



# Key performance indicators

**+4.8%**

EOS Consolidated increased its revenue by **4.8 percent** to **EUR 853.1 million**.

In fiscal 2019/20, earnings before interest, taxes, depreciation, and amortization (EBITDA) were

EUR **343.4** million.

EOS Consolidated invested

EUR **651.3** million

in receivables and real estate.

**+31.3%**

The region of Eastern Europe achieved the highest increase in revenue at **31.3 percent**.

The investments of over

EUR **25** million

in innovative technologies further strengthen the EOS Group's performance.

**16x A**

In 2020, Euler Hermes Rating awarded EOS an **A rating** for the 16th time in succession.

## A very good year!

— We are delighted with the EOS Group's most successful financial year by far! By consistently following our strategic direction as a technology-based debt collection service provider and financial investor, we increased our revenue again in **2019/20** to a record total of **EUR 853.1 million**. The competence, commitment, and attitude of our employees, particularly contributed to this success. A company's performance is always a team result. This is apparent in many places, such as the sensational growth in Eastern Europe. I take off my hat to this result. The companies in Western Europe too were again highly successful and generated a slight increase in turnover. Furthermore, EOS achieved its largest share of revenue on the very tight German market.

I would like to take this opportunity to single out the tremendous progress in digitalization, the high level of investment in our IT projects and the focus on our cultural transformation process as key success factors. This requires highly qualified employees who want to work independently and embrace change. We have all these qualities and that makes me very proud of the entire EOS team!

In addition to the figures in the section on performance and the corresponding review of the regions, this report gives an overview of our strategic fields financial investor, technology and global connectivity. A brief outlook for the current financial year awaits you. Seldom has this been as difficult as in the wake of the coronavirus pandemic. But it is more important than ever to have reliable processes, highly professional receivables management and sustainable financing for companies. The use of artificial intelligence and advanced data analyses also help boost innovation in our industry. We can offer all of this to our customers and we expect successful growth for our business in the coming year too.



Enjoy reading!

**Klaus Engberding**  
Chairman of the EOS Group's Board of Directors



Further insights on 2019/20?  
Background interview with  
CEO Klaus Engberding  
<https://eos-solutions.com/ceo>

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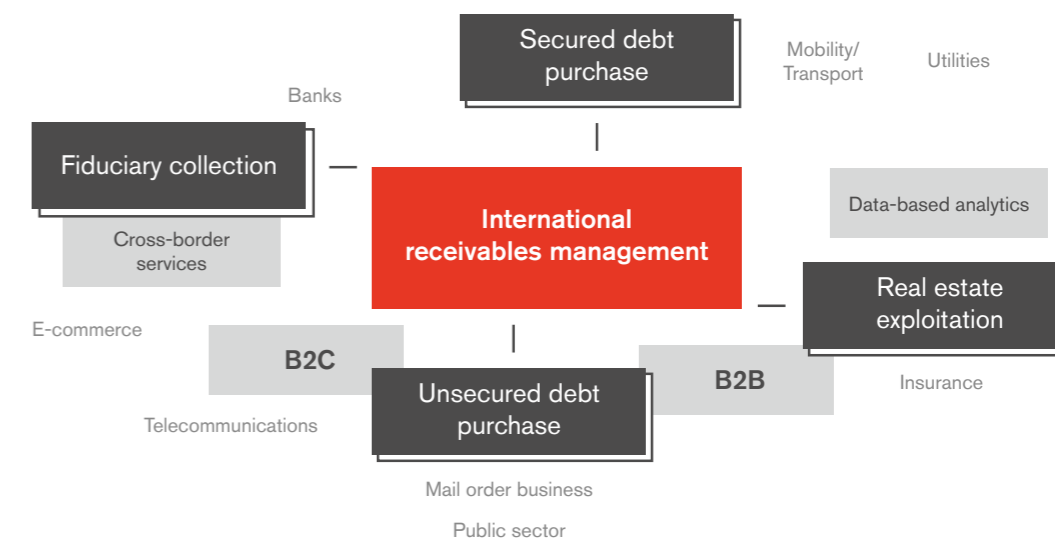
- 30 Outlook 2020/21:** Change as a constant

Business model, sectors, strengths:

We have global expertise in the purchase, assessment and processing of receivables portfolios and real estate.

## The company

Investor and provider of receivables management services with 26 national subsidiaries in Europe and North America



— Providing companies with liquidity is the credo of the EOS Group. Acting in a fiduciary capacity for clients in a wide range of sectors, EOS takes on their receivables management and increases their cash flow. The company is one of the world's leading purchasers of defaulted receivables and secured and unsecured non-performing loans (NPLs). EOS also acquires underperforming real estate.

We are now reaping the rewards of the systematic and extensive investments in technology that we have been making for years, for example in data-driven portfolio assessment and the processing of receivables. Digitalization and the associated use of cutting-edge technol-

ogy, big data management and advanced analytics will continue to be key areas of development for us in the future. Added to this is a further increase in the organizational responsiveness. This presupposes faster and more flexible collaboration models on the basis of adaptive structures and processes. To achieve this, EOS has been undergoing a fundamental cultural change process since 2017 and is working systematically to break down entrenched cultural patterns.

### Cultural change is not an end in itself

The Group is confident that these new approaches to collaboration combined with the capabilities of its highly qualified teams and modern IT systems will among be of the main productivity drivers for the future.

In everything they do, the company's more than 7,500 employees are focused on the EOS vision:

**We are a globally connected financial investor driven by technology and entrepreneurial spirit.**

»  
**The markets we operate in continue to offer substantial growth potential.** EOS can capitalize on its outstanding capabilities and expertise, more than 40 years of experience, over 80 partnerships worldwide and its membership of the Otto Group. All that and our technology make us one of the leading companies in the sector.



