

2021

2022

**Annual Report**  
**2021–2022**

eO's

## The fiscal 2021/22 in brief

The EOS Group is an international expert in receivables management. In the past financial year, the Group maintained and expanded its leading position in many markets. Here is an overview of the major facts and figures.

# 282.5

EUR million

in **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**, a slight decline compared to prior year.

# 804.9

EUR million

in **annual revenue** generated by EOS Consolidated. This is an increase of 1.6 percent over prior year.

More than

# 45

years

of **experience** in receivables management

Over

# 6,000

**employees** serve about 20,000 clients throughout the world.

# 668.6

EUR million

in **investment volume**. EOS Consolidated increased investments in receivables and real estate by EUR 134.3 million.

# 24

is the number of **countries** in which EOS is represented.

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**Together we change the  
finances of companies  
and their customers **for  
the better.****

**employees** in 24 countries worked in  
fiscal 2021/22 day after day on making  
the world a little more debt-free.

**6,252**



**New in office**

Since February 2022, Marwin Ramcke has been in charge of the EOS Group.

# We do not watch the world changing, we shape it.

**Dear Readers,**

Exactly one year ago we introduced our new company claim, Changing finances for the better. It expresses our ambition as a leading expert in receivables management to shape the financial world and set new standards. Along the way, we have to change in step with a quickly evolving world. When I think about where we were exactly one year ago, I see that we are on the right track!

A change that makes me proud involves our new brand. It is far more than a new logo in the letterhead. The new brand illustrates what the EOS Group stands for and what we do every day to deliver excellent service to our clients and their customers. Our steadfast focus on three issues helped us during the past fiscal year to achieve solid earnings and develop further.

First, we focus on our international character. Our network expands every day and its members grow together more and more. The information exchange among our companies in 24 countries offers enormous potential to learn from one another. On page 12 you can find out what we have achieved in the different regions over the past year and how EOS companies have contributed to our total revenue. Our international expertise and experience in debt purchase once again earned us a place as one of the top three providers in the NPL market. Pages 27 to 31 tell you more about our investments.

The second area of focus is change—or the will to change ourselves and our environment for the better—that has guided us in the past fiscal year. We presented our CR strategy in the last Annual Report.

In this edition we take stock of what has happened since then. To find out, please turn to pages 32 to 39.

The third focus at EOS is digitalization, which we have been pushing for years. Today we are working increasingly with algorithmic models and self-learning systems that analyze our data and suggest the best next repayment options for consumers. Chatbots offer support to consumers. These are only two examples—more are on pages 40 to 43.

With the focus on these three core areas, we can make a difference as a company—for our employees, for clients and co-investors, and for consumers.

I hope you enjoy reading about our annual figures and the highlights of the past fiscal year.

**How about digital, moving images? Scan this QR code to watch videos about the fiscal year**



**Marwin Ramcke**  
Chairman of the EOS Group's Board of Directors

# EOS—your expert in receivables management


As a debt collection service provider and investor in receivables portfolios, EOS is a trustworthy and experienced partner that turns receivables into liquidity. Find out here how we change finances for the better.


**T**he EOS Group is a leading international, technology-driven expert in receivables management with more than 6,000 employees in 24 countries. For over 45 years we have helped companies with our operational expertise so they can focus on their core business. Our clients work in many different sectors, such as banking, energy utilities, real estate, mobility, insurance, telecommunications, and e-commerce.

We are part of the Otto Group, a globally operating e-commerce and service group. Internationally we invest in secured and unsecured debts, non-performing loan portfolios and real estate. In addition, as a fiduciary collection company, EOS helps companies—whether B2B or B2C—to keep their outstanding receivables low. With extensive expertise in foreign debt collection, we also manage receivables across borders in over 180 countries.

As a pioneer of digitalization in our industry sector, we stand for data-driven, AI-supported receivables management and smart services for the benefit of our clients, partners, and consumers.

Our work goes beyond the core business. We are committed to working for the good of society and a better, sustainable future. With our Corporate Responsibility strategy, we pursue the goal of “Changing for the better.”

 **Secured debt purchase**  
EOS purchases from banks Non-Performing Loans (NPLs) secured by real estate. That helps banks lower their NPL rate. Please see pages 30 and 31 for more information.

 **Unsecured debt purchase**  
EOS purchases companies' overdue receivables. By selling their receivables, companies reduce their default risk and transform outstanding receivables into liquidity.

 **Fiduciary debt collection**  
As a service provider, EOS handles the collection of overdue debts. Thanks to its many years of experience in debt collection, EOS reduces outstanding amounts to a minimum and agrees to fair payment plans with clients' customers.

 **Real estate exploitation**  
EOS provides fiduciary support for the repayment of real estate-secured receivables and works out realistic payment plans with borrowers. In addition, EOS assists with asset realization by managing foreclosure sales or forced administration of real estate or, in some cases, by purchasing the property.

## An overview of our business



**Our business model** is based on four pillars with many years of know-how in 24 countries in the center.





**The EOS Group Board of Directors** is composed of (from left): Andreas Kropp, Justus Hecking-Veltman, Marwin Ramcke, Carsten Tidow and Dr. Andreas Witzig. New member Carsten Tidow takes over the responsibility for Eastern Europe from Marwin Ramcke, who has served as CEO since February 2022.



# Stable development in turbulent times

The EOS Group looks back on a solid fiscal 2021/22. EOS wrapped up the business year with a slight revenue increase despite pandemic-related restrictions, planning uncertainty and a tense competitive environment.

In fiscal year 2021/22, the EOS Group again showed positive and stable growth. Despite some adverse conditions, such as the COVID-19 pandemic and a more aggressive market environment, revenues climbed by 1.6 percent. Toward the end of the fiscal year, the war in Ukraine necessitated precautionary accounting measures which affected earnings. Even so, the overall result of the financial year is positive. That is attributed mostly to the strong operational performance of the EOS companies in 24 countries.

There are other reasons for the continuing positive development. With its size and many years of experience, the EOS Group has earned an excellent reputation as an international debt collection service provider and as an investor in Non-Performing Loan (NPL) portfolios. Backed by the financial strength of the Otto Group (see page 26), EOS once again raised the investment volume for NPLs in the market during the fiscal year. Moreover, the focus on the automation of processes and the data-driven debt collection software enabled us to process receivables more effectively and efficiently.

As a result, in the fiscal year 2021/22 EOS consolidated and expanded its position as a leading European provider of services in receivables management in many markets. Especially in terms of debt purchase, the financial year was a record year for EOS with the Group investing EUR 669 million in NPLs and real estate. This sum far exceeded the volumes of the previous two fiscal years.

Eastern Europe reported a highly gratifying conclusion to the fiscal year, with a more than 12-percent revenue increase compared to prior year. The national subsidiaries in Croatia, Poland, Serbia and Slovakia were particularly strong. Despite the stable performance, earnings (EBIT-DA) declined slightly in Eastern Europe. The reason is precautionary accounting measures with an eye toward the tense political situation in Russia and Ukraine. In the debt purchase segment, investment volume was more than doubled, with a high proportion in Greece and Poland.

Western Europe also experienced many catch-up effects in the NPL segment which can be attributed to the fading restrictions posed by the pandemic. In many Western European countries the courts and government agencies had been closed for a long time because of COVID-19. The return to nearly regular operations facilitated the processing of NPL portfolios that had been acquired in

previous years and boosted operational performance in France and Belgium. The national EOS subsidiary in Spain purchased its first secured NPL portfolio (see page 28).

Overall we see fiercer competition in the West European market for receivables portfolios. In Germany, too, there is growing demand for non-performing loans whose supply is relatively limited. In the face of all the challenges, EOS still managed to keep its investment level high in the 2021/22 fiscal year and to consolidate its position in the market, even though revenues declined slightly compared to the previous year.

