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 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 July 31, 2024
Common Stock, $0.01 par value	23,690,958 shares

ENCORE CAPITAL GROUP, INC.
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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)

	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 250,621	$ 158,364
Investment in receivable portfolios, net	3,583,322	3,468,432
Property and equipment, net	102,291	103,959
Other assets	277,799	293,256
Goodwill	602,811	606,475
Total assets	$ 4,816,844	$ 4,630,486
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 197,555	$ 189,928
Borrowings	3,455,130	3,318,031
Other liabilities	176,032	185,989
Total liabilities	3,828,717	3,693,948
Commitments and contingencies (Note 11)		
Equity:		
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, 23,691 and 23,545 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	237	235
Additional paid-in capital	13,257	11,052
Accumulated earnings	1,104,591	1,049,171
Accumulated other comprehensive loss	(129,958)	(123,920)
Total stockholders' equity	988,127	936,538
Total liabilities and stockholders' equity	$ 4,816,844	$ 4,630,486

The following table presents certain assets and liabilities of consolidated variable interest entities ("VIEs") included in the condensed consolidated statements of financial condition above. The liabilities in the table below can only be settled from assets in the respective VIEs. Creditors of 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.

	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 26,714	$ 24,472
Investment in receivable portfolios, net	774,104	717,556
Other assets	9,294	19,358
Liabilities		
Accounts payable and accrued liabilities	2,266	1,854
Borrowings	466,267	494,925
Other liabilities	7	2,452

See accompanying notes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues				
Revenue from receivable portfolios	$ 321,930	$ 301,184	$ 637,782	$ 596,858
Changes in recoveries	5,754	(3,486)	(6,655)	(12,987)
Total debt purchasing revenue	327,684	297,698	631,127	583,871
Servicing revenue	21,107	21,008	41,486	43,593
Other revenues	6,494	4,338	11,058	8,210
Total revenues	355,285	323,044	683,671	635,674
Operating expenses				
Salaries and employee benefits	106,608	95,855	210,792	199,705
Cost of legal collections	64,249	57,150	122,970	111,251
General and administrative expenses	36,779	34,529	73,020	72,494
Other operating expenses	30,845	26,349	61,212	53,905
Collection agency commissions	7,504	10,387	14,938	18,537
Depreciation and amortization	7,461	10,702	15,309	21,572
Total operating expenses	253,446	234,972	498,241	477,464
Income from operations	101,839	88,072	185,430	158,210
Other expense				
Interest expense	(61,376)	(49,983)	(117,141)	(96,818)
Other income (expense), net	2,047	(1,755)	4,713	(23)
Total other expense	(59,329)	(51,738)	(112,428)	(96,841)
Income before income taxes	42,510	36,334	73,002	61,369
Provision for income taxes	(10,329)	(10,029)	(17,582)	(16,438)
Net income	$ 32,181	$ 26,305	$ 55,420	$ 44,931
Earnings per share:				
Basic	$ 1.35	$ 1.11	$ 2.33	$ 1.90
Diluted	$ 1.34	$ 1.08	$ 2.28	$ 1.83
Weighted average shares outstanding:				
Basic	23,883	23,670	23,834	23,610
Diluted	24,097	24,280	24,282	24,611

See accompanying notes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 32,181	$ 26,305	$ 55,420	$ 44,931
Other comprehensive (loss) income, net of tax:				
Change in unrealized (loss) gain on derivative instruments:				
Unrealized (loss) gain on derivative instruments	(731)	1,962	4,744	(6,091)
Income tax effect	(1,088)	253	(3,773)	1,129
Unrealized (loss) gain on derivative instruments, net of tax	(1,819)	2,215	971	(4,962)
Change in foreign currency translation:				
Unrealized (loss) gain on foreign currency translation	(1,146)	17,532	(7,292)	33,540
Income tax effect	443	(279)	283	(662)
Unrealized (loss) gain on foreign currency translation, net of tax	(703)	17,253	(7,009)	32,878
Other comprehensive (loss) income, net of tax:	(2,522)	19,468	(6,038)	27,916
Total comprehensive income	$ 29,659	$ 45,773	$ 49,382	$ 72,847

See accompanying notes

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

	Three Months Ended June 30, 2024					
	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Par				
Balance as of March 31, 2024	23,687	$ 237	$ 8,648	$ 1,072,410	$ (127,436)	$ 953,859
Net income	—	—	—	32,181	—	32,181
Other comprehensive loss, net of tax	—	—	—	—	(2,522)	(2,522)
Issuance of share-based awards, net of shares withheld for employee taxes	4	—	(28)	—	—	(28)
Stock-based compensation	—	—	4,637	—	—	4,637
Balance as of June 30, 2024	23,691	$ 237	$ 13,257	$ 1,104,591	$ (129,958)	$ 988,127

	Three Months Ended June 30, 2023					
	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss)/ Income	Total Equity
	Shares	Par				
Balance as of March 31, 2023	23,482	$ 235	$ —	$ 1,274,289	$ (90,368)	$ 1,184,156
Net income	—	—	—	26,305	—	26,305
Other comprehensive income, net of tax	—	—	—	—	19,468	19,468
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	3	—	33	—	—	33
Stock-based compensation	—	—	3,873	—	—	3,873
Balance as of June 30, 2023	23,485	$ 235	$ 3,906	$ 1,300,594	$ (70,900)	$ 1,233,835

	Six Months Ended June 30, 2024					
	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Par				
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 Capital	Accumulated Earnings (Loss)	Accumulated Other Comprehensive (Loss)/ Income	Total Equity
	Shares	Par				
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)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating activities:		
Net income	$ 55,420	$ 44,931
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,309	21,572
Other non-cash interest expense, net	7,941	8,660
Stock-based compensation expense	7,994	7,925
Deferred income taxes	(810)	2,785
Changes in recoveries	6,655	12,987
Other, net	3,357	985
Changes in operating assets and liabilities		
Other assets	(25,896)	(35,730)
Accounts payable, accrued liabilities and other liabilities	16,727	(1,492)
Net cash provided by operating activities	86,697	62,623
Investing activities:		
Purchases of receivable portfolios, net of put-backs	(566,960)	(544,721)
Collections applied to investment in receivable portfolios	419,833	342,020
Purchases of asset held for sale	(212)	(24,645)
Purchases of property and equipment	(14,251)	(9,503)
Other, net	29,704	22,603
Net cash used in investing activities	(131,886)	(214,246)
Financing activities:		
Payment of loan and debt refinancing costs	(17,201)	(8,151)
Proceeds from credit facilities	393,455	444,805
Repayment of credit facilities	(1,234,189)	(259,843)
Proceeds from senior secured notes	1,000,000	—
Repayment of senior secured notes	(19,540)	(19,540)
Proceeds from issuance of convertible senior notes	—	230,000
Repayment of exchangeable senior notes	—	(192,457)
Proceeds from convertible hedge instruments, net	—	10,050
Other, net	16,967	(14,238)
Net cash provided by financing activities	139,492	190,626
Net increase in cash and cash equivalents	94,303	39,003
Effect of exchange rate changes on cash and cash equivalents	(2,046)	1,956
Cash and cash equivalents, beginning of period	158,364	143,912
Cash and cash equivalents, end of period	$ 250,621	$ 184,871
Supplemental disclosure of cash information:		
Cash paid for interest	$ 80,945	$ 79,167
Cash paid for taxes, net of refunds	42,365	36,822
Supplemental schedule of non-cash investing activities:		
Investment in receivable portfolios transferred to real estate owned	$ 3,098	$ 6,244

