



## IRIS FINANCIAL

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### **Younited to become a public company listed on Euronext Amsterdam and Euronext Paris by combining with Iris Financial to execute further its growth strategy and foster business development**

#### **Paris and Amsterdam – 7 October 2024**

- Iris Financial, a Euronext Amsterdam-listed company focused on the financial services sector and Younited S.A. (“Younited”), a leading European consumer credit business with over 1.2 million customers served since its inception, have signed a business combination agreement, in connection with a contemplated business combination (the “Combination”)
- Younited has created a powerful technology platform with state-of-the-art APIs and artificial intelligence to build a scalable pan-European instant credit platform transforming the lending market by offering seamless and transparent products. It has financed over €6 billion in loans as of the end of 2023, directly and via its ecosystem of merchant and financial partners, helping European households reach financial well-being
- Iris Financial will inject between €150 and €200 million\* of capital<sup>1</sup> into Younited in consideration for newly-issued shares of Younited in order to substantially increase Younited’s Common Equity Tier 1 capital
- This investment will allow Younited to pursue and accelerate on the execution of its growth strategy, supported by significant additional balance sheet capacity, which is expected to generate positive net income by the end of 2025, significant growth in loan origination and a ROE of 25%+ by 2027<sup>2</sup>

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\* Gross of transaction expenses

<sup>1</sup> The amount of new capital to be injected by Iris Financial into Younited is dependent on its available capital at closing, which in turn will depend on the amount of redemptions by the shareholders of Iris Financial, offset in part by backstop arrangements provided by the Sponsor and another investor in Iris Financial. See the Appendix below for a more detailed description.

<sup>2</sup> These figures assume a 100% ownership of Younited by Iris. At completion of the Combination (prior to the share capital increase), Iris will own at least 95% of Younited, with any remaining Younited shares to be acquired by Iris after completion pursuant to drag-along provisions contained in Younited’s existing shareholder agreement and upon the exercise of put-call rights by Iris or certain historical Younited shareholders.

- Younited will be able to invest in its innovative technology platform to build deeper partnerships with merchants and offer innovative financial products across the value chain, creating a unique ecosystem
- Iris Financial is convinced that Younited, thanks to its underwriting architecture and experienced and committed management team, is uniquely positioned to benefit from the growing and rapidly evolving consumer lending market
- Iris Financial will remain listed on Euronext Amsterdam while applying for an additional listing on Euronext Paris
- Iris Financial will be renamed “Younited Financial” upon completion of the Combination
- The renamed public company will have a newly formed board of directors which will consist of 10 members, half of which will be independent directors
- The transaction closing is subject to regulatory approval and is expected to close towards the end of Q4 2024

Gilles Grapinet, Chairman of Younited Supervisory Board said: *“Over the last 10 years, as a regulated financial institution sticking to the highest standards of responsible consumer credit lending, Younited has established itself as the most technologically advanced business in its field of play in Europe, using the combined power of its proprietary real-time PSD2-based scoring systems with leading edge digital experience for its customers. The Younited Supervisory Board is deeply convinced of the power of the business combination signed today with Iris Financial and is unanimously supportive of this pivotal transaction that will leverage remarkable complementarities between the parties and allow Younited to unleash its phenomenal growth and value-creation potential in the years to come.”*

Charles Egly, Chief Executive Officer and Co-founder of Younited said: *“We are thrilled to enter into a business combination with Iris Financial and its shareholders who will provide us with the expertise, the global network and the capital we need to execute our strategic plan. As a result of the transaction, the group will benefit from a robust balance sheet and will be very well positioned to further enhance the consumer lending market and seize market share. We are uniquely positioned in this market, with a distinct technological edge, a clear strategy and an experienced management team to take advantage of this opportunity and create substantial shareholder value.”*

Elizabeth Critchley, Chief Executive Officer of Iris Financial said: *“We created Iris Financial to work alongside long-term shareholders in order to partner with financial services businesses where we could accelerate growth and create value with access to our expertise, network and listing platform. We are delighted to be announcing our partnership with Younited, one of Europe’s most exciting emerging consumer finance businesses. Younited has a unique, scalable, best-in-class consumer reviewed technology platform that provides both faster consumer credit decisions whilst at the same time reducing credit risk. We believe that the combination of this FinTech consumer champion with our*

*established network of long-term capital providers and experienced financial investment professionals will drive attractive returns for shareholders going forward.”*

## APPENDIX

### Background on Younited

Younited is a leading licensed consumer credit business with over 1.2 million customers across the EU since its inception. Younited leverages a powerful technology platform with state-of-the-art APIs and artificial intelligence to build a scalable pan-European instant credit platform, transforming the consumer loan market and helping European households reach financial wellbeing.

