Investor presentation
2022 Results

April 2023

iQera
Créer la différence

Highlights

The Year 2022 figures in this presentation are on a pro-forma basis (PF) to incorporate the economic impact of the Italian bolt-on acquisition that has been closed in Q4 with retroactive effects. Also the leverage on Cash EBITDA is presented on a pro-forma basis (PF) to exclude the one-off impact of a share buyback and to include the positive impact of cost saving initiatives over the coming 12 months

- After two years of sustained revenue growth in 2020 and 2021, iQera's FY 2022 (PF) revenues declined by 7% YoY, and (PF) Cash EBITDA declined by 17%, solely prompted by the decrease of the collections on our own book.
- Despite an improvement at the end of the year, 2022 has been characterized by low investment volume, when compared to the strong acquisitions' programs completed in 2020 and 2021. Throughout the year, we have seen neither material amounts of new debt for sale nor a general repricing of NPLs in spite of a sudden interest rates hike and increasing macro uncertainty. As iQera continued to focus on maintaining price discipline, the revenue decrease that we witnessed in 2022 was the mechanical consequence of this lower level of investments, with lower collections stemming from a reduced book, whilst we managed to stabilize our servicing activities in a low-volume environment.
- Our existing book continued to perform strongly and to crystalize continued revaluations (over €100m of revaluation in two years). We are confident in its ability to weather a recessionary environment, given its largely secured nature, with French residential real estate as a main underlying security.
- In parallel, we have been committed to improve the margins of our servicing business by further exiting low-margin contracts and replacing these with higher added value services (i.e. complex partnerships, SaaS, legal and real estate specialist activities). With this in mind, we have also acquired a minority stake in MF Law - a leading Italian law firm specialized in legal services related to large NPEs and distressed Real Estate.
- CMS operators across Europe continue to suffer from low NPL volumes, inflationary pressure on their costs base and funding volatility, Even though we are seeing some early signs of improvement for our sector – chiefly a modest uptick in early arrears and defaults, as well as a greater price discipline from a majority of market participants - we have taken the following precautionary steps should the situation remain protracted :
    - We launched profitability improvement initiatives in our French platform, through cost reductions and margin enhancements, in order to adapt to lower activity volumes. The first effects of these started to be visible during Q4, 2022
    - We successfully completed a tender and exchange offer for our high yield debt in January 2023, which extended the maturity of the vast majority of our debt from 2024 to 2027, thereby removing the uncertainty connected to a refinancing in a turbulent market,

With a view to be fit for purpose when macro uncertainty subsides at last.

Key metrics

Revenues and Cash EBITDA

YOY: -7% (PF) Cash revenues and -17% (PF) Cash EBITDA

- Stable servicing revenues in a low-volume context
- Reduced collections given limited portfolio acquisitions recently
- Sound performance of backbook vs. expectations
- Cost-base reduction efforts starting to bear fruits despite inflation

Capital deployment

€38m invested in 2022

- Y22 investments stand at €38m vs €91m in Y21, given limited NPL inflow and perceived mismatch between prices and macro conditions.
- Q4 was encouraging though, with €21m invested vs €18m in the first 9 months of Y22
- Acquisition of MF Law, bringing approx. €7m of servicing revenues in Italy

120M ERC

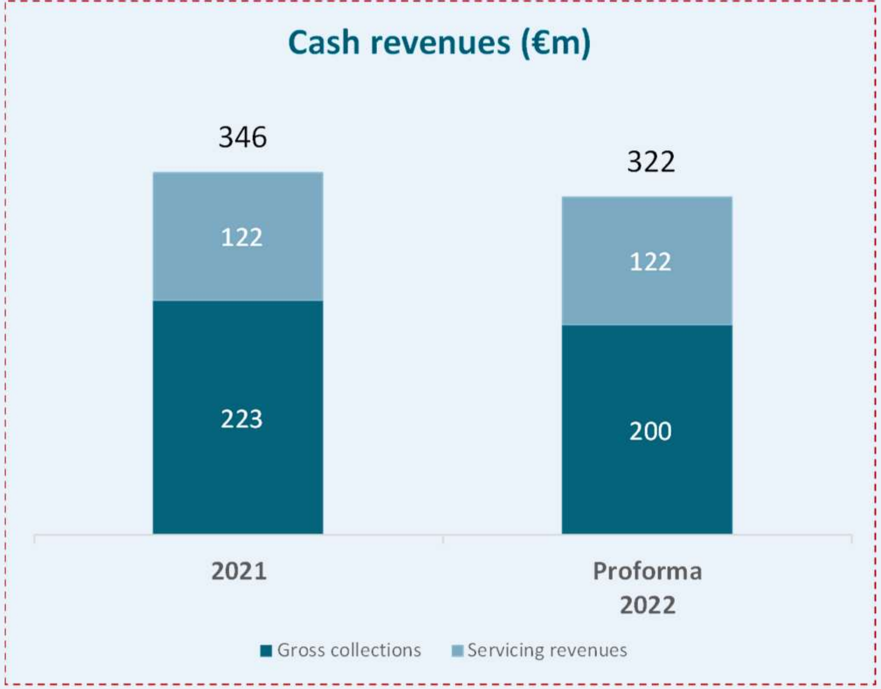
Gross ERC €563m (attributable €472m) at end of Dec-22

