

**ANNUAL REPORT**  
2020 | 2021



**Changing finances for the better.**



## The fiscal year 2020/21 in brief

# 792.5

MM EUR

revenue earned by EOS Consolidated.

# 289.1

MM EUR

in revenue makes **Germany** the strongest performing region once again.

# 312.4

MM EUR

in **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**.

# 534.3

MM EUR

EOS Consolidated invested in receivables.

# 25

MM EUR

investments in **innovative technologies** and **IT processes** pave the way for a state-of-the-art collection system.

# 17x

A RATING

In 2021, **Scope Hamburg** awarded EOS an A rating for the **17th time in a row**.

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We are living in challenging times. For EOS too, 2020/21 was not an easy financial year. In a world shaped by the pandemic, we saw instability in many markets and encountered numerous hurdles in everyday business routines. Employees in almost all areas have rarely had to deal with so many challenges. They had to question, postpone or completely rethink many previously defined goals, action plans and processes. The last financial year also was a time of rapid change and fast action across the entire range of sectors and services. It made clear that beyond cost-saving measures, exceptional situations call for solidarity, the assumption and delegation of responsibility, respectful collaboration and employee empowerment.

Against the backdrop of the crisis year, EOS resolved to intensify efforts to meet its corporate responsibility obliga-

tions in the future. Responsible conduct has always been deeply rooted in the identity of the parent company Otto Group and thus also at EOS. In keeping with its mission, the company wants to make a positive contribution to the functioning of the business cycle and to change itself and its environment for the better. The EOS Group has embedded this aspiration strategically across the company for the first time, organizing it into four action areas: Responsible Collection, Joint Progress, Environmental Protection and Financial Sustainability.

Continuous strategic development has helped the EOS Group to weather last year's crisis and remain successful internationally.

# A strong identity

## Exemplary investor and receivables manager

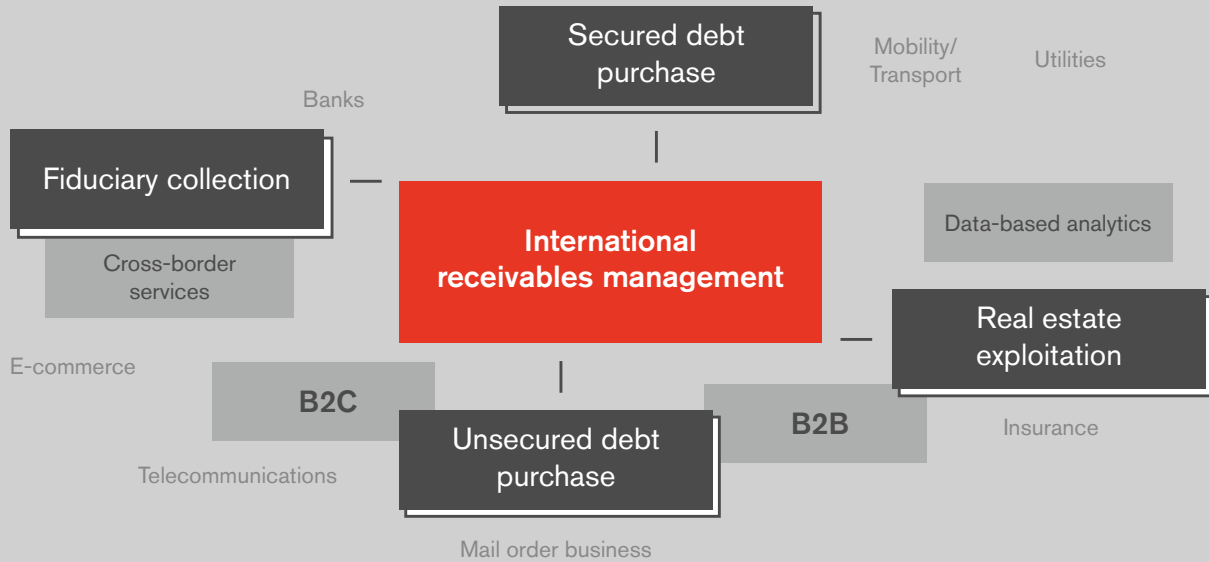
A strong identity gives a company strength and credibility and provides the workforce with orientation: What does EOS stand for? What does the company want to accomplish and how? With last year's stable result, EOS has shown that having a clear direction, strategy and vision pays off and that stringent cost management helps, especially in times of crisis. In pursuit of a debt-free world, EOS conducts itself according to firm value-based principles. The company's working methods and attitudes are aimed at long-term value creation and realizing the company's ambitious aspiration of making a specific positive contribution that is summed up in "Changing finances for the better".

As an important part of the financial sector, receivables management greatly affects the financial well-being of companies and people. EOS is aware of this responsibility and has firmly embedded corporate responsibility in its business model. The focus on fair collection helps to drive the development of the sector in a more sustainable direction, with a direct effect for clients and defaulting payers.

### Strategic priorities with leverage effect

The EOS Group is always moving and evolving, proactively adapting to increasingly faster changes and digital developments. Targeted strategic priorities function as a lever to efficiently accelerate the Group's performance, advance all aspects of the digital transformation, and encourage cultural change.





### Continuous development in a complex environment

This systematic, value-based and forward-looking approach is a major factor in the success of the EOS Group, particularly in such a complex environment. For more than 45 years, EOS has been helping its clients to focus on their core business, improving their liquidity and minimizing risks to their reputation. As a leading technology-driven financial investor, EOS offers expertise in the processing of outstanding receivables. The company's fields of activity include the purchase of receivables in default, with secured and unsecured non-performing loans, and the acquisition of real estate in need of restructuring.

Its most important target sectors are banks, real estate, telecommunications, energy utilities, and e-commerce.

# For better or for worse

## EOS fulfills individual client wishes



Banks, telecommunications providers and energy utilities are just some of the many sectors represented by the EOS Group's 20,000 clients. Their requirements for a debt collection service are naturally highly varied. In the last financial year in particular, many companies were affected by significant changes. Now more than ever, it is important to have a partnership based on trust and open, fair interaction. EOS makes a genuine difference, thanks to its extensive knowledge of client needs.

### WHAT DO CLIENTS THINK OF EOS?

Client feedback is taken very seriously at EOS. Open and transparent dialog makes it possible to work as partners and achieve success in the long-term.