Younited employs approximately 520 people and operates in 4 countries (France, Italy, Spain and Portugal) with over half of its loans originated outside of France.

As of the end of December 2023, Younited had financed approximately €6 billion in loans. Customers can access Younited's products through two acquisition channels: directly and via its merchant and financial partners, both representing approximately 50% of gross merchandise value in 2023.

Younited offers four solutions to its customers, leveraging open-banking and instant decisioning:

- Younited Credit: Instant credit on amounts up to €56,000 with maturities up to 84 months and with an application process of less than 6 minutes
- Younited Pay: Online or in-store payments via instant credit from €300 to €56,000
- Younited Care: Borrower insurance and affinity insurance products
- Younited Coach: Free budget advisor leveraging PSD2 to generate personalized recommendations, allowing customers to save up to €500 per year

Younited leverages hundreds of data points, including external data, for its scoring models and is leading the PSD2 revolution. Younited has built an advanced open banking tech and data infrastructure, switching from the traditional banking decision engine to an AI-powered open banking decision engine.

Younited is fully regulated as a credit institution licensed by the ECB, the single European banking regulator in force throughout the Eurozone, and is supervised by the French Autorité de Contrôle Prudentiel et de Régulation (ACPR). As a fully regulated and supervised credit institution, Younited complies with banking compliance and internal control standards and prudential ratio requirements, including liquidity and capital ratios.

Since Younited's started operating in 2012 in France, it has been able to scale successfully in 4 other European countries (Italy, Spain, Portugal and Germany (which it is in process of exiting in 2024)). Its scalable customer acquisition platform launched in 2012 has been complemented by the acquisition of customers via both financial and merchant partners. This has allowed Younited to reach over 1.2 million total customers in 2023.

Younited is led by an experienced management team with an outstanding track record in banking and consulting, supported by a Supervisory Board with blue-chip shareholders.

## Transaction overview

The contemplated transaction consists of the business combination of Younited and Iris Financial resulting in Younited being owned by Iris Financial, which will remain listed on Euronext Amsterdam while applying for an additional listing on Euronext Paris.

The Combination will be implemented by way of a contribution by the shareholders of Younited, a French “société anonyme”, whose registered office is located at 21 rue de Châteaudun, 75009 Paris, registered with the trade and companies register in Paris under 517 586 376, of their Younited shares to Iris Financial, an Euronext Amsterdam-listed company, sponsored by Ripplewood Holdings I LLC (the “Sponsor”), in consideration for newly-issued shares of Iris Financial to be admitted to trading on Euronext Paris and Euronext Amsterdam. Iris Financial will migrate from the Cayman Islands to the Grand Duchy of Luxembourg prior to the completion of the Combination.

The ordinary shares to be issued by Iris Financial as consideration for the contribution by Younited’s shareholders of their Younited shares will be admitted to trading on the regulated market of Euronext Amsterdam and Euronext Paris following completion of the Combination.

At completion of the Combination, Iris Financial will inject between €150 and €200 million\* of capital into Younited in consideration for newly-issued shares of Younited in order to substantially increase Younited’s Common Equity Tier 1 capital.

Current Younited shareholders and management are expected to own 60% of the combined entity and Iris Financial shareholders (including the Sponsor) are expected to own 40% of the post-transaction pro-forma equity, assuming Iris Financial injects €150 million\* of new capital. Iris Financial shareholders including the Sponsor will also hold a certain number of equity warrants which are exercisable against additional shares of the combined entity in the future. None of the current shareholders of Younited will sell stock as part of the transaction.

These ownership percentages are subject to changes based on (i) the company’s regulatory capital at closing with a price adjustment mechanism in place if the regulatory capital at closing is lower than the Target Closing Regulatory Capital of €142 million, (ii) the satisfaction of certain share price performance conditions in the 36 months following the closing and (iii) Iris Financial having up to an additional €50 million of capital at closing available to subscribe for additional share capital of Younited.

Furthermore, the Sponsor has agreed to cancel a portion of its shares in Iris Financial, place approximately 0.7 million shares into escrow and increase the Sponsor warrants’ strike price from \$11.50 to \$12.00 (approximately €10.36 to €10.81)<sup>3</sup>.

Post completion of the transaction, as an ECB-licensed credit institution, Younited will remain under the primary supervision of the ACPR.

The Combination, which has been unanimously approved by the Younited supervisory board and the board of directors of Iris Financial, is expected to close towards the end of Q4 2024, subject to approval by Iris Financial shareholders and satisfaction of other regulatory and customary closing conditions, including Younited satisfying certain requirements relating to its level of regulatory capital and Iris Financial having at least €150 million\* in capital to inject as new capital into Younited.