## Marwin Ramcke

Chairman of the EOS Group's Board of Directors

What characterizes the past fiscal year:

1. Core competencies in the purchasing and processing of non-performing debts
2. International collaboration in 24 countries
3. Better services, thanks to automation and cross-country collaboration

Watch the full  
video statement now



**“We owe our success to our more than 6,000 employees who make EOS more dynamic and more digital every day.”**



**Justus Hecking-Veltman**

Member of the EOS Group's Board of Directors responsible for finances

**669** million euros invested in receivables portfolios and real estate

**20** million euros is the amount EOS has invested in the expansion of core IT systems

Watch the full video statement now



**“We will become even more active in the NPL market—especially with secured portfolios.”**


**“Diversifying risk makes us a stable partner for our clients in the long term. Plus, by expanding our analytical data pool, we achieve greater efficiency through improved control.”**

**Dr. Andreas Witzig**

Member of the EOS Group's Board of Directors responsible for **Western Europe**

**9** percent revenue increase to a total of EUR 225.6 million

**144.5** million euros invested in receivables portfolios and real estate in Western Europe

 Earnings growth in France, Spain, and Denmark

Watch the full video statement now





“Behind innovations there are always people. That’s why it’s important for us to network even more.”



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

**101.7** million euros invested in receivables and real estate in Germany

**34.1** percent share of total Group sales

**2<sup>nd</sup>** strongest revenue region in the EOS Group

**Watch the full video statement now**



**Carsten Tidow**  
Member of the EOS Group's Board of Directors responsible for **Eastern Europe**

**12.2** percent revenue increase

**122** percent increase in investment volume

**402.5** million euros invested in Eastern Europe, which includes EUR 226.5 million in secured debt and real estate

**Watch the full video statement now**



“We are constantly improving in such areas as **data analytics, intelligent software and agile working.**”

# 804.9

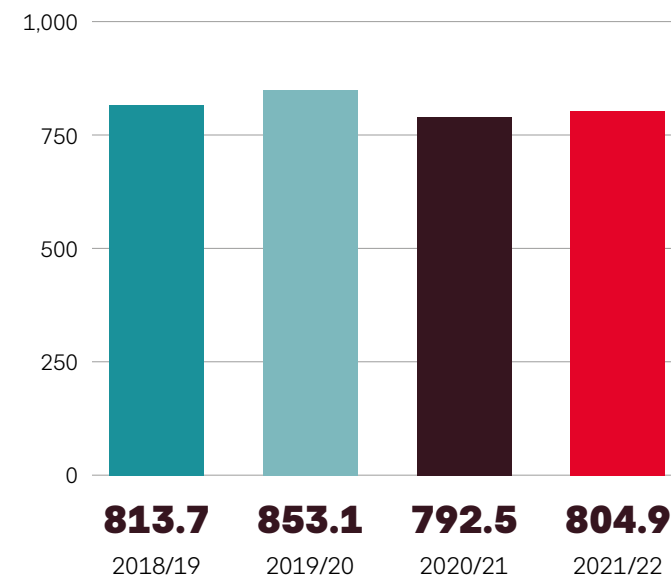
**million euros** of total revenue generated by EOS Consolidated. After a slight decline in the previous year, it climbed again in 2021/22.

**A revenue increase of 1.6 per-  
cent compared to prior year  
is a positive development,  
considering the circumstances.**

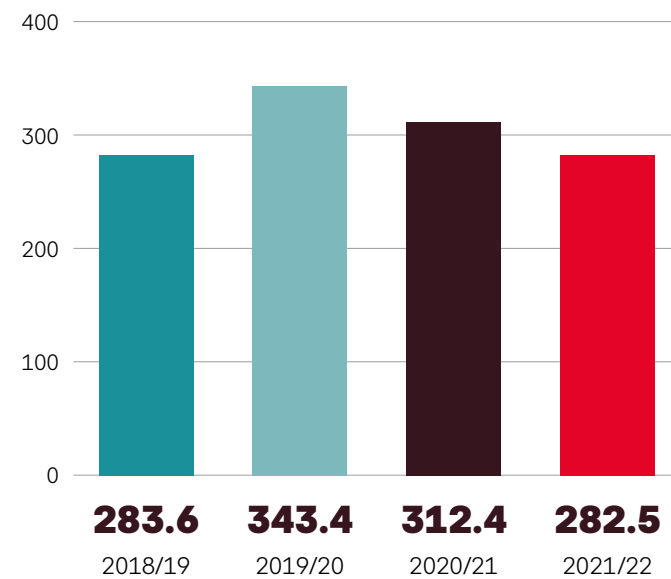
# Insights into the financial year: A comparison of revenue and earnings

After a slight decline in the previous year, EOS Consolidated recorded a surge in total revenue in the 2021/22 fiscal year. The Group experienced growth especially in Eastern and Western Europe. For the first time, Germany is not the region with the highest revenue.

