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PRESS RELEASE

Boulogne-Billancourt, 3rd July 2020

Agreement on the financial structure strengthening plan

- ✓ **Agreement between Solocal and its main debtholders** to strengthen the Group's financial structure

- ✓ **€347 million equity raise**
  - €17 million reserved capital increase
  - €330 million rights issue (i.e., capital increase with preferential subscription rights) fully backstopped by Bondholders

- ✓ **€117 million underwritten cash injection :**
  - €85 million raise through the rights issue capital increase
  - €32 million thanks to additional financing

- ✓ €252-262 million **debt reduction** and -55% annual cash financing costs

- ✓ **627 million free shares allocation to all existing shareholders** in order to reduce the dilutive impact of the transaction (one free share for one existing share, i.e., 4.9% of the fully diluted capital after closing[5])

- ✓ **GoldenTree would become a reference shareholder** and would own a minimum of 15.5% of Solocal Group's share capital

- ✓ **Lifting of trading suspension on Solocal shares on Monday 6th July 2020**

Background and description of the financial restructuring plan

Anticipating the impact of the health crisis, Solocal Group suspended the payment of the quarterly Bond coupon due 15th March 2020, which eventually led to the opening of discussions with the Company's Bondholders.

In the aftermath of its press release on 16th March 2020 and in order to carry out the discussions with debtholders under the best possible conditions, Solocal Group requested the opening of a conciliation procedure which was approved by the President of the "Tribunal de commerce" (French commercial court) of Nanterre on 16th March 2020 for a four-month period. SELARL FHB, a legal entity represented by Maître Hélène Bourbouloux, was appointed as conciliator.

As previously announced, the Group has a liquidity need of €120 million[6] over the next 18 months, caused by the Covid-19 health crisis. Without any financial structure strengthening transaction, the Group's financial net debt would amount to €530 million before IFRS 16.].

During this time, **several financial structure strengthening solutions** were examined. The Group received an offer from Montefiore Investment, a private equity firm specialised in business services**.** In addition to an equity investment, this offer required a debt to equity conversion with a discount. This offer has not been accepted by Solocal Group's debtholders.

In the final stage of negotiations relating to the strengthening of the financial structure of Solocal, it has proven difficult to maintain information confidentiality and some speculation about offers were reported by the press. In order to avoid volatility on Solocal stock price and to prevent any market abuse, the Group requested Euronext to **halt all trading** on its shares from 15th June 2020, after having given prior notice to the French "Autorité des Marchés Financiers" (French Financial Market Authority).

After extensive negotiations, Solocal Group & its debtholders (main Bondholders and RCF Lenders) have reached an agreement to **ensure the Group's liquidity and reduce indebtedness**. Solocal's Board of Directors has **unanimously** decided to approve this plan and recommended the approval of all resolutions related to this financial restructuring plan to the Group's shareholders.

This agreement, which terms are described hereunder, aims at safeguarding the Group, securing jobs and pursuing its development strategy (fully digital, in subscription mode). This restructuring relies **mainly on a €347 million capital increase**, fully backstopped by Bondholders (of which €85 million in cash[4] and the remainder by way of debt reduction or convertion). This transaction will require a decrease in share nominal value and will be followed by a reverse stock split (100 old shares for 1 new share). This scheme will be completed by an additional financing of €32 million fully underwritten by some Bondholders in case the Company would not be able to execute a Prêt Garanti par l'Etat (PGE) of same amount before the Combined General Meeting (CGM) to be held on 24th July 2020. This additional financing line will be drawn after the CGM to fulfil the Group liquidity needs. The Company's deleveraging combined with the fulfilment of the Group's objectives should enable a significant recovery for shareholders participating in the transaction.

Given the impact of this transaction on the shareholder structure, the Board of Directors has decided on 17th June 2020 to mandate Finexsi (Olivier Peronnet and Christophe Lambert), **as an independent expert**, to deliver a fairness opinion on the contemplated transaction, which will be published in its entirety on 10th July 2020.

