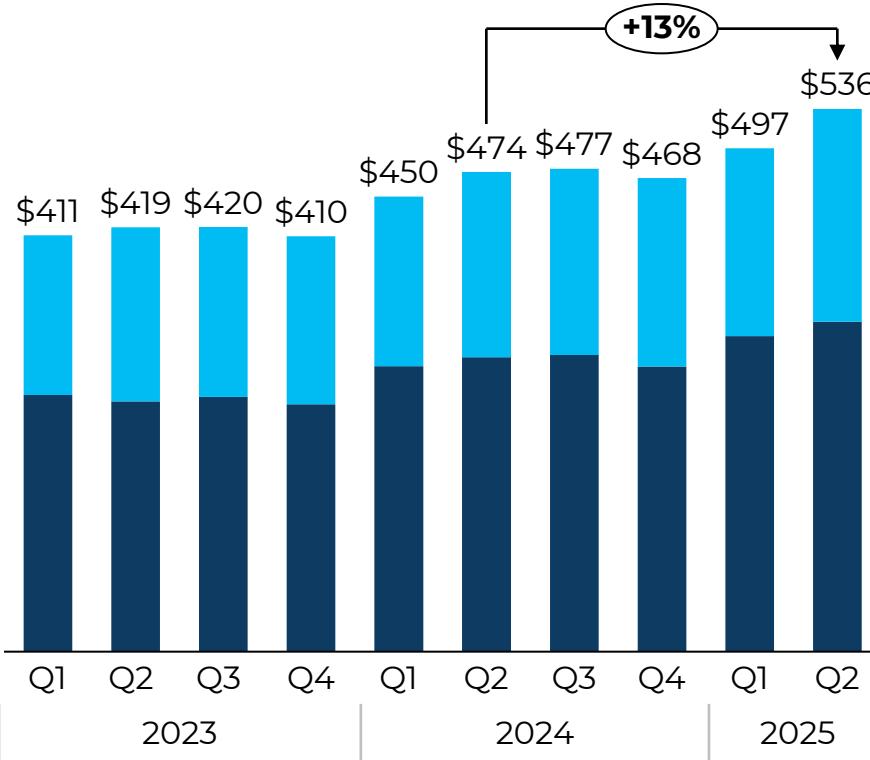
# Continued Purchasing Discipline Drives Improvement in Purchase Price Multiples (PPM)<sup>1</sup>



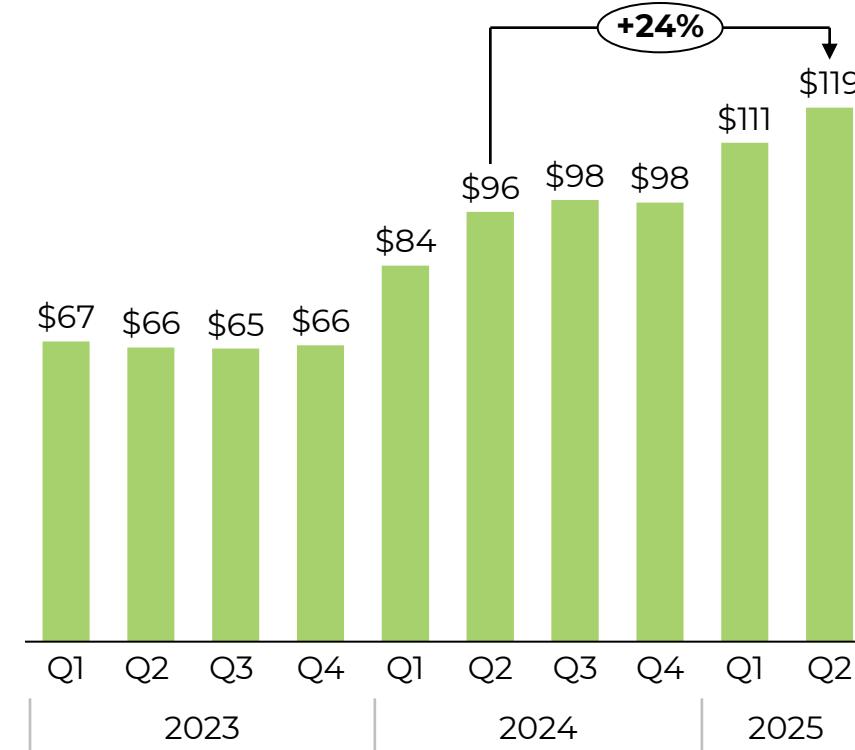
# Double-Digit Collections Growth Driven by Recent Portfolio Purchases and Investments in the U.S. Legal Channel