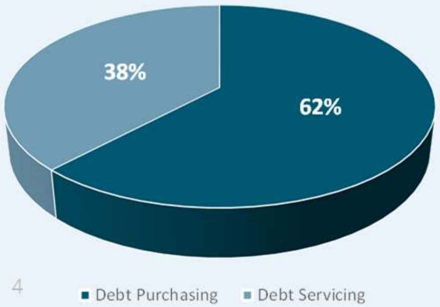
- 13% decrease of Gross ERC YoY given limited portfolio investments and strong collection…
- … Mitigated by continued ERC revaluation (€57m in the year)
- Slower decrease of attributable ERC (-6% YoY) leading to increased share of attributable ERCs (from 78% to 84% of Gross ERC) over the period

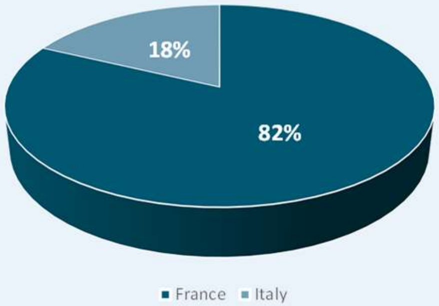
(PF) Leverage : 3.4x

- (PF) Net debt down by 5% (-€32m) YoY to reach €574m
- Co-investor's debt reduced by 40% YoY (-€48m), reaching 10% of Gross Debt vs 16% LY
- €109m of cash available (excluding €50m of undrawn RCF)
- Proactive management of liabilities maturity in early 2023 through the successful completion of a tender offer

Y22 (PF) Cash Revenues decrease by 7% YoY following limited portfolio acquisitions

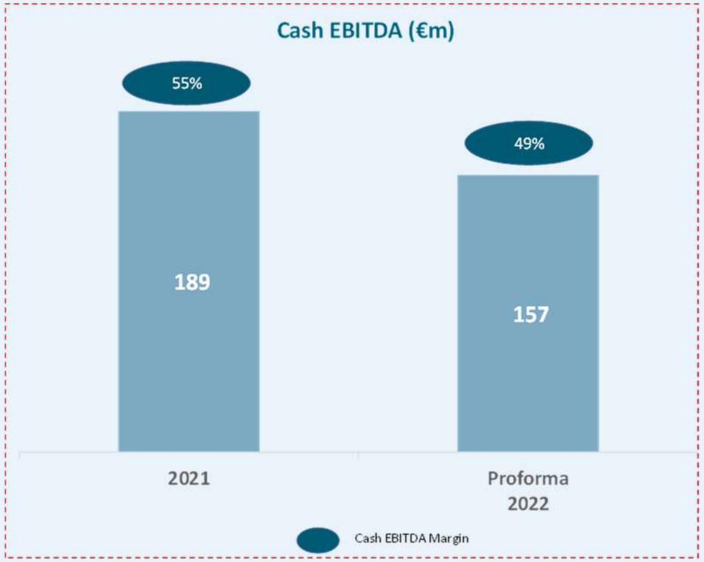






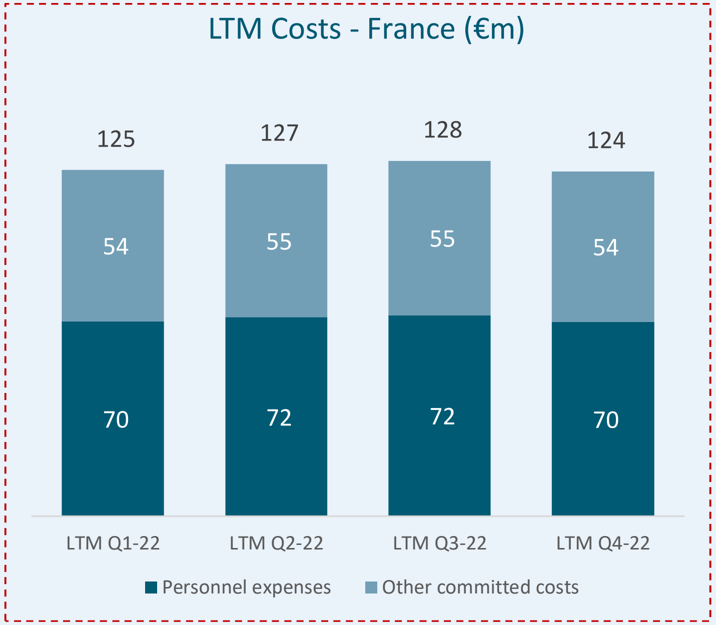
- iQera (PF) Cash revenues decreased by 7% YoY, solely due to reduced contribution coming from gross collections (-10%).
- Collections of the past two years have been fueled by large acquisitions completed in 2019 and 2020. The related backbook continued to display a strong performance during the year. The reduced level of investments over the past quarters (although Q4-22 showed an improvement) impacted the contribution of our frontbook.
- In parallel, servicing revenues are stable at €122m YoY. In a context where new NPL inflows are limited, we continued to focus on the development of higher margin activities. Over the year, growth in Italy made up for the voluntary reduction of our activities in France, where we have been exiting low margin contracts.

Y22 (PF) Cash EBITDA is down by 17% YoY.



