Q3-2021

PRESS RELEASE

iQ era

Create the difference

Financial Highlights

FROM Q1-21 vs Q3-21

c.+10% quarterly growth in cash revenues
c.+20% quarterly growth in cash EBITDA

- Regular growth of our revenues and margin in a challenging context in 2021

LTM Q3-21

€335m / +15% cash revenues YoY
€186m / +23% cash EBITDA YoY

- Year to date results at their highest given recurring quarterly performance
- LTM cash-EBITDA margin reached 60%

120M ERC

€686m / -6% vs Q2-21

- Disciplined underwriting led to limited acquisitions in a low-volume market
- Strong backbook performance allowed continued ERC revaluation for the 5th consecutive quarter

LEVERAGE 3.4x

Down from 4,1x in Q3-20

- Deleverage journey still underway, with a leverage ratio following a metronomic quarterly decrease since its peak in Q3-20
- Gross Debt decreased to €750 million, with substantial co-investors repayment
- Sound liquidity level with €113 million of cash available against €50m undrawn RCF

Business
Review

In Q3-21, iQera Group delivered regular and solid growth of our quarterly revenues and margin

Q3-21 revenues are +9% above those of Q2-21, which themselves had grown by 10% vs. Q2-21 - in spite of cyber attack impact and limited NPL inflows. Both Servicing and Debt purchasing activities are contributing to this solid trend.

Our Cash EBITDA nearly increased by c. 20% in Q2-21 and Q3-21 to reach a record high Cash EBITDA margin of 60% in Q3-21. Costs have remained well under control despite revenues growth and pre-identified synergies have been delivered.

Debt Servicing revenues pursue their rebound whilst backbook collections reach new highs

For the three months ended September 30, 2021, our Cash revenues reached €92.2 million, as compared to €93.5 million for the three months ended September 30, 2020, a slight decrease of €1.3 million, or -1%, in spite of the combined effects of lingering Covid restrictions and cyberattack.

Debt servicing activities continue their rebound this quarter, generating €32.5 million of revenues, 14% above the comparable period ended September 30, 2020, at €28.5 million. Servicing revenues now 16% higher than pre-pandemic 2019 quarterly average (€32.5 million vs €28.1 million 2019 quarterly average). Activities in France are stabilizing but remain somewhat hindered by limited inflows of fresh NPLs. The rebound also results from strong performance in Italy at +38% driven by key contracts.

Gross collections on our own portfolios benefit from a strong backbook dynamic, and reached €60 million for the three months ended September 30, 2021, -8% below the performance on the comparable period ended September 30, 2020 at €65 million and 59% above the 2019 quarterly average collections. These strong collections were reached with a backbook collections enjoying a healthy, steady increase with €51 million collections, 69% (+€20 million) above the €31 million of the three months ended September 30, 2020.

Frontbook collections were limited by reduced acquisitions in 2021 with €8 million collections compared to €34 million of the same three months ended September 30, Q3-20 frontbook revenues had benefited from unusually important interim collections from the large portfolio acquisition that had been completed that very quarter.

Our cost base remains well under control thoughout the year; Synergy targets exceeded

For the three months ended September 30, 2021, our costs were stable at €37 million, in line with the €37 million for the three months ended September 30, 2020. Consequently, we have maintained our cost / income ratio at 40%.

€4.4m million full year synergies already secured as of Sept 30, 2021, circa 105% of our initial plan of €4,2 million (vs 55% end of December 2020); a positive P&L impact of €3,1 million expected in 2021 and an additional impact of €1,3 million in 2022.

ERC evolution reflects our disciplined underwriting

Gross ERC refers to the estimated remaining collections that we have recorded based on the debt portfolios we own or have rights to collect at some point in time, before taking into account the pro rata shares of such collections that will be attributable to any co-investors.

Q3-21 acquisitions were limited at €5m, in a market that presents few opportunities in volumes and where underwriting discipline remains key. However, we continue to maintain a leading market share in France by bidding tight on portfolios where our core expertise makes a real difference.