#### FRANCE



***"For several years now, EOS has been a strong partner to ENGIE and has provided us with great support. The COVID-19 crisis underlined how im-***

***portant it is to have EOS at our side. Despite the unprecedented situation, EOS was and continues to be amazingly agile and flexible. We are particularly impressed by the speedy response of the operational teams, who satisfy our needs and exceed our expectations. We are heading in the same direction together and it's a great pleasure to work with EOS on a day-to-day basis."***

**Magali Odienne, ENGIE**

#### SWITZERLAND

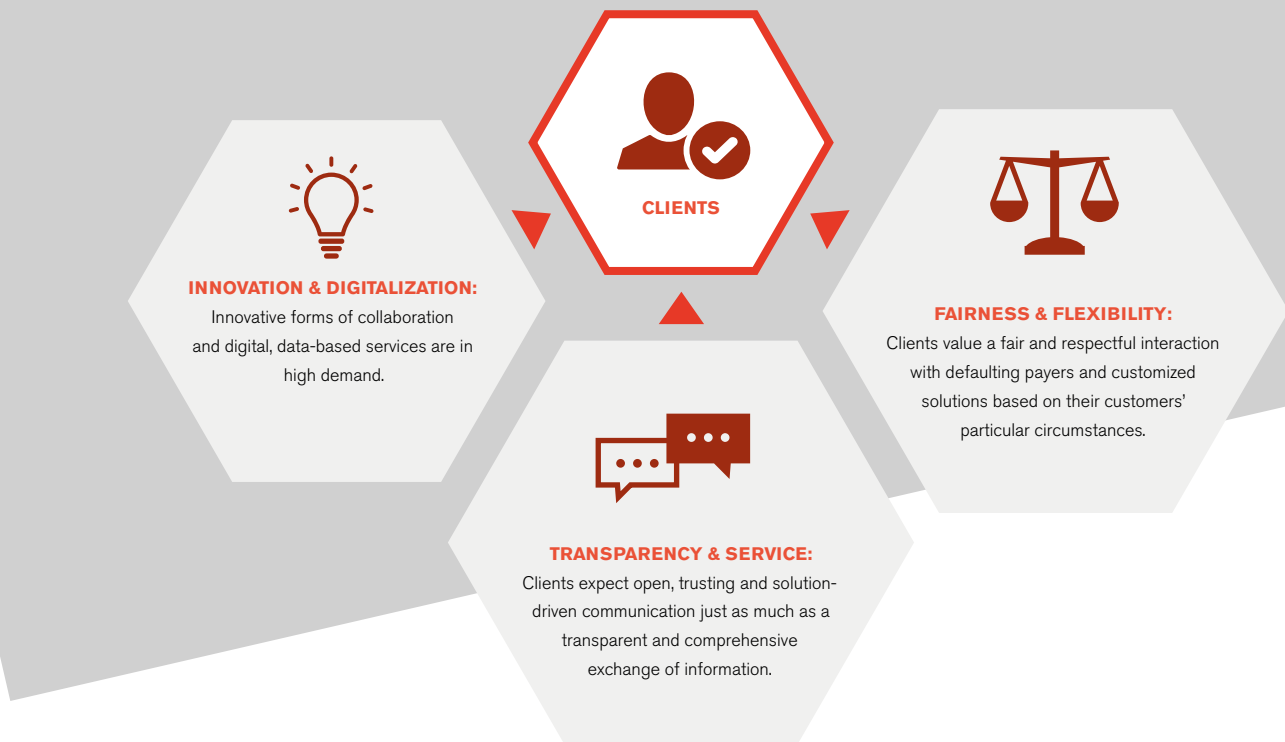


***"We have been working with EOS in Switzerland in the field of receivables management for more than 15 years. Our collaboration is based on a strong partnership.***

***The EOS team interacts with our clients' patients respectfully and professionally and takes into account their financial circumstances. This is especially important in the healthcare sector."***

**David Pravato, Swisscom Health**

## Important client needs



## WHAT DO CLIENTS THINK OF EOS?

### SLOVENIA



**“GS1 Slovenija was one of the first companies to work with EOS in Slovenia. Our longstanding partnership has been very successful to date, because together we**

*have been able to substantially improve the payment discipline of GS1 members. EOS operates fairly and professionally, ensuring responsible debt collection practices. Our members appreciate that as well, and it has helped us to maintain good payment practices even during the pandemic.”*

**Zdenka Konda**, GS1 Slovenija

### CZECH REPUBLIC



**“We know EOS as a highly professional and reliable partner. The company not only works more efficiently than other debt collection service providers we have**

*worked with, but also interacts with our defaulting customers in a fair and transparent way. Thanks to the consistently helpful communication with EOS staff, our issues are resolved quickly and professionally. Although we have a lower portfolio volume than other companies in the market, EOS, one of the largest debt collection companies in the Czech Republic, always gives us the feeling that we are an important client.”*

**Kateřina Jiráková**, Twisto

# Changing for the better

## Binding standards and critical discourse

As one of the leading companies in its sector, EOS is aware of its responsibilities. The company wants to change things for the better, for clients, business partners and defaulting payers, but also for the company itself and its employees. Beyond its core business, EOS is committed to society and to a better, sustainable future. To that end, Corporate Responsibility (CR) must be lived from within and based on clear-cut binding standards that are continually scrutinized and developed in critical discourse with all stakeholders. Therefore, EOS puts people at the heart of everything it does. The company's ambitious aspiration has to be put into practice with one clear goal in mind – “Changing for the better”.

## Four key CR areas for a sustainable future

EOS actively assumes responsibility and focuses on four action areas:





## Membership in the UN Global Compact

### WE SUPPORT



EOS is a signatory to the UN Global Compact, the world's largest initiative for responsible corporate governance. By joining the Compact, EOS has committed to an inclusive and sustainable global economy to benefit all people, societies and markets, now and in the future. The worldwide network is made up of more than 15,000 companies, non-governmental organizations and representatives from politics and science from 160 countries.

## Fairness is the key to success



*EOS Group CEO Klaus Engberding is the patron of the company's corporate responsibility strategy. He explains why this issue is so important for the company and for him personally.*

### **What does CR have to do with business performance?**

The starting point for the debt collection process is often a conflict. Our job is to help resolve that conflict. In doing so, we mediate the conflict between the creditor's interest in being paid and the defaulting payer's desire for fair and respectful treatment. The better we meet the requirements of both parties, the more successful we are in receivables management. We have defined four central areas of action according to criteria for "significant and powerful levers".

### **What is especially important to you in this context?**

It is important that we formulate standards and make them transparent, tangible and realistic. Only when they leave the paper, so to speak, and become part of the DNA, not just of the organization but of every individual within it, responsible debt collection can be brought to life. Personally speaking, I want to work only in a company that works decently.

### **What are you particularly proud of when it comes to CR at EOS?**

In a sector that is not always free of criticism, EOS has always counted on ethical, fair practices and respect for all parties involved. We also pursue unexpected ways. For example, employees in an internal workshop came up with the idea of promoting financial literacy as a way of preventing excessive personal debt. That led to the establishment of our finlit foundation. It is just one example among many that make me really proud. Behind every important issue at EOS is an entire team of dedicated people. Social responsibility is a genuine and very personal concern for all of us.

