

solocal

Combined General Shareholders' Meeting



29 June

2023



Agenda



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Governance



Philippe Mellier










Chairman of the Board of Directors



Board of Directors in 2022




Board of Directors

 Philippe Mellier , Chairman SIC	 David Amar , Vice-Chairman SIC	 Delphine Grison AC	
 Bruno Guillemet GC	 Anne-France Laclide AC	 Marie-Christine Levelt SIC	
 Paul Russo AC	 Catherine Robaglia GC	 Sophie Sursock GC	 David Eckert SIC

● ● ● ● **Activity of the Board of Directors in 2022**

- **Number of meetings: 11**
- **Attendance rate: 96%**
- **Average length: 3 hours 30 minutes per meeting**
- **Main activities of the Board:**
 - Review of financial results and financial communication
 - Business review with the CEO and his team
 - Active monitoring of financial situation and cash position
 - Review of strategic orientations & market trends
 - Corporate social responsibility (CSR)

Committees activities in 2022

	 Audit Committee	 Governance Committee	 Strategy & Innovation Committee
Meetings in 2022	4	6	2
Attendance rate	100%	100%	100%
Activities	<ul style="list-style-type: none"> • Review of financial statements and cash flow forecasts • Financial communication • Audit and internal control • Follow-up of the back-office systems evolution project 	<ul style="list-style-type: none"> • Review of matters relating to changes in corporate governance • Long-term compensation plan set up • Compensation policy for corporate officers' definition • Analysis of the 3-year CSR strategy 	<ul style="list-style-type: none"> • Analysis of market evolution • Definition and review of strategic priorities

New composition of the Board of directors

Board of directors



Philippe Mellier,
Chairman



David Amar,
Vice-Chairman



Delphine Grison



Bruno Guillemet



Ghislaine Mattlinger*



Marie-Christine Levet



Cédric Dugardin*



Catherine Robaglia



Sophie Sursock



Alexandre Fretti*



Evolution of the Board of Directors

- **Philippe Mellier (Chairman of the Board of Directors)**: renewal of the term of office as an Independent Director – 11th resolution
- **Ghislaine Mattlinger**: ratification of the co-optation as an independent director of the Company – 12th resolution
- **Cédric Dugardin**: ratification of the co-optation as an independent director of the Company – 21st resolution
- **Alexandre Fretti**: ratification of the co-optation as an independent director of the Company – 22nd resolution

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Remuneration



Bruno GUILLEMET

Chairman of the Governance Committee



● **2022 Say On Pay : Compensation paid to the chairman of the Board of**
● **Directors – 5th resolution**
●

	Type of compensation	Amount paid	Comments
Philippe Mellier Chairman of the Board 5th résolution	Fixed compensation	€159,000	<ul style="list-style-type: none"> - €150,000 fixed compensation for the term of office of the Chairman of the Board of Directors paid monthly - €9,000 for his office as Chairman of the Strategy & Innovation Committee*

*on pro rata temporis basis (Strategy & Innovation committee created in July 2022)

2022 Say On Pay : Compensation paid to the CEO – 6th resolution

Hervé Milcent CEO 6 th resolution	Fixed compensation	€450,000	<ul style="list-style-type: none"> Gross annual fixed compensation of €450,000 paid monthly
	Variable compensation	€0	<ul style="list-style-type: none"> Targets set for the Chief Executive Officer by the Board of Directors for financial year 2022 include seven quantitative criteria: <ul style="list-style-type: none"> – EBITDA – Capex – FCF – Revenue – Number of customers – Customer NPS/Solocal – Direct audience PagesJaunes + LocalPartner – CSR – sales staff absenteeism
	Performance shares	€12,585	<ul style="list-style-type: none"> Allotment of 197,500 shares in accordance with the Board of Directors' decision of February 22, 2022
	Benefits in kind	€27,416	<ul style="list-style-type: none"> Health and welfare benefits plans; Refund of his business expenses incurred when performing his functions as Chief Executive Officer Enrolment fees and unemployment insurance contributions (GSC) A company car

● Compensation policy for the Chairman of the Board- 8th resolution

Philippe Mellier	Type of compensation	Amount	Comments
Chairman of the Board of Directors	Fixed compensation	€150,000 *	<ul style="list-style-type: none">• 150,000 euros fixed compensation for the term of office of the Chairman of the Board of Directors *

*+ 18,000 euros for his office as Chairman of the Strategy & Innovation Committee

