Financial Report
As at 30 June 2019

Board of Directors of 26 July 2019

Unofficial translation of the French-language "*Rapport financier au 30 juin 2019*" of Solocal Group, for information purposes only.

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Solocal Group
Public limited company with a Board of Directors with capital of 58,512,189 euros
Registered office: 204, rond-point du Pont de Sèvres - 92100 Boulogne-Billancourt
Nanterre Trade and Companies Register 552 028 425

SOMMAIRE

1. Activity report as at 30 June 2019

1.1. overview

Solocal Group is developing its activities within two operating segments: "Digital" and "Print" and generated revenue for continued activities of 304.0 million euros as at 30 June 2019, these activities represent respectively 88.2% and 11.8%.

Digital
The "Digital" activity can be broken down as follows as at 30 June 2019:

- The digital Presence offer allows VSBs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, PagesJaunes, Bing, Tripadvisor, Waze, Instagram, etc.) with just a few clicks, in real time and with complete autonomy, via a single mobile application, or a web interface. This offer represents revenues of 68.8 million euros as at 30 June 2019.

- The digital Advertising offer allows companies to increase their digital visibility beyond their natural presence over the entire Web, in a logic for developing local market shares. This offer represents revenues of 140.3 million euros as at 30 June 2019.

Intended for VSE/SMEs, the digital Presence and digital Advertising ranges are also available for large network accounts.

- With the Website range, Solocal offers its customers to ensure the creating and referencing of their site (showcase and e-commerce), according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenues of 54.8 million euros as at 30 June 2019.

- Solocal also proposes New services aimed at facilitating the daily life of companies, such as for example a customer relations management (CRM) solution which is being developed in 2019. This offer represents revenues of 4.2 million euros as at 30 June 2019.

Print

This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in the PagesJaunes and PagesBlanches print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", concerning conventional direct marketing (logistics, postage, mailing) and telephone directory services and via SMS (1018 008) as well as the QuiDonc reverse directory service.

The Solocal Group recorded Print revenues of 36.0 million euros as at 30 June 2019, down 36.6% compared to 2018.

1.2. Commentary on the results as at 30 June 2019

In the presentation of its results and in this activity report, Solocal isolates the momentum of the continued activities from that of the activities that it is disposing of. The comments on the financial performance indicators concern the scope of continued activities.

In the course of the first half of 2018, the Group divested from four non-strategic activities ("divested activities"): Retail Explorer, Net Vendeur, Effilab Australia and Effilab Dubaï. These divested activities represented revenues of 1.0 million euros and an EBITDA of (0.1) million euros.

No divestment took place during the first half of 2019.

Consolidated income statement for continued activities for periods ending 30 June 2019 and 30 June 2018

Million euros	As at 30 June 2019					As at 30 June 2018					
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities			Change Recurring 2019 / 2018
			Total	Recurring	Non recurring			Total	Recurring	Non recurring	
Revenues	**304.0**	**-**	**304.0**	**304.0**	**-**	**350.7**	**1.0**	**349.8**	**349.8**	**-**	**-13.1%**
Net external expenses	(82.9)	-	(82.9)	(83.4)	0.4	(98.7)	(0.5)	(98.3)	(96.5)	(1.8)	-13.6%
Staff expenses	(138.9)	-	(138.9)	(139.5)	0.6	(190.5)	(0.6)	(189.8)	(183.3)	(6.5)	-23.9%
Restructuring costs	(1.7)	-	(1.7)	-	(1.7)	(124.9)	-	(124.9)	-	(124.9)	0.0%
EBITDA	**80.5**	**-**	**80.5**	**81.2**	**(0.6)**	**(63.3)**	**(0.1)**	**(63.2)**	**70.0**	**(133.2)**	**16.0%**
As % of revenues											
Depreciation and amortization	(37.4)	-	(37.4)	(37.4)	-	(32.8)	(0.1)	(32.7)	(32.7)	-	14.5%
Operating income	**43.1**	**-**	**43.1**	**43.8**	**(0.6)**	**(96.1)**	**(0.2)**	**(95.9)**	**37.3**	**(133.2)**	**17.4%**
As % of revenues											
Financial income	0.0	-	0.0	0.0	-	0.1	-	0.1	0.1	-	0.0%
Financial expenses	(20.1)	-	(20.1)	(20.1)	-	(19.2)	(0.0)	(19.2)	(19.2)	-	4.7%
Financial income	**(20.1)**	**-**	**(20.1)**	**(20.1)**	**-**	**(19.1)**	**(0.0)**	**(19.1)**	**(19.1)**	**-**	**5.1%**
Income before tax	**23.0**	**-**	**23.0**	**23.7**	**(0.6)**	**(115.2)**	**(0.2)**	**(115.0)**	**18.2**	**(133.2)**	**30.2%**
Corporate income tax	(6.6)	-	(6.6)	(6.8)	0.2	34.8	0.0	34.7	(11.1)	45.9	-38.9%
Income for the period	**16.5**	**-**	**16.5**	**16.9**	**(0.4)**	**(80.4)**	**(0.2)**	**(80.2)**	**7.1**	**(87.3)**	**138.9%**

Recurring EBITDA corresponds to EBITDA before taking account of items defined as non-recurring. Allocations per segment of fixed costs is carried out according to the application of allocation rules.

These non-recurring items are expenses and income in very small numbers which are unusual, abnormal and infrequent and with amounts that are particularly substantial. They correspond primarily to:

- Restructuring expenses: these are costs corresponding to a program that is planned and controlled by the management, which significantly modifies either the company's activity scope, or the way in which this activity is managed, according to the criteria provided for in IAS 37;
- Capital gain or losses on sales of assets

In the first half of 2019, the amount of non-recurring items stands at (0.6) million euros and is primarily comprised of the expenses incurred in the framework of the Group's transformation.

In the first half of 2018, the amount of non-recurring items stood at (133.2) million euros and was primarily comprised of the non-recurring expenses incurred in the framework of the implementation of the restructuring plan.

Details on the revenues and recurring EBITDA of continued activities, as at 30 June 2019 and as at 30 June 2018

Million euros	Continued activities As at 30 June 2019	 As at 30 June 2018	 Change Recurring 2019 / 2018
Digital	268.1	293.1	-8.5%
Print	36.0	56.7	-36.5%
Revenues	**304.0**	**349.8**	**-13.1%**
Digital revenues as % of total revenues	*88.2%*	*83.8%*	
Digital	71.8	59.0	21.7%
Print	9.4	11.0	-14.5%
Recurring EBITDA	**81.2**	**70.0**	**16.0%**
As % of revenues			
Digital	*26.8%*	*20.1%*	
Print	*26.1%*	*19.4%*	
Total	***26.7%***	***20.0%***	

1.2.1. Analysis of the order backlog for continued activities

Sales

In million of euros	As at 30 June 2019	As at 30 June 2018	Variation
Digital	271.7	286.2	-5.1%
Print	28.9	42.0	-31.2%
Total order intake	**300.6**	**328.2**	**-8.4%**

Total order intake in H1 2019 amounted to €301 million, down -8.4% compared to total order intake in H1 2018. H1 2019 Digital order intake were down -5.1%, whereas H1 2019 Print order intake were down -31.2%.

Revenues

In million of euros	As at 30 June 2019	As at 30 June 2018	Variation
Digital	268.1	293.1	-8.5%
Print	36.0	56.7	-36.5%
Total revenues	**304.0**	**349.8**	**-13.1%**

Total revenues for the first half of 2019 amount to € 304.0 million, down -13,1% compared to total revenues for H1 2018. Digital revenues are down € (25,0) million, i.e. -8,5%, due to the slowdown in Digital order intake in H2 2018. Print revenues for the first half of 2019 are down € (20,7) million, i.e. -36,5%.

Order backlog

In million of euros	As at 30 June 2019	As at 31 December 2018
Digital	347.0	389.3
Print	38.3	59.6
Total order backlog - beginning of period	**385.3**	**448.9**
Digital	271.7	528.7
Print	28.9	77.1
Total order intake	**300.6**	**605.8**
Cancellation	**(1.6)**	**0.0**
Digital	(268.1)	(571.0)
Print	(36.0)	(98.4)
Total revenues of continued activities	**(304.0)**	**(669.4)**
Digital	349.3	347.0
Print	31.0	38.3
Total order backlog - end of period	**380.3**	**385.3**

The order backlog total amounts to €380.3 million on 30 June 2019, down -11.9% compared to 31 December 2018. The drop is partially due to the decline in the Print activity.

Performance indicators of Solocal

	As at 30 June 2019	As at 30 June 2018	Variation
Auto-renewal subscription sales (as of % of total sales) (1)	30.4%	21.4%	9.0 points
Audience (PagesJaunes number of visits, in billion)	1.0	0.9	22.0%

(1) Solocal SA scope, excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, QDQ, SoMS and non-significant subsidiaries i.e. 91% of Group total revenues

Sales in subscription mode as a percentage of total Digital sales amounted to 30.4% of Digital sales, and were up +9 points in the first half of 2019 compared to the first half of 2018. Subscription sales mainly include Websites, Booster Contact and the Presence range. The new digital service offers Presence and priority Referencing are deployed to all customers starting in the second half of 2019.