→ Klaus Engberding explains how EOS becomes "future fit" in the following video:



## How can we change society for the better?

### *Financial literacy as a way to prevent excessive personal debt*

EOS assumes social responsibility for the financial environment, society and its own workforce. EOS uses a fair collection system to help defaulting payers with outstanding debts. But why offer help when it is actually too late? Lack of basic financial knowledge is one of the main reasons for payment problems and excessive personal debt. People need to learn how to handle money and manage finances properly – the earlier the better. To counteract excessive debt, EOS is tapping its debt collection expertise in its own initiatives for better financial education. The EOS Group's social responsibility for staff members involves developing their skills, ensuring employee health and empowerment, pursuing diversity and promoting inclusion within the Group.

#### **finlit foundation for more financial literacy**

The EOS initiatives to promote financial literacy use preventive means to keep people from falling into the debt trap in the first place. It all started with the first non-profit company at EOS. Employees established the finlit foundation in Germany in November 2019 with the

goal of improving financial literacy – the knowledge and use of financial skills – in everyday life. The idea is to remove the taboos from the topics of money and debt as a way to improve the financial literacy of young people and to prevent excessive personal debt.



**Sebastian Richter**  
Managing Director of the  
finlit foundation gGmbH

**“ Our ideal of a debt-free world obliges us to act, but we cannot achieve it through our business operations alone. We need to take a pro-active approach to excessive debt through social commitment in the field of financial literacy. ”**





## Early prevention with comprehensive educational offerings

*Effective initiatives are already running in several countries*

### **ManoMoneta: Pilot project of the finlit foundation in Germany**

It is crucial to support young people in particular and to act when the important foundations can be laid for the responsible handling of money. That is precisely what the first finlit initiative named “ManoMoneta” is doing. The free program to promote the financial education of children aged 9–12 was launched in October 2020 and has since reached almost 20,000 children in more than 300 schools. Working with experienced educators, finlit develops curriculum-oriented, everyday learning content for teachers that can be integrated easily into classroom instruction. In addition to analog materials, there is also an online offering that can be used in hybrid and distance learning via the digital learning platform – a result of the pandemic.

### **ManoMoneta: International adaptations**

The international finlit community of 47 colleagues from 24 countries is committed to improving financial literacy. For example, EOS in the Czech Republic is developing a version based on “ManoMoneta” materials but adapted to the Czech school system and lifestyle habits. The test phase is currently in full swing and will be completed by the end of the current financial year.

### **Financial School: Knowledge transfer in Slovenia**

In partnership with the financial magazine “Moje Finance”, EOS in Slovenia is supporting the “Financial School” project, which conducts workshops on money management for different age groups. During the three-day training workshops, EOS experts teach the basics of the causes and consequences of excessive debt and potential solutions. The mission is to use preventive measures for a world with less indebtedness.

### **Putting social responsibility into practice in-house**

*To make a positive contribution to society, EOS supports and encourages its own employees. The point is to make better use of individual strengths, capabilities and personalities and give employees greater visibility. This goal is largely driven by the employees themselves, who have developed their own initiatives like “Queer@EOS” and “W:isible” that specifically encourage diversity and equality.*

→ **Tijen Onaran with tips on diversity in the company**



# How can we change debt-filled lives for the better?

## Focus on the individual to achieve sustainable debt relief

EOS is pursuing the goal of a debt-free world. Driven by this vision, the company is already making a huge difference in everyday life. The fair treatment of defaulting payers is nothing new for EOS, but rather standard operating procedure. EOS stands for responsible debt collection and focuses on the interests of defaulting payers through sustainable debt relief, for instance. Goals are achieved by communicating with defaulting payers on an equal footing and offering them personalized solutions such as fair installment agreements. EOS thus fulfills its responsibilities by reconciling the needs of clients and defaulting payers.

### No pressure and sound judgment lead to success

EOS in Bulgaria is working very successfully with the "nudge method". Last year the company motivated almost 3,000 previously unreachable defaulting payers to take action to settle their debts. That represents an increase of five percent. The aim is to engage in constructive dialog without any pressure at all. Defaulting payers are given a nudge in the right direction to positively influence their behavior. The communication with hard-to-reach defaulting payers takes place in three phases designed to encourage them to contact EOS to reach a mutually acceptable solution. The success of the concept and the commitment of the employees are positively influenced by negotiation training EOS provides.

### Individual solutions for difficult life circumstances

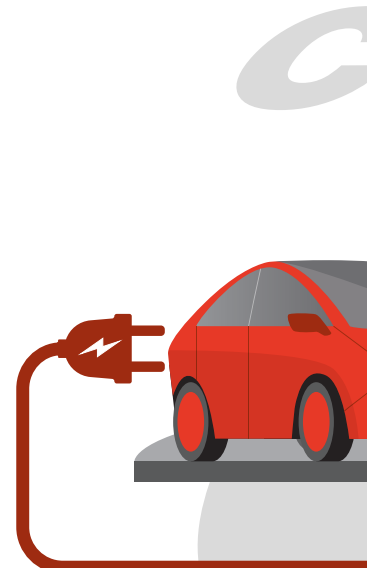
What happens when defaulting payers are not able to settle their outstanding debts in the long term due

to their life circumstances? The many reasons for payment problems include serious illness and occupational disability. Treating consumers fairly involves considering the immutable circumstances of people who are willing to pay but permanently incapable of doing so. For that purpose, EOS in Germany has established the "hardship case community". Colleagues with special awareness of the issues involved take over hardship cases and, with the help of established technical processes, ensure that they are handled in the best possible way. These community colleagues have extensive knowledge of sustainable debt reduction issues and have the exceptional social and professional skills required for such work. In the first year EOS helped 600 people. Work is now being done on extending the community and putting analytical tools to use. In the future an Artificial Intelligence (AI) system will automatically identify the cases that require special handling.

**“** *When we take a holistic view of the interests of our clients, of defaulting payers who are willing to pay, and of our own, we will be able to find a practicable and sustainable solution that can lead to a complete elimination of debt. That is entirely in the spirit of our overarching objective 'Changing finances for the better'.* **”**

**Ben Kleinebrecht**

Team Lead Debtor Centricity and Communication at EOS  
and co-founder of the "hardship case community"



## *Fair debt collection practices with recommended data-based actions*

EOS uses machine learning algorithms to evaluate collection processes and continuously improve its own service, always keeping the interests of defaulting payers in mind. Data-driven collection is about combining process-optimized receivables management with personalized case handling.

### **AI allows more accurate prediction of successful outcomes**

A robust database helps determine the “best next action” in the collection process. The system considers which collection step makes the most sense for each defaulting payer and when it should be taken. All parties benefit equally from the realistic payment plans devised by this process. Based on a comprehensive list of possible actions and a case analysis, the collection software suggests the most expedient approach for the respective individual. It draws on criteria like creditor requirements, communication channels available and previous reactions of the defaulting payers. Because the software continues learning, it can provide increasingly more accurate predictions of what is best to encourage action without

financially overwhelming the defaulting payers. Using data-based collection, EOS can achieve long-term debt reduction that works for all parties and takes individual needs into consideration. In this process EOS is working intensely on the question of what is ethically correct in the use of data. In addition, unnecessary activities based on analytics are avoided, which saves important resources. This technological innovation is a practical complement to service portals where people can pay their outstanding bills easily and without outside help in a process centered on their needs.