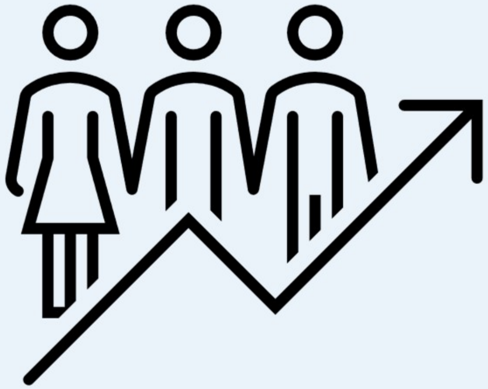
- Y22 (PF) Cash EBITDA decreased by 17% YoY to €157m, driven by the lower revenue contribution of our debt purchase business.
- Y22 (PF) Cash EBITDA margin stood at 49%, in line with the business mix shift triggered by the above.
- Costs increased by €8m or 5% YoY, but only by €3m or 2% at constant perimeter (i.e., before the consolidation of MF Law). By geography and at constant perimeter :
    - Costs in Italy have been growing at 3% YoY, below our pace of organic growth;
    - In France, the cost base growth has been limited to 1% / €1.6m, with a clear inflection point at the end of Q3 2022 thanks to cost containment initiatives that have partly started to offset the inflation impact.

Margin improvement initiatives are starting to bear fruits despite inflation



- Given a challenging macro context, we have initiated profitability improvement initiatives in France (through cost reduction and margin enhancement) throughout the year.
- The effects of these initiatives started to show in Q4-22, inverting the cost increase trend that was the result of our willingness to gear the business for growth after the Covid-19 crisis
- In particular:
  - Personnel expenses returned to the level registered in Q1-22 or €70m (-€2,5m or -3% vs Q3-22) despite an inflationary pressure on salaries
  - Other committed costs returned to the level registered in Q1-22 or €54m thanks to cost containment initiatives that have offset the increase in some running expenses due to inflation (utilities, services, etc.)

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

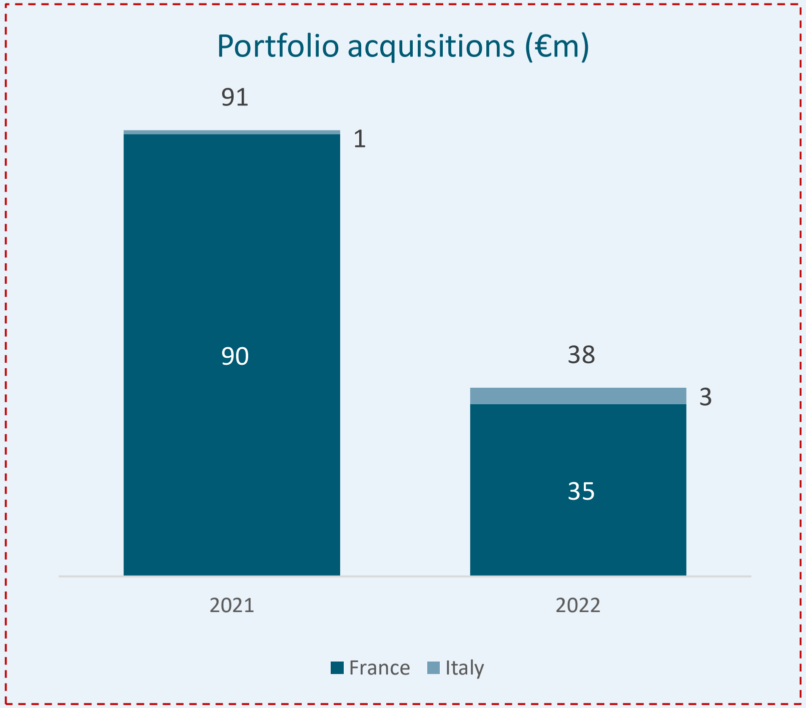


- In December 2022 , we closed the acquisition of a minority stake in MF Law - a leading law firm in Italy specialized in legal services related to large NPEs and distressed Real Estate.

- The acquisition came with a cut-off date as of January 1, 2022 and brought an additional €7m revenues to our servicing activities on a pro-forma basis. The transaction represents a key milestone in the development strategy of iQera in Italy.

- As we intend to further expand high added-value services to the benefit of our customers, we are currently exploring a handful of other opportunities to acquire high-value ancillary services companies that could be accretive to our French and Italian platforms.

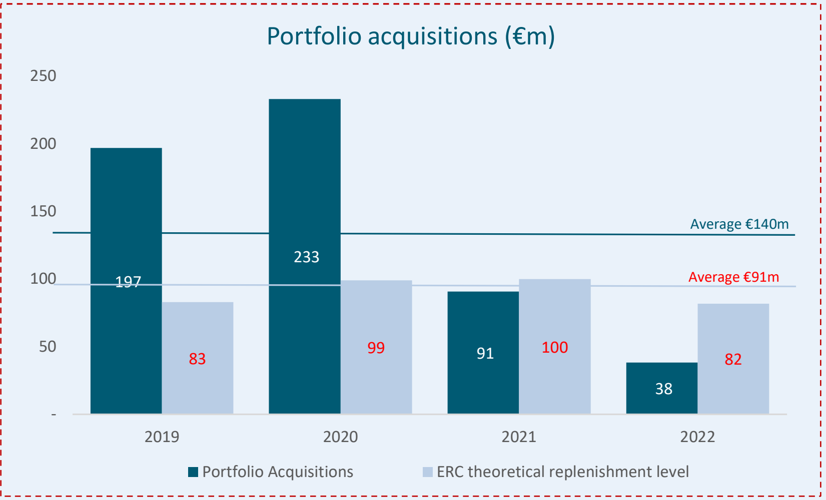
Y22 acquisitions stand at €38m, driven by iQera's rigorous pricing approach in a complicated macro backdrop