The Pages Jaunes audience increased +22.0% over the first half of 2019 compared to the first half of 2018. Mobile visits increased by +1.6 point in the first half of 2019, in line with the overall trend, and partnership related visits are up.

1.2.2. Analysis of recurring EBITDA

Net external expenses

Net recurring external expenses reached -83.4 million euros in the first half of 2019 and are down -13.6% compared to the first half of 2018 (-5.7% at a constant standard, restated for the non-retroactive application of IFRS 16 on 1 January 2019) due to:

- de la diminution des dépenses liées aux contenus et à la production en lien avec la baisse des ventes,
- d'une baisse des dépenses liées au départ des effectifs commerciaux (véhicules, voyages…)
- d'une maîtrise des autres charges externes.

This drop is partially offset by an increase in IT services linked to the implementation of the Move to Cloud project (2 million euros) and marketing expenses over the half year (3 million euros).

The impact on the costs of applying IFRS 16 is -7.6 million euros on net external expenses in HY1 2019, corresponding to the cancellation of rental charges.

Personnel expenses

Recurring staff expenses were -139.5 million euros in the first half of 2019 and are down -23.9% due to the staff departures resulting from the transformation project.

Recurring EBITDA

Recurring EBITDA was 81.2 million euros in the first half of 2019, up +16.0% (+5.2% at a constant standard) compared to the first half of 2018, the fall in revenues being offset in particular by the reduction in the recurring cost base of 49 million euros (at a constant standard) under the transformation project and the cost reduction policy.
The impact on recurring EBITDA of applying IFRS 16 is +7.6 million euros in the first half of 2019, a consequence of the reduction in net external expenses by the same amount, corresponding to the cancellation of rental charges.

The Recurring EBITDA margin / revenues was 26.7% in the first half of 2019 (24.2% at a constant standard, which is an increase of +4.2 points at a constant standard) compared to the first half of 2018.

1.2.3. Analysis of the other items of the income statement

Operating income

The table below shows the Group's operating income for continued activities in the first half of 2019 and 2018:

Million euros	As at 30 June 2019					As at 30 June 2018					
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities			Change Recurring 2019 / 2018
			Total	Recurring	Non recurring			Total	Recurring	Non recurring	
EBITDA *As % of revenues*	**80.5**	**-**	**80.5**	**81.2**	**(0.6)**	**(63.3)**	**(0.1)**	**(63.2)**	**70.0**	**(133.2)**	**16.0%**
Depreciation and amortization	(37.4)	-	(37.4)	(37.4)	-	(32.8)	(0.1)	(32.7)	(32.7)	-	14.5%
Operating income *As % of revenues*	**43.1**	**-**	**43.1**	**43.8**	**(0.6)**	**(96.1)**	**(0.2)**	**(95.9)**	**37.3**	**(133.2)**	**17.4%**

Depreciation and amortisation amounted to (37.4) million euros in the first half of 2019, down -14.5% (-10.0% at a constant standard) compared to the first half of 2018. This is primarily explained by the downward trend in investments over the last few years.
The impact on depreciation and amortisation of the application of IFRS 16 is (8.0) million euros in the first half of 2019, resulting from the cancellation of rental charges of (7.6) million euros.

Recurring operating income for the Group stands at 43.8 million euros, up +17.4% in the first half of 2019 compared to the first half of 2018 (+18.5% at a constant standard).

Net Income

The table below shows the Group's net income for continued activities in the first half of 2019 and 2018:

Million euros	As at 30 June 2019					As at 30 June 2018					
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities			Change Recurring 2019 / 2018
			Total	Recurring	Non recurring			Total	Recurring	Non recurring	
Operating income	**43.1**	**-**	**43.1**	**43.8**	**(0.6)**	**(96.1)**	**(0.2)**	**(95.9)**	**37.3**	**(133.2)**	**17.4%**
As % of revenues											
Financial income	0.0	-	0.0	0.0	-	0.1	-	0.1	0.1	-	0.0%
Financial expenses	(20.1)	-	(20.1)	(20.1)	-	(19.2)	(0.0)	(19.2)	(19.2)	-	4.7%
Financial income	**(20.1)**	**-**	**(20.1)**	**(20.1)**	**-**	**(19.1)**	**(0.0)**	**(19.1)**	**(19.1)**	**-**	**5.1%**
Income before tax	**23.0**	**-**	**23.0**	**23.7**	**(0.6)**	**(115.2)**	**(0.2)**	**(115.0)**	**18.2**	**(133.2)**	**30.2%**
Corporate income tax	(6.6)	-	(6.6)	(6.8)	0.2	34.8	0.0	34.7	(11.1)	45.9	-38.9%
Income for the period	**16.5**	**-**	**16.5**	**16.9**	**(0.4)**	**(80.4)**	**(0.2)**	**(80.2)**	**7.1**	**(87.3)**	**138.9%**

Net financial income

Financial income was -20.1 million euros in the first half of 2019, up 2.0 million euros at a constant standard compared to -19.1 million euros in the first half of 2018.

The impact on the financial expenses of applying IFRS 16 is -2.9 million euros in the first half of 2019, corresponding to the financing of the restating of rents.

Recurring income for the period

Recurring income before tax for continued activities amounts to 23.7 million euros in the first half of 2019 (27.0 million euros at a constant standard, up 48.7%) compared to the first half of 2018.

Income before tax amounts to 23.0 million euros in the first half of 2019, up3 at a constant standard compared to the first half of 2018 due to the absence of restructuring costs linked to the transformation project that was (124.9) million euros in the first half of 2018.

The impact on income before tax of applying IFRS 16 is (3.4) million euros in the first half of 2019.

Expense for corporate income tax of (6.6) million euros recognised the first half of 2019 is comprised of a net reversal of 4 million euros in deferred tax assets relating in particular to the outflows of the transformation plan carried out over the period and CVAE (Corporate value added contribution) expense of 3 million euros. In the first half of 2018 the corporate income tax revenue was 34.8 million euros.

Non-recurring items

Non-recurring items that impact EBITDA amounted to (0.6) million euros and include mainly (1.7) million euros in restructuring costs resulting from the transformation project.

Net income for the period

The Group consolidated net income is positive and stands at 16.5 million euros in the first half of 2019 compared to (80.4) million euros in the first half of 2018.

The impact on consolidated net income of applying IFRS 16 is (3.4) million euros in the first half of 2019.

1.2.4 Presentation of the consolidated cash flows with the detail for « Continued activities » and « Divested activities »

Cash flow statement	As at 30 June 2019	As at 30 June 2018
In million of euros		
Recurring EBITDA	**81.2**	**70.0**
Non monetary items included in EBITDA and other	6.2	5.4
Net change in working capital	(19.2)	(24.8)
Acquisition of tangible and intangible fixed assets	(21.2)	(21.5)
Cash financial income	(19.7)	(17.2)
Non recurring items	(46.2)	(12.2)
of which Restructuring	(38.0)	(12.2)
of which Net change in non recurring working capital	(4.0)	-
Corporate income tax paid	4.4	(11.8)
Free Cash flow from continued activities	**(14.7)**	**(12.2)**
Free Cash flow from divested activities	-	(0.0)
Free cash flow	**(14.7)**	**(12.2)**
Increase (decrease) in borrowings and bank overdrafts	(8.5)	(0.9)
Capital increase	-	-
Other	-	(0.4)
Net cash variation	**(23.2)**	**(13.6)**
Net cash and cash equivalents at beginning of period	81.5	86.1
Net cash and cash equivalents at end of period	**58.3**	**72.5**

The change in working capital requirements amounts to (19.2) million euros in the first half of 2019, compared to (24.7) million euros in the first half of 2018.

Non-recurring items amount to (46.2) million euros in the first half of 2019 and include (38.0) million euros linked to the transformation project 2018, (4.0) million euros in non-recurring outflows excluding the Redundancy Scheme 2018 (old Redundancy Scheme 2014 and voluntary redundancy plan 2015, natural departures not replaced…) and a change of (4.0) million euros in non-recurring working capital requirements.

With the contribution from divested activities, consolidated available cash flow for the Group was (14.7) million euros in the first half of 2019, compared to (12.2) million euros in the first half of 2018.

As at 30 June 2019, the Group has a net cashflow of 58.3 million euros compared to 72.5 million euros as at 30 June 2018.

The conversion rate for recurring EBITDA to operating cash flow flux such as calculated by the formula ((recurring EBITDA + change in WCR – capex) / recurring EBITDA) was 52% in the first half of 2019 compared to 43% in the first half of 2018.

1.3. Liquidities, capital resources and investment expenses

The table below shows the cash flows for continued activities of the Group as at 30 June 2019 and as at 30 June 2018:

In million of euros	As at 30 June 2019	As at 30 June 2018
Net cash from operations	4.6	9.8
Net cash used in investing activities	(28.6)	(21.9)
Net cash provided by (used in) financing activities	0.8	(1.2)
Net increase (decrease) in cash position	**(23.2)**	**(13.2)**

The net cash from operations amounted to 4.6 million euros in the first half of 2019 compared to 9.8 million euros in the first half of 2018, representing a decrease of (5.2) million euros due mainly to disbursements linked to non-recurring items (restructuring project).