**EOS is working with the Otto Group on the achievement of climate neutrality by 2030.**



### **Environmental Protection: “How can we change climate for the better?”**

*A responsible attitude to the environment and the use of resources is also an important part of the EOS corporate responsibility strategy. To date, EOS has defined steps to be implemented in the short term, including the switch to “green” electricity for greater energy efficiency, reduced office space for better use of resources, e-mobility in the company car fleet and digital communication channels for an improved carbon footprint.*

# How can we change the debt collection business for the better?

## Value-based and respectful interaction with stakeholders

EOS acts as a role model in the debt collection sector and advocates strict mandatory standards. This approach is reflected in the company's involvement in several organizations and associations. Its participation in the UN Global Compact means committing to the same kinds of goals and principles for responsible corporate governance as required by the Otto Group's own "Code of Ethics" or the principles of the "Value Balancing Alliance". Standards for clearly structured risk management and effective risk prevention apply externally and internally. In addition, the Group-wide whistle-blowing policy allows violations of compliance regulations and the company's own "Code of Conduct (CoC)" to be reported anonymously. Potential irregularities can thus be identified and addressed at an early stage.

### Code of Conduct – foundation and guideline

For EOS itself, the CoC defines clear principles and rules to be implemented in the company's day-to-day business. It is primarily the foundation and guide for the conduct of employees. For all external stakeholders, it is a reliable reference point that they can draw on in their interactions with EOS.

The importance of such an orientation framework is increasingly demonstrated by requests from customers and partners. How does the company deal with precautions against money-laundering and corruption and what does it do to promote compliance and good governance, ecological sustainability and data protection? The CoC and associated implementation guidelines provide authoritative answers about these and many other issues. They also encourage employees to ask themselves and their business partners these questions.



**Sibylle Weingart**  
Senior Compliance Officer  
of the EOS Group

**“The basic framework of the ‘Code of Conduct’ has been firmly established and does not change. Nevertheless, we do regard it as a living document. It should always reflect changes in our corporate culture and the communities in which we live and work. Implementation guidelines therefore need to be adapted accordingly and new priorities set. We want to make the CoC a recurring topic of conversation and scrutinize it critically from different perspectives on an ongoing basis.”**

→ Read the “Code of Conduct” here:



## Association work for high standards

Through its membership of numerous national and international associations, EOS is actively working to help design and implement ethical and technological standards in the industry. Two such memberships are the BDIU (Federal Association of German Debt Collectors) and FENCA (Federation of European National Collection Associations). The aim is to offer creditors, clients and consumers alike the best possible and responsible service and to ensure liquidity throughout the economy.



*FENCA represents the interests of the European credit management, debt collection and debt purchasing sector at the European level. The federation coordinates exchanges and communication with EU institutions, stakeholders in the European financial services industry, consumer groups, and the European public. FENCA's 23 national member associations represent 75 percent of all credit management, debt collection and receivables purchasing companies in Europe, and their members hold an 80 percent market share within the EU.*

### ASSOCIATION STATEMENTS



*"As a company we share responsibility for the rules and values under which a sector operates. The challenge is to help incorporate them into day-to-day collection practice and support all member companies in the process. Our objective is to increase acceptance of the debt collection sector as a partner that operates fairly and is a fundamental component of the economic cycle. That can be achieved if companies practice what they preach at all times. It is the only way to establish and consolidate trust."*

**Kirsten Pedd**

President of the BDIU, Chief Compliance Officer and Head of Public Affairs of the EOS Group



*"Our role as a pioneer in the industry means that it is up to us to unite the various players and set standards for ethical and professional conduct. To do this we need to enter into a dialog with policymakers and with the public, make the debt collection business even more transparent, and ensure equal legislative rights for lenders and consumers."*

**Rayna Mitkova-Todorova**

President of the Association of Bulgarian Debt Collection Companies and Managing Director of EOS Matrix in Bulgaria

# The year in numbers

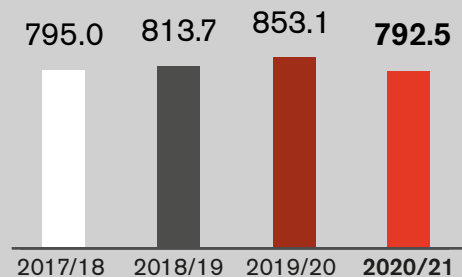
## Revenue and earnings remain stable despite slight losses

The financial year 2019/20 was one of the most successful in the history of EOS Consolidated. Even in fiscal 2020/21, which was dominated by the COVID-19 crisis, the company remained clearly profitable despite a slight decrease in earnings. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) were EUR 312.4 million. At EUR 792.5 million (-7.1 percent), consolidated revenue remained at a high level even when compared with the excellent result from the previous year.

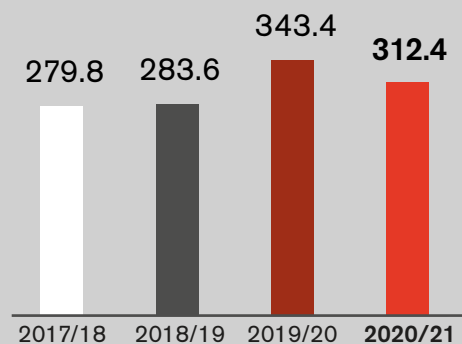
*"In light of the difficult conditions and challenges of the past year, this positive result was by no means a given. In a declining market, our core competence allowed us to continue to perform well and remain successful internationally. I am so proud of the outstanding performance of our teams, their dedicated cooperation and mutual support."*

**Klaus Engberding**, CEO of the EOS Group

### Revenue development over the last four years (in EUR million):



### Earnings (EBITDA) over the last four years (in EUR million):





## Successful development despite difficult market situation

Some of the greatest challenges of the pandemic year were government-imposed moratoriums on Non-Performing Loans (NPLs) and the high price volatility that severely constrained sales activities. Other influential factors were a low level of NPL volumes, a generally sharply declining market, and fundamental market changes, such as the greater number of BPO (Business Process Outsourcing) transactions. Combined with the basic effects of the COVID-19 pandemic on the operations, all of this had a significant impact on the business. EOS responded by taking appropriate measures.