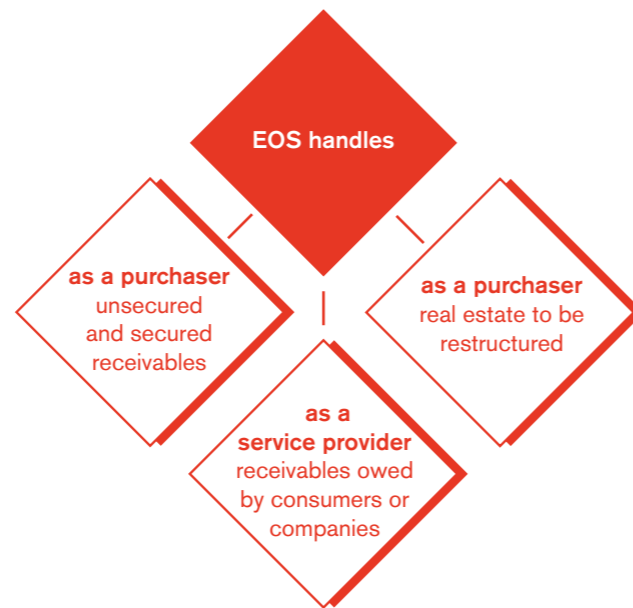
Klaus Engberding, CEO of the EOS Group

# Our customers: global, diverse and individual

The range of services and sectors

**Drawing on its more than 40 years of experience, the EOS Group serves more than 20,000 customers from a large spectrum of industries and sectors.**

**Assuming responsibility for a healthy economy**  
 — EOS enables its customers to focus on their core business, increases their liquidity and minimizes the risks to their reputation. As a responsible company, we know that behind every receivables portfolio there are human beings. Accordingly, we acquire the portfolios at realistic prices and do not speculate with them. The outstanding receivables are processed in a professional manner by our trained staff who treat the defaulting payers fairly. By working this way, we ensure our long-term success and contribute to a healthy economy: Companies remain solvent, employees have secure jobs and our customers' customers get back their purchasing power.



Receivables management challenges for companies	Benefits of working with debt collection companies
<p><b>1</b> Outstanding payments result in cash flow problems.</p>	Whether through fiduciary processing or the purchasing of receivables, EOS restores liquidity.
<p><b>2</b> Internal receivables management ties up resources and results in long recovery periods e.g. due to judicial processes.</p>	Thanks to its longstanding experience, EOS generally achieves fast extra-judicial solutions, ensuring greater flexibility and independence for customers and defaulting payers.
<p><b>3</b> Recovering debts in-house can be a complex and critical task, which can lead to reputational damage.</p>	EOS sees itself as a go-between and protects the relationship between creditors and their customers by means of an individualized approach.
<p><b>4</b> Regulations require that banks reduce their NPL inventories and recover outstanding debts as quickly as possible.</p>	By purchasing outstanding receivables, including long-term forward-flow agreements, EOS protects the equity of banks, ensures liquidity and helps them comply with regulatory requirements.



## Customers from a wide range of sectors



Banks & Fintechs



Energy utilities



Insurance & Insurtechs



Telecommunications



Healthcare



Public sector



Real estate



E-commerce



Mobility/Transport

### We know our business.

Over the years we have acquired extensive practical experience and expertise. More recently we have become one of our industry's leaders in digitalization. We exercise good judgment when doing business. This is what makes the EOS Group extremely successful and stable. Consequently, our customers and partners regard us as a highly reliable and fair business partner.

Klaus Engberding, CEO of the EOS Group

# The experts

There for our customers: 7,500 employees worldwide

In the 2019/20 financial year, EOS experts processed assets under management (AUM) worth around **EUR 63.6 billion**.

## From data science and statistics to software programming and much more: which experts are actually working in the debt collection sector?

— For the EOS Group's technology-based services, from debt purchase to contact with defaulting payers, experts from highly diverse specialist areas give their best each day. A company's initial contact with EOS is usually with the sales expert in one of the national subsidiaries. The local teams have close contact with the customer so they can analyze, understand, and provide each customer with the service required. Large interdisciplinary teams work on implementation in the background.

### Expertise in the purchase of receivables and fiduciary collection:

1

#### Portfolio evaluation

In fiduciary collection, a sound understanding of the portfolio forms the basis for a successful, long-term business relationship. EOS receives the number of receivables to be processed in the portfolio, along with their average value. Specialists in the sales team evaluate this information to calculate the expected collection results. In receivables purchasing, the portfolio evaluation is much more extensive. To make a realistic, transparent evaluation with a fair pricing structure, EOS first analyzes and evaluates the data provided and makes forecasts based on comprehensive benchmarks. The second part of the analysis draws on experience, local industry knowledge and an in-depth understanding of the customer.

5

#### Long-term business relationships

"We are interested in entering into long-term partnerships with our customers. The longer and more intensively our teams work with a customer, the better and more customized the solutions we offer can be. We are therefore proud that many customers have remained loyal to us for over 10 years."

Klaus Engberding, CEO of the EOS Group

4

#### Collection services

With modern technology such as debt collection software developed in-house and AI-based analysis models, EOS supports the many experts in debt collection. To ensure the best possible outcome, everyone works to a clearly defined purpose "EOS. For a debt-free world". The aim is that defaulting payers become debt-free as quickly as possible and that customers receive their money promptly. By taking over the debt collection process, EOS protects the reputation of its customers.

2

#### Contractual arrangements

As the next step, the legal departments in the relevant EOS national subsidiaries ensure the contractual arrangements are clear and complete. In complex and international transactions, corporate lawyers of the Hamburg headquarters are involved. Since the previous financial year, EOS has been offering its clients digital contracts in some countries.

3

#### Data integration and customer connection

A team of business experts and IT specialists ensure data integration is carried out properly. Firstly, the receivables portfolio is thoroughly analyzed once again to build the ideal interfaces with the EOS systems. Programmers then take care of the technical implementation. To ensure smooth and seamless implementation in fiduciary contracts and receivables purchase orders, the sales team maintains close contact with the customer. Once connected, customers can view transparent reports of their receivables in many areas, which are updated daily, online in the customer portal.



The purchasing process for secured receivables from the call for tender to the contract being signed generally takes **three to six months**; it may be a bit faster for an **unsecured purchase**, taking approximately six weeks to three months.