**Revenue development**  
in EUR million



**Earnings development (EBITDA)**  
in EUR million

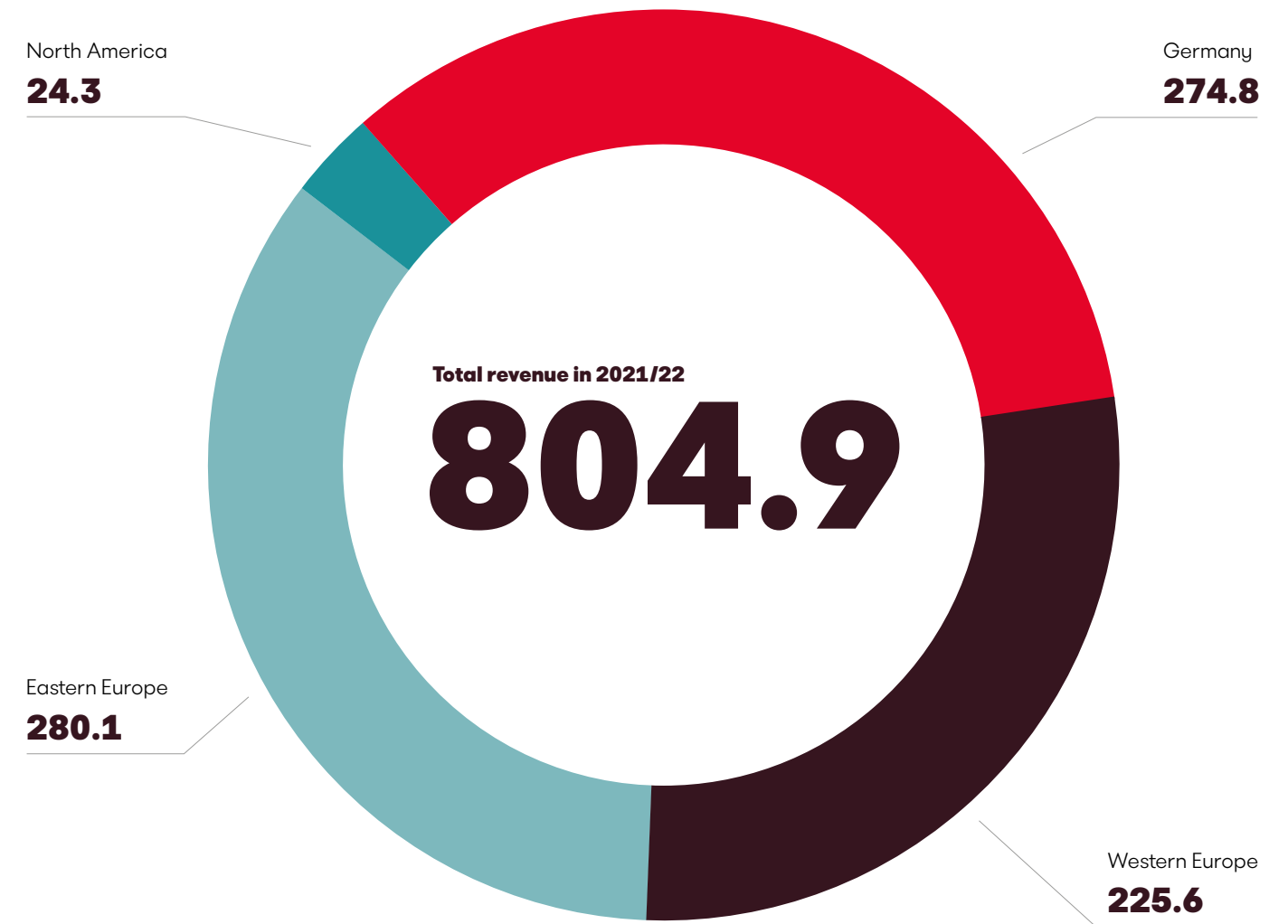


**Revenue development and earnings**

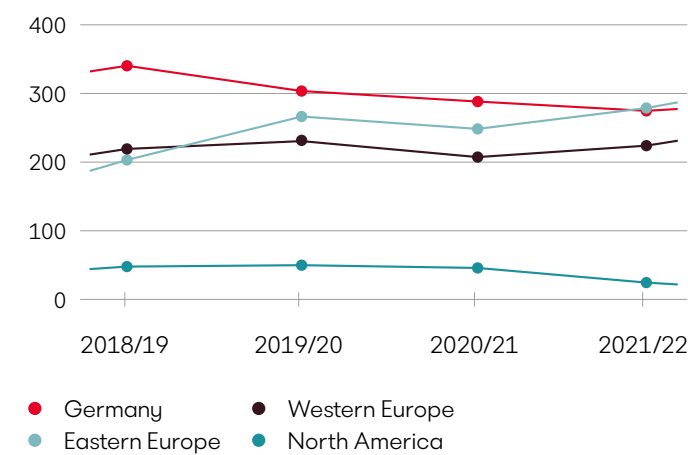
In the financial year 2021/22, the revenue of EOS Consolidated remained at a high level, confirming the strong operational performance of the past few years. The successful handling of portfolios purchased in previous years boosted revenues

again in the reporting year. However, precautionary accounting measures due to the war in Ukraine had a dampening effect. For this reason, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) declined slightly.

**Consolidated revenue in 2021/22**  
in EUR million



**Overview of revenue by region**  
in EUR million



**Consolidated revenue by region**

The share of consolidated revenue generated by Eastern and Western Europe continues to grow. Despite a slight five percent decline, Germany remains one of the strongest performing regions within the EOS Group. The decline in revenue is primarily a consequence of the fierce competition in the NPL market. The steepest decline was recorded for the North American market, which can be attributed to the divestment of the North American subsidiaries during the year.



# EOS is in a good position for the future

Positive consolidated earnings despite major precautionary measures: CEO Marwin Ramcke and CFO Justus Hecking-Veltman take stock of the past financial year. In the joint interview they also talk about why talented employees and responsible actions are becoming more important.

## What characterized the 2021/22 financial year from your point of view?

**Justus Hecking-Veltman** After the challenges in the first year of the pandemic, we started 2021 from a stable position. As expected, the transaction volume was very large. The NPL volume in the market is again at the pre-pandemic level and we were able to increase our investments considerably, just as we had hoped.

**Marwin Ramcke** We greatly diversified our risk and are not dependent on individual markets. Plus, our business model is designed for long-term investments. Therefore, we can say that despite the decline in earnings, we are very well positioned economically as a group. The decline is more a consequence of precautionary accounting measures we took because of the situation in Ukraine.

## If you had to select three highlights, which ones would they be in the 2021/22 fiscal year?

**Marwin** At the top of my list are all employees, without whom we would not have been so successful over the last few years. The past year has made us even more resilient, more ambitious, and more international. By now diversity has become a fixed asset that we work on every day.

**Justus** I would add our progress on the road toward digital transformation. Our inhouse-developed debt collection software Kollektio+ is now being used or implemented in 11 countries. What's more, we have made promising progress with a joint analytic data warehouse whose purpose is to advance our data control. It's a big step toward a completely digitalized group! In addition, we already use chatbots in several countries and they make life easier for consumers day after day.

Last but not least, I see the strong and satisfyingly diversified development in our NPL portfolio. In the past year we made investments in the double-digit million range in 14 countries. Our Spanish subsidiary moreover successfully entered the market for secured receivables portfolios. In my opinion, these are all highly gratifying developments!

## The transaction volume in the markets has climbed considerably again. How was EOS able to prevail in the competition for NPL portfolios?

**Justus** We have been in business for many years and have built an excellent reputation. We are also extremely well networked. On top of that, we also know when it is time to get out of the bidding. Our calculations are based on realistic forecasts. This gives us and the sellers the security we all need to succeed today and in the future.

**Marwin** Purchasing receivables portfolios will remain a focus of the EOS Group in the future. Our goal is to maintain or attain a top three position in all established markets in the next few financial years. To do that, we have to strengthen our role as a globally networked investor. However, co-investments are also part of our strategy.

**“The past year has made us even more resilient, more ambitious, and more international.”**

Marwin Ramcke, CEO of the EOS Group



**Strong together** Marwin Ramcke (r.) and Justus Hecking-Veltman look with satisfaction at developments in the EOS countries.

**“Our calculations are based on realistic forecasts, so we and the sellers have the security we need to succeed today and in the future.”**

Justus Hecking-Veltman, CFO of the EOS Group

## What other goals have you set for the 2022/23 fiscal year?

**Marwin** Sustainability will be a main focus and become even more relevant. When you look at sustainable investments, strengthening fair industry standards, or our education initiative finlit, you see there's a lot we can do!

Another point at the top of our agenda is the competition for talented employees, which has become extremely intense over the past few years. Looking just locally is no longer enough. There are talented people all over the world. Here I see the international character of EOS as a great advantage in convincing ambitious employees to help shape the success of the Group.

**Justus** Coordinating and digitalizing the Group's system landscape and data warehouse ought to open up additional opportunities for improved control, and consequently, a better competitive position. We will continue to work on this in 2022.

# Business performance in the 2021/22 financial year

## Revenue by region

in EUR thousand

	2021/22	2020/21	Changes compared to prior year
Eastern Europe	280,148	249,719	<b>+ 12.2%</b>
Germany	274,809	289,124	<b>- 5.0%</b>
Western Europe	225,644	207,104	<b>+ 9.0%</b>
North America	24,276	46,575	<b>- 47.9%</b>
<b>Total revenue</b>	<b>804,877</b>	<b>792,522</b>	<b>+ 1.6%</b>

In the financial year 2021/22, consolidated revenue increased by 1.6 percent to EUR 804.9 million, which was slightly above prior year (EUR 792.5 million). With an increase of 12.2 percent, the companies in Eastern Europe recorded the steepest climb, followed by Western Europe with an increase of 9 percent.

Revenue in Germany declined slightly, but remained high at EUR 274.8 million. Results in North America reflect the divestment of the subsidiaries that took place during the year. Revenue in that market was significantly below the previous year's level.

## Income statement

Summary, in EUR thousand

	2021/22	2020/21
Revenue	804,877	792,522
Total operating income	815,215	804,003
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	282,453	312,406
Earnings Before Tax (EBT)	228,544	253,805
<b>Net income</b>	<b>201,236</b>	<b>223,822</b>

In the fiscal year 2021/22 EOS Consolidated achieved EBITDA in the amount of EUR 282.5 million (previous year: EUR 312.4 million). Compared to prior year, revenue climbed by EUR 12.4 million as a result of economic recovery that followed the first year of the pandemic. Measured against revenue and disregarding precautionary accounting measures, other operating expenses

increased proportionately by 9.4 percent, or EUR 23.3 million. Other operating income and in-house work (debt collection software) capitalized with an effect on income were at the same level as in the previous year.

## Assets situation

	28 Feb. 2022		28 Feb. 2021	
	in EUR thousand	in %	in EUR thousand	in %
Fixed assets	209,498	8.8	234,620	10.3
Purchased receivables and real estate in inventories*	1,989,455	83.2	1,898,522	83.1
Receivables	29,949	1.3	60,964	2.7
Cash and cash equivalents	105,455	4.4	50,211	2.2
Other assets	56,457	2.4	39,161	1.7
<b>Total assets</b>	<b>2,390,815</b>	<b>100</b>	<b>2,283,478</b>	<b>100</b>

Total assets of EOS Consolidated climbed by 4.7 percent to EUR 2.4 billion compared to the previous year. Among other factors, the increase can be attributed to the purchased portfolio of receivables and real estate\*, which, due to the higher

total investments in the financial year, climbed to EUR 2.0 billion. Purchased portfolios account for 75.4 percent and real estate in inventories for 7.8 percent of total assets.