\$ in millions

## Total Cash Collections



## U.S. Legal Cash Collections

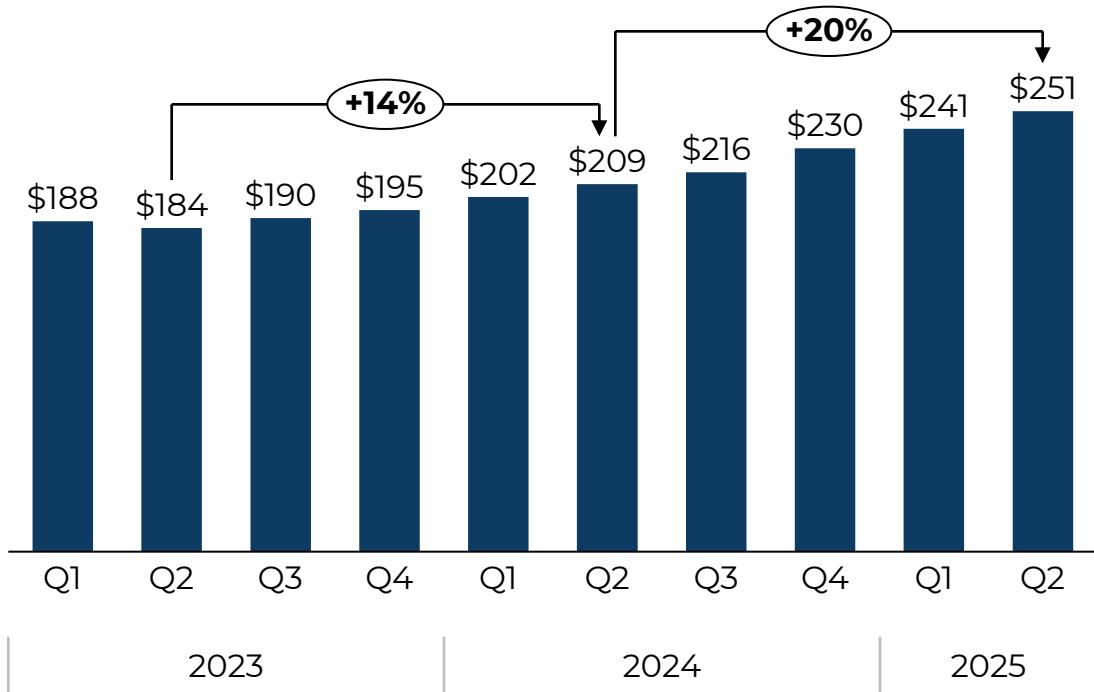


- ✓ Legal is an **important channel** but not the channel of first resort
- ✓ Typically provides **greater certainty** and a higher amount of cash collected vs. other channels
- ✓ Investment in the legal channel has led to **significant cash generation**