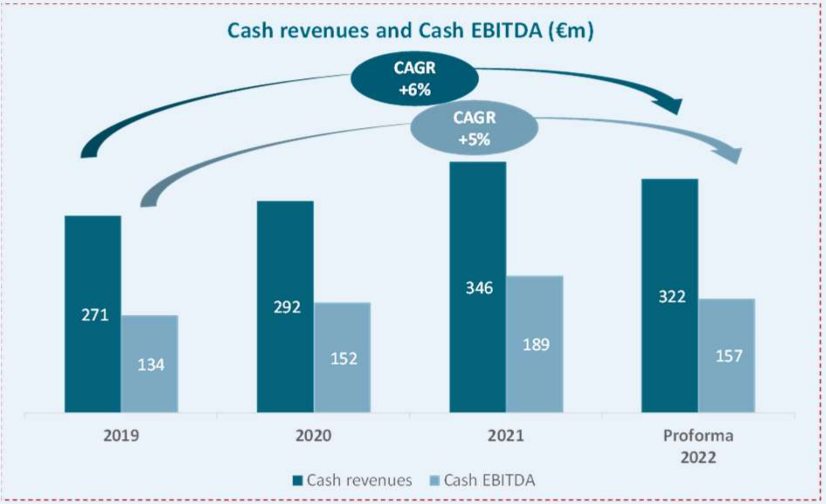


- In the French debt purchase market where we have an extensive view of existing opportunities, we observed a limited number of transactions executed during the year. We did bid on all of them, with caution dictating us to reflect deteriorating macro conditions and raising interest rates in our offers – and therefore lost some deals to competitors taking different views. Q4 investment level of €21m (compared to €18m in the first 9 months of the year) reflected an improvement in competitive intensity vs. the previous three quarters.
- In Italy we continued to monitor the market, targeting medium-small size portfolios, we closed/secured three additional portfolios in Q4, investing a total €3m over the year, and we gained further access to a larger pipeline.
- As a consequence, portfolio acquisitions stood at €38m in Y22.

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 the macro environment remains volatile.