Strong development:

» I feel very proud as I look back at the last financial year. It has been the most successful year in the history of the EOS Group.«

Klaus Engberding, CEO of the EOS Group



Our video tip:  
The business year in 90 seconds  
<https://eos-solutions.com/figures>

## The year in numbers

Revenue and earnings again at high level

**EOS Consolidated closes fiscal 2019/20 with a substantial increase in earnings compared with the very successful previous year. Earnings before interest, taxes, depreciation, and amortization (EBITDA) were EUR 343.4 million. At EUR 853.1 million, consolidated revenue was 4.8 percent higher than the previous year's excellent value, despite the sale of two companies.**

— The increase in earnings is primarily due to substantial business development in Eastern Europe. In addition, the EOS Group invested in secured and unsecured receivables at a consistently high level.

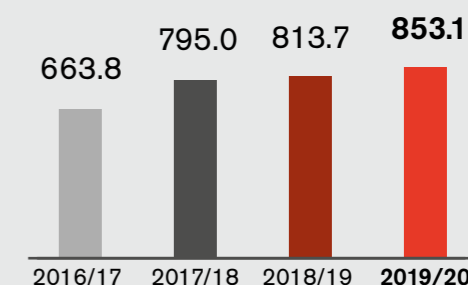


**Our success comes from technological advances in digitalization and cultural change based on new organizational and collaboration models. This makes us a stable and reliable partner now and in the future.**

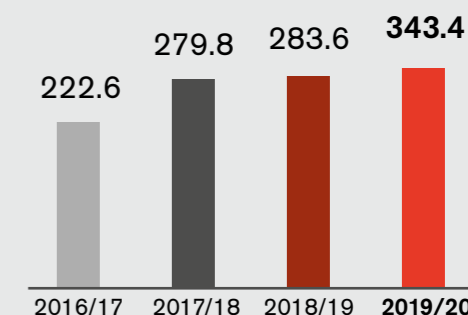


Klaus Engberding, CEO of the EOS Group

**Revenue growth over the last four years (in EUR million):**



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



## EOS awarded A Rating



— Euler Hermes Rating, one of Europe's leading credit rating agencies, once again gave EOS Holding the top rating of A for its creditworthiness. For the 16th time in a row EOS convinced the analysts with its continued high earnings and very good capital structure. That generates confidence. Despite the corona crisis, Euler Hermes assesses the financial risk as low. In the

short and medium term, there could be decreases in sales and earnings, but in the long term, the analysts anticipate good to very good earnings. The rating rationale also made note of EOS Holding's extensive experience in evaluating, acquiring and recovering non-performing debt, its market leadership in Germany and its strong market position in Europe.

# Financial performance

Positive developments for top and bottom line

With an increase in revenue of 4.8 percent, fiscal 2019/20 went very well for EOS Consolidated. The EBT was once again substantially higher than the previous year's excellent level. At EUR 651.3 million, the investment volume in receivables purchasing has fallen slightly compared with the previous year (EUR 668.4 million), but from a Group perspective continues to be at a consistently high level. The major drivers of this positive development were:



## Income statement (summary)

— Fiscal 2019/20 was also successful on the bottom line: EOS Consolidated reported a net income of EUR 269.9 million, an increase of 15.2 percent.

Despite the sale of two group companies in the 2018/19 reference year, revenue in the current financial year was up by 4.8 percent, or a very good TEUR 39,433. The EBITDA grew even more strongly than the revenue, but compared to the previous year it benefited from the initial application of IFRS 16 standard (reclassification of leasing expenses). EBT (+13.0 percent) and net income (+15.2 percent) grew significantly faster than revenue. In both periods the result is supported by extraordinary income from sales of subsidiaries which is shown in the financial result.

	2019/20	2018/19
	EUR (000)	EUR (000)
Revenue	853,090	813,657
Total operating income	869,054	834,537
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	343,427	283,587
Earnings before tax (EBT)	305,695	270,501
<b>Net income</b>	<b>269,892</b>	<b>234,194</b>

Tables and text may contain rounding differences.

## Assets situation

— The total assets of EOS Consolidated decreased by 0.5 percent compared with the previous year to EUR 2.2 billion. In addition to intensified working capital management, the sale of EOS Health Honorarmanagement AG was primarily responsible for the decline. This was offset by the continued intense purchase of secured and unsecured portfolios. In the last fiscal year, their book value increased by around EUR 200 million to EUR 1.83 billion. Purchased portfolios and real estate in inventories made up 83.3 percent of the total assets.

Other factors included a high level of investment in future-oriented debt collection systems, the use of advanced analytics and the rights of use capitalized for the first time in accordance with IFRS 16.

	2/29/2020		2/28/2019	
	EUR (000)	%	EUR (000)	%
Fixed assets	263,548	12.0	217,650	9.8
Purchased receivables and real estate in inventories*	1,834,308	83.3	1,610,358	72.7
Receivables	22,002	1.0	212,306	9.6
Cash and cash equivalents	43,286	2.0	49,309	2.2
Other assets	39,684	1.8	124,663	5.6
<b>Total assets</b>	<b>2,202,828</b>	<b>100.0</b>	<b>2,214,285</b>	<b>100.0</b>

\*Include portfolio investments which are shown as a loan claim for structural reasons (financial presentation)