### In 2020/21, the positive drivers of the continued stability of EOS included:

- **Market:** Strong investment in receivables purchases, with record-breaking deals in some countries
- **Technology:** Investments in IT to improve business operations and provide greater connectivity
- **Organization:** Continued development of the focus areas, innovative recovery strategies and intensive training of staff



### EOS awarded an A-rating

Scope Hamburg (formerly Euler Hermes Rating), one of Europe's leading rating agencies, **has again awarded EOS Holding an A-rating for the fiscal year 2020/21**. For the 17th time in a row, the auditors were convinced by the company's excellent credit standing, thanks to its very high earnings and the stability of the cash flow generated. Scope Hamburg rates the company's financial risk as low, despite the COVID-19 crisis. The auditors expect the earnings situation to develop positively again in the current fiscal year. The rating rationale highlighted the extensive experience of EOS in evaluating, acquiring and recovering non-performing receivables, its market leadership in Germany and strong market position in Europe.

# Financial performance

## Gratifying development sends a strong message

Despite the decline in revenue of 7.1 percent, fiscal 2020/21 was a good year for EOS Consolidated. Earnings before taxes were at an encouraging level overall. At EUR 534.3 million, the investment volume in receivables purchasing was lower than in the previous year (EUR 651.3 million) and was also less than planned as a result of the pandemic, but from a Group perspective continues at a consistently high level.

### Income statement (summary)

As in the previous year, the bottom line remained stable in fiscal 2020/21. EOS Consolidated reported **net income of EUR 223.8 million**, just 17.1 percent below the previous year's result despite the pandemic.

Due to the difficult market situation, sales revenues declined by 7.1 percent or EUR 60.6 million compared with previous year. At the same time the EBITDA decreased by 9 percent. However, the EBT (–17 percent), comparable to the previous year and net income (–17.1 percent) fell more sharply in relation to revenue. This is attributed to a one-time effect in the previous year, which had a positive impact on the financial results.

	2020/21	2019/20
	EUR	EUR
Revenue	792,522	853,090
Total operating income	804,003	869,054
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	312,406	343,427
Earnings Before Tax (EBT)	253,805	305,695
<b>Net income</b>	<b>223,822</b>	<b>269,892</b>

For accounting reasons tables and text may contain rounding differences.

## Assets

The total assets of EOS Consolidated increased by 3.7 percent over prior year to EUR 2.3 billion. One reason was the inventory of purchased debt portfolios and real estate which grew to EUR 1.9 billion (previous year: EUR 1.8 billion) despite lower total investment during the financial year. This was mainly caused by disproportionately high investment toward the end of the financial year, associated with lower repayments in the reporting period. Other drivers were record investments in Spain and France and an increase in investments in Eastern Europe.

Purchased portfolios account for 75.1 percent and real estate in inventories 8 percent of total assets.

	28 Feb. 2021		29 Feb. 2020	
	EUR	%	EUR	%
Fixed assets	234,620	10.3	263,548	12.0
Purchased receivables and real estate in inventories*	1,898,522	83.1	1,834,308	83.3
Receivables	60,964	2.7	22,002	1.0
Cash and cash equivalents	50,211	2.2	43,286	2.0
Other assets	39,161	1.7	39,684	1.8
<b>Total assets</b>	<b>2,283,478</b>	<b>100.0</b>	<b>2,202,828</b>	<b>100.0</b>

\*Includes portfolio investments reported as loans receivable for structural reasons (financial presentation)

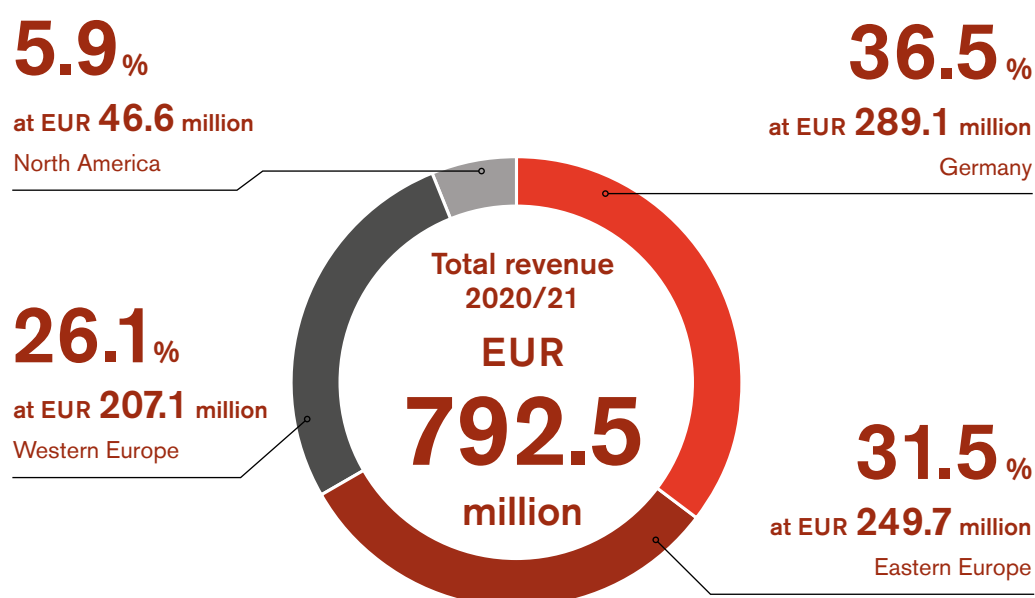
## Equity and financing

In the last financial year, the total financing developed favorably compared with the previous year. The company's equity increased by EUR 65 million, due in part to a partial profit retention from the previous year's result. The equity-to-assets ratio of 35.1 percent is at a relatively high level for a financial services provider and is 1.6 percent higher than the previous year. While borrowing from banks decreased, the EOS Group's refinancing needs, which are covered by the parent company, increased compared to the previous year.

	28 Feb. 2021		29 Feb. 2020	
	EUR	%	EUR	%
Equity	802,131	35.1	737,220	33.5
Provisions	100,355	4.4	105,510	4.8
Liabilities with banks	162,043	7.1	222,839	10.1
Liabilities with related parties and companies	1,010,266	44.2	925,484	42.0
Trade payables	42,147	1.8	46,177	2.1
Other liabilities	166,537	7.3	165,598	7.5
<b>Total financing</b>	<b>2,283,478</b>	<b>100.0</b>	<b>2,202,828</b>	<b>100.0</b>

## Results in the regions

The revenue of EOS Consolidated for the 2020/21 financial year by individual region:



In this financial year Germany is once again the region with the highest turnover within EOS Consolidated. Overall, each region recorded a decline as the result of the widespread consequences of the pandemic. Moratoriums and uncertainty in the markets caused a temporary reduction in the volume of non-performing loans and a corresponding decline in investment. Nevertheless, some countries, primarily in Western and Eastern Europe, were able to achieve positive results. For example, Spain reported record investments especially in the second half of the year. France, Belgium and Germany held their ground as leading providers for debt purchasing in what was a weakened market environment. Moreover, the previous year's investment level was exceeded in some Eastern European countries, especially in Russia and Poland.

