

REFINITIV

DELTA REPORT

10-Q

ECPG - ENCORE CAPITAL GROUP INC
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1170
CHANGES	198
DELETIONS	175
ADDITIONS	797

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024** **June 30, 2024** or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 000-26489

ENCORE CAPITAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

48-1090909

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

350 Camino De La Reina, Suite 100

San Diego, California 92108

(Address of principal executive offices, including zip code)

(877) 445 - 4581

(Registrant's telephone number, including area code)

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 Par Value Per Share	ECPG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 1, 2024 July 31, 2024
Common Stock, \$0.01 par value	23,686,865 23,690,958 shares

ENCORE CAPITAL GROUP, INC.
INDEX TO FORM 10-Q

	Page
PART I – FINANCIAL INFORMATION	3
Item 1— Condensed Consolidated Financial Statements (Unaudited)	3
Condensed Consolidated Statements of Financial Condition	3
Condensed Consolidated Statements of Income	4
Condensed Consolidated Statements of Comprehensive Income	5
Condensed Consolidated Statements of Equity	6
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Financial Statements	8
Note 1: Ownership, Description of Business, and Summary of Significant Accounting Policies	8
Note 2: Earnings Per Share	9
Note 3: Fair Value Measurements	9
Note 4: Derivatives and Hedging Instruments	11
Note 5: Investment in Receivable Portfolios, Net	12
Note 6: Other Assets	13
Note 7: Borrowings	15
Note 8: Variable Interest Entities	16
Note 9: Accumulated Other Comprehensive Loss	17
Note 10: Income Taxes	19
Note 11: Commitments and Contingencies	20
Note 12: Segment and Geographic Information	21
Note 13: Goodwill and Identifiable Intangible Assets	22
Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3 – Quantitative and Qualitative Disclosures About Market Risk	24
Item 4 – Controls and Procedures	25
PART II – OTHER INFORMATION	44
Item 1 – Legal Proceedings	44
Item 1A – Risk Factors	44
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 5 – Other Information	44
Item 6 – Exhibits	45
SIGNATURES	46

PART I – FINANCIAL INFORMATION
Item 1—Condensed Consolidated Financial Statements (Unaudited)
ENCORE CAPITAL GROUP, INC.
Condensed Consolidated Statements of Financial Condition
(In Thousands, Except Par Value Amounts)
(Unaudited)

March	
31,	December 31,
2024	2023

	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Investment in receivable portfolios, net		
Property and equipment, net		
Other assets		
Goodwill		
Total assets		
Liabilities and Equity		
Liabilities:		
Liabilities:		
Liabilities:		
Accounts payable and accrued liabilities		
Accounts payable and accrued liabilities		
Accounts payable and accrued liabilities		
Borrowings		
Other liabilities		
Total liabilities		
Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)
Equity:		
Convertible preferred stock, \$0.01 par value, 5,000 shares authorized, no shares issued and outstanding		
Convertible preferred stock, \$0.01 par value, 5,000 shares authorized, no shares issued and outstanding		
Convertible preferred stock, \$0.01 par value, 5,000 shares authorized, no shares issued and outstanding		
Common stock, \$0.01 par value, 75,000 shares authorized, 23,687 and 23,545 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively		
Common stock, \$0.01 par value, 75,000 shares authorized, 23,691 and 23,545 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively		
Additional paid-in capital		
Accumulated earnings		
Accumulated other comprehensive loss		
Total stockholders' equity		
Total liabilities and stockholders' equity		

The following table presents certain assets and liabilities of consolidated variable interest entities ("VIEs") included in the condensed consolidated statements of financial condition above. Most assets The liabilities in the table below include those assets that can only be used to settle obligations settled from assets in the respective VIEs. Creditors of consolidated VIEs. The liabilities exclude amounts where creditors or beneficial interest holders the VIEs do not have recourse to the general credit of the Company. See "Note 8: Variable Interest Entities" for additional information on the Company's VIEs.

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Investment in receivable portfolios, net		
Other assets		
Liabilities		
Accounts payable and accrued liabilities		
Accounts payable and accrued liabilities		

Accounts payable and accrued liabilities

Borrowings

Other liabilities

See accompanying notes

ENCORE CAPITAL GROUP, INC.
Condensed Consolidated Statements of Income
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30,			June 30,	
	2024	2023		2024	2023
Revenues					
Revenues					
Revenues					
Revenue from receivable portfolios					
Revenue from receivable portfolios					
Revenue from receivable portfolios					
Changes in recoveries					
Changes in recoveries					
Changes in recoveries					
Total debt purchasing revenue					
Total debt purchasing revenue					
Total debt purchasing revenue					
Servicing revenue					
Servicing revenue					
Servicing revenue					
Other revenues					
Other revenues					
Other revenues					
Total revenues					
Total revenues					
Total revenues					
Operating expenses					
Operating expenses					
Operating expenses					
Salaries and employee benefits					
Salaries and employee benefits					
Salaries and employee benefits					
Cost of legal collections					
Cost of legal collections					
Cost of legal collections					
General and administrative expenses					
General and administrative expenses					
General and administrative expenses					
Other operating expenses					
Other operating expenses					
Other operating expenses					
Collection agency commissions					

Collection agency commissions
Collection agency commissions
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Total operating expenses
Total operating expenses
Total operating expenses
Income from operations
Income from operations
Income from operations
Other expense
Other expense
Other expense
Interest expense
Interest expense
Interest expense
Other income, net
Other income, net
Other income, net
Total other expense
Total other expense
Other income (expense), net
Other income (expense), net
Other income (expense), net
Total other expense
Income before income taxes
Income before income taxes
Income before income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net income
Net income
Net income
Earnings per share:
Earnings per share:
Earnings per share:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Weighted average shares outstanding:
Weighted average shares outstanding:
Weighted average shares outstanding:
Basic
Basic
Basic
Diluted
Diluted

Diluted

See accompanying notes

ENCORE CAPITAL GROUP, INC.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited, In Thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income				
Net income				
Net income				
Other comprehensive (loss) income, net of tax:				
Other comprehensive (loss) income, net of tax:				
Other comprehensive (loss) income, net of tax:				
Change in unrealized gain (loss) on derivative instruments:				
Change in unrealized gain (loss) on derivative instruments:				
Change in unrealized gain (loss) on derivative instruments:				
Unrealized gain (loss) on derivative instruments				
Unrealized gain (loss) on derivative instruments				
Unrealized gain (loss) on derivative instruments				
Change in unrealized (loss) gain on derivative instruments:				
Change in unrealized (loss) gain on derivative instruments:				
Change in unrealized (loss) gain on derivative instruments:				
Unrealized (loss) gain on derivative instruments				
Unrealized (loss) gain on derivative instruments				
Unrealized (loss) gain on derivative instruments				
Income tax effect				
Income tax effect				
Income tax effect				
Unrealized gain (loss) on derivative instruments, net of tax				
Unrealized gain (loss) on derivative instruments, net of tax				
Unrealized gain (loss) on derivative instruments, net of tax				
Change in foreign currency translation:				
Change in foreign currency translation:				
Unrealized (loss) gain on derivative instruments, net of tax				
Change in foreign currency translation:				
Unrealized (loss) gain on foreign currency translation				
Unrealized (loss) gain on foreign currency translation				
Unrealized (loss) gain on foreign currency translation				
Income tax effect				
Income tax effect				
Income tax effect				
Unrealized (loss) gain on foreign currency translation, net of tax				
Unrealized (loss) gain on foreign currency translation, net of tax				
Unrealized (loss) gain on foreign currency translation, net of tax				
Other comprehensive (loss) income, net of tax:				
Other comprehensive (loss) income, net of tax:				
Other comprehensive (loss) income, net of tax:				
Total comprehensive income				
Total comprehensive income				

Total comprehensive income

See accompanying notes

ENCORE CAPITAL GROUP, INC.
Condensed Consolidated Statements of Equity
(Unaudited, In Thousands)

[illegible]

	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Three Months Ended June 30, 2023
	Three Months Ended June 30, 2023
	Three Months Ended June 30, 2023

	Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Equity	Common Stock	Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss)/ Income	Total Equity
Balance as of December 31, 2022											
Balance as of December 31, 2022											
Balance as of December 31, 2022											
Balance as of March 31, 2023											
Balance as of March 31, 2023											
Balance as of March 31, 2023											
Net income											
Other comprehensive income, net of tax											
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes											
Stock-based compensation											
Purchase of capped call options, net of tax effect											
Unwind of the existing capped call options											
Settlement of convertible notes											
Balance as of March 31, 2023											
Balance as of June 30, 2023											
Balance as of June 30, 2023											
Balance as of June 30, 2023											

	Six Months Ended June 30, 2024					
	Common Stock		Additional Paid-In	Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Par	Capital			
Balance as of December 31, 2023	23,545	\$ 235	\$ 11,052	\$ 1,049,171	\$ (123,920)	\$ 936,538
Net income	—	—	—	55,420	—	55,420
Other comprehensive loss, net of tax	—	—	—	—	(6,038)	(6,038)
Issuance of share-based awards, net of shares withheld for employee taxes	146	2	(5,789)	—	—	(5,787)
Stock-based compensation	—	—	7,994	—	—	7,994
Balance as of June 30, 2024	23,691	\$ 237	\$ 13,257	\$ 1,104,591	\$ (129,958)	\$ 988,127

	Six Months Ended June 30, 2023					
	Common Stock		Additional Paid-In	Accumulated Earnings (Loss)	Accumulated Other Comprehensive (Loss)/Income	Total Equity
	Shares	Par	Capital			
Balance as of December 31, 2022	23,323	\$ 233	\$ —	\$ 1,278,210	\$ (98,816)	\$ 1,179,627
Net income	—	—	—	44,931	—	44,931
Other comprehensive income, net of tax	—	—	—	—	27,916	27,916
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	162	2	(6,322)	—	—	(6,320)
Stock-based compensation	—	—	7,925	—	—	7,925
Purchase of capped call options, net of tax effect	—	—	(13,865)	—	—	(13,865)
Unwind of the existing capped call options	—	—	28,542	—	—	28,542
Settlement of convertible notes	—	—	(12,374)	(22,547)	—	(34,921)
Balance as of June 30, 2023	23,485	\$ 235	\$ 3,906	\$ 1,300,594	\$ (70,900)	\$ 1,233,835

See accompanying notes

ENCORE CAPITAL GROUP, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited, In Thousands)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating activities:				
Net income				
Net income				
Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
Other non-cash interest expense, net				
Other non-cash interest expense, net				
Other non-cash interest expense, net				
Stock-based compensation expense				
Deferred income taxes				
Changes in recoveries				
Changes in recoveries				
Changes in recoveries				
Other, net				
Changes in operating assets and liabilities				
Other assets				
Other assets				
Other assets				
Accounts payable, accrued liabilities and other liabilities				
Accounts payable, accrued liabilities and other liabilities				
Accounts payable, accrued liabilities and other liabilities				
Net cash provided by operating activities				
Investing activities:				
Purchases of receivable portfolios, net of put-backs				
Purchases of receivable portfolios, net of put-backs				
Purchases of receivable portfolios, net of put-backs				
Collections applied to investment in receivable portfolios				
Purchases of asset held for sale				
Purchases of property and equipment				
Other, net				
Net cash used in investing activities				
Financing activities:				
Payment of loan and debt refinancing costs				
Payment of loan and debt refinancing costs				
Payment of loan and debt refinancing costs				
Proceeds from credit facilities				
Repayment of credit facilities				
Proceeds from senior secured notes				
Repayment of senior secured notes				
Proceeds from issuance of convertible senior notes				
Proceeds from issuance of convertible senior notes				
Proceeds from issuance of convertible senior notes				
Repayment of exchangeable senior notes				
Proceeds from convertible hedge instruments, net				

Other, net
Other, net
Other, net

Net cash provided by financing activities

Net increase in cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents, beginning of period

Cash and cash equivalents, end of period

Supplemental disclosure of cash information:

Supplemental disclosure of cash information:

Supplemental disclosure of cash information:

Cash paid for interest

Cash paid for interest

Cash paid for interest

Cash paid for taxes, net of refunds

Supplemental schedule of non-cash investing activities:

Investment in receivable portfolios transferred to real estate owned

Investment in receivable portfolios transferred to real estate owned

Investment in receivable portfolios transferred to real estate owned

See accompanying notes

ENCORE CAPITAL GROUP, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1: Ownership, Description of Business, and Summary of Significant Accounting Policies

Encore Capital Group, Inc. ("Encore"), through its subsidiaries (collectively with Encore, the "Company"), is an international specialty finance company providing debt recovery solutions and other related services for consumers across a broad range of financial assets. The Company purchases portfolios of defaulted consumer receivables at deep discounts to face value and manages them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial obligations to credit originators, including banks, credit unions, consumer finance companies and commercial retailers. Defaulted receivables may also include receivables subject to bankruptcy proceedings. The Company also provides debt servicing and other portfolio management services to credit originators for non-performing loans in Europe.

Through Midland Credit Management, Inc. and its domestic affiliates (collectively, "MCM"), the Company is a market leader in portfolio purchasing and recovery in the United States. Through Cabot Credit Management Limited ("CCM") and its subsidiaries and European affiliates (collectively, "Cabot"), the Company is one of the largest credit management services providers in Europe and the United Kingdom. These are the Company's primary operations.

The Company also has investments and operations in Latin America and Asia-Pacific, which the Company refers to as "LAAP."

Financial Statement Preparation and Presentation

The accompanying interim condensed consolidated financial statements have been prepared by the Company, without audit, in accordance with the instructions to the Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X promulgated by the United States Securities and Exchange Commission (the "SEC") and, therefore, do not include all information and footnotes necessary for a fair presentation of its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP").

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the Company's condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

The preparation of condensed financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company's condensed financial statements and the accompanying notes. Actual results could materially differ from those estimates.

Basis of Consolidation

The condensed consolidated financial statements have been prepared in conformity with GAAP and reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest. The Company also consolidates variable interest entities ("VIEs") for which it is the primary beneficiary. The primary beneficiary has both (a) the power to direct the activities of the VIE that most significantly affect the entity's economic performance, and (b) either the obligation to absorb losses or the right to receive benefits. Refer to "Note 8: Variable Interest Entities" for further details. All intercompany transactions and balances have been eliminated in consolidation.

Translation of Foreign Currencies

The condensed financial statements of certain of the Company's foreign subsidiaries are measured using their local currency as the functional currency. Assets and liabilities of foreign operations are translated into U.S. dollars using period-end exchange rates, and revenues and expenses are translated into U.S. dollars using average exchange rates in effect during each period. The resulting translation adjustments are recorded as a component of other comprehensive income or loss. Equity accounts are translated at historical rates, except for the change in retained earnings during the year which is the result of the income statement translation process. Intercompany transaction gains or losses at each period end arising from subsequent measurement of balances for which settlement is not planned or anticipated in the foreseeable future are included as translation adjustments and recorded within other comprehensive income or loss. Translation gains or losses are the material components of accumulated other comprehensive income or loss and are reclassified to earnings upon the substantial sale or liquidation of investments in foreign operations.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within the segment measure of profit or loss. This guidance will be applied retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2023, and interim reporting periods in fiscal years beginning after December 31, 2024. This ASU **will likely may** result in additional required **disclosure disclosures** when adopted. The Company is currently evaluating the provisions of this ASU and the impact on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions and applies to all entities subject to income taxes. The new standard is effective for annual periods beginning after December 15, 2024. **This ASU may result in additional required disclosures when adopted.** The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

Note 2: Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period.

The number of shares used to calculate the diluted earnings per share is computed by using the basic weighted-average number of common shares outstanding plus any dilutive potential common shares outstanding during the period, except when their effect is anti-dilutive. Dilutive potential common shares include outstanding stock based awards, and the dilutive effect of the convertible and exchangeable senior notes, if applicable.

A reconciliation of shares used in calculating earnings per basic and diluted shares follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income				
Net income				
Net income				
Shares:				
Shares:				
Shares:				
Total weighted-average basic shares outstanding				
Total weighted-average basic shares outstanding				
Total weighted-average basic shares outstanding				
Dilutive effect of stock-based awards				
Dilutive effect of stock-based awards				
Dilutive effect of stock-based awards				
Dilutive effect of convertible and exchangeable senior notes				
Dilutive effect of convertible and exchangeable senior notes				
Dilutive effect of convertible and exchangeable senior notes				
Total weighted-average dilutive shares outstanding				
Total weighted-average dilutive shares outstanding				
Total weighted-average dilutive shares outstanding				
Basic earnings per share				
Basic earnings per share				
Basic earnings per share				
Diluted earnings per share				

Diluted earnings per share
Diluted earnings per share

There were no anti-dilutive employee stock options outstanding during the three and six months ended March 31, 2024 June 30, 2024 and 2023.

Note 3: Fair Value Measurements

Fair value is defined as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the "exit price"). The Company uses a fair value hierarchy that prioritizes the inputs used in valuation techniques to measure fair value into three broad levels. The following is a brief description of each level:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs, including inputs that reflect the reporting entity's own assumptions.

The Company's cash and cash equivalents, certain other assets, accounts payable and accrued liabilities, and other liabilities approximate their fair values due to their short-term nature, which are determined to be a Level 1 measurement.

Financial Instruments Required To Be Carried At Fair Value

Financial assets and liabilities measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements as of March 31, 2024				Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Foreign currency exchange contracts								
Foreign currency exchange contracts								
Foreign currency exchange contracts								
Interest rate cap contracts								
Interest rate cap contracts								
Interest rate cap contracts								
Interest rate swap agreements								
Liabilities								
Liabilities								
Liabilities								
Interest rate swap agreements								
Interest rate swap agreements								
Interest rate swap agreements								
Cross-currency swap agreements								

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate cap contracts	\$ —	\$ 16,950	\$ —	\$ 16,950
Cross-currency swap agreements	—	361	—	361
Liabilities				
Interest rate swap agreements	—	(22,510)	—	(22,510)
Cross-currency swap agreements	—	(28,039)	—	(28,039)

Derivative Contracts:

The Company uses derivative instruments to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Fair values of these derivative instruments are estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves, foreign currency exchange rates, and forward and spot prices for currencies. The Company's derivative agreements are subject to underlying agreements with master netting arrangements, which provide for the right of offset in the event of default or in the event of bankruptcy of either party to the transactions. The Company reports its assets and liabilities subject to these arrangements on a gross basis for certain derivative agreements.

Non-Recurring Fair Value Measurement:

Certain assets are measured at fair value on a nonrecurring basis. These assets include real estate-owned assets classified as held for sale at the lower of their carrying value or fair value less cost to sell. The fair value of the assets held for sale and estimated selling expenses were determined at the time of initial recognition and in each reporting period using Level 3 measurements based on appraised values using market comparables. The fair value estimate of the assets held for sale was approximately \$64.0 million \$55.3 million and \$70.6 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

Financial Instruments Not Required To Be Carried At Fair Value

The table below summarizes fair value estimates for the Company's financial instruments that are not required to be carried at fair value. The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Company.

The carrying amounts in the following table are included in the condensed consolidated statements of financial condition as of March 31, 2024 June 30, 2024 and December 31, 2023 (in thousands):

	March 31, 2024		December 31, 2023	June 30, 2024		December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount
Financial Assets							
Investment in receivable portfolios, net							
Investment in receivable portfolios, net							
Investment in receivable portfolios, net							
Financial Liabilities							
Global senior secured revolving credit facility							
Global senior secured revolving credit facility							
Global senior secured revolving credit facility							
Encore private placement notes							
Senior secured notes ⁽¹⁾							
Convertible senior notes due October 2025							
Convertible senior notes due October 2025							
Convertible senior notes due October 2025							
Convertible senior notes due March 2029							
Cabot securitisation senior facility							
U.S. facility							
Other borrowings							

(1) Carrying amount represents historical cost, adjusted for any related debt discount.

Investment in Receivable Portfolios:

The fair value of investment in receivable portfolios is measured using Level 3 inputs by discounting the estimated future cash flows generated by the Company's proprietary forecasting models. The key inputs include the estimated future gross cash flow, average cost to collect, and discount rate. The determination of such inputs requires significant judgment, including assessing the assumed market participant's cost structure, its determination of whether to include fixed costs in its valuation, its collection strategies, and determining the appropriate weighted average cost of capital. The Company evaluates the use of these key inputs on an ongoing basis and refines the data as it continues to obtain better information from market participants in the debt recovery and purchasing business.

Borrowings:

The Company's convertible notes, senior secured notes and private placement notes are carried at historical cost, adjusted for the applicable debt discount. The fair value estimate for the convertible notes incorporates quoted market prices using Level 2 inputs. The fair value of the senior secured notes and private placement notes is estimated using widely accepted valuation techniques, including discounted cash flow analyses using available market information on discount and borrowing rates with similar terms, maturities, and credit ratings. Accordingly, the Company used Level 2 inputs for these debt instrument fair value estimates.

The carrying value of the Company's senior secured revolving credit facility, securitisation senior facility, U.S. facility, and other borrowings approximates fair value due to the use of current market rates that are repriced frequently, which are determined to be a Level 2 measurement.

