Press release H1-22

iQ era

Create the difference

01 FINANCIAL HIGHLIGHTS

A semester of moderate growth in an uncertain macro environment.

H1-22 vs H1-21 & LTM Q2-22 vs LTM Q2-21

+4% cash revenues

Stable cash EBITDA

- Sound performance of backbook collections
- Limited frontbook contribution and moderate servicing revenue growth
- Growing cost base (FY effect of 2021 hires) leading to stable Cash EBITDA

Capital deployment

€13m invested during H1

- Limited portfolio acquisitions during H1 given limited NPL inflow and perceived mismatch between prices and macro conditions
- Bolt-on acquisition underway in Italy

120M ERC

€589m end of June-22

- 19% ERC decrease YoY given limited portfolio investments and strong collections – mitigated by continued ERC revaluation
- Sharp fall of non attributable ERC(-43% YoY vs. -10% for attributable ERC) leading to a decreasing share of non attributable ERCs (from 27% to 19%) over the period

Leverage: 3.1x

down from 3.5x end of June 2021

- Net debt down by 13% in 1 year to €576m
- Co-investor's debt reduced by 45% in 1 year, at 13% of Gross Debt
- €137m of cash available with €50m of undrawn RCF

02 BUSINESS REVIEW

Cash Revenues continued to grow across business lines during H1 2022

iQera Cash revenues grew by 4% HYoHY, reaching €167m in H1-22 and increasing by €6m / 4% vs H1-21, in a context of limited NPL inflows.

Debt purchase revenues increased by 4% with gross collections at €108m, again fueled by a sound backbook performance.

Servicing revenues increased by 3% at €59m over the same period, with Italy showing a dynamic top line growth (+15%) whilst we focus on profitability rather than revenues in France where we have actively discontinued our least contributing contracts since 2021.

H1 Cash EBITDA remained stable year on year, as we added resources to our business over the course of 2021

- As we progressed through 2021 we hired extra staff in France and Italy in order a) to maximise the harvesting of our backbook and b) to prepare for the re-opening of the French debt-sale market. This led to an increase in our personnel costs YoY, which accounts for the bulk of the evolution of our costs base (+8% HYoHY) over the period, whilst other costs (operational costs and overheads) remained stable HYoHY.
- Since a significant inflow of new business has not materialized yet, the growth of our cost base outpaced that of our revenues over the period, and our Cash EBITDA remained stable HYoHY at €85m, with a Cash EBITDA margin at 51%.

02 BUSINESS REVIEW

Acquisitions are kept at modest levels so far, in markets that remain very competitive

France has seen a growing number of transactions executed during H1 2022, but caution dictated us to stay away from the largest ones, where prices seemed to reflect neither deteriorating macro conditions nor raising interest rates.

In Italy, we continued the ramp up of our local portfolio with the addition of targeted small size portfolios.

As a consequence, portfolio acquisitions stood at €13m in H1 2022, and at €24m over the last twelve months, below our ERC replacement rate.

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. Going forward we intend to actively manage our cost base – a large portion of which is variable – depending on this market outcome.

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

On August the 9th, iQera entered into a binding agreement to acquire a minority stakeholder position into a leading law firm in Italy specialized in legal services related to large NPEs and distressed Real Estate.

Closing is expected by November 2022 against a cut-off date as of January the 1st, 2022.

Going forward, iQera will act as a commercial, financial and industrial partner to the law Firm to fully support its growth plan.

This transaction represents a key milestone for the development of iQera in Italy, where we will further expand our set of high added-value services to the benefit of our customers.

LTM revenues and Cash EBITDA show strong resilience in spite of limited portfolio acquisitions of late

LTM cash revenues remained stable over the quarter at €352m, having grown by 4% between Q2-21 and Q2-22:

- Servicing business grew by 22% in Italy and 7% in France over the period
- In a context of limited acquisitions, we managed to increase LTM Collections by 1% from Q2-21
- LTM Cash EBITDA decreased by €4m over the quarter given the increased staffing of our group, but remained stable compared to LTM Q2-21 and FY21 at €188m

02 BUSINESS REVIEW

Backbook continues to show sound and robust performance

After four quarters of limited investments, our LTM portfolio acquisitions amount to €24m. This compares with €289m a year earlier, following significant transactions executed in the French market.