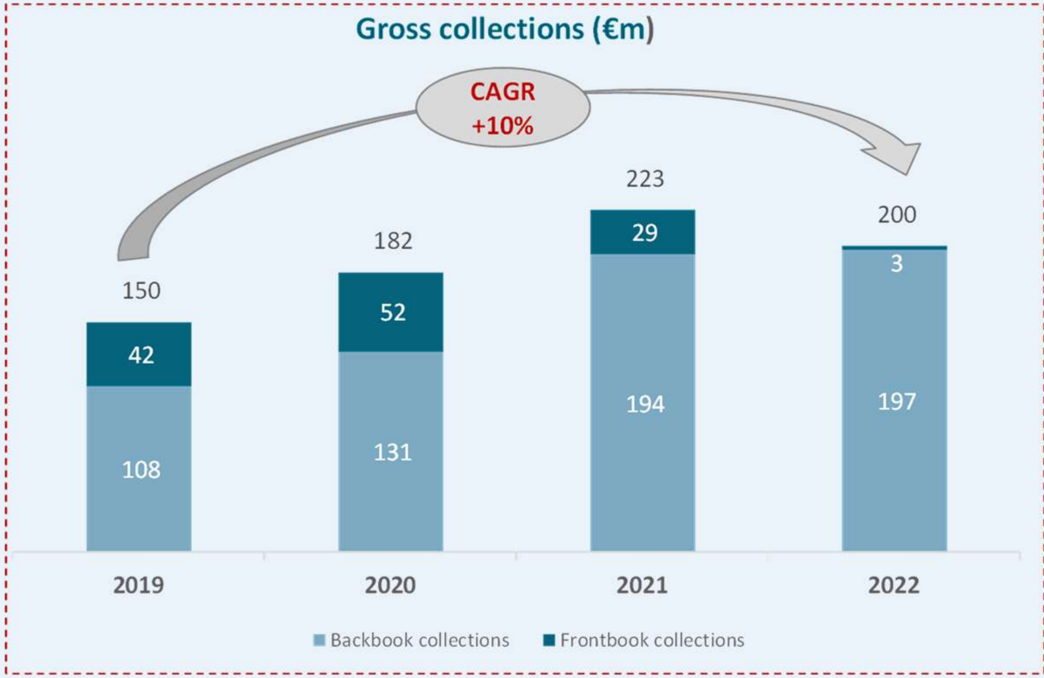
Taking a long term view matters





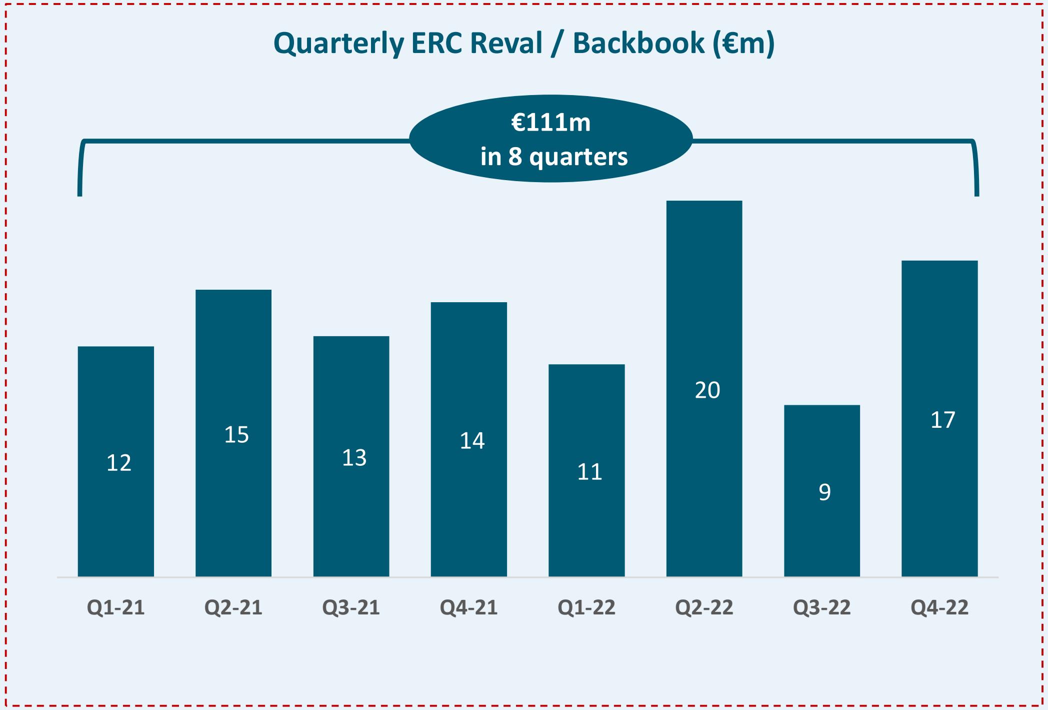
- Our collections over the past two years have been fueled by large acquisitions completed in 2019 and 2020. With acquisitions volumes being – willingly – more limited since mid-2021, we are now witnessing a mechanical deceleration of our debt purchase revenues and ERCs
- Taking a step back and a longer-term perspective, the CAGR of our main metrics over the past 4 years remains healthy :
  - Average annual portfolio acquisitions have been 54% above ERC replenishment rate over the period;
  - As a consequence, ERC increased from €403m to €563m over the period at a 9% CAGR
  - In parallel, Cash Revenues have grown at a 6% CAGR over the period, with Cash EBITDA growing at a 5% 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.

Backbook continues to show sound and robust performance



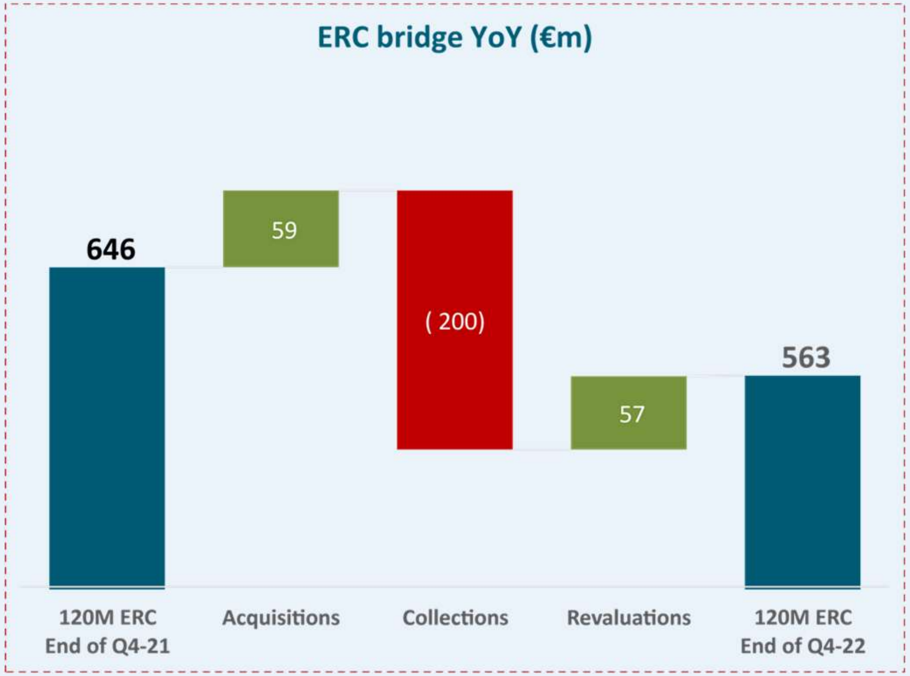
- Limited investment activities this year has mechanically led to a reduced contribution of our frontbook.
- However, backbook collections have continued to show a robust performance during the year, with €197m collected, above the €194m collected over the course of 2021.

Backbook asset quality is confirmed by constant ERC revaluations



- 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 €57m in Y22.
- This revaluation pattern has been constant for two full years now leading to more than €100m of value creation. This confirms our discipline in underwriting and our long-term view in value creation for our stakeholders.
- ERC revaluation conservatively relates only to vintages booked in 2020 and before.