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 may result in additional required 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	$ 32,181	$ 26,305	$ 55,420	$ 44,931
Shares:				
Total weighted-average basic shares outstanding	23,883	23,670	23,834	23,610
Dilutive effect of stock-based awards	19	117	109	204
Dilutive effect of convertible and exchangeable senior notes	195	493	339	797
Total weighted-average dilutive shares outstanding	24,097	24,280	24,282	24,611
Basic earnings per share	$ 1.35	$ 1.11	$ 2.33	$ 1.90
Diluted earnings per share	$ 1.34	$ 1.08	$ 2.28	$ 1.83

There were no anti-dilutive employee stock options outstanding during the three and six months ended 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 June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency exchange contracts	$ —	$ 873	$ —	$ 873
Interest rate cap contracts	—	3,417	—	3,417
Interest rate swap agreements	—	138	—	138
Liabilities				
Interest rate swap agreements	—	(6,570)	—	(6,570)
Cross-currency swap agreements	—	(41,631)	—	(41,631)

	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 $55.3 million and $70.6 million as of 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 June 30, 2024 and December 31, 2023 *(in thousands)*:

	June 30, 2024		December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets				
Investment in receivable portfolios, net	$ 3,583,322	$ 3,629,834	$ 3,468,432	$ 3,515,651
Financial Liabilities				
Global senior secured revolving credit facility	—	—	816,880	816,880
Encore private placement notes	9,770	9,771	29,310	28,922
Senior secured notes[(1)]	2,620,254	2,610,487	1,649,621	1,598,636
Convertible senior notes due October 2025	100,000	117,761	100,000	136,403
Convertible senior notes due March 2029	230,000	208,582	230,000	226,794
Cabot securitisation senior facility	322,557	322,557	324,646	324,646
U.S. facility	150,000	150,000	175,000	175,000
Other borrowings	66,058	66,058	24,904	24,904

(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)*:

	June 30, 2024		December 31, 2023	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments:				
Interest rate cap contracts	Other assets	$ 2,635	Other assets	$ 14,564
Interest rate swap agreements	Other assets	138	—	—
Interest rate swap agreements	Other liabilities	(6,570)	Other liabilities	(22,510)
Cross-currency swap agreements	—	—	Other assets	361
Cross-currency swap agreements	Other liabilities	(41,631)	Other liabilities	(28,039)
Derivatives not designated as hedging instruments:				
Interest rate cap contracts	Other assets	782	Other assets	2,386
Foreign currency exchange contracts	Other assets	873	—	—

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 tables summarize the terms of the derivative instruments designated as hedging instruments as recorded in the Company's consolidated statements of financial condition:

	June 30, 2024				
	Effective date	**Maturity Date**	**Hedge Designation**	**Notional Amount**	**Receive Floating Rate Index**
Interest rate cap contracts					
2021 Cap(1)	November 2021	September 2024	Cash flow hedge	$316.2 million	SONIA
2024 Cap	September 2024	September 2026	Cash flow hedge	$322.6 million	SONIA
Interest rate swap agreements					
2023 Euro IR Swap	October 2023	January 2028	Cash flow hedge	$107.4 million	3-month EURIBOR
2024 Euro IR Swaps	June 2024	January 2028	Cash flow hedge	$445.7 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	$375.9 million	—
2023 GBP Swaps	July 2023	February 2026	Fair value hedge	$379.5 million	—

(1) The total notional amount of the 2021 Cap was $442.7 million, of which $316.2 million was hedge designated and $126.5 million was not hedge designated as of 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 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	
	Three Months Ended June 30,			Three Months Ended June 30,	
Derivatives Designated as Hedging Instruments	2024	2023	Location of Gain (Loss) Reclassified from OCI into Income (Loss)	2024	2023
Interest rate swap agreements	$ 6,199	$ —	Interest expense	$ 655	$ —
Interest rate cap contracts	(5,777)	3,423	Interest expense	(664)	(391)
Cross-currency swap agreements	(4,289)	(1,896)	Interest expense	(1,757)	(1,395)
			Other (expense) income	(1,370)	1,351

	Gain (Loss) Recognized in OCI			Gain (Loss) Reclassified from OCI into Income	
	Six Months Ended June 30,			Six Months Ended June 30,	
Derivatives Designated as Hedging Instruments	2024	2023	Location of Gain (Loss) Reclassified from OCI into Income (Loss)	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

From time to time, the Company enters into currency exchange forward contracts to reduce the effects of currency exchange rate fluctuations. These derivative contracts generally mature within one to six months and are not designated as hedge instruments for accounting purposes. The Company also holds an interest rate cap contract, the 2021 Cap, that was partially hedge designated. The gains or losses on these unhedged derivative contracts are recognized in other income or expense based on the changes in fair value.