As of September 30, 2021, iQera 120-Month Gross ERC decreased to €686 million versus €735 million as of September 30, 2020, down 7%, or down 6% over the quarter, versus €727 million as of June 30, 2021.

Business
Review

Solid collections over the quarter (€62 million) have been partially offset by new ERCs generated by recent acquisitions (€8 million) but also – and again - by the continued revaluation of our existing base of ERCs (€13 million this quarter only).

Continued ERC revaluation since Q3-20

Q3-21 marks our 5th consecutive quarter of ERC revaluations. In line with our historical practices, and other than during Q2-20 where we took particularly cautious views of the global economic outlook, our collections actuals and forecast have outperformed our due diligence expectations since Q3-20. This has proven true across a wide range of our vintages, including for portfolios acquired during the pandemic with conservative performance assumptions.

Our prudent forecast methodology, combined with the highly secured nature of our book, should enable us to continue to show a solid book performance going forward.

Total revaluation after a year now amounts to €50m or 7% of our average ERC base over the period.

LTM performance maintained at record levels

Solid LTM cash revenues growth in Q3 2021 reaching €335.3 million as of September 30, 2021, 15% above €292.7 million as of September 30, 2020. This good performance was driven by a significant growth of all our revenues lines.

LTM Debt Servicing revenues increased by 6% in spite of Cyberattack impact. Excluding run-offs, LTM revenues rose by 10%. Collections increased by 20%, driven by large acquisitions carried out in Q3-20 and Q2-21.

LTM cash revenues have demonstrated a solid trend since Q3-20

Our collections increased by 20% to €215.8 million for the LTM ended September 30, 2021, from €179.8 million for the LTM ended September 30, 2020. Debt Purchasing has grown strongly, thanks to good collection performance and significant acquisitions in Q3 2020 and Q2 2021.

Our debt servicing revenues reached €119.5 million for the LTM ended September 30, 2021, from €112.8 million for the LTM ended September 30, 2020, or an increase of 6% over the period.

Recovery from Covid has been more progressive on Servicing revenues with reduced NPL flows in the recent past and one off Cyberattack impacts in Q2-21.

Revenue growth has come with regular productivity gains: LTM Costs increased but our cost/income ratio reduced over the period

Overall costs remained under control increasing only by 6% to €148.9 million for the LTM ended September 30, 2021 from €140.5 million for the LTM ended September 30, 2020 but our cost / income ratio strongly reduced to reach 44% in Q3-21 for LTM as of September 30, 2021 from 48% for LTM as of September 30, 2020, showing our ability to invest to support our growth while controlling our cost base and generating productivity gains.

Consequently, our LTM Cash EBITDA increased by €34 million / +23% reaching €186.5 million for the LTM ended September 30, 2021 from €152.1 million for the LTM ended September 30, 2020.

Our LTM margin improved by 4 percentage points to 56% for the LTM ended September 30, 2021, from 52% for the LTM ended September 30, 2020 and was maintained at same record level as for LTM Q2-21.

Our liquidity remains strong and our leverage ratio continues to improve

During the period, we used 22 million of cash to complete the acquisition of our minority shareholders in Italy, and we mobilized €38 million of cash in portfolio acquisitions. Our current treasury decreased by €51 million and reached €113 million as of September 30, 2021 (plus €50m of untapped RCF).

Our Gross Debt decreased by €27 million from Q4-2020 to Q3-2021, mainly explained by the early termination of CA Loan in Italy (-€23 million) along with the decrease of our Co-investors' debt (-€5 million).

Our leverage on Cash EBITDA improved from 4.0x as of December 31, 2020, to 3.4x as of September 30, 2021, thanks to the sound improvement of our LTM Cash EBITDA to €188 million including €1.3 million synergies already secured but expected to impact our P&L from 2022.