## Equity and financing

	28 Feb. 2022		28 Feb. 2021	
	in EUR thousand	in %	in EUR thousand	in %
Equity	895,726	37.5	802,131	35.1
Provisions	84,218	3.5	100,355	4.4
Liabilities with banks	92,111	3.9	162,043	7.1
Liabilities with related parties and companies	1,102,833	46.1	1,010,266	44.2
Trade payables	41,962	1.8	42,147	1.8
Other liabilities	173,966	7.3	166,537	7.3
<b>Total financing</b>	<b>2,390,815</b>	<b>100</b>	<b>2,283,478</b>	<b>100</b>

In the past financial year, total financing increased by EUR 107.3 million to EUR 2.4 billion compared to previous year. The company's equity increased to EUR 895.7 million, due in part to a partial profit retention from the previous year's result. Thus, the equity-to-assets ratio increased further to 37.5 percent (previous year: 35.1 percent), which, relatively speaking, constitutes

a very high level for a financial services provider. EOS Consolidated satisfies its refinancing needs with loans from banks and the parent company. The majority of this financing continues to have short-term maturity, which increased from 71 to 74 percent of debt financing compared to the previous year.

\*Financial presentation  
For accounting reasons, tables and text may contain rounding differences.

# EOS has established itself as a fixture

It was almost 50 years ago that the EOS Group evolved from the dunning division of OTTO. Today it is one of the major companies in the Otto Group, according to Petra Scharner-Wolff, Member of the Board of Directors. In the following interview she explains how both groups of companies benefit from one another.



**Financial expert** Petra Scharner-Wolff is a Member of the Board of Directors of the Otto Group.

**Continue reading here or watch the interview as a video**



### How has the Otto Group come through the pandemic so far?

Very well. The 2021/2022 financial year was one of the best in the Group's history. Nearly all companies exceeded their strong sales results from the previous year, and some quite clearly. The Otto Group was able to achieve profitable and dynamic growth. We also tapped into market opportunities and increased our share in many markets. Our operational strength was key to this. Of course, the current financial year is full of new challenges. And like all other companies, we need to face these and be flexible.

### EOS emerged out of the Otto Group nearly 50 years ago: How do you rate the development of the EOS Group since that time?

EOS started out as the debt collection arm of OTTO. Today, the company has evolved into one of the leading experts in receivables management in 24 countries. EOS was able to position itself globally early on and it has always aimed for a balanced investment strategy. As a result, the company has never been dependent on a single market.

This strategy allows for continuous and successful growth. It also makes EOS a very stable partner for companies and a solid asset to the Otto Group.

### Speaking of which, what is the role of EOS within the Otto Group?

EOS is one of the Otto Group's designated focus companies and highly profitable. For many years, it has been contributing to our excellent results in the financial services segment.

### How do the two groups benefit from one another?

The Otto Group and EOS both benefit from each other's financial strength. EOS has the security to make important investments in receivables packages and the digital transformation. And the Otto Group can rely on stable results due to the good market position of EOS in Europe.

### What development would you like to see for the EOS Group in the future?

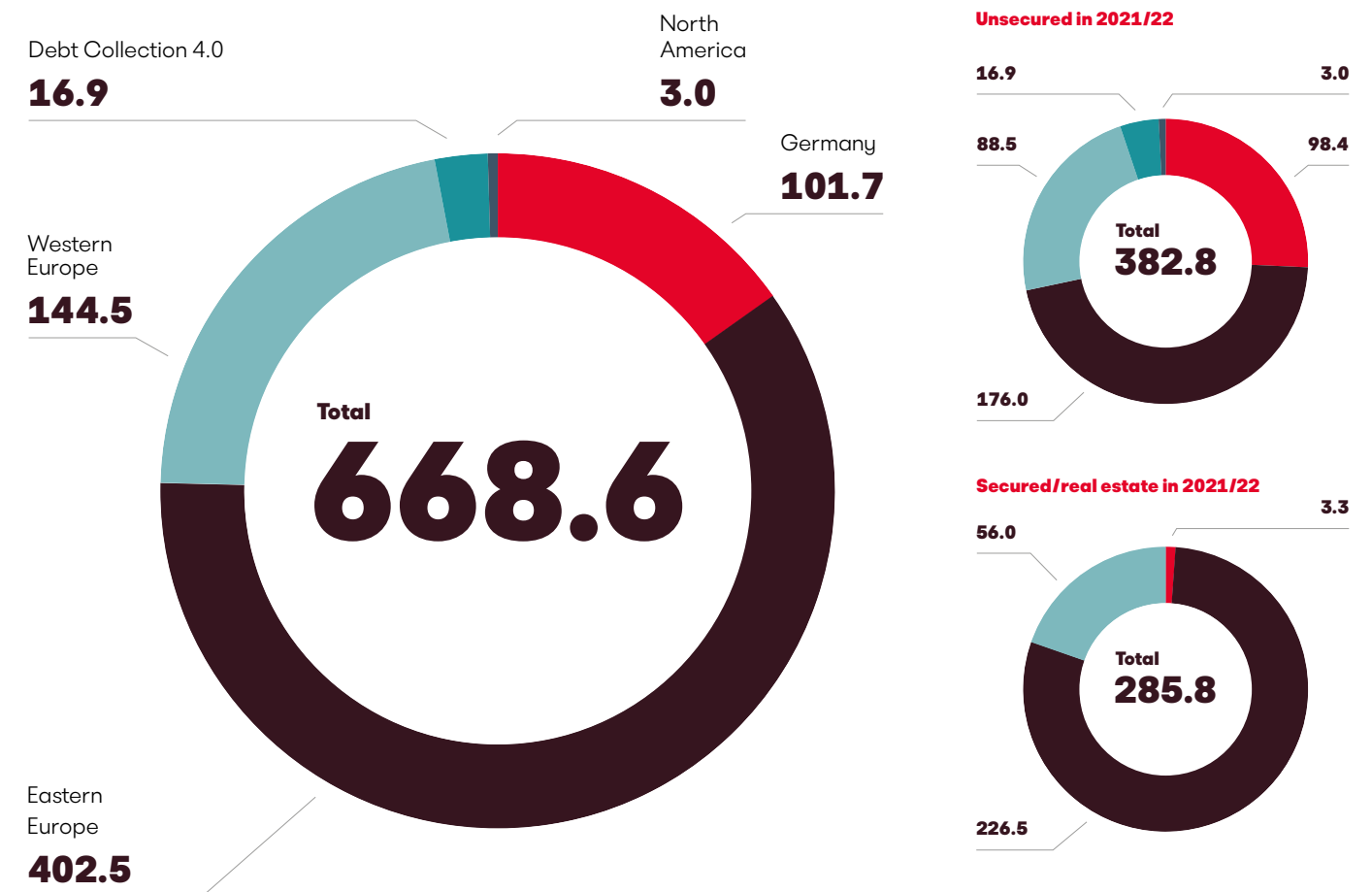
I would like EOS to grow its leading position as an expert in receivables management in Europe. This would include, for example, increasing its investments in secured and unsecured portfolios. And using the new brand to extend its visibility as a technology-driven and agile company.

# We continue investing at a high level

After the pandemic subsided, EOS once again increased its investments in non-performing debts and real estate in the 2021/22 fiscal year. The rise in total volume was in the three-digit range. In particular, EOS boosted the purchase of secured receivables and real estate.

### Investments in debt purchases and real estate 2021/22

in EUR million



The EOS Group increased its investments significantly compared to previous year. Total volume rose by about 25 percent, from a total of EUR 534.3 million in the previous year to EUR 668.6 million. Investments were made in unsecured and secured debts and in real estate. EOS again purchased most NPL portfolios in the Eastern European market, followed by Western Europe and Germany. In addition, EOS purchased receivables portfolios in

countries where the Group is not represented by its own company. EOS cooperates with local debt collection experts when making decisions about potential purchases of receivables portfolios, which the partner then handles locally in a professional manner. At EOS, these collaborations are called "Debt Collection 4.0."