The following table summarizes the effects of derivatives not designated as hedging instruments on the Company's condensed consolidated statements of income for the three and six months ended 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*):

	June 30, 2024	December 31, 2023
Amortized cost	$ —	$ —
Negative allowance for expected recoveries	3,583,322	3,468,432
Balance, end of period	$ 3,583,322	$ 3,468,432

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Balance, beginning of period	$ 3,531,387	$ 3,214,792	$ 3,468,432	$ 3,088,261
Negative allowance for expected recoveries - current period purchases[(1)]	278,692	274,325	574,406	550,756
Collections applied to investment in receivable portfolios, net [(2)]	(224,798)	(175,338)	(419,833)	(342,020)
Changes in recoveries [(3)]	5,754	(3,486)	(6,655)	(12,987)
Put-backs and recalls	(3,099)	(4,229)	(7,446)	(6,035)
Disposals and transfers to real estate owned	(1,053)	(5,139)	(3,098)	(6,244)
Foreign currency translation adjustments	(3,561)	30,061	(22,484)	59,255
Balance, end of period	$ 3,583,322	$ 3,330,986	$ 3,583,322	$ 3,330,986

(1) The table below provides the detail on the establishment of negative allowance for expected recoveries of portfolios purchased during the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Purchase price	$ 278,692	$ 274,325	$ 574,406	$ 550,756
Allowance for credit losses	649,642	690,501	1,294,156	1,350,145
Amortized cost	928,334	964,826	1,868,562	1,900,901
Noncredit discount	1,211,961	1,049,233	2,467,754	2,054,454
Face value	2,140,295	2,014,059	4,336,316	3,955,355
Write-off of amortized cost	(928,334)	(964,826)	(1,868,562)	(1,900,901)
Write-off of noncredit discount	(1,211,961)	(1,049,233)	(2,467,754)	(2,054,454)
Negative allowance	278,692	274,325	574,406	550,756
Negative allowance for expected recoveries - current period purchases	$ 278,692	$ 274,325	$ 574,406	$ 550,756

(2) Collections applied to investment in receivable portfolios, net, is calculated as follows during the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash Collections	$ 546,728	$ 476,522	$ 1,057,615	$ 938,878
Less - amounts classified to revenue from receivable portfolios	(321,930)	(301,184)	(637,782)	(596,858)
Collections applied to investment in receivable portfolios, net	$ 224,798	$ 175,338	$ 419,833	$ 342,020

(3) Changes in recoveries is calculated as follows during the periods presented, where recoveries include cash collections, put-backs and recalls, and other cash-based adjustments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Recoveries above (below) forecast	$ 27,443	$ (477)	$ 28,296	$ (15,835)
Changes in expected future recoveries	(21,689)	(3,009)	(34,951)	2,848
Changes in recoveries	$ 5,754	$ (3,486)	$ (6,655)	$ (12,987)

Recoveries above or below forecast represent over and under-performance in the reporting period, respectively. Collections during the three and six months ended June 30, 2024, over-performed the forecasted collections by approximately $27.4 million and $28.3 million, respectively. Collections during the three and six months ended June 30, 2023, under-performed the forecasted collections by approximately $0.5 million and $15.8 million, respectively.

When reassessing the forecasts of expected lifetime recoveries during the three and six months ended June 30, 2024, management considered, among other factors, historical and current collection performance, changes in consumer behavior, and the macroeconomic environment. Management believes that most of the current period collections over-performance was due to changes in timing of the estimated remaining collections, 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 $21.7 million, and $35.0 million for the three and six months ended June 30, 2024, respectively. During the three and six months ended June 30, 2023, the Company recorded approximately $3.0 million in net negative change and $2.8 million in net positive change in expected future period recoveries, respectively.

Note 6: Other Assets

Other assets consist of the following *(in thousands)*:

	June 30, 2024	December 31, 2023
Operating lease right-of-use assets	$ 60,378	$ 67,019
Real estate owned	55,253	70,590
Prepaid expenses	36,543	32,910
Income tax deposits	30,927	8,735
Deferred tax assets, net	15,060	17,277
Service fee receivables	11,292	9,080
Derivative instruments	4,428	17,311
Other	63,918	70,334
Total	$ 277,799	$ 293,256

Note 7: Borrowings

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

	June 30, 2024	December 31, 2023
Global senior secured revolving credit facility	$ —	$ 816,880
Encore private placement notes	9,770	29,310
Senior secured notes	2,624,620	1,654,989
Convertible senior notes	330,000	330,000
Cabot securitisation senior facility	322,557	324,646
U.S. facility	150,000	175,000
Other	66,058	24,904
Finance lease liabilities	1,778	2,818
	3,504,783	3,358,547
Less: debt discount and issuance costs, net of amortization	(49,653)	(40,516)
Total	$ 3,455,130	$ 3,318,031

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 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 June 30, 2024, we had no borrowings under the Global Senior Facility. The weighted average interest rate of the Global Senior Facility was 7.85% and 7.51% for the three months ended 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 $1,203.0 million as of 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 June 30, 2024, $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)*:

	June 30, 2024	December 31, 2023	Issue Currency	Maturity Date	Interest Payment Dates	Interest Rate
2025 Notes	$ 375,859	$ 386,324	EUR	Oct 15, 2025	Apr 15, Oct 15	4.875 %
2026 Notes	379,479	381,937	GBP	Feb 15, 2026	Feb 15, Aug 15	5.375 %
2028 Notes	316,233	318,280	GBP	Jun 1, 2028	Jun 1, Dec 1	4.250 %
2028 Floating Rate Notes	553,049	568,448	EUR	Jan 15, 2028	Jan 15, Apr 15, Jul 15, Oct 15	EURIBOR +4.250%[(1)]
2029 Notes	500,000	—	USD	Apr 1, 2029	Apr 1, Oct 1	9.250 %
2030 Notes	500,000	—	USD	May 15, 2030	May 15, Nov 15	8.500 %
	$ 2,624,620	$ 1,654,989				

(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 Company used the proceeds from this offering to pay down $448.7 million of the drawings under its Global Senior Facility, pay certain transaction fees and expenses incurred in connection with the offering of the 2030 Notes and for 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)*:

	June 30, 2024	December 31, 2023	Maturity Date	Interest Payment Dates	Interest Rate
2025 Convertible Notes	$ 100,000	$ 100,000	Oct 1, 2025	Apr 1, Oct 1	3.250 %
2029 Convertible Notes	230,000	230,000	Mar 15, 2029	Mar 15, Sep 15	4.000 %
	$ 330,000	$ 330,000			

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.

Certain key terms related to the convertible features as of June 30, 2024 are listed below *($ in thousands, except conversion price)*:

	2025 Convertible Notes	2029 Convertible Notes
Initial conversion price	$ 40.00	$ 65.89
Closing stock price at date of issuance	$ 32.00	$ 51.68
Closing stock price date	Sep 4, 2019	Feb 28, 2023
Initial conversion rate (shares per $1,000 principal amount)	25.0000	15.1763
Adjusted conversion rate (shares per $1,000 principal amount)[(1)]	25.1310	15.1763
Adjusted conversion price[(1)]	$ 39.79	$ 65.89
Adjusted effective conversion price[(2)]	$ 39.79	$ 82.69
Excess of if-converted value compared to principal[(3)]	$ 4,872	$ —
Conversion date	Jul 1, 2025	Dec 15, 2028

(1) Pursuant to the indenture for the Company's 2025 Convertible Notes, the conversion rate for the 2025 Convertible Notes was adjusted upon the completion of the Company's tender offer in December 2021.