After five consecutive quarters of deleverage, our ratio is back within our long-term target range of 2,5x-3,5x.

Business Review

Conclusion

Strong financial delivery in Q3 2021, alongside 4 main components : Revenue growth, Disciplined underwriting, ERC revaluation and Continued deleverage.

Such pattern is likely to be repeated over Q4 2021.

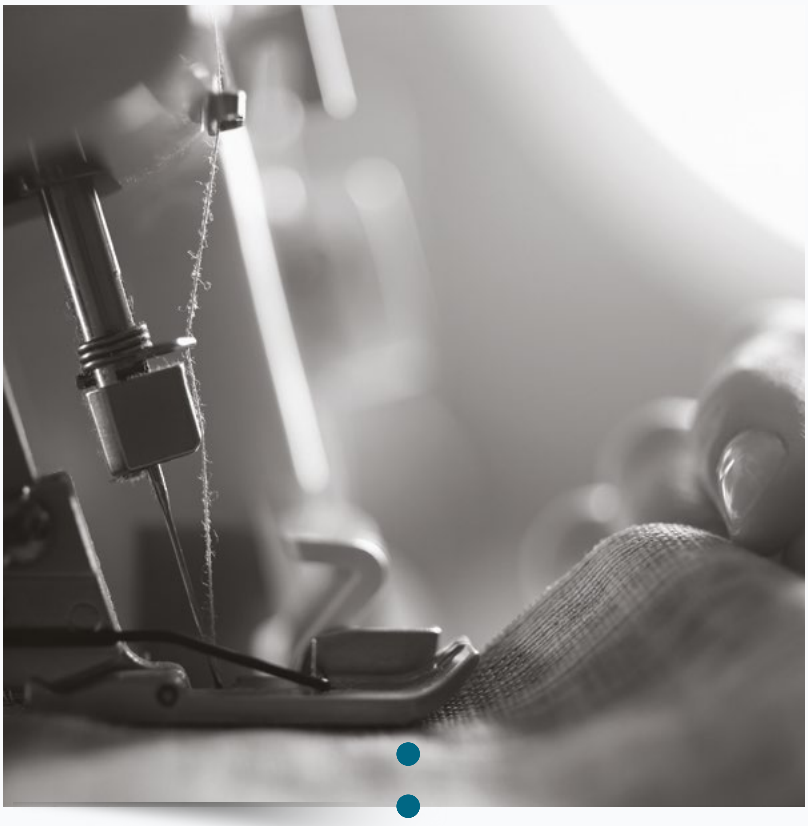
Specific macro-trends will continue to drive our business activities in the near future :

- The recovery of our economies will bring the volumes of unpaid invoices back to normal flows
- However, prolonged governments support will keep cost of risk at historically low levels. Therefore, we expect limited portfolio acquisition opportunities to materialize in 2022.

Our main goals in this context shall be the following :

- Leverage on iQera's size and core competence in our key markets to partner with key accounts on significant chosen servicing and acquisition opportunities
- Start deploying capital through targeted portfolio acquisitions in Italy
- Further enhance our operating capabilities, cost control and legacy portfolio workout
- Continue to multiply tangible actions supporting our CSR policy

Cash EBITDA leverage ratio shalll continue its journey down to 3.0x or below (and Attributable Cash EBITDA leverage ratio shall converge along the way).



Corporate, Social, Responsibility (CSR)

Policy Update

4 pillars translated into 17 tangible commitments, to take immediate action and go beyond intentions

PILLAR No. 1

Ethics as reference framework

- Continuous regulatory training sessions
- Internal Conference on Ethics
- Creation of a GDPR community with 15 members
- GDPR Monitoring committee

PILLAR No. 2

Transparent, balanced and assertive governance

- CSR committee #3: focus on climate issues
- Quarterly Town hall with CEO in September
- Development of a training on Cognitives Biases
- Deployment of a new governance for our operating sites