The implementation of the financial structure strengthening plan will enable to **pursue the Group's transformation strategy**, which showed early encouraging signs in the months preceding the health crisis. This strategy is supported by a majority of Bondholders and should help reach targets indicated in the 18th May 2020 press release. A special focus will be given to improving **customer satisfaction** as well as **customer retention**. As such, conditions are met to ensure the Company's sustainability in the long run in the interest of all stakeholders: staff, customers, debtholders and shareholders.

Description of the transaction's key principles

The agreement executed on 3rd July 2020, which remains subject to the approval of all resolutions presented at the Combined General Meeting on 24th July 2020 (all resolutions related to the transaction being interdependent), will enable the Company to secure a €117 million liquidity injection. The €347 million capital increase, fully backstopped by Bondholders, will enable (i) a €252 to €262 million debt reduction and (ii) an €85 million cash injection. This injection will be completed by a €32 million additional financing fully underwritten by Bondholders, in case the Company is not able to sign a PGE before the Combined General Meeting on 24th July 2020.

Capital increase

The €347 million capital increase will occur as follows:

- First, a reserved capital increase of up to **€17 million** to be subscribed by one or several Bondholders. The main Bondholder, GoldenTree, wishes to become a reference shareholder and to take part in the Group's governance. This capital increase will occur at €0.08 per share in the form of a debt to equity conversion;

- A **€330 million** rights issue (i.e., capital increase with preferential subscription rights) at €0.03 per share (potentially increased should the amount of the reserved capital increase be lower than €17 million). This rights issue, open to all existing shareholders, is fully backstopped by Bondholders in cash for €85 million[4] (net of fees on the exercised subscription rights) and in debt conversion for the remaining part;

- A free shares allocation for all existing shareholders, on a "one free share for one share owned as of 31st August 2020[7]" basis for anyone owning shares before completion of the reserved capital increase, and which would thus result in the issuance of 627 million new shares.

All shareholders will be able to take part in the transaction. As an example and for indicative purposes, on the basis of a €17 million reserved capital increase and a €330 million rights issue:

- In the event of €85 million subscription to the rights issue by existing shareholders, existing shareholders will account for c. 32% of total share capital;
- In the event of 100% full subscription to the rights issue by existing shareholders, existing shareholders will account for c. 74% of total share capital;
- In the event of no subscription (zero subscription) to the rights issue by existing shareholders, existing shareholders will be diluted to c. 9.8% of total share capital.

Existing shareholders committing to the rights issue in the period from 8th July 2020 to 23rd July 2020 (both dates included) will receive a support fee at the time of the subscription. Such support fee will be paid in cash and will represent 2.5% of the amount effectively subscribed to, for all subscriptions totalling up to €85 million (entailing a proportional reduction should all subscriptions exceed €85 million). This mechanism will be detailed in a further communication.

All subscriptions by existing shareholders to the capital increase with preferential subscription rights above €85 million will be allocated to **repayment of existing debt** (after payment of the support fees) with a progressive haircut[8] of up to 10% of the Bond depending on the take-up by shareholders.

Reduction of indebtedness

This financial restructuring will lead to a significant debt reduction, with a €250 million gross debt amount at the closing of the transaction.

- **€170 to €180 million reinstated Bond** (depending on the final take-up), with a maturity extended to March 2025 and an 8% annual coupon (on a EURIBOR basis, with a 1% floor and a 7% margin), half of which is payable in cash on a quarterly basis and half of which will be capitalized (PIK) until 31st December 2021; and then fully payable in cash. The Bond covenants will remain unchanged except for the maximum indebtedness basket which will allow the additional financing or the PGE;

- A **€35 to €50 million** Revolving Credit Facility (RCF), of which the maturity has been extended until September 2023, with no change in the margin. The current €50 million RCF will be repaid by up to €15 million if the shareholders' take-up in the capital increase with preferential subscription rights reaches €85 million. It will be redeemable on a €5 to €10 million pace per year, in cash or in shares, at the option of the Company;
- A **€32 million additional financing line**, fully underwritten by some Bondholders in case the Company is not able to obtain a PGE before the Combined General Meeting on 24th July 2020. This line will be drawn after the CGM to fulfil the Group's liquidity needs.