(2) As discussed above, the Company maintains a hedge program that increases the effective conversion price for the 2029 Convertible Notes to $82.69.

(3) Represents the premium the Company would have to pay assuming the Convertible Notes were converted on June 30, 2024 using a hypothetical share price based on the closing stock price on June 28, 2024, the last trading day for the six months ended June 30, 2024.

In the event of conversion, the Convertible Notes are convertible into cash up to the aggregate principal amount of the notes and the excess conversion premium, if any, may be settled in cash or shares of the Company’s common stock at the Company’s election and subject to certain restrictions contained in each of the indentures governing the Convertible Notes.

Interest expense related to the Convertible Notes was $3.1 million and $3.3 million during the three months ended 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 June 30, 2024, the outstanding borrowings under the Cabot Securitisation Senior Facility were £255.0 million (approximately $322.6 million based on an exchange rate of $1.00 to £0.79, the exchange rate as of 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 £330.4 million (approximately $417.9 million based on an exchange rate of $1.00 to £0.79, the exchange rate as of June 30, 2024) as of June 30, 2024. The weighted average interest rate of the Cabot Securitisation Senior Facility was 8.41% and 7.46% for the three months ended 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 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 3.50%.

As of June 30, 2024, the outstanding borrowings under the U.S. Facility were $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 June 30, 2024, this included receivables acquired from MCM, the book value of which was approximately $312.2 million. The weighted average interest rate of the U.S. Facility was 8.82% and 8.83% for the three and six months ended 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 7.95% and 7.97% for the three and six months ended 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 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 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 June 30, 2024		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss
Balance at beginning of period	$ (303)	$ (127,133)	$ (127,436)
Other comprehensive loss before reclassification	(3,867)	(1,146)	(5,013)
Reclassification	3,136	—	3,136
Tax effect	(1,088)	443	(645)
Balance at end of period	$ (2,122)	$ (127,836)	$ (129,958)

	Three Months Ended June 30, 2023		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive Loss
Balance at beginning of period	$ 29,317	$ (119,685)	$ (90,368)
Other comprehensive income before reclassification	1,527	17,532	19,059
Reclassification	435	—	435
Tax effect	253	(279)	(26)
Balance at end of period	$ 31,532	$ (102,432)	$ (70,900)

	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	$ (2,122)	$ (127,836)	$ (129,958)

	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	$ 31,532	$ (102,432)	$ (70,900)

Note 10: Income Taxes

The Company’s effective tax rate for the three and six months ended June 30, 2024 was 24.3% and 24.1%, respectively. For the three and six months ended June 30, 2023, the Company’s effective tax rate was 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 June 30, 2023, the difference between the effective tax rate and the federal statutory rate was primarily due to state income taxes and a foreign adjustment. For the six months ended June 30, 2023, the difference between the 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.

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 June 30, 2024 and 2023, was immaterial.

The Company is subject to income taxes in the U.S. and foreign jurisdictions. Significant 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 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 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 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 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 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 $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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total revenues:				
United States	$ 239,750	$ 206,765	$ 458,886	$ 406,983
Europe				
United Kingdom	76,725	75,223	149,152	153,208
Other European countries[1]	38,188	41,056	74,292	75,294
Total Europe	114,913	116,279	223,444	228,502
Other geographies[1]	622	—	1,341	189
Total	$ 355,285	$ 323,044	$ 683,671	$ 635,674

(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 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 tables summarize the activity in the Company's goodwill balance *(in thousands):*

	MCM	Cabot[(1)]	Total
Balance as of March 31, 2024	$ 148,936	$ 453,464	$ 602,400
Effect of foreign currency translation	—	411	411
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 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	Cabot	Total
Balance as of December 31, 2022	$ 148,936	$ 672,278	$ 821,214
Effect of foreign currency translation	—	30,982	30,982
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 December 31, 2022.

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

	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
Trade name and other	$ 918	$ (918)	$ —	$ 918	$ (870)	$ 48
Total intangible assets	$ 918	$ (918)	$ —	$ 918	$ (870)	$ 48

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 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 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 generally provides a relatively consistent pipeline of opportunities, despite a historically low level of charge-off rates, as creditors 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 has been consistent.

The debt markets in France and Spain continue to be two of the largest in Europe with significant debt. Financial institutions continue to look to dispose of non-performing loans in these markets.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
MCM (United States)	$ 236,826	$ 213,374	$ 473,335	$ 426,826
Cabot (Europe)	41,866	60,951	101,071	123,930
Total purchases of receivable portfolios	$ 278,692	$ 274,325	$ 574,406	$ 550,756

In the United States, capital deployment increased during the three and six months ended June 30, 2024, as compared to the corresponding 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 June 30, 2024, as compared to the corresponding periods in the prior year, primarily driven by continued competitive pricing environment in Europe. The 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.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
MCM (United States):				
Call center and digital collections	$ 247,074	$ 195,014	$ 482,165	$ 386,119
Legal collections	144,249	140,472	273,152	277,983
Collection agencies	5,306	330	10,790	384
Subtotal	396,629	335,816	766,107	664,486
Cabot (Europe):				
Call center and digital collections	60,298	54,155	116,945	111,153
Legal collections	52,496	49,212	101,190	92,921
Collection agencies	36,430	35,971	71,786	68,052
Subtotal	149,224	139,338	289,921	272,126
Other geographies:	875	1,368	1,587	2,266
Total collections from purchased receivables	$ 546,728	$ 476,522	$ 1,057,615	$ 938,878

