

**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 September 30, 2025 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 (IRS Employer
incorporation or organization) Identification No.)

350 Camino De La Reina, Suite 100
San Diego, California 92108
(Address of principal executive offices, including zip code)

(877) 345-3002
(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 October 29, 2025
Common Stock, \$0.01 par value	22,303,676 shares

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

	<u>Page</u>
PART I – FINANCIAL INFORMATION	<u>3</u>
Item 1— Condensed Consolidated Financial Statements (Unaudited)	<u>3</u>
Condensed Consolidated Statements of Financial Condition	<u>3</u>
Condensed Consolidated Statements of Income	<u>4</u>
Condensed Consolidated Statements of Comprehensive Income	<u>5</u>
Condensed Consolidated Statements of Equity	<u>6</u>
Condensed Consolidated Statements of Cash Flows	<u>8</u>
Notes to Condensed Consolidated Financial Statements	<u>9</u>
Note 1: Ownership, Description of Business, and Summary of Significant Accounting Policies	<u>9</u>
Note 2: Earnings Per Share	<u>10</u>
Note 3: Fair Value Measurements	<u>11</u>
Note 4: Derivatives and Hedging Instruments	<u>12</u>
Note 5: Receivable Portfolios, Net	<u>14</u>
Note 6: Other Assets	<u>17</u>
Note 7: Borrowings	<u>17</u>
Note 8: Variable Interest Entities	<u>20</u>
Note 9: Accumulated Other Comprehensive Loss	<u>20</u>
Note 10: Income Taxes	<u>21</u>
Note 11: Commitments and Contingencies	<u>22</u>
Note 12: Segment and Geographic Information	<u>23</u>
Note 13: Goodwill	<u>25</u>
Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>26</u>
Item 3 – Quantitative and Qualitative Disclosures About Market Risk	<u>48</u>
Item 4 – Controls and Procedures	<u>48</u>
PART II – OTHER INFORMATION	<u>49</u>
Item 1 – Legal Proceedings	<u>49</u>
Item 1A – Risk Factors	<u>49</u>
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	<u>49</u>
Item 5 – Other Information	<u>49</u>
Item 6 – Exhibits	<u>50</u>
SIGNATURES	<u>51</u>

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)

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 172,488	\$ 199,865
Receivable portfolios, net	4,270,016	3,776,369
Property and equipment, net	82,041	80,597
Other assets	197,772	225,090
Goodwill	535,626	507,808
Total assets	<u>\$ 5,257,943</u>	<u>\$ 4,789,729</u>
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 259,884	\$ 233,545
Borrowings	3,933,858	3,672,762
Other liabilities	111,287	116,091
Total liabilities	<u>4,305,029</u>	<u>4,022,398</u>
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, 22,854 and 23,691 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	229	237
Additional paid-in capital	—	19,297
Accumulated earnings	1,083,975	909,927
Accumulated other comprehensive loss	(131,290)	(162,130)
Total stockholders' equity	<u>952,914</u>	<u>767,331</u>
Total liabilities and stockholders' equity	<u>\$ 5,257,943</u>	<u>\$ 4,789,729</u>

The following table presents certain assets and liabilities of consolidated variable interest entities (“VIEs”) included in the condensed consolidated statements of financial condition above. Most assets in the table below include those assets that can only be used to settle obligations of consolidated VIEs. The liabilities exclude amounts where creditors or beneficial interest holders have recourse to the general credit of the Company. See “Note 8: Variable Interest Entities” for additional information on the Company’s VIEs.

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 35,300	\$ 23,875
Receivable portfolios, net	1,009,105	895,704
Other assets	3,972	3,699
Liabilities		
Accounts payable and accrued liabilities	3,034	2,946
Borrowings	692,416	599,830
Other liabilities	2,986	887

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues				
Portfolio revenue	\$ 370,126	\$ 328,119	\$ 1,076,518	\$ 965,901
Changes in recoveries	63,636	12,675	140,699	6,020
Total debt purchasing revenue	433,762	340,794	1,217,217	971,921
Servicing revenue	22,175	22,772	67,022	64,258
Other revenues	4,416	3,505	11,011	14,563
Total revenues	460,353	367,071	1,295,250	1,050,742
Operating expenses				
Salaries and employee benefits	117,118	107,502	340,788	318,294
Cost of legal collections	80,010	67,339	227,672	190,309
General and administrative expenses	39,220	38,808	121,565	111,828
Other operating expenses	37,056	31,804	108,298	93,016
Collection agency commissions	6,601	7,370	21,848	22,308
Depreciation and amortization	7,170	8,158	21,825	23,467
Total operating expenses	287,175	260,981	841,996	759,222
Income from operations	173,178	106,090	453,254	291,520
Other expense				
Interest expense	(74,242)	(66,906)	(218,715)	(184,047)
Other income	929	1,578	3,802	6,291
Total other expense	(73,313)	(65,328)	(214,913)	(177,756)
Income before income taxes	99,865	40,762	238,341	113,764
Provision for income taxes	(25,205)	(10,119)	(58,164)	(27,701)
Net income	\$ 74,660	\$ 30,643	\$ 180,177	\$ 86,063
Earnings per share:				
Basic	\$ 3.22	\$ 1.28	\$ 7.66	\$ 3.61
Diluted	\$ 3.17	\$ 1.26	\$ 7.57	\$ 3.54
Weighted average shares outstanding:				
Basic	23,222	23,912	23,534	23,859
Diluted	23,520	24,407	23,789	24,324

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 74,660	\$ 30,643	\$ 180,177	\$ 86,063
Other comprehensive (loss) income, net of tax:				
Change in unrealized gain (loss) on derivative instruments:				
Unrealized gain (loss) on derivative instruments	3,733	(23,315)	(1,107)	(18,571)
Income tax effect	(935)	6,014	176	2,241
Unrealized gain (loss) on derivative instruments, net of tax	2,798	(17,301)	(931)	(16,330)
Change in foreign currency translation:				
Unrealized (loss) gain on foreign currency translation	(14,355)	42,237	31,837	34,945
Income tax effect	(252)	640	(66)	923
Unrealized (loss) gain on foreign currency translation, net of tax	(14,607)	42,877	31,771	35,868
Other comprehensive (loss) income, net of tax:	(11,809)	25,576	30,840	19,538
Comprehensive income	<u>\$ 62,851</u>	<u>\$ 56,219</u>	<u>\$ 211,017</u>	<u>\$ 105,601</u>

See accompanying notes to condensed consolidated financial statements

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

Three Months Ended September 30, 2025

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Par				
Balance as of June 30, 2025	23,095	\$ 231	\$ —	\$ 1,015,221	\$ (119,481)	\$ 895,971
Net income	—	—	—	74,660	—	74,660
Other comprehensive loss, net of tax	—	—	—	—	(11,809)	(11,809)
Issuance of share-based awards, net of shares withheld for employee taxes	2	—	(135)	—	—	(135)
Repurchase and retirement of common stock	(243)	(2)	(4,206)	(5,906)	—	(10,114)
Stock-based compensation	—	—	4,341	—	—	4,341
Balance as of September 30, 2025	<u>22,854</u>	<u>\$ 229</u>	<u>\$ —</u>	<u>\$ 1,083,975</u>	<u>\$ (131,290)</u>	<u>\$ 952,914</u>

Three Months Ended September 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Par				
Balance as of June 30, 2024	23,691	\$ 237	\$ 13,257	\$ 1,104,591	\$ (129,958)	\$ 988,127
Net income	—	—	—	30,643	—	30,643
Other comprehensive income, net of tax	—	—	—	—	25,576	25,576
Issuance of share-based awards, net of shares withheld for employee taxes	—	—	22	—	—	22
Stock-based compensation	—	—	3,737	—	—	3,737
Balance as of September 30, 2024	<u>23,691</u>	<u>\$ 237</u>	<u>\$ 17,016</u>	<u>\$ 1,135,234</u>	<u>\$ (104,382)</u>	<u>\$ 1,048,105</u>

Nine Months Ended September 30, 2025

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Par				
Balance as of December 31, 2024	23,691	\$ 237	\$ 19,297	\$ 909,927	\$ (162,130)	\$ 767,331
Net income	—	—	—	180,177	—	180,177
Other comprehensive income, net of tax	—	—	—	—	30,840	30,840
Issuance of share-based awards, net of shares withheld for employee taxes	114	1	(3,154)	—	—	(3,153)
Repurchase and retirement of common stock	(951)	(9)	(29,191)	(6,129)	—	(35,329)
Stock-based compensation	—	—	13,048	—	—	13,048
Balance as of September 30, 2025	<u>22,854</u>	<u>\$ 229</u>	<u>\$ —</u>	<u>\$ 1,083,975</u>	<u>\$ (131,290)</u>	<u>\$ 952,914</u>

Nine Months Ended September 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Par				
Balance as of December 31, 2023	23,545	\$ 235	\$ 11,052	\$ 1,049,171	\$ (123,920)	\$ 936,538
Net income	—	—	—	86,063	—	86,063
Other comprehensive income, net of tax	—	—	—	—	19,538	19,538
Issuance of share-based awards, net of shares withheld for employee taxes	146	2	(5,767)	—	—	(5,765)
Stock-based compensation	—	—	11,731	—	—	11,731
Balance as of September 30, 2024	<u>23,691</u>	<u>\$ 237</u>	<u>\$ 17,016</u>	<u>\$ 1,135,234</u>	<u>\$ (104,382)</u>	<u>\$ 1,048,105</u>

See accompanying notes to condensed consolidated financial statements

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

	Nine Months Ended September 30,	
	2025	2024
Operating activities:		
Net income	\$ 180,177	\$ 86,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,825	23,467
Other non-cash interest expense, net	11,151	12,379
Stock-based compensation expense	13,048	11,731
Changes in recoveries	(140,699)	(6,020)
Other, net	7,231	9,195
Changes in operating assets and liabilities		
Other assets	17,316	(35,277)
Accounts payable, accrued liabilities and other liabilities	26,339	31,086
Net cash provided by operating activities	136,388	132,624
Investing activities:		
Purchases of receivable portfolios, net of put-backs	(1,066,223)	(844,868)
Collections applied to receivable portfolios	846,292	641,982
Purchases of property and equipment	(19,338)	(20,451)
Other, net	23,720	47,632
Net cash used in investing activities	(215,549)	(175,705)
Financing activities:		
Payment of loan and debt refinancing costs	(3,892)	(18,164)
Proceeds from credit facilities	812,751	458,844
Repayment of credit facilities	(699,452)	(1,292,578)
Proceeds from senior secured notes	—	1,000,000
Repayment of senior secured notes	—	(29,310)
Repurchase and retirement of common stock	(35,329)	—
Other, net	(23,522)	11,695
Net cash provided by financing activities	50,556	130,487
Net (decrease) increase in cash and cash equivalents	(28,605)	87,406
Effect of exchange rate changes on cash and cash equivalents	1,228	1,583
Cash and cash equivalents, beginning of period	199,865	158,364
Cash and cash equivalents, end of period	\$ 172,488	\$ 247,353
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 172,756	\$ 138,951
Cash paid for income taxes, net of refunds	40,174	61,255
Supplemental schedule of non-cash investing activities:		
Receivable portfolios transferred to real estate owned	\$ 2,960	\$ 4,617