## Good investments: The year's highlights

In the 2021/22 fiscal year EOS continued to assist companies such as banks in reducing their Non-Performing Loans (NPL) and outstanding debts. An overview of some highlights:

Spain

# about 60

EUR million (face value)

A leading Spanish bank and EOS in Spain have already dealt with numerous NPL portfolios in the past. Now the first **portfolio with secured debts** has changed owners—a first for EOS in Spain.

France

# 66.2

EUR million (face value)

At the end of 2021, EOS in France concluded its **biggest deal of the financial year**. The portfolio of mostly secured debts is from three regional banks of the BPOE banking group, with which the company has had a good business relationship for quite some time.

Serbia

# 1.7

EUR billion

With a value of EUR 1.7 billion, EOS in Serbia concluded the biggest deal in the history of EOS in Eastern Europe. The portfolio, acquired as part of a secondary transaction, consists largely of **secured debts**.

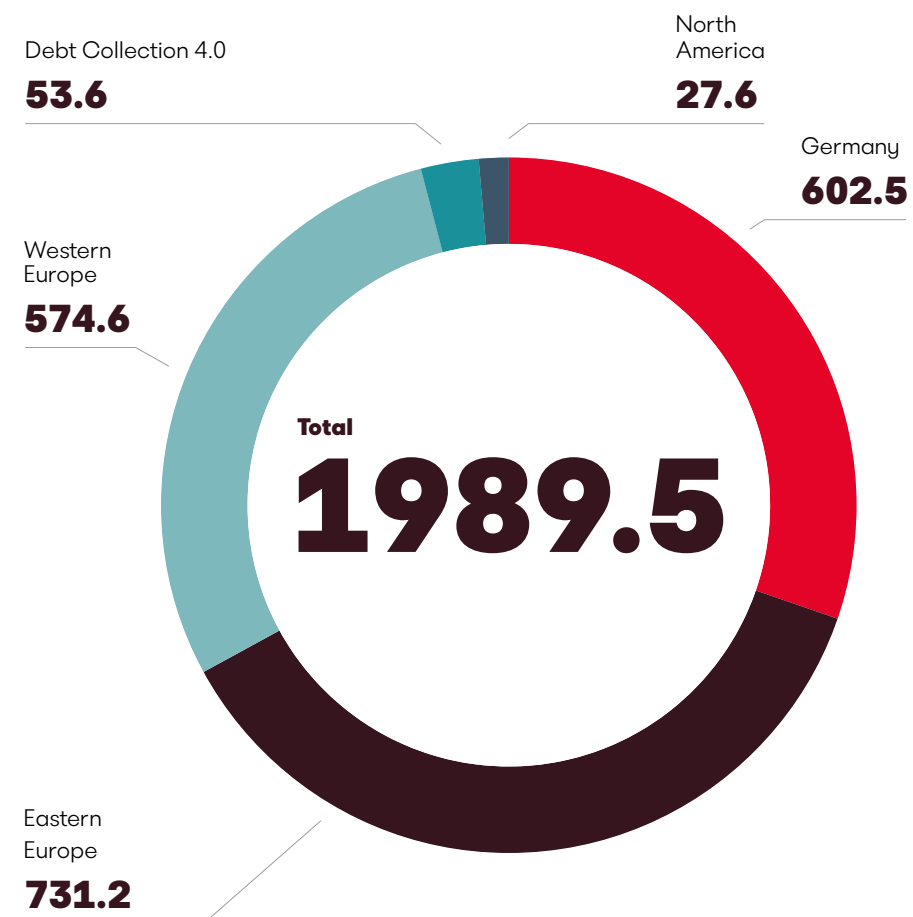
Germany

# 500,000

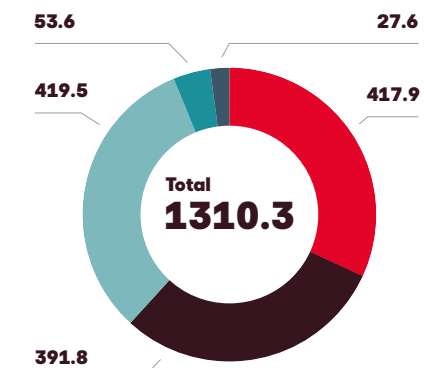
EOS in Germany received more than one-half million **receivables** from a renowned “buy-now-pay-later” provider for processing in a fiduciary capacity.

### Purchased receivables in 2021/22

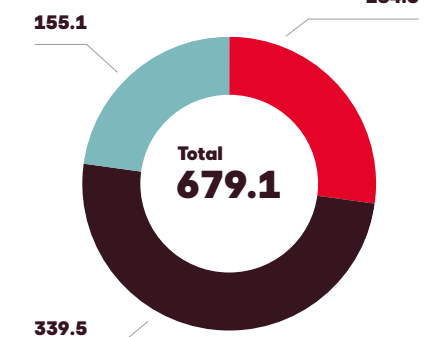
in EUR million



### Unsecured in 2021/22



### Secured/real estate in 2021/22



Download all figures  
and diagrams conveniently in a PDF.



At EUR 1.99 billion\*, the carrying value of the portfolios recognized at the end of the financial year is just under the two billion mark. This constitutes an increase of almost five percent, thanks to a total value of some EUR 100 million above the previous year's figure. This development shows that debt purchases are still on growth trajectory. At EUR 1.31 billion, unsecured receivables portfolios still totaled more than twice that of secured portfolios and buildings combined. Eastern Europe holds the most receivables in the entire Group, followed closely by Western Europe and Germany.

\*Financial presentation  
For accounting reasons, tables and text may contain rounding differences.

# Expert in defaulted real estate loans

Secured Non-Performing Loans (NPLs) are a burden on the balance sheets of banks. Investors like EOS can assist in reducing them.

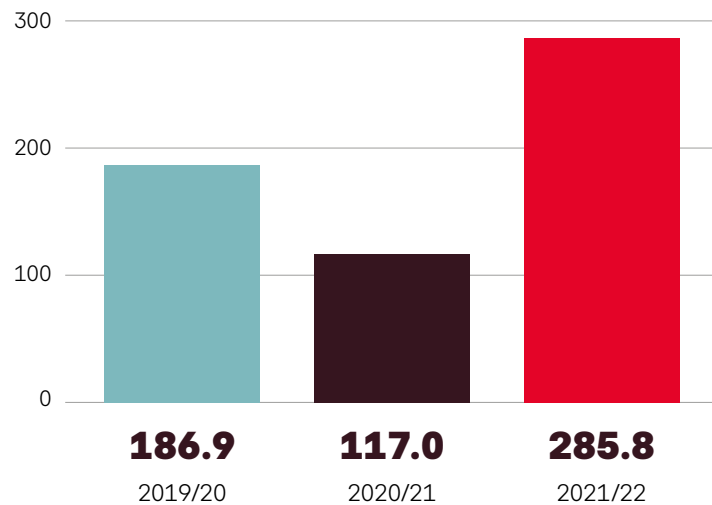
**W**hen borrowers cannot pay back their loans, the long-term impact on the business of the lending banks is serious. Some of the consequences for the bank are accruals and lower liquidity, and thus a limited basis for doing business. If banks want to save their own resources or reduce their portfolio of NPLs, they have the option of selling them to a specialized loan buyer such as EOS. In addition to unsecured loans, banks often sell secured loans which are backed by a physical asset of equivalent value. It may be cars or ships, and often property or real estate (e.g., private apartments, factories and commercial real estate).

The processing of secured receivables can be quite labor-intensive as it requires professional expertise in real estate, foreclosure and insolvency law. In contrast

to the business in unsecured portfolios, secured portfolios are often backed by property worth several million euros. Rather than relying on statistics, it is necessary to take a close look at every individual loan agreement and every single piece of real estate in order to find the most suitable purchase price. The main objective of investors is to find an amicable solution with borrowers after the purchase, a solution that revives the business cycle while preserving the bank's reputation.

EOS has operated as a servicer and purchaser in the market for secured debts for nearly 20 years. Today, investments in secured debts and real estate account for about 40 percent of total investments. Since starting up in Germany and France, EOS has made a name for itself as a buyer of real estate-secured loans in the Spanish and Eastern European markets. More countries are to follow.