Gross collections from purchased receivables increased by $70.2 million, or 14.7%, to $546.7 million during the three months ended June 30, 2024, as compared to $476.5 million during the three months ended 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 increases in collections in the United States were primarily a result of consistent increases in capital deployments in the United States in recent quarters. The increases in collections from purchased receivables in Europe 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 $4.6 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 June 30, 2024 compared to the three months ended 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 June 30,			
	2024		2023	
Revenues				
Revenue from receivable portfolios	$ 321,930	90.6 %	$ 301,184	93.2 %
Changes in recoveries	5,754	1.7 %	(3,486)	(1.0)%
Total debt purchasing revenue	327,684	92.3 %	297,698	92.2 %
Servicing revenue	21,107	5.9 %	21,008	6.5 %
Other revenues	6,494	1.8 %	4,338	1.3 %
Total revenues	355,285	100.0 %	323,044	100.0 %
Operating expenses				
Salaries and employee benefits	106,608	30.0 %	95,855	29.7 %
Cost of legal collections	64,249	18.1 %	57,150	17.7 %
General and administrative expenses	36,779	10.4 %	34,529	10.7 %
Other operating expenses	30,845	8.6 %	26,349	8.1 %
Collection agency commissions	7,504	2.1 %	10,387	3.2 %
Depreciation and amortization	7,461	2.1 %	10,702	3.3 %
Total operating expenses	253,446	71.3 %	234,972	72.7 %
Income from operations	101,839	28.7 %	88,072	27.3 %
Other expense				
Interest expense	(61,376)	(17.3)%	(49,983)	(15.5)%
Other income (expense), net	2,047	0.6 %	(1,755)	(0.5)%
Total other expense	(59,329)	(16.7)%	(51,738)	(16.0)%
Income before income taxes	42,510	12.0 %	36,334	11.3 %
Provision for income taxes	(10,329)	(2.9)%	(10,029)	(3.2)%
Net income	$ 32,181	9.1 %	$ 26,305	8.1 %

	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 June 30,			
	2024	**2023**	**$ Change**	**% Change**
Revenue recognized from portfolio basis	$ 315,668	$ 293,509	$ 22,159	7.5 %
ZBA revenue	6,262	7,675	(1,413)	(18.4)%
Revenue from receivable portfolios	321,930	301,184	20,746	6.9 %
Recoveries above (below) forecast	27,443	(477)	27,920	
Changes in expected future recoveries	(21,689)	(3,009)	(18,680)	
Changes in recoveries	5,754	(3,486)	9,240	(265.1)%
Debt purchasing revenue	327,684	297,698	29,986	10.1 %
Servicing revenue	21,107	21,008	99	0.5 %
Other revenues	6,494	4,338	2,156	49.7 %
Total revenues	$ 355,285	$ 323,044	$ 32,241	10.0 %

	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 $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 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 June 30, 2024 compared to the three months ended June 30, 2023.

The increases in revenue recognized from portfolio basis during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, 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.

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 June 30, 2024, over-performed the forecasted collections by approximately $27.4 million and $28.3 million, respectively. Collections during the three and six months ended June 30, 2023, under-performed the forecasted collections by approximately $0.5 million and $15.8 million, respectively.

When reassessing the forecasts of expected lifetime recoveries during the three and six months ended June 30, 2024, management considered, among other factors, historical and current collection performance, changes in consumer behavior, and the macroeconomic environment. Management believes that most of the current period collections over-performance was due to changes in timing of the estimated remaining collections, 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 $21.7 million and $35.0 million for the three and six months ended June 30, 2024, respectively. During the three and six months ended June 30, 2023, the Company recorded approximately $3.0 million in net negative change and $2.8 million in net positive change in expected future period 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*):

	Three Months Ended June 30, 2024			As of June 30, 2024	
	Collections	Revenue from Receivable Portfolios	Changes in Recoveries	Investment in Receivable Portfolios	Monthly EIR
United States:					
ZBA	$ 6,261	$ 6,261	$ —	$ —	— %
2011	2,640	2,324	251	827	88.6 %
2012	2,744	2,749	(179)	2,062	42.0 %
2013	7,392	6,026	949	4,674	40.5 %
2014	4,290	2,892	375	13,830	6.7 %
2015	4,130	2,054	568	16,487	3.9 %
2016	7,595	3,775	667	28,150	4.2 %
2017	10,629	6,284	546	35,164	5.5 %
2018	16,935	8,872	1,141	69,006	4.0 %
2019	29,680	16,107	(596)	131,559	3.8 %
2020	33,931	18,148	(630)	152,393	3.7 %
2021	35,565	17,929	4,172	144,167	3.9 %
2022	67,121	32,055	(4,470)	320,275	3.1 %
2023	124,551	71,689	5,867	699,893	3.3 %
2024	43,165	33,214	711	462,940	3.6 %
Subtotal	396,629	230,379	9,372	2,081,427	3.7 %
Europe:					
ZBA	1	1	—	—	— %
2013	13,481	11,618	(2,019)	117,380	3.2 %
2014	13,374	10,202	(1,457)	110,338	3.0 %
2015	8,751	6,249	(154)	82,684	2.5 %
2016[(1)]	7,785	5,679	319	71,414	2.8 %
2017	10,727	6,363	(275)	109,673	1.9 %
2018	11,086	6,806	(2,815)	140,202	1.6 %
2019	12,066	6,986	(2)	121,170	1.9 %
2020	8,078	5,200	203	76,681	2.2 %
2021	13,381	8,862	(604)	153,377	1.9 %
2022	16,673	8,657	(586)	178,896	1.6 %
2023	23,327	10,121	2,151	222,685	1.5 %
2024	10,494	4,807	952	94,950	2.2 %
Subtotal	149,224	91,551	(4,287)	1,479,450	2.0 %
Other geographies:[(2)]					
All vintages	875	—	669	22,445	— %
Subtotal	875	—	669	22,445	— %
Total	$ 546,728	$ 321,930	$ 5,754	$ 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.

	Three Months Ended June 30, 2023			As of June 30, 2023	
	Collections	Revenue from Receivable Portfolios	Changes in Recoveries	Investment in Receivable Portfolios	Monthly EIR
United States:					
ZBA	$ 7,661	$ 7,661	$ —	$ —	— %
2011	3,838	2,911	933	1,148	88.6 %
2012	4,401	3,474	904	2,822	42.0 %
2013	9,618	8,424	783	6,624	40.5 %
2014	5,983	3,588	1,308	17,219	6.7 %
2015	5,323	2,774	445	22,190	3.9 %
2016	9,781	5,141	935	38,939	4.1 %
2017	16,059	9,175	1,524	51,617	5.5 %
2018	24,267	13,287	(468)	103,689	4.0 %
2019	44,135	23,853	1,428	196,740	3.8 %
2020	52,308	27,263	1,855	230,967	3.7 %
2021	49,660	28,831	(6,322)	226,694	3.9 %
2022	67,843	46,166	(10,489)	477,683	3.1 %
2023	34,939	25,640	5,742	425,692	2.9 %
Subtotal	335,816	208,188	(1,422)	1,802,024	3.8 %
Europe:					
ZBA	14	14	—	—	— %
2013	14,968	13,342	(2,475)	136,517	3.2 %
2014	14,483	11,492	(1,262)	126,193	3.0 %
2015	9,364	7,019	(336)	94,405	2.5 %
2016[(1)]	10,031	6,489	360	75,211	2.8 %
2017	13,098	7,613	(16)	131,793	1.9 %
2018	12,709	8,217	(2,291)	171,570	1.6 %
2019	14,189	8,103	1,807	143,331	1.9 %
2020	9,585	6,074	2,597	91,317	2.2 %
2021	14,850	10,402	1,570	184,929	1.9 %
2022	17,998	10,518	(4,169)	216,668	1.6 %
2023	8,049	3,713	2,151	124,221	1.3 %
Subtotal	139,338	92,996	(2,064)	1,496,155	2.1 %
Other geographies:[(2)]					
All vintages	1,368	—	—	32,807	— %
Subtotal	1,368	—	—	32,807	— %
Total	$ 476,522	$ 301,184	$ (3,486)	$ 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.