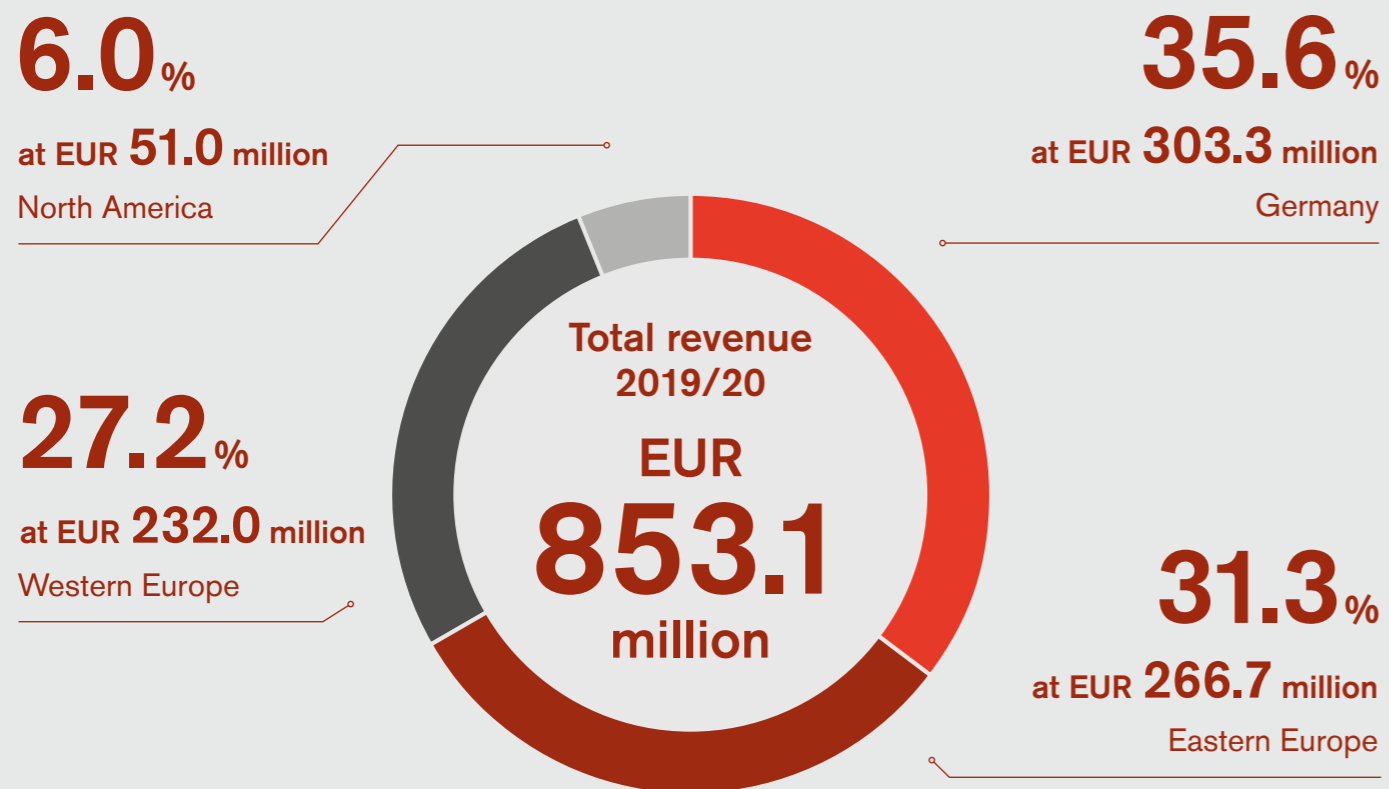
## Equity and financing

— In the last financial year, the sale of EOS Health Honorarmanagement AG also influenced the total financing of EOS Consolidated. However, EOS was able to increase its equity through profit retention from the previous year and the issue of new profit-sharing rights. The equity-to-assets ratio rose by almost 5 percent to 33.5 percent, a comparatively very high level for a financial services provider. From the highly positive free cashflow, refinancing to banks and the parent company was reduced, so that their share of external financing fell by 5.9 percent compared with the previous year.

	2/29/2020		2/28/2019	
	EUR (000)	%	EUR (000)	%
Equity	737,220	33.5	634,430	28.7
Provisions	105,510	4.8	85,923	3.9
Liabilities with banks	222,839	10.1	257,317	11.6
Liabilities with related parties and companies	925,484	42.0	1,027,028	46.4
Trade payables	46,177	2.1	38,397	1.7
Other liabilities	165,598	7.5	171,189	7.7
<b>Total financing</b>	<b>2,202,828</b>	<b>100.0</b>	<b>2,214,285</b>	<b>100.0</b>

# Consolidated revenue by region

The revenue of EOS Consolidated for the 2019/20 financial year by individual region:



Germany remains the region with the highest turnover within EOS Consolidated. The decrease compared to the previous year is due mainly to the sale of EOS Health Honorarmanagement AG. On the fiercely competitive German market, EOS acquired several significant receivables portfolios and increased the investment volume compared to the previous year. Since EOS has consistently pursued its strategy of risk diversification in the existing markets, the share of turnover especially in Eastern and Western Europe increased further. The EOS subsidiaries in Eastern Europe achieved

a particularly strong 31.3 percent revenue growth. A significant portion of this is attributed to a sharp increase in revenues from receivables purchases, primarily in Russia and Poland, but also in Croatia and Hungary. Western Europe also recorded very pleasing growth in operational business, especially in Belgium, France and Austria. The region concluded the financial year with overall turnover up 5 percent on the previous year, as did the subsidiaries in North America.

	Difference from previous year	2019/20	2018/19
	%	EUR (000)	EUR (000)
Germany	-11.08	303,335	341,128
Western Europe	+5.02	231,975	220,885
Eastern Europe	+31.28	266,741	203,188
North America	+5.33	51,039	48,456
<b>EOS Consolidated</b>	<b>+4.85</b>	<b>853,090</b>	<b>813,657</b>

Tables and text may contain rounding differences.

## Success factors and local highlights

### Top highlights GERMANY

Many years of experience and a good reputation secured the regional top spot, with 35.6 percent of total EOS Consolidated revenues.

**Strong market position:** EOS won crucial revolving portfolios and confirmed its leading position in the market, despite fewer significant offers to purchase debt portfolios.

**Increased investments:** With a total of EUR 236.0 million, the level of investment exceeded that of the previous year. Larger investments were made primarily in the area of unsecured receivables.

**Focus on performance:** The reorganization of processes led to reduced bureaucracy, shorter decision paths, more autonomy, better use of resources and improved cost efficiency. In addition, EOS in Germany is driving digitalization throughout the entire company, including the core business of debt collection. EOS expects further increases in productivity as a result of the ongoing development of its receivables management software.

### Top highlights EASTERN EUROPE

A EUR 63.6 million increase in revenue compared to the previous year resulted in an absolute record high.

**Significant revenue increase:** A key driver was the substantial increase in revenue from receivables purchases in Russia and Poland. Croatia, Hungary, Serbia and Bulgaria also achieved noteworthy growth in turnover.