Note 4: Derivatives and Hedging Instruments

The Company may periodically enter into derivative financial instruments to manage risks related to interest rates and foreign currency. Certain of the Company's derivative financial instruments qualify for hedge accounting treatment.

The following table summarizes the fair value of derivative instruments as recorded in the Company's condensed consolidated statements of financial condition *(in thousands)*:

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:								
Interest rate cap contracts								
Interest rate cap contracts								
Interest rate cap contracts								
Interest rate swap agreements								
Interest rate swap agreements								
Interest rate swap agreements								
Cross-currency swap agreements								
Cross-currency swap agreements								
Derivatives not designated as hedging instruments:								
Interest rate cap contracts								
Interest rate cap contracts								
Interest rate cap contracts								
Foreign currency exchange contracts								

Derivatives Designated as Hedging Instruments

The Company may periodically enter into interest rate swap agreements and interest rate cap contracts to reduce its exposure to fluctuations in interest rates on variable interest rate debt and their impact on earnings and cash flows. Under the swap agreements, the Company receives floating interest rate payments and makes interest payments based on fixed interest rates. Under the cap contracts, the Company receives floating interest rate payments and makes interest payments based on capped interest rates. The Company designates its interest rate swap and interest rate cap instruments as cash flow hedges at inception.

The Company uses cross-currency swap agreements to manage foreign currency exchange risk by converting fixed-rate Euro-denominated borrowings and fixed-rate GBP-denominated borrowings including periodic interest payments and the payment of principal at maturity to fixed-rate USD debt. The cross-currency swap agreements are accounted for as fair value hedges.

The following table summarizes the terms of the derivative instruments designated as hedging instruments as recorded in the Company's consolidated statements of financial condition:

March 31, June 30, 2024

	Effective date	Maturity Date	Hedge Designation	Notional Amount	Receive Floating Rate Index
Interest rate cap contracts					
2019 Cap	January 2020	June 2024	Cash flow hedge	\$431.7 million	3-month EURIBOR
2021 Cap ⁽¹⁾	November 2021	September 2024	Cash flow hedge	\$315.8 \$16.2 million	SONIA
2024 Cap	September 2024	September 2026	Cash flow hedge	\$322.1 \$22.6 million	SONIA
Interest rate swap agreements					
2023 Euro IR Swap	October 2023	January 2028	Cash flow hedge	\$107.9 \$107.4 million	3-month EURIBOR
2024 Euro IR Swaps	June 2024	January 2028	Cash flow hedge	\$447.9 \$45.7 million	3-month EURIBOR
2023 SOFR IR Swaps	November 2023	October 2026	Cash flow hedge	\$150.0 million	1-month SOFR CME Term
Cross-currency swap agreements					
2020 Euro Swaps	September 2020	October 2025	Fair value hedge	\$377.8 \$75.9 million	—
2023 GBP Swaps	July 2023	February 2026	Fair value hedge	\$379.0 \$79.5 million	—

(1) The total notional amount of the 2021 Cap was \$442.1 million \$442.7 million, of which \$315.8 million \$316.2 million was hedge designated and \$126.3 million \$126.5 million was not hedge designated as of March 31, 2024 June 30, 2024.

December 31, 2023

	Effective date	Maturity Date	Hedge Designation	Notional Amount	Receive Floating Rate Index
Interest rate cap contracts					
2019 Cap	January 2020	June 2024	Cash flow hedge	\$441.5 million	3-month EURIBOR
2021 Cap ⁽¹⁾	November 2021	September 2024	Cash flow hedge	\$318.3 million	SONIA
2024 Cap	September 2024	September 2026	Cash flow hedge	\$324.6 million	SONIA
Interest rate swap agreements					
2023 Euro IR Swap	October 2023	January 2028	Cash flow hedge	\$110.4 million	3-month EURIBOR
2024 Euro IR Swaps	June 2024	January 2028	Cash flow hedge	\$458.1 million	3-month EURIBOR
2023 SOFR IR Swaps	November 2023	October 2026	Cash flow hedge	\$150.0 million	1-month SOFR CME Term
Cross-currency swap agreements					
2020 Euro Swaps	September 2020	October 2025	Fair value hedge	\$386.3 million	—
2023 GBP Swaps	July 2023	February 2026	Fair value hedge	\$381.9 million	—

(1) The total notional amount of the 2021 Cap was \$445.6 million, of which \$318.3 million was hedge designated and \$127.3 million was not hedge designated as of December 31, 2023.

The Company expects to reclassify approximately \$2.5 million o \$7.3 million of net derivative gain from OCI into earnings relating to its cash flow designated derivatives within the next 12 months.

The following tables summarize the effects of derivatives designated as hedging instruments in the Company's condensed consolidated financial statements (in thousands):

		Gain (Loss) Recognized in OCI		Gain (Loss) Reclassified from OCI into Income		Gain (Loss) Recognized in OCI			
		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended June 30,			
Derivatives Designated as Hedging Instruments	Derivatives Designated as Hedging Instruments	2024	2023	2024	2023	2024	2023	Location of Gain (Loss) Reclassified from OCI into Income (Loss)	Location of Gain (Los Reclassifie from OCI in Income (Los
Interest rate swap agreements									

Interest rate swap agreements
Interest rate swap agreements
Interest rate cap contracts
Cross-currency swap agreements

Other
(expense)
income

Derivatives Designated as Hedging Instruments	Gain (Loss) Recognized in OCI		Location of Gain (Loss) Reclassified from OCI into Income (Loss)	Gain (Loss) Reclassified from OCI into Income	
	Six Months Ended June 30,			Six Months Ended June 30,	
	2024	2023		2024	2023
Interest rate swap agreements	\$ 17,273	\$ —	Interest expense	\$ 1,195	\$ —
Interest rate cap contracts	(11,828)	(3,501)	Interest expense	(1,376)	(841)
Cross-currency swap agreements	(17,299)	170	Interest expense	(3,537)	(2,903)
			Other (expense) income	(12,880)	6,504

Derivatives Not Designated as Hedging Instruments

In September 2023, From time to time, the Company partially dedesignated enters into currency exchange forward contracts to reduce the 2021 Cap. As effects of March 31, 2024, £100.0 million (approximately \$126.3 million based on an currency exchange rate of \$1.00 fluctuations. These derivative contracts generally mature within one to £0.79, the exchange six months and are not designated as hedge instruments for accounting purposes. The Company also holds an interest rate as of March 31, 2024) of the notional amount of cap contract, the 2021 Cap, is not designated as a hedging instrument for accounting purposes. that was partially hedge designated. The gains or losses resulting from changes in fair value on the portion of the 2021 cap that is no longer designated as a hedging instrument these unhedged derivative contracts are recognized in other income or other expenses.expense based on the changes in fair value.

The Company recorded a gain following table summarizes the effects of approximately \$0.2 million resulting from derivatives not designated as hedging instruments on the fair value change Company's condensed consolidated statements of the undesignated 2021 Cap during income for the three and six months ended March 31, 2024. Refer above for terms relating to the 2021 Cap. June 30, 2024 and 2023 (in thousands):

Derivatives Not Designated as Hedging Instruments	Location of Gain Recognized in Income on Derivative	Amount of Gain Recognized in Income			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
Interest rate cap contract	Other income	\$ 79	\$ —	\$ 274	\$ —
Foreign currency exchange contract	Other income	873	—	873	—

Note 5: Investment in Receivable Portfolios, Net

The Company's purchased portfolios of loans are grossed-up to their face value with an offsetting allowance and noncredit discount allocated to the individual receivables as the unit of account is at the individual loan level. Since each loan is deeply delinquent and deemed uncollectible at the individual loan level, the Company applies its charge-off policy and fully writes-off the amortized costs (i.e., face value net of noncredit discount) of the individual receivables immediately after purchasing the portfolio. The Company then records a negative allowance that represents the present value of all expected future recoveries for pools of receivables that share similar risk characteristics using a discounted cash flow approach, which ultimately equals the amount paid for a portfolio purchase and presented as "Investment in receivable portfolios, net" in the Company's condensed consolidated statements of financial condition. The discount rate is an effective interest rate (or "purchase EIR") based on the purchase price of the portfolio and the expected future cash flows at the time of purchase.

Receivable portfolio purchases are aggregated into pools based on similar risk characteristics. Examples of risk characteristics include financial asset type, collateral type, size, interest rate, date of origination, term, and geographic location. The Company's static pools are typically grouped into credit card, purchased consumer bankruptcy, and mortgage

portfolios. The Company further groups these static pools by geographic location. Once a pool is established, the portfolios will remain in the designated pool unless the underlying risk characteristics change. The purchase EIR of a pool will not change over the life of the pool even if expected future cash flows change.

Revenue is recognized for each static pool over the economic life of the pool. Debt purchasing revenue includes two components:

- (1) Revenue from receivable portfolios, which is the accretion of the discount on the negative allowance due to the passage of time (generally the portfolio balance multiplied by the EIR) and also includes all revenue from zero basis portfolio ("ZBA") collections, and
- (2) Changes in recoveries, which includes
 - (a) Recoveries above or below forecast, which is the difference between (i) actual cash collected/recovered during the current period and (ii) expected cash recoveries for the current period, which generally represents over or under performance for the period; and
 - (b) Changes in expected future recoveries, which is the present value change of expected future recoveries, where such change generally results from (i) collections "pulled forward from" or "pushed out to" future periods (i.e. amounts either collected early or expected to be collected later) and (ii) magnitude and timing changes to estimates of expected future collections (which can be increases or decreases).

The Company measures expected future recoveries based on historical experience, current conditions, reasonable and supportable forecasts, and other quantitative and qualitative factors. Factors that may change the expected future recoveries may include both internal as well as external factors. Internal factors include operational performance, such as capacity and the productivity of the Company's collection staff. External factors include new laws or regulations, new interpretations of existing laws or regulations, and macroeconomic conditions. The Company continues to reassess its expected future recoveries in each reporting period.

Investment in receivable portfolios, net consists of the following as of the dates presented (*in thousands*):

	March 31, 2024	
	March 31, 2024	
	March 31, 2024	December 31, 2023
	June 30, 2024	
	June 30, 2024	
	June 30, 2024	
Amortized cost		
Amortized cost		
Amortized cost		
Negative allowance for expected recoveries		
Negative allowance for expected recoveries		
Negative allowance for expected recoveries		
Balance, end of period		
Balance, end of period		
Balance, end of period		

The following table summarizes the changes in the balance of investment in receivable portfolios, net during the periods presented (*in thousands*):

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
	2024				
	2024				
	Three Months Ended June 30,	Six Months Ended June 30,			
	2024	2024	2023	2024	2023
Balance, beginning of period					
Balance, beginning of period					
Balance, beginning of period					
Negative allowance for expected recoveries - current period purchases ⁽¹⁾					
Negative allowance for expected recoveries - current period purchases ⁽¹⁾					

Balance, end of period

Write-off of noncredit discount

When reassessing the forecasts of expected lifetime recoveries during the three and six months ended March 31, 2024 June 30, 2024, management considered, among other factors, historical and current collection performance, changes in consumer behavior, and the macroeconomic environment. The updated forecast resulted in Management believes that most of the current period collections over-performance was due to changes in the timing and amount of total the estimated remaining collections, which in turn, and therefore reduced the respective estimated remaining collections accordingly. These reductions, when discounted to present value, resulted in a net negative change in expected future recoveries of approximately \$13.3 million \$21.7 million, and \$35.0 million for the three and six months ended March 31, 2024 June 30, 2024, respectively. During the three and six months ended March 31, 2023 June 30, 2023, the Company recorded approximately \$5.9 million \$3.0 million in net negative change and \$2.8 million in net positive change in expected future period recoveries, recoveries, respectively.

Note 6: Other Assets

Other assets consist of the following (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Operating lease right-of-use assets		
Real estate owned		
Operating lease right-of-use assets		
Prepaid expenses		
Income tax deposits		
Deferred tax assets, net		
Service fee receivables		
Derivative instruments		
Service fee receivables		
Income tax deposits		
Other		
Other		
Other		
Total		

Note 7: Borrowings

The Company is in compliance in all material respects with all covenants under its financing arrangements as of March 31, 2024 June 30, 2024. The components of the Company's consolidated borrowings were as follows (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Global senior secured revolving credit facility		
Encore private placement notes		
Encore private placement notes		
Encore private placement notes		
Senior secured notes		
Convertible senior notes		
Cabot securitisation senior facility		
Cabot securitisation senior facility		
Cabot securitisation senior facility		
U.S. facility		
Other		
Finance lease liabilities		
	3,410,910	
	3,504,783	
Less: debt discount and issuance costs, net of amortization		
Total		

Encore is the parent of the restricted group for the Global Senior Facility, the Senior Secured Notes and the Encore Private Placement Notes, each of which is guaranteed by the same group of material Encore subsidiaries and secured by the same collateral, which represents substantially all of the assets of those subsidiaries.

Global Senior Secured Revolving Credit Facility

In September 2020, the Company entered into a multi-currency senior secured revolving credit facility agreement (as amended and restated, the "Global Senior Facility"). As of **March 31, 2024** **June 30, 2024**, the Global Senior Facility provided for a total committed facility of \$1,203.0 million that matures in September 2027 and includes the following key provisions:

- Interest at Term SOFR (or EURIBOR for any loan drawn in Euro or a rate based on SONIA for any loan drawn in British Pound), with a Term SOFR (or EURIBOR or SONIA) floor of 0.00%, plus a margin of 2.50%, plus in the case of Term SOFR borrowings, a credit adjustment spread of 0.10%;
- An unused commitment fee of 0.40% per annum, payable quarterly in arrears;
- A restrictive covenant that limits the LTV Ratio (defined in the Global Senior Facility) to 0.75 in the event that the Global Senior Facility is more than 20% utilized;
- A restrictive covenant that limits the SSRCF LTV Ratio (defined in the Global Senior Facility) to 0.275;
- A restrictive covenant that requires the Company to maintain a Fixed Charge Coverage Ratio (as defined in the Global Senior Facility) of at least 2.0;
- Additional restrictions and covenants which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens; and
- Standard events of default which, upon occurrence, may permit the lenders to terminate the Global Senior Facility and declare all amounts outstanding to be immediately due and payable.

The Global Senior Facility is secured by substantially all of the assets of the Company and the guarantors. Pursuant to the terms of an intercreditor agreement entered into with respect to the relative positions of (1) the Global Senior Facility, any super priority hedging liabilities and the Encore Private Placement Notes (collectively, "Super Senior Liabilities") and (2) the Senior Secured Notes, Super Senior Liabilities that are secured by assets that also secure the Senior Secured Notes will receive priority with respect to any proceeds received upon any enforcement action over any such assets.

As of **March 31, 2024** **June 30, 2024**, the outstanding we had no borrowings under the Global Senior Facility were \$367.7 million. Facility. The weighted average interest rate of the Global Senior Facility was 7.89% 7.85% and 7.06% 7.51% for the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively, and 7.88% and 7.30% for the six months ended **June 30, 2024** and 2023, respectively. Available capacity under the Global Senior Facility, after taking into account applicable debt covenants, was approximately \$827.3 million \$1,203.0 million as of **March 31, 2024** **June 30, 2024**.

Encore Private Placement Notes

In August 2017, Encore entered into \$325.0 million in senior secured notes with a group of insurance companies (the "Encore Private Placement Notes"). As of **March 31, 2024** **June 30, 2024**, \$19.5 million \$9.8 million of the Encore Private Placement Notes remained outstanding. The Encore Private Placement Notes bear an annual interest rate of 5.625%, mature in August 2024 and require quarterly principal payments of \$9.8 million. The covenants and material terms for the Encore Private Placement Notes are substantially similar to those for the Global Senior Facility.

Senior Secured Notes

The following table provides a summary of the Company's senior secured notes (the "Senior Secured Notes") (\$ in thousands):

		December				Interest								
		March 31, 2024	31, 2023	Issue Currency	Maturity Date	Payment Dates	Interest Rate							
		June 30, 2024	December 31, 2023	Issue Currency	Maturity Date	Interest Payment Dates	Interest Rate							
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														
2025 Notes														

2028 Notes	2028 Notes	315,794	318,280	318,280	GBP	GBP	Jun 1, 2028	Jun 1, Dec 1	4.250 %	2028 Notes	316,233	318,280	318,280	GBF
2028 Floating Rate Notes	2028 Floating Rate Notes	555,849	568,448	568,448	EUR	EUR	Jan 15, 2028	Jan 15, Apr 15, Jul 15, Oct 15	EURIBOR +4.250%(1)	2028 Floating Rate Notes	553,049	568,448	568,448	EUF
2029 Notes	2029 Notes	500,000	—	—	USD	USD	Apr 1, 2029	Apr 1, Oct 1	9.250 %	2029 Notes	500,000	—	—	USC
2030 Notes		500,000	—	—	USD		May 15, 2030	May 15, Nov 15	8.500 %					

(1) Interest rate is based on three-month EURIBOR (subject to a 0% floor) plus 4.250% per annum, resets quarterly.

The Senior Secured Notes are secured by the same collateral as the Global Senior Facility and the Encore Private Placement Notes. The guarantees provided in respect of the Senior Secured Notes are pari passu with each such guarantee given in respect of the Global Senior Facility and Encore Private Placement Notes. Subject to the intercreditor agreement described above under the section "Global Senior Secured Revolving Credit Facility," Super Senior Liabilities that are secured by assets that also secure the Senior Secured Notes will receive priority with respect to any proceeds received upon any enforcement action over any such assets.

The 2028 Floating Rate Notes had a weighted average interest rate of 8.16% and 7.28% for the three months ended June 30, 2024 and 2023, respectively, and 8.18% and 6.83% for the six months ended June 30, 2024 and 2023, respectively. As discussed in "Note 4: Derivatives and Hedging Instruments," the Company uses interest rate derivative contracts to manage its risk related to the interest rate fluctuation in its variable interest rate bearing debt. The weighted average interest rate of the 2028 Floating Rate Notes including the effect of the hedging instruments was 5.47% and 4.36% for the three months ended June 30, 2024 and 2023, respectively, and 5.24% and 4.34% for the six months ended June 30, 2024 and 2023, respectively.

In March 2024, Encore issued \$500.0 million in aggregate principal amount of 9.250% Senior Secured Notes due April 2029 at an issue price of 100.000% (the "2029 Notes"). Interest on the 2029 Notes is payable semi-annually, in arrears, on April 1 and October 1 of each year, commencing on October 1, 2024. The Company used the proceeds from this offering to pay down \$493.0 million of the drawings under its Global Senior Facility and to pay certain transaction fees and expenses incurred in connection with the offering of the 2029 Notes.

In May 2024, Encore issued \$500.0 million in aggregate principal amount of 8.500% Senior Secured Notes due May 2030 at an issue price of 100.000% (the "2030 Notes"). Interest on the 2030 Notes is payable semi-annually, in arrears, on May 15 and November 15 of each year, commencing on November 15, 2024. The 2028 Floating Rate Notes had a weighted average interest rate of 8.12% and 6.38% for Company used the three months ended March 31, 2024 and 2023, respectively. As discussed in "Note 4: Derivatives and Hedging Instruments," the Company uses interest rate derivative contracts proceeds from this offering to manage its risk related to the interest rate fluctuation in its variable interest rate bearing debt. The weighted average interest rate pay down \$448.7 million of the 2028 Floating Rate Notes including drawings under its Global Senior Facility, pay certain transaction fees and expenses incurred in connection with the effect offering of the hedging instruments was 5.01% 2030 Notes and 4.33% for the three months ended March 31, 2024 and 2023, respectively. general corporate purposes.

Convertible Notes

The following table provides a summary of the principal balance, maturity date and interest rate for the Company's convertible senior notes (the "Convertible Notes") (\$ in thousands):

March 31, 2024	December 31, 2023	Maturity Date	Interest Payment Dates	Interest Rate
----------------	-------------------	---------------	------------------------	---------------

In order to reduce the risk related to the potential dilution and/or the potential cash payments the Company may be required to make in the event that the market price of the Company's common stock becomes greater than the conversion prices of the Convertible Notes, the Company may enter into hedge programs that increase the effective conversion price for the Convertible Notes. In connection with the issuance of the 2029 Convertible Notes, the Company entered into privately negotiated capped call transactions that effectively raised the conversion price of the 2029 Convertible Notes from \$65.89 to \$82.69. These hedging instruments have been determined to be indexed to the Company's own stock and meet the criteria for equity classification. The Company recorded the cost of the hedge instruments as a reduction in additional paid-in capital, and does not recognize subsequent changes in fair value of these financial instruments in its condensed consolidated financial statements. The Company did not hedge the 2025 Convertible Notes.