	Six Months Ended June 30, 2024			As of June 30, 2024	
	Collections	Revenue from Receivable Portfolios	Changes in Recoveries	Investment in Receivable 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	
	Collections	Revenue from Receivable Portfolios	Changes in Recoveries	Investment in Receivable 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 June 30, 2024 as compared to the three months ended 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 June 30, 2024 as compared to the three and six months ended June 30, 2023, primarily driven by increase of gains recognized on the sale of real estate assets.

Operating Expenses

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

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
Salaries and employee benefits	$ 106,608	$ 95,855	$ 10,753	11.2 %
Cost of legal collections	64,249	57,150	7,099	12.4 %
General and administrative expenses	36,779	34,529	2,250	6.5 %
Other operating expenses	30,845	26,349	4,496	17.1 %
Collection agency commissions	7,504	10,387	(2,883)	(27.8)%
Depreciation and amortization	7,461	10,702	(3,241)	(30.3)%
Total operating expenses	$ 253,446	$ 234,972	$ 18,474	7.9 %

	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. The foreign currency translation effect was immaterial to our operating results during the three and six months ended June 30, 2024 compared to the three and six months ended 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 June 30, 2024, as compared to the three months ended June 30, 2023, was primarily due to the following reasons:

- An increase in salaries and bonus of approximately $7.8 million primarily due to an increase in overall headcount; and
- An increase in employee benefits and payroll taxes of approximately $2.1 million.

The increase in salaries and employee benefits 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 salaries and bonus of approximately $7.7 million primarily due to an increase in overall headcount; and
- An increase in employee benefits and payroll taxes of approximately $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 tables summarize our cost of legal collections during the periods presented (*in thousands, except percentages*):

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
Court costs	$ 41,881	$ 33,009	$ 8,872	26.9 %
Legal collection fees	22,368	24,141	(1,773)	(7.3)%
Total cost of legal collections	$ 64,249	$ 57,150	$ 7,099	12.4 %

	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 increases of cost of legal collections during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, were primarily due to increased legal placement in this channel in the U.S. 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 increase in general and administrative expense during the three months ended June 30, 2024 as compared to the three months ended June 30, 2023, was primarily due to the following reasons:

- Approximately $1.5 million of increased general and administrative expense include costs associated with 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 $3.1 million; and
- The increase was partially offset by a decrease in legal expenses of approximately $1.9 million and a decrease in consulting fees of approximately $1.2 million.

Other Operating Expenses

The increase in other operating expenses during the three months and six months ended June 30, 2024, as compared to the three months ended June 30, 2023, was primarily due to an increase in postage and printing expenses of approximately $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 decreased by approximately $2.9 million and $3.6 million during the three and six months ended June 30, 2024 as compared to the three and six months ended 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 June 30, 2024, as compared to three and six months ended June 30, 2023, was primarily due to smaller depreciable and amortizable asset balances during the three and six months ended June 30, 2024, as compared to three and six months ended June 30, 2023. 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 the three months ended 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 tables summarize our interest expense for the periods presented (*in thousands, except percentages):*

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
Stated interest on debt obligations	$ 57,163	$ 45,917	$ 11,246	24.5 %
Amortization of debt issuance costs	3,780	3,706	74	2.0 %
Amortization of debt discount	433	360	73	20.3 %
Total interest expense	$ 61,376	$ 49,983	$ 11,393	22.8 %

	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 June 30, 2024, as compared to the three months ended June 30, 2023, was primarily due to the following reasons:

- The effect resulting from increased average debt balance of approximately $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 $7.8 million; and
- An unfavorable impact of foreign currency translation of approximately $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 $2.0 million and $4.7 million during the three and six months ended 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. Interest income included in other income, net 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 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
Provision for income taxes	$ 10,329	$ 10,029	$ 17,582	$ 16,438
Effective tax rate	24.3 %	27.6 %	24.1 %	26.8 %

For the three and six months ended 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 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
Depreciation and amortization	7,461	10,702	15,309	21,572
Net gain on derivative instruments[1]	(78)	—	(273)	—
Stock-based compensation expense	4,637	3,873	7,994	7,925
Acquisition, integration and restructuring related expenses[2]	1,883	454	4,202	5,980
Adjusted EBITDA	$ 116,029	$ 100,223	$ 214,247	$ 191,597
Collections applied to principal balance[3]	$ 228,923	$ 190,658	$ 443,474	$ 373,639

(1) Amount represents gain or loss recognized on derivative instruments that are not designated as hedging instruments or gain or loss recognized on derivative instruments upon dedesignation of hedge relationships. We adjust for this amount because we believe the gain or loss on derivative contracts is not indicative of ongoing operations.

(2) Amount represents acquisition, integration and restructuring related expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore, adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Collections applied to investment in receivable portfolios, net	$ 224,798	$ 175,338	$ 419,833	$ 342,020
Changes in recoveries	(5,754)	3,486	6,655	12,987
REO proceeds applied to basis	9,879	11,834	16,986	18,632
Collections applied to principal balance	$ 228,923	$ 190,658	$ 443,474	$ 373,639

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.