The net cash from operations used in investment activities amounted to (28.6) million euros in the first half of 2019 compared to (21.9) million euros in the first half of 2018, representing an increase of (6.7) million euros.

The net cash used in financing activities represents a collection of 0.8 million euros in the first half of 2019 compared to a net disbursement of (1.2) million euros in 2017.

The table below shows the changes in the **Group's consolidated cash position** as at 30 June 2019, and as at 30 June 2018:

(in thousands of euros)	**As at 30 June 2019**	**As at 31 December 2018**	**As at 30 June 2018**
Gross cash	**58.6**	**81.6**	**72.9**
Bank overdrafts	(0.2)	(0.1)	(0.4)
Net cash	**58.3**	**81.5**	**72.5**
	-	-	-
Bond loan	397.8	397.8	397.8
Lease liability	5.1	6.9	-
Fair value of hedging instruments (cf. note 7)	-	-	-
Price supplements on acquisition of securities	0.2	0.2	1.3
Accrued interest not yet due	1.2	1.4	1.3
Other financial liabilities	115.5	2.8	14.4
of which IFRS 16	*112.6*	-	-
Gross financial debt	**519.9**	**409.1**	**414.9**
of which current	*3.8*	*6.9*	*5.7*
of which non-current	*516.1*	*402.2*	*409.2*
Net debt	**461.6**	**327.6**	**342.3**
Net debt of consolidated group excluded loan issue expenses	**461.6**	**327.6**	**342.3**

The Group's net debt amounted to 461.6 million euros on 30 June 2019 compared to 327.6 million euros on 31 December 2018.

Net financial debt (financial debt, minus cash flow and cash flow equivalents) was 461.6 million euros as at 30 June 2019, up 6.7 million euros at a constant standard compared to 342 million euros as at 30 June 2018.

The impact on net financial debt: of the application of IFRS 16 is +112.6 million euros in the first half of 2019, resulting from the reclassification of rental charges as rental obligations as a liability on the balance sheet.

Financial leverage such as defined in the bond documentation concerning Solocal's 2022 bond is 1.94x as at 30 June 2019 (to which IFRS 16 does not apply).

As at 30 June 2019, financial debt is primarily comprised:

- of bonds stemming from the financial restructuring operations carried out in March 2017 for an amount of 397.8 million euros, repayable in March 2022,
- of lease liabilities of 5.1 million euros,
- of net cash flow of 58.3 million euros.

In February 2019 the Group had contracted a revolving credit facility of 15 million euros, ending March 2022. In accordance with what was announced, the Group continued its search for means of financing and increased this revolving credit facility of 25 million euros to 40 million euros. This revolving credit facility is in addition to the working capital line of credit of 10 million euros set up in December 2018. The Group will continue to diversify its means of financing.

1.4. Perspectives for the year 2019

Solocal confirms the launch of its new range of products (Priority Ranking) and the roll-out of the Presence offer to all customers. The group is pursuing its strategic investments, particularly on new subscription-based digital services and migration to the Cloud. Solocal confirms the return to growth of Digital order intake in H2 2019, that will enable, based on H1 2019 order intake, to deliver stabilised Digital order intake in 2019, as well as moderate growth in recurring EBITDA. The conversion rate for recurring EBITDA into operating cash flow will be about 60% (as per same accounting standards before application of IFRS 16 rule).

1.5. Events subsequent to the closing date

Following the implementation of the Solocal 2020 strategic program, the Group continues transforming its organization for better meeting expectations of its clients in an increased competitive background.

On 25th July, Solocal SA signed an agreement with three trade union organizations (Autonome, CFDT, CFE-CGC) given 122 staff people, working in declining activities such as print, the opportunity of benefiting from a mobility leave.

The Group is fully aware of efforts asked to staff but assures of its commitment to implement an individualized support and favors a voluntary basis.
A this point, evaluation of the cost of these possible leaves is in progress.

1.6. Investment expense

In million of euros	As at 30 June 2019	As at 30 June 2018
Acquisition of tangible and intangible fixed assets	21.4	21.6
Right-of-useassets related to leases	79.1	-
Current investments	**100.6**	**21.6**

Capital expenditure were 21.4 million euros for the first half of 2019 comparable to the first half of 2018.

Glossary

Audience: Indicator of visits and access to content on a defined period

Order backlog: Order backlog corresponds to the outstanding portion of revenues still to be recognised as at 31 December from order bookings validated and engaged by customers. Regarding products on a subscription mode, only the current commitment period is taken into account

EBITDA: (earnings before interests, taxes, depreciation and amortisation): EBITDA is an alternative performance indicator presented in the profit & loss statement at the level of operating income before taking into account depreciation and amortisation.
Recurring EBITDA corresponds to EBITDA before taking into account exceptional events such as restructuring costs. These non-recurring items are income and expenses in a limited number, unusual, abnormal, and infrequent and of amounts particularly significant. They correspond to:

- Gains or losses realised on the disposal of assets
- Restructuring costs: costs corresponding to a planned program and controlled by the management, which has a significant impact on the scope of activities of the Group or the way this business is managed, under the IAS 37 criteria.
-

Order intake: Orders booked by the sales force, which should translate into the performance of a service by the Group for its customers.

2. Condensed consolidated financial statements as at 30 June 2019

2.1 – Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 30 June 2019 (*)	As at 30 June 2018 (*)
Revenues	3.1	304 029	350 737
Net external expenses		(82 927)	(98 739)
Personnel expenses		(138 895)	(190 458)
Restructuring costs		(1 675)	(124 885)
EBITDA		**80 533**	**(63 345)**
Depreciation and amortization		(37 424)	(32 773)
Operating income		**43 109**	**(96 118)**
Financial income		280	103
Financial expenses		(20 348)	(19 191)
Financial income	5.1	**(20 068)**	**(19 088)**
Income before tax		**23 041**	**(115 206)**
Corporate income tax	8	(6 588)	34 769
Income for the period from continuing operations		**16 453**	**(80 437)**
Income for the period attributable to:			
- Shareholders of SoLocal Group		16 453	(80 458)
- Non-controlling interests		-	21
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic	9.2	0.03	(0.14)
- diluted		0.03	(0.14)
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 June)			
- basic		0.03	(0.14)
- diluted		0.03	(0.14)

(*) First-time adoption of IFRS 16 using simplified retrospective method does not allow to maintain comparable data between both periods

2.2 – Statement of consolidated comprehensive income

(Amounts in thousands of euros)	Notes	**As at 30 June 2019 (*)**	**As at 30 June 2018 (*)**
Income for the period report		**16 453**	**(80 437)**
ABO reserves :			
- Gross	6	(4 925)	6 082
- Deferred tax		(78)	(1 550)
- Net of tax		**(5 003)**	**4 532**
Exchange differences on translation of foreign operations		26	80
Other comprehensive income		**(4 977)**	**4 612**
Total comprehensive income for the period, net of tax		**11 476**	**(75 825)**
Total comprehensive income for the period attributable to:			
- Shareholders of SoLocal Group		11 476	(75 869)
- Non-controlling interests		-	44

(*) First-time adoption of IFRS 16 using simplified retrospective method does not allow to maintain comparable data between both periods

2.3 – Statement of consolidated financial position

(thousand euros)	Notes	**As at 30 June 2019**	**As at 31 December 2018**
Assets			
Net goodwill		88 870	88 870
Other net intangible fixed assets		94 817	100 139
Net tangible fixed assets		22 706	25 614
Right-of-use assets related to leases	1.2	79 137	-
Other non-current financial assets		7 303	6 919
Net deferred tax assets	8	70 966	75 056
Total non-current assets		**363 799**	**296 598**
Net trade accounts receivable	3.2	206 902	234 559
Other current assets		39 779	42 494
Current tax receivable		2 073	9 023
Prepaid expenses		6 964	4 755
Other current financial assets		4 007	2 006
Cash and cash equivalents	5.2	58 555	81 644
Total current assets		**318 279**	**374 483**
Total assets		**682 078**	**671 081**
Liabilities			
Share capital		58 512	58 363
Issue premium		744 737	743 803
Reserves		(1 430 820)	(1 349 806)
Income for the period attribuable to shareholders of Solocal Group		16 453	(81 184)
Other comprehensive income		(49 643)	(44 641)
Own shares		(5 551)	(5 249)
Equity attributable to equity holders of the SoLocal Group	9	**(666 313)**	**(678 714)**
Non-controlling interests		41	41
Total equity		**(666 272)**	**(678 673)**
Non-current financial liabilities and derivatives		401 791	402 235
Long-term lease liabilities	1.2	95 728	-
Employee benefits - non-current		95 251	93 770
Provisions - non-current	6	21 425	39 937
Deferred tax liabilities		-	-
Total non-current liabilities		**614 195**	**535 942**
Bank overdrafts and other short-term borrowings		4 510	5 626
Accrued interest		1 236	1 389
Short-term lease liabilities	1.2	16 893	-
Provisions - current	6.0	144 423	163 188
Contract liabilities	3.3	325 240	357 486
Trade accounts payable	7	85 737	115 391
Employee benefits - current		87 438	93 605
Other current liabilities		68 528	76 895
Corporation tax		150	232
Total current liabilities		**734 155**	**813 813**
Total liabilities		**682 078**	**671 081**

