



Brussels, 21 November 2022

Impact Expansion announces a first closing above €50m, with the objective of reaching €120m in 2023 for its Fund.

Targeting the environment, employment and health sectors, this new fund aims to support profitable SMEs looking for €5 to €20 million of capital to accelerate their development. The particularity of this new team is the complementarity between its four partners, two of whom, François de Borchgrave and Charles-Antoine Janssen, have more than 10 years of experience in impact investing as founders and partners of KOIS, a pioneer of impact investing in Europe, having invested in Gojob in France and Belgian Eco Energy in Belgium, and having a track record comparable to Tier-1 private equity funds. They are joined by Erick Rinner and Jérôme Fournier Le Ray, who have worked together for nearly 20 years at Milestone, a more traditional private equity investor, and who have supported companies such as Cadum and Maison Verte in their development of ecological brands via MBIs and MBOs, and who also have a solid financial track record, having invested more than €300m. Certified "Article 9" of the European SFDR regulation, this first fund has already received the support of the SFPI in Belgium (Belgian Sovereign Wealth Fund), as well as of other institutional investors, family offices and entrepreneurs, allowing it to formalize its first closing beyond its €50m target, i.e. more than 40% of its final target of €120m. *"We are currently in discussions with many institutional investors willing to invest in the areas of climate & nature, employment and health, says François de Borchgrave. For more than 10 years, we have been supporting SMEs whose main objectives are to address these growing societal and environmental needs, so it is now very pleasing to receive such enthusiasm from investors"*.

The three sectors targeted by Impact Expansion are in urgent need of solutions. For instance, greenhouse gases have to fall by 8% p.a. to reach the Paris agreement target¹ while they have increased by 5% in 2021². Additionally, substantial investments should be made in the employment sector, as 17% of the younger population was unemployed in 2019 in the EU, compared to an average EU global unemployment rate of 6.7%³, and the situation further deteriorated following the Covid-19 crisis. And finally, Impact Expansion targets the healthcare sector, where public spending has been continuously increasing to represent close to 10% of EU GDP in 2019⁴, becoming a serious burden for pan-European governments.

¹ United Nations Environment Programme (2019). Emissions Gap Report 2019. UNEP, Nairobi.

² Artés, T., Oom, D., De Rigo, D., Durrant, T.H., Maianti, P., Libertà, G. and San-Miguel-Ayanz, J. A global wildfire dataset for the analysis of fire regimes and fire behaviour. *Scientific data*, 6(1), 1-11 (2019).

³ European Commission. (2020). Unemployment statistics and beyond. Eurostat.

⁴ European Commission and OECD. (2020). State of Health in the EU.



To measure its impact, the fund uses the internationally recognised COMPASS methodology, developed by the GIIN (Global Impact Investing Network), which covers the three main pillars of impact: (i) intentionality, (ii) additionality and (iii) measurability. Impact KPIs are negotiated with the companies' management teams prior to each investment, validated by an independent committee, and monitored throughout the investment period until exit. 50% of the investment team's carried interest is linked to the achievement of those impact objectives.

Already two investments made

Impact Expansion is registered in Luxembourg, supervised by the CSSF, with teams based in Paris and Brussels. The Fund's objective is to invest between €5 and €20 million per company, through majority or minority stakes, which differentiates it from many impact funds that generally only take minority stakes. *"Our deal flow is of very good quality, says Charles Antoine Janssen, one of the Fund's Partners. Our dual impact + private equity profile is very relevant in the eyes of entrepreneurs, who are increasingly selective. It has enabled us to sign the Fund's first two investments: Potential Project in Denmark, which provides professional trainings in mental health, and SomniPlanet in France, which treats patients suffering from sleep apnea".* The Fund, which aims to invest in France, Benelux and Western Europe, will invest directly in a dozen companies, and receives the support of Operating Partners specialized in specific sectors or areas of expertise. *"For example, Philippe Croppi, a former investment banker, will be working with us to support certain investments in their buy-and-build strategies, as is the case for SomniPlanet and other current projects",* adds Jérôme Fournier Le Ray.

Impact and buy-and-build

Buy-and-build, or development through external growth, is one of the levers of Impact Expansion's investment strategy, which sees it as a very effective way of generating both good returns on investment combined with a significant additionality of the impact generated by the portfolio companies.

Legal counsel: Arendt & Medernach (Pierre Beissel)

Custodian bank: Banque Internationale à Luxembourg

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