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<sup>3</sup> Based on a €/ \$ FX rate of 1.11

Extraordinary General Meetings (the “EGMs”) of Iris Financial shareholders will be held pursuant to Cayman Islands law, in the first instance, to vote, amongst other matters, on the approval of the extension of the business combination deadline to December 31, 2024. Iris Financial will request this extension in order to receive all corporate and regulatory approvals necessary to close the Combination. A second EGM pursuant to Cayman Islands law will be held, to vote, amongst other matters, on the approval of the Combination and a third EGM will be held pursuant to Luxembourg law, to vote on, amongst other matters, the migration of the company to Luxembourg. The dates of the EGMs will be confirmed in due course. Holders of ordinary shares of Iris Financial will have redemption rights in connection with both the first and second EGM. Iris Financial will issue a shareholder circular prior to the shareholder vote on the Combination in the second EGM, which will include key information regarding the Combination, and precise timings.

In connection with the Combination and the listing of securities on Euronext Amsterdam and Euronext Paris, a prospectus will be prepared by Iris Financial and submitted to the *Commission de Surveillance du Secteur Financier* in Luxembourg for approval.

Iris Financial has also secured more than the required majority of votes to approve the transaction.

In connection with the Combination, Iris Financial and the Sponsor entered into a backstop arrangement pursuant to which it has committed up to €62 million to subscribe for shares of Iris Financial, to the extent necessary to compensate for any redemptions by existing Iris Financial shareholders in order to reach at least €150 million in available cash at closing. The Sponsor will purchase such shares at a per share price equal to the equivalent in euros of \$10.00 exchanged at the then-applicable exchange rate. In addition, one of Iris Financial’s investors has entered into a backstop arrangement, committing up to €20 million to subscribe for shares of Iris Financial at the same price and only to the extent that additional funding would be required due to redemptions. The combination of the non-redemption undertakings of the Iris Financial shareholders and these backstop arrangements are expected to ensure that Iris has between €150 million and €200 million\* in capital to inject as new capital into Younited.

Iris Financial shares received by Younited shareholders will be bound by lock-up undertakings during a 6-month period (subject to some exceptions) from the completion date of the Combination. In addition, all members of Younited management will be bound by lock-up undertakings during a 12-month period from the completion date of the Combination. The Sponsor will be bound by a lock-up undertaking during a 12-month period from the completion date of the Combination for two-thirds of the Sponsor’s shares and during a 24-month period from the completion date of the Combination for one-third of the Sponsor’s shares. The Sponsor’s lock-up undertaking excludes any shares issued pursuant to the backstop agreement.

### **Investor Presentation**

Iris Financial has also published a presentation on its website with further details of the transaction.

## **Advisors**

Lazard Frères SAS is acting as exclusive financial advisor, and Gide Loyrette Nouel A.A.R.P.I and Clifford Chance LLP are acting as legal advisors to Younited. 8Advisory is also assisting Younited.

Rothschild & Co is acting as exclusive financial advisor, and Bredin Prat, Cravath, Swaine & Moore LLP and NautaDutilh are acting as legal advisors to Iris Financial.

## **About Younited**

Younited is the leading instant credit provider in Europe. Constant innovation, cutting-edge technology and exceptional user experience have allowed over a million customers to have access to instant, simple and transparent credit to refurbish their home, go on vacation, buy a new smartphone, or bring any other project to life. Younited provides instant credit throughout the customer journey, shopping, or banking, online or in-store, with a single Younited customer experience. Younited operates in 4 European countries (France, Italy, Spain and Portugal). More information on <https://www.group.younited.com>

## **About Iris Financial**

Iris Financial is a company focused on the financial services sector in and around Europe. Its Sponsor and board of directors possess great expertise in the financial services sector and are committed to creating sustainable value for all stakeholders. Iris Financial successfully raised \$230 million (approximately €220 million) in gross offering proceeds and listed on the Euronext Amsterdam on 28 April 2022. More information about Iris Financial, including the Iris IPO prospectus dated 26 April 2022, which was approved by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the "AFM"), can be found on Iris Financial's website <http://www.irisfinancial.co>.

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This announcement may include forward-looking statements, which are based on Iris Financial's current expectations and projections regarding a business combination, the business, the economy and other future conditions of Iris Financial and speak only as of the date hereof. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "aims", "forecasts", "continues", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy plans, objectives, goals, future events, or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Iris Financial's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Iris Financial's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements speak only as at the date at which they are made and the Iris Financial undertakes no obligation to update these forward-looking statements.

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