Annual Cash Financial expenses will therefore amount to c.€20 million vs c. €45 million as of now. Furthermore, Bondholders will receive an arrangement fee and a backstop fee related to the rights issues for an aggregate amount of €13 million that will be paid in shares (2.9% of the post-transaction share capital).

It is worth noting that two Bondholders are also Company's shareholders as at 31st May 2020 : (i) DNCA Finance owns 7.91% of the capital and €33.5 million of the Bond (for the account of different managed funds); (ii) Robus Capital Management, LTD owns 0.56% of the capital and €20 million of the Bond.

Governance

Pierre Danon will remain Chairman of the Board of Directors, which will be composed of eight Members, including the CEO, an Employee Representative and **two Board Members suggested by GoldenTree**. These two Board Members will be co-opted by the Board of Directors following the Combined General Meeting. Their co-option will be ratified at the next Ordinary Shareholders Meeting. Should GoldenTree's shareholding interest become lower than 15%, only one Board Member suggested by GoldenTree would remain at the Board of Directors. Should GoldenTree's shareholding interest become lower than 5%, no Board Member suggested by GoldenTree would remain at the Board of Directors. Moreover, the compensations of the Chairman of the Board and of the Board Members will remain unchanged over the next two years.

Shareholders General Meeting

The resolutions relating to this plan will be **put to the vote of the shareholders** at the Combined General Meeting which will take place on 24th July 2020. The shareholders represented at the Board of Directors will vote on the resolutions presented to the Combined General Meeting enabling the implementation of the plan.

The completion of these transactions will be subject to the obtaining from the "Autorité des Marchés Financiers" (the French "Financial Markets Authority") of an exemption from the obligation to launch a tender offer (in accordance with article 234-9 2° of the "Règlement Général de l'Autorité des Marchés Financiers"), and subject to the approval of the President of the "Tribunal de commerce" (commercial court) of Nanterre. If approved, the transactions described above could take place at the end of September 2020.

Should the plan be rejected by the Combined General Meeting, Solocal Group will have to request the termination of the "plan de sauvegarde" (safeguard plan) and the closing of the conciliation proceedings since no other plan can be executed to date and the Group has an impending cash need. Should the plan be rejected, the hereabove described additional financing line will not be granted. Solocal Group would therefore have to announce that it is in a state of suspension of payments ("état de cessation des paiements"). In anticipation of this eventuality, the Group already applied for a hearing with the "Tribunal de commerce" (commercial court) of Nanterre, as the case may be a receivership proceeding ("redressement judiciaire").

Should such a procedure be opened, the Bondholders committee, the RCF Lenders and Solocal Group already agreed upon an alternative plan.

This alternative solution would include:

- A €120 million financing granted by some of the Bondholders to cover Solocal Group's cash needs; and
- the conversion into equity of most of the Bonds.

In case of implementation of this alternative plan and following its completion, existing shareholders would own circa 2% of Solocal Group's total share capital. Solocal Group's debt structure would be close to the one presented as part of the restructuring plan, the amount of debt being equivalent.

Gradual upturn of the business activity

Since the lifting of the lockdown measures as from May 11th 2020 and the re-opening of most of French businesses, Solocal's activity shows early signs of a gradual upturn. May 2020 Digital order intake[1] decreased by -24% compared to last year[3] and for the first three weeks of June 2020, only a -6% decline was observed in comparison with 2019, when they were decreasing by -50% in April 2020 compared to April 2019[3]. As a reminder of our previous announcement on 18th May 2020, Solocal recorded a -55% order intake decrease over the lockdown period[2,3].

However, current figures for order intake from the beginning of May till the end of week 3 of June 2020 have been above €7 million[1] compared to the post-covid reforecast (see 18th May 2020 press release). This gradual improvement is in line with the expected recovery pace and is consistent with the fact that most of the salesforce is back on the field and that our customers and prospects are available.

Under these circumstances, Solocal **confirms its outlook** as per 18th May 2020 press release, with a -20% expected decrease in 2020 total revenues, including a Digital revenue decrease by c.-15% compared to last year[3]. 2020 EBITDA is expected above €130 million[3].