2.4 – Statement of consolidated changes in equity

(thousand euros)

	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Actuarial differences	Translation reserve	Group equity	Non-controlling interests	Total equity
Balance as at 1 January 2018	**582 042 526**	**58 244**	**741 551**	**(5 157)**	**(1 349 632)**	**(44 745)**	**(600)**	**(600 341)**	**79**	**(600 261)**
Total comprehensive income for the period					(81 184)			**(81 184)**	21	**(81 163)**
Other comprehensive income					-	693	11	**704**	**2**	**706**
Total comprehensive income for the period, net of tax					**(81 184)**	**693**	**11**	**(80 480)**	**23**	**(80 457)**
Share-based payment					2 197			**2 197**		**2 197**
Distribution de dividendes					-			-		-
Capital transactions	1 185 565	119	2 252		(2 371)			-		-
Shares of the consolidating company net of tax effect	(90 367)			(92)				**(92)**		**(92)**
Minority Stake holders Effilab Dubaï (cession)									**(61)**	**(61)**
Balance as at 31 December 2018	**583 137 724**	**58 363**	**743 803**	**(5 249)**	**(1 430 990)**	**(44 052)**	**(589)**	**(678 714)**	**41**	**(678 673)**
Balance as at 1 January 2019	**583 137 724**	**58 363**	**743 803**	**(5 249)**	**(1 430 990)**	**(44 052)**	**(589)**	**(678 714)**	**41**	**(678 673)**
Total comprehensive income for the period					16 453			**16 453**	-	**16 453**
Other comprehensive income					-	-	-	-	-	-
Total comprehensive income for the period, net of tax					-	-	-	-	-	-
Share-based payment	1 000 000	100			1 240			**1 340**		**1 340**
Capital transactions	491 525	49	934		(983)			-		-
Shares of the consolidating company net of tax effect	371 049			(277)				**(277)**		**(277)**
Minority Stake holders Effilab Dubaï (cession)					(138)	(5 003)	26	**(5 115)**	-	**(5 115)**
Balance as at 30 june 2019	**585 000 298**	**58 512**	**744 737**	**(5 526)**	**(1 414 418)**	**(49 055)**	**(563)**	**(666 313)**	**41**	**(666 272)**

2.5 – Consolidated cash flow statement

(thousand euros)	**As at 30 June 2019**	**As at 30 June 2018**
Income for the period attribuable to shareholders of SoLocal Group	**16 453**	**(80 458)**
Depreciation and amortization of fixed assets	35 094	29 085
Change in provisions	(36 566)	126 371
Share-based payment	1 240	527
Capital gains or losses on asset disposals	277	3 688
Interest income and expenses	20 068	19 088
Tax charge for the period	6 588	(34 769)
Non-controlling interests	-	21
Decrease (increase) in inventories	-	57
Decrease (increase) in trade accounts receivable	27 806	23 881
Decrease (increase) in other receivables	1 170	(17 597)
Increase (decrease) in trade accounts payable	(3 766)	15 058
Increase (decrease) in other payables	(48 374)	(46 088)
Net change in working capital	**(23 164)**	**(24 690)**
Dividends and interest received	278	110
Interest paid and rate effect of net derivatives	(19 995)	(17 312)
Corporation tax paid	4 374	(11 821)
Net cash from operations	**4 647**	**9 840**
Acquisition of tangible and intangible fixed assets	(28 631)	(21 734)
Acquisitions / disposals of investment securities and subsidiaries, net of cash	3	(942)
Net cash used in investing activities	**(28 628)**	**(22 676)**
Increase (decrease) in borrowings	764	(908)
Capital increase net of costs	-	-
Dividends paid	-	-
Other cash from financing activities o/w own shares	-	169
Net cash provided by (used in) financing activities	**764**	**(739)**
Impact of changes in exchange rates on cash	12	2
Net increase (decrease) in cash position	**(23 205)**	**(13 573)**
Net cash and cash equivalents at beginning of period	81 523	86 118
Net cash and cash equivalents at end of period	**58 318**	**72 545**

2.6 – Notes to the condensed consolidated financial statements as at 30 June 2019

Note 1 – Accounting Methods and Principles

Solocal Group is a public limited company with a Board of Directors subject to the provisions of Book II of the French Commercial Code, as well as to all of the other legal provisions that apply to French commercial companies.

The Company's registered office is located at 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt (France). It was formed in 2000 and the securities of Solocal Group have been listed on the Paris Stock Exchange (Euronext) since 2004 (LOCAL).

The Group's summarised consolidated financial statements as at 30 June 2019 were drawn up under the responsibility of the Managing Director of Solocal Group and were approved by the Board of Directors of Solocal Group on 26 July 2019.

1.1 Basis for preparation

Pursuant to European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Solocal Group as at 30 June 2019 in accordance with the IAS/IFRS international accounting standards adopted in the European Union on the closing data and with mandatory applicable as of that date.

The condensed half-year consolidated financial statements as at 30 June 2019 are drawn up in accordance with IAS 34 "Interim financial reporting".

The accounting rules and methods applied in the half-year financial statements are coherent with those used by the Group in the consolidated financial statements as of 31 December 2018, and presented in the reference document filed with the Autorité des marchés Financiers (AMF) on 21 March 2019, except for the standards and interpretations adopted by the European Union applicable starting on 1 January 2019 and described hereinafter and of IFRS 16.

All of the standards and interpretations adopted by the European Union as at 30 June 2019 are available on the website of the European Commission at the following address:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ecno-1606-2002

1.2 IFRS standards

1.2.1 Change in IFRS standard and interpretations

The accounting methods and principles applied for the summarised consolidated financial statements as at 30 June 2019 are identical to those used in the consolidated financial statements as at 31 December 2018 except for the standards, amendments and interpretations of IFRS of mandatory application for periods opens starting on 1 January 2019 (and which had not been applied early by the Group). Only the application of IFRS 16 has a significant impact as at 30 June 2019.

1.2.2 First application of IFRS 16

The new Leases standard (IFRS 16), published on 13 January 2016, results in all lease commitments, as defined by the new standard, without distinction between operating leases, being recognised in the balance sheet whereas they are currently recognised as off-balance-sheet commitments and finance leases contracts.

The first application of this standard impacts the Group's balance sheet as follows:
- Increase in fixed assets (recognition of a right of use);
- Recognition of a lease debt (representative of discounted rentals).

When a rental lease is concluded for which the payments are fixed, this standard imposes recording a liability on the balance sheet that corresponds to future discounted payments, offsetting a right of use for the asset depreciated over the duration of the lease. IFRS 16 is applied on the Group's financial statements since 1 January 2019, according to the "modified retrospective" transition method which consists in recognising the total effect of the initial application as an adjustment on opening equity by considering that the asset in terms of a right of use is equal to the amount of the lease obligation, adjusted for the amount of rents paid in advance.

The standard calls for various exemptions during the transition, the Group has retained the one that makes it possible to exclude the contracts for residual duration less than twelve months and to exclude the contracts that concern assets of a low value. The will continue the application of these two exemptions.

The amount of the liability is thus substantially dependent on the hypotheses retained in terms of duration of commitments and discount rate. The duration of the contract retained for the calculation of the liability is that of the initially negotiated contract, without taking account of the early termination or extension options according to the types of contracts, except for particular cases.

The discount rate is determined as the sum of the risk-free rate, in reference to its duration, and of the Group's credit risk for this same duration reference.

1.2.3 Impacts on the financial statements of the application of IFRS 16

1.2.3.1 Impacts of IFRS 16 on the opening consolidated balance sheet

The following table presents the impacts of the first application of IFRS 16 on the opening balance sheet

(thousand euros)	**As at 31 December 2018**	**First-time application of IFRS 16**	**Information January 1, 2019 with IFRS 16**
Assets			
Other net intangible fixed assets	100 139		100 139
Net tangible fixed assets	25 614		25 614
Right-of-use assets related to leases		79 520	79 520
Other non-current financial assets	6 919		6 919
Other non-current assets	163 926		163 926
Other current financial assets	2 006		2 006
Other current assets	372 477		372 477
Total assets	**671 081**	**79 520**	**750 601**
Liabilities			
Total equity	**(678 673)**		**(678 673)**
Non-current financial liabilities and derivatives	402 235		402 235
Long-term lease liabilities	-	95 058	95 058
Provisions - non-current	39 937		39 937
Others	93 770		93 770
Total non-current liabilities	**535 942**	**95 058**	**631 000**
Short-term lease liabilities	-	13 969	13 969
Provisions - current	163 188	(3 313)	159 875
Other current liabilities	76 895		76 895
Others	573 730	(26 194)	547 536
Total current liabilities	**813 813**	**(15 538)**	**798 275**
Total liabilities	**671 081**	**79 520**	**750 601**

The impacts of the first application of IFRS 16 on the opening balance sheet are:

- The recognition of rights of use concerning rental contracts and lease obligations for respectively €80 million and €109 million;
- The reclassification of provisions for vacant premises as a decrease to rights of use for €3.3 million;
- The reclassification of provisions for franchises as a decrease to rights of use for €28 million.