**Investments in secured NPLs and real estate**  
in EUR million



## Want to read more about this topic?

In a joint interview, two EOS experts explain what makes the business with real estate loans so special.



## Explained using an example



### 1 A real estate loan gets into trouble

Company A takes out a loan for the purchase of a warehouse. Years later it is in financial trouble. The company must file for bankruptcy and can no longer pay back the real estate loan.



### 2 The bank offers the loan for sale

The lending bank cannot manage the labor-intensive process of dealing with the defaulting payer with its internal resources. It decides to sell the loan and at the same time reduces its own NPL rate.



### 3 Investors submit bids

Investors such as EOS have about six weeks to submit a purchase offer. To determine an adequate purchase price, EOS consults with real estate and legal experts who inspect the warehouse and the pertinent loan agreements.



### 4 EOS comes to an agreement with the borrower

The investor who has submitted the highest bid—in this case EOS—is awarded the contract and becomes the legal owner of the real estate-secured debt. The bank receives immediate liquidity and can reduce its NPL portfolio. The next step offers several alternatives to come to an agreement with Company A, for example:

#### 4.1.

Company A is able to pay back the loan through financial restructuring. The warehouse remains the property of Company A.

#### 4.2.

EOS and the insolvency administrator of Company A agree to sell the warehouse. It is released for auction in the course of the insolvency proceedings. As creditor of the real estate loan, EOS receives the purchase price.

#### 4.3.

To speed up the lengthy insolvency process, EOS purchases the warehouse from Company A directly and uses its internal network to sell the warehouse to suitable real estate investors.

**Any company in any industry can contribute to more sustainability.**

**EOS is working** with the Otto Group to achieve climate neutrality by 2030.

**2030**



# Debt collection means **assuming responsibility**

EOS has defined sustainability goals in its Corporate Responsibility (CR) strategy. The plan calls for taking more responsibility in four areas of action. The following is a summary of developments and successes.

# A

t the beginning of the past financial year, EOS presented its new Corporate Responsibility strategy with the objective of structuring and expanding its commitment to sustainability. CR activities go beyond environmental protection. As an international financial services provider, EOS is especially committed to social and corporate engagement. The point is to assume responsibility not only for the company's own employees and clients, but also for consumers and the entire debt collection industry. Or, in short, "Changing for the better."

To structure the previously set goals, EOS divided its efforts into four areas of action: Responsible Collection, Joint Progress, Financial Sustainability, and Environmental Protection. From instructional videos for consumers and diversity networks to e-mobility models for business trips, EOS has implemented several measures in the different areas of action over the past 12 months.

Our work has borne fruit. With the Top Women Leaders Award and the gold medal by the renowned rating agency EcoVadis, the EOS Group received two distinctions for its efforts in the area of Corporate Responsibility during the past year. A great deal more has happened aside from the awards. Existing initiatives were advanced and new ones were started. You will find a brief update on all four areas of action in the next few pages.

**Watch a video of our CR highlights**



## How can we make the world a little better?

Every company has its own parameters for making changes that lead to a more sustainable future. We have identified four areas of action where we can and want to have an impact.



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



### 2. How can we change society for the better?



### 3. How can we change climate for the better?



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

EOS stands for communicating with consumers in a respectful and fair manner, and for solution-oriented, sustainable debt relief.

**International**

**Data-driven installment plan model**

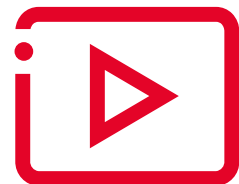
**23**

payment plans

...offer consumers feasible ways out of debt. The following must be considered in establishing an effective plan: the better the plan fits the consumer's situation, the greater its likelihood of payment. To that end, EOS in Belgium and the Center of Analytics, for instance, use historic data to develop models that propose an individual payment plan to match the pertinent person's specific situation. First, 23 possible payment plans are generated for a specific open receivable. Then a data-driven algorithm analyzes the likelihood of success. Finally only the plan with the highest likelihood of success is proposed to the consumer.

**Croatia**

**Instructional videos against excessive debt**



How do you prevent consumers from repeatedly ending up with excessive debt? EOS in Croatia believes in financial education. Colleagues there have provided brief instructional videos that explain what the most frequent debt traps are and how best to avoid them in the future. The campaign aims at protecting consumers permanently from excessive debt while also giving them tips on how to deal with money properly.

EOS takes social responsibility in its own company by promoting empowerment, diversity and inclusion and in society through its own education initiatives.

**Slovenia**

**Socially Responsible Employer certificate**



At the end of 2021, EOS in Slovenia applied for and received the Socially Responsible Employer certificate. Based on the guidelines of the International Standard for social responsibility (ISO 26000), the certificate recognizes socially responsible management in organizations and companies in Slovenia.

**Croatia**

**Diversity Charter**

**“A group of more than 6,000 employees is truly a large community, which adds strength to the diversity of the individuals. At EOS we develop a common corporate culture regardless of age, ethnicity and nationality, gender and gender identity, religious and philosophical beliefs, sexual orientation and social background,”**

... states Barbara Cerinski, Managing Director of EOS Matrix in Croatia. By signing the Diversity Charter of the Croatian Business Council for Sustainable Development, EOS in Croatia has once more pledged to support and develop this position.

**Germany**

**Finlit**

**More than**

**9000**

... schools in Germany have used the finlit foundation's ManoMone-ta in their classes since the launch of this educational program. The next step is the international roll-out.

**Group-wide**

**Diversity & Inclusion Board**



Advancing diversity as a success factor for the Group is the declared goal behind the establishment of the EOS Diversity & Inclusion Board. In the future it will coordinate and support various employee initiatives, such as the LGBTQ+ community Queer@EOS or the women's network W:isible.

Together with the Otto Group, EOS employs focused measures that can be implemented quickly to achieve the goal of climate neutrality by 2030.



**Belgium**

## Climate-neutral postal traffic

EOS Contentia in Belgium sends out 460,000 letters a year—a necessary means of communication in the debt collection business which is difficult to reduce. That's why EOS is participating in a program of the Belgian bpost that helps to compensate for CO<sub>2</sub> emissions. Each letter sent out by carbon-neutral means supports a project in Eritrea that champions clean water and fights deforestation.

**Germany**

## Earth Hour

**For**

# 60

...minutes on 26 March, the EOS logo at EOS headquarters in Hamburg was switched off. The blackout was part of the international Earth Hour campaign in which companies show their support for environmental protection.

EOS advocates strict, binding industry standards and responsible codes of conduct.

**Germany**

## “Rules and values are not laws of nature”

In addition to her roles at EOS, Kirsten Pedd is president of the German debt collection association BDIU. In this capacity she wants to improve the industry's image with fair rules and values. In this interview she tells us why she thinks EOS should play an active role.



**Kirsten Pedd**, Chief Compliance Officer and Head of Public Affairs of the EOS Group

### Why is it important for a company to champion the concerns of the entire industry?

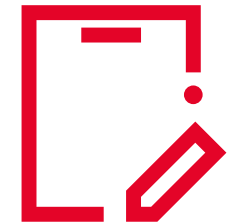
Because as a company, we share responsibility for the rules and values our industry follows. This is not natural law but something one is obliged and able to shape. As a relevant player in the industry, it is our duty, too.

### What are the challenges?

The challenge is for all involved to put into practice the rules and values they have defined for themselves. For the Code of Conduct of the German debt collection association BDIU, this means we should assist in their implementation in daily debt collection practice and offer our support to all member companies.

### What specifically do you want to achieve?

The goal is to improve acceptance of the debt collection industry as a fair and essential part of the business cycle. Debt collection is important for the economy in general and it has to be value-based and balanced, or in a word, fair. You achieve that by doing what you say you'll do—all the time. It's the only way to build and strengthen trust.



**Update**

## UN Global Compact

UN Global Compact is the world's largest Corporate Responsibility initiative. EOS became a signatory to the United Nations (UN) initiative last year. Joining alone is just the first step leading to the actual work. As part of the Otto Group, EOS has always embraced and promoted Corporate Responsibility (CR).