See accompanying notes to condensed consolidated financial statements

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, 2024. 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 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, once adopted, will likely result in additional required disclosures in the Company’s consolidated financial statements for the year ending December 31, 2025.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”) and in January 2025, the FASB issued ASU 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses: Clarifying the Effective Date (“ASU 2025-01”). ASU 2024-03 requires public business entities to disclose in the notes to the financial statements, among other things, specific information about certain costs and expenses including purchases of inventory; employee compensation; and depreciation, amortization and depletion expenses for each caption on the income statement where such expenses are included. ASU 2024-03, as clarified by ASU 2025-01, is effective for annual periods beginning after December 15, 2026 and interim periods with fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-04, Debt - Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The new standard is effective for annual periods beginning after December 15, 2025. The Company is currently evaluating the potential impact, but it does not expect the adoption of this standard to have a material impact 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 potentially dilutive 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 senior notes, if applicable.

As announced in May 2021, the Company’s Board of Directors approved a \$300.0 million share repurchase program. During the three and nine months ended September 30, 2025, the Company repurchased 243,174 and 951,098 shares of common stock for approximately \$10.0 million and \$35.0 million, respectively, under the share repurchase program. The Company did not make any repurchases under the share repurchase program during the three and nine months ended September 30, 2024. The Company’s practice is to retire the shares repurchased.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 74,660	\$ 30,643	\$ 180,177	\$ 86,063
Shares:				
Total weighted-average basic shares outstanding	23,222	23,912	23,534	23,859
Dilutive effect of stock-based awards	220	89	154	103
Dilutive effect of convertible senior notes	78	406	101	362
Total weighted-average dilutive shares outstanding	23,520	24,407	23,789	24,324
Basic earnings per share	\$ 3.22	\$ 1.28	\$ 7.66	\$ 3.61
Diluted earnings per share	\$ 3.17	\$ 1.26	\$ 7.57	\$ 3.54

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.

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 September 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate cap contracts	\$ —	\$ 188	\$ —	\$ 188
Liabilities				
Interest rate swap agreements	—	(19,040)	—	(19,040)
	Fair Value Measurements as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate cap contracts	\$ —	\$ 252	\$ —	\$ 252
Liabilities				
Interest rate swap agreements	—	(18,360)	—	(18,360)

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 models that 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.

Non-Recurring Fair Value Measurement:

Certain assets are measured at fair value on a nonrecurring basis. Goodwill and property and equipment are adjusted to fair value when an impairment charge is recognized. Such fair values are determined using various valuation techniques under Level 3 fair value hierarchy. REO assets are 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 \$23.5 million and \$38.1 million as of September 30, 2025 and December 31, 2024, 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 September 30, 2025 and December 31, 2024 (*in thousands*):

	Fair Value Level	September 30, 2025		December 31, 2024	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and cash equivalents	Level 1	\$ 172,488	\$ 172,488	\$ 199,865	\$ 199,865
Receivable portfolios, net	Level 3	4,270,016	4,547,021	3,776,369	4,052,645
Other assets ⁽²⁾	Level 2	114,096	114,096	128,674	128,674
Financial Liabilities					
Accounts payable and accrued liabilities	Level 2	259,884	259,884	233,545	233,545
Global senior secured revolving credit facility	Level 2	927,250	927,250	865,365	865,365
Senior secured notes ⁽¹⁾	Level 2	1,938,354	1,988,005	1,843,386	1,893,367
Convertible senior notes due October 2025	Level 2	100,000	105,915	100,000	129,100
Convertible senior notes due March 2029	Level 2	230,000	227,578	230,000	232,611
Cabot securitisation senior facility	Level 2	342,899	342,899	319,137	319,137
U.S. facility	Level 2	352,500	352,500	283,500	283,500
Other borrowings	Level 2	70,270	70,270	64,904	64,904
Other liabilities ⁽²⁾	Level 2	92,247	92,247	97,731	97,731

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

(2) Only includes financial instruments not required to be carried at fair value. Derivative instruments, which are required to be carried at fair value are excluded.

Receivable Portfolios:

The fair value of receivable portfolios is measured 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 and senior secured notes are carried at historical cost, adjusted for the applicable debt discount. The fair value estimate for the convertible notes incorporates 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. The fair value of the senior secured notes is estimated using borrowing rates with similar terms, maturities, and credit ratings.

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.

Others:

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.

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*):

	September 30, 2025		December 31, 2024	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate cap contracts	Other assets	\$ 188	Other assets	\$ 252
Interest rate swap agreements	Other liabilities	(19,040)	Other liabilities	(18,360)

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.

From time to time, 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 Company designates its cross-currency swap agreements as fair value hedges at inception.

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

	September 30, 2025				
	Effective date	Maturity Date	Hedge Designation	Notional Amount	Receive Floating Rate Index
Interest rate cap contracts					
2024 Cap	September 2024	September 2026	Cash flow hedge	\$342.9 million	SONIA
2025 Cap	September 2026	January 2028	Cash flow hedge	\$342.9 million	SONIA
Interest rate swap agreements					
2023 Euro IR Swap	October 2023	January 2028	Cash flow hedge	\$117.4 million	3-month EURIBOR
2024 Euro IR Swaps	June 2024	January 2028	Cash flow hedge	\$487.1 million	3-month EURIBOR
2023 SOFR IR Swaps - U.S.Facility	November 2023	October 2026	Cash flow hedge	\$150.0 million	1-month SOFR CME Term
2025 SOFR IR Swaps - U.S.Facility	January 2025	October 2027	Cash flow hedge	\$125.0 million	1-month SOFR CME Term
2025 SOFR IR Swaps - Global Senior Facility	April 2025	April 2027	Cash flow hedge	\$150.0 million	1-month SOFR CME Term
	December 31, 2024				
	Effective date	Maturity Date	Hedge Designation	Notional Amount	Receive Floating Rate Index
Interest rate cap contracts					
2024 Cap	September 2024	September 2026	Cash flow hedge	\$319.1 million	SONIA
Interest rate swap agreements					
2023 Euro IR Swap	October 2023	January 2028	Cash flow hedge	\$103.5 million	3-month EURIBOR
2024 Euro IR Swaps	June 2024	January 2028	Cash flow hedge	\$429.6 million	3-month EURIBOR
2023 SOFR IR Swaps - U.S.Facility	November 2023	October 2026	Cash flow hedge	\$150.0 million	1-month SOFR CME Term

The Company expects to reclassify approximately \$10.5 million of net derivative loss from OCI into earnings relating to its cash flow designated derivatives within the next 12 months. This amount will vary due to fluctuations in benchmark interest rates.

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

Derivatives Designated as Hedging Instruments	Gain (Loss) Recognized in OCI		Location of Gain (Loss) Reclassified from OCI into Income (Loss)	(Loss) Gain Reclassified from OCI into Income	
	Three Months Ended September 30,			Three Months Ended September 30,	
	2025	2024		2025	2024
Interest rate swap agreements	\$ 2,251	\$(15,272)	Interest expense	\$ (1,368)	\$ 1,078
Interest rate cap contracts	(302)	(2,460)	Interest expense	(416)	(382)
Cross-currency swap agreements	—	29,718	Interest expense	—	(997)
			Other income	—	35,602

Derivatives Designated as Hedging Instruments	(Loss) Gain Recognized in OCI		Location of Gain (Loss) Reclassified from OCI into Income (Loss)	(Loss) Gain Reclassified from OCI into Income	
	Nine Months Ended September 30,			Nine Months Ended September 30,	
	2025	2024		2025	2024
Interest rate swap agreements	\$ (3,558)	\$ 2,001	Interest expense	\$ (2,878)	\$ 2,273
Interest rate cap contracts	(1,621)	(14,288)	Interest expense	(1,194)	(1,758)
Cross-currency swap agreements	—	12,419	Interest expense	—	(4,534)
			Other income	—	22,722

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 gains or losses on these unhedged derivative contracts are recognized in other income or expense based on the changes in fair value. The Company did not have any derivatives that were not designated as hedging instruments as of September 30, 2025 and December 31, 2024.

The following table summarizes the effects of derivatives not designated as hedging instruments on the Company’s condensed consolidated statements of income during the periods presented (*in thousands*):

Derivatives Not Designated as Hedging Instruments	Location of (Loss) Gain Recognized in Income on Derivative	Amount of (Loss) Gain Recognized in Income			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2025	2024	2025	2024
Interest rate cap contract	Other (expense) income	\$ —	\$ (7)	\$ —	\$ 267
Foreign currency exchange contract	Other expense	—	(8,098)	—	(7,225)

Note 5: 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 “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. The amount of the negative allowance (*i.e.*, receivable portfolios) will not exceed the total amortized cost basis of the loans written-off.

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) Portfolio revenue, 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 that may have an impact on the Company’s collections include new laws or regulations, new interpretations of existing laws or regulations, and macroeconomic conditions.