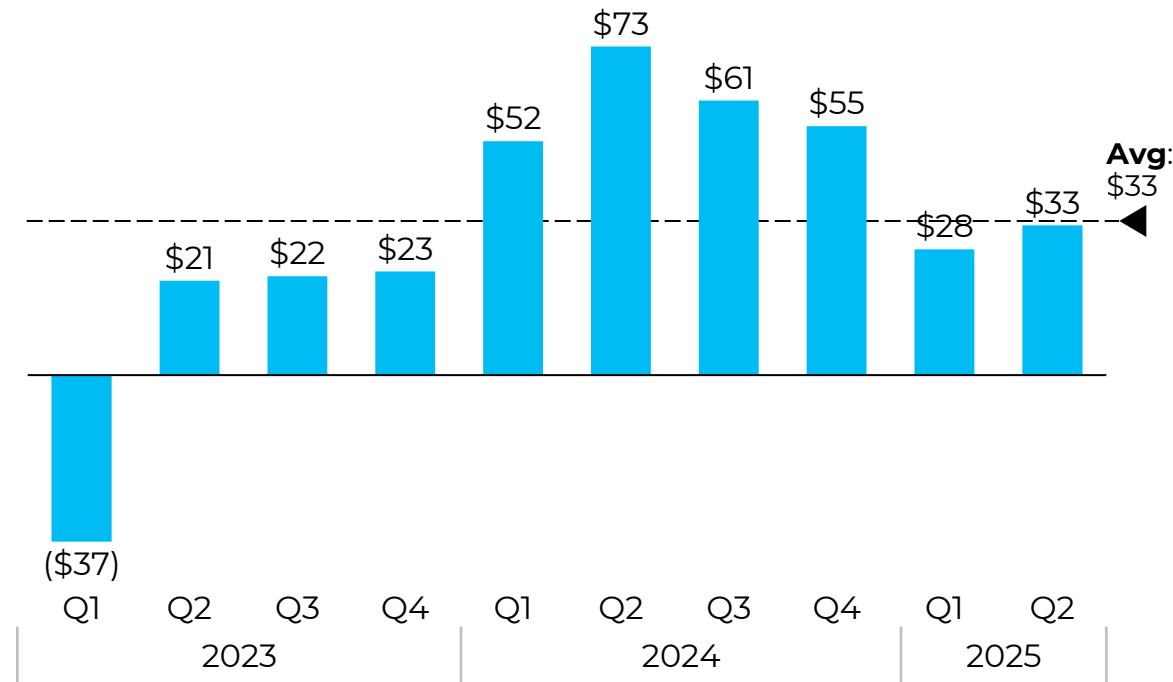
# Portfolio Income Growth Accelerating, Driven by Strong Recent Investments at Higher Purchase Price Multiples