**High level of investment activity:** EOS also completed significant NPL transactions in the last financial year, although the record level of investments from the previous year could not be matched due to the steady decline in NPLs in line with a noticeable slowdown of transactions in the Eastern European region. The largest NPL investments were made in Poland, Croatia, Russia and Hungary.

**Digitalization offensive:** The development of the "Kollecoto+" debt collection software resulted in increased efficiency in processing receivables. The collaboration of international IT resources using agile methods is another clear success factor.

### Top highlights WESTERN EUROPE

Stable growth brought about a slight 5 percent increase in revenues, with a plus of EUR 11.1 million.

**Strong business growth:** The very pleasing growth in operational business in Belgium, France and Austria resulted in a slight overall increase in revenue and exceeded the previous year's figure.

**Leading position as debt purchaser:** The Western European EOS subsidiaries held their ground as the leading provider for debt purchases in the last financial year too. Despite persistently tough market conditions, France stood out and made significantly larger investments in both portfolios secured by real estate and unsecured portfolios. Belgium and Spain also increased their investment activities.

### Top highlights NORTH AMERICA

With a revenue increase of EUR 2.6 million, the North American region was slightly above its previous year's result.

**Growing investments in the USA:** The strategic focus on debt purchasing is paying off. EOS attributes the increase in turnover primarily to debt purchasing activities. The company invested a total of EUR 28.8 million, almost 4 million more than in the previous year.

**EOS in Canada focuses on fiduciary services:** Revenue in Canada was markedly higher than in 2018/19 and therefore well above target. The focus on fiduciary services, in particular, was developed further.



# Assessments from the regions

GERMANY



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

»  
**The success of the EOS Group in Germany is primarily due to our operational excellence and intense sales activities in close proximity to our customers.**

Together with numerous digitalization initiatives and our outstanding reputation – also with respect to data protection – this makes us a reliable and attractive partner for our customers. To secure this position and our future viability, we are focusing our investments on our most important areas: employees, culture and technology. Besides the digital transformation, a major challenge for the current financial year is the new regulation in the German debt collection law, which primarily affects the level of debt collection fees.



»  
**Our strong local expertise, our approach to dealing fairly with defaulting payers and our cooperation with customers, often across borders, are all paying off.**

As a result, we gained important momentum in secured and unsecured debt collection and could share knowledge and expertise within the Group. The Hamburg-based Transaction Center for Eastern Europe is an essential success factor in this regard. We also made substantial investments in secured debt portfolios in Slovenia and Serbia, and are now in a position to process secured and unsecured receivables in all the Eastern European countries in the best possible way. The forward flow agreements we offer for secured receivables, which have led to impressive results in Hungary, for example, are proof of our ongoing development of innovative solutions and products.



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

EASTERN EUROPE

»  
**The EOS Group is very well positioned in Western Europe.**

We are a preferred strategic partner for our customers on account of our expertise and many years of experience, especially in the fields of banking and telecommunications. We are making huge investments in big data and analytics and are helping to resolve problems relating to NPLs. Despite the Covid-19 crisis, which has hit France and Spain particularly hard, we remain a reliable partner in the field of fiduciary services and debt purchasing – also due to our strong financial background as a family company. We are therefore in a good position to overcome this crisis. In the second half year, we expect an increased need for our customers to divest themselves of NPLs and we will then be available to them as a stable partner.



WESTERN EUROPE



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

NORTH AMERICA

»  
**The North American market is a challenging environment for the EOS Group, but Canada is developing very satisfactorily.**

In recent years, we have become one of the market leaders in fiduciary collection in Canada. The expectations for revenue and earnings in the past financial year were clearly exceeded. Our Canadian team and we are very proud of this. In the US, our increased investment in purchase of receivables is showing positive trends. We intend to continue this focus in the current financial year.



**Regional team sizes**  
(number of employees)

2,042  
Germany

3,527  
Eastern Europe

1,193  
Western Europe

816  
North America

7,578  
Total

Our vision:

We are a globally connected financial investor driven by technology and entrepreneurial spirit.

## Financial investor

Selected top investments

The purchase of NPLs and real estate in need of restructuring make up the core business and a growth area of EOS. In 2019/20, EOS once again reinforced its commitment as a global investor. Here are some of the key investments:



is the nominal value of the receivables package that EOS purchased in fiscal 2019/20 with the help of its Portuguese partner Servdebt.



is the value of non-performing consumer loans acquired from AO UniCredit Bank by EOS in Russia.



is the value of the NPL portfolio that EOS Bulgaria acquired from Eurobank subsidiary Postbank in March 2019. To date this is the largest secured debt purchase that EOS has ever made on the Bulgarian market.



is the volume of receivables from a contract with a major German supplier from the mobility sector in fiscal 2019/20. Within the scope of the new partnership initiated in 2019, EOS will process around 10,000 receivables monthly in a fiduciary capacity only.



is the nominal value of a portfolio of 47,000 receivables that EOS Aremas purchased from bpost bank. On an ongoing basis, EOS Aremas is also buying bpost bank's non-performing unsecured loans and over-drawn checking accounts that have not been serviced for at least 150 days.

# Investments 2019/20

EOS maintains high investment level of previous year

**In fiscal 2019/20, EOS Consolidated continued the pattern of the previous year and invested a total of EUR 651.3 million in unsecured and secured receivables and real estate. In Germany investment in the unsecured segment increased by more than 80 percent. The investment volume in Eastern and Western Europe, on the other hand, declined slightly (by 20 and 10 percent, respectively).**