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

	September 30, 2025	December 31, 2024
Amortized cost	\$ —	\$ —
Negative allowance for expected recoveries	4,270,016	3,776,369
Balance, end of period	<u>\$ 4,270,016</u>	<u>\$ 3,776,369</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Balance, beginning of period	\$ 4,184,780	\$ 3,583,322	\$ 3,776,369	\$ 3,468,432
Negative allowance for expected recoveries - portfolio purchases ⁽¹⁾	346,069	282,485	1,081,019	856,891
Collections applied to receivable portfolios, net ⁽²⁾	(292,892)	(222,149)	(846,292)	(641,982)
Changes in recoveries ⁽³⁾	63,636	12,675	140,699	6,020
Put-backs and recalls	(5,237)	(4,577)	(14,796)	(12,023)
Disposals and transfers to real estate owned	(949)	(7,055)	(2,960)	(10,153)
Foreign currency translation adjustments	(25,391)	74,559	135,977	52,075
Balance, end of period	<u>\$ 4,270,016</u>	<u>\$ 3,719,260</u>	<u>\$ 4,270,016</u>	<u>\$ 3,719,260</u>

(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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Purchase price	\$ 346,069	\$ 282,485	\$ 1,081,019	\$ 856,891
Allowance for credit losses	859,199	667,584	2,939,336	1,961,740
Amortized cost	1,205,268	950,069	4,020,355	2,818,631
Noncredit discount	1,562,698	1,220,316	5,164,621	3,688,070
Face value	2,767,966	2,170,385	9,184,976	6,506,701
Write-off of amortized cost	(1,205,268)	(950,069)	(4,020,355)	(2,818,631)
Write-off of noncredit discount	(1,562,698)	(1,220,316)	(5,164,621)	(3,688,070)
Negative allowance	346,069	282,485	1,081,019	856,891
Negative allowance for expected recoveries - portfolio purchases	\$ 346,069	\$ 282,485	\$ 1,081,019	\$ 856,891

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash Collections	\$ 663,018	\$ 550,268	\$ 1,922,810	\$ 1,607,883
Less - amounts classified to portfolio revenue	(370,126)	(328,119)	(1,076,518)	(965,901)
Collections applied to receivable portfolios, net	\$ 292,892	\$ 222,149	\$ 846,292	\$ 641,982

(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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Recoveries above forecast	\$ 61,459	\$ 22,962	\$ 140,674	\$ 51,258
Changes in expected future recoveries	2,177	(10,287)	25	(45,238)
Changes in recoveries	\$ 63,636	\$ 12,675	\$ 140,699	\$ 6,020

Recoveries above or below forecast represent over and under-performance in the reporting period, respectively. Collections during the three and nine months ended September 30, 2025, over-performed the forecasted collections by approximately \$61.5 million and \$140.7 million, respectively, primarily driven by collections over-performance in the U.S. resulting from enhanced collections strategies. Collections during the three and nine months ended September 30, 2024, over-performed the forecasted collections by approximately \$23.0 million and \$51.3 million, respectively.

When reassessing the forecasts of expected lifetime recoveries during the three months ended September 30, 2025, management considered, among other factors, historical and current collection performance, changes in consumer behavior, and the macroeconomic environment. The significant recoveries above forecast in recent periods were carefully evaluated. Management concluded that the recoveries above forecast were primarily current period collections over-performance and did not represent any material shift in timing of the collections. Therefore, the updated forecast did not result in a material change in expected future recoveries. The Company recorded a net positive change in expected future recoveries of approximately \$2.2 million during the three months ended September 30, 2025. This \$2.2 million net positive change recorded during the three months ended September 30, 2025 was offset by approximately \$2.2 million net negative change recorded in the first half of fiscal year 2025 and as a result, the net change in expected future recoveries recorded during the nine months ended September 30, 2025 was negligible. During the three and nine months ended September 30, 2024, the Company recorded approximately \$10.3 million and \$45.2 million in net negative change in expected future recoveries, respectively.

Note 6: Other Assets

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

	September 30, 2025	December 31, 2024
Operating lease right-of-use assets	\$ 60,035	\$ 58,089
Prepaid expenses	34,229	35,564
Real estate owned	23,453	38,075
Other financial receivables	22,629	18,952
Service fee receivables	13,557	10,914
Income tax deposits	8,281	10,438
Deferred tax assets	6,038	8,418
Other	29,550	44,640
Total	<u>\$ 197,772</u>	<u>\$ 225,090</u>

Note 7: Borrowings

The Company is in compliance in all material respects with all covenants under its financing arrangements as of September 30, 2025. The components of the Company's consolidated borrowings were as follows (*in thousands*):

	September 30, 2025	December 31, 2024
Global senior secured revolving credit facility	\$ 927,250	\$ 865,365
Senior secured notes	1,940,638	1,846,047
Convertible senior notes	330,000	330,000
Cabot securitisation senior facility	342,899	319,137
U.S. facility	352,500	283,500
Other	70,270	64,904
Finance lease liabilities	797	1,065
	<u>3,964,354</u>	<u>3,710,018</u>
Less: debt discount and issuance costs, net of amortization	<u>(30,496)</u>	<u>(37,256)</u>
Total	<u>\$ 3,933,858</u>	<u>\$ 3,672,762</u>

Encore is the parent of the restricted group for the Global Senior Facility and the Senior Secured Notes, both of which are 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 September 30, 2025, the Global Senior Facility provided for a total committed facility of \$1,485.0 million that matures in September 2029, except for a \$69.5 million tranche that terminates in September 2028, and included 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 2.25%, 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 and any super priority hedging liabilities (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 September 30, 2025, the outstanding borrowings under the Global Senior Facility were \$927.3 million. The weighted average interest rate of the Global Senior Facility was 6.44% and 6.13% for the three months ended September 30, 2025 and 2024, respectively, and 6.49% and 7.87% for the nine months ended September 30, 2025 and 2024, respectively. Available capacity under the Global Senior Facility, after taking into account applicable debt covenants, was approximately \$491.1 million as of September 30, 2025.

Senior Secured Notes

The following table provides a summary of the Company’s senior secured notes (the “Senior Secured Notes”) (*\$ in thousands*):

	September 30, 2025	December 31, 2024	Issue Currency	Maturity Date	Interest Payment Dates	Interest Rate
Encore 2028 Notes	\$ 336,176	\$ 312,880	GBP	Jun 1, 2028	Jun 1, Dec 1	4.250 %
Encore 2028 Floating Rate Notes	604,462	533,167	EUR	Jan 15, 2028	Jan 15, Apr 15, Jul 15, Oct 15	EURIBOR +4.250% ⁽¹⁾
Encore 2029 Notes	500,000	500,000	USD	Apr 1, 2029	Apr 1, Oct 1	9.250 %
Encore 2030 Notes	500,000	500,000	USD	May 15, 2030	May 15, Nov 15	8.500 %
	<u>\$ 1,940,638</u>	<u>\$ 1,846,047</u>				

(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. The guarantees provided in respect of the Senior Secured Notes are pari passu with the guarantee given in respect of the Global Senior Facility. 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 6.32% and 7.97% for the three months ended September 30, 2025 and 2024, respectively, and 6.68% and 8.11% for the nine months ended September 30, 2025 and 2024, respectively.

On October 1, 2025, the Company issued \$500.0 million in aggregate principal amount of 6.625% Senior Secured Notes due April 2031 at an issue price of 100.000% (the “2031 Notes”). Interest on the 2031 Notes is payable semi-annually, in arrears, on April 15 and October 15 of each year, commencing on April 15, 2026. The Company used the proceeds from this offering to pay down drawings under its Global Senior Facility and to pay certain transaction fees and expenses incurred in connection with the offering of the 2031 Notes.

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*):

	September 30, 2025	December 31, 2024	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 %
	<u>\$ 330,000</u>	<u>\$ 330,000</u>			

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 September 30, 2025 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⁾	\$ 4,897	\$ —
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 September 30, 2025 using a hypothetical share price based on the closing stock price on September 30, 2025. On October 1, 2025, the Company settled the conversion of the 2025 Convertible Notes entirely in cash for \$106.2 million.

Prior to the close of business on the business day immediately preceding their respective free conversion dates (listed above), holders may convert their Convertible Notes only under certain circumstances set forth in the applicable indentures. On or after their respective free conversion dates until the close of business on the second scheduled trading day immediately preceding their respective maturity dates, holders may convert their notes at any time.

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.

The Company’s convertible notes are carried as a single liability, which reflects the principal amount of the convertible notes. Interest expense related to the Convertible Notes was \$3.1 million for both the three months ended September 30, 2025 and the three months ended September 30, 2024, and \$9.4 million for both the nine months ended September 30, 2025 and the nine months ended September 30, 2024.

On October 1, 2025, the Company settled its \$100.0 million 2025 Convertible Notes upon conversion in cash for \$106.2 million, of which \$6.2 million (the excess above the principal amount) represented the conversion spread and was recognized in the Company’s stockholder’s equity subsequent to the quarter ended September 30, 2025. No gain or loss was recognized as a result of the conversion of the 2025 Convertible Notes. The settlement was funded by borrowings from the Company’s Global Senior Facility.

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 (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 January 18, 2028, a step up margin ranging from zero to 1.00%. The Cabot Securitisation Senior Facility matures in January 2030.

As of September 30, 2025, the outstanding borrowings under the Cabot Securitisation Senior Facility were £255.0 million (approximately \$342.9 million based on an exchange rate of \$1.00 to £0.74, the exchange rate as of September 30, 2025). 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 £284.9 million (approximately \$383.1 million based on an exchange rate of \$1.00 to £0.74, the exchange rate as of September 30, 2025) as of September 30, 2025. The weighted average interest rate of the Cabot Securitisation Senior Facility was 7.29% and 8.22% for the three months ended September 30, 2025 and 2024, respectively, and 7.54% and 8.34% for the nine months ended September 30, 2025 and 2024, 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

An indirect subsidiary of Encore (“U.S. Financing Subsidiary”) has a facility for a committed amount of \$450.0 million (as amended, the “U.S. Facility”) that matures in October 2028. 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 September 30, 2025, the outstanding borrowings under the U.S. Facility were \$352.5 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 September 30, 2025, this included receivables acquired from MCM, the book value of which was approximately \$621.2 million. The weighted average interest rate of the U.S. Facility was 7.81% and 8.80% for the three months ended September 30, 2025 and 2024, respectively, and 7.82% and 8.82% for the nine months ended September 30, 2025 and 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 September 30, 2025, 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 September 30, 2025		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at beginning of period	\$ (20,097)	\$ (99,384)	\$ (119,481)
Other comprehensive income (loss) before reclassification	1,949	(14,355)	(12,406)
Reclassification	1,784	—	1,784
Tax effect	(935)	(252)	(1,187)
Balance at end of period	<u>\$ (17,299)</u>	<u>\$ (113,991)</u>	<u>\$ (131,290)</u>

	Three Months Ended September 30, 2024		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at beginning of period	\$ (2,122)	\$ (127,836)	\$ (129,958)
Other comprehensive income before reclassification	11,986	42,237	54,223
Reclassification	(35,301)	—	(35,301)
Tax effect	6,014	640	6,654
Balance at end of period	<u>\$ (19,423)</u>	<u>\$ (84,959)</u>	<u>\$ (104,382)</u>

	Nine Months Ended September 30, 2025		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at beginning of period	\$ (16,368)	\$ (145,762)	\$ (162,130)
Other comprehensive (loss) income before reclassification	(5,179)	31,837	26,658
Reclassification	4,072	—	4,072
Tax effect	176	(66)	110
Balance at end of period	<u>\$ (17,299)</u>	<u>\$ (113,991)</u>	<u>\$ (131,290)</u>

	Nine Months Ended September 30, 2024		
	Derivatives	Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at beginning of period	\$ (3,093)	\$ (120,827)	\$ (123,920)
Other comprehensive income before reclassification	132	34,945	35,077
Reclassification	(18,703)	—	(18,703)
Tax effect	2,241	923	3,164
Balance at end of period	<u>\$ (19,423)</u>	<u>\$ (84,959)</u>	<u>\$ (104,382)</u>

Note 10: Income Taxes

The Company’s effective tax rate for the three and nine months ended September 30, 2025 was 25.2% and 24.4%, respectively. For the three and nine months ended September 30, 2024, the Company’s effective tax rate was 24.8% and 24.3%, respectively. For the three and nine months ended September 30, 2025, the differences between the effective tax rate and the federal statutory rate were primarily due to state income taxes offset by other foreign adjustments. For the three and nine months ended September 30, 2024, the differences between our effective tax rate and the federal statutory rate were primarily due to state income taxes.