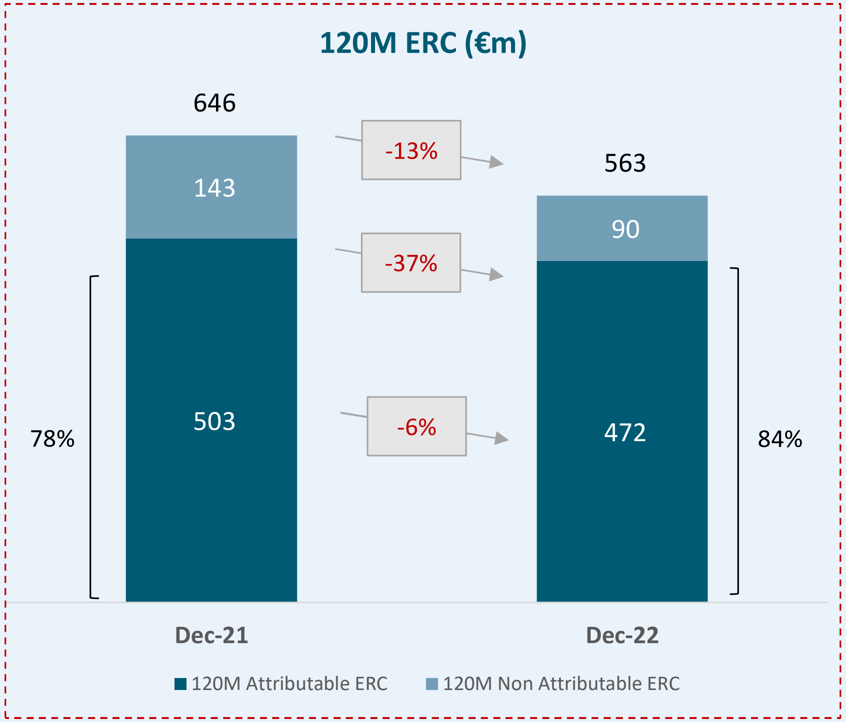
ERCs reduction (due to lower acquisitions) continues to be mitigated by regular revaluations...



€563m
120m ERCs

- Our ERC decreased by 13% over the past twelve months, following strong collections and a limited investment activity.
- This mechanical attrition continues to be significantly mitigated by revaluations extracted from the backbook, which amounted to €57m over the last 12 months.

...which mostly benefits the attributable portion of our ERCs, which keeps growing over time



From 78% to 84%

Attributable ERCs on total YoY

- During the year, our strong collections on the backbook enabled us to significantly pay down co-investors debt. As a consequence, our non-attributable ERCs decreased by 37% YoY.

- Conversely, attributable ERCs decreased by 6% only, and the share of our total ERCs increased from 78% to 84% 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 in portfolios' equity).

Sustained cash-flows are used to pay back debt at a significant pace. Meanwhile, liquidity remains abundant

(in millions of €)	2022	2021
Gross cash flows in operating activities	**139**	**177**
Cash flows in Portfolio Investments	**(38)**	**(91)**
Cash flows in Portfolio Financing	**(62)**	**(47)**
o/w new co-investors debt	-	48
o/w co-investors debt repayments	(62)	(95)
Cash flows in other investment activities	**(17)**	**(26)**
Cash flows in other financing activities	**(53)**	**(42)**
Net change in cash and cash equivalents	(32)	(29)
Opening cash and cash equivalents	156	185
o/w restricted cash	18	21
Opening cash and cash equivalents - excl. restricted cash	**138**	**164**
Closing cash and cash equivalents	124	156
o/w restricted cash	15	18
Closing cash and cash equivalents - excl. restricted cash	**109**	**138**

€139m
Gross cash flows from operating activities

45% / €62m
used to reimburse our co-investors debt

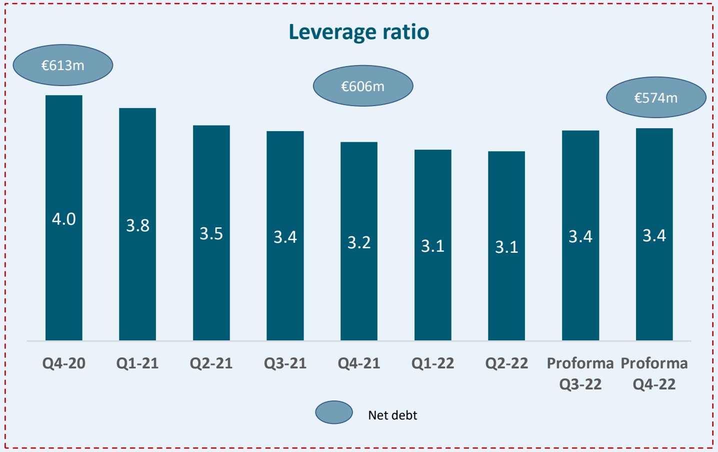
€109m / -€29m
Net closing cash excluding restricted cash

- Cash flows from operating activities reached €139m for YE22 compared to €177m of LY.
- Portfolio investments amounted to €38m vs €91m of LY.
- We have repaid another €62m to our co-investors during Y22.
- Cash flows from other financing activities were mainly related to the payment of our bonds and loans interests over the period. They also include a one-off €10m share buy-back that took place in December 2022.
- Overall, our liquidity decreased by €29m in one year. The Group had €159m of available liquidity as of Dec 31, 2022 of which €109m of cash and €50m of untapped RCF.

(PF) Leverage grew in 2022 albeit in a limited way when considering the impact of ongoing cost reduction initiatives

(in millions of €)	End of Dec-22	End of Dec-21
High Yield Bonds	563	560
Other loans	49	55
Co-investors' Debt	72	120
Others	10	9
Gross Debt (IFRS)	**694**	**745**
Closing cash and cash equivalents - excl. restricted cash	**109**	**138**
Net Debt (IFRS)	**584**	**606**
LTM Cash EBITDA	**156**	**189**
Leverage on Cash EBITDA	**3.8x**	**3.2x**
120M Gross ERC	**563**	**646**
LTV (Net Debt / ERC)	**104%**	**94%**

Proforma Net Debt	574
Proforma LTM Cash EBITDA	**167**
Proforma Leverage on Cash EBITDA	**3.4x**



€584m
Net debt

-4% in 1 year

€72m
Co-investors' debt

-40% in 1 year

- Our Gross Debt decreased by €51m since LY thanks to the steady reimbursement of our co-investors' debt (now amounting to 7% of our gross consolidated debt).
- Our (PF) Net debt (excluding the impact of the one-off shares buyback for €10m) stands at €574m or -€32m/-5% vs LY
- Considering the impact of consolidation of MFLAW (€1m) and the cost reduction initiatives over the coming 12 months (€10m), our PF LTM Cash EBITDA stands at €167m
- (PF) leverage on Cash EBITDA stands at 3.4x, stable vs previous quarter and remains within our target range of 2.5x-3.5x.