Comments from Pierre Danon

The solution we agreed upon is well-balanced. The Bondholders will fully backstop the rights issue which will be opened to all existing shareholders for €330 million. In addition to securing an €85 million cash injection within the right issue, they are underwriting the additional financial line. All shareholders will obtain 1 free share for 1 existing share. I am welcoming the efforts of the different stakeholders, including the Government, which will help give a fresh impetus to Solocal from a financial standpoint, and will help secure its commercial and industrial perspectives. I am sure that GoldenTree as a reference shareholder will continue to transform Solocal into a European digital leader.

Next major dates in the financial calendar

The Group announces the **lifting of the trading halt on Solocal shares on Monday 6th July**, at market opening (ISIN code: FR0012938884, ticker: LOCAL).

The next dates in the financial calendar are as follows:

- Conference call presentation of the financial structure strengthening plan on Friday 3rd July, 2.00 PM in French and 3.00 PM in English;
- Key figures of the first semester 2020, 10th July 2020;
- Combined General Meeting on 24th July 2020 at 10.00AM, at the “Maison de la Mutualité” - Paris 5ème;
- Publication of H1 2020 results on 28th July 2020

Notes

[1]Digital order intake, Solocal SA scope, in value

[2] Solocal SA scope, excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, SoMS and non-significant subsidiaries, i.e. 96% of consolidated revenues

[3]Comparable scopes. 2019 & 2020 figures are restated for the figures of QDQ subsidiary, which was disposed of on 28th February 2020.

[4] €85 million, net of support fees on the exercised subscription rights

[5] After closing and before reverse stock split: 12,816 million shares outstanding

[6] Liquidity need of €75 million + €20 million of tax and social security liabilities incurred before Covid-19 + €15 million de restructuring costs + €10 million headroom to manage cash seasonality

[7] Tentative date, which corresponds to the day before the closing of the reserved capital increase

[8] discount corresponding to one tenth of subscription rate in cash

[9] subject to the approval of the strategic committees of certain shareholder funds

Definitions

Order intake: Orders booked by the salesforce, that gives rise to a service performed by the Group for its customers

RCF: Revolving Credit Facility

PGE: “Prêt Garanti par l'Etat“(French State Guaranteed Loan)

Redressement judiciaire: Receivership proceeding

CGM : Combined General Meeting

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Solocal Group's financial restructuring plan