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 August 13, 2026. The exemption under this tax holiday will decrease to 50% through August 13, 2030, and then 0% thereafter. The impact of the tax holiday in Costa Rica for the three and nine months ended September 30, 2025 and 2024, 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 nine months ended September 30, 2025. The estimated impact of top-up tax for the periods was immaterial.

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (“OBBBA”), which includes a broad range of tax reform provisions affecting businesses. The legislation features permanent extension, with modifications, of key 2017 Tax Cuts and Jobs Act provisions that were set to change at the end of 2025. The effects of the OBBBA were included in the Company’s consolidated financial statements for the three and nine months ended September 30, 2025. The OBBBA is not expected to materially impact the Company’s 2025 annual effective tax rate.

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 September 30, 2025, 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, 2024 or any new material legal proceedings during the three and nine months ended September 30, 2025.

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 September 30, 2025, 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 September 30, 2025, the Company had entered into forward flow purchase agreements for the purchase of nonperforming loans with an estimated minimum aggregate purchase price of approximately \$498.3 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 accounting policies applied to the segments are the same as those described in the summary of significant accounting policies. The Company determined its operating segments meet the aggregation criteria, and therefore, it has one reportable segment, debt purchasing and recovery segment, 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 Company's Chief Operating Decision Maker, which is the Company's chief executive officer, relies on internal management reporting processes that provide segment revenues, segment total operating expenses, segment operating income, and segment asset information in order to make financial decisions. The measure of segment performance is segment operating income. The Company's Chief Operating Decision Maker assesses the segment's performance and makes decisions about the allocation of capital resources to each segment accordingly. Corporate and other unallocated represents corporate overhead and other items not allocated to any of the Company's operating segments. Segment assets are presented in the Company's Consolidated Statements of Financial Position as total assets.

The following tables present the results of operations of the Company's reportable segment for the periods presented (*in thousands*):

	Three Months Ended September 30, 2025		
	Debt purchasing and recovery segment	Corporate and other unallocated	Consolidated
Total revenues	\$ 460,353	\$ —	\$ 460,353
Total operating expenses ⁽¹⁾	(270,035)	(17,140)	(287,175)
Operating income	190,318		173,178
Other segment items ⁽²⁾		929	929
Interest expense ⁽³⁾		(74,242)	(74,242)
Provision for income taxes		(25,205)	(25,205)
Net income			<u>\$ 74,660</u>

(1) Certain corporate activities that are not allocated to the debt purchasing and recovery segment are recorded under corporate and other unallocated. During the three months ended September 30, 2025, such non-allocated operating expenses primarily consisted of salaries and employee benefits of approximately \$11.3 million for corporate employees and general and administrative expenses of approximately \$5.3 million.

(2) The other segment items category includes other income.

(3) The Company manages its available capital resources at the corporate level. Interest expense is not allocated to operating segments.

	Three Months Ended September 30, 2024		
	Debt purchasing and recovery segment	Corporate and other unallocated	Consolidated
Total revenues	\$ 367,071	\$ —	\$ 367,071
Total operating expenses ⁽¹⁾	(246,824)	(14,157)	(260,981)
Operating income	120,247		106,090
Other segment items ⁽²⁾		1,578	1,578
Interest expense ⁽³⁾		(66,906)	(66,906)
Provision for income taxes		(10,119)	(10,119)
Net income			<u>\$ 30,643</u>

(1) Certain corporate activities that are not allocated to the debt purchasing and recovery segment are recorded under corporate and other unallocated. During the three months ended September 30, 2024, such non-allocated operating expenses primarily consisted of salaries and employee benefits of approximately \$9.8 million for corporate employees and general and administrative expenses of approximately \$4.2 million.

(2) The other segment items category includes other income.

(3) The Company manages its available capital resources at the corporate level. Interest expense is not allocated to operating segments.

	Nine Months Ended September 30, 2025		
	Debt purchasing and recovery segment	Corporate and other unallocated	Consolidated
Total revenues	\$ 1,295,250	\$ —	\$ 1,295,250
Total operating expenses ⁽¹⁾	(793,851)	(48,145)	(841,996)
Operating income	501,399		453,254
Other segment items ⁽²⁾		3,802	3,802
Interest expense ⁽³⁾		(218,715)	(218,715)
Provision for income taxes		(58,164)	(58,164)
Net income			\$ 180,177

- (1) Certain corporate activities that are not allocated to the debt purchasing and recovery segment are recorded under corporate and other unallocated. During the nine months ended September 30, 2025, such non-allocated operating expenses primarily consisted of salaries and employee benefits of approximately \$31.6 million for corporate employees and general and administrative expenses of approximately \$15.1 million.
- (2) The other segment items category includes other income.
- (3) The Company manages its available capital resources at the corporate level. Interest expense is not allocated to operating segments.

	Nine Months Ended September 30, 2024		
	Debt purchasing and recovery segment	Corporate and other unallocated	Consolidated
Total revenues	\$ 1,050,742	\$ —	\$ 1,050,742
Total operating expenses ⁽¹⁾	(716,150)	(43,072)	(759,222)
Operating income	334,592		291,520
Other segment items ⁽²⁾		6,291	6,291
Interest expense ⁽³⁾		(184,047)	(184,047)
Provision for income taxes		(27,701)	(27,701)
Net income			\$ 86,063

- (1) Certain corporate activities that are not allocated to the debt purchasing and recovery segment are recorded under corporate and other unallocated. During the nine months ended September 30, 2024, such non-allocated operating expenses primarily consisted of salaries and employee benefits of approximately \$28.7 million for corporate employees and general and administrative expenses of approximately \$13.8 million.
- (2) The other segment items category includes other income.
- (3) The Company manages its available capital resources at the corporate level. Interest expense is not allocated to operating segments.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues:				
United States	\$ 335,101	\$ 258,300	\$ 917,277	\$ 717,186
Europe				
United Kingdom	89,799	84,000	265,276	233,152
Other European countries ⁽¹⁾	33,726	24,415	107,848	98,707
Total Europe	123,525	108,415	373,124	331,859
Other geographies ⁽¹⁾	1,727	356	4,849	1,697
Total	\$ 460,353	\$ 367,071	\$ 1,295,250	\$ 1,050,742

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

Note 13: Goodwill

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.

There have been no events or circumstances during the three and nine months ended September 30, 2025 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. 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 reporting units included in its portfolio purchasing and recovery segment. The following table summarizes the activity in the Company's goodwill balance (*in thousands*):

	Total Company
Balance as of December 31, 2024	\$ 507,808
Effect of foreign currency translation	11,602
Balance as of March 31, 2025	519,410
Effect of foreign currency translation	23,502
Balance as of June 30, 2025	542,912
Effect of foreign currency translation	(7,286)
Balance as of September 30, 2025	<u>\$ 535,626</u>

As of September 30, 2025 and December 31, 2024, the Company's accumulated goodwill impairment loss was \$338.8 million, attributable to its Cabot reporting unit.

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 primarily 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 obligations 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 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”).

LAAP (Latin America and Asia-Pacific)

We have purchased non-performing loans in Mexico. Additionally, we have a subsidiary 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 France and Spain.

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 generally 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 credit card and consumer loan accounts. We purchase receivable portfolios using a proprietary pricing model that utilizes account-level statistical and behavioral data. This model generally allows us to accurately value portfolios and to develop collection strategies that maximize future returns. As a result, we have generally 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 and charge-off rates remaining near recent peak levels, U.S. portfolio supply continues to be robust. Issuers have continued to sell predominantly fresh portfolios that are generally sold within six months of the consumer’s account being charged-off by the financial institution. Pricing in the third 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 steady lending and delinquency rates at elevated levels will result in stable and strong market 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 is increasing.

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

While sales activity across all of our European markets remains stable, underlying default rates are generally low by historic levels, and consumer lending volumes have stagnated. Sales levels are expected to fluctuate from quarter to quarter. In general, portfolio pricing remains competitive across our European footprint, constraining the amount of capital we elect to deploy in Europe.

Purchases by Geographic Location

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
MCM (United States)	\$ 261,140	\$ 230,182	\$ 894,770	\$ 703,517
Cabot (Europe)	84,929	52,303	186,249	153,374
Total purchases of receivable portfolios	\$ 346,069	\$ 282,485	\$ 1,081,019	\$ 856,891

In the United States, capital deployments increased during the three and nine months ended September 30, 2025, 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 remained at favorable levels.

In Europe, capital deployments increased during the three and nine months ended September 30, 2025, as compared to the corresponding periods in the prior year. Pricing continues to remain competitive in our European footprint; constraining the amount of capital we choose to deploy. Capital deployment in Europe increased during the three and nine months ended September 30, 2025. Capital deployment can fluctuate based on the timing of the forward flow contracts and spot purchases. The increases in capital deployment were also partially driven by favorable foreign currency translation effect resulting from the weakening of the U.S. dollar against the British Pound during the comparable periods.

