

## Risk Factors Comparison 2025-02-27 to 2024-02-29 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

You should carefully read the following discussion of material factors, events and uncertainties when evaluating our business and the forward- looking information contained in this Form 10- K. The events and consequences discussed in these risk factors could materially and adversely affect our business, ~~operating~~ **of operations**, liquidity, **cash flow** and financial condition. While we believe we have identified and discussed below the material risk factors affecting our business, these risk factors do not identify all **of** the risks we face, and there ~~may~~ **could** be additional risks and uncertainties that we do not presently know or that we do not currently believe to be material that ~~may~~ **could** have an adverse effect on our business, ~~performance~~ **results of operations, liquidity, cash flow** or financial condition in the future. ~~Operational~~ **OPERATIONAL AND INDUSTRY RISKS**

**Volatility and uncertainty** Industry Risks A deterioration in the ~~general business and~~ **economic conditions or financial markets could adversely impact or our** ~~inflationary environment~~ **business, financial performance, results of operations and cash flow. Our business has been sensitive to, and our financial performance is in part dependent on,** the ~~countries~~ **general business and economic conditions in the markets** in which we operate ~~could have an adverse effect on our business and results of operations.~~ Our **financial** performance may be adversely affected by **an economic or recession, a significant rise in inflationary** ~~inflation~~ **conditions including sustained high inflation, interest rate uncertainty, and the effects of governmental fiscal and monetary policies** in any ~~the market~~ **markets** in which we operate. **Any prolonged** These conditions could include changes in global or domestic ~~economic~~ **downturn** policy and sovereign debt crises. Deterioration in economic conditions, or ~~volatility~~ **a significant rise in inflation** ~~the financial~~ or **credit markets** high level of sustained inflation, could **place financial pressure on and** negatively affect the ability of consumers to pay their debts, **which could**. This may in turn adversely **affect collections** impact our business and financial results. If global credit market conditions and the stability ~~value~~ of global banks deteriorate **our receivable portfolios. In addition,** ~~levels~~ the amount of consumer or commercial lending and financing could **decline** be reduced, thus reducing the volume of nonperforming loans available for purchase, which could adversely affect our business, ~~and~~ financial results and ability to succeed in the markets in which we operate. Other economic factors that could influence our performance include the financial stability of the lenders on our credit facilities and our access to capital and credit. For example, deterioration in the financial markets could contribute to the insolvency of lending institutions; notably those providing our credit facilities, or the tightening of credit markets, which could make it difficult or impossible for us to obtain credit on favorable terms or at all. These and other economic factors could have an adverse effect on our financial condition and results of operations. We may not be able to **purchase a** continually replace our nonperforming loans with additional portfolios sufficient **volume of** to operate efficiently and profitably, or we may not be able to purchase nonperforming loans at appropriate prices **favorable pricing, which could adversely impact our profitability.** To **Our ability to** operate profitably, ~~we must~~ **is dependent on our ability to** purchase and service a sufficient ~~amount~~ **volume** of nonperforming loans to generate revenue that exceeds our expenses. ~~Salaries and~~ **The cadence for other** ~~the compensation expense~~ **purchase of nonperforming loans by quarter, and by year, has been and may constitute** ~~continue to be varied~~ a significant portion of our operating expenses and, ~~if~~ **periodic due in large part to the available supply of portfolios in the markets in which we operate** do not replace the nonperforming loan portfolios we service with additional portfolios, we may have to reduce the number of our collection and **pricing that meets** other administrative personnel. We may then have to rehire staff if we subsequently obtain additional portfolios. These practices could lead to negative consequences, including the following: • low employee morale; • fewer experienced employees; • higher training costs; • disruptions in our **return thresholds** operations; • loss of efficiency; and • excess costs associated with unused space in our facilities. The availability of nonperforming loan portfolios at prices that generate an appropriate return on our investment depends on a number of factors, including the following: • consumer debt levels; • sales of nonperforming loan portfolios by credit originators; and • competitive factors affecting potential purchasers and credit originators of nonperforming loans. Furthermore, heightened regulation of the; • **our ability to obtain and analyze portfolio data efficiently and to accurately predict collectability; and • changes in credit card and consumer financial** lending industry, laws and regulations. **Changes in the financial** or changing credit **markets** origination strategies, may **cause** result in decreased availability of credit to consumers, potentially leading to a future reduction in nonperforming loans available **forward flow agreement to fail to meet our return thresholds, since we have agreed to purchase portfolios at a negotiated price for a specified term, and may end up paying higher prices for portfolios than we would have otherwise agreed to pay for a spot** purchase from credit originators. We cannot predict how our ability to identify and purchase nonperforming loans and the quality of those nonperforming loans would be affected if there were a shift in lending practices, whether caused by changes in the regulations or accounting practices applicable to credit originators or purchasers, a sustained economic downturn or otherwise. Moreover, there can be no assurance that credit originators will continue to sell their nonperforming loans consistent with historical levels, ~~or at all,~~ or that we will be able to bid competitively for those portfolios. Because of the length of time involved in collecting on acquired portfolios and the variability in the timing of our collections, we may not be able to identify trends and make changes in our purchasing strategies in a timely manner. If we are unable to maintain our business or adapt to changing market needs as well as our current or future competitors, we may experience reduced access to nonperforming loan portfolios at appropriate prices and, therefore **which could adversely impact our business.