ESG : CSR Policy Update

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

PILLAR No. 1
Ethics as reference framework

- Reinforcement of compliance procedures (Anti-fraud and Change of supplier procedures)
- New structured compliance training plan
- New Ethics charter
- Alignment of the 2 programs QER (Relational) and lexiq (Ethics)

PILLAR No. 2
Transparent, balanced and assertive governance

- 4 CSR committees in 2022
- Commitment to the UN Global Compact principles
- Awarded Happy trainees label by Choosemycompany for the third consecutive year
- Awarded 3 medals from the ecovadis label (Gold for iQera Services and MCS Group & Bronze for iQera SAS)
- Awarded the WeImpactIndex label (CSR label)
- Publication of our 2021 Sustainability Report in a digital version

PILLAR No. 3
"Qer" : a philosophy for a unique relationship

- Continuous monitoring of Customer Satisfaction (388 000 surveys in 2022) : 76% CSAT (+2pts vs 2021)
- The Customer feedback systems now also linked with the GoogleMyBusiness account and implementation of a new moderation process : +1,7 pts in 2022
- Launch of our digital workplace for the groupe : FLIT
- *PULSE* #8 : employee's survey
- Focus on remuneration to maintain our attractivity as an employer

PILLAR No. 4
Leaving a positive mark

- First complete carbon assessment of Scope 1, 2, 3 (GREENLY)
- "well-being week" held for all iQera sites with daily activities open to all the employees
- Oxygen Program : Recruitment of a new manager for the dedicated team in Poitiers
- Launch of training modules on sustainable development
- Implementation of the new iQera Group Responsible Purchasing policy

MAIN KPIs

(2022)
Clients-CSAT — **76%**

(Q2 - 2022)
Pulse Employee — **6/10**

(2021)
Carbon footprint (per employee in 2021 Scope 1, 2, 3 GREENLY) — **2,6T CO_2**

(2022)
Financially vulnerable supported clients (vulnerable customers detected) — **4000**

Gender equality index (France - 2022) — **96/100**

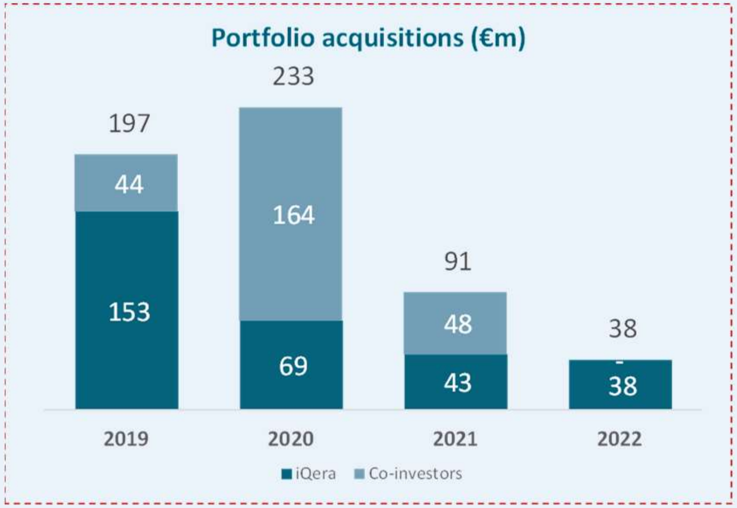
Appendices

Financial Performance – iQera Group

(in thousands of €)	2022	Proforma 2022	2021	Chg. PF 2022 vs 2021	%
	For the 12 months ended December 31				
Attributable Gross collections	133 330	133 330	138 521	(5 191)	-4%
Non-attributable Gross collections	66 506	66 506	84 695	(18 189)	-21%
Gross collections	**199 837**	**199 837**	**223 216**	**(23 380)**	**-10%**
Servicing revenues	**115 914**	**122 493**	**122 373**	**121**	**0%**
Total cash revenues	**315 750**	**322 330**	**345 589**	**(23 259)**	**-7%**
Professional fees and services	(42 270)	(42 451)	(43 116)	665	-2%
Personnel costs	(93 497)	(97 522)	(89 635)	(7 887)	9%
Committed costs	(24 289)	(25 234)	(24 066)	(1 168)	5%
Total costs	**(160 056)**	**(165 207)**	**(156 816)**	**(8 391)**	**5%**
CASH EBITDA	**155 694**	**157 123**	**188 772**	**(31 649)**	**-17%**
Cash distributions to SPV co-investors	(61 783)	(61 783)	(81 854)	20 071	-25%
Attributable Cash EBITDA	**93 911**	**95 340**	**106 919**	**(11 579)**	**-11%**

The Year 2022 figures are on a pro-forma basis (PF) to incorporate the economic impact of the Italian bolt-on acquisition that has been closed in Q4 with retroactive effects

