Press release

9M-22

iQ era

Create the difference

01 FINANCIAL HIGHLIGHTS

The 9M-22 and LTM Sep-22 figures in this presentation are on a pro-forma basis (PF) to incorporate the economic impact of the Italian bolt-on acquisition that will be closed in Q4 with retroactive effects and other adjustments.

- After two years of strong revenue growth in 2020 and 2021, the first nine months of 2022 show a 5% YoY (PF) revenue decline for iQera, solely prompted by the decrease of the collections on our own book.
- Just as 2020 and 2021 collections had soared following two very strong years of portfolio acquisitions in 2019 and 2020, the revenue decrease we are currently witnessing is the mechanical consequence of our low level of investments over the past 5 quarters.
- Our existing book continues to perform strongly and to crystalize continued revaluations. We are also very confident in its ability to weather a recessionary environment, given its largely secured nature, with French residential real estate as a main underlying security. However, we are yet not seeing either material amounts of new debt for sale nor a general repricing of new NPLs in line with other markets – and therefore remain cautious as to when, where and how best to deploy our available cash.
- In parallel, NPL servicing businesses in Europe are still suffering from low volumes following covid-related government support and inflation on operating costs. We are therefore committed to improve the margins of our servicing business by further exiting low-margin contracts and replacing these with higher added value services (ie complex partnerships, SaaS, legal and real estate specialist activities).
- Yet, some early signs of improvement for our sector are starting to show (like a modest uptick in early arrears and defaults or a greater price discipline in some specific contexts). However, since the current situation may linger on for some more time, we are actively developing profitability improvement initiatives (through cost reductions and margin enhancements) intended to be launched by year end.
- Taking a step back and a longer-term perspective, the CAGR of our main metrics over the past 4 years (cash revenues, cash EBITDA, ERC) remains extremely healthy, irrespectively of highly variable movements in our yearly acquisitions as we strive to look for the best conditions to acquire NPLs. We at iQera are long term operators and value investors, and we will continue to drive the company with this spirit in mind in the near future.

01 FINANCIAL HIGHLIGHTS

Key metrics

9M-22 vs 9M-21

YOY : -5% (PF) Cash revenues and -16% (PF) Cash EBITDA

- Stable servicing revenues in a low-volume context
- Reduced collections given limited portfolio acquisitions recently
- Sound performance of backbook vs. expectations
- Growing cost base YoY (FY effect of 2021 hires) with mitigation underway

Capital deployment

€18m invested during the first 9 months 2022

- Limited portfolio acquisitions during 9M-22 given limited NPL inflow and perceived mismatch between prices and macro conditions
- Bolt-on acquisition finalized in Italy (closing in Q4-22), representing approx. additional €6M of servicing revenues on a yearly basis

120M ERC

Gross ERC €561m (attributable €460m) at end of Sept-22

- 18% ERC decrease YoY given limited portfolio investments and strong collections – mitigated by continued ERC revaluation (€40m in the 9M-22)
- Slower attributable ERC decrease (11% YoY) and Increased share of attributable ERCs (from 76% to 82%) over the period

(PF) Leverage : 3.4x

Stable YoY

- (PF) Net debt down by 11% (-€67m) in 1 year to reach €570m
- Co-investor's debt reduced by 43% in 1 year (-€63m) reaching 12% of Gross Debt (vs 20% at sept-21)
- €138m of cash available with €50m of undrawn RCF

02 BUSINESS REVIEW

9M (PF) Cash Revenues decrease by 5% YoY following limited portfolio acquisitions

- iQera 9M (PF) Cash revenues decreased by 5% YoY due to reduced contribution coming from gross collections (-8%).
- Collections of the past two years have been fuelled by large acquisitions completed over the course of 2019 and 2020. The related backbook continued to display a strong performance over the first 9 months of 2022. However, as our level of investments was subdued for the past five quarters, the contribution of our frontbook is now limited versus that of the previous years.
- In parallel, servicing revenues were stable at €90m YoY. In a context where new NPL inflows are limited, we continued to focus on the development of higher margin activities both in France and Italy.

9M (PF) Cash EBITDA is down by 16% YoY, with margin improvement initiatives underway

- 9M (PF) Cash EBITDA decreased by 16% YoY to €118m, driven by lower revenue contribution and an increased cost base following our 2021 hires.
- 9M (PF) Cash EBITDA margin stood at 49% in line with the above and the subsequent shift in our business mix.
- Given the current macro context, we are actively developing profitability improvement initiatives (through cost reductions and margin enhancements) intended to be launched by year end.