\$ in millions

**Portfolio Income**

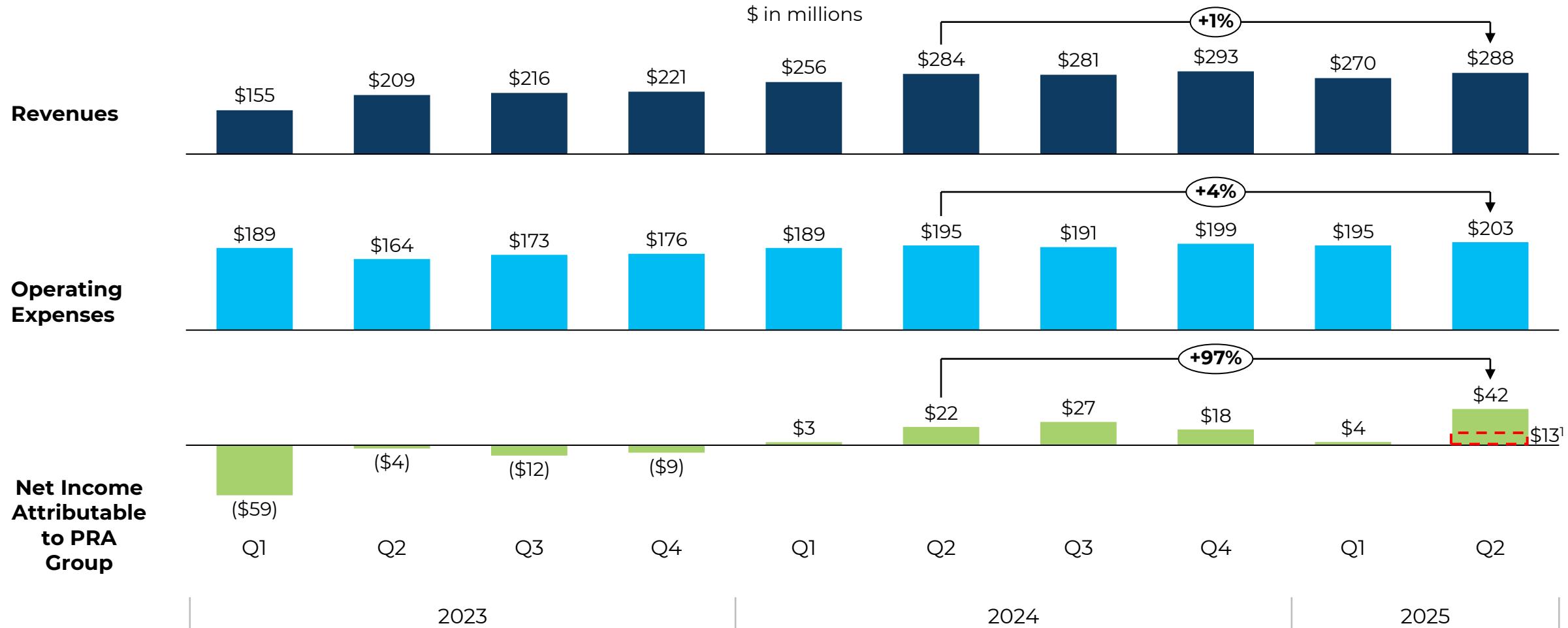


**Changes in Expected Recoveries**



# Six Consecutive Quarters of Profitability

\$42 Million in Net Income in Q2; \$13 Million Excluding After-Tax Gain from RCB Sale in Brazil