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
MCM (United States):				
Call center and digital collections	\$ 327,639	\$ 251,763	\$ 946,013	\$ 733,928
Legal collections	170,545	145,622	489,031	418,774
Collection agencies	3,584	4,317	11,101	15,107
Subtotal	501,768	401,702	1,446,145	1,167,809
Cabot (Europe):				
Call center and digital collections	67,646	61,902	196,411	178,847
Legal collections	55,969	50,002	168,775	151,192
Collection agencies	36,714	35,894	109,086	107,680
Subtotal	160,329	147,798	474,272	437,719
Other geographies:	921	768	2,393	2,355
Total collections from purchased receivables	\$ 663,018	\$ 550,268	\$ 1,922,810	\$ 1,607,883

Gross collections from purchased receivables increased by \$112.8 million, or 20.5%, to \$663.0 million during the three months ended September 30, 2025, as compared to \$550.3 million during the three months ended September 30, 2024. Gross collections from purchased receivables increased by \$314.9 million, or 19.6%, to \$1,922.8 million during the nine months ended September 30, 2025, as compared to \$1,607.9 million during the nine months ended September 30, 2024. The increases in collections in the United States were primarily a result of consistent increases in capital deployments in the United States in recent periods. The increases in collections from purchased receivables in Europe were primarily driven by a combination of increases in capital deployments and acquisitions of portfolios with higher returns in recent periods. Additionally, collections in Europe were favorably impacted by foreign currency translation by approximately \$6.8 million and \$13.5 million during the three and nine months ended September 30, 2025, respectively, primarily as a result of the weakening of the U.S. dollar against the British Pound by approximately 3.5% and 2.8% for the three and nine months ended September 30, 2025 compared to the three and nine months ended September 30, 2024, respectively.

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 September 30,			
	2025		2024	
Revenues				
Portfolio revenue	\$ 370,126	80.4 %	\$ 328,119	89.4 %
Changes in recoveries	63,636	13.8 %	12,675	3.4 %
Total debt purchasing revenue	433,762	94.2 %	340,794	92.8 %
Servicing revenue	22,175	4.8 %	22,772	6.2 %
Other revenues	4,416	1.0 %	3,505	1.0 %
Total revenues	460,353	100.0 %	367,071	100.0 %
Operating expenses				
Salaries and employee benefits	117,118	25.4 %	107,502	29.3 %
Cost of legal collections	80,010	17.4 %	67,339	18.3 %
General and administrative expenses	39,220	8.5 %	38,808	10.6 %
Other operating expenses	37,056	8.1 %	31,804	8.7 %
Collection agency commissions	6,601	1.4 %	7,370	2.0 %
Depreciation and amortization	7,170	1.6 %	8,158	2.2 %
Total operating expenses	287,175	62.4 %	260,981	71.1 %
Income from operations	173,178	37.6 %	106,090	28.9 %
Other expense				
Interest expense	(74,242)	(16.1)%	(66,906)	(18.2)%
Other income	929	0.2 %	1,578	0.4 %
Total other expense	(73,313)	(15.9)%	(65,328)	(17.8)%
Income before income taxes	99,865	21.7 %	40,762	11.1 %
Provision for income taxes	(25,205)	(5.5)%	(10,119)	(2.8)%
Net income	\$ 74,660	16.2 %	\$ 30,643	8.3 %

	Nine Months Ended September 30,			
	2025		2024	
Revenues				
Portfolio revenue	\$ 1,076,518	83.1 %	\$ 965,901	91.9 %
Changes in recoveries	140,699	10.9 %	6,020	0.6 %
Total debt purchasing revenue	1,217,217	94.0 %	971,921	92.5 %
Servicing revenue	67,022	5.1 %	64,258	6.1 %
Other revenues	11,011	0.9 %	14,563	1.4 %
Total revenues	1,295,250	100.0 %	1,050,742	100.0 %
Operating expenses				
Salaries and employee benefits	340,788	26.3 %	318,294	30.3 %
Cost of legal collections	227,672	17.6 %	190,309	18.1 %
General and administrative expenses	121,565	9.4 %	111,828	10.7 %
Other operating expenses	108,298	8.4 %	93,016	8.9 %
Collection agency commissions	21,848	1.7 %	22,308	2.1 %
Depreciation and amortization	21,825	1.7 %	23,467	2.2 %
Total operating expenses	841,996	65.1 %	759,222	72.3 %
Income from operations	453,254	34.9 %	291,520	27.7 %
Other expense				
Interest expense	(218,715)	(16.9)%	(184,047)	(17.5)%
Other income	3,802	0.3 %	6,291	0.6 %
Total other expense	(214,913)	(16.6)%	(177,756)	(16.9)%
Income before income taxes	238,341	18.3 %	113,764	10.8 %
Provision for income taxes	(58,164)	(4.5)%	(27,701)	(2.6)%
Net income	\$ 180,177	13.8 %	\$ 86,063	8.2 %

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 “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) Portfolio revenue, 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
- (2) Changes in recoveries, which includes
 - (a) Recoveries above (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 portfolio revenue in our condensed consolidated statements of income. 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.

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 and real estate assets in Europe and LAAP.

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

	Three Months Ended September 30,			
	2025	2024	\$ Change	% Change
Revenue recognized from portfolio basis	\$ 364,239	\$ 322,491	\$ 41,748	12.9 %
ZBA revenue	5,887	5,628	259	4.6 %
Portfolio revenue	370,126	328,119	42,007	12.8 %
Recoveries above forecast	61,459	22,962	38,497	
Changes in expected future recoveries	2,177	(10,287)	12,464	
Changes in recoveries	63,636	12,675	50,961	402.1 %
Debt purchasing revenue	433,762	340,794	92,968	27.3 %
Servicing revenue	22,175	22,772	(597)	(2.6)%
Other revenues	4,416	3,505	911	26.0 %
Total revenues	<u>\$ 460,353</u>	<u>\$ 367,071</u>	<u>\$ 93,282</u>	25.4 %
	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
Revenue recognized from portfolio basis	\$ 1,058,742	\$ 947,907	\$ 110,835	11.7 %
ZBA revenue	17,776	17,994	(218)	(1.2)%
Portfolio revenue	1,076,518	965,901	110,617	11.5 %
Recoveries above forecast	140,674	51,258	89,416	
Changes in expected future recoveries	25	(45,238)	45,263	
Changes in recoveries	140,699	6,020	134,679	2237.2 %
Debt purchasing revenue	1,217,217	971,921	245,296	25.2 %
Servicing revenue	67,022	64,258	2,764	4.3 %
Other revenues	11,011	14,563	(3,552)	(24.4)%
Total revenues	<u>\$ 1,295,250</u>	<u>\$ 1,050,742</u>	<u>\$ 244,508</u>	23.3 %

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 \$5.2 million and \$10.2 million during the three and nine months ended September 30, 2025, respectively, primarily as a result of the weakening of the U.S. dollar against the British Pound by approximately 3.5% and 2.8% for the three and nine months ended September 30, 2025 compared to the three and nine months ended September 30, 2024, respectively.

The increases in revenue recognized from portfolio basis during the three and nine months ended September 30, 2025, as compared to the three and nine months ended September 30, 2024, were primarily due to a higher portfolio basis (i.e. a higher receivable portfolios balance) in the U.S. driven by a consistent higher volume of purchases in recent periods.

Recoveries above or below forecast represent over and under-performance in the reporting period, respectively, and are expected to vary from period to period. Collections during the three and nine months ended September 30, 2025, over-performed the forecasted collections by approximately \$61.5 million and \$140.7 million, respectively, primarily as a result of collections over-performance in the U.S. The collections over-performance in the U.S. was driven by the deployment of new technologies, enhanced digital capabilities and continued operational innovation, which enabled us to reach more consumers, leading to more payments as well as a larger payer book. These initiatives had a greater impact on the early stages of a portfolio's lifecycle, leading to over-performance for our recent vintages. We expect that our collections forecasts will

gradually adjust to reflect the positive impact of these initiatives. Collections during the three and nine months ended September 30, 2024, over-performed the forecasted collections by approximately \$23.0 million and \$51.3 million, respectively.

When reassessing the forecasts of expected lifetime recoveries during the three months ended September 30, 2025, management considered, among other factors, historical and current collection performance, changes in consumer behavior, and the macroeconomic environment. The significant recoveries above forecast in recent periods were carefully evaluated. Management concluded that the recoveries above forecast were primarily current period collections over-performance and did not represent any material shift in timing of the collections. Therefore, the updated forecast did not result in a material change in expected future recoveries. We recorded a net positive change in expected future recoveries of approximately \$2.2 million during the three months ended September 30, 2025. This \$2.2 million net positive change recorded during the three months ended September 30, 2025 was offset by approximately \$2.2 million net negative change recorded in the first half of fiscal year 2025 and as a result, the net change in expected future recoveries recorded during the nine months ended September 30, 2025 was negligible. During the three and nine months ended September 30, 2024, we recorded approximately \$10.3 million and \$45.2 million in net negative change in expected future recoveries, respectively.

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

	Three Months Ended September 30, 2025			As of September 30, 2025	
	Collections	Portfolio Revenue	Changes in Recoveries	Receivable Portfolios	Monthly EIR
United States:					
ZBA	\$ 5,884	\$ 5,884	\$ —	\$ —	— %
<2016	16,515	10,761	4,620	27,312	14.4 %
2016	4,958	2,435	1,059	18,839	4.2 %
2017	6,891	4,020	889	23,032	5.6 %
2018	10,170	5,540	584	43,309	4.0 %
2019	18,269	9,724	243	79,549	3.8 %
2020	20,110	11,097	(1,449)	92,627	3.7 %
2021	20,272	11,051	672	87,875	3.9 %
2022	41,818	18,797	3,255	190,954	3.1 %
2023	101,492	46,309	6,313	442,470	3.3 %
2024	157,406	83,892	30,916	812,677	3.3 %
2025	97,983	66,827	11,662	867,113	3.2 %
Subtotal	501,768	276,337	58,764	2,685,757	3.4 %
Europe:					
ZBA	3	3	—	—	— %
<2016	33,199	22,729	3,340	251,118	3.0 %
2016	7,176	4,744	799	56,986	2.7 %
2017	8,982	5,217	463	91,306	1.9 %
2018	8,729	5,104	(80)	106,143	1.6 %
2019	9,397	5,597	(2,498)	94,001	1.9 %
2020	6,053	3,431	(1,083)	48,302	2.2 %
2021	10,431	6,626	(316)	116,427	1.9 %
2022	12,746	6,493	(1,722)	134,641	1.5 %
2023	18,862	8,008	3,482	177,980	1.5 %
2024	32,370	18,115	1,079	309,505	1.9 %
2025	12,381	7,722	1,080	182,995	2.1 %
Subtotal	160,329	93,789	4,544	1,569,404	2.0 %
Other geographies:⁽¹⁾					
All vintages	921	—	328	14,855	— %
Subtotal	921	—	328	14,855	— %
Total	\$ 663,018	\$ 370,126	\$ 63,636	\$ 4,270,016	2.9 %