The application of this new accounting standard has no effect on cashflow or on the calculation of financial leverage such as defined in the bond documentation.

The group did not opt for the recognitions of deferred taxes.

1.2.3.2 Impacts IFRS 16 on the consolidated balance sheet

The following table presents the bridge between off-balance-sheet commitments as at December 31, 2018 to opening balance of lease liabilities according IFRS 16.

million euros	
Lease liabilities as at December 31, 2018	148
Contracts out of the scope of application of IFRS 16	(13)
Commitment before discounted as at January 1, 2019	135
Discounting effect	(26)
Lease liabilities as at January 1, 2019	109

1.2.3.3 Impacts on IFRS 16 on the consolidated balance sheet

(thousand euros)	**Information As at 30 June 2019 berore IFRS 16**	**IFRS 16**	**As at 30 June 2019 reported**
Assets			
Net goodwill	88 870		88 870
Other net intangible fixed assets	94 817		94 817
Net tangible fixed assets	22 706		22 706
Right-of-use assets related to leases	-	79 137	79 137
Other non-current financial assets	7 303		7 303
Net deferred tax assets	70 966		70 966
Total non-current assets	**284 662**	**79 137**	**363 799**
Net trade accounts receivable	206 902		206 902
Other current assets	39 779		39 779
Current tax receivable	2 073		2 073
Prepaid expenses	6 964		6 964
Other current financial assets	4 007		4 007
Cash and cash equivalents	58 555		58 555
Total current assets	**318 279**		**318 279**
Total assets	**602 941**	**79 137**	**682 078**
Liabilities			
Share capital	58 512		58 512
Issue premium	744 737		744 737
Reserves	(1 430 820)		(1 430 820)
Income for the period attribuable to shareholders of Solocal Group	19 813	(3 360)	16 453
Other comprehensive income	(49 643)		(49 643)
Own shares	(5 551)		(5 551)
Equity attributable to equity holders of the SoLocal Group	**(662 952)**	**(3 360)**	**(666 313)**
Non-controlling interests	41		41
Total equity	**(662 911)**	**(3 360)**	**(666 272)**
Non-current financial liabilities and derivatives	401 791		401 791
Long-term lease liabilities	-	95 728	95 728
Employee benefits - non-current	95 251		95 251
Provisions - non-current	21 425		21 425
Deferred tax liabilities	-		-
Total non-current liabilities	**518 467**	**95 728**	**614 195**
Bank overdrafts and other short-term borrowings	4 510		4 510
Accrued interest	1 236		1 236
Short-term lease liabilities	-	16 893	16 893
Provisions - current	146 303	(1 880)	144 423
Contract liabilities	325 240		325 240
Trade accounts payable	113 981	(28 244)	85 737
Employee benefits - current	87 438		87 438
Other current liabilities	68 528		68 528
Corporation tax	150		150
Total current liabilities	**747 385**	**(13 231)**	**734 155**
Total liabilities	**602 942**	**79 137**	**682 078**

1.2.3.4 Impacts on the income statement

(thousand euros)	Information As at 30 June 2019 berore IFRS 16	IFRS 16	As at 30 June 2019 reported
Revenues	304 029		304 029
Net external expenses	(90 514)	7 587	(82 927)
Personnel expenses	(138 895)		(138 895)
Restructuring costs	(1 675)		(1 675)
EBITDA	**72 946**	**7 587**	**80 533**
Depreciation and amortization	(29 426)	(7 998)	(37 424)
Operating income	**43 520**	**(411)**	**43 109**
Financial income	280		280
Financial expenses	(17 399)	(2 949)	(20 348)
Financial income	**(17 119)**	**(2 949)**	**(20 068)**
Income before tax	**26 401**	**(3 360)**	**23 041**
Corporate income tax	(6 588)		(6 588)
Income for the period from continuing operations	**19 813**	**(3 360)**	**16 453**

1.3 Autres informations

Seasonal variations
The activities of the Group are not subject to seasonal effects per se, note however that in order to optimise costs for the Print business, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Use of hypotheses
The drawing up of the summarised consolidated financial statements as at 30 June 2019 in accordance with the IFRS standards led the Group's management to conduct estimates and issue hypotheses, which can affect the amounts booked as assets and liabilities on the date the financial statements were prepared and have an offset in the income state. The management made its estimates and issued its hypotheses based on past experience and the taking account of different factors considered as reasonable for the evaluation of assets and liabilities. The use of different hypotheses could have an significant impact on these evaluations. The main estimates made by the management during the drawing up of the financial statements relate in particular to the hypotheses retained for the evaluation of the recoverable amount of tangible and intangible fixed assets, pension commitments, deferred taxes and provisions. The information provided in terms of any assets and liabilities and off-balance-sheet commitments on the date the summarised consolidated financial statements were drawn up are also the subject of estimates.

1.4 Note sur la continuité d’exploitation

Despite the existence of consolidated equity that is negative, the Group has not identified any elements of a nature to compromise continuity of operation.

A revolving credit facility of fifteen million euros was set up in February 2019 with two banking partners. As the Group had announced, it worked on increasing this credit facility. The later was thus extended 25 million euros on 12 July 2019, reaching 40 million euros, maturing in March 2022.
In addition, a working capital line of credit had been set up in December 2018 with a financial partner. This line is operational and was used for nearly 2 million as at 30 June 2019.

The Group will continue to diversify its means of financing.

In light of the cashflow forecasts that it has, and by integrating the 50 million in financing facilities available (forty million euros in revolving credit facility and 10 million euros in existing WCR financing lines), the Group has the capacity to finance its activity over the next twelve months, and in particular to handle any substantial disbursements in cashflow, linked to the PSE, coming up in the third and fourth quarters of 2019.

Note 2 – Notes to the consolidated financial statements

2.1 Alternative performance indicators

In order to monitor and analyse the Group's financial performance and that of its various activities, the management of the Group uses alternative performance indicators, financial indicators that are defined in IFRS. A reconciliation with the aggregates of the IFRS consolidated financial statements is presented in this note.

Note 2.2 "segment information" refers to these alternative performance indicators.

2.1.1 Order backlog and sales

The order backlog corresponds to the sales such as validated and committed by the customers on the closing date. For in subscription mode, only the current commitment period is considered.

For sales, this is the taking of orders by the sales force, and that gives rise to a service performed by the Group for its customers. Sales are net of cancellations.

In million of euros	As at 30 June 2019	As at 31 December 2018
Digital	347.0	389.3
Print	38.3	59.6
Total order backlog - beginning of period	**385.3**	**448.9**
Digital	271.7	528.7
Print	28.9	77.1
Total order intake	**300.6**	**605.8**
Cancellation	**(1.6)**	**0.0**
Digital	(268.1)	(571.0)
Print	(36.0)	(98.4)
Total revenues of continued activities	**(304.0)**	**(669.4)**
Digital	349.3	347.0
Print	31.0	38.3
Total order backlog - end of period	**380.3**	**385.3**

2.1.2 Recurring Digital and Print EBITDA

Recurring EBITDA corresponds to EBITDA before taking account of items defined as non-recurring. Allocations per segment of fixed costs is carried out according to the application of allocation rules.

These non-recurring items are expenses and income in very small numbers which are unusual, abnormal and infrequent and with amounts that are particularly substantial. They correspond primarily to:

- Restructuring expenses: these are costs corresponding to a program that is planned and controlled by the management, which significantly modifies either the company's activity scope, or the way in which this activity is managed, according to the criteria provided for in IAS 37;

- Capital gain or losses on sales of assets

For the management of the Group, the management dissociates the divested activities which are the subsidiaries or business lines that have been sold or abandoned. For the presentation of segment information, the comparisons are restated for pro forma over 6 months of activities also divested during the period.

During the first half of 2019, no activity was sold off. In the course of the first half of 2018, the Group divested from the non-strategic activities (“divested activities”): Retail Explorer, Net Vendeur, Effilab Australia, Effilab Dubaï. These divested activities represented revenues of 1.0 million euros and an EBITDA of (0.1) million euros.

Million euros	Continued activities		
	As at 30 June 2019	**As at 30 June 2018**	**Change Recurring 2019 / 2018**
Digital	268.1	293.1	-8.5%
Print	36.0	56.7	-36.5%
Revenues	**304.0**	**349.8**	**-13.1%**
Digital revenues as % of total revenues	*88.2%*	*83.8%*	
Digital	71.8	59.0	21.7%
Print	9.4	11.0	-14.5%
Recurring EBITDA	**81.2**	**70.0**	**16.0%**
As % of revenues			
Digital	*26.8%*	*20.1%*	
Print	*26.1%*	*19.4%*	
Total	***26.7%***	***20.0%***	

2.2.3 Non-recurring items

As at 30 June 2019, the amount of non-recurring items stands at (0.6) million euros and is primarily comprised of the expenses incurred in the framework of the Group's transformation.