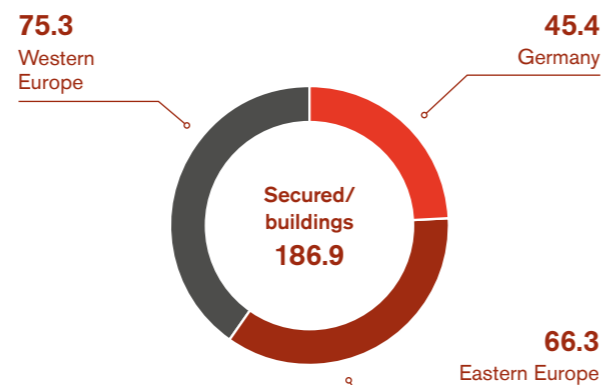
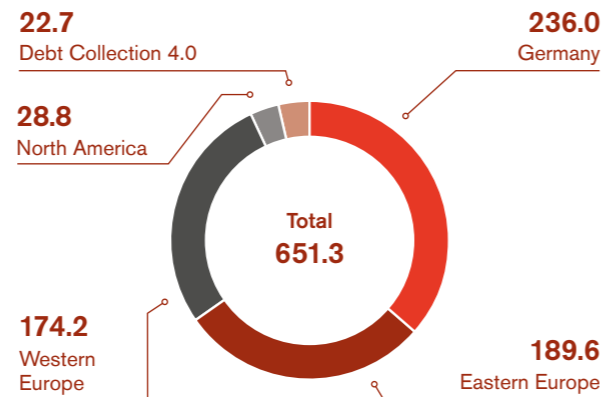
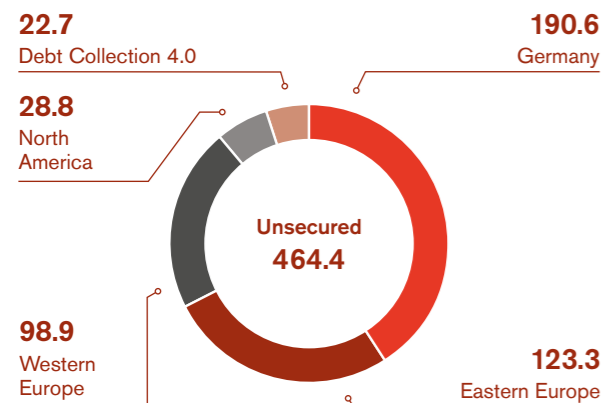
EOS also buys receivables portfolios in countries where it does not have its own companies. Working with local debt collection specialists, EOS decides on the purchase of receivables portfolios that are then professionally handled by the local partner. At EOS, these kinds of alliances in the field of receivables purchasing are designated "Debt Collection 4.0."

One highly successful example is the development of this business on the Portuguese market. Although EOS does not have its own company in Portugal, it has made a name for itself as a major investor through its collaboration with debt collection firm Servdebt.

## INVESTMENTS IN RECEIVABLES PURCHASES AND REAL ESTATE

The breakdown into secured and unsecured receivables and real estate for the various countries is as follows:

Figures in EUR million

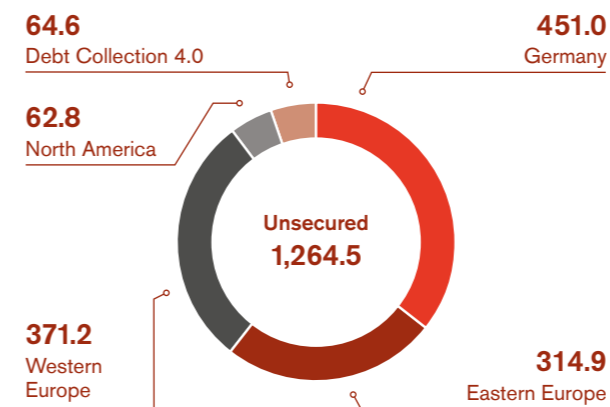


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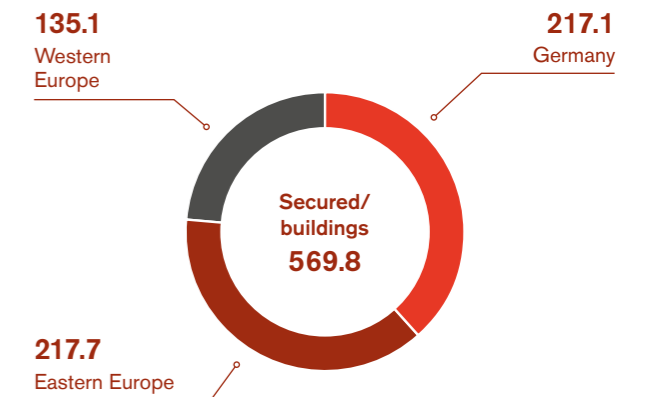
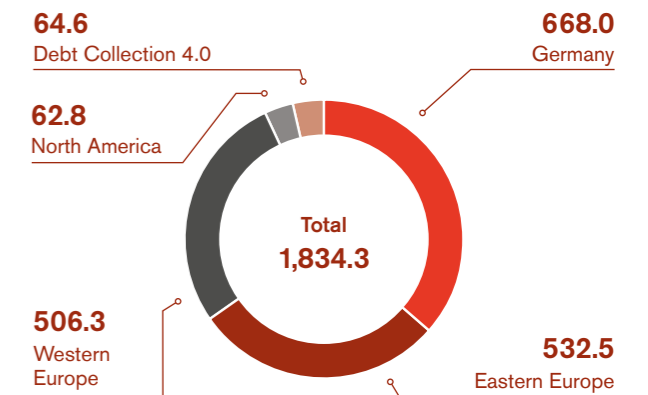
## PURCHASED RECEIVABLES

EUR 1.83 billion\*: This is the book value of the portfolios reported in the balance sheet at the end of the financial year. That is an increase of more than 14 percent due to a value that is around EUR 200 million higher than in the previous year. This development shows that the receivables purchasing segment remains on track for growth. At EUR 1.26 billion, the value of unsecured receivables portfolios is once again more than twice as high as that of secured portfolios and buildings combined. The breakdown in the regions is as follows:

Figures in EUR million



\*Include portfolio investments which are shown as a loan claim for structural reasons.



»

**The EOS Group invested heavily again in the past year and continued growing.**

It is very important that we spread our investment risk over several countries. Nevertheless, we do not win every portfolio with our pricing models. In certain markets, we do not succeed at times. Nevertheless, we are adhering to our signature approach because it makes us a stable, solidly managed and reliable company now and in the future.