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

	Three Months Ended September 30, 2024			As of September 30, 2024	
	Collections	Portfolio Revenue	Changes in Recoveries	Receivable Portfolios	Monthly EIR
United States:					
ZBA	\$ 5,628	\$ 5,628	\$ —	\$ —	— %
<2016	19,741	14,736	2,636	35,510	13.0 %
2016	6,976	3,384	2,669	27,226	4.2 %
2017	9,748	5,662	2,234	33,308	5.5 %
2018	15,488	8,060	1,627	63,173	4.0 %
2019	27,024	14,526	(1,113)	117,894	3.8 %
2020	30,170	16,384	(1,069)	137,464	3.7 %
2021	30,867	16,397	963	130,575	3.9 %
2022	61,009	28,531	2,177	289,780	3.1 %
2023	117,460	66,842	7,805	656,348	3.3 %
2024	77,591	54,500	5,721	674,257	3.4 %
Subtotal	401,702	234,650	23,650	2,165,535	3.6 %
Europe:					
ZBA	—	—	—	—	— %
<2016	35,076	27,891	(1,233)	319,035	2.9 %
2016 ⁽¹⁾	7,157	5,552	(5,960)	64,238	2.7 %
2017	9,937	6,284	185	111,792	1.9 %
2018	9,916	6,653	(4,698)	139,021	1.6 %
2019	11,765	6,901	(555)	121,893	1.9 %
2020	7,927	4,982	(2,669)	72,052	2.2 %
2021	12,796	8,804	(710)	155,417	1.9 %
2022	16,046	8,471	1,912	181,895	1.6 %
2023	22,478	9,849	(216)	220,592	1.5 %
2024	14,700	8,082	2,473	148,590	2.2 %
Subtotal	147,798	93,469	(11,471)	1,534,525	2.1 %
Other geographies:⁽²⁾					
All vintages	768	—	496	19,200	— %
Subtotal	768	—	496	19,200	— %
Total	\$ 550,268	\$ 328,119	\$ 12,675	\$ 3,719,260	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.

	Nine Months Ended September 30, 2025			As of September 30, 2025	
	Collections	Portfolio Revenue	Changes in Recoveries	Receivable Portfolios	Monthly EIR
United States:					
ZBA	\$ 17,771	\$ 17,771	\$ —	\$ —	— %
<2016	51,318	35,624	8,610	27,312	14.4 %
2016	16,070	8,122	1,731	18,839	4.2 %
2017	22,894	13,353	2,033	23,032	5.6 %
2018	33,606	18,375	913	43,309	4.0 %
2019	61,665	32,449	682	79,549	3.8 %
2020	68,925	36,889	(1,186)	92,627	3.7 %
2021	68,455	36,945	263	87,875	3.9 %
2022	143,384	63,020	9,308	190,954	3.1 %
2023	328,675	155,450	6,272	442,470	3.3 %
2024	472,422	266,490	68,239	812,677	3.3 %
2025	160,960	117,333	18,591	867,113	3.2 %
Subtotal	1,446,145	801,821	115,456	2,685,757	3.4 %
Europe:					
ZBA	5	5	—	—	— %
<2016	99,682	68,275	10,440	251,118	3.0 %
2016	20,278	14,184	704	56,986	2.7 %
2017	27,252	15,705	1,682	91,306	1.9 %
2018	26,233	15,308	168	106,143	1.6 %
2019	29,241	16,984	(2,629)	94,001	1.9 %
2020	18,964	10,570	(1,062)	48,302	2.2 %
2021	32,264	19,869	447	116,427	1.9 %
2022	40,443	19,746	(180)	134,641	1.5 %
2023	60,254	24,370	10,654	177,980	1.5 %
2024	96,290	55,281	1,470	309,505	1.9 %
2025	23,366	14,400	2,353	182,995	2.1 %
Subtotal	474,272	274,697	24,047	1,569,404	2.0 %
Other geographies:⁽¹⁾					
All vintages	2,393	—	1,196	14,855	— %
Subtotal	2,393	—	1,196	14,855	— %
Total	\$ 1,922,810	\$ 1,076,518	\$ 140,699	\$ 4,270,016	2.9 %

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

	Nine Months Ended September 30, 2024			As of September 30, 2024	
	Collections	Portfolio Revenue	Changes in Recoveries	Receivable Portfolios	Monthly EIR
United States:					
ZBA	\$ 17,992	\$ 17,992	\$ —	\$ —	— %
<2016	61,698	48,314	4,502	35,510	13.0 %
2016	21,643	11,200	4,168	27,226	4.2 %
2017	30,891	18,861	2,554	33,308	5.5 %
2018	50,210	26,744	2,904	63,173	4.0 %
2019	87,945	48,474	(3,375)	117,894	3.8 %
2020	100,826	54,709	(3,478)	137,464	3.7 %
2021	104,611	54,361	5,270	130,575	3.9 %
2022	199,446	96,269	(5,021)	289,780	3.1 %
2023	362,724	215,070	14,708	656,348	3.3 %
2024	129,823	96,633	6,327	674,257	3.4 %
Subtotal	1,167,809	688,627	28,559	2,165,535	3.6 %
Europe:					
ZBA	2	2	—	—	— %
<2016	104,903	85,055	(9,137)	319,035	2.9 %
2016 ⁽¹⁾	22,994	17,146	(6,000)	64,238	2.7 %
2017	30,747	19,327	(1,321)	111,792	1.9 %
2018	32,407	20,670	(11,196)	139,021	1.6 %
2019	36,012	21,225	(1,186)	121,893	1.9 %
2020	24,257	15,624	(2,769)	72,052	2.2 %
2021	40,075	26,843	(1,355)	155,417	1.9 %
2022	49,632	26,240	1,209	181,895	1.6 %
2023	68,229	30,695	3,203	220,592	1.5 %
2024	28,461	14,447	4,166	148,590	2.2 %
Subtotal	437,719	277,274	(24,386)	1,534,525	2.1 %
Other geographies:⁽²⁾					
All vintages	2,355	—	1,847	19,200	— %
Subtotal	2,355	—	1,847	19,200	— %
Total	\$ 1,607,883	\$ 965,901	\$ 6,020	\$ 3,719,260	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.

Servicing revenue and other revenues remained relatively consistent during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024.

Servicing revenue increased during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024, primarily driven by increased demand from BPO clients. Other revenues decreased during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, primarily driven by a decrease in gains recognized on the sale of real estate assets.

Operating Expenses

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

	Three Months Ended September 30,			
	2025	2024	\$ Change	% Change
Salaries and employee benefits	\$ 117,118	\$ 107,502	\$ 9,616	8.9 %
Cost of legal collections	80,010	67,339	12,671	18.8 %
General and administrative expenses	39,220	38,808	412	1.1 %
Other operating expenses	37,056	31,804	5,252	16.5 %
Collection agency commissions	6,601	7,370	(769)	(10.4)%
Depreciation and amortization	7,170	8,158	(988)	(12.1)%
Total operating expenses	<u>\$ 287,175</u>	<u>\$ 260,981</u>	<u>\$ 26,194</u>	10.0 %

	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
Salaries and employee benefits	\$ 340,788	\$ 318,294	\$ 22,494	7.1 %
Cost of legal collections	227,672	190,309	37,363	19.6 %
General and administrative expenses	121,565	111,828	9,737	8.7 %
Other operating expenses	108,298	93,016	15,282	16.4 %
Collection agency commissions	21,848	22,308	(460)	(2.1)%
Depreciation and amortization	21,825	23,467	(1,642)	(7.0)%
Total operating expenses	<u>\$ 841,996</u>	<u>\$ 759,222</u>	<u>\$ 82,774</u>	10.9 %

Our operating results are impacted by foreign currency translation, which represents the effect of translating operating results where the functional currency is different than our U.S. dollar reporting currency. The strengthening of the U.S. dollar relative to other foreign currencies has a favorable impact on our international operating expenses, and the weakening of the U.S. dollar relative to other foreign currencies has an unfavorable impact on our international operating expenses. Our operating expenses were unfavorably impacted by foreign currency translation by approximately \$3.5 million and \$7.1 million, during the three and nine months ended September 30, 2025, respectively, primarily as a result of the weakening of the U.S. dollar against the British Pound by approximately 3.5% and 2.8% for the three and nine months ended September 30, 2025 compared to the three and nine months ended September 30, 2024, respectively.

Operating expenses are explained in more detail as follows:

Salaries and Employee Benefits

The increases in salaries and employee benefits during the three and nine months ended September 30, 2025, as compared to the three and nine months ended September 30, 2024, respectively, were primarily due to increase in overall headcount.

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 September 30,			
	2025	2024	\$ Change	% Change
Court costs	\$ 54,157	\$ 44,282	\$ 9,875	22.3 %
Legal collection fees	25,853	23,057	2,796	12.1 %
Total cost of legal collections	<u>\$ 80,010</u>	<u>\$ 67,339</u>	<u>\$ 12,671</u>	18.8 %

	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
Court costs	\$ 153,021	\$ 124,250	\$ 28,771	23.2 %
Legal collection fees	74,651	66,059	8,592	13.0 %
Total cost of legal collections	<u>\$ 227,672</u>	<u>\$ 190,309</u>	<u>\$ 37,363</u>	19.6 %

The increases of cost of legal collections during the three and nine months ended September 30, 2025, as compared to the three and nine months ended September 30, 2024, were primarily due to increased legal placements in this channel in the United States.

General and Administrative Expenses

General and administrative expense remained relatively consistent during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024.

The increase in general and administrative expense during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, was primarily due to the following reasons:

- An increase in information technology expenses of approximately \$3.6 million;
- An increase in consulting fees of approximately \$2.9 million; and
- An increase in rent and facilities expenses of approximately \$1.2 million.

Other Operating Expenses

The increase in other operating expenses during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024, was primarily due to the following reason:

- An increase in postage and printing expenses of approximately \$4.2 million.

The increase in other operating expenses during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, was primarily due to the following reasons:

- An increase in postage and printing expenses of approximately \$9.6 million; and
- An increase in collections bank charges and trace agencies fees of approximately \$3.4 million.

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 remained relatively consistent during the three and nine months ended September 30, 2025, as compared to the three and nine months ended September 30, 2024.

Depreciation and Amortization

Depreciation and amortization expenses decreased by approximately \$1.0 million and \$1.6 million during the three and nine months ended September 30, 2025, respectively, as compared to the three and nine months ended September 30, 2024. The decreases were primarily due to smaller depreciable and amortizable asset balances during the three and nine months ended September 30, 2025, as compared to corresponding periods in the prior year.