In spite of the strong deceleration of our investment activities, backbook collections have continued to show a robust performance this semester, with €108m collected over the period. This is 18% above the €91m collected a year before.

On top of our dynamic collections activities on the backbook, we also continued to extract further value from it, with revaluations amounting to a significant €20m over Q2 2022.

This revaluation pattern has been constant for two full years now.

ERC revaluation conservatively relates to vintages booked in 2020 and before demonstrating, strong business resilience across the cycle.

ERC attrition is being mitigated by regular and sustained revaluations...

Our ERC decreased by 19% 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 €58m over the last 12 months.

02 BUSINESS REVIEW

... 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 43% over the last 12 months.

Conversely, attributable ERCs decreased by 10% only, and their share of our total ERCs increased from 73% to 81% 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).

Liquidity remains abundant as we continue to pay back co-investors debt at a significant pace

Cash flows from operating activities reached €74m in H1-22, compared to €79m in H1-21.

Portfolio investments amounted to €13m in H1-22 vs €80m in H1-21.

Cash flows from other financing activities were mainly related to the payment of our bonds and loans interests over the period.

As a consequence, we ended the semester with €30m more cash than in June 21, having repaid another €35m to our co-investors over the semester.

Overall, the Group had €187m of available liquidity as of June 30, 2022 of which €137m of cash and €50m of untapped RCF.

02 BUSINESS REVIEW

Leverage on cash EBITDA stabilises around 3x

Our Gross Debt decreased by €54m since end of June-21 thanks to the steady reimbursement of our co-investors' debt (now amounting to less than 13% of our gross consolidated debt).

Our Net debt decreased by €86m to €576m with an increase of our closing cash by €30m over the same period.

Consequently our leverage on Cash EBITDA decreased from 3.5x end of June-21 to 3.1x end of June-22.

03 ESG: 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

- Compliance: reinforcement of compliance procedures (Anti-fraud and change of provider procedures)
  Training plan:
  - Communication of the 2022 compliance training plan
  - GDPR training in personal rights exercises

Pillar No. 2

Transparent, balanced and assertive governance

- CSR committee #2 2022
- Presentation by ChooseMyCompany analyst of the insights from the IMPACT ESG INDEX label report to the CSR committee
- Commitment to the UN Global Compact principles

Pillar No. 3

"Qer": a philosophy for a unique relationship

- Continuous monitoring of debtors satisfaction (100 000 surveys in Q2 2022)
- Publication of client reviews on GoogleMyBusiness through our customers feedback system and implementation of a moderation process: 1,3/5 in March vs 2,4 in June (+1,1pt)
- Launch of the new Qer Communication Kit campaign for all offices
  *PULSE #*8: employee's survey

03 CSR POLICY UPDATE

Pillar No. 4

Leaving a positive mark

- The first "well-being week" held for all iQera sites with daily activities open to all the employees
- Oxygen Program: Recruitment of a manager and a dedicated team in Poitiers
- Assessment of employee engagement and interest for the Group's carbon footprint
- 35 employees involved in sponsorship missions with young adults in S1 2022
- Awareness campaign with Goodwatt: Changing employee transport habits from private cars to electric bikes

MAIN KPIs

(Q2 - 2022)
Clients-CSA — **74%**

(Q2 - 2022)
Pulse Employee — **6/10**

(2021)
Carbon footprint
(per employee in 2021 Scope 1 and 2) — **290kg CO_2**

(Q2 - 2022)
Financially vulnerable supported clients
(vulnerable customers detected) — **3000**

Gender equality index
(France - 2021) — **92/100**

FORWARD LOOKING STATEMENTS

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