	2025 Convertible Notes	2025 Convertible Notes	2029 Convertible Notes	2029 Convertible Notes	2025 Convertible Notes	2029 Convertible Notes
Initial conversion price						
Closing stock price at date of issuance						
Closing stock price date	Closing stock price date	Sep 4, 2019	Feb 28, 2023	Closing stock price date	Sep 4, 2019	Feb 28, 2023
Initial conversion rate (shares per \$1,000 principal amount)						
Adjusted conversion rate (shares per \$1,000 principal amount) ⁽¹⁾						
Adjusted conversion price ⁽¹⁾						
Adjusted effective conversion price ⁽²⁾						
Excess of if-converted value compared to principal ⁽³⁾						
Conversion date	Conversion date	Jul 1, 2025	Dec 15, 2028	Conversion date	Jul 1, 2025	Dec 15, 2028

Interest expense related to the Convertible Notes was \$3.1 million and \$2.9 million/\$3.3 million during the three months ended March 31, 2024, June 30, 2024 and 2023, respectively, and \$6.2 million and \$6.2 million during the six months ended June 30, 2024 and 2023, respectively.

Cabot Securitisation Senior Facility

Cabot Securitisation UK Ltd (“Cabot Securitisation”), an indirect subsidiary of Encore, has a senior facility for a committed amount of £255.0 million (as amended, the “Cabot Securitisation Senior Facility”). Funds drawn under the Cabot Securitisation Senior Facility bear interest at a rate per annum equal to SONIA plus a margin of 3.20% plus, for periods after September 18, 2026, a step up margin ranging from 0% to 1.00%. The Cabot Securitisation Senior Facility matures in September 2028.

As of March 31, 2024 June 30, 2024, the outstanding borrowings under the Cabot Securitisation Senior Facility were £255.0 million (approximately \$322.1 million \$322.6 million based on an exchange rate of \$1.00 to £0.79, the exchange rate as of March 31, 2024 June 30, 2024). The obligations of Cabot Securitisation under the Cabot Securitisation Senior Facility are secured by first ranking security interests over all of Cabot Securitisation’s property, assets and rights (including receivables purchased from Cabot Financial UK from time to time), the book value of which was approximately £329.2 million £330.4 million (approximately \$415.8 million \$417.9 million based on an exchange rate of \$1.00 to £0.79, the exchange rate as of March 31, 2024 June 30, 2024) as of March 31, 2024 June 30, 2024. The weighted average interest rate of the Cabot Securitisation Senior Facility was 8.40% 8.41% and 6.87% 7.46% for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and 8.41% and 7.17% for the six months ended June 30, 2024 and 2023, respectively. As discussed in “Note 4, Derivatives and Hedging Instruments,” the Company uses interest rate cap contracts to manage its risk related to the interest rate fluctuations in its variable interest rate bearing debt. The weighted average interest rate of the Cabot Securitisation Senior Facility including the effect of the hedging instruments was 5.51% and 5.25% for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and 5.51% and 5.25% for the six months ended June 30, 2024 and 2023, respectively.

Cabot Securitisation is a securitized financing vehicle and is a VIE for consolidation purposes. Refer to “Note 8: Variable Interest Entities” for further details.

U.S. Facility

In October 2023, an indirect subsidiary of Encore (“U.S. Financing Subsidiary”), entered into a facility for a committed amount of \$175.0 million (the “U.S. Facility”). The U.S. Facility matures in October 2026. Funds drawn under the U.S. Facility bear interest at a rate per annum equal to Term SOFR plus a margin of 3.5% 3.50%.

As of March 31, 2024 June 30, 2024, the outstanding borrowings under the U.S. Facility were \$175.0 million \$150.0 million. The obligations under the U.S. Facility are secured by first ranking security interests over all of U.S. Financing Subsidiary’s assets and rights. As of March 31, 2024 June 30, 2024, this included receivables acquired from MCM, the book value of which was approximately \$319.8 million \$312.2 million. The weighted average interest rate of the U.S. Facility was 8.93% 8.82% and 8.83% for the three and six months ended March 31, 2024 June 30, 2024, respectively. As discussed in “Note 4: Derivatives and Hedging Instruments,” the Company uses interest rate derivative contracts to manage its risk related to the interest rate fluctuation in its variable interest rate bearing debt. The weighted average interest rate of the U.S. Facility including the effect of the hedging instruments was 8.08% 7.95% and 7.97% for the three and six months ended March 31, 2024 June 30, 2024, respectively.

The U.S. Facility is a securitized financing vehicle and is a VIE for consolidation purposes. Refer to “Note 8: Variable Interest Entities” for further details.

Note 8: Variable Interest Entities

A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk, or, as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision-making rights, the obligation to absorb expected losses, or the right to receive expected residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly affect the entity’s economic performance and the obligation to absorb expected losses or the right to receive residual returns from the entity that could potentially be significant to the VIE. The Company consolidates VIEs when it is the primary beneficiary.

As of March 31, 2024 June 30, 2024, the Company’s VIEs include certain securitized financing vehicles and other immaterial special purpose entities that were created to purchase receivable portfolios in certain geographies. The Company is the primary beneficiary of these VIEs. The Company has the power to direct the activities of the VIEs including the ability to exercise discretion in the servicing of the financial assets and has the right to receive residual returns that could potentially be significant to the VIEs. The Company’s exposure to loss is limited to the total of the carrying value of the VIEs. The Company evaluates its relationships with its VIEs on an ongoing basis to ensure that it continues to be the primary beneficiary.

Most assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against the Company’s general assets. Conversely, liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company’s general assets; rather, they represent claims against the specific assets of the VIE.

Note 9: Accumulated Other Comprehensive Loss

A summary of the Company’s changes in accumulated other comprehensive loss by component is presented below (in thousands):

	Three Months Ended March 31, 2024			Three Months Ended June 30, 2024		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss
Balance at beginning of period						
Other comprehensive loss before reclassification						
Reclassification						

Tax effect
Tax effect
Tax effect
Balance at end of period

	Three Months Ended March 31, 2023			Three Months Ended June 30, 2023		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss
Balance at beginning of period						
Other comprehensive (loss) income before reclassification						
Other comprehensive income before reclassification						
Reclassification						
Tax effect						
Tax effect						
Tax effect						
Balance at end of period						

	Six Months Ended June 30, 2024		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss
Balance at beginning of period	\$ (3,093)	\$ (120,827)	\$ (123,920)
Other comprehensive loss before reclassification	(11,854)	(7,292)	(19,146)
Reclassification	16,598	—	16,598
Tax effect	(3,773)	283	(3,490)
Balance at end of period	<u>\$ (2,122)</u>	<u>\$ (127,836)</u>	<u>\$ (129,958)</u>

	Six Months Ended June 30, 2023		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss
Balance at beginning of period	\$ 36,494	\$ (135,310)	\$ (98,816)
Other comprehensive (loss) income before reclassification	(3,331)	33,540	30,209
Reclassification	(2,760)	—	(2,760)
Tax effect	1,129	(662)	467
Balance at end of period	<u>\$ 31,532</u>	<u>\$ (102,432)</u>	<u>\$ (70,900)</u>

Note 10: Income Taxes

The Company's effective tax rate for the three and six months ended **March 31, 2024** June 30, 2024 was **23.8%**, **24.3%** and **24.1%**, respectively. For the three and six months ended **March 31, 2023** June 30, 2023, the Company's effective tax rate was **25.6%**, **27.6%** and **26.8%**, respectively. For the three and six months ended June 30, 2024, the difference between the effective tax rate and the federal statutory rate was primarily due to state income taxes. For the three months ended **March 31, 2024** June 30, 2023, the difference between the effective tax rate and the federal statutory rate was primarily due to state income taxes **offset by other and a foreign adjustments**, **adjustment**. For the **three six** months ended **March 31, 2023** June 30, 2023, the difference between the effective tax rate and the federal statutory rate was primarily due to state income taxes, **offset by an accrual related to state tax filing positions**, and other foreign adjustments.

Each interim period is considered an integral part of the annual period and tax expense or benefit is measured using an estimated annual effective income tax rate. The estimated annual effective tax rate for the full year is applied to the respective interim period, taking into account year-to-date amounts and projected amounts for the year. Since the Company operates in foreign countries with varying tax rates, the Company's quarterly effective tax rate is dependent on the level of income or loss from international operations in the reporting period.

The Company's subsidiary in Costa Rica is operating under a 100% tax holiday through December 31, 2026. The impact of the tax holiday in Costa Rica for the three and six months ended **March 31, 2024** June 30, 2024 and 2023, was immaterial.

The Company is subject to income taxes in the U.S. and foreign jurisdictions. Significant judgement judgment is required in evaluating uncertain tax positions and determining the provision for income taxes.

In December 2021, the Organization for Economic Cooperation and Development ("OECD") enacted model rules for a new global minimum tax framework ("Pillar Two"). Under the Pillar Two rules, a company is required to determine a combined effective tax rate for each jurisdiction. If the jurisdictional effective tax rate determined under the Pillar Two rules is less than 15%, a top-up tax will be due to bring the jurisdictional effective tax rate up to 15%. In December 2022, European Union Member States adopted a directive implementing the Pillar Two rules requiring Member States to enact the directive into their national laws and these began to go into effect from January 1, 2024. The Company has estimated the applicable top-up tax and recorded this in tax expense for the three and six months ended March 31, 2024 June 30, 2024. The estimated impact of top-up tax for the quarter was immaterial.

Note 11: Commitments and Contingencies

Litigation and Regulatory

The Company is involved in disputes, legal actions, regulatory investigations, inquiries, and other actions from time to time in the ordinary course of business. The Company, along with others in its industry, is routinely subject to legal actions asserting various claims, including those based on the Fair Debt Collection Practices Act ("FDCPA"), the Fair Credit Reporting

Act ("FCRA"), the Telephone Consumer Protection Act ("TCPA"), comparable state statutes, state and federal unfair competition statutes, and common law causes of action. The violations of law investigated or alleged in these actions often include claims that the Company lacks specified licenses to conduct its business, attempts to collect debts on which the statute of limitations has run, has made inaccurate or unsupported assertions of fact in support of its collection actions and/or has acted improperly in connection with its efforts to contact consumers. Such litigation and regulatory actions could involve potential compensatory or punitive damage claims, fines, sanctions, injunctive relief, or changes in business practices. Many continue on for some length of time and involve substantial investigation, litigation, negotiation, and other expense and effort before a result is achieved, and during the process the Company often cannot determine the substance or timing of any eventual outcome.

As of March 31, 2024 June 30, 2024, there were no material developments in any of the legal proceedings disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 or any new material legal proceedings during the three and six months ended March 31, 2024 June 30, 2024.

In certain legal proceedings, the Company may have recourse to insurance or third-party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. The Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. The Company continuously assesses the potential liability related to its pending litigation and regulatory matters and revises its estimates when additional information becomes available. The Company's legal costs are recorded to expense as incurred. As of March 31, 2024 June 30, 2024, the Company has no material reserves for legal matters.

Purchase Commitments

In the normal course of business, the Company enters into forward flow purchase agreements. A forward flow purchase agreement is a commitment to purchase receivables over a duration that is typically three to twelve months, but can be longer, generally with a specifically defined volume range, frequency, and pricing. Typically, these forward flow contracts have provisions that allow for early termination or price re-negotiation should the underlying quality of the portfolio deteriorate over time or if any particular month's delivery is materially different than the original portfolio used to price the forward flow contract. Certain of these forward flow purchase agreements may also have termination clauses, whereby the agreements can be canceled by either party upon providing a certain specified amount of notice.

As of March 31, 2024 June 30, 2024, the Company had entered into forward flow purchase agreements for the purchase of nonperforming loans with an estimated minimum aggregate purchase price of approximately \$598.9 million \$440.1 million. The Company expects actual purchases under these forward flow purchase agreements to be significantly greater than the estimated minimum aggregate purchase price.

Note 12: Segment and Geographic Information

The Company conducts business through several operating segments. The Company's Chief Operating Decision Maker relies on internal management reporting processes that provide segment revenue, segment operating income, and segment asset information in order to make financial decisions and allocate resources. The Company determined its operating segments meet the aggregation criteria, and therefore, it has one reportable segment, portfolio purchasing and recovery, based on similarities among the operating units including economic characteristics, the nature of the services, the nature of the production process, customer types for their services, the methods used to provide their services and the nature of the regulatory environment.

The following table presents information about geographic areas in which the Company operates (in thousands):

Three Months Ended	Six Months Ended
June 30,	June 30,

	2024	2023	2024	2023
Total revenues:				
Total revenues:				
Total revenues:				
United States				
United States				
United States				
Europe				
Europe				
Europe				
United Kingdom				
United Kingdom				
United Kingdom				
Other European countries ⁽¹⁾				
Other European countries ⁽¹⁾				
Other European countries ⁽¹⁾				
Total Europe				
Total Europe				
Total Europe				
Other geographies ⁽¹⁾				
Other geographies ⁽¹⁾				
Other geographies ⁽¹⁾				
Total				
Total				
Total				

(1) None of these countries comprise greater than 10% of the Company's consolidated revenues.

Note 13: Goodwill and Identifiable Intangible Assets

The Company's goodwill is tested for impairment at the reporting unit level annually and in interim periods if certain events occur that indicate that the fair value of a reporting unit may be below its carrying value. Determining the number of reporting units and the fair value of a reporting unit requires the Company to make judgments and involves the use of significant estimates and assumptions.

The annual goodwill testing date for the reporting units that are included in the portfolio purchasing and recovery reportable segment is October 1st. There have been no events or circumstances during the three and six months ended March 31, 2024 June 30, 2024, that have required the Company to perform an interim assessment of goodwill carried at these reporting units. Management continues to evaluate and monitor all key factors impacting the carrying value of the Company's recorded goodwill and intangible assets. Adverse changes in the Company's actual or expected operating results, market capitalization, business climate, economic factors or other negative events that may be outside the control of management could result in a material non-cash impairment charge in the future.

The Company's goodwill is attributable to the MCM and Cabot reporting units included in its portfolio purchasing and recovery segment. The following table summarizes tables summarize the activity in the Company's goodwill balance (in thousands):

	MCM	MCM	Cabot ⁽¹⁾	Total	MCM	Cabot ⁽¹⁾	Total
Balance as of December 31, 2023							
Balance as of March 31, 2024							
Effect of foreign currency translation							
Balance as of March 31, 2024							
Balance as of June 30, 2024							

(1) The amount is net of accumulated goodwill impairment loss of \$238.2 million as of June 30, 2024 and March 31, 2024, related to the Cabot reporting unit.

	MCM	Cabot	Total
--	-----	-------	-------

Balance as of March 31, 2023	\$	148,936	\$	685,238	\$	834,174
Effect of foreign currency translation		—		18,022		18,022
Balance as of June 30, 2023	\$	148,936	\$	703,260	\$	852,196

There was no accumulated goodwill impairment loss as of June 30, 2023 and March 31, 2023.

	MCM	Cabot ⁽¹⁾	Total
Balance as of December 31, 2023	\$ 148,936	\$ 457,539	\$ 606,475
Effect of foreign currency translation	—	(3,664)	(3,664)
Balance as of June 30, 2024	\$ 148,936	\$ 453,875	\$ 602,811

(1) The amount is net of accumulated goodwill impairment loss of \$238.2 million as of June 30, 2024 and December 31, 2023, related to the Cabot reporting unit.

	MCM	MCM	Cabot	Total	MCM	Cabot	Total
Balance as of December 31, 2022							
Effect of foreign currency translation							
Balance as of March 31, 2023							
Balance as of June 30, 2023							

There was no accumulated goodwill impairment loss as of March 31, 2023 June 30, 2023 and December 31, 2022.

The Company's acquired intangible assets are summarized as follows (in thousands):

	As of March 31, 2024			As of December 31, 2023		As of June 30, 2024			As of December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name and other												
Trade name and other												
Trade name and other												
Total intangible assets												

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains "forward-looking statements" relating to Encore Capital Group, Inc. ("Encore") and its subsidiaries (which we may collectively refer to as the "Company," "we," "our" or "us") within the meaning of the securities laws. The words "believe," "expect," "anticipate," "estimate," "project," "intend," "plan," "will," "may," and similar expressions often characterize forward-looking statements. These statements may include, but are not limited to, projections of collections, revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services, and financing needs or plans, as well as assumptions relating to these matters. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we caution that these expectations or predictions may not prove to be correct or we may not achieve the financial results, savings, or other benefits anticipated in the forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control or cannot be predicted or quantified, that could cause actual results to differ materially from those suggested by the forward-looking statements. Many factors including, but not limited to, those set forth in our Annual Report on Form 10-K under "Part I, Item 1A—Risk Factors" could cause our actual results, performance, achievements, or industry results to be very different from the results, performance, achievements or industry results expressed or implied by these forward-looking statements. Our business, financial condition, or results of operations could also be materially and adversely affected by other factors besides those listed. Forward-looking statements speak only as of the date the statements were made. We do not undertake any obligation to update or revise any forward-looking statements to reflect new information or future events, or for any other reason, even if experience or future events make it clear that any expected results expressed or implied by these forward-looking statements will not be realized. In addition, it is generally our policy not to make any specific projections as to future earnings, and we do not endorse projections regarding future performance that may be made by third parties.

Our Business

We are an international specialty finance company providing debt recovery solutions and other related services for consumers across a broad range of financial assets. We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies and

commercial retailers. Defaulted receivables may also include receivables subject to bankruptcy proceedings. We also provide debt servicing and other portfolio management services to credit originators for non-performing loans in Europe.

Encore Capital Group, Inc. ("Encore") has three business units: MCM, which consists of Midland Credit Management, Inc. and its subsidiaries and domestic affiliates; Cabot, which consists of Cabot Credit Management Limited ("CCM") and its subsidiaries and European affiliates, and LAAP, which is comprised of our investments and operations in Latin America and Asia-Pacific.

MCM (United States)

Through MCM, we are a market leader in portfolio purchasing and recovery in the United States.

Cabot (Europe)

Through Cabot, we are one of the largest credit management services providers in Europe and the United Kingdom. Cabot, in addition to its primary business of portfolio purchasing and recovery, also provides a range of debt servicing offerings such as early stage collections, business process outsourcing ("BPO"), and contingent collections, including through Wescot Credit Services Limited ("Wescot"), a leading UK contingency debt collection and BPO services company.

LAAP (Latin America and Asia-Pacific)

We have purchased non-performing loans in Mexico. Additionally, we have invested in Encore Asset Reconstruction Company ("EARC") in India.

To date, operating results from LAAP have not been significant to our total consolidated operating results. Our long-term growth strategy is focused on continuing to invest in our core portfolio purchasing and recovery business in the United States and United Kingdom and strengthening and developing our business in the rest of Europe.

Government Regulation

MCM (United States)

As discussed in more detail under "Part I - Item 1 - Business - Government Regulation" contained in our Annual Report on Form 10-K, our operations in the United States are subject to federal, state and municipal statutes, rules, regulations and ordinances that establish specific guidelines and procedures that debt purchasers and collectors must follow when collecting consumer accounts, including among others, specific guidelines and procedures for communicating with consumers and prohibitions on unfair, deceptive or abusive debt collection practices.

Cabot (Europe)

As discussed in more detail under "Part I - Item 1 - Business - Government Regulation" contained in our Annual Report on Form 10-K, our operations in Europe are affected by foreign statutes, rules and regulations regarding debt collection and debt purchase activities. These statutes, rules, regulations, ordinances, guidelines and procedures are modified from time to time by the relevant authorities charged with their administration, which could affect the way we conduct our business.

Portfolio Purchasing and Recovery

MCM (United States)

In the United States, the defaulted consumer receivable portfolios we purchase are primarily charged-off credit card debt portfolios. A small percentage of our capital deployment in the United States is comprised of receivable portfolios subject to Chapter 13 and Chapter 7 bankruptcy proceedings.

We purchase receivables based on robust, account-level valuation methods and employ proprietary statistical and behavioral models across our U.S. operations. These methods and models generally allow us to value portfolios accurately (limiting the risk of overpaying), avoid buying portfolios that are incompatible with our methods or strategies and align the accounts we purchase with our business channels to maximize future collections. As a result, we have been able to realize significant returns from the receivables we acquire. We maintain strong relationships with many of the largest financial service providers in the United States.

Cabot (Europe)

In Europe, our purchased defaulted debt portfolios primarily consist of paying and non-paying consumer loan accounts. We also **purchase: purchased:** (1) portfolios that are in insolvency status, in particular, individual voluntary arrangements; and (2) non-performing secured mortgage portfolios and real estate assets previously securing mortgage portfolios. When we take possession of the underlying real estate assets or purchase real estate assets, we refer to those as real estate-owned assets, or REO assets.

We purchase paying and non-paying receivable portfolios using a proprietary pricing model that utilizes account-level statistical and behavioral data. This model generally allows us to value portfolios accurately and quantify portfolio performance in order to maximize future collections. As a result, we have been able to realize significant returns from the assets we have acquired. We maintain strong relationships with many of the largest financial services providers in the United Kingdom and Europe.

Purchases and Collections

Portfolio Pricing, Supply and Demand

MCM (United States)

With lending surpassing pre-pandemic levels and with rising delinquency rates, we have seen an increase in supply. Issuers have continued to sell predominantly fresh portfolios. Fresh portfolios are portfolios that are generally sold within six months of the consumer's account being charged-off by the financial institution. Pricing in the **first second** quarter remained at favorable levels as a result of elevated market supply. Issuers continue to sell their volume in mostly forward flow arrangements that are often committed early in the calendar year. We believe growth in lending and rising delinquency rates will drive continued growth in supply.