Acquisitions stand at €18m as at Sept-22, well below previous years, in a limited and challenging market

- In the debt purchase market, the trends observed in the first half of Y22 continued during Q3.
- In the French market where we have an extensive view of existing opportunities, we have observed a limited number of transactions executed during the past quarter. We did bid on all of them, with caution dictating us to reflect deteriorating macro conditions and raising interest rates in our offers – and therefore lost some deals to competitors taking different views.
- In Italy, we continued to monitor the market targeting medium-small size portfolios and gained further access to a larger pipeline.
- As a consequence, portfolio acquisitions stood at €18m in 9M 2022, below our ERC theoretical replenishment level.
- We believe opportunities will arise in the quarters to come but we will continue to remain extremely selective in our bids and favor value over growth as macro environment remains unstable.

02 BUSINESS REVIEW

In parallel, we continue to deploy capital in services that are accretive to our business

- We have finalized the steps that will bring to the closing of the acquisition of a minority stakeholder position into a leading law firm in Italy specialized in legal services related to large NPEs and distressed Real Estate.
- This transaction represents a key milestone in our development strategy of iQera in Italy, where we intend to further expand our set of high added-value services to the benefit of our customers.
- Closing will take place in Q4-22 with a cut-off date as of January 1, 2022, adding an expected €6m of revenues on a yearly basis to our servicing activities.
- In line with this strategy, we are currently exploring other opportunities to acquire high-value ancillary services companies that could be accretive to our French and Italian platforms.

Taking a long-term view

- As stated earlier, our collections of the past two years have been fueled by large acquisitions completed over the course of 2019 and 2020. With acquisitions volumes being - willingly - more limited since mid-2021, we are now witnessing a mechanical deceleration of our debt purchase revenues and ERCs, together with an increase of our available cash.
- Taking a step back and a longer-term perspective, the CAGR of our main metrics over the past 4 years remains extremely healthy:
  - Portfolio acquisitions have been 55% above ERC replenishment rate over the period;
  - As a consequence, ERC increased from €403m to €561m over the period; at a 9% CAGR;
  - In parallel, Cash Revenues have grown at a 9% CAGR over the period, with Cash EBITDA growing at an 11% CAGR along the way.
- We at iQera are long-term operators and value investors, and these long-term metrics matter to us - irrespectively of the variable movements in our yearly economics, driven by an opportunistic and disciplined investment policy as we strive to look for the best conditions to acquire NPLs.

02 BUSINESS REVIEW

LTM (PF) revenues and Cash EBITDA evolving along 9M trends

- On an LTM (PF) basis, our Cash revenues and Cash EBITDA are following the same trends as on a 9M (PF) basis.
- LTM (PF) Cash Revenues incur a minor decrease at €333m or -€2m (-1%) on Sep-22 vs Sep-21, driven by the reduced contribution of collections due to lower acquisition volumes.
- In our Debt purchase business, we managed to keep LTM Collections of Sep-22 at €211m or -€5m/-2% from Sep-21.
- Conversely, our servicing business slightly increased by +€2m/+2% (PF) with positive performance in Italy (+18%), partially offset by France (-7%) where we continued to close less-profitable contracts.
- LTM (PF) Cash EBITDA decreased by €20m/11% vs Sep-21 over the period, with long term CAGR on the same metrics showing a 12% yearly increase over the past 4 years.

Backbook continues to show sound and robust performance (1/2)

- Five consecutive quarters of limited investments (our LTM portfolio acquisitions amount to €24m) impacts the level of gross collections that reached €151m or -8% vs 9M-21.
- In spite of this strong deceleration of our investment activities, backbook collections have continued to show a robust performance at the end of the 9M-22, with €150m collected over the period. This is 5% above the €142m collected in the same period last year.

02 BUSINESS REVIEW

Backbook continues to show sound and robust performance (2/2)

- On top of our dynamic collection activities on the backbook, we also continued to extract further value from it, with revaluations amounting to a significant €40m in the 9M-22 in line with the same period of last year.
- This revaluation pattern has been constant for two full years now leading to almost €100m of value creation. This confirms our discipline in underwriting and our long-term view in value creation for our shareholders.
- ERC revaluation conservatively relates to vintages booked in 2020 and before demonstrating strong business resilience across the cycle.

ERCs reduction (due to lower acquisitions) continues to be mitigated by regular revaluations...

- Our ERC decreased by 18% over the past year, following strong collections and a limited investment activity.
- This mechanical attrition has been significantly mitigated by revaluations extracted from the backbook, which amounted to €54m over the last 12 months.