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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	Purchase Price[1]	Cumulative Collections through June 30, 2024												
		<2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total[2]	CCMM[3]
United States:														
<2015	$ 3,762,057	$ 7,258,767	$ 1,076,324	$ 739,743	$ 519,613	$ 372,705	$ 290,351	$ 216,962	$ 186,927	$ 140,814	$ 112,180	$ 46,104	$ 10,960,490	2.9
2015	499,034	—	105,610	231,102	186,391	125,673	85,042	64,133	42,774	25,655	19,518	8,217	894,115	1.8
2016	552,971	—	—	110,875	283,035	234,690	159,279	116,452	87,717	51,650	35,130	14,667	1,093,495	2.0
2017	527,448	—	—	—	111,902	315,853	255,048	193,328	144,243	85,348	57,985	21,143	1,184,850	2.2
2018	629,246	—	—	—	—	175,042	351,696	308,302	228,919	144,566	89,548	34,722	1,332,795	2.1
2019	675,193	—	—	—	—	—	174,693	416,315	400,250	256,444	164,106	60,921	1,472,729	2.2
2020	537,806	—	—	—	—	—	—	213,450	430,514	311,573	194,522	70,656	1,220,715	2.3
2021	403,820	—	—	—	—	—	—	—	120,354	240,605	188,895	73,744	623,598	1.5
2022	549,939	—	—	—	—	—	—	—	—	98,277	268,516	138,437	505,230	0.9
2023	808,606	—	—	—	—	—	—	—	—	—	184,182	245,264	429,446	0.5
2024	472,440	—	—	—	—	—	—	—	—	—	—	52,232	52,232	0.1
Subtotal	9,418,560	7,258,767	1,181,934	1,081,720	1,100,941	1,223,963	1,316,109	1,528,942	1,641,698	1,354,932	1,314,582	766,107	19,769,695	2.1
Europe:														
<2015	1,242,208	519,115	410,256	322,275	284,799	261,696	218,565	177,458	178,076	134,094	112,284	52,760	2,671,378	2.2
2015	419,941	—	65,870	127,084	103,823	88,065	72,277	55,261	57,817	42,660	36,249	17,069	666,175	1.6
2016	258,218	—	—	44,641	97,587	83,107	63,198	51,609	51,017	40,214	35,278	15,837	482,488	1.9
2017	461,571	—	—	—	68,111	152,926	118,794	87,549	86,107	61,762	48,763	20,810	644,822	1.4
2018	432,258	—	—	—	—	49,383	118,266	78,846	80,629	61,691	49,675	22,491	460,981	1.1
2019	273,354	—	—	—	—	—	44,118	80,502	88,448	63,607	54,544	24,247	355,466	1.3
2020	116,227	—	—	—	—	—	—	22,721	59,803	45,757	37,363	16,330	181,974	1.6
2021	255,788	—	—	—	—	—	—	—	43,082	66,529	58,515	27,279	195,405	0.8
2022	244,508	—	—	—	—	—	—	—	—	36,957	70,385	33,586	140,928	0.6
2023	259,255	—	—	—	—	—	—	—	—	—	40,975	45,751	86,726	0.3
2024	101,071	—	—	—	—	—	—	—	—	—	—	13,761	13,761	0.1
Subtotal	4,064,399	519,115	476,126	494,000	554,320	635,177	635,218	553,946	644,979	553,271	544,031	289,921	5,900,104	1.5
Other geographies[4]:														
All vintages	340,283	40,293	42,665	109,884	112,383	108,480	75,601	28,960	20,682	3,334	3,954	1,587	547,823	1.6
Subtotal	340,283	40,293	42,665	109,884	112,383	108,480	75,601	28,960	20,682	3,334	3,954	1,587	547,823	1.6
Total	$13,823,242	$ 7,818,175	$ 1,700,725	$ 1,685,604	$ 1,767,644	$ 1,967,620	$ 2,026,928	$ 2,111,848	$ 2,307,359	$ 1,911,537	$ 1,862,567	$ 1,057,615	$26,217,622	1.9

(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 June 30, 2024, excluding collections on behalf of others.

(3) Cumulative Collections Money Multiple (“CCMM”) through 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)	Historical Collections(2)	Estimated Remaining Collections	Total Estimated Gross Collections	Purchase Price Multiple(3)
United States:					
<2015(4)	$ 3,762,057	$ 10,960,490	$ 207,956	$ 11,168,446	3.0
2015	499,034	894,115	35,948	930,063	1.9
2016	552,971	1,093,495	63,125	1,156,620	2.1
2017	527,448	1,184,850	97,251	1,282,101	2.4
2018	629,246	1,332,795	158,752	1,491,547	2.4
2019	675,193	1,472,729	287,917	1,760,646	2.6
2020	537,806	1,220,715	332,948	1,553,663	2.9
2021	403,820	623,598	326,333	949,931	2.4
2022	549,939	505,230	624,070	1,129,300	2.1
2023	808,606	429,446	1,465,815	1,895,261	2.3
2024	472,440	52,232	1,054,219	1,106,451	2.3
Subtotal	9,418,560	19,769,695	4,654,334	24,424,029	2.6
Europe:					
<2015(4)	1,242,208	2,671,378	878,629	3,550,007	2.9
2015(4)	419,941	666,175	248,229	914,404	2.2
2016	258,218	482,488	201,563	684,051	2.6
2017	461,571	644,822	254,462	899,284	1.9
2018	432,258	460,981	295,164	756,145	1.7
2019	273,354	355,466	275,125	630,591	2.3
2020	116,227	181,974	178,427	360,401	3.1
2021	255,788	195,405	335,326	530,731	2.1
2022	244,508	140,928	340,343	481,271	2.0
2023	259,255	86,726	394,250	480,976	1.9
2024	101,071	13,761	201,534	215,295	2.1
Subtotal	4,064,399	5,900,104	3,603,052	9,503,156	2.3
Other geographies(5):					
All vintages	340,283	547,823	37,250	585,073	1.7
Subtotal	340,283	547,823	37,250	585,073	1.7
Total	$ 13,823,242	$ 26,217,622	$ 8,294,636	$ 34,512,258	2.5

(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 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.