We believe that smaller competitors continue to face difficulties in the portfolio purchasing market because of the high cost to operate due to regulatory pressure and increasing cost of capital. We believe this favors larger participants, like MCM, because the larger market participants are better able to adapt to these pressures and commit to larger forward flow agreements and fluctuating volumes.

Cabot (Europe)

The UK market for charged-off portfolios prior to the COVID-19 pandemic generally provided provides a relatively consistent pipeline of opportunities, despite a historically low level of charge-off rates, as creditors had have embedded debt sales as an integral part of their business models. The percentage of volume that is sold in multi-year forward flow arrangements is increasing, has been consistent.

The Spain debt markets in France and France debt markets Spain continue to be two of the largest in Europe with significant debt sales and an expectation of a significant amount of debt to be sold in the future, debt. Financial institutions continue to look to dispose of non-performing loans in these markets.

Banks decreased portfolio sales at the beginning of the COVID-19 pandemic in order to focus on customers' needs. While we have seen a resumption of sales activity across all of our European markets, underlying default rates are generally low by historic levels, and sales levels are expected to fluctuate from quarter to quarter. In general, supply remains slightly below pre-pandemic levels while portfolio pricing remains competitive across our European footprint.

Purchases by Geographic Location

The following table summarizes purchases of receivable portfolios by geographic location during the periods presented (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
MCM (United States)				
MCM (United States)				
MCM (United States)				
Cabot (Europe)				
Cabot (Europe)				
Cabot (Europe)				
Total purchases of receivable portfolios				
Total purchases of receivable portfolios				
Total purchases of receivable portfolios				

In the United States, capital deployment increased during the three and six months ended March 31, 2024 June 30, 2024, as compared to the corresponding period periods in the prior year. The majority of our deployments in the U.S. come from forward flow agreements, and the timing, contract duration, and volumes for each contract can fluctuate leading to variation when comparing to prior periods. Portfolio purchases in the U.S. were robust as supply increased and pricing improved.

In Europe, capital deployment decreased during the three and six months ended March 31, 2024 June 30, 2024, as compared to the corresponding period periods in the prior year, primarily driven by continued competitive pricing environment in Europe. The decrease was decreases were partially offset by the favorable impact from foreign currency translation driven by the weakening of the U.S. dollar against the British Pound.

During the three months ended March 31, 2024 and 2023, we invested \$0.2 million and \$22.6 million in REO assets, respectively.

Collections from Purchased Receivables by Channel and Geographic Location

We utilize three channels for the collection of our purchased receivables: call center and digital collections; legal collections; and collection agencies. The call center and digital collections channel consists of collections that result from our call centers, direct mail program and online collections. The legal collections channel consists of collections that result from our internal legal channel or from our network of retained law firms. The collection agencies channel consists of collections from third-party collections agencies to whom we pay a fee or commission. We utilize this channel to supplement capacity in our internal call centers, to service accounts in regions where we do not have collections operations or for accounts purchased where we maintain the collection agency servicing relationship. The following table summarizes the total collections by collection channel and geographic area during the periods presented (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
MCM (United States):				
MCM (United States):				
MCM (United States):				
Call center and digital collections				

Call center and digital collections
Call center and digital collections
Legal collections
Legal collections
Legal collections
Collection agencies
Collection agencies
Collection agencies
Subtotal
Subtotal
Subtotal
Cabot (Europe):
Cabot (Europe):
Cabot (Europe):
Call center and digital collections
Call center and digital collections
Call center and digital collections
Legal collections
Legal collections
Legal collections
Collection agencies
Collection agencies
Collection agencies
Subtotal
Subtotal
Subtotal
Other geographies:
Other geographies:
Other geographies:
Total collections from purchased receivables
Total collections from purchased receivables
Total collections from purchased receivables

Gross collections from purchased receivables increased by \$48.5 million \$70.2 million, or 10.5% 14.7%, to \$510.9 million \$546.7 million during the three months ended March 31, 2024 June 30, 2024, as compared to \$462.4 million \$476.5 million during the three months ended March 31, 2023 June 30, 2023. Gross collections from purchased receivables increased by \$118.7 million, or 12.6%, to \$1,057.6 million during the six months ended June 30, 2024, as compared to \$938.9 million during the six months ended June 30, 2023. The increase increases in collections in the United States was were primarily a result of consistent increases in capital deployments in the United States in recent quarters. Collections The increases in collections from purchased receivables in Europe was were primarily due to the acquisition of portfolios with higher returns in recent periods. Additionally, collections in Europe were favorably impacted by foreign currency translation by approximately \$4.5 million \$4.6 million, during the six months ended June 30, 2024, primarily as a result of the weakening of the U.S. dollar against the British Pound by approximately 2.5% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The foreign currency translation effect to collections in Europe was immaterial during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023.

Results of Operations

Results of operations, in dollars and as a percentage of total revenues, were as follows for the periods presented (in thousands, except percentages):													
	Three Months Ended March 31,												
	2024					2023					2024		
Revenues													
Revenue from receivable portfolios													
Revenue from receivable portfolios													
Revenue from receivable portfolios	\$	315,852	96.2		96.2	%	\$	295,674	94.6		94.6	%	\$

Changes in recoveries	Changes in recoveries	(12,409)	(3.8)	(3.8)	%	(9,501)	(3.1)	(3.1)	%	re
Total debt purchasing revenue	Total debt purchasing revenue	303,443	92.4	92.4	%	286,173	91.5	91.5	%	
Servicing revenue	Servicing revenue	20,379	6.2	6.2	%	22,585	7.2	7.2	%	re
Other revenues	Other revenues	4,564	1.4	1.4	%	3,872	1.3	1.3	%	re
Total revenues	Total revenues	328,386	100.0	100.0	%	312,630	100.0	100.0	%	

Operating expenses

Operating expenses

Operating expenses

Salaries and employee benefits	Salaries and employee benefits	104,184	31.7	31.7	%	103,850	33.2	33.2	%	
Cost of legal collections	Cost of legal collections	58,721	17.9	17.9	%	54,101	17.4	17.4	%	co
General and administrative expenses	General and administrative expenses	36,241	11.0	11.0	%	37,965	12.1	12.1	%	ad ex
Other operating expenses	Other operating expenses	30,367	9.2	9.2	%	27,556	8.8	8.8	%	op ex
Collection agency commissions	Collection agency commissions	7,434	2.3	2.3	%	8,150	2.6	2.6	%	ag co
Depreciation and amortization	Depreciation and amortization	7,848	2.4	2.4	%	10,870	3.5	3.5	%	an
Total operating expenses	Total operating expenses	244,795	74.5	74.5	%	242,492	77.6	77.6	%	
Income from operations	Income from operations	83,591	25.5	25.5	%	70,138	22.4	22.4	%	Ir operat

Other expense

Interest expense

Interest expense

Interest expense

Interest expense		(55,765)	(17.0)		(17.0)	%	(46,835)	(15.0)		(15.0)	%
Other income, net		2,666			0.8	%	1,732			0.6	%
Other income (expense), net		2,047			0.6	%	(1,755)			(0.5)	%
Total other expense	Total other expense	(53,099)	(16.2)		(16.2)	%	(45,103)	(14.4)		(14.4)	%
Income before income taxes	Income before income taxes	30,492	9.3		9.3	%	25,035	8.0		8.0	%
Provision for income taxes	Provision for income taxes	(7,253)	(2.2)		(2.2)	%	(6,409)	(2.0)		(2.0)	%
Net income	Net income	\$ 23,239	7.1		7.1	%	\$ 18,626	6.0		6.0	%

Six Months Ended June 30,

	2024		2023	
Revenues				
Revenue from receivable portfolios	\$ 637,782	93.3 %	\$ 596,858	93.9 %
Changes in recoveries	(6,655)	(1.0)%	(12,987)	(2.0)%
Total debt purchasing revenue	631,127	92.3 %	583,871	91.9 %
Servicing revenue	41,486	6.1 %	43,593	6.9 %
Other revenues	11,058	1.6 %	8,210	1.2 %
Total revenues	683,671	100.0 %	635,674	100.0 %
Operating expenses				
Salaries and employee benefits	210,792	30.8 %	199,705	31.4 %
Cost of legal collections	122,970	18.0 %	111,251	17.5 %
General and administrative expenses	73,020	10.7 %	72,494	11.4 %
Other operating expenses	61,212	9.0 %	53,905	8.5 %
Collection agency commissions	14,938	2.2 %	18,537	2.9 %
Depreciation and amortization	15,309	2.2 %	21,572	3.4 %
Total operating expenses	498,241	72.9 %	477,464	75.1 %
Income from operations	185,430	27.1 %	158,210	24.9 %
Other expense				
Interest expense	(117,141)	(17.1)%	(96,818)	(15.2)%
Other income (expense), net	4,713	0.7 %	(23)	— %
Total other expense	(112,428)	(16.4)%	(96,841)	(15.2)%
Income before income taxes	73,002	10.7 %	61,369	9.7 %
Provision for income taxes	(17,582)	(2.6)%	(16,438)	(2.6)%
Net income	\$ 55,420	8.1 %	\$ 44,931	7.1 %

Comparison of Results of Operations

Revenues

Our revenues primarily include debt purchasing revenue, which is revenue recognized from engaging in debt purchasing and recovery activities. We apply our charge-off policy and fully write-off the amortized costs (i.e., face value net of noncredit discount) of the individual receivables we acquire immediately after purchasing the portfolio. We then record a negative allowance that represents the present value of all expected future recoveries for pools of receivables that share similar risk characteristics using a discounted cash flow approach, which is presented as "Investment in receivable portfolios, net" in our condensed consolidated statements of financial condition. The discount rate is an effective interest rate (or "purchase EIR") established based on the purchase price of the portfolio and the expected future cash flows at the time of purchase.

Debt purchasing revenue includes two components:

- (1) Revenue from receivable portfolios, which is the accretion of the discount on the negative allowance due to the passage of time (generally the portfolio balance multiplied by the EIR), and also includes all revenue from zero basis portfolio ("ZBA") collections, and
- (2) Changes in recoveries, which includes
 - (a) Recoveries above or below forecast, which is the difference between (i) actual cash collected/recovered during the current period and (ii) expected cash recoveries for the current period, which generally represents over or under performance for the period; and
 - (b) Changes in expected future recoveries, which is the present value change of expected future recoveries, where such change generally results from (i) collections "pulled forward from" or "pushed out to" future periods (i.e. amounts either collected early or expected to be collected later) and (ii) magnitude and timing changes to estimates of expected future collections (which can be increases or decreases).

Certain pools already fully recovered their cost basis and became zero basis portfolios ("ZBA") prior to our adoption of the accounting standard for Financial Instruments - Credit Losses ("CECL") in January 2020. We did not establish a negative allowance for these pools as we elected the Transition Resource Group for Credit Losses' practical expedient to retain the integrity of these legacy pools. Similar to how we treated ZBA collections prior to the adoption of CECL, all subsequent collections to the ZBA pools are recognized as ZBA revenue, which is included in revenue from receivable portfolios in our condensed consolidated statements of income.

Servicing revenue consists primarily of fee-based income earned on accounts collected on behalf of others, primarily credit originators. We earn fee-based income by providing debt servicing (such as early stage collections, BPO, contingent collections, trace services and litigation activities) to credit originators for non-performing loans in Europe.

Other revenues primarily include revenues recognized from the sale of real estate assets that are acquired as a result of our investments in non-performing secured residential mortgage portfolios as well as direct acquisition of real estate assets in Europe and LAAP.

The following table summarizes revenues for the periods presented (*in thousands, except percentages*):

Three Months Ended March 31,										Three Months Ended June 30,			
2024		2024		2023		\$ Change		% Change		2024		2024	
Revenue recognized from portfolio basis	Revenue recognized from portfolio basis	\$309,748	\$	\$288,390	\$	\$21,358	7.4	7.4	%	Revenue recognized from portfolio basis	\$	315,668	\$
ZBA revenue	ZBA revenue	6,104	7,284	7,284	(1,180)	(1,180)	(16.2)	(16.2)	%	ZBA revenue		6,262	7,675
Revenue from receivable portfolios	Revenue from receivable portfolios	315,852	295,674	295,674	20,178	20,178	6.8	6.8	%	Revenue from receivable portfolios		321,930	301,184
Recoveries above (below) forecast													
Recoveries above (below) forecast													
Recoveries above (below) forecast													
Changes in expected future recoveries													
Changes in expected future recoveries													
Changes in expected future recoveries													
Changes in recoveries													
Changes in recoveries													
Changes in recoveries		(12,409)	(9,501)	(9,501)	(2,908)	(2,908)	30.6	30.6	%			5,754	(3,486)
Debt purchasing revenue	Debt purchasing revenue	303,443	286,173	286,173	17,270	17,270	6.0	6.0	%	Debt purchasing revenue		327,684	297,698
Servicing revenue													
Servicing revenue													
Servicing revenue		20,379	22,585	22,585	(2,206)	(2,206)	(9.8)	(9.8)	%			21,107	21,008
Other revenues	Other revenues	4,564	3,872	3,872	692	692	17.9	17.9	%	Other revenues		6,494	4,338
Total revenues	Total revenues	\$328,386	\$	\$312,630	\$	\$15,756	5.0	5.0	%	Total revenues	\$	355,285	\$

Six Months Ended June 30,				
	2024	2023	\$ Change	% Change
Revenue recognized from portfolio basis	\$ 625,416	\$ 581,899	\$ 43,517	7.5 %
ZBA revenue	12,366	14,959	(2,593)	(17.3)%
Revenue from receivable portfolios	637,782	596,858	40,924	6.9 %
Recoveries above (below) forecast	28,296	(15,835)	44,131	
Changes in expected future recoveries	(34,951)	2,848	(37,799)	
Changes in recoveries	(6,655)	(12,987)	6,332	(48.8)%
Debt purchasing revenue	631,127	583,871	47,256	8.1 %
Servicing revenue	41,486	43,593	(2,107)	(4.8)%
Other revenues	11,058	8,210	2,848	34.7 %
Total revenues	\$ 683,671	\$ 635,674	\$ 47,997	7.6 %

Our operating results are impacted by foreign currency translation, which represents the effect of translating operating results where the functional currency is different than our U.S. dollar reporting currency. The strengthening of the U.S. dollar relative to other foreign currencies has an unfavorable impact on our international revenues, and the weakening of the U.S. dollar relative to other foreign currencies has a favorable impact on our international revenues. Our revenues were favorably impacted by foreign currency translation by approximately \$4.4 million \$3.7 million, during the six months ended June 30, 2024, primarily as a result of the weakening of the U.S. dollar against the British Pound by approximately 4.2% 2.5% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The foreign currency translation effect was immaterial to our operating results during the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023.

The increase increases in revenue recognized from portfolio basis during the three and six months ended March 31, 2024 June 30, 2024, as compared to the three and six months ended March 31, 2023 June 30, 2023, was were primarily due to a higher portfolio basis (i.e. a higher investment in receivable balance) in the U.S. driven by a consistent higher volume of purchases in the past several quarters. The increase was also attributable to the favorable impact from foreign currency translation as discussed above.

As discussed above, ZBA revenue represents collections from our legacy ZBA pools. We expect our ZBA revenue to continue to decline as we collect on these legacy pools. We do not expect to have new ZBA pools in the future.

Recoveries above or below forecast represent over and under-performance in the reporting period, respectively. Collections during the three and six months ended March 31, 2024 June 30, 2024, were slightly above over-performed the forecasted collections, collections by approximately \$27.4 million and \$28.3 million, respectively. Collections during the three and six months ended March 31, 2023 June 30, 2023, under-performed the forecasted collections by approximately \$15.4 million.

\$0.5 million and \$15.8 million, respectively.

When reassessing the forecasts of expected lifetime recoveries during the three and six months ended March 31, 2024 June 30, 2024, management considered, among other factors, historical and current collection performance, changes in consumer behavior, and the macroeconomic environment. The updated forecast resulted in Management believes that most of the current period collections over-performance was due to changes in timing and amount of total the estimated remaining collections, which in turn, and therefore reduced the respective estimated remaining collections accordingly. These reductions, when discounted to present value, resulted in a net negative change in expected future recoveries of approximately \$13.3 million during \$21.7 million and \$35.0 million for the three and six months ended March 31, 2024 June 30, 2024, respectively. During the three and six months ended March 31, 2023 June 30, 2023, we the Company recorded approximately \$5.9 million \$3.0 million in net negative change and \$2.8 million in net positive change in expected future period recoveries, recoveries, respectively.

The following tables summarize collections from purchased receivables, revenue from receivable portfolios, end of period receivable balance and other related supplemental data, by year of purchase (in thousands, except percentages):

United States:	
United States:	
United States:	
ZBA	
ZBA	
ZBA	
2011	
2011	
2011	
2012	
2012	
2012	
2013	
2013	
2013	
2014	
2014	
2014	
2015	
2015	
2015	
2016	
2016	
2016	
2017	
2017	
2017	
2018	
2018	
2018	
2019	
2019	
2019	
2020	
2020	
2020	
2021	

2021	
2021	
2022	
2022	
2022	
2023	
2023	
2023	
2024	
2024	
2024	
Subtotal	
Subtotal	
Subtotal	
Europe:	
Europe:	
Europe:	
ZBA	
ZBA	
ZBA	
2013	
2013	
2013	
2014	
2014	
2014	
2015	
2015	
2015	
2016 ⁽¹⁾	
2016 ⁽¹⁾	
2016 ⁽¹⁾	
2017	
2017	
2017	
2018	
2018	
2018	
2019	
2019	
2019	
2020	
2020	
2020	
2021	
2021	
2021	
2022	
2022	
2022	
2023	
2023	

2023
2024
2024
2024
Subtotal
Subtotal
Subtotal
Other geographies:(2)
Other geographies:(2)
Other geographies:(2)
All vintages
All vintages
All vintages
Subtotal
Subtotal
Subtotal
Total
Total
Total

(1) Portfolio balance includes non-accrual pool groups. The EIR presented is only for pool groups that accrete portfolio revenue.

(2) All portfolios are on non-accrual basis. Annual pool groups for other geographies have been aggregated for disclosure purposes.

		Three Months Ended March 31, 2023				As of March 31, 2023		Three Months Ended June 30, 2023					
		Collections	Revenue from Receivable Portfolios		Changes in Recoveries		Investment in Receivable Portfolios		Monthly EIR		Collections		Rever Rec Por
United States:													
ZBA													
ZBA													
ZBA		\$ 7,282	\$	\$ 7,282	\$	\$ —	\$	\$ —	—	—	% \$7,661	\$	\$ 7,661
2011	2011	3,369	3,456	3,456	(270)	(270)	1,142	1,142	88.6	88.6	% 2011	3,838	2,911
2012	2012	4,268	3,788	3,788	236	236	2,846	2,846	42.0	42.0	% 2012	4,401	3,474
2013	2013	9,091	8,958	8,958	(232)	(232)	7,036	7,036	40.5	40.5	% 2013	9,618	8,424
2014	2014	5,068	3,807	3,807	223	223	18,309	18,309	6.7	6.7	% 2014	5,983	3,588
2015	2015	5,391	3,019	3,019	307	307	24,302	24,302	3.9	3.9	% 2015	5,323	2,774
2016	2016	9,909	5,628	5,628	388	388	42,713	42,713	4.1	4.1	% 2016	9,781	5,141
2017	2017	17,050	10,094	10,094	1,523	1,523	57,095	57,095	5.5	5.5	% 2017	16,059	9,175
2018	2018	26,778	14,792	14,792	(1,590)	(1,590)	115,323	115,323	4.0	4.0	% 2018	24,267	13,287
2019	2019	49,207	26,266	26,266	1,932	1,932	215,788	215,788	3.8	3.8	% 2019	44,135	23,853
2020	2020	58,497	30,246	30,246	1,290	1,290	254,268	254,268	3.7	3.7	% 2020	52,308	27,263
2021	2021	54,488	31,920	31,920	(3,395)	(3,395)	254,059	254,059	3.9	3.9	% 2021	49,660	28,831
2022	2022	70,880	49,136	49,136	(8,799)	(8,799)	510,213	510,213	3.1	3.1	% 2022	67,843	46,166
2023	2023	7,392	6,182	6,182	4,031	4,031	216,193	216,193	2.9	2.9	% 2023	34,939	25,640
Subtotal	Subtotal	328,670	204,574	204,574	(4,356)	(4,356)	1,719,287	1,719,287	3.9	3.9	% Subtotal	335,816	208,188
Europe:													
ZBA													
ZBA													
ZBA		2	2	2	—	—	—	—	—	—	% 14	14	
2013	2013	15,407	13,229	13,229	(896)	(896)	136,996	136,996	3.2	3.2	% 2013	14,968	13,342
2014	2014	13,830	11,400	11,400	(430)	(430)	127,413	127,413	3.0	3.0	% 2014	14,483	11,492

2015	2015	8,701	6,980	6,980	(721)	(721)	94,781	94,781	2.5	2.5 %	2015	9,364	7,019
2016 ⁽¹⁾	2016 ⁽¹⁾	9,347	6,548	6,548	(314)	(314)	79,759	79,759	2.8	2.8 %	2016 ⁽¹⁾	10,031	6,489
2017	2017	13,114	7,757	7,757	(693)	(693)	134,957	134,957	1.9	1.9 %	2017	13,098	7,613
2018	2018	11,960	8,320	8,320	(2,564)	(2,564)	176,504	176,504	1.6	1.6 %	2018	12,709	8,217
2019	2019	13,885	8,258	8,258	(1,317)	(1,317)	144,718	144,718	1.9	1.9 %	2019	14,189	8,103
2020	2020	10,359	6,215	6,215	272	272	91,109	91,109	2.2	2.2 %	2020	9,585	6,074
2021	2021	16,079	10,495	10,495	(344)	(344)	186,092	186,092	1.9	1.9 %	2021	14,850	10,402
2022	2022	17,432	10,582	10,582	621	621	225,140	225,140	1.6	1.6 %	2022	17,998	10,518
2023	2023	2,672	1,314	1,314	1,241	1,241	64,047	64,047	1.2	1.2 %	2023	8,049	3,713
Subtotal	Subtotal	132,788	91,100	91,100	(5,145)	(5,145)	1,461,516	1,461,516	2.1	2.1 %	Subtotal	139,338	92,996
Other geographies:⁽²⁾													
All vintages													
All vintages													
All vintages													
Subtotal	Subtotal	898	—	—	—	—	33,989	33,989	—	— %	Subtotal	1,368	—
Total	Total	\$462,356	\$295,674	\$295,674	\$(9,501)	\$(9,501)	\$3,214,792	\$3,214,792	3.0	3.0 %	Total	\$476,522	\$—

(1) Portfolio balance includes non-accrual pool groups. The EIR presented is only for pool groups that accrete portfolio revenue.