... which mostly benefit to attributable ERCs, the share of which is growing in our assets

- Over the past 12 months, our strong collections on the backbook enabled us to significantly pay down co-investors debt. As a consequence, our non-attributable ERCs decreased by 39% over the last 12 months.
- Conversely, attributable ERCs decreased by 11% only, and their share of our total ERCs increased from 76% to 82% of total ERCs. This positive dynamic chiefly stems from our portfolio revaluations, which disproportionately benefit our own book (since most of our co-investors debt does not participate into portfolios' equity).

02 BUSINESS REVIEW

Sustained cash-flows are used to pay back debt at a significant pace. Meanwhile, liquidity remains abundant (+€25m YoY)

- Cash flows from operating activities reached €103m for 9M-22, compared to €123m for 9M-21.
- Portfolio investments amounted to €18m so far in 2022 vs €85m for the same period in 2021.
- We have repaid another €46m to our co-investors over the first 9 months of 2022.
- Cash flows from other financing activities were mainly related to the payment of our bonds and loans interests over the period.
- Overall, our liquidity increased by €25m in one year and the Group had €188m of available liquidity as of Sept 30, 2022 of which €138m of cash and €50m of untapped RCF.

Leverage sees an uptick in Q3 but is stable YoY as our assets and liabilities decrease in a consistent way

- Our Gross Debt decreased by €44m since end of Sept-21 thanks to the steady reimbursement of our co-investors' debt (now amounting to less than 12% of our gross consolidated debt).
- Our (PF) Net debt decreased by €67m/11% to €570m with an increase of our closing cash by €25m over the same period.
- Our (PF) leverage on Cash EBITDA reached 3.4x end of Sept-22, stable vs Sept-21 and within our target range of 2.5x-3.5x.

02 BUSINESS REVIEW

Changes in Governance

On September 5, 2022, Francesco Magliocchetti, the Director of iQera Italy, began serving in a new role as General Manager of our Group. Mr. Magliocchetti's functions include the direct day-to-day oversight of our French and Italian businesses, with operations, sales, human resources and IT teams directly reporting to him. Mr. Magliocchetti directly reports to Jérémie Dyen, our Chief Executive Officer, whose responsibilities will continue to include the implementation of our Group's operational and financial strategy and presiding over a number of internal committees. The Group's Chief Financial Officer, General Secretary and head of principal investments will also continue to report directly to Mr. Dyen.

In addition, our current Group Chief Financial Officer, Marcelo Amram, stepped down from his position and left the Group at the end of October 2022. Vincenzo Lento, the former Chief Financial Officer and General Manager for Finance and Operations of iQera Italia, serves as the new Group Chief Financial Officer following Mr. Amram's departure.

Additionally, pursuant to decisions effective November 28, 2022, Valcor, represented by Jean-François Bensahel, has resigned as President of iQera Group and is taking a new role as Chair of iQera Group's Supervisory Board. Alain Demarolle, who served as Chair of the Supervisory Board, will serve as vice-chair. GVR, represented by Mr. Dyen, will serve as President of iQera Group.

In connection with these changes in management, iQera may repurchase certain shares owned by management members who are either leaving the group or changing position.

03 ESG: CSR POLICY UPDATE

4 pillars translated into commitments, to take immediate action and go beyond intentions

Pillar No. 1

Ethics as reference framework

- Compliance : awareness-raising meetings for the managers of each site on the compliance procedures (key ethical rules ...)
- Training plan: IT Security : Phishing

Pillar No. 2

Transparent, balanced and assertive governance

- CSR committee #3 2022
- Presentation by GREENLY analyst of the insights from the greenhouse gas balance report to the CSR committee
- CSR policy for 2023-2025 in progress
- Happy trainees label by Choosemycompany for the third consecutive year

Pillar No. 3

"Qer": a philosophy for a unique relationship

- Continuous monitoring of customers satisfaction (99 000 surveys in Q3 2022)
- Our customers feedback system now connected with GoogleMyBusiness and implementation of a new moderation process : +1,5 pt since March 22
- Launch of our digital workplace group called "flit"
- Focus on remuneration to maintain our attractivity
- Events for employees

03 CSR POLICY UPDATE

Pillar No. 4

Leaving a positive mark

- World Clean-up Day on 17 September : employees participating in Mauritius
- Launch of training modules on sustainable development
- Implementation of the iQera Group Responsible Purchasing policy

MAIN KPIs

(Q3 - 2022) **Clients-CSA**	75%
(Q2 - 2022) **Pulse Employee**	6/10
(2021) **Carbon footprint** (per employee in 2021 Scope 1, 2, 3 GREENLY)	2.6T CO_2
(Q3 - 2022) **Financially vulnerable supported clients** (vulnerable customers detected)	3700
Gender equality index (France - 2021)	92/100

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