Compensation policy for the Chief Executive Officer – 9th resolution (1/3)

	Type of compensation	Amount	Comments
Chief Executive Officer	2023 Fixed compensation	€450,000	<ul style="list-style-type: none"> Gross annual compensation payable monthly
	2023 Variable compensation	€450,000	<ul style="list-style-type: none"> Variable gross annual compensation ranging from 0% to 150% of fixed compensation Targets set for the Chief Executive Officer by the Board of directors for financial year 2023 include five quantitative criteria: <ul style="list-style-type: none"> - 35% : EBITDA – Capex - 20% : FCF - 20% : Combined sales over the last 12 months - 20% : Absenteeism in the workplace - 5% : CSR – Average CO² emissions per vehicle

● Compensation policy for the Chief Executive Officer – 9th resolution (2/3)

	Type of compensation	Comments
Chief Executive Officer	Benefits in kind	<ul style="list-style-type: none"> • Coverage/Providing: <ul style="list-style-type: none"> • Health and welfare benefits plans • Civil liability insurance as Chief Executive Officer • Refund of his business expenses incurred when performing his functions as Chief Executive Officer • Enrolment fees and unemployment insurance contributions (GSC) • A company car
	Compensation for his term of office as Director	No directorship in Solocal Group
	Severance payment	<ul style="list-style-type: none"> • The amount of the payment will be equal to 12 months of the Chief Executive Officer's average gross fixed and variable annual compensation over the last two full financial years • The payment of the compensation will be subject to the following performance condition: the Chief Executive Officer must have achieved an average of at least 50% of his annual targets during the last two completed years • The severance payment will only be paid after the Board of Directors of the Company has determined that the applicable performance condition has been met and after the Company's General Shareholders' Meeting has approved the payment within the scope of the ex post vote

Compensation policy for the Chief Executive Officer – 9th resolution (3/3)

	Type of compensation	Comments
Chief Executive Officer	Non-competition compensation	<ul style="list-style-type: none"> The non-competition obligation is limited to a 12-month period starting from the day of the end of the duties At the discretion of the Board of Directors, the Company may (i) waive the benefit of the non-competition commitment (in which case it would not be required to pay the corresponding compensation) or (ii) reduce the duration, the scope of activities and/or geographical scope of the said commitment (in which case the amount of the non-competition compensation would be reduced accordingly)
	Supplementary pension scheme	<ul style="list-style-type: none"> Defined contribution supplementary retirement plan (Article 83 of the French General Tax Code)
	Long Term Incentive (LTI)	<ul style="list-style-type: none"> No performance shares are scheduled to be granted in 2023

Remuneration Policy of the Directors of the Board – 10th resolution

	Type of remuneration & Amount		Comments
<p>Remuneration Policy of the Directors of the Board</p>	<p>Fixed compensation</p>	<p>Annual envelope of €547,600</p> <p>Attribution policy:</p> <ul style="list-style-type: none"> • €150,000 for the Chairman of the Board • €37,700 for the Directors of the Board • €18,000 for the Chairman of the Audit Committee • €18,000 for the Chairman of the Governance Committee • €18,000 for the Chairman of Strategy & Innovation Committee • €7,000 for the members of the Audit Committee • €7,000 for the members of the Governance Committee • €7,000 for the members of Strategy & Innovation Committee 	<ul style="list-style-type: none"> • No increase compared with the previous year. • Pro rata temporis allocation for Directors having resigned during the fiscal year • Reduced amount paid for Directors who have been substantially absent. • No compensation for inside directors (Director representing employees)

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2022 Annual Results



Hervé Milcent

Chief Executive Officer



2022 at a glance

Key Figures

- ✓ €400m revenue
- ✓ €115m EBITDA
- ✓ EBITDA margin 28.75%

Challenges

- ✓ Cope with recruitment and retention difficulties for the "hunter" salesforce
- ✓ Limit the increase in churn rate linked to the end of the 1st 24-month commitment cycle
- ✓ Enable PagesJaunes to return to the top 50 of French media

Business overview

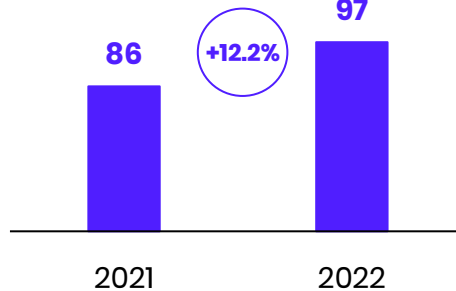
Visibility: €97m



Connect¹

- ✓ E-reputation
- ✓ Relational and transactional services

Revenue evolution (in €m)