(2) Annual pool groups for other geographies have been aggregated for disclosure purposes.

	Six Months Ended June 30, 2024						As of June 30, 2024	
	Revenue from Receivable			Investment in Receivable				
	Collections	Portfolios	Changes in Recoveries	Portfolios	Monthly EIR			
United States:								
ZBA	\$ 12,364	\$ 12,364	\$ —	\$ —	— %			
2011	5,177	4,885	116	827	88.6 %			
2012	5,749	5,765	(433)	2,062	42.0 %			
2013	14,254	12,617	710	4,674	40.5 %			
2014	8,560	6,082	37	13,830	6.7 %			
2015	8,217	4,229	1,436	16,487	3.9 %			
2016	14,667	7,816	1,499	28,150	4.2 %			
2017	21,143	13,199	320	35,164	5.5 %			
2018	34,722	18,684	1,277	69,006	4.0 %			
2019	60,921	33,948	(2,262)	131,559	3.8 %			
2020	70,656	38,325	(2,409)	152,393	3.7 %			
2021	73,744	37,964	4,307	144,167	3.9 %			
2022	138,437	67,738	(7,198)	320,275	3.1 %			
2023	245,264	148,228	6,903	699,893	3.3 %			
2024	52,232	42,133	606	462,940	3.6 %			
Subtotal	766,107	453,977	4,909	2,081,427	3.7 %			
Europe:								
ZBA	2	2	—	—	— %			
2013	27,119	23,636	(3,746)	117,380	3.2 %			
2014	25,641	20,774	(2,964)	110,338	3.0 %			
2015	17,067	12,754	(1,194)	82,684	2.5 %			
2016 ⁽¹⁾	15,837	11,594	(40)	71,414	2.8 %			
2017	20,810	13,043	(1,506)	109,673	1.9 %			
2018	22,491	14,017	(6,498)	140,202	1.6 %			
2019	24,247	14,324	(631)	121,170	1.9 %			
2020	16,330	10,642	(100)	76,681	2.2 %			

2021	27,279	18,039	(645)	153,377	1.9 %
2022	33,586	17,769	(703)	178,896	1.6 %
2023	45,751	20,846	3,419	222,685	1.5 %
2024	13,761	6,365	1,693	94,950	2.2 %
Subtotal	289,921	183,805	(12,915)	1,479,450	2.0 %
Other geographies:⁽²⁾					
All vintages	1,587	—	1,351	22,445	— %
Subtotal	1,587	—	1,351	22,445	— %
Total	\$ 1,057,615	\$ 637,782	\$ (6,655)	\$ 3,583,322	3.0 %

(1) Portfolio balance includes non-accrual pool groups. The EIR presented is only for pool groups that accrete portfolio revenue.

(2) All portfolios are on non-accrual basis. Annual pool groups for other geographies have been aggregated for disclosure purposes.

	Six Months Ended June 30, 2023			As of June 30, 2023	
	Revenue from Receivable			Investment in Receivable	
	Collections	Portfolios	Changes in Recoveries	Portfolios	Monthly EIR
United States:					
ZBA	\$ 14,943	\$ 14,943	\$ —	\$ —	— %
2011	7,207	6,367	663	1,148	88.6 %
2012	8,669	7,262	1,140	2,822	42.0 %
2013	18,709	17,382	551	6,624	40.5 %
2014	11,051	7,395	1,531	17,219	6.7 %
2015	10,714	5,793	752	22,190	3.9 %
2016	19,690	10,769	1,323	38,939	4.1 %
2017	33,109	19,269	3,047	51,617	5.5 %
2018	51,045	28,079	(2,058)	103,689	4.0 %
2019	93,342	50,119	3,360	196,740	3.8 %
2020	110,805	57,509	3,145	230,967	3.7 %
2021	104,148	60,751	(9,717)	226,694	3.9 %
2022	138,723	95,302	(19,288)	477,683	3.1 %
2023	42,331	31,822	9,773	425,692	2.9 %
Subtotal	664,486	412,762	(5,778)	1,802,024	3.8 %
Europe:					
ZBA	16	16	—	—	— %
2013	30,375	26,571	(3,371)	136,517	3.2 %
2014	28,313	22,892	(1,692)	126,193	3.0 %
2015	18,065	13,999	(1,057)	94,405	2.5 %
2016 ⁽¹⁾	19,378	13,037	46	75,211	2.8 %
2017	26,212	15,370	(709)	131,793	1.9 %
2018	24,669	16,537	(4,855)	171,570	1.6 %
2019	28,074	16,361	490	143,331	1.9 %
2020	19,944	12,289	2,869	91,317	2.2 %
2021	30,929	20,897	1,226	184,929	1.9 %
2022	35,430	21,100	(3,548)	216,668	1.6 %
2023	10,721	5,027	3,392	124,221	1.3 %
Subtotal	272,126	184,096	(7,209)	1,496,155	2.1 %
Other geographies:⁽²⁾					
All vintages	2,266	—	—	32,807	— %
Subtotal	2,266	—	—	32,807	— %
Total	\$ 938,878	\$ 596,858	\$ (12,987)	\$ 3,330,986	3.0 %

- (1) Portfolio balance includes non-accrual pool groups. The EIR presented is only for pool groups that accrete portfolio revenue.
- (2) Annual pool groups for other geographies have been aggregated for disclosure purposes.

Servicing revenues remained relatively consistent during the three months ended March 31, 2024 decreased June 30, 2024 as compared to servicing revenues during the three months ended March 31, 2023 June 30, 2023. Service revenues decreased by approximately \$2.1 million during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The decrease was primarily attributable to reduced demand from BPO clients.

Other revenues increased during the three and six months ended March 31, 2024 June 30, 2024 as compared to the three and six months ended March 31, 2023 June 30, 2023, primarily driven by increase of gains recognized on the sale of real estate assets.

Operating Expenses

The following table summarizes tables summarize operating expenses for the periods presented (in thousands, except percentages):

Three Months Ended March 31,									
	2024		2024		2023			\$ Change	
Salaries and employee benefits	Salaries and employee benefits	\$ 104,184	\$	\$ 103,850	\$	\$ 334		0.3	0.3
Cost of legal collections	Cost of legal collections	58,721	54,101	54,101	4,620	4,620		8.5	
General and administrative expenses	General and administrative expenses	36,241	37,965	37,965	(1,724)	(1,724)		(4.5)	
Other operating expenses	Other operating expenses	30,367	27,556	27,556	2,811	2,811		10.2	
Collection agency commissions	Collection agency commissions	7,434	8,150	8,150	(716)	(716)		(8.8)	
Depreciation and amortization	Depreciation and amortization	7,848	10,870	10,870	(3,022)	(3,022)		(27.8)	
Total operating expenses	Total operating expenses	\$ 244,795	\$	\$ 242,492	\$	\$ 2,303		0.9	0.9

Six Months Ended June 30,				
	2024	2023	\$ Change	% Change
Salaries and employee benefits	\$ 210,792	\$ 199,705	\$ 11,087	5.6 %
Cost of legal collections	122,970	111,251	11,719	10.5 %
General and administrative expenses	73,020	72,494	526	0.7 %
Other operating expenses	61,212	53,905	7,307	13.6 %
Collection agency commissions	14,938	18,537	(3,599)	(19.4)%
Depreciation and amortization	15,309	21,572	(6,263)	(29.0)%
Total operating expenses	\$ 498,241	\$ 477,464	\$ 20,777	4.4 %

Our operating results are impacted by foreign currency translation, which represents the effect of translating operating results where the functional currency is different than our U.S. dollar reporting currency. The strengthening of the U.S. dollar relative to other foreign currencies has a favorable impact on our international operating expenses, and the weakening of the U.S. dollar relative to other foreign currencies has an unfavorable impact on our international operating expenses. Our operating expenses were unfavorably impacted by The foreign currency translation primarily as a result of the weakening of the U.S. dollar against the British Pound by approximately 4.2% for effect was immaterial to our operating results during the three and six months ended March 31, 2024, as June 30, 2024 compared to the three and six months ended March 31, 2023 June 30, 2023, respectively.

Operating expenses are explained in more detail as follows:

Salaries and Employee Benefits

The increase in salaries and employee benefits during the three months ended **March 31, 2024** June 30, 2024, as compared to the three months ended **March 31, 2023** June 30, 2023, was primarily due to the following reasons:

- **Increase** An increase in employee benefits salaries and bonus of approximately **\$1.6 million**; \$7.8 million primarily due to an increase in overall headcount; and
- An **unfavorable impact of foreign currency translation** increase in employee benefits and payroll taxes of approximately **\$1.8 million driven by \$2.1 million**.

The increase in salaries and employee benefits during the **weakening** six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was primarily due to the following reasons:

- An increase in salaries and bonus of **the U.S. dollar against the British Pound**; approximately \$7.7 million primarily due to an increase in overall headcount; and
- **The** An increase was partially offset by a decrease in costs relating to headcount reductions in Europe employee benefits and payroll taxes of approximately **\$2.5 million** \$3.3 million.

Cost of Legal Collections

Cost of legal collections primarily includes contingent fees paid to our external network of attorneys and the cost of litigation. We pursue legal collections using a network of attorneys that specialize in collection matters and through our internal legal channel. Under the agreements with our contracted attorneys, we advance certain out-of-pocket court costs. Cost of legal collections does not include internal legal channel employee costs, which are included in salaries and employee benefits in our condensed consolidated statements of income.

The following table summarizes tables summarize our cost of legal collections during the periods presented (in thousands, except percentages):

Three Months Ended March 31,									
	2024		2024		2023			\$ Change	
Court costs	Court costs	\$ 38,087	\$	\$ 30,017	\$	\$ 8,070	26.9		26.9
Legal collection fees	Legal collection fees	20,634	24,084	24,084	(3,450)	(3,450)	(14.3)		(
Total cost of legal collections	Total cost of legal collections	\$ 58,721	\$	\$ 54,101	\$	\$ 4,620	8.5		8.5

Six Months Ended June 30,				
	2024	2023	\$ Change	% Change
Court costs	\$ 79,968	\$ 63,026	\$ 16,942	26.9 %
Legal collection fees	43,002	48,225	(5,223)	(10.8) %
Total cost of legal collections	\$ 122,970	\$ 111,251	\$ 11,719	10.5 %

The **increase** increases of cost of legal collections during the three and six months ended **March 31, 2024** June 30, 2024, as compared to the three and six months ended **March 31, 2023** June 30, 2023, were primarily due to increased legal placement in this channel. The increase was also due to the unfavorable impact of foreign currency translation of approximately \$0.5 million driven by the weakening of channel in the U.S. dollar against the British Pound. The increases were partially offset by decreased contingent fees paid to our external network of attorneys as we grow our legal collection activities through our internal legal channel.

General and Administrative Expenses

The **decrease** increase in general and administrative expense during the three months ended **March 31, 2024** June 30, 2024 as compared to the three months ended **March 31, 2023** June 30, 2023, was primarily due to the following reasons:

- **Decrease in** Approximately \$1.5 million of increased general and administrative expense include costs associated with **legal** our information technology, and consulting fees.

The increase in general and administrative expense during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, was primarily due to the following reasons:

- An increase in information technology expenses of approximately **\$2.2 million**;
- Decrease in consulting fees of approximately **\$1.6 million** \$3.1 million; and
- The **decrease** increase was partially offset by an increase a decrease in information technology legal expenses of **\$2.0 million** approximately \$1.9 million and the unfavorable impact of foreign currency translation a decrease in consulting fees of approximately \$0.5 million driven by the weakening of the U.S. dollar against the British Pound. **\$1.2**

million.

Other Operating Expenses

The increase in other operating expenses during the three months and six months ended March 31, 2024 June 30, 2024, as compared to the three months ended March 31, 2023 June 30, 2023, was primarily due to an increase in postage and printing expenses of approximately \$2.1 million, \$2.8 million and \$4.9 million, respectively.

Collection Agency Commissions

Collection agency commissions are commissions paid to third-party collection agencies. Collections through the collections agencies channel are predominately in Europe and vary from period to period depending on, among other things, the number of accounts placed with an agency versus accounts collected internally. Commission rates vary depending on, among other things, the amount of time that has passed since the charge-off of the accounts placed with an agency, the asset class, and the geographic location of the receivables. Generally, freshly charged-off accounts have a lower commission rate than accounts that have been charged off for a longer period of time, and commission rates for purchased bankruptcy portfolios are lower than the commission rates for charged-off credit card accounts. Collection agency commissions were consistent decreased by approximately \$2.9 million and \$3.6 million during the three and six months ended March 31, 2024, June 30, 2024 as compared to the three and six months ended March 31, 2023, June 30, 2023, respectively. The decreases were primarily due to fewer accounts placed with external agencies and favorable commission rates received from such agencies in Europe.

Depreciation and Amortization

The decrease in depreciation and amortization expenses during the three and six months ended March 31, 2024 June 30, 2024, as compared to three and six months ended March 31, 2023 June 30, 2023, was primarily due to a decrease in depreciation expenses of approximately \$1.8 million and a decrease in amortizable expenses of approximately \$1.2 million as a result of smaller depreciable and amortizable asset balances during the three and six months ended March 31, 2024 June 30, 2024, as compared to three and six months ended March 31, 2023 June 30, 2023. The intangible assets balance subject Depreciation expenses and amortization expenses decreased by approximately \$2.1 million and \$1.1 million during the three months ended June 30, 2024 as compared to amortization for the three months ended March 31, 2024 was negligible. June 30, 2023, and by approximately \$3.9 million and \$2.4 million during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, respectively.

Interest Expense

The following table summarizes tables summarize our interest expense for the periods presented (in thousands, except percentages):

		Three Months Ended March 31,							
		2024		2023		\$ Change		% Change	
Stated interest on debt obligations	Stated interest on debt obligations	\$ 52,038	\$	\$ 42,241	\$	\$ 9,797	23.2	23.2	%
Amortization of debt issuance costs	Amortization of debt issuance costs	3,300	4,244	4,244	(944)	(944)	(22.2)	(22.2)	
Amortization of debt discount	Amortization of debt discount	427	350	350	77	77	22.0	22.0	
Total interest expense	Total interest expense	\$ 55,765	\$	\$ 46,835	\$	\$ 8,930	19.1	19.1	%

		Six Months Ended June 30,			
		2024	2023	\$ Change	% Change
Stated interest on debt obligations		\$ 109,201	\$ 88,158	\$ 21,043	23.9 %
Amortization of debt issuance costs		7,080	7,950	(870)	(10.9)%
Amortization of debt discount		860	710	150	21.1 %
Total interest expense		\$ 117,141	\$ 96,818	\$ 20,323	21.0 %

The increase in interest expense during the three months ended March 31, 2024 June 30, 2024, as compared to the three months ended March 31, 2023 June 30, 2023, was primarily due to the following reasons:

- The effect resulting from increased average debt balance of approximately \$6.3 million \$5.7 million; and
- The effect resulting from rising interest rates of approximately \$5.0 million.

The increase in interest expense during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was primarily due to the following reasons:

- The effect resulting from increased average debt balance of approximately \$11.7 million;
- The effect resulting from rising interest rates of approximately \$2.1 million \$7.8 million; and

- An unfavorable impact of foreign currency translation of approximately ~~\$0.6 million~~ \$0.7 million driven by the weakening of the U.S. dollar against the British Pound.

Other Income, net of Other Expense

Other income or expense consists primarily of foreign currency exchange gains or losses, interest income, and gains or losses recognized on certain transactions outside of our normal course of business. Other income, net, was ~~\$2.7~~ \$2.0 million and ~~\$1.7~~ \$4.7 million during the three and six months ended ~~March 31, 2024~~ June 30, 2024, respectively. Other expenses, net, was \$1.8 million and \$0.1 million during the three and six months ended June 30, 2023, respectively. The increase Interest income included in other income, net during of other expense, was approximately \$1.8 million and \$3.1 million for the three and six months ended June 30, 2024, respectively, and \$1.1 million and \$2.1 million for the three and six months ended March 31, 2024 was primarily due to an increase in interest income of approximately \$0.4 million and an increase in gain on derivative instruments of approximately \$0.2 million.

June 30, 2023, respectively.

Provision for Income Taxes

Provision for income taxes and effective tax rate are as follows for the periods presented (\$ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
2024				
2024				
Provision for income taxes				
Provision for income taxes				
Provision for income taxes				
Effective tax rate	Effective tax rate 24.3 %	27.6 %	24.1 %	26.8 %
Effective tax rate				
Effective tax rate				

For the three and six months ended ~~March 31, 2024 and 2023~~, June 30, 2024, the differences between our effective tax rate and the federal statutory rate were primarily due to state income taxes. For the three months ended June 30, 2023 the difference between our effective tax rate and the federal statutory rate was primarily due to state taxes offset by and a foreign adjustment. For the six months ended June 30, 2023, the difference between our effective tax rate and the federal statutory rate was primarily due to state income taxes, an accrual related to state tax filing positions, and other foreign adjustments.

Non-GAAP Disclosure

In addition to the financial information prepared in conformity with Generally Accepted Accounting Principles ("GAAP"), we provide historical non-GAAP financial information. Management believes that the presentation of such non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. Management believes that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

Management believes that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments, and amortization methods, which provide a more complete understanding of our financial performance, competitive position, and prospects for the future. Readers should consider the information in addition to, but not instead of, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of these measures for comparative purposes.

Adjusted EBITDA. Management utilizes adjusted EBITDA (defined as net income before interest income and expense, taxes, depreciation and amortization, stock-based compensation expenses, acquisition, integration and restructuring related expenses, and other charges or gains that are not indicative of ongoing operations), in the evaluation of our operating performance. Adjusted EBITDA for the periods presented is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
GAAP net income, as reported	\$ 32,181	\$ 26,305	\$ 55,420	\$ 44,931
Adjustments:				
Interest expense	61,376	49,983	117,141	96,818
Interest income	(1,760)	(1,123)	(3,128)	(2,067)
Provision for income taxes	10,329	10,029	17,582	16,438

- (3) Collections applied to principal balance is calculated in the table below:

Collections applied to investment in receivable portfolios, net	
Collections applied to investment in receivable portfolios, net	
Collections applied to investment in receivable portfolios, net	
Changes in recoveries	
Changes in recoveries	
Changes in recoveries	
REO proceeds applied to basis	
REO proceeds applied to basis	
REO proceeds applied to basis	
Collections applied to principal balance	
Collections applied to principal balance	

Supplemental Performance Data

The tables included in this supplemental performance data section include detail for purchases, collections and ERC by year of purchase.

Our collection expectations are based on account characteristics and economic variables. Additional adjustments are made to account for qualitative factors that may affect the payment behavior of our consumers and servicing related adjustments to ensure our collection expectations are aligned with our operations. We continue to refine our process of forecasting collections both domestically and internationally with a focus on operational enhancements. Our collection expectations vary between types of portfolio and geographic location. As a result, past performance of pools in certain geographic locations or of certain types of portfolio are not necessarily a suitable indicator of future results in other locations or for other types of portfolio.