3 July 2020

Strictly confidential

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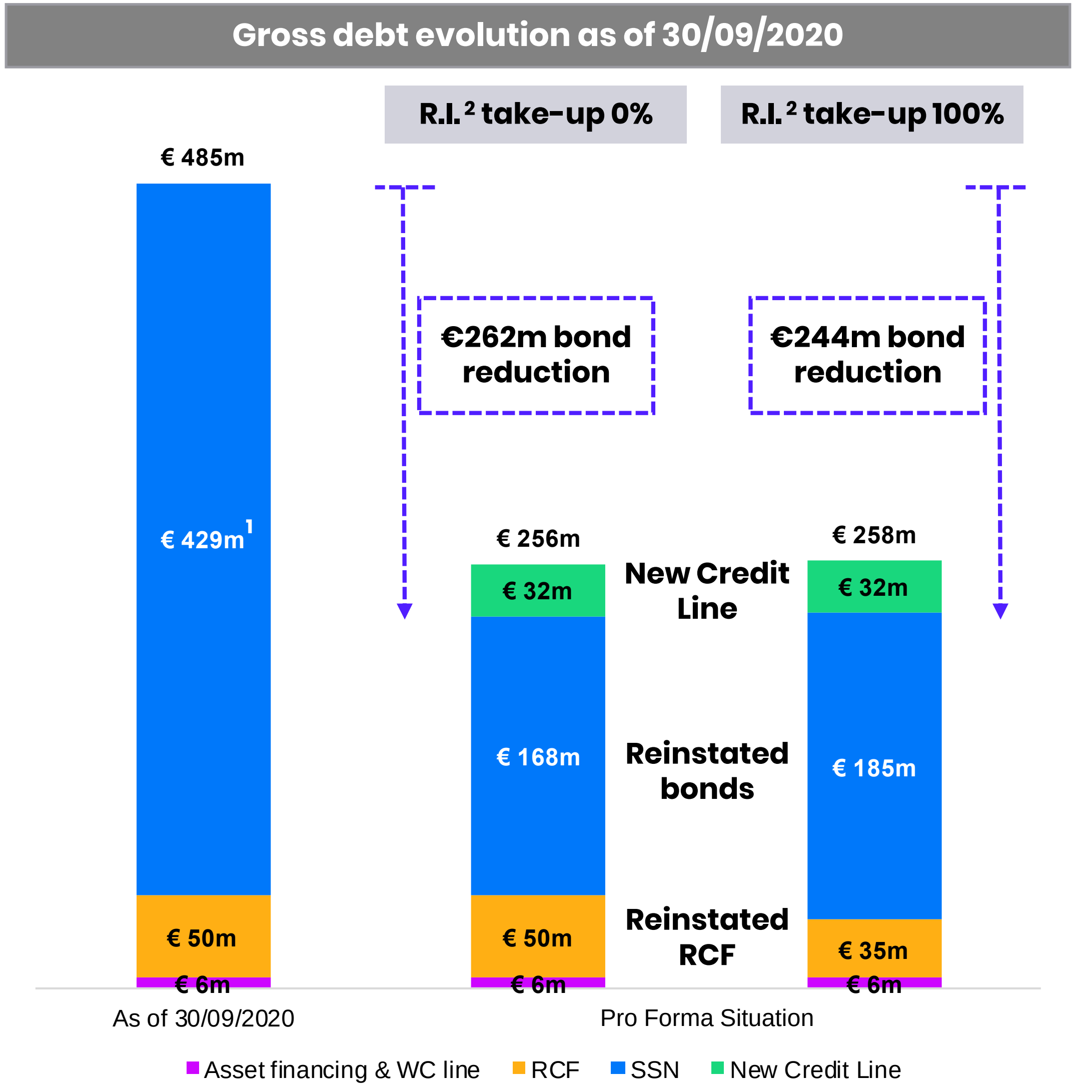
Key transaction principles

- **c. €347m capital increase**
  - **Between €10.5 and €17m reserved capital increase** to bondholders by way of debt-to-equity conversion
  - **Between €329.5m and €336m rights issue** backstopped by bondholders: €85m of net cash proceeds backstopped in cash, the remainder being backstopped through debt-to-equity conversion
- **New money cash injection of up to €131m**
  - **€85m** through the rights issue
  - **€32m New Credit Line**
  - **Potential additional c.€14m** depending on shareholders take-up on the rights issue
- **Pro forma gross debt between €256m and €258m** depending on shareholders take-up on the rights issue



Note 1: pro forma as of 30/09/2020 including unpaid coupons
Note 2: R.I. = Rights Issue

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Implementation – transactions description and key terms

	Size	Price	Description
Reserved capital increase	**Between €10.5m and €17m** through debt to equity conversion	€0.08	• Reserved capital increase to bondholders by way of debt-to-equity conversion • GoldenTree AM to participate to the reserved capital increase for €10.5m

Rights issue backstopped by bondholders	**Between €329.5m and €336m** o.w. €85m net cash proceeds backstopped in cash	€0.03	• Rights issue
			  • €85m (net of support fee[1]) backstopped in cash by bondholders
			  • Between €242.3m and €251.0m[1] backstopped by bondholders by way of debt-to-equity conversion
			• Use of proceeds
			  • €85m used for corporate purposes
			  • Up to €2.2m used for the support fee[1]
			  • Any amount raised over €87.2m used first to repay up to €15m on the RCF and then existing bond at a discount (discount of a tenth of rights issue take-up ratio)
			  • 100% of the proceeds from the discount kept in cash on balance sheet

Total	**€346.5m**		
Free shares for existing shareholders	**626m free shares** 1 free share distributed for 1 existing share (excl. treasury share)	n.a.	• 1 free share for 1 existing share allocated to existing shareholders
BCM[1] arrangement & backstop fees	**€13m** paid in shares	€0.0354	• c. 2.9% of share capital on a fully diluted basis[1]