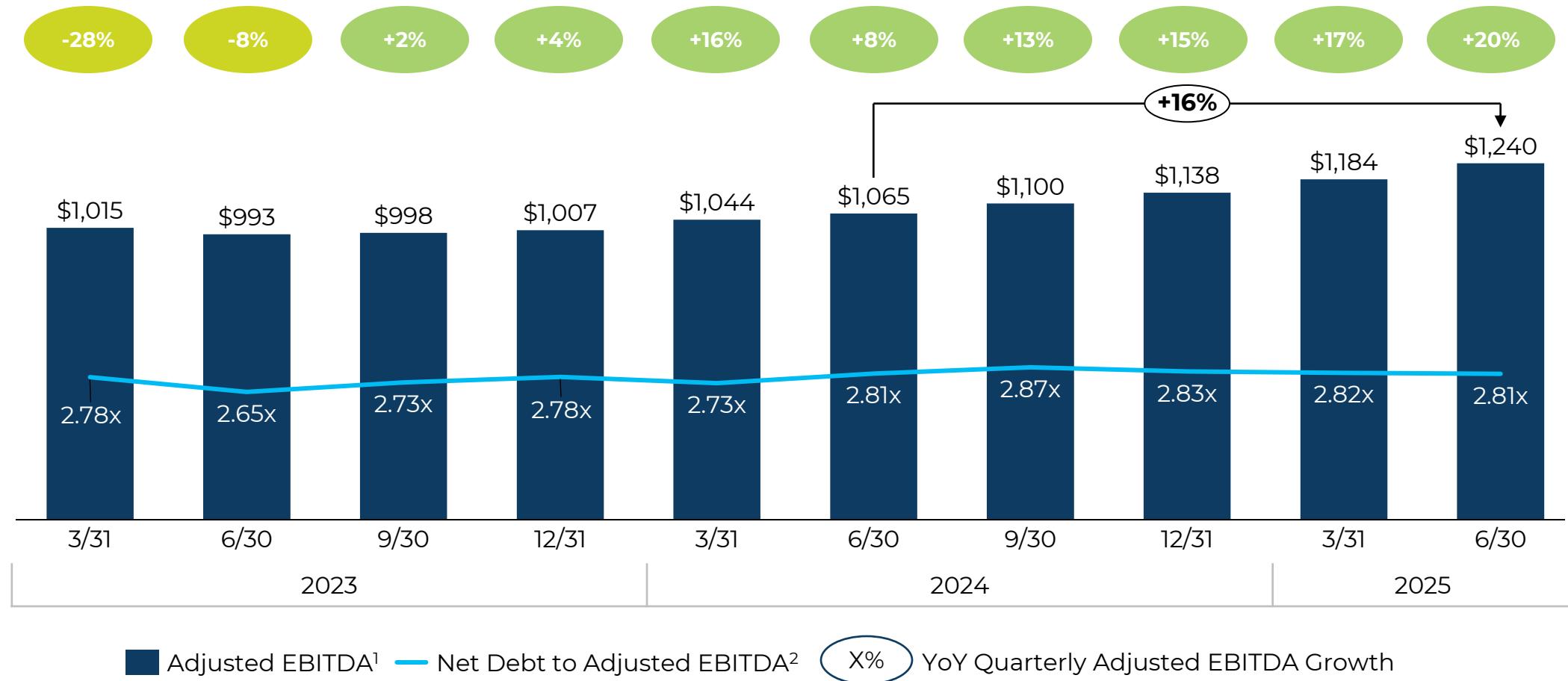


1. Net income attributable to PRA Group, Inc. excluding one-time after-tax gain of approximately \$30 million from the previously announced sale of the Company's equity interest in RCB, the servicing company for its nonperforming loan investments in Brazil. This transaction does not impact the Company's ownership of any portfolios in Brazil, nor its existing operations or future portfolio investment opportunities in this market.

# Strong Cash Collections Drive Adjusted EBITDA Growth

## Leverage Remains Stable and Within 2-3x Target Range

\$ in millions



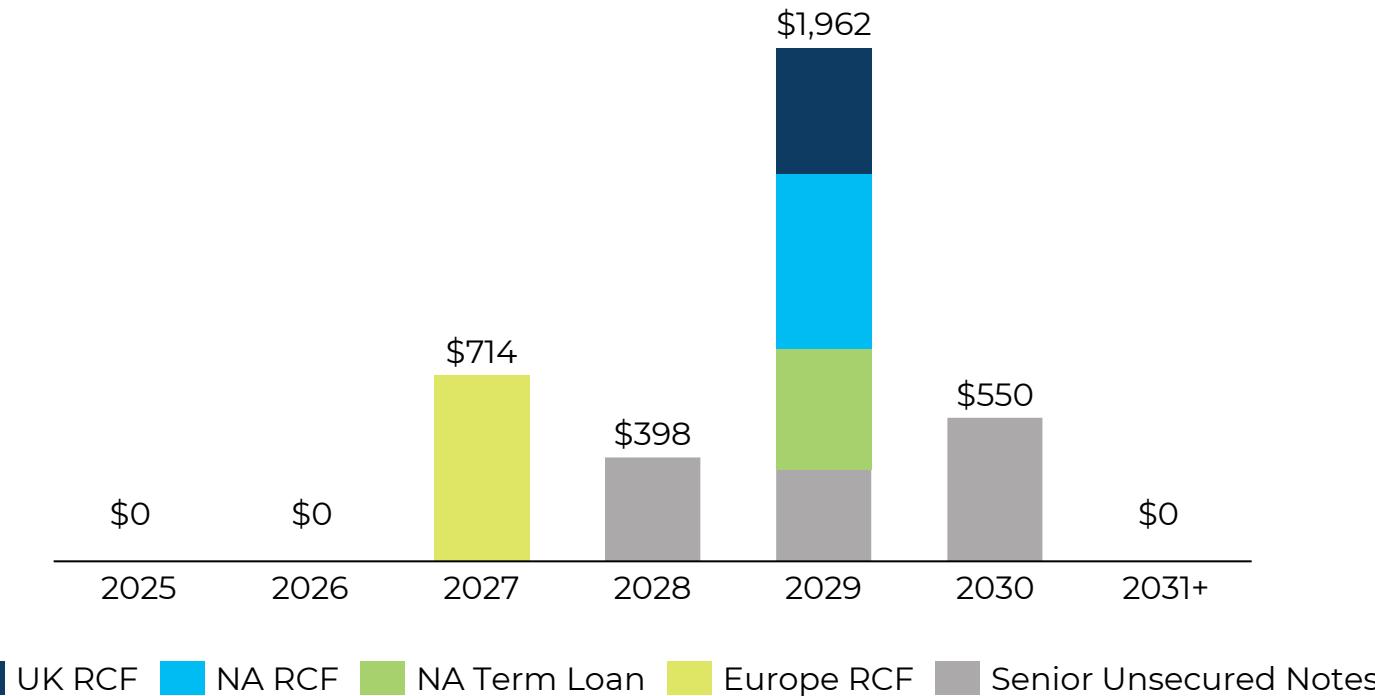
1. A reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA can be found at the end of this presentation. 2. A reconciliation of total debt, the most directly comparable financial measure calculated and reported in accordance with GAAP, to net debt can be found at the end of this presentation.