The supplemental performance data presented in this section is impacted by foreign currency translation, which represents the effect of translating financial results where the functional currency of our foreign subsidiary is different than our U.S. dollar reporting currency. For example, the strengthening of the U.S. dollar relative to other foreign currencies has an unfavorable reporting impact on our international purchases, collections, and ERC, and the weakening of the U.S. dollar relative to other foreign currencies has a favorable impact on our international purchases, collections, and ERC.

We utilize proprietary forecasting models to continuously evaluate the economic life of each pool.

Cumulative Collections Money Multiple - Cumulative Collections from Purchased Receivables to Purchase Price Multiple

The following table summarizes our receivable purchases, related gross collections, and cumulative collections money multiples (in thousands, except multiples):																	
Year of Purchase	Year of Purchase	Purchase Price ⁽¹⁾	Cumulative Collections through March 31, 2024										Year of Purchase	Purchase Price ⁽¹⁾	Cumulative Collections through March 31, 2024		
			2016	2017	2018	2019	2020	2021	2022	2023	2024	Total ⁽²⁾			CCMM ⁽³⁾	Year of Purchase	
United States:																	
	<2015																
	2015																
	2016																
	2017																
	2018																
	2019																
	2020																
	2021																
	2022																
	2023																
	2024																
	Subtotal																
Europe:																	
	<2015																
	<2015																
	<2015																
	2015																
	2016																
	2017																
	2018																
	2019																
	2020																
	2021																

2022
2023
2024
Subtotal
Other
geographies ⁽⁴⁾ :
All vintages
All vintages
All vintages
Subtotal
Total

- (1) Adjusted for Put-Backs and Recalls. Put-Backs (“Put-Backs”) and recalls (“Recalls”) represent ineligible accounts that are returned by us or recalled by the seller pursuant to specific guidelines as set forth in the respective purchase agreement.
- (2) Cumulative collections from inception through March 31, 2024 June 30, 2024, excluding collections on behalf of others.
- (3) Cumulative Collections Money Multiple (“CCMM”) through March 31, 2024 June 30, 2024 refers to cumulative collections as a multiple of purchase price.
- (4) Annual pool groups for other geographies have been aggregated for disclosure purposes.

Purchase Price Multiple - Total Estimated Collections from Purchased Receivables to Purchase Price Multiple

The following table summarizes our purchases, resulting historical gross collections, estimated remaining gross collections from purchased receivables, and purchase price multiple (in thousands, except multiples):

	Purchase Price ⁽¹⁾	Purchase Price ⁽¹⁾	Historical Collections ⁽²⁾	Estimated Remaining Collections	Total Estimated Gross Collections	Purchase Price Multiple ⁽³⁾	Purchase Price ⁽¹⁾	Historical Collections ⁽²⁾	Estimated Remaining Collections	Total Estimated Gross Collections	Purchase Price Multiple ⁽³⁾
United States:											
<2015 ⁽⁴⁾											
<2015 ⁽⁴⁾											
<2015 ⁽⁴⁾											
2015											
2016											
2017											
2018											
2019											
2020											
2021											
2022											
2023											
2024											
Subtotal											
Europe:											
<2015 ⁽⁴⁾											
<2015 ⁽⁴⁾											
<2015 ⁽⁴⁾											
2015 ⁽⁴⁾											
2016											
2017											
2018											
2019											
2020											

2021
2022
2023
2024
Subtotal
Other
geographies ⁽⁵⁾ :
All vintages
All vintages
All vintages
Subtotal
Total

- (1) Purchase price refers to the cash paid to a seller to acquire a portfolio less Put-backs, Recalls, and other adjustments. Put-Backs and Recalls represent ineligible accounts that are returned by us or recalled by the seller pursuant to specific guidelines as set forth in the respective purchase agreement.
- (2) Cumulative collections from inception through March 31, 2024 June 30, 2024, excluding collections on behalf of others.
- (3) Purchase Price Multiple represents total estimated gross collections divided by the purchase price.
- (4) Includes portfolios acquired in connection with certain business combinations.
- (5) Annual pool groups for other geographies have been aggregated for disclosure purposes.

Estimated Remaining Gross Collections by Year of Purchase

The following table summarizes our estimated remaining gross collections from purchased receivable portfolios and estimated future cash flows from real estate-owned assets (in thousands):

	Estimated Remaining Gross Collections by Year of Purchase ⁽¹⁾										Estimated Remaining Gross Collections by Year of Purchase ⁽¹⁾											
	2024 ⁽³⁾	2025	2026	2027	2028	2029	2030	2031	2032	>2032	Total ⁽²⁾	2024 ⁽³⁾	2025	2026	2027	2028	2029	2030	2031	2032	>2032	Total ⁽²⁾
United States:																						
<2015 ⁽⁴⁾																						
2015																						
2016																						
2017																						
2018																						
2019																						
2020																						
2021																						
2022																						
2023																						
2024																						
Subtotal																						
Europe:																						
<2015 ⁽⁴⁾																						
<2015 ⁽⁴⁾																						
<2015 ⁽⁴⁾																						
2015 ⁽⁴⁾																						
2016																						
2017																						
2018																						
2019																						
2020																						
2021																						

2022
2023
2024
Subtotal
Other geographies ⁽⁵⁾ :
All vintages
All vintages
All vintages
Subtotal
Portfolio ERC
REO ERC ⁽⁶⁾
Total ERC

- (1) As of **March 31, 2024** **June 30, 2024**, ERC for Zero Basis Portfolios include approximately **\$46.6** **\$48.0** million for purchased consumer and bankruptcy receivables in the United States. ERC for Zero Basis Portfolios in Europe and other geographies was immaterial. ERC also includes approximately **\$47.7** **\$41.1** million from cost recovery portfolios, primarily in other geographies.
- (2) Represents the expected remaining gross cash collections over a 180-month period. As of **March 31, 2024** **June 30, 2024**, ERC for 84-month and 120-month periods were:

84-Month ERC

84-Month ERC

84-Month ERC

United States
United States
United States
Europe
Europe
Europe
Other geographies
Other geographies
Other geographies
Portfolio ERC
Portfolio ERC
Portfolio ERC
REO ERC
REO ERC
REO ERC
Total ERC
Total ERC
Total ERC

- (3) Amount for 2024 consists of **nine** **six** months data from **April 1, 2024** **July 1, 2024** to December 31, 2024.
- (4) Includes portfolios acquired in connection with certain business combinations.

- (5) Annual pool groups for other geographies have been aggregated for disclosure purposes.
- (6) Real estate-owned assets ERC includes approximately **\$110.9** **\$101.3** million and **\$1.0 million** **\$0.7 million** of estimated future cash flows for Europe and Other Geographies, respectively.

Estimated Future Collections Applied to Investment in Receivable Portfolios

As of **March 31, 2024** **June 30, 2024**, we had **\$3.5 billion** **\$3.6 billion** in investment in receivable portfolios. The estimated future collections applied to the investment in receivable portfolios net balance is as follows *(in thousands)*:

Years Ending December 31,	Years Ending December 31,	United States	Europe	Other Geographies	Total 31,	Years Ending December 31,	United States	Europe	Other Geographies	Total
2024 ⁽¹⁾										
2024 ⁽¹⁾										

2024 ⁽¹⁾
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
Total

(1) Amount for 2024 consists of nine six months data from April 1, 2024 July 1, 2024 to December 31, 2024.

Liquidity and Capital Resources

Liquidity

The following table summarizes our cash flow activities for the periods presented (in thousands):

	Three Months Ended March 31,	Six Months Ended June 30,	
	2024	2023	2024
	(Unaudited)		
Net cash provided by operating activities			
Net cash used in investing activities			
Net cash provided by financing activities			

Operating Cash Flows

Cash flows from operating activities represent the cash receipts and disbursements related to all of our activities other than investing and financing activities.

Net cash provided by operating activities was \$51.0 million \$86.7 million and \$35.9 million \$62.6 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Operating cash flows are derived by adjusting net income for non-cash operating items such as depreciation and amortization, changes in recoveries, stock-based compensation charges, and changes in operating assets and liabilities which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in results of operations. Changes in recoveries increased the operating cash flows by \$12.4 million \$6.7 million and \$9.5 million \$13.0 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Refer to "Note 5: Investment in Receivable Portfolios, Net" in the notes to our consolidated financial statements for discussion relating to changes in recoveries.

Investing Cash Flows

Net cash used in investing activities was \$90.9 million \$131.9 million and \$130.7 million \$214.2 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Cash provided by or used in investing activities is primarily affected by receivable portfolio purchases offset by collection proceeds applied to the principal of our receivable portfolios. Receivable portfolio purchases, net of put-backs, were \$291.4 million \$567.0 million and \$274.6 million \$544.7 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Collection proceeds applied to the investment in receivable portfolios, were \$195.0 million \$419.8 million and \$166.7 million \$342.0 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Refer to Purchases and Collections within "Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations" for discussion relating to purchases and collections.

Financing Cash Flows

Net cash provided by financing activities was \$55.8 million \$139.5 million and \$110.4 million \$190.6 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Financing cash flows are generally affected by borrowings under our credit facilities and proceeds from various debt offerings, offset by repayments of amounts outstanding under our credit facilities and repayments of various notes. Borrowings under our credit facilities were \$248.5 million \$393.5 million and \$229.1 million \$444.8 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Repayments of amounts outstanding under our credit facilities were \$696.4 million \$1,234.2 million and \$140.0 million \$259.8 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. During the three six months ended March 31, 2024 June 30, 2024, we issued two \$500.0 million 9.25% senior secured notes that mature in 2029 and 2030, respectively. We used a portion of the proceeds from the senior secured notes issuance to repay drawings under our Global Senior Facility. During the three six months ended March 31, 2023 June 30, 2023, we issued \$230.0 million 4.00% convertible senior notes that mature in 2029, and used \$192.5 million of the proceeds from the convertible senior notes to partially repurchase our exchangeable senior notes due 2023.

Capital Resources

Our primary sources of capital are cash collections from our investment in receivable portfolios, bank borrowings, debt offerings, and equity offerings. Depending on the capital markets, we consider additional financings to fund our operations and any potential acquisitions. From time to time, we may repurchase outstanding debt or equity and/or restructure or refinance debt obligations. Our primary cash requirements include funding the purchase of receivable portfolios, operating expenses, the payment of interest and principal on borrowings, the payment of income taxes, funding any entity acquisitions and share repurchases.

We are in material compliance with all covenants under our financing arrangements. See "Note 7: Borrowings" in the notes to our condensed consolidated financial statements for a further discussion of our debt. Available capacity under our Global Senior Facility, was \$827.3 million \$1,203.0 million as of March 31, 2024 June 30, 2024.

In March 2024, we issued \$500.0 million in aggregate principal amount of 9.250% Senior Secured Notes due 2029 at an issue price of 100.000% through a private placement offering. Additionally, in May 2024, we issued \$500.0 million in aggregate principal amount of 8.500% Senior Secured Notes due 2030 at an issue price of 100.000% through a separate private placement offering.

Our Board of Directors has approved a \$300.0 million share repurchase program. Repurchases under this program are expected to be made from cash on hand and/or a drawing from our Global Senior Facility and may be made from time to time, subject to market conditions and other factors, in the open market, through private transactions, block transactions, or other methods as determined by our management and Board of Directors, and in accordance with market conditions, other corporate considerations, and applicable regulatory requirements. The program does not obligate us to acquire any particular amount of common stock, and it may be modified or suspended at our discretion. During the three and six months ended March 31, 2024 June 30, 2024 and 2023, the Company did not make any repurchases under the share repurchase program. Our practice is to retire the shares repurchased. As of March 31, 2024 June 30, 2024, authorization for \$91.9 million of share repurchases remained under the share repurchase program.

Our cash and cash equivalents as of March 31, 2024 June 30, 2024, consisted of \$43.6 million \$83.3 million held by U.S.-based entities and \$129.4 million \$167.3 million held by foreign entities. Most of our cash and cash equivalents held by foreign entities is indefinitely reinvested and may be subject to material tax effects if repatriated. However, we believe that our sources of cash and liquidity are sufficient to meet our business needs in the United States and do not expect that we will need to repatriate the funds.

Included in cash and cash equivalents is cash that was collected on behalf of, and remains payable to, third-party clients. The balance of cash held for clients was \$19.6 million \$20.9 million as of March 31, 2024 June 30, 2024.

Cash from operations could also be affected by various risks and uncertainties, including, but not limited to, timing of cash collections from our consumers, and other risks detailed in our Risk Factors. However, we believe that we have sufficient liquidity to fund our operations for at least the next twelve months, given our expectation of continued positive cash flows from operations, our cash and cash equivalents, our access to capital markets, and availability under our credit facilities. Our future cash needs will depend on our acquisitions of portfolios and businesses.

Critical Accounting Estimates

Our condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions based on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Our actual results could differ from these estimates under different assumptions or conditions. Refer to "Critical Accounting Estimates" contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023, for a complete discussion of our critical accounting estimates. Other than the ongoing reassessment of expected future recoveries of our investment in receivable portfolios during each reporting period under our CECL accounting policy as discussed in "Note 5: Investment in Receivable Portfolios, Net" to our condensed consolidated financial statements, there have been no material changes to our critical accounting policies and estimates since our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rates. As of March 31, 2024 June 30, 2024, there had not been a material change in any of the foreign currency risk information disclosed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Interest Rates. As of **March 31, 2024** **June 30, 2024**, there had not been a material change in the interest rate risk information disclosed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Item 4 – Controls and Procedures

Attached as exhibits to this Form 10-Q are the certifications required by Rule 13a-14 of the Securities Exchange Act of 1934, as amended. This section includes information concerning the controls and controls evaluation referred to in the certifications.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC") and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and accordingly, management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on their most recent evaluation, as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act are effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

Information with respect to this item may be found in "Note 11: Commitments and Contingencies," to the condensed consolidated financial statements.

Item 1A – Risk Factors

There is no material change in the information reported under "Part I-Item 1A-Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 5 - Other Information

On March 18, 2024 During the quarterly period ended **June 30, 2024**, **Andrew Asch, Senior Vice President and General Counsel**, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted **a** or terminated any "Rule 10b5-1 trading plan intended to satisfy the affirmative defense arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Rule 10b5-1(c) to sell up to 2,025 shares of Encore Capital Group, Inc. common stock between **June 17, 2024**, and **June 18, 2025**, subject to certain conditions, Regulation S-K).

Item 6 – Exhibits

Number	Description
3.1.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Company's Registration Statement on Form S-1/A filed on June 14, 1999, File No. 333-77483)
3.1.2	Certificate of Amendment to the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 4, 2002, File No. 000-26489)
3.1.3	Second Certificate of Amendment to the Certificate of Incorporation (incorporated by reference to Exhibit 3.1.3 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2019)
3.2	Amended and Restated Bylaws, as amended through December 13, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 16, 2022)
4.1	Indenture dated March 20, 2024 May 21, 2024 between Encore Capital Group, Inc., the subsidiary guarantors party thereto, GLAS Trust Company LLC as trustee and Truist Bank as security agent for 2030 for 2029 Notes (incorporated (incorporated by reference to Exhibit 4.1 4.1 to the Company's Current Report on Form 8-K filed on March 2 May 1 21, 2024)
10.1+	I, 2024 nternational Assignment Agreement with John Yung dated July 31, 2023
10.2+	Non-Employee Director Compensation Program Guidelines, effective June 7, 2024
31.1	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because XBRL tags are embedded within the inline XBRL document. (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Management contract or compensatory plan or arrangement.

In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, copies of certain instruments defining the rights of holders of long-term debt of the company are not filed herewith. Pursuant to this regulation, we hereby agree to furnish a copy of any such instrument to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENCORE CAPITAL GROUP, INC.

By: /s/ Jonathan C. Clark
Jonathan C. Clark
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Date: May 8, 2024 August 7, 2024

46 51

Exhibit 10.1

International Assignment Agreement

July 31, 2023

[This copy supercedes all prior version(s).]

John Yung

#####

##, Paradise Valley, AZ 85253

Re: Offer of Temporary International Assignment to the United Kingdom

Dear John:

As part of your promotion to the new role of "President of International and Cabot Credit Management" and on behalf of Encore Capital Group, Inc. ("Home Company") in the United States ("Home Country"), it gives me great pleasure to confirm your international assignment ("Assignment") in the United Kingdom ("UK" or "Host Country") to work with our affiliate, Cabot Credit Management ("Cabot" or "Host Company") at its headquarters office in London ("Host Location").

For purposes of this letter ("Letter" or "Agreement"), your location of origin will be Phoenix, Arizona, United States of America ("Location of Origin"). We are confident that you will continue to make a vital contribution to the development and success of Cabot and our international businesses. The terms and conditions of your Assignment going forward are described in more detail in the following sections.

We ask that you read this Agreement carefully to ensure that you understand the various terms and conditions contained within before you sign the Acknowledgement section indicating your acceptance of this offer of temporary international assignment.

Conditions of Offer

Please note: You understand that this temporary international assignment is conditional on you obtaining legal authorization to work in the UK.

Further, the start date detailed in this Agreement is dependent upon receipt of copies of the relevant visa or other required documentation verifying your legal authorization to work in the UK (refer to Work Authorizations as defined later in this agreement).

Any delay in the Commencement Date (as later defined) that results from our untimely receipt of the required Work Authorizations and/or your acceptance of the terms and conditions outlined in this Agreement will not extend the term. The term may only be extended by a written agreement or amendment hereto and to the extent permitted by law. Our failure to receive the relevant Work Authorizations from you, for any reason, will render this Agreement null and void.

Furthermore, the Term of this offer of temporary assignment with the Host Company has been prepared in accordance with information that has been provided to us by you and any other relevant information that is currently available to the company which will be based on the expiration date of your Work Authorizations.

Term of Assignment

Term and Special Conditions: Subject to the terms outlined above, it is anticipated that your Assignment in the UK will have a start date of July 31, 2023, and a target end date

of July 29, 2024. It is anticipated that the Assignment will be less than **12 months ("Initial Term")**.

Extensions: Subject to the terms outlined in this Agreement and your future ability to obtain further required Work Authorizations. The Home Company may extend the term of this Assignment beyond the Initial Term or any term thereafter (collectively "**term**"), provided that: (i) the Home Company gives you written notice of the extension of your Assignment and the conditions of any such extension no later than one (1) month prior to the expiration of the relevant term; and (ii) you agree in writing to the Home Company's notice and terms of extension shortly after the Home Company sends notice thereof. The Home Company's failure to provide a notice of extension by the deadline indicated in this paragraph shall constitute a notice by the Company that the term, the Assignment, and this Agreement will expire, automatically, on the last day of the relevant term. If the term is extended at any time, the allowances and benefits in this Letter will remain the same unless mutually agreed by Home Company and you.

Early Termination Costs: International assignments are temporary in nature. The duration of your Assignment is based on present business requirements and is subject to change at the discretion of the Home Company. Any personal or job-related commitments you make should take into consideration the temporary nature of this Assignment. The Home Company assumes the responsibility of any early termination fees related to any contracts you enter into while in the Host Country that are necessary for you or your dependent's housing, and transportation in the event that your Assignment or your employment is terminated by the Home Company without Cause (as later defined) prior to the expiration of the term. Any early termination fees for contracts related to items of a personal nature, such as private club memberships, will be your responsibility, regardless of the reason for the termination of the Assignment unless agreed to by Home Company prior to signing of any contracts and/or memberships.

Pre-Assignment Benefits: To be sure, pre-assignment benefits described later in this Letter, such as relocation, home-finding trips, tax planning, or similar benefits, may be utilized prior to the start of the Initial Term to the extent necessary to affect your relocation to the Host Country.

Immigration

Obtaining Work Authorizations: Before working in the Host Location, all legally required work permits, visas, residency passes, Host Company pre-assignment requirements and/or other authorizations necessary to allow you to work and reside in the Host Location ("**Work Authorizations**") must be obtained and/or met. Accordingly, this Agreement and its start date are subject to the following: (i) the Home Company's timely receipt of Work Authorizations; (ii) your acceptance of the terms and conditions outlined in this Letter; (iii) your obtaining any required medical clearances; and (iv) the applicable laws and regulations regarding work and travel in the relevant jurisdictions. By signing below, you represent that you know of no matters that would prejudice your ability to obtain the Work Authorizations (such as prior overstays on visas in the Host Country, health issues, or other matters).

Maintaining Work Authorizations: You agree that your Assignment is contingent on you maintaining all relevant Work Authorizations. If your Work Authorizations are revoked, cancelled, or not approved for any reason, at any time, your Assignment and this Agreement will automatically terminate, without notice, and you will be returned to the Home Location pursuant to applicable law. Except if the Work Authorization is revoked for your misconduct, (i) you will be entitled to the Repatriation Benefits (defined hereafter); and (ii) you will be returned to the Home Company as an at-will employee in the Location of Origin. If your Work Authorizations are revoked based on your misconduct, the Home Company can terminate your employment for Cause (defined hereafter).

You understand that maintenance of your Work Authorizations throughout the term is a material obligation of this Agreement and your Assignment is conditional on you obtaining and continuing to maintain legal authorization to work in the UK during the term.

