

Q3 2022 revenue amounting to €99.6 million and €300.8 million in the first 9M 2022

2022 outlook confirmed

Strengthening of the Executive Committee with the appointment of David Gillaux as Chief Operating Officer

Third quarter 2022: order backlog & revenue impacted by difficulties in recruiting the salesforces

- Revenue of €99.6 million, i.e. **-7.5%** vs. Q3 2021 and **flat** vs. Q2 2022
- First 9M 2022 revenue: €300.8 million i.e. -6.6% vs first 9M 2021
- Decrease in **customer base**¹ in Q3 2022 to 293 k **customers**, vs. 300 k at 30th June 2022
- Increase in **churn rate**⁵ to 16.1% vs 14.9% as at 30th June 2022
- **ARPA**² **flat** at i.e. € 1,340
- **€234.5 millions** backlog i.e. -6.5% vs. September 2021
- **Secured revenue for current year of €379.1 millions** as at 30th September 2022 vs. €403.5 million as at 30th September 2021

Confirmation of 2022 outlook 2022 as announced in 2022 first half

- c. €405 million 2022 expected revenue
- c. €115 million of 2022 recurring EBITDA thanks to continued cost control
- c. €30 million operating free cash flows³ in 2022

When releasing Q3 2022 revenues, Hervé Milcent, Solocal Chief Executive Officer, stated :

“The first effects of our strategy, presented in October 2021, are perceptible and promising for the future. We anticipated that 2022 would be a year of transition to set up teams in the regions, consolidate our offers and reinforce our actions in favor of customer relations. Thus, 2022 has enabled significant progress in the transformation of our business model, even if we may regret a delay due to recruitment difficulties in some regions. For the first time, this year, we were able to fully appreciate the importance of this change, both from an organizational and cultural point of view. Even though the commercial performance is below our expectations, the recruitments made and the efforts to revitalize our sales forces, are beginning to bear fruit.

To accelerate in this direction, I have decided to strengthen our management team by appointing David Gillaux to lead our commercial operations. David is a customer relations specialist whose priority will be to improve the customer journey and substantially increase their satisfaction. Thus we will rely on his expertise and experience to address the other pillar of our new model: loyalty and satisfaction of our customers which are essential to any subscription program.”

1. Revenue and order backlog analysis

Solocal revenue in the third quarter of 2022 and over the first nine months of 2022 are as follows:

<i>In million euros</i>	Q3 2021	Q3 2022	Change	YTD 2021	YTD 2022	Change
Total revenue	107.6	99.6	-7.5%	322.2	300.8	-6.6%

Third quarter 2022 consolidated revenue amounts to €99.6 million, down -€8 million (-7.5%) compared to the third quarter 2021 and flat compared to the second quarter 2022 (-0.1%).

2022 first nine-months consolidated revenue amounts to €300.8 million, down -€6.6% compared to the 2021 first nine-months revenue.

Solocal's business model (and therefore its revenues) is based on :

- the renewal of existing contracts (autorenewal);
- the acquisition of new customers or development of existing customers.

Regarding the autorenewal contribution of existing contracts, the performance is globally in line with expectations in the third quarter 2022.

The contribution of the acquisition was negatively impacted by:

- a sales performance penalized by difficulties in recruiting and retaining "hunters" salespeople. Nevertheless, the specific support measures put in place during the third quarter are beginning to bear fruit;
- a large accounts activity impacted by the current lack of investments in the legacy product offers in favor of offers intended for VSEs and SMEs. Large account's offer Connect Reseaux (Booster range) is now available. Connect Réseaux Ranking offer should be launched early 2023;
- a mix of offers sold whose recognition in revenue is more spread out over time.

The order backlog is at €234.5 million as at 30th september 2022, i.e. -6.5% compared to 30th September 2021.

<i>In million euros</i>	30/06/2021	30/09/2021	31/12/2021	31/03/2022	30/06/2022	30/09/2022
Digital order backlog	266.0	250.9	243.5	242.6	239.9	234.5

Approximately 33.5% of the €234.5 million order backlog will flow into revenue in the fourth quarter of 2022, approximately 59.1% over 2023 and approximately 7.4% thereafter.

Solocal revenue in the third quarter of 2022 and over the first nine months of 2022 are as follows:

En millions d'euros	T3 2021	T3 2022	Variation	9 mois 2021	9 mois 2022	Variation	Répartition
Connect	31.9	36.4	13.9%	93.7	108.1	+15.3%	35.9%
Booster	59.2	47.4	-20.0%	180.7	146.4	-19.0%	48.7%
Sites Internet	16.4	15.8	-3.8%	47.8	46.3	-3.0%	15.4%
Chiffre d'affaires total	107.6	99.6	-7.5%	322.2	300.8	-6.6%	100%

Connect activity which includes Digital Presence activities represents 35.9% of 2022 first nine-months revenue. It was up +15.3% compared to 2021 first nine-months, driven among others by the retention offer proposed to customers and the 2021 price increase.