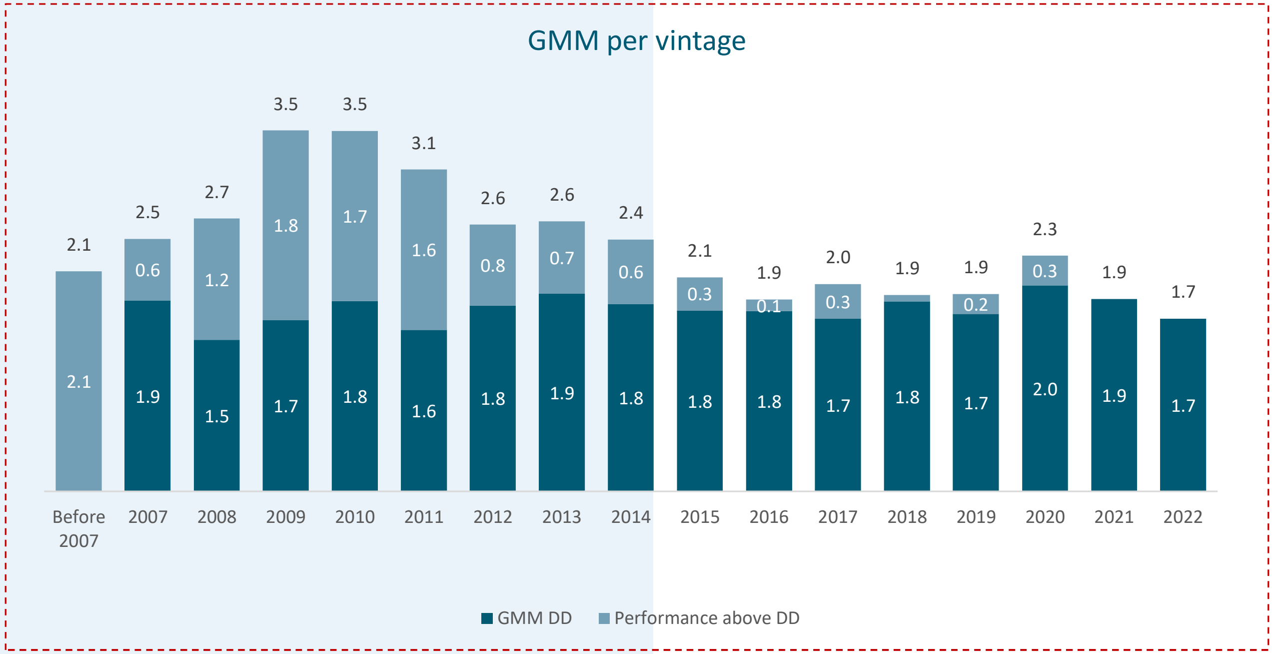
Co-investors debt repayment



- With a view to optimize its returns on large portfolio acquisitions completed between 2019 and 2021, iQera resorted to co-investors debt for a cumulated amount in excess of €250m.
- As investment opportunities became more scarce, iQera's use of Co-investors debt decreased over the past 18 months, with the group giving priority to deploying its own capital

- Given the strong underlying performance of the portfolios' acquired with co-investors debt, the amount of outstanding co-investors debt has been repaid at a fast pace since its peak of 2020, now amounting to €72m or only 7% of our gross consolidated debt.

Backbook performance



- The graph above compares the GMM at underwriting with implied GMM (actuals + ERCs) for each portfolio vintage.
- Our collection performance (actual + ERCs) has consistently exceeded our due diligence expectations across all vintages.
- Since our policy is not to revalue portfolios during the first 24 months following their acquisition, this overperformance is not yet fully reflected in the ERCs of vintages 2021 and 2022.

The maturity of a vast majority of our liabilities has been extended by 3 years following the successful completion of a refinancing transaction in Jan 2023.

Sources and Uses			
Sources		**Uses**	
New Senior Secured FRN	500	Exchange of existing notes	439
		Cash to Balance Sheet	17
		Transaction fees and expenses	44
Total sources	**500.0**	**Total uses**	**500.0**

	As of Dec 22			Pro-forma after transaction		
Conso	**Amount**	**x Cash Ebitda**	**Adj**	**Amount**	**x Cash Ebitda**	**Maturity**
Por-Forma Cash	**-119**		**-17**	**-136**		
New RCF (50M)						**Nov 26**
Existing RCF (50M)						June 24
New Senior Secured FRN			**500**	**470**		**Feb 27**
2018 Floating Rate Note	98		-76	22		Sep 24
2017 Fixed Rate Note	267		-208	60		Sep 24
2020 Fixed Rate Note	198		-155	44		Sep 24
Loans	49			49		
Other Debt	10			10		
Coinvestors' Debt	72			72		
Total Gross Debt	**693**	**4.1**		**727**	**4.4**	
Total Net Debt	**574**	**3.4**		**591**	**3.5**	
Pro-Forma Adjusted Cash EBITDA		167			167	

- On February 7th 2023, we successfully completed the refinancing of the vast majority of our existing €570m bonds maturing in September 2024, via the issuance of a new single €500m Senior Secured FRN maturing in February 2027.
- The transaction was structured as an Exchange Offer combined with a new money component. An additional €50m RCF facility comes along with the new financing.
- €126m out of the €570m initial bond tranches remain outstanding and will mature in September 2024 as originally scheduled. Comfortable liquidity of €159m as of Dec 31, 2022 against it.
- This transaction brings valuable stability and visibility to our financing and will allow us to capture market opportunities that may arise in the near future.

We or our affiliates may from time to time seek to repurchase or retire the 2024 Notes through cash purchases, in open market purchases, privately negotiated transactions, tender offers, or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our and their liquidity, contractual restrictions, and other factors

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