Third-Party Vendor: A third party vendor, currently Fragomen, has been authorized to assist you to obtain and maintain any necessary Work Authorizations for you and dependent visas and residency permits for your accompanying family member(s), if any. The fees and costs for this benefit will be paid on your behalf. You agree to cooperate with the third-party vendor and to timely provide any and all information necessary to obtain or maintain any Work Authorizations during the Assignment.

Compensation & Benefits

Base Salary: Your annual base salary will be \$450,000 (USD) gross and will be paid from the USD Payroll in accordance with the Home Company compensation plan and standard payroll policies, subject to normal deductions and withholdings or as identified in the Global Tax Equalization Acknowledgment, if applicable.

Key Contributor Plan ("KCP") Bonus: You will be eligible to participate in the Key Contributor Plan ("KCP") bonus program, with an annual target bonus percentage of 85% of your annual base salary.

Determination of your eligibility for the entire incentive bonus, while on assignment, or any portion thereof, shall be based on your personal performance and the achievement of annual corporate and business objectives, in the sole discretion of the Encore Board Compensation Committee, with input from Encore's CEO.

Long-term Incentive: You will be eligible for the Home Company equity plan. You must be under active and continuous employment with the Home Company or on an assignment with one of Encore's entities on the date the equity plan awards are granted in order to be eligible to receive them.

Vacation: You will remain on your existing vacation plan for the Home Company, subject to applicable law, and you must report all vacation time (and receive appropriate advance approvals where necessary) in accordance with Home Company procedures.

Workdays and Holidays: You will observe the workdays of the Host Location. Further, you will observe the public holidays of the Host Location and not the Location of Origin. Public holidays observed by the Host Company will not count toward your vacation accruals.

Health Benefits/Medical: As a visa holder in UK, you understand and agree that you and your spouse are required to be covered by an international health insurance plan during the Assignment Period. The fees and costs for this benefit will be paid on your behalf.

Provisions of this Assignment

As part of your Assignment, we will provide you with the following benefits:

Temporary Living: While you are searching for permanent housing at the beginning of your assignment, you will be provided with up to 90 days (e.g., August to October) of temporary living assistance in a reasonable corporate apartment. This benefit will be coordinated and managed by Odyssey Relocation Management (Odyssey), a relocation management consulting firm.

Destination Services: While on this Assignment, you can leverage Odyssey Relocation Consultant to secure 4 Days of a Total Support Program for rental search.

Home Finding Trip: You will be provided with a trip (7 days / 6 nights) to find permanent rental housing. Cost includes business class airfare, lodging, meals, taxi to/from the airport in origin, rental car for you and your spouse, and other reasonable expenses as appropriate.

Move to the Host Location: Airfare for you and your spouse between the Home and Host Location at the start of your assignment will be paid on your behalf. Includes meals (first 3 days upon arrival in Host Country), business class airfare airport transportation and applicable baggage charges. Eligible expenses will be reimbursed to you, provided you timely submit appropriate supporting documentation.

Relocation Allowance: You will be provided with a one-time lump sum equal to \$12,500 (USD). This amount will be paid in US Dollars and will be net of any taxes to assist with incidental relocation expenses, which can be paid to you upon arrival in the Host Location.

Host Location Permanent Housing: Once permanent rental housing has been secured, you will be covered for up to £12,500 (GBP) per month in support of your housing and utilities expenses in the Host Location. You will also be covered for related UK Council Tax.

Miscellaneous Allowance: You will be eligible for reimbursement with proof of receipt(s) of up to £8,000 (GBP) to acquire household furnishings and goods to set up your Host Location permanent housing.

Cost of Living Adjustment (COLA) Allowance: You will be provided with a monthly COLA allowance of \$1,600 (USD) net, to help offset the differences for similar living expenses between Location of Origin and the Host Location.

Host Location Transportation: You will be provided a monthly allowance of \$3,900 (USD) net in support of transportation expenses (e.g., public transportation, rental car, etc.), in the Host Location.

Property Management: You will be provided a monthly allowance of \$1,250 (USD) net for property management fees related to your home at Location of Origin.

Home Leave Travel: You will be eligible to claim reimbursement for business class flights for yourself, spouse and children of up to \$85,000 (USD) over the duration of your 12-month Assignment. For purposes of this reimbursement benefit, time away from work (excluding travel time) should be counted as vacation and reported accordingly. This benefit will be coordinated with your Odyssey Relocation Consultant.

Taxes: You will be subject to tax equalization in accordance with the company's tax equalization terms and conditions. If you become liable for Host Country individual tax as a result of your Assignment or incur an incremental Home Country tax liability related to your assignment, Encore Capital Group, Inc. will pay the incremental Home and Host Country taxes on your behalf. The tax equalization process ensures that you will pay a similar amount of U.S. Federal, State, and Social Security taxes (including FICA and Medicare) you would have paid had you not been on foreign assignment.

Tax withholdings will operate in the manner described in Encore's Tax Equalization Acknowledgment letter, a copy of which will be provided separately.

Tax Planning and Preparation Assistance: While you are in the Host Country, the Home Company will pay the entire cost associated with the preparation and filing of your tax return documents and tax equalization analysis by the Tax Service Provider, as it relates

to the income subject to tax equalization under the Home Company's Tax Equalization Acknowledgment letter. Services will be provided by Company's preferred tax firm, Deloitte, ("Tax Service Provider") and the costs for such services will be paid on your behalf. The Home Company has also retained Deloitte to acquaint you with the tax aspects of your Assignment and to assist you with tax planning as a consequence of this Assignment. The Home Company reserves the right to change its Tax Service Provider and to amend its tax preparation program at any time. Tax preparation services will continue upon repatriation for the year of transition as well as subsequent years for as long as the Home Company is able to recoup foreign tax credits paid on your behalf as a result of the Assignment or when the Home Company decides that such services are no longer necessary.

Should there be any tax audits once you leave the Host Country, the Home Company agrees to pay any associated tax costs to the extent such costs are triggered by Assignment-related income during the period of time you spent in the Host Country under this Assignment. You will be fully responsible for any personal tax consulting and for taxes assessed as a result of choices regarding your personal financial portfolio.

Compliance: The Home Company regards compliance with United States and foreign income tax requirements as a mandatory obligation with which you must comply. You must conduct yourself at all times so as to avoid charges of tax evasion or abuse, or of violation of local law, which could jeopardize your standing in any way personally or as a representative of the Home Company. You are further expected to exercise care and attention in minimizing your liability for Home Country and foreign income taxes in accordance with appropriate principles of tax planning. You must cooperate with the Home Company, its Corporate Tax department, and outside Tax Service Providers to ensure that your income tax returns are filed on a timely basis and in such a manner as to produce the lowest possible tax permitted by law in both the Home Country and Host Country. The Home Company will not be liable for any penalties or fees you incur as a result of your failure to timely provide accurate information to the Tax Service Provider, to file any necessary returns, or to otherwise abide by your obligations with regard to taxation.

No Additional Claims

You understand that your base salary and the COLA Allowance has been calculated to more than adequately compensate you for any additional cost of living that you may incur as a result of performing the Assignment. You agree that you will make no claim for any additional payments from the Home Country or the Host Country in respect to cost of living adjustments or personal expenses that you may incur.

Employment Status

Employer: During your Assignment, you will remain solely employed by the Home Company and to the extent permitted by law you understand, acknowledge and agree that you are not entitled to any additional compensation from either the Home Company or the Host Company in respect to your Assignment during the Term and that the salary and benefits (including allowances) that you receive during the term of your Assignment have been calculated to be inclusive of any overtime, penalty rates, leave loading or allowances applicable under any legislation, award or certified/collective/enterprise agreement should any be deemed to apply to you during your Assignment. You acknowledge that your salary is at least equal to the minimum rate under a modern award or the national minimum wage, if either is deemed to be applicable to you, for each hour worked including reasonable additional hours.

Employer Policies: During your Assignment, you will remain bound by the Home Company's employment policies, procedures, and practices, except where expressly stated otherwise in this Agreement. The Home Company agrees to keep you informed of

all changes and updates for the duration of your Assignment. You will continue to be bound by any confidentiality and restrictive covenant agreement that you have executed with the Home Company. Further, your period of service under Assignment with the Host Company will count toward your continuous employment with the Home Company and any service-related benefits to which you are or may be entitled with the Home Company.

While on assignment to the Host Country you may be required to follow various Host Company policies as it relates to proper execution of your day-to-day responsibilities. These policies will be reviewed and discussed with you while on assignment and will be accessible to you on the Host Company's internal intranet site which you will have full access to.

Duties to Host Company: During the Assignment, you will be loaned to the Host Company in order for the Host Company to benefit from your experience, expertise, and/or skills and to obtain your services in the Host Location. You acknowledge and agree that the Assignment shall not, in any case, be construed as an offer or an agreement of employment between you and the Host Company. Since you are not an employee of the Host Company, you acknowledge and agree that you will not be eligible to receive any kind of compensation or benefits provided by the Host Company to its employees, and you will not be eligible to participate in any of the Host Company's employee benefit plans or programs, except as required by applicable law, identified in this Letter, or as the Home and Host Company may agree from time to time. You further acknowledge and agree that any compensation or benefits you receive directly from the Host Company are as a result of arrangements between the Home Company and Host Company, and do not indicate or establish an employment relationship between you and the Host Company. Your acceptance of these terms is a material condition of this Agreement.

To further clarify, in your capacity as President of International and Cabot Credit Management, you will have the authority to sign contracts on behalf of the Host Company with any external entities for the duration of your Assignment within our established policy parameters. These contracts could include employment contracts, authorize/approve internal documents, and other activities as required while on assignment on behalf of the Host Company.

Authority. Notwithstanding anything to the contrary, when you are located in the Host Country, in your capacity as President of International and Cabot Credit Management, you will continue to have authority (i) to negotiate any contract on behalf of the Home Company; (ii) to modify or accept contracts on behalf of the Home Company; or (iii) to otherwise bind the Home Company to any contract. Any such contract presented to you that is intended to bind the Home Company must be executed by a duly authorized officer of that entity located in the business offices of that entity.

Termination

Expiration. Subject to the terms outlined in this Agreement, your Assignment will end automatically at the conclusion of the term, including the end of the Initial Term or any extension thereof. The parties may also mutually agree in writing to reduce the term.

Termination. Notwithstanding the above, you and the Home Company have the right to terminate the Assignment, and your employment, at any time as follows: (i) if by you, by providing the Home Company with three (3) months' prior written notice; (ii) if by the Home Company, (a) by providing you three (3) months' prior written notice if you are terminated without Cause (as defined below); or (b) without prior notice if terminated for Cause (defined below). In the event you resign, the Home Company reserves the right to waive any notice period or portion thereof, in its discretion, and you will be paid in lieu thereof. The Home Company further reserves the right to limit your duties and/or access

to clients, customers, or properties of the Home Company or any Encore entity during any notice period identified in (i) or (ii) above, and such limitations will not be a breach of this Agreement. During any notice period, and regardless of any limitations on your access or duties, you agree to remain ready, willing, and able to assist in any request for assistance made by the Home Company to perform relevant duties, to cooperate with the transfer of any job duties or knowledge, or to provide any other services consistent with your position or the transfer thereof.

Cause Defined. For purposes of this Letter, "**Cause**" as a serious misconduct is defined in accordance with the Encore Capital Group, Inc. Executive Separation Plan (as adopted effective November 4, 2014, and amended effective January 1, 2022) or the most recent amendment in place as of the date of the misconduct. Cause also includes if your Work Authorizations are revoked based on your misconduct. In the event that an incident constituting Cause is curable, the Home Company shall provide you with written notice describing the nature of the event in reasonable detail, and you shall have thirty (30) days to cure ("**Cure Period**") such an event to the satisfaction of the Home Company. Your failure to do so will result in a termination for Cause. Further, the Home Company may, in its sole discretion, elect to suspend your employment, with pay and benefits, during: (a) the Cure Period; or (b) any period in which it investigates an event that may constitute Cause.

Good Reason. You may terminate your employment during the Assignment for Good Reason ("**Good Reason**"). For purposes of your eligibility to receive severance and any repatriation benefits, your resignation with Good Reason will be defined in accordance with the Encore Capital Group, Inc. Executive Separation Plan (as adopted effective November 4, 2014, and amended effective January 1, 2022) or the most recent amendment in place. Notwithstanding the above, no Good Reason termination shall exist unless you have given the Home Company written notice specifying a Good Reason event, and the Home Company has failed to cure such event within thirty (30) days of receiving such notice. By signing this agreement, you consent to the move to the Host Country and, upon the end of your Assignment, the return to your Location of Origin.

Your Obligations Upon Termination. Notwithstanding the above, you understand, acknowledge, and agree that unless you obtain an alternative work authorization (with the company, an alternative employer or through other means available at law) and provide sufficient evidence of this to us:

- (a) Upon the termination of your employment at the end of the term, you will be out of legal status in the UK if the termination of your employment is connected to the end of your visa term and you must depart the UK before the expiry of your visa; or
- (b) Upon the termination of your employment for any reason and at any other time prior to expiration of the term/your current visa, you must depart the UK within 60 days of the termination of your Assignment in the UK with the Host Company.

If your employment either comes to an end at the end of the term or your employment is terminated for any reason, at any time during the term, we will at your request or at the request of the Department of Immigration provide you with a one-way, business class ticket for you and your spouse to your Home Country. The flight booking will be made for a day and time that is agreed with you, subject to any immigration or legal obligations that we may have in respect to the end of your employment. You will be required to ensure that you depart the UK on the flight that is booked for you on the date and time which will ensure that you exit the UK before the grace periods imposed by the United Kingdom Department of Immigration and Citizenship, as outlined above or otherwise per UK laws applicable at the relevant time of your termination.

Effect of Termination. If your employment is terminated by the Home Company at any time or for any reason during the Assignment, you understand and agree that your participation in any of the Home Company's incentive, welfare, benefit, retirement, savings, or other plans shall cease on the last day in which the separation occurs, and you shall only be entitled to the following payments: (a) any unreimbursed expenses which were submitted according to the relevant policies; (b) Repatriation Benefits, if applicable; and (c) any unpaid salary, benefits, termination payments, or incentives accrued and/or vested through the date of termination, as mandated by applicable law or as required under the terms of the relevant incentive or benefits plans. You must immediately return any and all property belonging to the Home Company, Host Company, or any Encore entity such as files, equipment, keys, computers, or other property and, to the extent permissible under applicable law, you authorize the Home Company to withhold any amount due to you at the time of termination until you have returned all such property. Furthermore, if your employment is terminated due to the expiration of your visa term, you understand, acknowledge, and agree that you will not be entitled to any notice or payment in lieu of notice or redundancy pay benefits under UK law.

Notwithstanding the above, your eligibility as a participant of the Encore Capital Group, Inc. Executive Separation Plan remains in place. Refer to separate letter provided to you from me dated June 19, 2023.

Repatriation

Repatriation Benefits: At the completion of the Assignment, you will be entitled to the following benefits (collectively "**Repatriation Benefits**"): (i) a one-time lump allowance equal to \$20,000 (USD) net, to assist with incidental relocation expenses, which will be paid to you upon arrival in the Location of Origin; (ii) departure services to assist with move out inspection, and notices and coordination of third party services. You will not be eligible for the Repatriation Benefits if: (i) you resign from the Assignment or your employment without Good Reason; (ii) you are terminated by the Company for Cause; or (iii) you fail to exit the Host Location within the grace period, as applicable.

Final Move to the Location of Origin: Airfare for you and your spouse between the Home and Host Location at the end of your assignment will be paid on your behalf. Travel will be booked by our preferred travel partner through our Relocation Consultant. Includes business class airfare, airport transportation, applicable baggage charges, and meals (first 2 days upon arrival in Home Country). Eligible expenses for transportation to/from airport will be reimbursed to you, provided you timely submit appropriate supporting documentation.

Post-Assignment Tax: The Home Company will continue to keep you in the Global Mobility Tax program (i.e., tax preparation services and equalization) during the transition year and any subsequent years so long as it is to the Home Company's benefit to recoup foreign tax credits as a result of taxes paid on your behalf during your Assignment. The Home Company will also maintain responsibility for any Host Country tax liabilities that may result following your repatriation, for as long as the liability is as a result of Assignment-related income.

Conclusion of Assignment Benefits. The terms and conditions in this Agreement will be in effect only during the Assignment, except for those terms and conditions which are expressly identified as occurring immediately before the Assignment (such as pre-Assignment obligations and benefits) or immediately after (such as Repatriation Benefits, restrictive covenants, etc.). Unless the terms of this Letter expressly state otherwise, all allowances, privileges, benefits, accommodations, and other terms provided under this Agreement will cease at the termination of this Assignment.

Post-Assignment Employment. At the end of the Assignment, and assuming the Home Company determines your performance satisfactory, the Home Company anticipates that it will return you to the same position with the Home Company at the Location of Origin. Your status will be as an at-will employee, and you will remain eligible for severance in accordance with the Encore Capital Group, Inc. Executive Separation Plan.

Miscellaneous

Data Protection

To enable the Host Company to manage your Assignment, it is necessary to provide various third parties and Host Company departments with certain personal information about you and your family. Personal information will be supplied to third parties in connection with your Assignment to the extent necessary for a third party to provide its services. Such third parties may include but not limited to: tax consultants (e.g., Deloitte), relocation vendor(s), immigration vendor(s), shipping agents, medical service providers and certain government departments (e.g., those connected with taxation or visa/host permit applications).

Personal information may include: (i) employee profile (i.e., your name, marital status, date of birth, home address, job description, dependents' details, etc.); (ii) Assignment profile (e.g., job description in the Host Country, assignment plan, start and end dates) (iii) international assignment correspondence relative to the Assignment; (iv) compensation data (e.g., total compensation, assignment allowances, bank account details, etc.); (v) personal data required for work authorization applications; and (vi) tax calculations under the tax equalization terms and conditions. If you would like to review your personal information, or if you believe that any of the information is incorrect, you should contact Cherese Brown by email at #####@#####.com or by phone at 858-###-####. By signing the Agreement, you consent to the sharing of personal information as identified in this Agreement.

In providing your personal information to the Host Company and any third parties, the Home Company and its affiliates will at all times comply with applicable United States privacy laws.

Ethics

You remain subject to and agree to comply with the Home Company's Standards of Business Conduct at all times. Further, you acknowledge that certain laws of the United States and the UK may result in imposition of sanctions on the Home Company and/or the Host Company and their employees in the event that, directly or

indirectly, offers, promises, or payments are made to government officials or others for the purpose of influencing decisions favorable to the Home Company or any Encore entity, and, therefore, you agree that you will not commit any such acts or engage in any such activities.

Waiver

The compensation and benefits (including allowances) provided for your Assignment are intentionally in excess of, and otherwise in lieu of, any and all benefits, end-of-service awards, settlement monies, notice, pensions, salaries, or compensation, of any kind, (collectively, "**Compensation**") which are or may be mandated under the laws of the Host Country. You understand and agree that the benefits and compensation identified in this Agreement are the only Compensation to which you are entitled. By signing below, you irrevocably waive any entitlement to Compensation that exceeds the compensation identified in this Agreement, to the extent permitted by applicable law that you may or will have against the Home Company or Host Company under the labor and other laws of

the Host Country. Further, to the extent that there is any mandatory Compensation which cannot be waived, you agree that the Home Company will be entitled to gross-down or offset the value of such Compensation against the compensation promised under this Letter.

Controlling Law: This Agreement, your employment, your Assignment, and anything arising out of the same shall be controlled, construed, and enforced in accordance with the laws of the Home Country. You expressly and irrevocably waive the right to bring in the Host Location or any foreign political subdivision any claim, complaint or other legal proceedings or process arising from, in connection with or related to this Agreement, your Assignment, and/or your employment and agree that the law of the Home Country shall have exclusive jurisdiction in relation to all matters arising from, in connection with or related to the same.

Arbitration: Notwithstanding anything to the contrary, except for causes of action seeking injunctive or equitable relief, which shall be brought in a court of competent jurisdiction in the Location of Origin, all disputes, including disputes as to the arbitrability of particular controversies, arising out of or in connection with this Agreement or your employment or this Assignment, including, without limitation, any question regarding the existence, validity or termination of this Agreement, shall be referred to and finally resolved by arbitration. Such arbitration shall be conducted before a single arbitrator. The arbitrator shall have no authority to award nonmonetary or equitable relief, and any monetary award shall not include punitive damages. All reasonable costs of both parties, as determined by the arbitrator, including but not limited to: (i) the costs, including reasonable attorneys' fees, of the arbitration, (ii) the fees and expenses of the arbitrators and any other administrative costs, and (iii) the costs, including reasonable attorneys' fees, necessary to confirm the award in any court shall be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel. The award shall state the reasoning therefor. The place of arbitration shall be at a location in the Location of Origin, unless otherwise mutually agreed. The language to be used in the arbitral proceedings shall be English. The award issued by the arbitrator shall be enforced in any court of competent jurisdiction under the provisions of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") of 1958.

Severability: Should any provision(s) in this Letter be held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall be unaffected and shall continue in full force and effect, and any invalid, void, or unenforceable provision(s) shall be deemed not to be a part of this Agreement.