PILLAR No. 3

“Qer” : a philosophy for a unique relationship

- *HappyTrainees* Label (ChooseMyCompany)
- Deployment of final work-from-home-model; refurbishment of our main offices
- Training on psychosocial risks iQera’s l earning platform: Step 3 now deployed
- Quaterly Employees Survey

PILLAR No. 4

Leaving a positive mark

- Ecovadis Gold Level Certification
- Launch of circular economy initiatives to further reduce our carbon footprint
- Preparation of scope 2 and 3 Greenhouse Gas Emissions (2023)
- Continuous inclusive actions with chosen NGOs

MAIN KPIS

Clients-CSAT	73%	**Financially vulnerable supported clients**	1200
(Q3) **Employee-NPS**	+5	(Q3) **Gender equality index** (France - 2020)	91/100
(2020) **Carbon footprint** (per employee in 2020)	484kg CO_2		

Definitions
and Glossary

Attributable Cash EBITDA
Means our Cash EBITDA for a given period after subtracting distributions to co-investors for their participation in our consolidated SPVs.

Attributable ERC
Refers to Gross ERC after taking into account the pro rata share of such collections that will be attributable to co-investors pursuant to contractual arrangements with such co-investors in SPVs.

Attributable Gross Collections
Refers to cash proceeds received from debtors related to debt portfolios that the Company owns or the pro rata share of such proceeds corresponding to its level of ownership in the relevant SPV.

BC Partners
Refers to BC Partners LLP.

Cash EBITDA
Means our total Cash Revenue for the period, after subtracting professional fees and services, personnel costs and committed costs.

Cash Revenue
Means our Gross Collections for a period after adding the revenue generated from our third-party servicing business.

Committed costs
Refers to expenses related to our headquarters (including rent) and IT costs.

Cost / Income ratio
Measures operating costs as a percentage of total cash revenues.

Group, iQera, we, our and us
Collectively, the Issuer and its direct and indirect subsidiaries, including the SPVs that are consolidated into the Issuer's consolidated financial statements.

FCTs
Means "fonds commun de titrisation", which are investment funds contractually organized under French law for the purposes of holding debt portfolios.

Gross Collections
Refer to the cash proceeds received from debtors related to the debt portfolios that the Group or its SPVs has purchased, before allocation of the pro rata share of Gross Collections attributable to co-investors (if any). Gross Collections are presented prior to factoring any legal fees or other collection activity costs.

Gross ERC
Refers to our estimated remaining collections on our purchased debt portfolios, which represents the expected gross cash proceeds over, as applicable, an 84- or 120-month period from our purchased debt portfolios, assuming no additional purchases are made and on an undiscounted basis before taking into account the pro rata share of such collections that will be attributable to co-investors.

Group, iQera, we, our and us
Collectively, the Issuer and its direct and indirect subsidiaries, including the SPVs that are consolidated into the Issuer's consolidated financial statements.

Issuer
Means iQera Group SAS, a French société par actions simplifiée à associé unique having its registered office at 256 bis, rue des Pyrénées 75020 Paris, France and registered in France under sole identification number 829 775 600 R.C.S. Paris.

Non-attributable Gross Collections
Refers to the pro rata share of the cash proceeds received from debtors by the SPVs that are owed to minority co-investors in such SPVs.

Professional fees and services
Refers to external legal and other accessory costs (such as fees paid to bailiffs and notaries) incurred on both a routine and extraordinary basis to support Gross Collections.

SPV
Means special purpose vehicle, and as used herein shall include FCTs.

Significant risks and uncertainties

Our risks are described in more detail under the caption “Risk Factors” in the offering memorandum dated September 24, 2020 related to the issuance of our 6.5% Senior Secured Notes due 2024 (€200m).

The Group’s risks include, among other things, strategic risks related to economic development and acquisitions, regulatory changes, possible errors and omissions and financial risks such as market risk, funding risk and credit risk inherent to a debt purchasing business, as well as counterparty risk for our third-party servicing business.

Forward looking statements

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