The company is now mapping out the details of its CR strategy based on a materiality analysis conducted with help from external consultants. The strategy contains a road map with specific goals which, in a transparent and understandable way, will anchor in the company the UN Global Compact's Ten Principles and Sustainable Development Goals (SDGs) relevant for the financial sector.

### More details wanted?

Our compliance experts will tell you more in this interview.



**Group-wide**

## Sustainability Challenge

# 5000

...trees will be planted by EOS in collaboration with the German Bergwaldprojekt this autumn. The company had called on its employees throughout the Group to participate in a Sustainability Challenge and to report on their personal active commitment. The result was an inspiring collection of sustainable activities in people's everyday life. As a thank-you and additional contribution to climate protection, EOS, with assistance from the Bergwaldprojekt, is reforesting a destroyed forest with native trees.

**Slovenia**

## E-car sharing

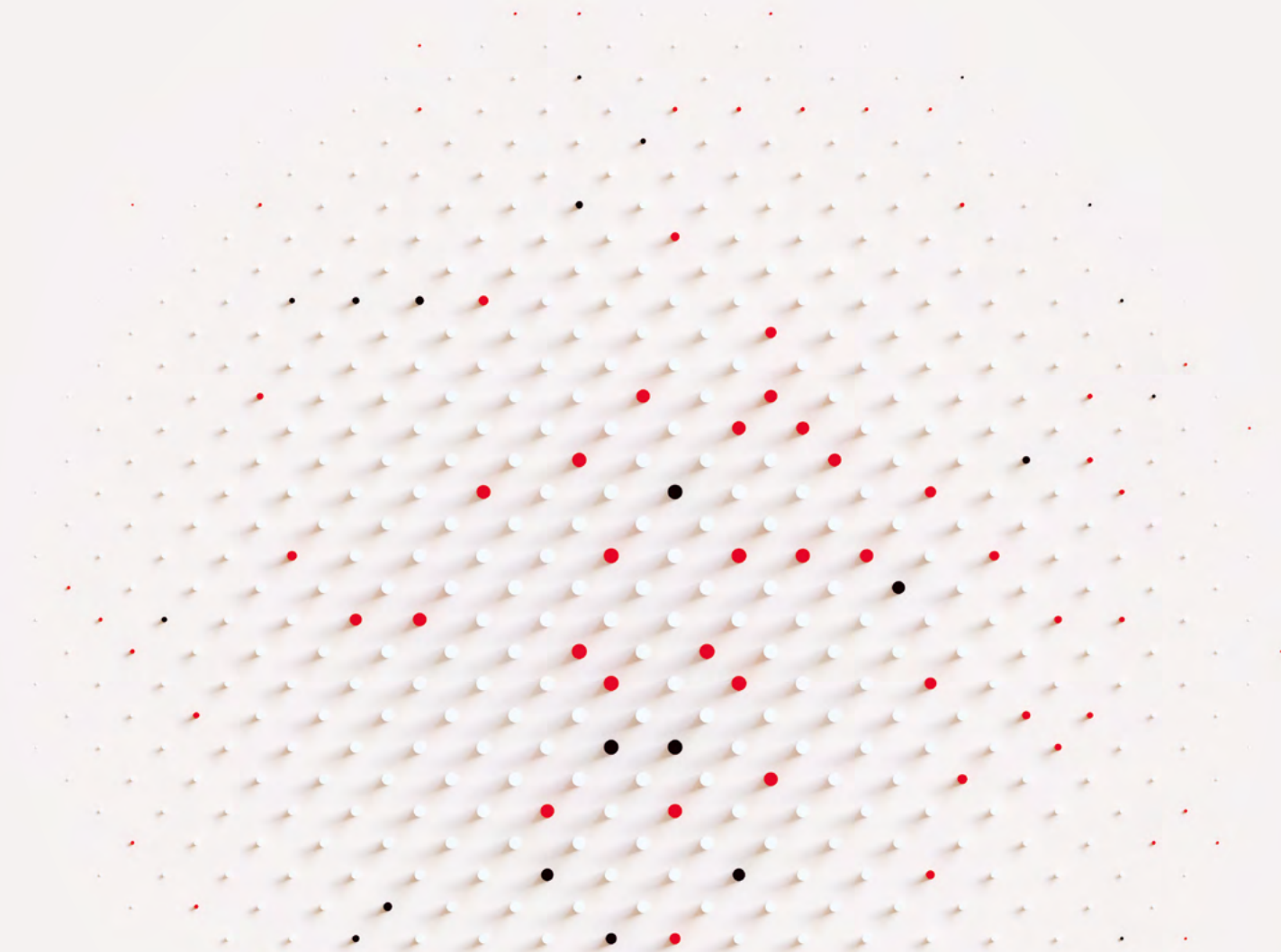


EOS in Slovenia focuses on e-mobility for all business trips within the country. Specifically, the national subsidiary is working with a local car rental company that offers a car-sharing model for e-cars.



# We live technology in all its facets

Technological progress has always been an integral part of our company's DNA. It covers everything from analytics models and chatbots to the digital transformation of the entire Group. An overview.



Here you can find out more about the **top technology projects at EOS**



## Analytics and Technology @ EOS— these are the four core areas



### Data and analytics

- A powerful data and analytics platform based on cloud technology
- Dynamic workflows for smooth processes
- AI-assisted decision-making and calculation models

Data constitute the fuel that drives our company. Analytic data models help us analyze and use them for our business. Our cloud-based data and analytics platform is becoming smarter every day, our forecasts better and our workflows more dynamic.



### Opportunity and risk management

- Data-based portfolio evaluation/value-based pricing
- Risk analysis of IT systems/IT security management
- Business model development and innovation

Technology helps us recognize opportunities and weigh risks. With help from the data-driven evaluation of NPL portfolios, we set fair prices. We also rely on technological assistance when conducting a risk analysis of our IT systems or developing our business model.



### Focus on consumers

- Personalized communication with our next-best action approach
- Self-services integrated in smart portals
- Chatbots for easy interaction

Our new technical developments are designed to make it easier for consumers to contact us and to make payments. Our data models know the consumer's preferred communication channel and payment method. Consumers may opt to manage their affairs anonymously and independently via smart service portals and chatbots.



### Digital transformation

- Agile organization with a hybrid work model
- Cultural transformation as the basis of our business
- International collaboration to exploit synergy effects

We love progress and see digitalization as an opportunity, not as a challenge. On our road toward a completely digitalized company, we set our stake on collaborative, flexible ways of working and greater personal responsibility of our employees. By promoting networking among them, EOS encourages the employees to learn from each other and take advantage of synergies.

## Our innovation drive in figures

The pursuit of technological excellence allows no rest. That's why we persistently push technological progress. A few figures on our successes in fiscal 2021/22.

About

# 600

**employees** develop and implement digital processes at EOS.

EUR

# 20

million

is the amount EOS invested in **innovative technology and IT processes** in fiscal 2021/22.

# 2

**security monitoring tools** use state-of-the-art technology to ensure information security at EOS.

More than

# 350

**conversations** with consumers are conducted every month by the chatbot of the national subsidiary EOS Contentia in Belgium.

## “The success of modeling and AI is growing”

How can data make the receivables management of EOS even more efficient? Marie-Laure Jacobs deals with this question every day. She is a data analyst at EOS Aremas in Belgium and tells us about the possibilities that already exist and those that are yet to come.



**Marie-Laure Jacobs** has been a data analyst for EOS Aremas in Belgium since 2018.

now, and we currently have three primary models running. The first relates to developing a score—a probability—that a receivable will be paid off. The second is a model that will predict the likely outcome of sending a field service agent to collect a debt. Since it is a costly process, we want to send our experts only to locations where there is a good chance the consumer is willing and able to pay. The third relates to a payment plan model. After one obligatory moment of contact, we send a letter to the consumer with a proposed plan for paying off their outstanding invoices in instalments (see page 36).