Modification and Waiver: This Letter may be amended only by an agreement in writing signed by you and the Home Company in which specific reference is made to this Agreement. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant, or condition.

Entire Agreement; Other General Provisions: By signing below, you agree to the following general terms of this Letter. You agree that this Letter contains the entire agreement regarding your Assignment and replaces all other agreements and understandings regarding your Assignment made concurrently or previously, whether written or oral. The Home Company may periodically adjust salaries and benefits payable to you and/or its other employees, as well as reporting relationships, job titles and responsibilities as it deems necessary.

Acceptance: If you agree with these terms, please sign this Letter in the space provided, scan and email to #####@#####.com.

Sincerely,

/s/ Tracy Ting

Tracy Ting

SVP & CHRO

Encore Capital Group, Inc.

AGREED AND ACCEPTED:

/s/ John Yung 14 August 2023

John Yung Date

image_0.jpg

June 30, 2024

John Yung

##, ####

London, UK

W1F 7BZ

Re: Notice of Extension of International Assignment Agreement

Mr. Yung:

Reference is made to that certain International Assignment Agreement dated July 31, 2023 ("Agreement") by and between Encore Capital Group, Inc. ("Encore"), and John Yung ("Mr. Yung"). Any capitalized terms used but not defined herein shall have the same meaning as provided in the Agreement. Pursuant to the "Extensions" paragraph in the Agreement, this letter serves as written notice that Encore is extending the term of the Assignment to a new target end date of August 31, 2025. The allowances and benefits in the Agreement will remain the same except that (1) your Base Salary and KCP bonus target will continue to reflect the changes previously made as part of the annual compensation review in February 2024 and (2) Encore acknowledges and accepts the previously discussed approximate 2% increase in Host Location rent. Such extension shall be effective upon your acceptance.

Please sign the letter below to accept and agree to these terms of extension.

Sincerely,

/s/ Tracy Ting

Tracy Ting

SVP & CHRO

AGREED AND ACCEPTED:

/s/ John Yung July 2, 2024

John Yung Date

ENCORE CAPITAL GROUP, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM GUIDELINES

Approved by the Board of Directors effective on June 7, 2024

ENCORE CAPITAL GROUP, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM GUIDELINES

Table of Contents

Section 1 Definitions

Section 2 Purpose of Guidelines

Section 3 Term of Guidelines; Amendment and Termination of Guidelines

Section 4 Administration

Section 5 Eligibility and Participation

Section 6 Compensation

Section 7 Miscellaneous

ENCORE CAPITAL GROUP, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM GUIDELINES

1.0 DEFINITIONS

The following terms shall have the following meanings unless the context indicates otherwise:

- 1.1 "2017 Plan" shall mean the Company's 2013 Incentive Compensation Plan or the 2017 Incentive Award Plan, as applicable, as such plans may be amended, modified, or supplemented from time to time, and any successors to such plans.
- 1.2 "Annual Meeting Date" shall mean the date of the Company's annual meeting of shareholders for a given calendar year.
- 1.3 "Beneficiary" shall mean a beneficiary or beneficiaries designated in writing by a Non-Employee Director to receive any compensation under these Guidelines in the event of a Non-Employee Director's death. If no Beneficiary is designated by the Non-Employee Director, then the Non-Employee Director's estate shall be deemed to be the Non-Employee's Beneficiary.
- 1.4 "Board" shall mean the Board of Directors of the Company.
- 1.5 "Business Day" means any day that is not a Saturday, Sunday, or other day on which banking corporations in San Diego, California, are authorized or required by law to close.
- 1.6 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, including applicable regulations promulgated thereunder.
- 1.7 "Committee" shall mean the Board's Compensation Committee.
- 1.8 "Company" shall mean Encore Capital Group, Inc., a Delaware corporation.
- 1.9 "Deferred Compensation Plan" means the Company's Non-Employee Director Deferred Stock Compensation Plan, as such plan may be amended, modified, or supplemented from time to time, and any successor to such plan.
- 1.10 "Director Service Year" shall mean the period beginning on a given Annual Meeting Date and ending on the date immediately preceding the next Annual Meeting Date.
- 1.11 "Effective Date" shall mean June 7, 2024.
- 1.12 "Equity Award" shall mean either a Stock Award or an RSU Award.
- 1.13 "Equity Award Agreement" shall mean a written agreement between the Company and a Non-Employee Director that establishes the terms, conditions, restrictions and/or limitations applicable to an Equity Award in addition to those established by these Guidelines and by the Committee's exercise of its administrative powers; *provided, however*, that if a Non-Employee Director defers receipt of any Equity Award pursuant to the Deferred Compensation Plan, then such Non-Employee Director's deferral election, coupled with the terms and conditions set forth in the Deferred Compensation Plan, shall be deemed to constitute an "Equity Award Agreement."
- 1.14 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, including applicable regulations promulgated thereunder.
- 1.15 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, including applicable regulations thereunder.
- 1.16 "Fair Market Value of a Share" shall mean:
 - (a) if Shares are readily tradable on a national securities exchange or other market system, the closing price of a Share on the principal trading market for the Shares on the date of calculation (or on the last preceding trading date if Shares were not traded on such date), or
 - (b) if Shares are not readily tradable on a national securities exchange or other market system:

- (i) the book value of a Share as of the last day of the last completed fiscal quarter preceding the date of calculation; or
- (ii) any other value as otherwise determined in good faith by the Board.

1.17 "Guidelines" shall mean the Encore Capital Group, Inc. Non-Employee Director Compensation Program Guidelines.

1.18 "Non-Employee Director" shall mean a member of the Board who is not an employee of the Company.

1.19 "Quarterly Payment Date" shall mean September 1st, December 1st, March 1st, and June 1st in a given Director Service Year. By way of example, if the Annual Meeting Date for 20XX is June 15, 20XX and the Annual Meeting Date for 20YY is June 16, 20YY, then the "Quarterly Payment Dates" for the Director Service Year beginning on June 15, 20XX and ending on June 16, 20YY will be September 1, 20XX, December 1, 20XX, March 1, 20YY, and June 1, 20YY.

1.20 "RSU Award" shall mean an Equity Award granted in the form of restricted stock units, and which shall be paid in Shares to the Non-Employee Director (or to his or her Beneficiary) pursuant to the terms of the Equity Award Agreement evidencing such Equity Award.

1.21 "Share" shall mean a share of the Company's common stock, \$.01 par value.

1.22 "Stock Award" shall mean an Equity Award granted in the form of Shares, and which shall be delivered to the Non-Employee Director (or his or her Beneficiary) in accordance with Section 6 below.

1.23 "Stock Ownership and Retention Guidelines" means the Company's Stock Ownership and Retention Guidelines as adopted by the Board, as such guidelines may be amended, supplemented, and modified from time to time.

1.24 "Treasury Regulation" shall mean the regulations promulgated under the Code by the United States Department of the Treasury, as amended from time to time.

1.25 "Voting Members" shall have the meaning set forth in Section 6.4.

2.0 PURPOSE OF GUIDELINES

2.1 **Purpose.** The purpose of these Guidelines is to implement and administer the Company's compensation program for Non-Employee Directors, which was originally adopted by the Board on December 7, 2011; amended by the Committee on May 13, 2014; further amended by the Board on December 17, 2014, effective January 1, 2015; further amended by the Board on April 21, 2016, effective June 1, 2016; further amended by the Board on December 6, 2017, effective on January 1, 2018; further amended by the Board on August 28, 2018, effective on September 1, 2018; and further amended by the Board on June 17, 2020, further amended by the Board effective June 10, 2022, and further amended by the Board effective on the Effective Date.

2.2 **ERISA.** The director compensation program is not intended to be an employee benefit plan under ERISA, and thus the program and these Guidelines are intended to not be subject to ERISA.

2.3 **Code Section 409A.** The program and these Guidelines are intended to be fully compliant with Code Section 409A.

3.0 TERM OF GUIDELINES; AMENDMENT AND TERMINATION OF GUIDELINES

3.1 **Term.** These Guidelines shall be effective as of the Effective Date and shall terminate only when terminated by the Committee in accordance with [Section 3.2](#) below.

3.2 **Termination of Guidelines.** The Committee may suspend or terminate these Guidelines at any time with or without prior notice; *provided, however*, that no action authorized by this [Section 3.2](#) shall reduce the amount of any outstanding Equity Award or otherwise adversely change the terms and conditions thereof without the Non-Employee Director's prior written consent.

3.3 **Amendment of Guidelines.** The Committee may amend these Guidelines at any time with or without prior notice; *provided, however*, that no action authorized by this [Section 3.3](#) shall reduce the amount of any outstanding Equity Award or otherwise adversely change the terms and conditions thereof without the Non-Employee Director's prior written consent.

- 3.4 **Amendment or Cancellation of Equity Award Agreements.** Subject to the provisions of the 2017 Plan, the Committee may amend or modify any Equity Award Agreement at any time; *provided, however*, that if the amendment or modification adversely affects the Non-Employee Director, such amendment or modification shall be by mutual agreement between the Committee and the Non-Employee Director or such other persons as may then have an interest therein.
- 3.5 **Restrictions to Amendment of Guidelines.** Notwithstanding anything contained in these Guidelines to the contrary, any amendment to these Guidelines or to any Equity Award Agreement that would result in compensation payable under these Guidelines to be subject to the penalty tax imposed by Code Section 409A shall be null and void and of no effect as if these Guidelines had never been amended.
- 4.0 **ADMINISTRATION**
- 4.1 **Responsibility.** The Committee shall have the responsibility, in its sole discretion, to control, operate, manage and administer these Guidelines in accordance with its terms.
- 4.2 **Award Agreement.** Each Equity Award granted under these Guidelines shall be evidenced by an Equity Award Agreement, which shall be signed by an authorized officer of the Company and the Non-Employee Director; provided, however, that in the event of any conflict between a provision of

these Guidelines or the 2017 Plan and any provision of an Award Agreement, the provisions of these Guidelines or the 2017 Plan, as the case may be, shall control and prevail.

- 4.3 **Authority of the Committee.** The Committee shall have all the discretionary authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to these Guidelines, including but not limited to the following:
- (a) to determine eligibility for participation in these Guidelines;
 - (b) to determine the number of Shares underlying an Equity Award granted under these Guidelines;
 - (c) to grant Equity Awards to, and to enter into Award Agreements with, Non-Employee Directors;
 - (d) to supply any omission, correct any defect, or reconcile any inconsistency in these Guidelines in such manner and to such extent as it shall deem appropriate in its sole discretion to carry the same into effect;
 - (e) to issue administrative guidelines as an aid to administer these Guidelines and make changes in such administrative guidelines as it from time to time deems proper;
 - (f) to make rules for carrying out and administering these Guidelines and make changes in such rules as it from time to time deems proper;
 - (g) to the extent permitted under these Guidelines, grant waivers of Guidelines terms, conditions, restrictions, and limitations;
 - (h) to maintain these Guidelines' full compliance with the 2017 Plan and Code Section 409A; and
 - (i) to take any and all other actions it deems necessary or advisable for the proper operation or administration of these Guidelines.
- 4.4 **Action by the Committee.** The Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee. In addition, the Committee may authorize any one or more of its members or an officer of the Company to execute and deliver documents on behalf of the Committee.
- 4.5 **Delegation of Authority.** The Committee may delegate to one or more of its members, or to one or more agents, such administrative duties as it may deem advisable; provided, however, that any such delegation shall be in writing. In addition, the Committee, or any person to whom it has delegated duties under this Section 4.5, may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under these Guidelines. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of these Guidelines and may rely upon any opinion or computation received from any such counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company.

4.6 **Determinations and Interpretations by the Committee.** All determinations and interpretations made by the Committee shall be binding and conclusive on all Non-Employee Directors and their heirs, successors, and legal representatives.

4.7 **Liability.** No member of the Committee and no employee of the Company shall be liable for any act or failure to act hereunder, except in circumstances involving his or her bad faith, gross negligence or willful misconduct, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of these Guidelines have been delegated.

4.8 **Indemnification.** The Company shall indemnify members of the Committee and any agent of the Committee against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of these Guidelines, except in circumstances involving such person's bad faith, gross negligence or willful misconduct.

5.0 ELIGIBILITY AND PARTICIPATION

5.1 **Eligibility.** All Non-Employee Directors shall be eligible to participate in the Company's director compensation program and to receive compensation in accordance with these Guidelines.

5.2 **Participation.** Each Non-Employee Director shall participate in the Company's director compensation program and receive compensation in accordance with these Guidelines.

5.3 **Waiver of Compensation under These Guidelines.** A Non-Employee Director may waive all or a portion of his or her compensation under these Guidelines at any time, provided that such waiver is in writing and provided that such waiver does not violate Code Section 409A.

6.0 COMPENSATION

6.1 **Annual Cash Compensation.** For each Director Service Year, each Non-Employee Director shall receive the following cash compensation for their annual service on the Board:

- (a) An annual cash retainer of \$75,000;
 - (b) If the Non-Employee Director is Chairman of the Board, an additional annual cash retainer of \$120,000;
 - (c) If the Non-Employee Director is the chair of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Risk Committee or any other standing committee of the Board, an annual cash retainer of \$25,000 for each position as chair;
 - (d) If the Non-Employee Director is a member (but not chair) of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Risk Committee, or any other standing committee established by the Board, an annual cash retainer of \$10,000 for each position as member; and
 - (e) A \$1,000 per meeting committee service fee for each committee of the Board on which the Non-Employee Director serves, for any committee meeting starting with the seventh (7th) meeting of such committee in a Director Service Year.
-

The cash payments under Sections 6.1(a), 6.1(b), 6.1(c), and 6.1(d) shall be paid quarterly, in arrears, as follows: 25% of each applicable payment shall be paid on or before the 5th Business Day following each Quarterly Payment Date for such Director Service Year. On each Quarterly Payment Date in a given Director Service Year, the Company shall determine the number of meetings held by each committee of the Board during such Director Service Year and, if such committee has met seven or more times during such Director Service Year, then the Company will also make cash payments to the members of such committee under Section 6.1(e) on such Quarterly Payment Date. If a Non-Employee Director's service on the Board, on a given committee, or as Chairman of the Board or chair of a committee is less than the entire Director Service Year, then the above amounts shall be prorated to reflect the Non-Employee Director's actual period of service on the Board, on a given committee, or as Chairman of the Board or chair of a given committee.

6.2 Equity Awards. In addition to the annual cash compensation set forth in Section 6.1, for each Director Service Year, each Non-Employee Director shall receive an annual Equity Award retainer with a grant date fair market value equal to \$155,000, to be granted on the 5th Business Day following the Annual Meeting Date for such Director Service Year; provided that if a person becomes a Non-Employee Director on a date other than the Annual Meeting Date for such Director Service Year, then the annual Equity Award retainer amount will be prorated to reflect the number of days remaining in such Director Service Year and the prorated annual Equity Award shall be granted on the 5th Business Day following the date the Non-Employee Director becomes a member of the Board.

6.3 Terms and Conditions of Equity Awards. The Committee, in its sole discretion, may grant either Stock Awards or RSU Awards, or a combination of both. Equity Awards shall have the following terms and conditions:

- (a) Each Equity Award shall be issued pursuant to and shall be subject to the 2017 Plan.
- (b) Each Equity Award (other than Stock Awards) shall be evidenced by an Equity Award Agreement signed by the Non-Employee Director to whom it is granted and an authorized official of the Company.
- (c) The number of shares underlying each Equity Award shall be determined by dividing the applicable dollar amount of the Equity Award by the Fair Market Value of a Share on the date of grant, rounded down to whole Shares (i.e., any fractional shares shall be disregarded);
- (d) Equity Awards shall be fully vested on the date of grant;
- (e) Subject to the following sentence, all Shares underlying all Equity Awards granted to any Non-Employee Director shall be subject to the Stock Ownership and Retention Guidelines. Notwithstanding the foregoing, however, if the Equity Award is a Stock Award that is not deferred by the Non-Employee Director pursuant to Section 6.6, then the Non-Employee Director may sell a portion of the Shares issued pursuant to such Stock Award equal to an amount that would satisfy statutory minimum federal (including FICA and Social Security), state and local tax withholding requirements;
- (f) If the award is a Stock Award that is not deferred pursuant to Section 6.6 below, then Shares (including appropriate legends if in certificate form) shall be issued in the Non-Employee Director's name as soon as practicable after the applicable grant date;

-
- (g) If the award is an RSU Award that is not further deferred pursuant to Section 6.6 below, Shares underlying such RSU Award shall be issued to the Non-Employee Director within 10 Business Days following the date that the Non-Employee Director is no longer a member of the Board;
 - (h) Stock Awards that have not been deferred pursuant to Section 6.6 shall have full voting and dividend rights in the same manner and to the same extent as such rights are extended to the Company's shareholders; and
 - (i) RSU Awards shall have no voting rights but shall have dividend equivalent rights as set forth in the Equity Award Agreements for such RSU Awards.

6.4 Clawback. Notwithstanding anything contained in these Guidelines to the contrary, if a Non-Employee Director is determined, in the sole discretion of the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Non-Employee Director whose compensation is at issue) (the "Voting Members"), by a resolution duly adopted by the Voting Members, to have not earned all or a portion of any compensation received from the Company because the Non-Employee Director has acted in a manner that is not in the Company's best interests or has failed to act in a manner that is in the Company's best interests during such member's tenure on the Board or as a result of his or her failure to complete a full term of Board service for any reason, then, at the sole discretion of the Voting Members, any cash or Equity Award, or any portion thereof as determined by the Voting Members, held by such Non-Employee Director, shall as of the date of the adoption of such resolution be subject to forfeiture and all rights of the Non-Employee Director to or with respect to such forfeited cash and/or Equity Award shall terminate. With respect to any cash compensation or Shares actually received by such Non-Employee Director, if so resolved by the Voting Members in accordance with these Guidelines, at the Voting Members' sole discretion, the Non-Employee Director may be required to pay back to the Company all or any portion of such cash compensation or deliver back to the Company all or any

portion of such Shares as determined by the Voting Members. In the event that the Voting Members' determination is based upon such Non-Employee Director's action or inaction, as described above, then the Voting Members may consider whether any such repayment shall be assessed based on compensation received either at or after the time of the action or inaction. The Voting Members may also consider, if relevant, whether a prorated amount should be calculated for service rendered as a Board member, if the Non-Employee Director resigns before completing his or her service period as contemplated by periodic compensation payments.

- 6.5 **Expenses.** The Company shall promptly reimburse a Non-Employee Director for his or her reasonable expenses reasonably incurred in connection with his or her service to the Board and the Company, subject to the Company's reimbursement policy and the submission of written receipts or other valid documentation.
- 6.6 **Deferral.** A Non-Employee Director may defer any compensation paid or granted under these Guidelines pursuant to the Deferred Compensation Plan.
- 6.7 **Stock Ownership and Retention Guidelines.** Each Non-Employee Director will be subject to the Company's Stock Ownership and Retention Guidelines.

7.0 MISCELLANEOUS

- 7.1 **Listing of Awards and Related Matters.** If at any time the Committee determines that the listing, registration or qualification of Equity Awards on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of, or in connection with, the granting of an Equity Award, such Equity Award may not be exercised, distributed or paid out, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.
- 7.2 **No Right, Title, or Interest in Company Assets.** Non-Employee Directors shall have no right, title, or interest whatsoever in or to any investments that the Company may make to aid it in meeting its obligations under these Guidelines. Nothing contained in these Guidelines, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Non-Employee Director, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under these Guidelines, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in these Guidelines.
- 7.3 **No Right to Continued Service.** A Non-Employee Director's rights, if any, to continue to serve the Company as a member of the Board or otherwise shall not be enlarged or otherwise affected by these Guidelines, and the Company reserves the right to terminate the Non-Employee Director's service to the Company in accordance with Company's by-laws.
- 7.4 **Awards Subject to Foreign Laws.** The Committee may grant Equity Awards to individual Non-Employee Directors who are subject to the tax and/or other laws of nations other than the United States, and such Equity Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action that it deems advisable to obtain approval of such Equity Awards by the appropriate foreign governmental entity; *provided, however*, that no such Equity Awards may be granted pursuant to this Section 7.4 and no action may be taken which would result in a violation of the Exchange Act or any other applicable law.
- 7.5 **Governing Law.** The Guidelines, all cash compensation and Equity Awards granted hereunder, and all actions taken in connection herewith shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws, except as superseded by applicable federal law.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Ashish Masih, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Encore Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ASHISH MASIH
Ashish Masih
President and Chief Executive Officer

Date: May 8, 2024 August 7, 2024

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Jonathan C. Clark, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Encore Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

- By: /s/ JONATHAN C. CLARK
Jonathan C. Clark
Executive Vice President, Chief Financial Officer and Treasurer

```
width:100%">
```

ENCORE CAPITAL GROUP, INC.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

May 8, August 7, 2024

/s/ JONATHAN C. CLARK

Jonathan C. Clark
Executive Vice President,
Chief Financial Officer and Treasurer

May 8, August 7, 2024

This certification accompanies the above described Report and is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.