The figures in detail:

	Difference from previous year	2020/21	2019/20
	in %	EUR	EUR
Germany	- 4.7	289,124	303,335
Eastern Europe	- 6.4	249,719	266,741
Western Europe	- 10.7	207,104	231,975
North America	- 8.7	46,575	51,039
<b>EOS Consolidated</b>	<b>- 7.1</b>	<b>792,522</b>	<b>853,090</b>

For accounting reasons tables and text may contain rounding differences.

# Success factors and local highlights

## TOP HIGHLIGHTS GERMANY

**Many years of experience and a good reputation secured Germany the regional top spot with 36.5 percent of total EOS Consolidated revenues.**

**Strengthening market position:** The market for debt purchases was characterized by revolving debt purchases, with an increase in the receivables volume processed in trust.

**Stable investment:** Overall, the investment level was stable at a total EUR 168.2 million.

**Operational excellence:** EOS continues to advance digitalization and cultural change. Even during the pandemic, digitalization initiatives continued in spite of the difficult environment and incoming payments remained at a high level. For EOS, the client's interests are always at the forefront of all changes.

## TOP HIGHLIGHTS WESTERN EUROPE

**Consistently stable business performance delivered a good result with a 26.1 percent share of total EOS Consolidated revenue.**

**Market leadership confirmed:** The regional EOS companies in France and Belgium also held their ground again in fiscal 2020/21 as leading providers for debt purchasing.

**Transformations and record investments:** In Spain, EOS shifted its focus from fiduciary collection to debt purchasing. With the increased number of NPL portfolios negotiated from October 2020 in Spain, EOS built a strong market position as a buyer of debt portfolios and closed the year with record investment levels.

## TOP HIGHLIGHTS EASTERN EUROPE

**Despite a decrease in revenue to EUR 249.7 million, Eastern Europe was once again the strongest performing region at EOS Consolidated.**

**Targets exceeded:** In Russia, Slovenia, Slovakia and Poland the previous year's results were exceeded. The level of investment was also higher than that of the previous year in Croatia, Poland, and Bosnia and Herzegovina.

**High investment level:** The NPL investment level from the previous financial year was not just maintained but increased by around three percent to EUR 195.3 million. The highest NPL investments as a proportion of the total investment in NPLs were made in Croatia (30%), Poland (27%) and Russia (14%).

### Ongoing transformation of the organization:

The international collection software "Kollecoto+" was rolled out in other countries and an international human resources department was established in Hungary. In the future it will be dedicated to strategic and international cultural and HR issues within the framework of the EOS strategy.

## TOP HIGHLIGHTS NORTH AMERICA

**Despite the lower revenue of EUR 46.6 million, EOS significantly increased turnover from the purchase of receivables.**

**Solid investments in the US:** On the earnings side, the debt purchasing segment result was considerably higher than in the previous year. The services segment improved substantially over the previous year.

**Very positive result for EOS in Canada:** Strict cost discipline in fiscal 2020/21 helped the company to further improve on the strong performance from the previous year despite the pandemic.

# How the fiscal year unfolded in the regions

## Top management sums up

### GERMANY



**Andreas Kropp**  
Member of the EOS Group's Board of Directors  
responsible for the German market

***"Even in this challenging year, the EOS Group in Germany continued pursuing its goal of shaping the future through digitalization and cultural change.***

*Our success comes from our operational excellence and solid understanding of our clients' needs, both of which make us a strong and reliable partner. The greatest challenge for each of our employees was to master the significant changes in day-to-day work routines personally and professionally, whether working from home or dealing with special challenges related to the pandemic. I am proud to say that the measures we took to protect our staff and the prudent actions they took proved to be very effective. Our collaboration went smoothly as always, thanks to our strong team spirit."*

### EASTERN EUROPE

***"I am delighted that we mastered the challenges together, especially in this COVID-19 year. The health of our workforce was always our top priority, and yet from an economic perspective, we were able to achieve an absolutely outstanding result of more than EUR 100 million. In future, the focus of the EOS Group in Eastern Europe will remain on the successful conclusion of secured and unsecured NPL transactions. At the same time, the ongoing digitalization of the region and the rollout of the international collection software Kolleto+ will be crucial. One new aspect is the systematic and strategic focus on HR and culture. We have worked with my colleague Dr. Andreas Witzig to establish a central 'HR Hub' in Hungary, which will devote itself to international culture and HR issues and incorporate them in our strategy."***



**Marwin Ramcke**  
Member of the EOS Group's Board of Directors  
responsible for the Eastern European region

**WESTERN EUROPE**

**“Thanks to our longstanding experience and hands-on mentality, we were a preferred partner for our clients in the entire region, despite a lower volume of NPLs in a challenging fiscal year. For example, EOS in Spain evolved from a fiduciary collection company into a purely debt purchasing operation. Moreover, thanks to further process optimization, EOS in Denmark increased collections on its existing inventory of NPL packages compared with the previous year. In partnership with the various countries, the EOS Group in Western Europe pressed ahead with the digitalization process and significantly improved remote working and cross-border collaboration, aided by the international rollout of Microsoft 365. We are therefore in a good position and are convinced that we will be able to expand our receivables purchasing activities in the new financial year.”**



**Dr. Andreas Witzig**  
Member of the EOS Group’s Board of Directors responsible for the Western European and North American regions

**NORTH AMERICA**

**“The COVID-19 crisis hit the North American market hard, which severely affected new business. The management in the USA was able to offset the considerable loss of revenue through massive cost savings, although very painful measures were required. From this position we want to achieve significant growth in both revenue and earnings in the new financial year. Canada too was badly affected by the crisis. Management nevertheless succeeded in winning new customers and maintaining revenue at close to the level of the previous year. We aim to build on this development and enter the next financial year on a positive note.”**