** ~~reduced profitability~~ **liquidity, results of operations and cash flow.** We may not be able to collect sufficient amounts to fund our operations due to the purchase of nonperforming loans that ultimately prove to be unprofitable. Our principal business consists of purchasing and collecting **on** nonperforming loans **from credit originators** that consumers or

others have failed to pay. The credit originators have typically made numerous attempts to recover on their **these** accounts, often using a combination of in-house recovery efforts and third-party collection agencies. These nonperforming loans are difficult to collect, and we may not collect a sufficient **enough** amount to cover our investment and the costs of **running operating** our business. **We use** Furthermore, if the statistical models we use to make cash flow projections as part of our underwriting process **are**, and if they prove to be inaccurate, we may acquire nonperforming loan portfolios that ultimately prove to be **below our return thresholds or** unprofitable. Moreover, if we experience operational **issues-challenges** in **making our** collections processes on our nonperforming loan portfolios, we may incur losses on portfolios that would have otherwise been profitable, **which could adversely impact our business, financial performance, results of operations and cash flow**. We outsource and offshore certain activities related to our business to third parties. Any disruption or failure of these third parties to provide these services could adversely affect our business operations, financial condition and reputation. We **use rely on** third parties - **party service providers** to conduct collection and other activities **on our behalf** through **both** outsourcing and offshoring **arrangements**. These third parties include law firms, collection agencies, data providers, tracing service providers, business process outsourcing **companies** and information technology firms. **One If or our** more of these third parties could - **party service providers** fail to meet its **perform their service** obligations and service **in a timely manner or at a satisfactory quality** level expectations, become insolvent or **fail to handle the case- case volume assigned, the quality of our services and** operations, **which as well as our reputation** could **be** adversely **impact-impacted** our business operations and financial condition. Furthermore, we may not be able to find alternative third parties in a timely manner on terms that are acceptable to us, or because of contractual restrictions that limit our flexibility in responding to disruptions **at from** these **third parties vendors**, resulting in operational inefficiencies. If any of these third-party service providers **fail to implement proper controls to meet our industry's regulatory requirements**, violate laws, regulatory requirements, **do not fulfill their** contractual obligations, or act inappropriately in the **conduct-conducting** of their business **services on our behalf**, our operations and reputation could be negatively impacted and result in regulatory fines and penalties. **Any Our reliance on these third parties to collect, store, process and transmit confidential and sensitive customer and employee data increases our cybersecurity threat profile. A third-party cybersecurity incident could compromise the security, integrity or availability of data, or result in theft, unauthorized access or processing, or disruption of access to data, which could negatively impact our operations. We rely on these third parties to maintain the security of all software code, information technology ("IT") systems and data provided to them and used while providing their services to us. Cybersecurity incidents involving third parties on which we rely, as further discussed below, could negatively affect our reputation, our competitive position and our financial performance, and we could face regulatory scrutiny, investigations, lawsuits and potential liability. We may not achieve the expected benefits of offshoring a portion of our collection activities, which could adversely affect our business, financial condition and results of operations. To improve our operational and labor efficiencies, we have offshored a portion of our collection and related support activities to third-party service providers located in Asia. As a result of offshoring some of these activities, we may experience a loss of continuity, loss of accumulated knowledge and / or inefficiency. We also cannot predict the availability of qualified workers, interruptions in collections or the impact of macroeconomic drivers in the countries we utilize for these activities. There is inherent risk beyond our control, including exposure to political uncertainty and foreign regulatory restrictions. One or more of these factors, or any other factors not yet identified related to our offshoring activities, could result in unexpected increases in operating expenses and make it more difficult for us to manage our costs and operations, which could cause our profitability business, financial condition, operations and reputation to decline** be adversely affected. Additionally -- **Additional** -- **risks related to offshoring are further discussed within this section** could expose performance of these activities to the risks described under International Operations Risks within this section. We may not be successful in implementing -- or **realizing in anticipating** -- the impact of **expected benefits from** our cash collections-generating and cost **savings** --related operational initiatives in our U. S. business, and our plans for implementing such initiatives may be altered or delayed due to various factors, which could have an adverse impact on our business and results of operations. Our **future growth ability to successfully compete** depends, in part, on our ability to **optimize** generate higher-cash collections at a lower marginal **cost-costs** through effective execution. In our U. S. business, we continue to identify and implement initiatives that we believe will position our business for long-term sustainable growth and profitability by allowing us to achieve a lower marginal cost structure and to execute effectively, particularly **around in the areas of** customer contact strategies and post-judgment legal **collection-collections** processes. It is possible that the implementation of some of these initiatives could be altered or delayed or result in unintended consequences, such as business disruptions, distraction of management and employees, reduced productivity, unexpected employee attrition or an inability to attract or retain key personnel. If we are unable to successfully implement **some our-- or all of our operational** initiatives as