### What are the plans for the future?

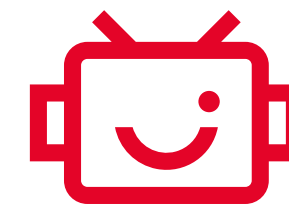
The success of modeling and AI is growing, and we are planning to develop more models. The email model, for example. We are developing a robot that will allow the system to automatically sort emails into the right folders. We receive thousands of emails each day, and it is hugely time-consuming and a zero-added-value process. With our new model the case officers can spend more time on their real work. It will also raise job satisfaction, as they don't have to spend time on simple and iterative activities.

### Marie-Laure explains how data-driven debt collection works in this video



### How long have you been using AI and modeling at Aremas?

We've been intensely modeling and using AI at EOS Aremas for around three years



## Chatbots: Intelligent communication solutions

An EOS study shows that chatbots are becoming more popular among companies. EOS, too, employs the digital helpers in its communication with consumers.

Did you know that two-thirds of European companies already use chatbots? The figure is from a chatbot survey published by EOS in 2021. A total of 2,800 companies were asked if and how they use the digital helpers.

EOS has begun using chatbots in its communication with consumers in a growing number of countries. They assist with general questions and provide information on outstanding payments. They make life easier for consumers and spare EOS service staff from having to perform repetitive tasks.

The results of the 2021 EOS Chatbot Survey reveal additional benefits chatbots offer companies.

Scan this QR code to get to the EOS Chatbot Survey 2021





# Networked Europe-wide **as a group**

Being represented in 24 countries has many advantages when you are looking for new talents, developing your own software and data models, or managing your core business. Here's a look at how interconnected the EOS Group is.



## Talented employees

Promote, network and retain talented people—that sums up the objective of the Group-wide talent program NXT. We are looking for sharp minds who want to help us shape the future of EOS. In addition to fostering personal and professional growth, the program focuses on Group-wide networking and knowledge transfer.



## Cross-border debt collection

The EOS Cross-border Center handled 81,648 cases in 189 countries in the 2021/22 financial year. All that is made possible by a network of more than 80 partners coordinated via the company's own Global Collection platform. Our partners help where we do not maintain offices and use their local expertise to handle our clients' outstanding receivables.



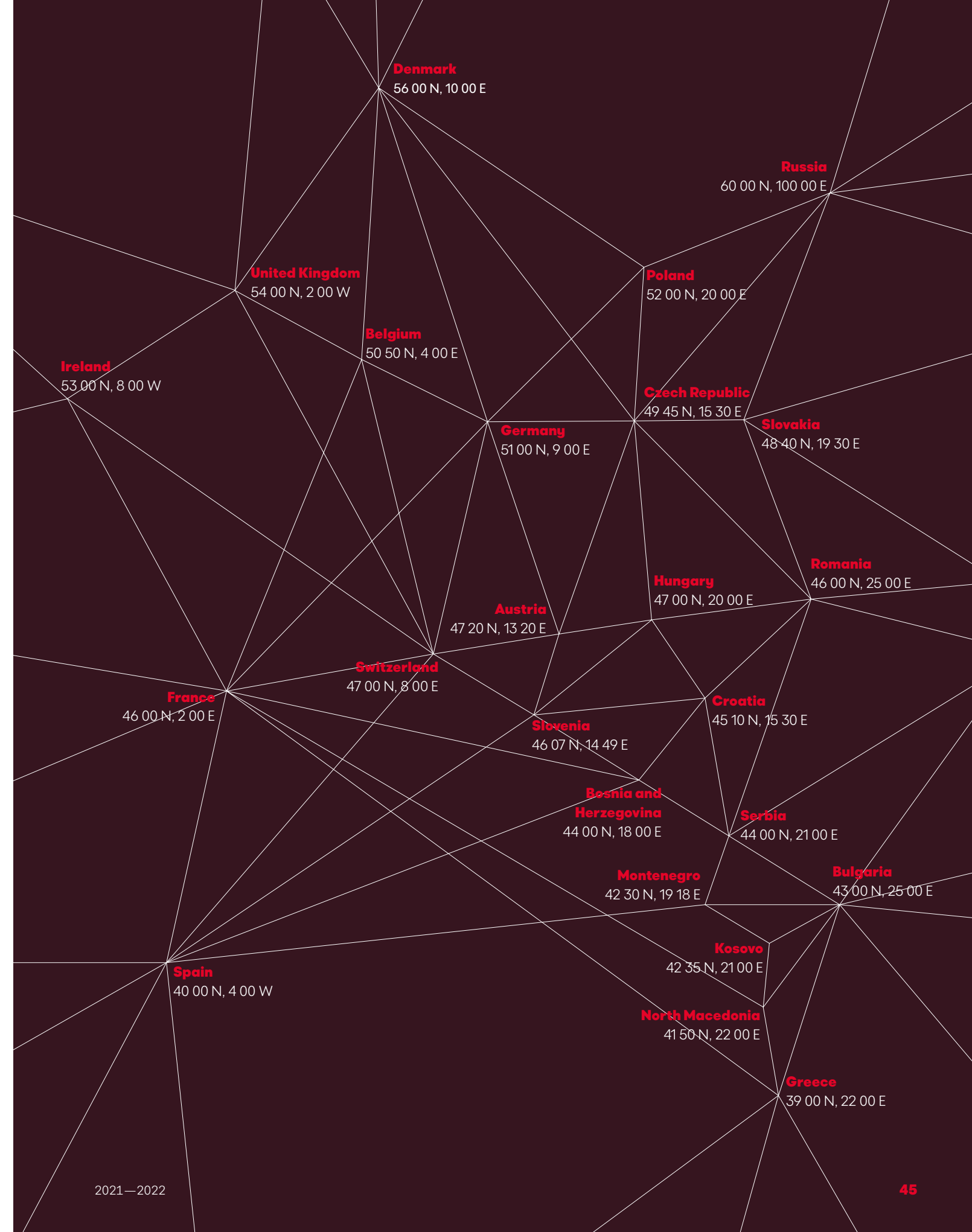
## Center of Analytics

Today data analysis using machine learning models and artificial intelligence is a central element of the work EOS does. To use synergies and learn from one another, EOS established the Center of Analytics several years ago. Here the models and experiences of all EOS countries are made available to all experts throughout the Group on an international analytics platform.



## Debt collection system

Eleven of the 24 EOS countries already use or are implementing Kolleto+, a debt collection system developed by a multinational and cross-functional EOS team. Additional rollouts are in the planning stage. The software product is an example of how synergies are used within the EOS Group to streamline processes and handle debt collection more efficiently.



**A successful financial year has come to an end—and the next one has long since been underway. Despite all the crises, we stay the course and invite you—as a client, co-investor, or employee—to accompany us in the future.**

**Legal notice**

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Even though the Board of Directors assumes that the expectations expressed in these statements are realistic, it cannot guarantee that its expectations will in fact turn out to be true and will be met. Statements concerning the future are subject to a number of risks and insecurities which are difficult to gauge and generally are outside the sphere of influence of EOS Holding GmbH. If such risks or uncertainties were to materialize, or if the assumptions underlying any of the statements should prove incorrect, actual results may substantially differ from those expressed or implied by the statements.

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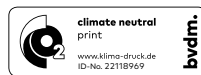
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Some figures in this Annual Report were rounded off in accordance with commercial practice. As a result, there may be discrepancies between the total of some figures and the total stated in the Report.

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**To protect people and the environment, the Annual Report was printed climate-neutrally and on paper from responsible sources.**



**Globally networked: Our service has no boundaries**

When receivables accrue abroad, companies often find their hands are tied. Which laws apply in which country? In this case, a partner with experience in foreign debt collection can save a lot of time and effort. EOS has built a strong network, as the following figures from fiscal year 2021/22 show.

**98**

percent

**of all successful cross-border collections** were settled out of court, resulting in quicker resolutions and lower costs.

**81,648**

**cross-border cases** were handled by EOS employees all over the world in 2021/22.

**1,519**

**companies, including 581 new clients**, used the international collection services of EOS.

**189**

countries

In the last fiscal year, EOS processed collections in **189 countries**.

An **8** percent

time saving until the **first payment** of a foreign receivable: The cross-border experts reduced the time to an average of 177 days.

**More information on the EOS Cross-border Center**



**511**

employees

work for EOS in **cross-border debt collection**, 286 of them at EOS companies.





# Changing finances for the better.

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