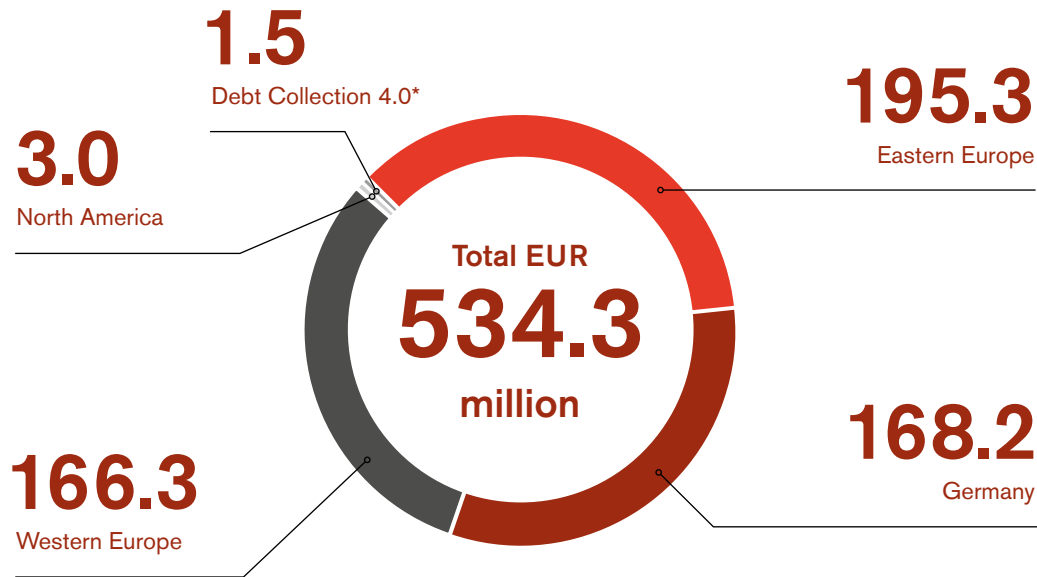
# Seizing opportunities

## EOS investments remain at a high level

EOS Consolidated faced much greater investing challenges in the various markets compared with the previous year. Despite significantly fewer portfolios on offer and a smaller selection of good investments, EOS nevertheless invested a total of EUR 534.3 million in secured and unsecured receivables and real estate in fiscal 2020/21. In Eastern Europe especially and in parts of Western Europe there was an increase in investment volumes in the unsecured debt segment of 21 and 28 percent, respectively.

### Investments in receivables purchases and real estate by country

(in EUR million)



For accounting reasons, tables and text may contain rounding differences.

\*EOS also buys non-performing loans in countries without their own subsidiary. Here, partners take over the servicing.



#### SPAIN

EUR 810 million was the volume of receivables from three NPL portfolios that EOS in Spain purchased from Bankinter, CaixaBank, S.A. and Bankia, S.A. at the end of 2020. The debt portfolios contain a total of 232,000 receivables.

#### FRANCE

EUR 98.2 million is the nominal value of two debt packages with a total of 1,725 receivables that EOS in France purchased from CEPAC and Banque de Tahiti.

#### CROATIA

EUR 83.4 million is the nominal value of the two largest portfolios with a total of 17,000 receivables EOS in Croatia purchased from Croatian banks in the last fiscal year.



# Why EOS remained clearly profitable even in the corona crisis year

*Justus Hecking-Veltman, CFO of the EOS Group, explains how EOS remains financially stable in times of crisis and how the company plans to take advantage of new opportunities after this unusual year.*



## **How did the financial year 2020/21 go?**

The Corona crisis has affected the whole world. That also applies to us. Particularly in our operations, we were confronted with a wide range of constraints that were responsible for the decline in new business and noticeable drops in sales – especially in spring 2020. No one knew how the situation would develop. We had to assess the impact of the crisis, make the right investments, or adjust costs. We had to proceed with caution for some time and make short-term adjustments, which kept the decline in results within reasonable limits. But we also learned a great deal! Over the course of the year, we were able to adapt quickly and, for example, improve our digital communications and Group-wide collaboration. If we now manage to

combine what was good before the pandemic with what we have recently learned, we will make a great leap forward.

## **Which investments have contributed to strategic development?**

Two forms in particular were essential for us in 2020/21. Firstly, investments in debt purchases and, secondly, in our IT and the further development of the organization. In the area of debt purchases, any signed transaction is the result of careful evaluation and contract work. We are proud of every single one. Overall, it is important to emphasize that we have once again invested over half a billion euros. We effectively managed our risk exposure by further diversifying our investments – both in terms of countries and

products. The growth in collateralized receivables in particular contributed to that. In the area of IT investments, successful conversions of the core operating systems are occurring in many places, enabling us to manage our operating business even better and more digitally.

## **What is your forecast for the current fiscal year?**

I am an optimist. The situation will slowly calm down and we will gradually get the crisis under control. After the declining market, I expect new business to grow significantly again, especially from 2022. As an organization, we will emerge stronger from the crisis with new market opportunities, more digital capabilities, new technologies, new recovery strategies and automated processes.

→ You can read the entire interview here:



# Innovation is part of the DNA

## Internationally successful with customized, technology-driven services

For more than 45 years, EOS has combined a progressive entrepreneurial mindset with cutting-edge technology on a global scale. The approach is based on the company's extensive data-based analytical expertise as part of its business model. Real-time communication and individualized solutions make up the core of the company's day-to-day business. The focus is on communicating on equal terms with customers and defaulting payers, managing innovative projects and maintaining a highly efficient infrastructure. The past year has underscored the importance of technology-driven services.

are working on the development and implementation of digital processes.

ABOUT  
**615**  
EMPLOYEES

EOS invested in upgrading its IT core systems.

EUR  
**25**  
MILLION

### Top Technology Projects 2020/21

- **EOS global networking:** Remote working and collaboration across national borders are also the new normal at EOS, thanks to its international roll-out of Microsoft 365. The migration of the software has already taken place at 13 of the company's 17 national subsidiaries.
- **EOS debt collection systems:** The collection software Kolleto and the new web-based software version Kolleto+ standardize processes for even more efficient receivables management in 12 countries. Last year, EOS in Germany recorded an eightfold increase in the number of users of its FX collection software, which the company developed in-house.
- **EOS cybersecurity:** When it comes to information security, EOS does not rely solely on its sophisticated individual solutions, but also uses a cyber risk management tool. It continually measures the company's own cybersecurity performance and puts EOS at the forefront of the industry in security.
- **EOS AI:** To provide a complete service around the clock, EOS offers chatbots in several countries that automatically answer simple or frequently asked questions. These virtual co-workers like "Lea" or "Tom" successfully handle receivables issues like outstanding payments or fees. As the number of users is

### EOS Survey "What's the value of data?"

As the examples show, EOS has long since recognized the importance and value of data and has made strategic investments in data-based innovations. There is still a lot of untapped potential for companies in this area. That was one of the findings from the EOS Survey "What's the value of data?" Thirty-four percent of consumers in Europe, 50 percent in Russia and 33 percent in the USA said they would be prepared to share their data with companies if they were compensated for it.

→ For more details of the survey and other results click here:



## Digital facts & figures in fiscal 2020/21

4

MILLION  
SHEETS OF  
PAPER

have been saved by  
working digitally in  
Germany alone.\*

10.4 TB  
OF DATA AND  
2,100  
USERS

have already migrated  
to Microsoft 365.

41

PERCENT HIGHER  
INCOMING  
PAYMENTS

and a 44 percent increase  
in the number of payments  
were generated via the  
"EOS serviceportal" in  
Germany compared to  
the previous year.

Source references:

\*March 2020 to February 2021

increasing on a daily basis, EOS plans to extend the chatbot service to other countries.