Interest Expense

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

	Three Months Ended September 30,			
	2025	2024	\$ Change	% Change
Stated interest on debt obligations	\$ 70,302	\$ 62,467	\$ 7,835	12.5 %
Amortization of debt issuance costs	3,693	3,991	(298)	(7.5)%
Amortization of debt discount	247	448	(201)	(44.9)%
Total interest expense	<u>\$ 74,242</u>	<u>\$ 66,906</u>	<u>\$ 7,336</u>	11.0 %

	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
Stated interest on debt obligations	\$ 207,564	\$ 171,668	\$ 35,896	20.9 %
Amortization of debt issuance costs	10,450	11,071	(621)	(5.6)%
Amortization of debt discount	701	1,308	(607)	(46.4)%
Total interest expense	<u>\$ 218,715</u>	<u>\$ 184,047</u>	<u>\$ 34,668</u>	18.8 %

The increase in interest expense during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024, was primarily due to the following reasons:

- The effect resulting from increased average debt balance of approximately \$8.0 million; and
- The effect resulting from an unfavorable impact of foreign currency translation of approximately \$1.1 million driven by the weakening of the U.S. dollar against the British Pound.
- The increase was partially offset by the effect resulting from a decrease in interest rates of approximately \$1.8 million.

The increase in interest expense during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, was primarily due to the following reasons:

- The effect resulting from increased average debt balance of approximately \$25.1 million;
- The effect resulting from rising interest rates of approximately \$7.7 million; and
- The effect resulting from an unfavorable impact of foreign currency translation of approximately \$1.9 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 \$0.9 million and \$3.8 million during the three and nine months ended September 30, 2025, respectively. Other income, net, was \$1.6 million and \$6.3 million during the three and nine months ended September 30, 2024, respectively. Interest income included in other income, net of other expense, was approximately \$1.0 million and \$3.9 million during the three and nine months ended September 30, 2025, respectively, and \$1.9 million and \$5.0 million for the three and nine months ended September 30, 2024, 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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Provision for income taxes	\$ 25,205	\$ 10,119	\$ 58,164	\$ 27,701
Effective tax rate	25.2%	24.8%	24.4%	24.3%

For the three and nine months ended September 30, 2025, the differences between our effective tax rate and the federal statutory rate were primarily due to state income taxes offset by other foreign adjustments. For the three and nine months ended September 30, 2024, the differences between our effective tax rate and the federal statutory rate were primarily due to state income taxes.

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
GAAP net income, as reported	\$ 74,660	\$ 30,643	\$ 180,177	\$ 86,063
Adjustments:				
Interest expense	74,242	66,906	218,715	184,047
Interest income	(1,027)	(1,909)	(3,935)	(5,037)
Provision for income taxes	25,205	10,119	58,164	27,701
Depreciation and amortization	7,170	8,158	21,825	23,467
Stock-based compensation expense	4,341	3,737	13,048	11,731
Net loss (gain) on derivative instruments ⁽¹⁾	—	7	—	(267)
Acquisition, integration and restructuring related expenses ⁽²⁾	165	162	1,455	4,364
Adjusted EBITDA	\$ 184,756	\$ 117,823	\$ 489,449	\$ 332,069
Collections applied to principal balance ⁽³⁾	\$ 236,293	\$ 223,292	\$ 725,270	\$ 666,766

(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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Collections applied to receivable portfolios, net	\$ 292,892	\$ 222,149	\$ 846,292	\$ 641,982
Changes in recoveries	(63,636)	(12,675)	(140,699)	(6,020)
Other proceeds applied to basis	7,037	13,818	19,677	30,804
Collections applied to principal balance	\$ 236,293	\$ 223,292	\$ 725,270	\$ 666,766

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. Generally, international purchases reflect the exchange rates at the time of purchase and international cumulative collections are aggregated each month based on respective month-end exchange rates. For example, the strengthening of the U.S. dollar relative to other foreign currencies has an unfavorable reporting impact on our international purchases, collections, and ERC, and the weakening of the U.S. dollar relative to other foreign currencies has a favorable impact on our international purchases, collections, and ERC.

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

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

The following table summarizes our receivable purchases, related gross collections, and cumulative collections money multiples (*in thousands, except multiples*):

Year of Purchase	Purchase Price ⁽¹⁾	Cumulative Collections through September 30, 2025												Total ⁽²⁾	CCMM ⁽³⁾
		<2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
<i>United States:</i>															
<2016	\$ 4,261,057	\$ 8,440,701	\$ 970,845	\$ 706,004	\$ 498,378	\$ 375,393	\$ 281,095	\$ 229,701	\$ 166,469	\$ 131,698	\$ 102,710	\$ 69,089	\$ 11,972,083	2.8	
2016	552,968	—	110,875	283,035	234,690	159,279	116,452	87,717	51,650	35,130	27,972	16,070	1,122,870	2.0	
2017	527,437	—	—	111,902	315,853	255,048	193,328	144,243	85,348	57,985	40,123	22,894	1,226,724	2.3	
2018	629,087	—	—	—	175,042	351,696	308,302	228,919	144,566	89,548	64,231	33,606	1,395,910	2.2	
2019	674,917	—	—	—	—	174,693	416,315	400,250	256,444	164,106	112,391	61,665	1,585,864	2.3	
2020	537,482	—	—	—	—	—	213,450	430,514	311,573	194,522	127,555	68,925	1,346,539	2.5	
2021	403,067	—	—	—	—	—	—	120,354	240,605	188,895	131,870	68,455	750,179	1.9	
2022	548,874	—	—	—	—	—	—	—	98,277	268,516	254,329	143,384	764,506	1.4	
2023	805,938	—	—	—	—	—	—	—	—	184,182	471,838	328,675	984,695	1.2	
2024	991,254	—	—	—	—	—	—	—	—	—	238,635	472,422	711,057	0.7	
2025	892,157	—	—	—	—	—	—	—	—	—	—	160,960	160,960	0.2	
Subtotal	10,824,238	8,440,701	1,081,720	1,100,941	1,223,963	1,316,109	1,528,942	1,641,698	1,354,932	1,314,582	1,571,654	1,446,145	22,021,387	2.0	
<i>Europe:</i>															
<2016	1,662,149	995,241	449,359	388,622	349,761	290,842	232,719	235,893	176,754	148,533	138,569	99,687	3,505,980	2.1	
2016	249,584	—	44,641	97,587	83,107	63,198	51,609	51,017	40,214	35,278	30,143	20,278	517,072	2.1	
2017	461,571	—	—	68,111	152,926	118,794	87,549	86,107	61,762	48,763	41,211	27,252	692,475	1.5	
2018	427,030	—	—	—	49,383	118,266	78,846	80,629	61,691	49,675	42,379	26,233	507,102	1.2	
2019	272,905	—	—	—	—	44,118	80,502	88,448	63,607	54,544	47,174	29,241	407,634	1.5	
2020	104,940	—	—	—	—	—	22,721	59,803	45,757	37,363	31,454	18,964	216,062	2.1	
2021	242,825	—	—	—	—	—	—	43,082	66,529	58,515	52,278	32,264	252,668	1.0	
2022	231,869	—	—	—	—	—	—	—	36,957	70,385	64,555	40,443	212,340	0.9	
2023	259,255	—	—	—	—	—	—	—	—	40,975	89,799	60,254	191,028	0.7	
2024	353,182	—	—	—	—	—	—	—	—	—	50,469	96,290	146,759	0.4	
2025	186,249	—	—	—	—	—	—	—	—	—	—	23,366	23,366	0.1	
Subtotal	4,451,559	995,241	494,000	554,320	635,177	635,218	553,946	644,979	553,271	544,031	588,031	474,272	6,672,486	1.5	
<i>Other geographies⁽⁴⁾:</i>															
All vintages	340,283	82,958	109,884	112,383	108,480	75,601	28,960	20,682	3,334	3,954	2,793	2,393	551,422	1.6	
Subtotal	340,283	82,958	109,884	112,383	108,480	75,601	28,960	20,682	3,334	3,954	2,793	2,393	551,422	1.6	
Total	<u>\$15,616,080</u>	<u>\$9,518,900</u>	<u>\$1,685,604</u>	<u>\$1,767,644</u>	<u>\$1,967,620</u>	<u>\$2,026,928</u>	<u>\$2,111,848</u>	<u>\$2,307,359</u>	<u>\$1,911,537</u>	<u>\$1,862,567</u>	<u>\$2,162,478</u>	<u>\$1,922,810</u>	<u>\$29,245,295</u>	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 September 30, 2025, excluding collections on behalf of others.

(3) Cumulative Collections Money Multiple (“CCMM”) through September 30, 2025 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⁾
<i>United States:</i>					
<2016	\$ 4,261,057	\$ 11,972,083	\$ 159,408	\$ 12,131,491	2.8
2016	552,968	1,122,870	41,030	1,163,900	2.1
2017	527,437	1,226,724	62,266	1,288,990	2.4
2018	629,087	1,395,910	99,208	1,495,118	2.4
2019	674,917	1,585,864	175,921	1,761,785	2.6
2020	537,482	1,346,539	204,016	1,550,555	2.9
2021	403,067	750,179	201,036	951,215	2.4
2022	548,874	764,506	382,602	1,147,108	2.1
2023	805,938	984,695	910,585	1,895,280	2.4
2024	991,254	711,057	1,684,194	2,395,251	2.4
2025	892,157	160,960	1,899,264	2,060,224	2.3
Subtotal	10,824,238	22,021,387	5,819,530	27,840,917	2.6
<i>Europe:</i>					
<2016	1,662,149	3,505,980	838,713	4,344,693	2.6
2016	249,584	517,072	161,109	678,181	2.7
2017	461,571	692,475	199,036	891,511	1.9
2018	427,030	507,102	218,702	725,804	1.7
2019	272,905	407,634	203,944	611,578	2.2
2020	104,940	216,062	109,983	326,045	3.1
2021	242,825	252,668	249,847	502,515	2.1
2022	231,869	212,340	246,459	458,799	2.0
2023	259,255	191,028	318,292	509,320	2.0
2024	353,182	146,759	661,789	808,548	2.3
2025	186,249	23,366	404,954	428,320	2.3
Subtotal	4,451,559	6,672,486	3,612,828	10,285,314	2.3
<i>Other geographies⁽⁴⁾:</i>					
All vintages	340,283	551,422	23,566	574,988	1.7
Subtotal	340,283	551,422	23,566	574,988	1.7
Total	\$ 15,616,080	\$ 29,245,295	\$ 9,455,924	\$ 38,701,219	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 September 30, 2025, excluding collections on behalf of others.

(3) Purchase Price Multiple represents total estimated gross collections divided by the purchase price.