planned, or **we** do not achieve the **expected impacts-anticipated cash generating or cost savings improvements** as a result of these initiatives, **our profitability and cash flows could be adversely impacted. A cybersecurity incident could damage our reputation and adversely impact our business and financial results. Our business is highly dependent on our ability to process and monitor a large number of transactions across markets and in multiple currencies. We rely on IT systems to conduct our business, including IT systems developed and administered by third parties. Many of these IT systems contain sensitive and confidential information, including personal data, our trade secrets and proprietary business information, and information and materials owned by or pertaining to our customers, vendors and business partners. The secure maintenance of this information, and the IT systems on which they reside, is critical to our business strategy and our operations and financial performance. As our reliance on IT systems increases, maintaining the security of such IT systems and our data becomes more challenging. Our IT systems and infrastructure may be vulnerable to computer viruses, cyber-attacks, security breaches caused by employee error or malfeasance, or other disruptions. Although we take a number of steps to protect our IT systems, the attacks that companies have experienced have increased in**

number, sophistication and complexity in recent years, including threats from the malicious use of AI. Additionally, as we shift more employees to work- from- home arrangements, remote access to our systems has increased significantly, which exposes us to additional cybersecurity risks. As a result of our reliance on IT systems, we may suffer data security incidents or other cybersecurity incidents, which could compromise our IT systems and networks, creating disruptions and exploiting vulnerabilities in our services. Any such breach or other incident could result in the personal data or other confidential or proprietary information stored on our systems and networks, or our vendors' systems and networks, being improperly accessed, acquired or modified, publicly disclosed, lost, or stolen, which could subject us to liability to our customers, vendors, business partners and others. We seek to detect and investigate such incidents and to prevent their occurrence where practicable through preventive and remedial measures, but such measures may not realize be successful. Should a cybersecurity incident occur, we may be required to expend significant resources to notify affected parties, modify our protective measures, or investigate and remediate vulnerabilities or other exposures. Additionally, such cybersecurity events could cause reputational damage and subject us to fines, penalties, litigation costs and settlements, and financial losses that may not be fully covered by our cybersecurity insurance. To date, disruptions to our IT systems, due to outages, security breaches or other causes, including cybersecurity incidents, have not had a material impact on our business, results of operations or financial condition. The failure of our IT or telecommunication systems could result in a loss in productivity, loss of competitive advantage or business disruption. We depend on continuous and uninterrupted IT and telecommunication systems to operate our business, and significant resources are required to maintain and upgrade our existing systems. We continue to streamline and integrate our global IT and telecommunication systems, infrastructure, network and other core applications, with a focus on optimizing our systems to meet our changing business demands and to mitigate the risks of a changing cybersecurity threat landscape. Although we have invested in strategies to prevent failures, our IT and telecommunication systems are vulnerable to outages due to natural disasters, power loss, computer viruses, security breaches, hardware or software vulnerabilities, disruptions, and similar events. We may not be able to successfully implement certain updates or upgrades to our systems without experiencing difficulties, which could cause us to lose our competitive advantage, divert management' s time, result in a loss of productivity or disrupt business operations, which could have a material adverse effect on our business, financial condition and results of operations. We use our IT and telecommunications systems to contact consumers to collect on their debts. Over recent years, consumers, telecommunication carriers and email platforms have adopted and implemented filtering and blocking of spam communications. If our calls, texts, emails or other communications are blocked through a spam filter, or we are otherwise not able to contact our customers, our ability to collect on their debt through our call center and digital channels may be impacted, and we would need to pursue collections through another channel or not at all, which could impact or our results of operations and financial condition. We may not effectively utilize AI, or effectively work with other companies that use AI, which could adversely impact our results of operations and result in a loss of competitive advantage or business disruption. In a rapidly evolving landscape, AI technologies are playing an increasing role within any many facets of the anticipated benefits business. Some of our systems, resulting in a failure to meet tools and resources use, integrate our or could integrate some form of AI, which has the potential to result in bias, miscalculations, data errors and other unintended consequences. As AI technologies become integral to improving operational efficiency, customer engagement and decision- making processes, and are potentially deployed by sellers and service providers, our results of operations, competitiveness and reputation could be harmed if we are unable to adopt, utilize and control these technologies as quickly, efficiently and effectively as our competition, or we were to enter into business relationships with other companies that experience similar challenges. We have a significant amount of goodwill which, if impaired in the future, business objectives. Goodwill impairment charges could would negatively adversely impact our results of operations net income and stockholder' s equity. We have recorded a significant amount of goodwill as a result of our business acquisitions. Goodwill is not amortized, but rather, is tested for impairment at the reporting unit level. Goodwill is required to be tested for impairment annually and between annual tests, or more frequently if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. There are numerous risks that may cause the fair value of a reporting unit to fall below its carrying amount, which could lead to the recognition of a goodwill impairment charge. These risks include including: • adverse changes in macroeconomic conditions, the business