2.2.4 Working capital requirement

In million of euros	**Période close le 30 juin 2019**	**Exercice clos le 31 décembre 2018**
+ Net trade accounts receivable	206.9	234.6
+ Other current assets	39.8	42.5
+ Current tax receivable	2.1	9.0
+ Other current financial assets	4.0	2.0
- Trade accounts payable	85.7	115.4
- Other current liabilities	68.5	76.9
- Corporation tax	0.2	0.2
Working capital	**98.3**	**95.6**

2.2.5 Current investment

In million of euros	**As at 30 June 2019**	**As at 30 June 2018**
Acquisition of tangible and intangible fixed assets	21.4	21.6
Right-of-useassets related to leases	79.1	-
Current investments	**100.6**	**21.6**

2.2 Information by segment

In application of IFRS 8 "Operating segments", segment information is presented in accordance with the Group's internal reporting used by the general management to measure the financial performance of the segments and allocate resources.

Solocal Group is developing its activities within two operating segments: "Digital" and "Print" and generated revenue for continued activities of 304.0 million euros as at 30 June 2019, these activities represent respectively 88.2% and 11.8%.

Digital
The "Digital" activity can be broken down as follows as at 30 June 2019:

- The digital Presence offer allows VSBs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, PagesJaunes, Bing, Tripadvisor, Waze, Instagram, etc.) with just a few clicks, in real time and with complete autonomy, via a single mobile application, or a web interface. This offer represents revenues of 68.8 million euros as at 30 June 2019.

- The digital Advertising offer allows companies to increase their digital visibility beyond their natural presence over the entire Web, in a logic for developing local market shares. This offer represents revenues of 140.3 million euros as at 30 June 2019.

Intended for VSE/SMEs, the digital Presence and digital Advertising ranges are also available for large network accounts.

- With the Website range, Solocal offers its customers to ensure the creating and referencing of their site (showcase and e-commerce), according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenues of 54.8 million euros as at 30 June 2019.

- Solocal also proposes New services aimed at facilitating the daily life of companies, such as for example a customer relations management (CRM) solution which is being developed in 2019. This offer represents revenues of 4.2 million euros as at 30 June 2019.

Print

This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in the PagesJaunes and PagesBlanches print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", concerning conventional direct marketing (logistics, postage, mailing) and telephone directory services and via SMS (1018 008) as well as the QuiDonc reverse directory service.

The Solocal Group recorded Print revenues of 36.0 million euros as at 30 June 2019, down 36.6% compared to 2018.

There are no significant inter-sector transactions

2.2.1 By business sector

The table below presents a breakdown of the main aggregates by business sector:

(Million euros)	As at 30 June 2019					As at 30 June 2018				
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities		
			Total	Recurring	Non recurring			Total	Recurring	Non recurring
Revenues	**304.0**	**0.0**	**304.0**	**304.0**	**0.0**	**350.7**	**1.0**	**349.8**	**349.8**	**0.0**
- Digital	268.1	0.0	268.1	268.1	0.0	294.1	1.0	293.1	293.1	0.0
- Print	36.0	0.0	36.0	36.0	0.0	56.7	0.0	56.7	56.7	0.0
EBITDA	**80.5**	**0.0**	**80.5**	**81.2**	**(0.6)**	**(63.3)**	**(0.1)**	**(63.2)**	**70.0**	**(133.2)**
- Digital	71.1	0.0	71.1	71.8	(0.6)	(74.3)	(0.1)	(74.2)	59.0	(133.2)
- Print	9.4	0.0	9.4	9.4	0.0	11.0	0.0	11.0	11.0	0.0

Revenues according to product ranges

	Continued activities		
	As at 30 June 2019	**As at 30 June 2018**	**Change**
In million of euros			
Digital Presence	68.8	66.3	3.8%
Websites	54.8	56.2	-2.5%
Digital Advertising	140.3	166.2	-15.6%
New Services	4.2	4.4	-5.1%
Print	36.0	56.7	-36.6%
Total sales	**304.0**	**349.8**	**-13.1%**

2.2.2 By geographic region

Revenue is presented based on the geographical location of the customers. The capital used, the gross tangible and intangible investments are presented by asset zones.

Amounts in million of euros	**As at 30 June 2019**	**As at 31 December 2018**
Revenues	**304.0**	**670.4**
- France	291.6	647.1
- Others	12.4	23.3
Assets	**682.1**	**671.1**
- France	667.2	654.8
- Others	14.9	16.3

Note 3 – Sales

3.1 Revenues

The Solocal Group markets products and local communication services mainly in digital and printed form. The main activity, Digital, is comprised of the Digital presence, Digital advertising, Websites and New services ranges.

The revenue stemming from the Group's activities is recognized in a differentiated manner according to the type of products. Revenues as at 30 June 2019 amounted to 304 million euros compared to 351 million euros in 2018 (Cf. Note 2.1).

3.2 Trade debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

(in thousands of euros)	**As at 30 June 2019**	**As at 31 December 2018**
Gross trade debtors	233 948	260 359
Provisions for impairment	(27 046)	(25 800)
Net trade debtors	**206 902**	**234 559**

Trade debtors were due as follows:

(in thousands of euros)	**Total**	**Not due**	**Overdue and not impaired**					
			< 30 days	**between 31 and 60 days**	**between 61 and 90 days**	**between 91 and 180 days**	**between 181 and 360 days**	**> 360 days**
30 June 2019	**206 902**	183 145	11 772	2 762	1 690	2 360	857	4 316
31 December 2018	**234 559**	219 459	963	3 823	1 786	2 657	1 774	4 097

3.3 Liabilities on contracts

Liabilities are primarily comprised on the balance sheet of net advances received from the customer in the case where the related service has not yet been rendered but has already been billed. Thus it entails sales of products that recognised later as revenue according to the duration on line ("Digital" Services) or publication ("Print").

The liabilities on contracts amounted to 325 million euros as at 30 June 2019 compared to 357 million euros as at 31 December 2018. This drop must be examined, the one hand, with the significant drop in the level of the "Print" business, and on the other hand, with a change in the Internet product mix towards mainly Digital Advertising products with a shorter lifespan.

Note 4 – Depreciation of fixed assets

Under IAS 36 “Impairment of Assets”, the value in use of tangible and intangible fixed assets is tested when there is an indication of impairment, reviewed at each closing.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value.

The recoverable amount of the assets is most often determined based on the value in use. The latter corresponds to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

Note 5 – Cash, debt and financial instruments

5.1 Financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	**As at 30 June 2019**	**As at 30 June 2018**
Interest and similar items on financial assets	33	(2)
Result of financial asset disposals	248	(8)
Change in fair value of hedging instruments	-	-
Discount income - hedging instruments	-	-
Dividends received	(1)	113
Other financial income	**280**	**103**
Interest on financial liabilities	(18 781)	(16 153)
Income / (expenses) on hedging instruments	-	-
Change in fair value of hedging instruments	-	-
Amortisation of loan issue expenses	-	(932)
Change in fair value of financial assets and liabilities	141	-
Other financial expenses & fees [1]	(1 061)	(1 064)
Accretion cost [2]	(647)	(1 042)
Financial expenses	**(20 348)**	**(19 191)**
Gain (loss) on exchange	-	-
Net financial expense	**(20 068)**	**(19 088)**

[1] Primarily composed of current costs linked to debt management

[2] The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments

difference between the book value of the debt converted into equity instruments and the fair value of

[4] After deducting costs allocated directly as a reduction to the cash increase in capital

5.2 Cash and cash equivalents

Net financial debt corresponds to the total gross financial debt less or plus derivative asset and liability cash flow hedging instruments and less cash and cash equivalents.

(in thousands of euros)	**As at 30 June 2019**	**As at 31 December 2018**
Accrued interest not yet due	-	-
Cash equivalents	-	5 046
Cash	58 555	76 598
Gross cash	**58 555**	**81 644**
Bank overdrafts	(237)	(121)
Net cash	**58 318**	**81 523**
	0	0
Bond loan	397 835	397 835
Revolving credit facility drawn	-	-
Loans issue expenses	-	-
Lease liability	5 144	6 910
Fair value of hedging instruments (cf. note 7)	-	-
Price supplements on acquisition of securities	170	170
Accrued interest not yet due	1 236	1 389
Other financial liabilities	115 536	2 825
	112 621	0
Gross financial debt	**519 921**	**409 129**
of which current	*3 797*	*6 894*
of which non-current	*516 124*	*402 235*
Net debt	**461 603**	**327 606**
Net debt of consolidated group excluded loan issue expenses	**461 603**	**327 606**

Change in the liabilities stemming from financing activities

(in thousand euros)	As at 31 December 2018	Cash flows	Variations "non cash": Capital increase by offsetting receivables	Other Variations	Var. of change	IFRS 16	Reclass & changes in scope	As at 30 June 2019
Bank borrowing and Bond loan	397 835	-	-	-	-	-	-	397 835
Other loan	2 751	-	-	-	-	112 621	-	115 372
Earn-Out	170	-	-	-	-	-	-	170
Capital lease	6 910	(1 766)	-	-	-	-	-	5 144
Bank overdrafts	121	116	-	-	-	-	-	237
Others	74	90	-	-	-	-	-	164
Total Liabilities fron financing activities	407 861	(1 560)	0	0	0	112 621	0	518 922

Cash and cash equivalents

As at 30 June 2019, the amount of cash and cash equivalents amounted to 58.3 million euros and are primarily comprised of non-blocked, remunerated, fixed-deposit accounts.