«

Justus Hecking-Veltman, CFO of the EOS Group

# Asset classes

## Sustainable investments on a substantial scale

**In recent years EOS has systematically stepped up its activities as a financial investor and in some countries has established itself as market leader in the acquisition of receivables portfolios.**

— In the past financial year too, the company invested on a large scale in all asset classes and established and/or extended successful partnerships. Thanks to the purchase of receivables

by EOS, customers can strengthen their equity, which in turn unburdens their balance sheets and increases their liquidity. It's a win-win situation for both parties and part of our current and future strategy for success.

### Identifying the right investments and setting priorities

With its longstanding experience, technology-driven portfolio analysis and fair prices, EOS has become established as one of the top investors in the sector. In this environment, it pays to have discipline and nerves of steel. Not every tender is the right one. "The investments that we choose to make are tied to sustainability and not to quarterly targets and figures," says Hecking-Veltman.

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**The year 2020 and subsequent years will be characterized to a great extent by the Group's activities as a 'financial investor'.**

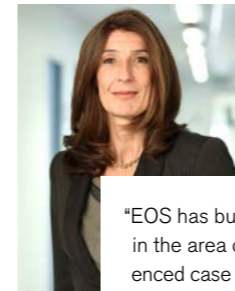
We do not associate this term with the aspiration to become a major investor like a private equity firm or large fund. In our context it expresses our ambition to invest sustainably and on a substantial scale in receivables portfolios. To be able to make these investments, we are increasingly establishing financing models that are independent of our parent company Otto Group, so we can participate accordingly in the major markets relevant to us. Our partners benefit from our excellent evaluation and exploitation expertise.



Justus Hecking-Veltman, CFO of the EOS Group

1

**EOS buys secured receivables**, which are a particular burden on banks' balance sheets as non-performing loans secured by real estate. Having EOS take over the handling of these NPLs solves several problems at once: It reduces creditors' risks and increases equity, particularly because since the global financial crisis, these kinds of loans now have to be declared non-performing at a much earlier date. In turn, EOS works out good solutions for borrowers and creates financial leeway for them.

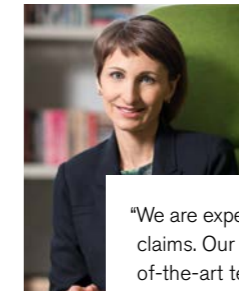


"EOS has built up extensive specialist knowledge, particularly in the area of debt secured by real estate. The work of experienced case managers, legal advisors and real estate appraisers has made the company one of the leaders in the industry. The success of the model lies in conducting a constant dialog with the defaulting payers to find mutually acceptable solutions and avoid legal proceedings."

**Nathalie Lameyre**  
 Managing Director EOS France

2

**EOS buys unsecured receivables** and processes them systematically on its own behalf. For e-commerce companies, telecommunications providers, utilities and financial services providers in particular, the transfer to EOS of non-performing unsecured receivables owed to them by private or business customers relieves them of a huge burden and improves their cash flow.

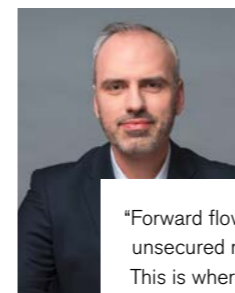


"We are experts in the processing and settlement of unsecured claims. Our many years of experience, combined with state-of-the-art technology and appropriate analysis procedures, enable us to offer fair pricing."

**Rayna Mitkova-Todorova**  
 Managing Director EOS Matrix Bulgaria

3

**EOS purchases future bad debts through what are known as forward-flow agreements.** This means that EOS acquires portfolios of secured and unsecured receivables from a company at regular intervals over a specified period for a previously determined purchase price. On the divestment dates, the seller deletes the bad debts from its books and systematically increases liquidity.

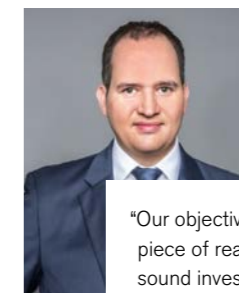


"Forward flow transactions and the evaluation of secured and unsecured receivables place particular demands on the buyer. This is where the experience of EOS comes into play, along with the wide network of external local experts the EOS team works closely with."

**Tamás Lencsés**  
 Managing Director EOS Hungary

4

**EOS buys real estate in need of restructuring** and relieves the previous owners of the associated risks and costs. EOS upgrades the real estate, develops it to provide viable utilization and rental concepts and sells the properties again afterwards. This is a significant strength that EOS can offer thanks to its longstanding experience, which many property owners do not have themselves. It allows sellers to gain financial leeway for more promising investments.



"Our objective is to put a solidly leased, properly documented piece of real estate back on the market that represents a sound investment."

**Jochen Prinz**  
 Managing Director of CINTHIA Real Estate (EOS Group)

# Striving for technological leadership

Investments in technology are paying off

**From portfolio evaluation to receivables processing – EOS is making a difference with state-of-the-art technologies and sees itself as a technological pioneer in the industry.**

## IT figures in the 2019/20 financial year

EOS invested  
**EUR 25 million**



in the last financial year to upgrade the core IT systems.

Approximately  
**500**

employees are responsible for the further development and implementation of digital processes at EOS worldwide.



**30%**

of financial decision-makers in Europe think that AI will minimize the error rate in receivables management in a revolutionary way.\*

\*Source: EOS survey  
\*European Payment Practices\* 2019

### Drivers of innovation in IT 2019/20

#### AI and machine learning

Regular training of AI models allows systems to learn independently: machine learning algorithms analyze thousands of debt collection processes and identify patterns. Which collection step is especially successful when? With this "best next action" recommendation, more flexible and customized measures can be put in place for defaulting payers, and cases can be processed better. The use of such models has already generated a measurable and significant added value in Germany and France. EOS has recently started deploying AI in the evaluation of real estate portfolios and data security. AI checks the IT systems around the clock, for example, and can identify anomalies and prevent attacks.

#### Information security

Unlike data protection, information security worldwide is not regulated by law. EOS therefore complies with international standard ISO 27001 and the regulations on information security stipulated by parent company Otto. Seven EOS subsidiaries are already ISO-certified, with others to follow. The EOS Group thus ensures that information security is a primary focus worldwide and that the level is continuously increased.