climate or the market for the entity' s services; • significant variances between actual and expected financial results; • negative or declining cash flows; • lowered expectations of future results; • significant expense increases; • a more likely than not expectation of selling or disposing all, or a portion of, a reporting unit; • an adverse action or assessment by a regulator; • a significant increase in discount rates; or • a sustained decrease in the price per share of our common stock. Our goodwill impairment testing involves the use of estimates and the exercise of judgment, including judgments regarding expected future business performance and market conditions. Based on our October 1, 2023-2024, impairment test, we concluded that the goodwill of our reporting units was not impaired. However Under the prior year impairment test, we estimated that the excess of our Debt Buying and Collection (" DBC") reporting unit' s fair value exceeded over its carrying value by was 6 %, and therefore although the excess increased to 11 % under our most recent test, if our cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including adverse changes in the debt sales market and an increase in the discount rate, the reporting unit may be at- risk for future impairment if our cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including adverse changes in the debt sales market and an increase in the discount rate. Our loss contingency accruals may not be adequate to cover actual losses. We From time- to- time, we are involved in judicial, regulatory and arbitration proceedings or investigations concerning matters arising from our business activities. We establish accruals for potential liability arising from legal proceedings when it both the loss is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. However, there can

be no assurance as to the ultimate outcome. We **do not have accruals for all legal proceedings where we face a risk of loss, however, we** may still incur legal costs for a matter even if we have not accrued a liability. **In addition Due to the inherent subjectivity of the assessments and unpredictability of the outcome of legal and regulatory proceedings, actual amounts accrued may not represent the ultimate loss to us from the legal and regulatory proceedings in question. As a result, our ultimate** losses may be **significantly** higher than the **amount amounts we have** accrued for a certain matter, or in the aggregate. An unfavorable resolution of a legal proceeding or claim could adversely impact our business, financial condition, results of operations or liquidity. **INTERNATIONAL OPERATIONS RISKS** A disease outbreak could have an adverse effect on our business, results of operations and financial condition. We cannot predict the extent to which a disease outbreak, including epidemics, pandemics or similar widespread public health concerns, will impact our business, results of operations and financial results. A disease outbreak could adversely affect our business, results of operations and financial condition if: • political, legal and regulatory actions and policies in response to a disease outbreak prevent us from performing our collection activities or result in material increases in our costs to comply with such laws and regulations; • consumers respond to a disease outbreak by failing to pay amounts owed to us as a result of factors that impact their ability to make payments; • we are unable to maintain staffing levels necessary to operate our business due to the continued spread of a disease outbreak causing employees to be unable or unwilling to work; • we are unable to collect on existing nonperforming loans or experience material decreases in our cash collections; or • we are unable to purchase nonperforming loans needed to operate our business because credit originators become unable or unwilling to sell their nonperforming loans consistent with historical levels. Our international operations expose us to risks, which could harm our business, results of operations and financial condition. **A We are a global business with operations in 18 countries. In 2024, our international operations represented 46 % of our total portfolio income. Managing a global business is complex, and our international operations are subject to additional risks that may not exist in the U. S., or may be more** significant **compared to** portion of our operations is conducted outside the U. S. This could expose us to adverse economic, industry and political conditions that may have a negative impact on our ability to manage our existing **international** operations, which could have a negative **effect impact** on our business, results of operations and financial condition. The global nature of our operations expands the risks and uncertainties described elsewhere in this section, including the following: • changes in **local geopolitical conditions and the** political, economic, social and labor conditions in the markets in which we operate; • foreign exchange controls on currency conversion and the transfer of funds that might prevent us from repatriating cash earned in countries outside the U. S. in a tax- efficient manner; • currency exchange rate fluctuations, currency restructurings, inflation or deflation and our ability to manage these fluctuations through a foreign exchange risk management program; • different employee / employer relationships, laws and regulations, union recognition and the existence of employment tribunals and works councils; • laws and regulations imposed by international governments, including those governing data security, sharing and transfer; • potentially adverse tax consequences resulting from changes in tax laws in the jurisdictions in which we operate, **or challenges to our interpretations- interpretation** and application of complex international tax laws; • logistical, **communications- communication** and other challenges caused by distance and cultural and language differences, each making it harder to do business in certain jurisdictions; • volatility of global credit markets and the availability of consumer credit and financing in our international markets; • uncertainty as to the enforceability of contract rights under local laws; • the potential of forced nationalization of certain industries, or the impact on creditors' rights, consumer disposable income levels, flexibility and availability of consumer credit and the ability to enforce and collect aged or charged- off debts stemming from international governmental actions, whether through austerity or stimulus measures or initiatives, intended to control or influence macroeconomic factors such as wages, unemployment, national output or consumption, inflation, investment, credit, finance, taxation or other economic drivers; • the **potential for widening military conflicts** presence of **varying levels of business corruption in international markets and the effect