- **EOS 24/7 service:** Online portals offer fast and easy access to EOS services. Defaulting payers can conveniently settle their outstanding bills via service portals. In 2020/21, the payment receipts generated by this system in Germany alone increased by 41 percent compared with the previous year. PayPal, the latest payment method to be added, is particularly popular. Business customers also enjoy secure and transparent access to their receivables management at all times via self-service platforms. The German business customer portal "EOS Space" provides an overview of four modules: status of claims, cases needing clarification, payment notifications and accounting documents.

## Data-based to success

1. **More efficient with real-time data:** EOS in France is working together with the Center of Analytics (CoA) on a central, cloud-based repository. The sophisticated infrastructure automatically combines the collected data from all operational core systems and makes them directly analyzable. The information obtained is used throughout the company to optimize the collection process. The goal is to roll out the EOS analytics system across the group.
2. **More successful through AI-based decision support:** With the help of a robust database, the most effective approach in the collection process is determined and used to suggest the ideal action to take. EOS in Denmark is currently working with colleagues from the CoA to develop a model for successfully predicting the outcomes of judicial collection processes, to avoid futile proceedings and save costs for EOS and defaulting payers.
3. **Better outcomes through machine learning algorithms:** EOS analyzes the data from its own collection processes using an AI-based system to determine the "best next action" to take. Thanks to "smart collection", defaulting payers benefit from realistic payment plans with optimal installment rates that let them to pay off their debt sooner without becoming financially overwhelmed.

## A valued partner across borders

### Flexible and reliable support, even in times of crisis

The EOS Group is represented in **more than 180 countries worldwide**, either through its own companies or trusted local partners. As many as 83 partnerships ensure the best possible service, even in countries where EOS itself does not have a local presence. The Hamburg-based EOS Cross-border Center manages the diverse range of processes involved with the help of the international IT platform "EOS Global Collection".

The pandemic imposed various challenges on the company's globally networked receivables management system. The EOS Cross-border team points to two

main reasons: Firstly, business in many sectors such as transport, travel and gastronomy declined significantly as a result of worldwide lockdowns. Secondly, given the exceptional situation and out of consideration for the financial state of consumers, some creditors refrained from handing over receivables to debt collection agencies. Nevertheless, the virtual platform maintained cooperation between EOS and its national subsidiaries and business partners. With important information provided by the regions, everyone could adapt to regulations or laws that had been amended. Such professional collaboration is what distinguishes the partnerships at EOS and earns the appreciation of our business partners:

**"The economic crisis hit Mexico and Latin America particularly hard. Even now, many companies are still closed and can pay outstanding bills only to a limited extent. EOS is absolutely invaluable, especially in such times of crisis. More than ever, it creates a bridge for us between companies, countries and continents. The new virtual and hybrid era that lies ahead of us will intensify international collaboration to an even greater extent and reinforce the need for reliable global partners."**

**David Zannoni**, Cobroamericas S.A. de C.V. in Mexico



**"We very much appreciate that the communication and collaboration with EOS always went smoothly before and during the lockdown. Our contacts at EOS are only a supportive phone call away and the platform too is very user-friendly. This enables us to work effectively with one another even under difficult circumstances. We feel part of the EOS family."**

**George Yiangou**, George Yiangou Ltd. in Cyprus



**"During the lockdown our entire collection service was badly affected and is still recovering. The communication with EOS, on the other hand, was always excellent. For example, interactive sessions were held on different topics and with different participants, which is very stimulating and enlightening. The Cross-border team ensures great collaboration and seamless service. Its strong ethical values of shared growth and fair treatment, along with its business acumen, make EOS an exceptionally valuable partner for us."**

**Prashant Shukla**, ATS Services in India

**"In these difficult times EOS has demonstrated great resiliency and has also encouraged all of its partners to pursue this strategy. Thanks to the contact via virtual platforms, information was shared regularly with us in the regions, so changes to laws and regulations could be taken into account in a timely manner. In addition, EOS is an incredibly professional partner that uses various knowledge-sharing formats to help us improve our capabilities, advance our shared goals and thus improve efficiency. It's a win-win situation for all parties."**

**Meera Nair**, AL WADI Holding in the United Arab Emirates



**498 EMPLOYEES**

all over the world handled cross-border collections, **274** at EOS companies.

## Global EOS figures 2020/21:

In the last fiscal year,  
EOS processed collections

in **167 COUNTRIES.**



**61,250**

**NEW CROSS-BORDER CASES**

were processed worldwide.



**59,391 PAYMENTS**

were received via the global network.



**1,623 CUSTOMERS**

used the international collection services of EOS;

**698 WERE NEW CUSTOMERS.**

**65 PERCENT** of all

payments worldwide took the form of **installments.**



The users of the EOS Global Collection platform exchanged a total of

**193,274 MESSAGES.**



**99 PERCENT** of all successful cross-border

collections could be **settled out of court.**

# Outlook 2021/22

## Successfully investing in the future

*We are happy to venture a look into the future. After all, we learned in the past year that when we work together, we can survive and even thrive in unpredictable and challenging times. It also became very clear to us that the market for traditional receivables management and NPL portfolios will remain attractive in the long term. The fundamental elements in our corporate strategy – the timely identification, analysis and exploitation of opportunities – have paid off. In the future, we will keep the focus on the highly promising debt purchasing segment and securing the company's position as a globally networked investor. We envisage major growth opportunities in the medium term, above all in the non-performing receivables segment. Despite presumably high competitive pressure, we expect significant catch-up business in transactions. We are going to emerge from the crisis stronger, with prospects for increased earnings in fiscal year 2021/22.*

*Our goal is to achieve or strengthen our leadership position in all established markets except the USA. We will continue pressing ahead with the digitalization process, invest even more in our workforce, and, with the help of our corporate responsibility measures, assume greater responsibility for changing the world around us for the better.*

*For us, focusing on digitalization means building on progress to date and implementing other technologically innovative solutions for efficient organizational development. Critical to our efforts are the Center of Analytics, state-of-the-art collection systems, and a new collaborative, flexible working environment. Having a highly competent, strong and committed team is more important than ever before! That we already have such a team at EOS became abundantly clear to us in 2020/21. We take this opportunity to express our sincere gratitude. Now it is essential to implement targeted programs and professional development measures to support and empower our employees and offer them new prospects.*

*Above all, our focus will be on the systematic development and improvement of industry standards for value-driven financial services and fair collection methods and on our efforts in all four action areas of corporate responsibility.*



Klaus Engberding



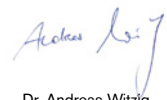
Justus Hecking-Veltman



Andreas Kropp



Marwin Ramcke



Dr. Andreas Witzig



#### EOS Group's Board of Directors

from left: Dr. Andreas Witzig, Marwin Ramcke,  
Andreas Kropp, Klaus Engberding, Justus Hecking-Veltman

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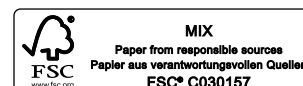
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