Booster activity which includes activities related to advertising represents 48.7% of 2022 first nine-months revenue. It fell by -19.0% over the 2022 first nine-months coming from (i) a weaker activity in the large accounts segment, for which a new offer was rolled-out at the end Q3 2022 and for which a second offer will be launched early 2023 and (ii) an unfavorable product mix in particular related to Booster Contact order intakes performance.

Websites activity which includes all the ranges of websites sold (Essentiel, Premium, Privilège) represents 15.4% of 2022 first nine-months revenue. It is down -3.0% compared to 2021 first nine-months revenue, in particular with a deliberately more aggressive commercial policy on creation costs.

2. Customer base, churn, ARPA and other operational key performance indicators

Solocal **customer base**¹ evolved as follows in the third quarter of 2022:

	Q2 2022	Q3 2022	Change
Customer base - BoP^(a)	304k	300k	-4k
+ Acquisitions	9k	7k	-2k
- Churn	-14k	-14k	0k
Customer base - EoP^(a)	300k	293k	-7k
Net change BoP - EoP	-4k	-7k	-11k
Churn ^(b) - in %	-14.9%	-16.1%	-
ARPA Digital ^(c)	c.1350	c.1340	-0.5%

(a) BoP = beginning of period / EoP = End of Period

(b) Churn rate : number of churned customers on a LTM basis divided by the number of customers BoP ;

(c) ARPA calculated as revenue divided by the average customer base over the past 12 months,

The Group's customer base¹ stood at 293,000 at 30th September, 2022, down (-2.3%) compared with June 30, 2022. This trend is linked to:

- A level of new customers' acquisition below expectations in the third quarter 2022 (7 000 customers) & below the second quarter 2022 level due to August "holiday season";
- A loss of customers (-14 000 customers) similar to the loss in the second quarter 2022.

The **Group's churn rate**^(b), stands at **16.1%** as at 30th September 2022, up from 14.9% as at 30th June 2022.

Group ARPA² was c. €1,340 as at 30th September 2022, i.e. flat compared to ARPA² as at 30th September 2021 and slightly down compared to 30th June 2022 (€1,350).

Solocal's **other operational performance indicators** for the third quarter and first nine-months 2022 are as follows:

	Q3 2021	Q3 2022	Change	YTD 2021	YTD 2022	Change
Traffic : number of searches PagesJaunes - <i>in million</i>	439	389	-11.4%	1 300	1 208	-7.1%

The share of revenue relating to the contract that has already been renewed is up to 53% at September 30th 2022, compared to September 30th 2021 (35%).

3. 2022 Outlook

Secured revenue for **2022 already amounts to €379.1 million.**

2022 Outlook confirmed as announced during the first half results presentation with

- c. €405 million 2022 expected revenue
- c. €115 million 2022 recurring EBITDA thanks to continued cost control
- c. €30 million in 2022 operating free cash flows³

4. Detail on the nominal value of Solocal Bonds

Since 15th September 2022, the value of Bonds with ISIN code is FR0013237484 amounts to €174,986,487.84 (amount of €334,125,321 adjusted with a pool factor of 0.5237151357456) following the capitalization of Q3 2021 PIK interests.

Since 15th September 2022, the value of Bonds with ISIN code is FR0013527744 amounts to €18,563,949.81 (amount of €17,777,777 adjusted with a pool factor of 1.0442222222222222) following the capitalization of Q3 2021 PIK interests.

5. Other information

As announced, Solocal repayed **€10 million from its revolving credit line on 30th September 2022, entirely in cash.**

Next major dates in the financial calendar

The next financial calendar dates are as follows:

- Annual results on 23th february 2023

Quarterly financial information in this press release has not been audited. Financial performance indicators are commented on the scope of continuing operations. The non-audited financial elements presented in this press release for the third quarter of 2022 are revised in light of the scope of activity as at 30th September 2022.

Notes :

¹ The customer base now represents the number of customers with whom the Group has generated at least one euro in revenue over the past 12 months

² ARPA calculated as LTM revenue divided by the average customer base over the past 12 months

³ Operating Recurring Free Cash Flows : Recurring EBITDA (including IFRS 16 Rents) + non monetary items included in EBITDA + Change in WC – Capex – non recurring items

⁴ Calculation based on documentation of Solocal Bonds (with a 2025 maturity)

⁵ Churn rate : number of churned customers on a LTM basis divided by the number of customers BoP

Definitions

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

Order backlog: The order backlog corresponds to the outstanding portion of revenue yet to be recognised as at 30 June 2022 from order bookings such as validated and committed by customers. For subscription-based products, only the current commitment period is considered

Secured revenue: revenue as at 30th September 2022 added to the estimation of revenue that should be recorded in Q4 2022 and relating to contracts whose service start date is anterior to the 30th September 2022 (acquisition or renewal).

Searches: Number of times Solocal positions one or more professionals following a request from an Internet user.

ARPA: Average Revenue per Advertiser, based on the last twelve months order intake for Solocal SA

Winback: Acquisition of a customer who has been lost in the previous 12 months

Churn: Number of churned customers on a determined period

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Committed to a CRS strategy since 2013, Solocal fully endorses the United Nations Sustainable Development Goals. The company is certified to Ecovadis and Gaia Ethifinance with a score of 80/100.

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