of various anti- corruption and other laws on our international operations**; • the **impact on our day- to- day operations and our ability to staff our international operations given long- term trends towards higher wages in developed and emerging international markets as well as the potential impact of union organizing efforts**; • the **potential for a widening military conflict in Europe**; • potential damage to our reputation due to non- compliance with international and local laws; and • the complexity and necessity of using non- U. S. representatives, consultants and other third- party vendors. Any one of these factors could adversely affect our business, results of operations, **liquidity, cash flow** and financial condition. Compliance with complex and evolving international and U. S. laws and regulations **governing** that apply to our international operations could increase our cost of doing business in international jurisdictions. We operate on a global basis with offices and activities in a number of jurisdictions **throughout in** the Americas, Europe and Australia. We face increased exposure to risks inherent in conducting business internationally, including compliance with complex international and U. S. laws and regulations that apply to our international operations, which could increase our cost of doing business in international jurisdictions. These laws and regulations include those related to **consumer debt**, taxation, and anti- corruption laws such as **EU Directive 2021 / 2167**, the FCPA, and the UK Bribery Act. Given the complexity of these laws, there is a risk that we may inadvertently breach certain provisions of these laws, such as through the negligent behavior of an employee, or our failure to comply with certain formal documentation requirements. Violations of these laws and regulations by us, any of our employees, or our third- party vendors, either inadvertently or intentionally, could result in fines and penalties, criminal sanctions, restrictions on our operations and **the ability inability** to offer our services in one or more countries. Violations of these laws could also adversely affect our business, brand, international expansion efforts, ability to attract and retain employees and **our** results of operations. Additionally, pending international regulations, such as the **EU Directive (2021 / 2167) on Credit Servicers and Credit Purchasers**, could adversely affect our operations in Europe once they are effective and require implementation. The Organization for Economic Co- operation and Development ("OECD") recently issued Pillar Two model rules with the aim of ensuring that multinational enterprises pay a 15% effective tax rate in each jurisdiction. The EU adopted the OECD Pillar Two Directive effective January 1, 2024. We are monitoring the enactment **and**

**implementation** of Pillar Two legislation ~~in EU countries and elsewhere~~ to determine the potential impact on our financial results, as well as monitoring U. S. amendments to the U. S. global intangible low- tax income (" GILTI"), if any. While we currently do not expect ~~the that~~ implementation of Pillar Two and ~~any~~ amendments to GILTI will significantly increase our U. S. and international income taxes, there is a risk ~~that~~ the final enactment **and implementation throughout our global operations** could cause a material increase in our income tax expense ~~and payments~~. **Legal and Regulatory Risks LEGAL AND REGULATORY RISKS** Our ability to collect and enforce our nonperforming loans may be limited under federal, state and international laws, regulations and policies. Our operations are subject to licensing and regulation by governmental and regulatory bodies in ~~the many~~ **of the** jurisdictions in which we operate. U. S. federal and state laws, and the laws and regulations of the ~~international~~ countries in which we operate, may limit our ability to collect on and enforce our rights with respect to our nonperforming loans regardless of any act or omission on our part. Some laws and regulations applicable to credit issuers may preclude us from collecting on nonperforming loans we acquire if the credit issuer previously failed to comply with applicable laws in generating or servicing those accounts. Collection laws and regulations also directly apply to our business ~~;~~ **and Such such** laws and regulations are extensive and subject to change. A variety of state, federal and international laws and regulations govern the collection, use, retention, transmission, sharing and security of consumer data. Consumer protection and privacy protection laws, changes in the ways that existing rules or laws are interpreted or enforced **;** and any procedures that may be implemented as a result of regulatory consent orders **;** may adversely affect our ability to collect on our nonperforming loans and adversely affect our business. Our failure to comply with laws or regulations ~~applicable to us~~ could limit our ability to collect on our nonperforming loans, which could reduce our profitability and adversely affect our business. Failure to comply with government regulation of the collections industry could result in penalties, fines, litigation, damage to our reputation or the suspension or termination of our ability to conduct our business. The collections industry throughout the markets in which we operate is governed by various laws and regulations, many of which require us to be a licensed debt collector. Our industry is also at times investigated by regulators and offices of state attorneys general, and subpoenas and other requests or demands for information may be issued by governmental authorities who are investigating debt collection activities. These investigations may result in enforcement actions, fines and penalties, or the assertion of private claims and lawsuits. If any such investigations result in findings that we or our vendors have failed to comply with applicable laws and regulations, we could be subject to penalties, litigation losses and expenses, damage to our reputation, or the suspension or termination of, or required modification to, our ability to conduct collections, which would adversely affect our business, results of operations and financial condition. In a number of jurisdictions, we must maintain licenses to purchase or own debt ~~;~~ and / or to perform debt recovery services **;** and must satisfy related bonding requirements. Our failure to comply with existing licensing requirements, changing interpretations of existing requirements, or ~~the~~ adoption of new licensing requirements, could restrict our ability to collect in certain jurisdictions, subject us to increased regulation, increase our costs **;** or adversely affect our ability to purchase, own and / or collect ~~on~~ our nonperforming loans. Some laws, among other things, ~~also~~ may limit the interest ~~rate rates~~ and fees we ~~may can~~ impose on our ~~consumers customers~~ **;** limit the ~~amount of~~ time in which we ~~may have to~~ file legal actions to enforce ~~consumer customer~~ accounts and require specific account information for certain collection activities. In addition, local requirements and court rulings in various jurisdictions may affect our ability to collect. Regulations and statutes applicable to our industry further provide that, in some cases, consumers cannot be held liable for, or their liability may be limited with respect to, charges to their debit or credit card accounts that resulted from unauthorized use ~~of their credit~~. These laws, among others, may limit our ability to recover amounts ~~owing owed~~ with respect to ~~the our~~ nonperforming loans, whether or not we committed any wrongful act or omission in connection with the account. If we fail to comply with any applicable laws and regulations **;** **including those** discussed above, such failure could result in penalties, litigation losses and expenses, damage to our reputation, or otherwise impact our ability to conduct collections efforts, which could adversely affect our business, results of operations and financial condition. Investigations, reviews or enforcement actions by governmental authorities may result in changes to our business practices, negatively impact our nonperforming loan portfolio ~~acquisition purchasing~~ volume, make collection of nonperforming loans more difficult or expose us to the risk of fines, penalties, restitution payments and litigation. Our debt collection activities and business practices are subject to review ~~from time to time~~ by various governmental authorities and regulators, including the CFPB, which may commence investigations, reviews or enforcement actions targeted at businesses in the financial services industry. These investigations or reviews may involve individual consumer complaints or our debt collection policies and practices generally. Such investigations or reviews could lead to assertions by governmental authorities that we are not complying with applicable laws or regulations. In such circumstances, authorities may request or seek to impose a range of remedies that could involve potential compensatory or punitive damage claims, fines, restitution payments, sanctions or injunctive relief, that if agreed to or granted, could require us to make payments or incur other expenditures. The CFPB has the authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief), recover costs, and impose monetary penalties (ranging from \$ 5, 000 per day to over \$ 1 **.0** million per day, depending on the nature and gravity of the violation). In addition, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented thereunder, the Dodd- Frank Act empowers state attorneys general and other state regulators to bring civil actions to remedy violations under state law. Governmental authorities could also request or seek to require us to cease certain practices or institute new practices. Negative publicity relating to investigations or proceedings brought by governmental authorities could have an adverse impact on our reputation, harm our ability to conduct business with industry participants and result in financial institutions reducing or eliminating sales of nonperforming loan portfolios to us. Moreover, changing or modifying our internal policies or procedures, responding to governmental inquiries and investigations and defending lawsuits or other proceedings could require significant efforts on the part of management and result in increased costs to our business. In addition, such efforts could divert management' s full attention from our business operations. All of these factors could have an adverse effect on our business, results of operations and financial condition. The CFPB has issued

civil investigative demands ("CIDs") to many companies that it regulates, including PRA Group, and periodically examines practices regarding the collection of consumer debt. In April 2023, Portfolio Recovery Associates, LLC ("PRA"), our wholly owned subsidiary, entered into an order with the CFPB settling a previously disclosed investigation of certain debt collection practices of PRA (the "2023 Order"). We are currently implementing **executing both** our redress plan and **have submitted** our compliance plan **as required by** to the CFPB for review. Although we believe that we will comply with the requirements of the 2023 Order, **there-There** can be no assurance we will implement each requirement to the satisfaction of the CFPB or that additional litigation or new industry regulations currently under consideration by the CFPB would not have an adverse effect on our business, results of operations and financial condition. **After the recent change in presidential administration, there have been some indications that the regulatory and enforcement activities of the CFPB may change, but the extent to which these or other future developments may impact our business remains uncertain.** The regulation of data privacy in the U. S. and globally, or an inability to effectively manage our data governance structures, could have an adverse effect on our business, results of operations and financial condition by increasing our compliance costs, exposing us to the risk of liability or decreasing our competitiveness. A variety of jurisdictions in which we operate have laws and regulations concerning privacy, **AI**, cybersecurity and the protection of personal data, including the EU GDPR, the UK GDPR, the U. S. GLBA, **the EU Artificial Intelligence Act, the EU Digital Operational Resilience Act**, and the California Consumer Privacy Act of 2018. These laws and regulations create certain privacy rights for individuals and impose prescriptive operational requirements for covered businesses relating to the processing and protection of personal data, **the use of AI** and may also impose substantial penalties for non-compliance. Laws and regulations relating to privacy, **AI**, cybersecurity and data protection are **quickly rapidly** evolving, and any such proposed or new legal frameworks could significantly impact our operations, financial performance and business. The application and enforcement of these evolving legal requirements is uncertain and may require us to further change or update our information practices, and could impose additional compliance costs and regulatory scrutiny. If we fail to effectively implement and maintain data governance structures across our business, or to effectively interpret and utilize such data, our operations could be exposed to additional adverse impacts, and we could be at a competitive disadvantage. In addition, we rely on data provided to us by credit reference agencies and servicing providers. If these agencies and service providers were to stop providing us with data for any reason, **;** for example, due to a change in governmental regulation, there could