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

Estimated Remaining Gross Collections by Year of Purchase

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

Estimated Remaining Gross Collections by Year of Purchase⁽¹⁾											
	2025⁽³⁾	2026	2027	2028	2029	2030	2031	2032	2033	>2033	Total⁽²⁾
<i>United States:</i>											
<2016	\$ 19,796	\$ 53,289	\$ 30,870	\$ 21,002	\$ 13,964	\$ 9,059	\$ 5,621	\$ 3,350	\$ 1,676	\$ 781	\$ 159,408
2016	4,558	13,220	7,097	4,990	3,515	2,481	1,754	1,244	885	1,286	41,030
2017	6,120	18,677	11,461	7,886	5,560	3,930	2,786	1,980	1,413	2,453	62,266
2018	9,113	28,535	19,501	12,869	8,860	6,255	4,429	3,146	2,242	4,258	99,208
2019	16,353	50,699	34,584	23,530	15,622	10,805	7,611	5,375	3,804	7,538	175,921
2020	18,323	57,317	40,788	27,821	18,927	12,644	8,799	6,206	4,388	8,803	204,016
2021	17,707	56,828	39,528	26,912	18,603	12,845	8,783	6,114	4,306	9,410	201,036
2022	34,693	108,459	75,135	49,788	34,372	24,460	17,364	12,089	8,374	17,868	382,602
2023	84,160	257,011	172,612	121,829	84,676	59,692	41,700	29,199	20,028	39,678	910,585
2024	136,416	510,134	322,406	214,981	151,775	106,720	75,768	53,087	37,067	75,840	1,684,194
2025	103,936	480,266	426,507	268,555	184,465	132,591	93,702	66,368	46,259	96,615	1,899,264
Subtotal	451,175	1,634,435	1,180,489	780,163	540,339	381,482	268,317	188,158	130,442	264,530	5,819,530
<i>Europe:</i>											
<2016	29,828	110,420	97,499	85,131	75,000	65,310	57,212	51,631	46,622	220,060	838,713
2016	6,749	23,913	21,578	18,664	15,745	13,185	11,297	9,483	8,078	32,417	161,109
2017	8,969	30,906	27,493	22,806	19,405	16,165	13,478	11,387	9,782	38,645	199,036
2018	8,866	31,445	28,535	23,532	20,643	17,866	15,589	13,726	11,943	46,557	218,702
2019	9,685	33,163	27,989	23,851	19,532	16,203	13,476	11,485	9,780	38,780	203,944
2020	5,924	20,098	15,871	12,610	10,146	8,256	6,810	5,729	4,868	19,671	109,983
2021	11,034	39,341	35,141	29,263	24,876	21,059	17,750	14,982	12,602	43,799	249,847
2022	12,844	44,951	38,233	29,979	24,314	19,689	16,207	13,347	10,733	36,162	246,459
2023	16,450	57,935	48,026	40,140	32,330	25,762	20,890	17,102	14,052	45,605	318,292
2024	30,786	110,350	91,947	76,199	62,578	51,178	42,348	35,797	31,041	129,565	661,789
2025	17,960	70,651	62,492	49,591	39,986	32,031	25,778	20,964	17,740	67,761	404,954
Subtotal	159,095	573,173	494,804	411,766	344,555	286,704	240,835	205,633	177,241	719,022	3,612,828
<i>Other geographies⁽⁴⁾:</i>											
All vintages	1,658	5,260	3,926	2,967	2,342	1,888	1,484	1,170	913	1,958	23,566
Subtotal	1,658	5,260	3,926	2,967	2,342	1,888	1,484	1,170	913	1,958	23,566
Portfolio ERC	611,928	2,212,868	1,679,219	1,194,896	887,236	670,074	510,636	394,961	308,596	985,510	9,455,924
REO ERC ⁽⁵⁾	5,965	21,928	5,822	133	—	—	—	—	—	—	33,848
Total ERC	\$ 617,893	\$ 2,234,796	\$ 1,685,041	\$ 1,195,029	\$ 887,236	\$ 670,074	\$ 510,636	\$ 394,961	\$ 308,596	\$ 985,510	\$ 9,489,772

(1) As of September 30, 2025, ERC for Zero Basis Portfolios include approximately \$30.9 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 \$23.6 million from non-accrual portfolios, primarily in other geographies.

(2) Represents the expected remaining gross cash collections over a 180-month period. As of September 30, 2025, ERC for 84-month was:

	84-Month ERC
United States	\$ 5,383,686
Europe	2,666,885
Other geographies	20,418
Portfolio ERC	8,070,989
REO ERC	33,848
Total ERC	\$ 8,104,837

(3) Amount for 2025 consists of three months data from October 1, 2025 to December 31, 2025.

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

- (5) Real estate-owned assets (“REO”) ERC includes approximately \$33.3 million and \$0.5 million of estimated future cash flows for Europe and Other Geographies, respectively.

Estimated Future Collections Applied to Receivable Portfolios

As of September 30, 2025, we had \$4.3 billion in receivable portfolios. The estimated future collections applied to the receivable portfolios net balance is as follows (*in thousands*):

Years Ending December 31,	United States	Europe	Other Geographies	Total Amortization
2025 ⁽¹⁾	\$ 175,902	\$ 65,076	\$ 1,360	\$ 242,338
2026	740,890	233,163	4,276	978,329
2027	570,024	208,287	3,202	781,513
2028	361,246	171,237	2,429	534,912
2029	247,125	142,050	1,908	391,083
2030	175,494	115,606	1,527	292,627
2031	124,606	95,109	153	219,868
2032	88,461	81,055	—	169,516
2033	61,854	71,011	—	132,865
2034	43,421	62,835	—	106,256
2035	31,146	59,059	—	90,205
2036	23,366	56,071	—	79,437
2037	17,739	54,209	—	71,948
2038	13,557	56,170	—	69,727
2039	8,402	58,053	—	66,455
2040	2,524	40,413	—	42,937
Total	\$ 2,685,757	\$ 1,569,404	\$ 14,855	\$ 4,270,016

(1) Amount for 2025 consists of three months data from October 1, 2025 to December 31, 2025.

Liquidity and Capital Resources

Liquidity

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

	Nine Months Ended September 30,	
	2025	2024
	(Unaudited)	
Net cash provided by operating activities	\$ 136,388	\$ 132,624
Net cash used in investing activities	(215,549)	(175,705)
Net cash provided by financing activities	50,556	130,487

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 \$136.4 million and \$132.6 million during the nine months ended September 30, 2025 and 2024, 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, deferred income tax, 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. Adjusting for the changes in recoveries resulted in a decrease in operating cash flows by \$140.7 million during the nine months ended September 30, 2025 and a decrease in operating cash flows by \$6.0 million during the nine months ended September 30, 2024. Refer to “Note 5: Receivable Portfolios, Net” in the notes to our condensed consolidated financial statements for discussion relating to changes in recoveries.

Investing Cash Flows

Net cash used in investing activities was \$215.5 million and \$175.7 million during the nine months ended September 30, 2025 and 2024, 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 \$1,066.2 million and \$844.9 million during the nine months ended September 30, 2025 and 2024, respectively. Collection proceeds applied to receivable portfolios were \$846.3 million and \$642.0 million during the nine months ended September 30, 2025 and 2024, 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 \$50.6 million and \$130.5 million during the nine months ended September 30, 2025 and 2024, 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 \$812.8 million and \$458.8 million during the nine months ended September 30, 2025 and 2024, respectively. Repayments of amounts outstanding under our credit facilities were \$699.5 million and \$1,292.6 million during the nine months ended September 30, 2025 and 2024, respectively. During the nine months ended September 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.

Capital Resources

Our primary sources of capital are cash collections from our 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 \$491.1 million as of September 30, 2025.

On October 1, 2025, we issued \$500.0 million in aggregate principal amount of 6.625% Senior Secured Notes due April 2031 at an issue price of 100.000%. Also on October 1, 2025, we settled our \$100.0 million 2025 Convertible Notes upon conversion in cash for \$106.2 million, of which \$6.2 million (the excess above the principal amount) represented the conversion spread.

In May 2021, our Board of Directors approved a \$300.0 million share repurchase program. During the three and nine months ended September 30, 2025, we repurchased 243,174 and 951,098 shares of our common stock for approximately \$10.0 million and \$35.0 million, respectively, under the share repurchase program. We did not make any repurchases under the share repurchase program during the three and nine months ended September 30, 2024. Our practice is to retire the shares repurchased. As of September 30, 2025, authorization for \$56.9 million of share repurchases remained under the share repurchase program. In November 2025, our Board of Directors approved an additional \$300.0 million under the 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.

Our cash and cash equivalents as of September 30, 2025, consisted of \$60.1 million held by U.S.-based entities and \$112.4 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 \$24.5 million as of September 30, 2025.

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, 2024, for a complete discussion of our critical accounting estimates. Other than the ongoing reassessment of expected future recoveries of our receivable portfolios during each reporting period under our CECL accounting policy as discussed in “Note 5: 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, 2024.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rates. As of September 30, 2025, 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, 2024.

Interest Rates. As of September 30, 2025, 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, 2024.

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, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, 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 September 30, 2025 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, 2024.

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

Issuer Repurchases of Equity Securities

As announced on May 5, 2021, the Company’s Board of Directors 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 its 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 management and its Board of Directors, and in accordance with market conditions, other corporate considerations, and applicable regulatory requirements. During the three months ended September 30, 2025, the Company repurchased 243,174 shares of our common stock for approximately \$10.0 million. The following table presents information with respect to purchases of common stock of the Company during the three months ended September 30, 2025, by the Company or an “affiliated purchaser” of the Company, as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽¹⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Publicly Announced Plans or Programs
July 1, 2025 to July 31, 2025	87,806	\$ 39.20	87,806	\$ 63,477,985
August 1, 2025 to August 31, 2025	69,200	\$ 40.27	69,200	\$ 60,691,067
September 1, 2025 to September 30, 2025	86,168	\$ 43.94	86,168	\$ 56,904,653
Total	243,174	\$ 41.18	243,174	\$ 56,904,653

(1) This column discloses the number of shares purchased pursuant to the program during the indicated time periods.

Item 5 - Other Information

On September 3, 2025, Laura Olle, a member of the Company’s board of directors, adopted a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) to sell up to 1,423 shares of Encore Capital Group, Inc. common stock between December 3, 2025 and February 26, 2026, subject to certain conditions.

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 October 1, 2025 between Encore Capital Group, Inc., the subsidiary guarantors party thereto, GLAS Trust Company LLC as trustee and Truist Bank as security agent for Encore 2031 Notes (incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on October 2, 2025)
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)

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.