#### Agile software development

Software today is not a final product, but an ongoing process. Continuous updates and new versions are a mark of quality. For this reason, EOS develops its own core systems and can thus keep pace with the rapid technological changes.

#### 24/7 reports for customers

Reports updated daily in the online portal enable EOS customers in many countries to view the status quo of the receivables being processed by EOS at any time.

#### Communication with defaulting payers

Debt app or 24/7 online portal: EOS is prioritizing the ongoing development of digital communication channels. In Croatia, Poland and Belgium, for example, a chatbot for simple questions that can be answered quickly will be introduced in the new financial year.

#### International IT platform

EOS Global Collection provides for automatic case transfers in cross-border debt collection.

»  
**Machine learning and artificial intelligence are not just empty words at EOS,**  
but are already improving performance in receivables management and supporting the evaluation of portfolios in many areas. I am convinced that these tools enable us to make a real difference for our customers, staff and defaulting payers. That is our motivation.

«  
Justus Hecking-Veltman, CFO of the EOS Group

# Globally connected

Debt collection in all regions of the world

The EOS Group is represented around the world by its own companies and 83 partners.

— Regardless of where defaulting payers are located, EOS ensures that outstanding invoices are settled through its cross-border debt collection services. In more than 180 countries in almost all regions of the world, the company enforces claims against private or business customers in other countries.

From the company's headquarters in Hamburg, the EOS Cross-border Center manages all cases via the international IT platform EOS Global Collection. The respective cases relating to defaulting payers located abroad are then transferred to the relevant national subsidiaries, which are very familiar with the local circumstances.

In the past financial year EOS processed debt collection cases in

**170**  
countries.

**70%**  
of all payments worldwide were made as **installments**.

EOS processed a total of  
**74,331**  
cross-border cases worldwide.

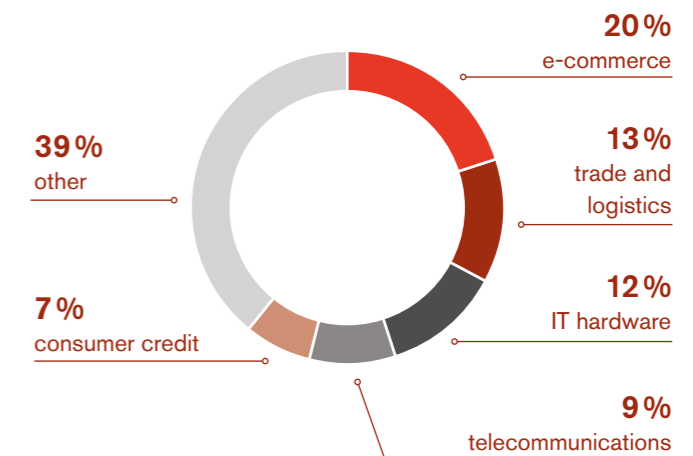
**88 days**

is the **average time** it takes until EOS cross-border experts receive the **first payment**, representing a 12 percent improvement on the previous year's figures.



**1,861**  
customers used the international collection services of EOS; **727** were new customers.

Share of cases by industry



»  
Being “globally connected” is an important part of our corporate strategy.  
The EOS Cross-border Center has been providing the necessary framework for the past ten years.

«  
Klaus Engberding, CEO of the EOS Group

**521**  
employees work for EOS in international debt collection, **303** of them at EOS companies.

**99%**  
of all successful collections were settled out of court in the international collection process (2018/19: 98%), which reduces costs and allows agreements to be reached faster.

**71%**  
of cases involve receivables owed by private customers.

# Locations

Global presence:

We strengthen the financial performance of our customers through our more than 60 subsidiaries in 26 countries.



#### **EOS in Eastern Europe**

- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Greece
- Hungary
- Kosovo
- Montenegro
- North Macedonia
- Poland
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia

#### **EOS in North America**

- Canada
- USA

#### **EOS in Western Europe**

- Austria
- Belgium
- Denmark
- France
- Germany
- Ireland
- Spain
- Switzerland
- United Kingdom

# Outlook 2020/21

## Change as a constant

— It is almost impossible to provide an outlook for the current 2020/21 financial year on development. The coronavirus pandemic will have a huge impact on the economy. According to the IMF and the OECD, the global economy is facing a severe recession. The debt collection sector also has been affected by the coronavirus restrictions, such as closed courts and the field staff not being able to work. However, operational activities have continued at a high level. Our employees are doing a fantastic job in this area. They have succeeded in finding customized solutions for defaulting payers to settle their debts and to pay the money back to customers as quickly as possible.

For 2020/21, the EOS Group is anticipating a noticeable decrease of the fiduciary volume and a partial postponement of receivable portfolios offered on the market until the third and fourth quarters, particularly due to the pandemic-related moratoria. Nevertheless, we are looking towards the second half year with confidence. As a reliable and stable company, EOS will continue to participate in the market as a global financial investor. Our experience, our fair pricing strategy, and our team of 7,500 employees allow us to say this with certainty. Another key factor for success is the EOS Group's

strong digitalization activities, as our customers benefit hugely from the data-driven and AI-based receivables processing. This not only improves performance, but also makes it easier to calculate the value of portfolios – a benefit for our partners in financing, meaning that EOS is well positioned for further co-investments.

Furthermore, start-ups are becoming increasingly important as new partners for EOS as they develop interesting products and services in many places which support us in our digitalization efforts and/or inspire us to rethink our products and processes.

To achieve all of this, it is important that we continue improving our organizational responsiveness while giving our employees more personal responsibility. Every beginning in this type of change process was difficult. However, I think I can safely say that a large part of the organization is already midway through this process and there is no going back.

**Klaus Engberding**  
Chairman of the EOS Group's Board of directors

»  
Our aim is to retain or reach  
a top 3 position in our markets,  
with the exception of the USA.  
«

Klaus Engberding, CEO of the EOS Group



EOS Annual Report 2019/20  
as download:  
<https://eos-solutions.com/annual-report>

## Annual Report 2019/20

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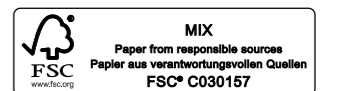
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