be a material adverse effect on our business, results of operations and financial condition. We may incur significant costs complying with legal obligations and inquiries, investigations or any other government actions related to privacy, cybersecurity, and data protection. Such legal requirements and government actions also may impede **our the** development of **new services or our businesses-- business**, make existing services or businesses unprofitable, increase our operating costs, require substantial management resources, result in adverse publicity and subject us to remedies that harm our business or profitability, including penalties or orders that may change or terminate current business practices. Our insurance policies may be insufficient to insure us against such risks, and future escalations in premiums and deductibles under these policies may render them uneconomical. Changes in tax provisions or exposures to additional tax liabilities could have an adverse effect on our financial condition. We record reserves for uncertain tax positions based on our assessment of the probability of **being able to** successfully **sustaining---** **sustain the** tax filing positions **taken**. Management **may be required to** exercises **exercise** significant judgment when **assessing-making the these assessments** probability of successfully sustaining tax filing positions, in determining whether a tax liability should be recorded and, if so, estimating **that the** amount. Our tax filings are subject to audit by domestic and international tax authorities. If **our any** tax filing positions are successfully challenged, payments could be required that are in excess of **reserved-the** amounts **accrued**, or we may be required to reduce the carrying amount of our **net** deferred tax **asset assets**, either of which could be significant to our financial condition or results of operations. Although we believe our estimates are reasonable, the ultimate tax **outcome-outcomes** may differ from the amounts recorded in our financial statements and may adversely or beneficially affect our financial results in the period (s) **for in** which such **determination-outcomes are determined.** **While we currently do not expect the implementation of Pillar Two will significantly increase our U. S. and international income taxes, there is made a risk that final enactment and implementation throughout our global operations could have a material impact on our effective tax rate and our business, results of operations, Financial financial condition and Liquidity Risks-cash flow. FINANCIAL RISKS** We expect **to continue** to use leverage in executing our business strategy, which may have adverse consequences. We **have and** may **continue to** incur a substantial amount of debt in the future. As of December 31, **2023-2024**, we had total consolidated indebtedness of **\$ 3. 3 billion, of which \$ 2. 9-0 billion was secured indebtedness**, all of which, except for \$ 298. **Our unsecured indebtedness consisted** 0 million outstanding principal amount of our 7.375 % Senior Notes due 2025 (the "2025 Notes"), \$ 398. 0 million outstanding principal amount of our 8. 375 % Senior Notes due 2028, **(the "2028 Notes")** and \$ 350. 0 million outstanding principal amount of our 5. 00 % Senior Notes due 2029 (the "2029 Notes"), and together with the 2028 Notes and 2025 Notes, the **" \$ 550. 0 million outstanding principal amount of our 8. 875 % Senior Notes due "**, was secured indebtedness. In addition, as of December 31, **2023- 2030**, we had total committed revolving borrowing capacity of \$ 2. 7 billion available under our credit facilities, all of which if borrowed would be **secured indebtedness**. Total availability under these **our** credit facilities as of December 31, **2023-2024**, was **\$ 1. 0 billion, comprised of \$ 564. 3 billion, comprised of \$ 344. 4 million based on current estimated remaining collections ("ERC ") and subject to debt covenants**, and \$ **938-462 . 5-0** million of additional availability subject to **borrowing base and** debt covenants, including advance rates. We **will** consider a number of factors when evaluating our level of indebtedness and when making decisions about incurring any new indebtedness, including the purchase price of assets to be acquired with debt financing, **the estimated market value of our assets** and the ability of **particular-those** assets, and the Company as a whole, to generate cash flow to cover the expected debt service. Incurring a substantial amount of **debt-indebtedness** could have **important** consequences for our business, including: • making it more difficult for us to satisfy our obligations with respect to our debt **or and** to our trade **or and** other creditors; • increasing our vulnerability to adverse **changes in** economic or industry

conditions, including higher interest rate environments; • limiting our ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is constrained; • requiring us to use a substantial portion of our cash flows from operations and reducing to repay our indebtedness, which reduces our ability to use our cash flows to fund working capital, capital expenditures, acquisitions and general corporate requirements; • increasing the amount of interest expense because owed since the indebtedness under our credit facilities bears interest at floating rates, which, if interest rates increase, will result in higher interest expense; • limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and • placing us at a competitive disadvantage compared to less leveraged competitors. Our We cannot assure you that our business will may not generate sufficient cash flow from operations or that, and future borrowings will may not be available to us through capital markets financings, under credit facilities or otherwise, in an amount sufficient to enable us to repay our indebtedness, repurchase our Senior senior Notes notes upon a change of control, or fund our other liquidity needs. We Furthermore, we may need to refinance all or a portion of our indebtedness, at or before its scheduled maturity, but We cannot assure you that we will may not be able to do so refinance any of our indebtedness on commercially reasonable terms or at all. In addition, we may incur additional indebtedness in order to finance our operations or to repay existing indebtedness. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional debt or equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all, or on terms that would be advantageous to our stockholders or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements. We may not be able to generate sufficient cash flow or complete alternative financing plans, including raising additional capital, to meet our debt service obligations. Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will depend on our current and future financial performance, which in part depends on general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In the future, we may fail to generate sufficient cash flow from the collection of nonperforming loans to meet our cash requirements. Further, our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels, we have to incur unforeseen expenses, we invest in acquisitions or make other investments that we believe will benefit our competitive position. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or seeking to raise additional debt or equity, or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds that would be realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then outstanding in effect. Furthermore, our ability to refinance would depend depends upon the condition of the finance and credit markets. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would could materially affect our business, financial condition or and results of operations, and may delay or prevent the expansion of our business. The agreements governing our indebtedness include provisions that may restrict our financial and business operations. Our credit facilities and the indentures that govern our Senior Notes contain financial and other restrictive covenants, including restrictions on certain types of transactions and our ability to pay dividends to our stockholders. These restrictions may interfere with our ability to engage in other necessary or desirable business activities, which could materially adversely affect our business, financial condition or and results of operations. The Failure failure to satisfy any one of these covenants could have result in negative consequences, including the following: • acceleration of outstanding indebtedness; • exercise by our lenders of rights with respect to the collateral pledged under certain of our outstanding indebtedness; • our inability to continue to purchase nonperforming loans needed to operate our business; or • our inability to secure alternative financing on favorable terms, if at all. Adverse changes in our credit ratings could have a negative impact on our business, results of operations and financial condition. Our ability to access capital markets is important to our ability to operate our business. Increased scrutiny of our industry and the impact of regulation, as well as changes in our financial performance and unfavorable conditions in the capital markets, could result in credit agencies reexamining and downgrading our credit ratings. A downgrade in our credit ratings may restrict or discontinue our ability to access capital markets at attractive rates and increase our borrowing costs, which could adversely affect our business, results of operations and financial condition. Cybersecurity and Technology Risks A cybersecurity incident could damage our reputation and adversely impact our business and financial results. Our business is highly dependent on our ability to process and monitor a large number of transactions across markets and in multiple currencies. We rely on information technology systems to conduct our business, including systems developed and administered by third parties. Many of these systems contain sensitive and confidential information, including personal data, our trade secrets and proprietary business information, and information and materials owned by or pertaining to our customers, vendors and business partners. The secure maintenance of this information, and the information technology systems on which they reside, is critical to our business strategy as well as our operations and financial performance. As we expand geographically, and our reliance on information technology systems increases, maintaining the security of such systems and our data becomes more significant and challenging. Although we take a number of steps to protect our information technology systems, the attacks that companies have experienced have increased in number, sophistication and complexity over the past few years, including threats from the malicious use of new artificial intelligence tools. Accordingly, we may suffer data security incidents or other cybersecurity incidents, which could compromise our systems and networks, creating system disruptions and exploiting vulnerabilities in our services. Any such breach or other incident also could result in the personal data or other confidential or proprietary information stored on our systems and networks, or our vendors' systems and networks, being improperly accessed, acquired or modified, publicly disclosed, lost, or stolen, which

could subject us to liability to our customers, vendors, business partners and others. We seek to detect and investigate such incidents and to prevent their recurrence where practicable through preventive and remedial measures, but such measures may not be successful. Should a cybersecurity incident occur, we may be required to expend significant resources to notify affected parties, modify our protective measures or investigate and remediate vulnerabilities or other exposures. Additionally, such cybersecurity events could cause reputational damage and subject us to fines, penalties, litigation costs and settlements and financial losses that may not be fully covered by our cybersecurity insurance. To date, disruptions to our information technology systems, due to outages, security breaches or other causes, including cybersecurity incidents, have not had a material impact on our business, results of operations or financial condition. For further discussion about our risk management and strategy with respect to cybersecurity, and the roles of the Board and management in our cybersecurity governance, refer to Item 1C." Cybersecurity" of this Form 10-K. The underperformance or failure of our information technology infrastructure, networks or communication systems could result in a loss in productivity, loss of competitive advantage and business disruption. We depend on effective information and communication systems to operate our business. Significant resources are required to maintain or enhance our existing information and telephone systems and to replace obsolete systems. Although we periodically upgrade, streamline and integrate our systems and have invested in strategies to prevent a failure, our systems are susceptible to outages due to natural disasters, power loss, computer viruses, security breaches, hardware or software vulnerabilities, disruptions, and similar events. Failure to adequately implement or maintain effective and efficient information systems with sufficiently advanced technological capabilities, or our failure to efficiently and effectively consolidate our information systems to eliminate redundant or obsolete applications, could cause us to lose our competitive advantage, divert management's time, result in a loss of productivity or disrupt business operations, which could have a material adverse effect on our business, financial condition and results of operations.