Note 1: "support fee" to shareholders undertaking to subscribe to the rights issue within 15 days of the publication of the shareholders meeting notice in the BALO
Note 2: Bondholders Committee Members which participated to the negotiations

Pro forma shareholding

Shareholding will depend on the take-up in cash by existing shareholders on the rights issue and on the size of the reserved capital increase

	€17m RCI		€10.5m RCI	
(%) Subscription in cash to the Rights Issue	**0%**	**100%**	**0%**	**100%**
Subscription in cash to the R.I. (€m)	*-*	*€ 330m*	*-*	*€ 330m*
Creditors % through R.I. subscription[1]	85.7%	21.7%	86.5%	15.0%
Creditors % through RCI[1]	1.7%	1.7%	1.0%	1.0%
BCM % through coordination and backstop fee[2]	1 2.9%	2.9%	1 2.8%	2.8%
Creditors TOTAL % equity	**90.2%**	**26.2%**	**90.3%**	**18.8%**
o/w Golden Tree	*36.9%*	*15.5%*	*40.7%*	*17.1%*
Existing shareholders existing shares	2 4.9%	4.9%	2 4.8%	4.8%
Existing shareholders free shares	3 4.9%	4.9%	3 4.8%	4.8%
Existing shareholders not reinvesting	**9.8%**	**9.8%**	**9.7%**	**9.7%**
Existing shareholders R.I. subscription[1]	-	64.0%	-	71.5%
Treasury shares	0.0%	0.0%	0.0%	0.0%
Ex. Shareholders TOTAL % equity	**9.8%**	**73.8%**	**9.7%**	**81.2%**

1 **€6.5m backstop fees + €6.5m coordination fees**

2 **Existing shareholders existing shares:** diluted to 4.8%-4.9% of proforma equity (excluding free shares)

3 **Free shares** allocated to existing shareholders: from 4.8% to 4.9% of fully diluted equity

Note 1: R.I. = Rights Issue / RCI = Reserved Capital Increase
Note 2: Bondholders Committee Members which participated to the negotiations

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Considerations on existing bond

Existing bond	
Amount	• c. €429m as of 30/09/2020
Maturity	• March 2022
Pricing	• 9% margin (depending on leverage) over Euribor (floored at 1%)

Amended bond	
Amount	• €[168-185]m depending on rights issue take-up
Maturity / Amortization	• Mar 2025 i.e. 36 month extension / bullet repayment
Pricing	• Until end-2021: Euribor (1% floor) + 7%, half cash and half PIK • From Jan 2022 onward: Euribor (1% floor) + 7% in cash
Other	• 2.5 years non-call • Agreeable security package to be authorized for the *passif fiscal et social* • No change in financial covenants

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Considerations on other debts

Amendments to the existing Revolving Credit Facility

	Current		Amended
Amount	• €50m	▷	• €35-50m depending on take-up on the rights issue and the subsequent prepayment of the RCF
Pricing	• RCF: Euribor + 4.5% • Ancillary: Euribor + 5.0%, and 3.5% annual facility fees	▷	• No change in current remuneration until September 2021 • From September 2021: alignment of the RCF remuneration to that of the ancillary
Maturity / amortization	• September 2021 (if existing notes are not refinanced by this date)	▷	• Maturity: September 2023, with a 1-year extension option at the hand of the RCF lenders • Amortization: – September 2021: €5m to €10m to be paid in cash or in shares at the option of Solocal – September 2022: €5m to €10m to be paid in cash or in shares at the option of Solocal – September 2023: repayment of the outstanding amounts in cash or in shares at option of Solocal, it being understood that if Solocal proposes to make this final repayment in shares, each lender could elect to extend their portion of the RCF by 1-year with a view to get a final repayment in cash in September 2024. In that case, Solocal would still be required to make a €5m to €10m amortization in September 2023 in cash or in shares at its option

New Credit Line

- **Principal amount of €32m**
  - Fully backstopped by the BCM[1]
  - To be drawn after the Shareholders Meeting
  - Could be replaced by a Prêt Garanti par l'Etat if obtained before the Shareholders Meeting

Note 1: Bondholders Committee Members which participated to the negotiations