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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]										
	2024[3]	2025	2026	2027	2028	2029	2030	2031	2032	>2032	Total[2]
United States:											
<2015[4]	$ 38,533	$ 58,714	$ 38,598	$ 26,309	$ 17,856	$ 11,777	$ 7,542	$ 4,597	$ 2,623	$ 1,407	$ 207,956
2015	6,871	9,795	5,991	4,107	2,895	2,043	1,444	1,024	727	1,051	35,948
2016	12,036	17,412	10,425	7,097	4,990	3,515	2,481	1,754	1,244	2,171	63,125
2017	17,128	25,454	17,199	11,461	7,886	5,560	3,930	2,786	1,980	3,867	97,251
2018	27,044	41,484	28,664	19,501	12,869	8,860	6,255	4,429	3,146	6,500	158,752
2019	51,947	76,066	51,099	34,584	23,530	15,622	10,805	7,611	5,375	11,278	287,917
2020	57,218	87,517	60,147	40,788	27,821	18,927	12,644	8,799	6,206	12,881	332,948
2021	55,932	84,808	59,634	39,528	26,912	18,603	12,845	8,783	6,114	13,174	326,333
2022	114,847	167,328	106,768	73,089	49,315	34,393	24,376	17,385	12,171	24,398	624,070
2023	214,697	396,785	275,893	179,070	124,500	85,528	59,727	41,584	29,094	58,937	1,465,815
2024	130,057	262,344	224,349	136,061	90,875	64,402	45,013	31,854	22,297	46,967	1,054,219
Subtotal	726,310	1,227,707	878,767	571,595	389,449	269,230	187,062	130,606	90,977	182,631	4,654,334
Europe:											
<2015[4]	51,328	96,519	87,541	80,181	73,980	68,735	62,895	57,637	52,996	246,817	878,629
2015[4]	15,862	29,406	26,727	24,297	21,709	19,564	17,557	15,742	14,425	62,940	248,229
2016	18,694	26,578	24,165	21,434	17,798	15,601	13,654	11,949	10,096	41,594	201,563
2017	19,335	34,701	30,204	27,110	22,695	19,935	17,302	15,098	13,142	54,940	254,462
2018	22,359	39,082	34,531	30,824	27,135	23,682	20,356	17,802	15,455	63,938	295,164
2019	22,533	40,928	33,514	28,229	23,615	20,655	17,894	15,512	13,643	58,602	275,125
2020	18,319	28,589	24,683	19,442	14,779	12,117	10,507	8,612	7,474	33,905	178,427
2021	27,740	50,308	44,682	38,821	33,225	26,967	21,541	18,151	15,709	58,182	335,326
2022	31,461	56,017	47,484	40,066	32,622	26,720	21,436	17,313	14,441	52,783	340,343
2023	39,982	69,598	57,396	47,666	38,834	30,852	24,365	19,724	16,004	49,829	394,250
2024	19,042	38,281	30,757	24,473	19,579	15,288	11,891	9,338	7,578	25,307	201,534
Subtotal	286,655	510,007	441,684	382,543	325,971	280,116	239,398	206,878	180,963	748,837	3,603,052
Other geographies[5]:											
All vintages	3,120	5,542	4,606	3,999	3,482	3,143	2,813	2,477	2,094	5,974	37,250
Subtotal	3,120	5,542	4,606	3,999	3,482	3,143	2,813	2,477	2,094	5,974	37,250
Portfolio ERC	1,016,085	1,743,256	1,325,057	958,137	718,902	552,489	429,273	339,961	274,034	937,442	8,294,636
REO ERC[6]	15,650	24,826	25,645	15,882	11,716	4,081	3,268	992	—	—	102,060
Total ERC	$ 1,031,735	$ 1,768,082	$ 1,350,702	$ 974,019	$ 730,618	$ 556,570	$ 432,541	$ 340,953	$ 274,034	$ 937,442	$ 8,396,696

(1) As of June 30, 2024, ERC for Zero Basis Portfolios include approximately $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 $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 June 30, 2024, ERC for 84-month and 120-month periods were:

	84-Month ERC	120-Month ERC
United States	$ 4,321,166	$ 4,558,660
Europe	2,573,918	3,085,743
Other geographies	27,995	33,697
Portfolio ERC	6,923,079	7,678,100
REO ERC	101,742	102,060
Total ERC	$ 7,024,821	$ 7,780,160

(3) Amount for 2024 consists of six months data from 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 $101.3 million and $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 June 30, 2024, we had $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,	United States	Europe	Other Geographies	Total
2024[(1)]	$ 289,408	$ 110,880	$ 2,489	$ 402,777
2025	544,670	195,235	4,432	744,337
2026	417,457	169,899	3,669	591,025
2027	259,549	147,982	3,180	410,711
2028	173,761	123,693	2,756	300,210
2029	119,395	105,391	2,456	227,242
2030	82,944	88,414	2,184	173,542
2031	58,486	76,028	1,279	135,793
2032	41,240	67,848	—	109,088
2033	29,250	62,290	—	91,540
2034	21,010	58,851	—	79,861
2035	15,655	57,431	—	73,086
2036	12,238	57,589	—	69,827
2037	9,377	59,388	—	68,765
2038	5,653	65,162	—	70,815
2039	1,334	33,261	—	34,595
2040	—	108	—	108
Total	$ 2,081,427	$ 1,479,450	$ 22,445	$ 3,583,322

(1) Amount for 2024 consists of six months data from 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)*:

	Six Months Ended June 30,	
	2024	2023
	(Unaudited)	
Net cash provided by operating activities	$ 86,697	$ 62,623
Net cash used in investing activities	(131,886)	(214,246)
Net cash provided by financing activities	139,492	190,626

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 $86.7 million and $62.6 million during the six months ended 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 $6.7 million and $13.0 million during the six months ended 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 $131.9 million and $214.2 million during the six months ended 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 $567.0 million and $544.7 million during the six months ended June 30, 2024 and 2023, respectively. Collection proceeds applied to the investment in receivable portfolios, were $419.8 million and $342.0 million during the six months ended 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 $139.5 million and $190.6 million during the six months ended 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 $393.5 million and $444.8 million during the six months ended June 30, 2024 and 2023, respectively. Repayments of amounts outstanding under our credit facilities were $1,234.2 million and $259.8 million during the six months ended June 30, 2024 and 2023, respectively. During the six months ended June 30, 2024, we issued two $500.0 million 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 six months ended 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 $1,203.0 million as of 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 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 June 30, 2024, authorization for $91.9 million of share repurchases remained under the share repurchase program.

Our cash and cash equivalents as of June 30, 2024, consisted of $83.3 million held by U.S.-based entities and $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 $20.9 million as of 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 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 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 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

During the quarterly period ended June 30, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408 of 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 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 Notes (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 21, 2024)
10.1+	International 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: August 7, 2024

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

Better Solutions. Better Life.

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

Exhibit 10.1

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

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: 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;

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/ JONATHAN C. CLARK

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

Date: August 7, 2024

Exhibit 32.1

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**

In connection with the Quarterly Report of Encore Capital Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(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.

/s/ ASHISH MASIH

Ashish Masih
President and Chief Executive Officer

August 7, 2024

/s/ JONATHAN C. CLARK

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

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.