# Strong Capital Structure

No Near-Term Maturities; Repurchased \$10 million of Shares During the Quarter

\$ in millions

## Debt Maturity Profile



- **\$841 million** available under our credit facilities as of June 30, 2025
- **\$522 million** available based on current ERC
- **\$319 million** of additional availability subject to borrowing base and debt covenants, including advance rates
- **Strong long-term relationships** with creditors
- Bank covenant structure provides the **financial flexibility to drive future growth**
- **Repurchased \$10 million of shares during the quarter**, enhancing shareholder value

# Key Takeaways

**Another quarter of solid results:** robust portfolio purchases, record ERC, double-digit cash collections growth and 60%+ cash efficiency

---

Entering second half of 2025 with **momentum** and **accelerating transformation** of U.S. business

---

Focused intensely on **shareholder value creation**

## Q&A



# Reconciliation of Non-GAAP Financial Measures to GAAP

\$ in millions

## Use of Non-GAAP Financial Measures

The Company 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 (or loss) attributable to PRA Group, Inc. plus income tax expense (or less income tax benefit); plus foreign exchange loss (or less foreign exchange gain); plus interest expense, net and other; plus depreciation and amortization; plus impairment of real estate; plus net income attributable to noncontrolling interests; less gain on sale of equity method investment; and plus recoveries collected and applied to Finance receivables, net less Changes in expected recoveries. Adjusted EBITDA is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP. The Company presents Adjusted EBITDA because the Company considers it an important supplemental measure of operational and financial performance. Management believes Adjusted EBITDA helps provide enhanced period-to-period comparability of the Company's operational 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 last twelve months (LTM) as of March 31, 2023 through the LTM as of June 30, 2025. 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. Net debt to Adjusted EBITDA is calculated by dividing borrowings less cash and cash equivalents by Adjusted EBITDA. The following table also reflects the Company's Net debt to Adjusted EBITDA for the LTM as of March 31, 2023 through the LTM as of June 30, 2025.

	LTM Ended											
	2023				2024				2025			
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	3/31	6/30		
<b>Net income/(loss) attributable to PRA Group, Inc.</b>	<b>\$ 19</b>	<b>\$ (22)</b>	<b>\$ (59)</b>	<b>\$ (83)</b>	<b>\$ (21)</b>	<b>\$ 4</b>	<b>\$ 43</b>	<b>\$ 71</b>	<b>\$ 71</b>	<b>\$ 92</b>		
(+) Income tax expense/(benefit)	14	1	(8)	(16)	5	12	10	21	23	30		
(+) Foreign exchange loss (gain)	(2)	(1)	(1)	—	(1)	—	1	—	—	—		
(+) Interest expense, net and other	138	150	168	183	198	209	221	230	239	246		
(+) Depreciation and amortization	15	15	14	13	13	12	11	11	11	11		
(+) Impairment of real estate	—	—	5	5	5	5	—	—	1	1		
(+) Net income attributable to noncontrolling interests	11	13	15	17	20	19	17	18	15	15		
(-) Gain on sale of equity method investment	—	—	—	—	—	—	—	—	—	(38)		
(+) Recoveries collected and applied to Finance receivables, net less Changes in expected recoveries	820	837	864	888	825	804	797	787	824	885		
<b>LTM Adjusted EBITDA</b>	<b>\$ 1,015</b>	<b>\$ 993</b>	<b>\$ 998</b>	<b>\$ 1,007</b>	<b>\$ 1,044</b>	<b>\$ 1,065</b>	<b>\$ 1,100</b>	<b>\$ 1,138</b>	<b>\$ 1,184</b>	<b>\$ 1,240</b>		
Borrowings	\$ 2,938	\$ 2,740	\$ 2,832	\$ 2,914	\$ 2,953	\$ 3,114	\$ 3,296	\$ 3,327	\$ 3,466	\$ 3,614		
Cash and cash equivalents	116	111	105	113	108	119	141	106	129	132		
Net debt	2,822	2,629	2,727	2,801	2,845	2,995	3,155	3,221	3,337	3,483		
<b>Net Debt to LTM Adjusted EBITDA</b>	<b>2.78x</b>	<b>2.65x</b>	<b>2.73x</b>	<b>2.78x</b>	<b>2.73x</b>	<b>2.81x</b>	<b>2.87x</b>	<b>2.83x</b>	<b>2.82x</b>	<b>2.81x</b>		