Issuing of bonds

Following the realisation of the financial restructuring in 2017, the Group's residual gross debt was reduced to 397.8 million euros, redeveloped in the form of issuing bonds for 397,834,585 euros for which the settlement-delivery took place on 14 March 2017, reserved for creditors under the Credit Agreement, and of which the main details are as follows and have not changed in 2019:

Interests:
- Calculation of interests: EURIBOR rate (EURIBOR being defined to include a minimum rate of 1%) margin plus 3-month, payable in arrears on a quarterly basis;
- Late payment interest: 1% increase in interest rate applicable.

Margin: percentage per year according to the level of the Consolidated Net Leverage Ratio (consolidated net debt / consolidated EBITDA before IFRS 16) at the end of the most recent reference period (Accounting Period), such as indicated in the table below (noting that the initial margin will be calculated based on a pro forma basis of the restructuring operations):

Ratio de levier financier net consolidé	Marge
Supérieur à 2,0 : 1	9,0%
Inférieur ou égal à 2,0 : 1 mais supérieur à 1,5 : 1	7,0%
Inférieur ou égal à 1,5 : 1 mais supérieur à 1,0 : 1	6,0%
Inférieur ou égal à 1,0 : 1 mais supérieur à 0,5 : 1	5,0%
Inférieur ou égal à 0,5 : 1	3,0%

Maturity date: 15 March 2022.

Listing: listing on the official listing of the Luxembourg Stock Exchange and admission for trading on the Euro MTF market.

Early repayment or repurchasing:
- Solocal Group can at any time and in several times, reimburse all or a portion of the Bonds at a reimbursement price equal to 100% of the principal amount plus accrued and unpaid interest;
- Moreover, the Bonds must be the object of a mandatory early reimbursement (subject to certain exceptions) entirely or in part, in the case of the occurrence of certain events, such as a Change of Control, Assets Sale or Net Debt Proceeds or Net Receivables Proceeds. Compulsory early repayments are equally foreseen via funds from a percentage of excess cash flows, in relation to the Consolidated Net Leverage Ratio of the Company.

Financial commitments:
- The Consolidated Net Leverage Ratio (Consolidated Leverage / Consolidated EBITDA before IFRS 16) must be less than 3.5:1. This ratio is respected as at 30 June 2019;
- The interest hedging ratio (Consolidated EBITDA before IFRS 16/ Consolidated Net Interest Expense), must be greater than 3.0:1; and effective from the 2017 financial year and (ii) for the following year if the Consolidated Net Leverage·Ratio exceeds, on 31 December of the previous year, 1.5:1, the investment expenses (excluding external growth operations) (Capital Expenditure) concerning Solocal Group and its Subsidiaries are limited to 10% of the consolidated turnover of Solocal Group and its Subsidiaries. This ratio is respected as at 30 June 2019;

The Terms & Conditions of the Notes moreover contain certain prohibitions, which prohibit Solocal Group and its Subsidiaries, apart from certain exceptions, in particular to:
- Take on additional financial debt;
- Give pledges;
- Proceed with payment of dividends or carry out distributions to shareholders; by derogation the payment of dividends or distributions to shareholders are permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

The restrictions contained in the terms of the Obligations and described above could affect the ability of the Group to carry out its business, and limit its ability to react to market conditions or to seize business opportunities that appear. As an example, these restrictions could affect the Group's capacity to finance the investments for its activities, restructure its organisation or finance its needs in terms of capital. In addition, the Group's capacity to comply with these restrictive clauses could be affected by events beyond its control, such as economic, financial and industrial conditions. A failure by the

Group in terms of its commitments or these restrictions, could result in a fault in terms of the agreements mentioned hereinabove.
In case of a fault that would not be remedied or renounced, the bearers of notes could require that all of the outstanding amounts become due immediately.
Moreover, the Group might not be in a position to refinance its debt or to obtain additional finance under satisfactory conditions.

The bond loan is indirectly guaranteed by a pledge of the securities of Solocal SA held by Solocal Group.

RCF:

A revolving credit facility of fifteen million euros was signed in February 2019 with two banking partners. AS the Company had announced, it worked on increasing this credit facility, which increased 25 million on 12 July 2019, reaching 40 million maturing in March 2022.

Price supplements on acquisition of securities

None.

Financial instruments in the balance sheet

		Breakdown according to IFRS 9						Breakdown by level in IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others	Level 1 and Treasury	Level 2	Level 3
Available-for-sale assets	-	-	-	-	-	-	-	-	-	-
Other non-current financial assets	7 303	-	-	-	7 303	-	-	-	7 303	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Net trade accounts receivable	206 902	-	-	-	206 902	-	-	-	206 902	-
Other current financial assets	4 007	4 007	-	-	-	-	-	-	4 007	-
Cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash	58 555	58 555	-	-	-	-	-	58 555	-	-
Financial assets	**276 766**	**62 562**	**-**	**-**	**214 205**	**-**	**-**	**58 555**	**218 211**	**-**
								-	-	-
Non-current financial liabilities and derivatives	401 791	170	-	-	-	401 621	-	401 621	-	-
Bank overdrafts and other short-tem borrowing	4 510	-	-	-	-	4 510	-	-	4 510	-
Accrued interest	1 236	-	-	-	-	1 236	-	-	1 236	-
Trade accounts payable	85 737	-	-	-	-	85 737	-	-	85 737	-
Financial liabilities	**493 274**	**170**	**-**	**-**	**-**	**493 104**	**-**	**401 621**	**91 483**	**-**

As at 30 June 2019, the market value of the bond loan was 375.6 million euros, compared to a carrying value of 397.8 million euros:

(in thousands of euros)	Carrying value	Quotes as at 30/06/2019	Market value
Bank borrowing	-		-
Bond loan	397 835	94.40%	375 556
Revolving credit - facility RCF 3	-		-
Loans	**397 835**		**375 556**
Accrued interest not yet due	1 236		
Price supplements on acquisition of securities	170		
Other debts incl. debt costs	8 297		
Current financial liabilities and derivatives	**407 538**		

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- Level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities;
- Level 2: data other than the listed prices referred to in Level 1, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data); and
- Level 3: data relating to assets or liabilities not based on observable market data (non-observable data)

In the 2019 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

Note 6 – Provisions and other liabilities

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

This obligation may be legal, regulatory or contractual. It may also derive from the Group's practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. They are disclosed in a note in the appendix.

Provisions for restructuring costs are recognised only when the restructuring has been announced and a detailed plan has been drawn up or implemented before the period end-date.

Provisions are discounted when the discounting adjustment is material.

(thousand euros)	**Opening balance**	**Charge for the year**	**Reversal of the year (unused)**	**Reversal of the year (utilised)**	**Changes in the scope of consolidation, reclassifications and others**	**Closing balance**
Restructuring provisions (2018)	178 800	369		(37 947)		141 222
Restructuring provisions (2014)	15 337		(700)	(2 712)		11 925
Provisions for social and fiscal risks	6 410	3 640	(119)	(654)		9 277
Other provisions for risks	2 578	1 511	(617)	(48)		3 424
Total provisions	**203 125**	**5 520**	**(1 436)**	**(41 361)**	**-**	**165 848**
- of which non current	*39 937*		*(700)*	*(17 812)*		*21 425*
- of which current	*163 189*	*5 520*	*(736)*	*(23 549)*		*144 424*

Allowances for the period stand at 5.5 million euros and primarily concern social and fiscal disputes.

Retirement benefits and similar commitments

In France, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age.
In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, using demographic hypotheses (turnover of the personnel, mortality, retirement age, etc.) and financial hypotheses (future increase in salary by category).
This final obligation is then discounted with a rate determined in reference to the yield on first-category long-term private bonds (or State bonds if there is no liquid market).
Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income which is net negative impact of 4.9 million euros as at 30 June 2019.

In order to have up-to-date data, Solocal group conducted a sensitivity test based on the analysis carried out by the actuaries on 31 December 2018.

Other retirement schemes

These benefits are offered through defined contribution schemes for which the Group has no commitment other than the payment of contributions. The charge corresponding to the contributions paid is recognised in the income statement for the period.

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

As at 30 June 2019, the expense stated in respect of defined contribution pension plans amounted to 0.5 million euros.

The discount rate applied in valuing commitments as at 30 June 2019 is 0.91%, compared to 1.45% as at 31 December 2018.

The total amount of the provision in the balance sheet stood at 97.9 million euros as at 30 June 2019 compared to 94.5 million euros as at 31 December 2018.

Note 7 – Trade creditors

As at 30 June 2019, trade creditors are due in less than one year.