# Reconciliation of Non-GAAP Financial Measures to GAAP (Cont.)

## Use of Non-GAAP Financial Measures (Cont.)

In addition, the Company uses return on average tangible equity (ROATE), which is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP, to monitor and evaluate operating performance relative to the Company's equity. Management believes ROATE is a useful financial measure for investors in evaluating the effective use of equity, and is an important component of its long-term shareholder return. Average tangible equity is defined as average Total stockholders' equity - PRA Group, Inc. less average goodwill and average other intangible assets. ROATE is calculated by dividing annualized net income attributable to PRA Group, Inc. by average tangible equity. ROATE may include certain items that are not indicative of the operating results of the Company's portfolio. Accordingly, management also uses Adjusted ROATE, which is defined as ROATE excluding the impact of gains/losses from the sale of equity method investments, to monitor and evaluate operating performance relative to our equity. Management believes that Adjusted ROATE is a useful financial measure for investors because it excludes the impact of gains/losses that are not indicative of the operating results of the Company's portfolio. The following table provides a reconciliation of Total stockholders' equity - PRA Group, Inc. as reported in accordance with GAAP to average tangible equity. The table also provides a reconciliation of net income attributable to PRA Group, Inc. to adjusted net income attributable to PRA Group, Inc. and provides the Company's ROATE and Adjusted ROATE for the periods indicated (in thousands, except for ratio data):

	Balance as of Period End		Average Tangible Equity Reconciliation <sup>1</sup>			
	June 30, 2025	June 30, 2024	Q2 2025	Q2 2024	YTD 2025	YTD 2024
<b>Total stockholders' equity - PRA Group, Inc.</b>	\$ 1,336,925	\$ 1,145,463	\$ 1,278,016	\$ 1,137,395	\$ 1,230,355	\$ 1,147,300
Less: Goodwill	439,449	415,646	430,082	413,746	418,840	419,685
Less: Other intangible assets	1,541	1,597	1,515	1,632	1,494	1,668
<b>Average tangible equity</b>			\$ 846,419	\$ 722,017	\$ 810,021	\$ 725,947
<b>ROATE<sup>2</sup></b>						
		Q2 2025	Q2 2024	YTD 2025	YTD 2024	
Net income attributable to PRA Group, Inc.		\$ 42,374	\$ 21,516	\$ 46,033	\$ 24,991	
<b>Return on average tangible equity</b>		<b>20.0%</b>	<b>11.9%</b>	<b>11.4%</b>	<b>6.9%</b>	
<b>Adjusted ROATE<sup>3</sup></b>						
		Q2 2025	Q2 2024	YTD 2025	YTD 2024	
Net income attributable to PRA Group, Inc.		\$ 42,374	\$ 21,516	\$ 46,033	\$ 24,991	
Less: Gain on sale of equity method investment, net of tax		(29,686)	—	(29,686)	—	
Adjusted net income attributable to PRA Group, Inc.		12,688	21,516	16,347	24,991	
<b>Adjusted return on average tangible equity</b>		<b>6.0%</b>	<b>11.9%</b>	<b>4.0%</b>	<b>6.9%</b>	

1. Amounts represent the average balances for the respective periods. Equity balances are not adjusted for gain on sale of equity method investment, which would have a de minimus effect on Adjusted ROATE. 2. Based on annualized Net income attributable to PRA Group, Inc. 3. Based on annualized Adjusted net income attributable to PRA Group, Inc.



**Najim Mostamand, CFA**

VP, Investor Relations

(757) 431-7913

IR@pragroup.com

IR.PRAGROUP.COM