Note 8 – Corporation tax

The corporation tax results from the application of the projected average tax rate at the end of the financial year to the pre-tax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

(thousand euros)	As at 30 June 2019	As at 31 December 2018
Pretax net income from business	**23 041**	**(94 075)**
Statutory tax rate	32.02%	34.43%
Theoretical tax	**(7 378)**	**32 393**
Loss-making companies not integrated for tax purposes & Foreign subsidiaries	-	-
Share-based payment	397	648
Recognition of previously unrecognised tax losses	-	-
Corporate value added contribution (after tax)	(2 997)	(3 874)
Difference between the carrying amount of the extinguished financial liability and the fair value of the equity instruments issued	-	-
Ceiling of interest expense deductibility	-	(2 734)
Adjustment corporation tax of prior years	-	307
Other non-taxable / non-deductible items	18 635	(13 849)
Effective tax	**(6 588)**	**12 891**
of which current tax (CVAE excluded)	*(14 745)*	*(5 343)*
of which CVAE	*(2 997)*	*(3 874)*
of which deferred tax	*11 154*	*18 234*
Effective tax rate	**-77.0%**	**5.7%**
Effective tax rate excluded gain from debt restructuring	**28.6%**	**13.7%**

Net deferred tax assets in the balance sheet stood at 70.9 million euros as at 30 June 2019 compared to 75 million euros as at 31 December 2018.

Recall that the effective tax rate for fiscal 2018 (12 months) was 13.7%.

Note 9 – Equity and earnings per share

Il n’y a pas eu de nouvelles transactions ni d’évolution significatives sur les parties liées au cours du premier semestre 2018.

9.1 Share capital

The social capital of Solocal Group is comprised of 585,121,890 shares each with a par value of 0.10 euro, which is a total amount of 58,512,189 euros (before deduction of treasury shares).

9.2 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

	As at 30 June 2019	As at 30 June 2018
Share capital (weighted average of quarter)	584 055 725	582 724 683
Treasury shares from liquidity contract (weighted average)	(376 073)	(196 458)
Number of basic shares	583 679 652	582 528 225
Additional information		
Number diluted Equity	594 179 652	585 637 598
Number of existing basic shares as of June 30	584 033 547	583 102 055
Number of existing diluted shares as of June 30	594 533 547	588 196 561

Note 10 – Information on related parties

There were no new significant transactions or changes with related parties during the first half of 2019.

Note 11 – Disputes, contingent assets and liabilities

11.1 Disputes – significant changes for the period

In the ordinary course of business, the Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only constituted for expenses that may result from such proceedings where they are considered likely and their amount can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, the Group does not consider itself party to any legal or arbitration proceedings whose likely outcome could have a materially negative impact on its results, activities or consolidated financial position.

Job safeguarding plan 2014

During the year 2013, Solocal S.A. had to be reorganised again in order to guarantee its sustainability faced with a constantly changing and highly competitive professional environment. A project on changes in the model and the organisation of Solocal S.A. was presented to the staff representation bodies concerned beginning in September 2013. In parallel, Management negotiated with the representative trade unions, a majority agreement concerning the social support measures. This agreement was signed on 20 November 2013. At the end of this work with the staff representatives, this plan called for reorganisation along with modifications in the employment contracts of the sales force, a project without direct lay-offs for which the net global balance, however, is the creation of 48 additional jobs within the company. This agreement received validation via a ruling of the DIRECCTE on 2 January 2014.

As 311 employees refused the amendment to their employment contract linked to this reorganisation implemented at the end of 2013, 280 of them were made redundant. One employee of the company decided to dispute the validation of the collective agreement relating to the job safeguarding plan before the administrative courts. The Versailles Administrative Court of Appeal, in a judgement of 22 October 2014 notified on 5 November, cancelled the validation by the DIRECCTE. On 22 July 2015, the Conseil d'Etat rejected the recourse of PagesJaunes and of the Minister of Labour.

Consequently, multiple proceedings are in progress with the administrative as well as judicial courts. The proceedings brought before the administrative courts are now terminated.
As to legal proceedings, more than 200 legal proceedings have been brought before industrial tribunals by employees in regard to the consequences of the setting aside of the administrative decision to validate the collective agreement relating to the job safeguarding plan by the Versailles Court of Appeal, which permits them to claim a fixed compensation.

On the date of this document, only ten or so dossiers have not yet received a first-instance judgement.

Nearly 200 decisions have been rendered based on merit, as a first-instance or appeal. For a very large majority, these decisions reject the requests concerning the nullity of the redundancy and the fixed compensation consequences that stem from this, observing that the redundancy is based on a real and serious cause and rejecting the requests concerning the challenging of the economic reason, but pronouncing sentences for payment based on article L1235-16 of the Labour Code at a level close to the compensation floor provided by this text, i.e. between six and seven months wages. One court of appeal in particular retained the application of the prescription invoked by the company and fully dismissed the claimants (35 dossiers).

Furthermore, certain decisions give rights to related requests: some relating to particular situations, (dispute over duration or conditions, holiday and rehabilitation periods, requests for commissions prior to the plan) others concern the payment of a supplement to the conventional redundancy compensation paid in the final settlement for all accounts and some different positions.

Finally, a few dossiers are also pending before the Cour de Cassation at the initiative of Solocal S.A.

Solocal recognised in the consolidated financial statements 2015 the exceptional impact linked to the court decisions that cancelled the validation by the DIRECCTE of the job safeguarding plan. This additional provision is 35 million euros and is recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of employee claims courts.

As at 30 June 2019, the remaining provision on the statements was 11.9 million euros compared to 15.3 million euros as at 31 December 2018.

Solocal continued with the deployment of its reorganisation and therefore launched a new PSE Job Safeguard Procedure for the employees that were not able to be made redundant due to this invalidation.

A request for claims for the prejudice caused by the State to Solocal S.A. due to incorrect validation of its PSE is underway.

Supplier dispute

A former distributor commenced legal proceedings against Solocal S.A. for sudden break of established business relationships. The latter was dismissed for all of its claims in the first instance but has filed for appeal. The provision recorded in the 2016 financial statement of Solocal S.A. was therefore maintained according to the requirements and criteria that are usually retained.

Tax audit

Solocal S.A. is undergoing a tax audit concerning financial years 2010 to 2013 and has received a proposals for a reassessment concerning the Research Tax Credit. The company considered the reassessments as unfounded and has challenged them with the tax administration. The company sent a dispute claim in the month of February 2018 in order to obtain partial reimbursement for the remaining reassessments. As the amounts that are not eligible for the research tax credit were settled on 18 April 2017, the provision initially allocated was reversed in the statements as at 31 December 2017. Income will be recognised in the event of a favourable outcome to this recourse. +On 13 September 2018, the Ministry of Research, to which the administration has transferred the dossier, requested additional information concerning the 2012 and 2013 projects. A portion of the information requested was sent on 16 October 2018 to the Ministry of Research. There has been no change over the period.

11.2 Unrecognised contractual commitments

There were no new significant commitments during the first half of 2019.

Note 12 – Event subsequent to the closing date of 30 June 2019

Following the implementation of the Solocal 2020 strategic program, the Group continues transforming its organization for better meeting expectations of its clients in an increased competitive background. On 25th July, Solocal SA signed an agreement with three trade union organizations (Autonome, CFDT, CFE-CGC) given 122 staff people, working in declining activities such as print, the opportunity of benefiting from a mobility leave. The Group is fully aware of efforts asked to staff but assures of its commitment to implement an individualized support and favors a voluntary basis.
A this point, evaluation of the cost of these possible leaves is in progress.

3. Déclaration of the person responsible

I certify that to the best of my knowledge, the condensed consolidated financial statements for the first half of the 2019 financial year have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the half-year management report is a true reflection of the major events that have occurred during the first six months of the financial year, of their impact on the half-year financial statements and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the last six months of the financial year.

Boulogne-Billancourt, 26 July 2019
Chief Executive Officer
Eric Boustouller

4. Statutory Auditors' Report on the half-year financial inforlation 2019

To the Shareholders,

In accordance with the terms of our appointment at your General Meeting and in application of article L.451-1-2 III of the French Monetary and Financial Code, we have performed:

- a limited examination of the condensed consolidated half-year financial statements for SoLocal Group, concerning the period from 1 January to 30 June 2019, as provided with this report; and
- verification of the information provided in the half-year management report.

The half-year condensed consolidated financial statements were drawn up under the responsibility of your Board of Directors. Our responsibility is to express our conclusion on these financial statements based on our limited review.

I- Conclusion on the financial statements

We have performed our limited review pursuant to the professional standards applicable in France. A limited review consists primarily in meeting with members of the management in charge of the finance and accounting aspects and in implementing analytical procedures. This work is not as extensive as that required for an audit pursuant to the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, do not contain any significant anomalies obtained in the framework of a limited review is a moderate assurance, and is not as high as that obtained in the framework of an audit.

Based on our limited review, we have not detected any material misstatement of a nature to call into question the compliance of the half-year condensed consolidated financial statements with IAS 34 – IFRS standards adopted in the European Union concerning interim financial reporting.

Without questioning the opinion expressed above, we draw your attention to Note 1.2 "IFRS standards" of the condensed consolidated financial statements which presents the impact of the first application of IFRS 16 « Leases » as at 1st January 2019.

II- Specific verification

We have also performed a verification of the information provided in the half-year management report commenting the half-year condensed consolidated financial statements on which our limited review was based. We have no matters to report regarding its fairness and consistency with the half-year condensed consolidated financial statements.

Paris-La Défense, 26 July 2019
The Statutory Auditors,

Auditex	BEAS
Jeremy Thurbin	Jean-François Viat