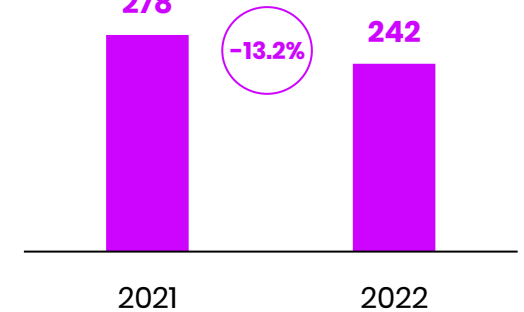
Digital marketing : €242m



Booster¹

- ✓ Advertising
- ✓ Brand awareness
- ✓ Priority ranking

Revenue evolution (in €m)



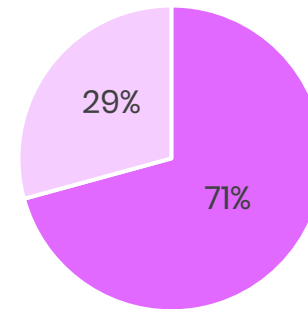
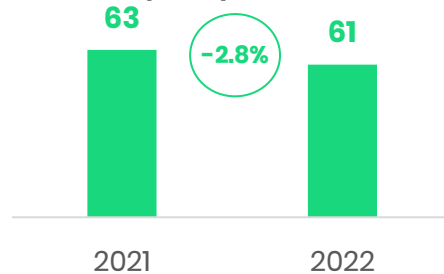
Websites: €61m



Websites

- ✓ Design & features
- ✓ SEO & SEA
- ✓ A dedicated support

Revenue evolution (in €m)



Focus on Priority Ranking

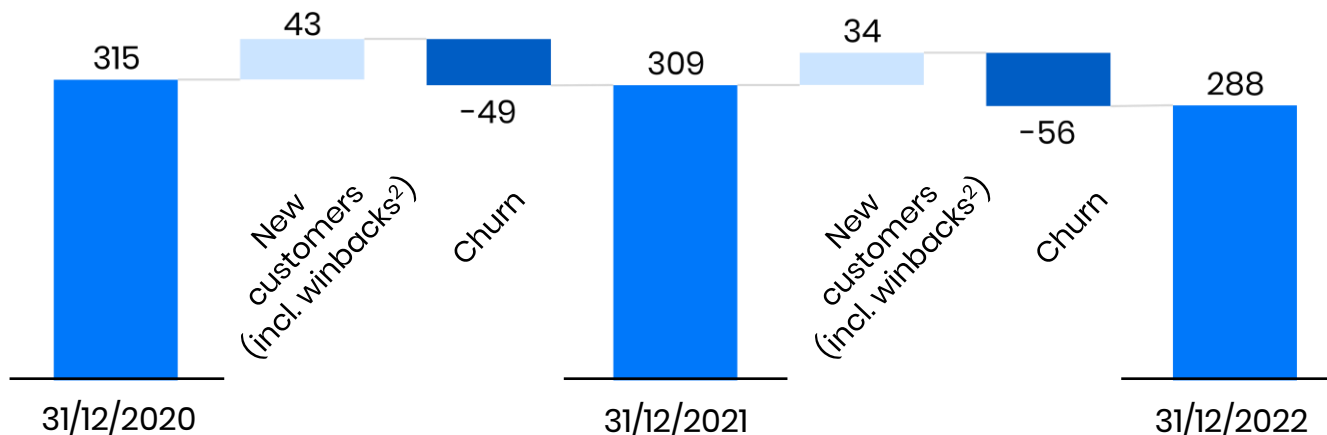
2/3 of Booster revenue

→ PagesJaunes media, main driver of digital marketing contribution



Evolution of the customer base in 2022

Customer base evolution



Mainly driven by churn

- **Overall decrease** by -21k customers over 2022
 - Price increase implemented in 2021
 - Impact of large cohorts effect and customer portfolio clean-up campaign
 - Acquisition below expectations (volume, phasing) due to difficulties in recruiting the salesforce

- **16.6%** churn rate¹ in 2022 vs 12.8% in 2021

- **52% retention rate⁴**

→ **Churn management will remain a top priority in 2023**

Digital ARPA³



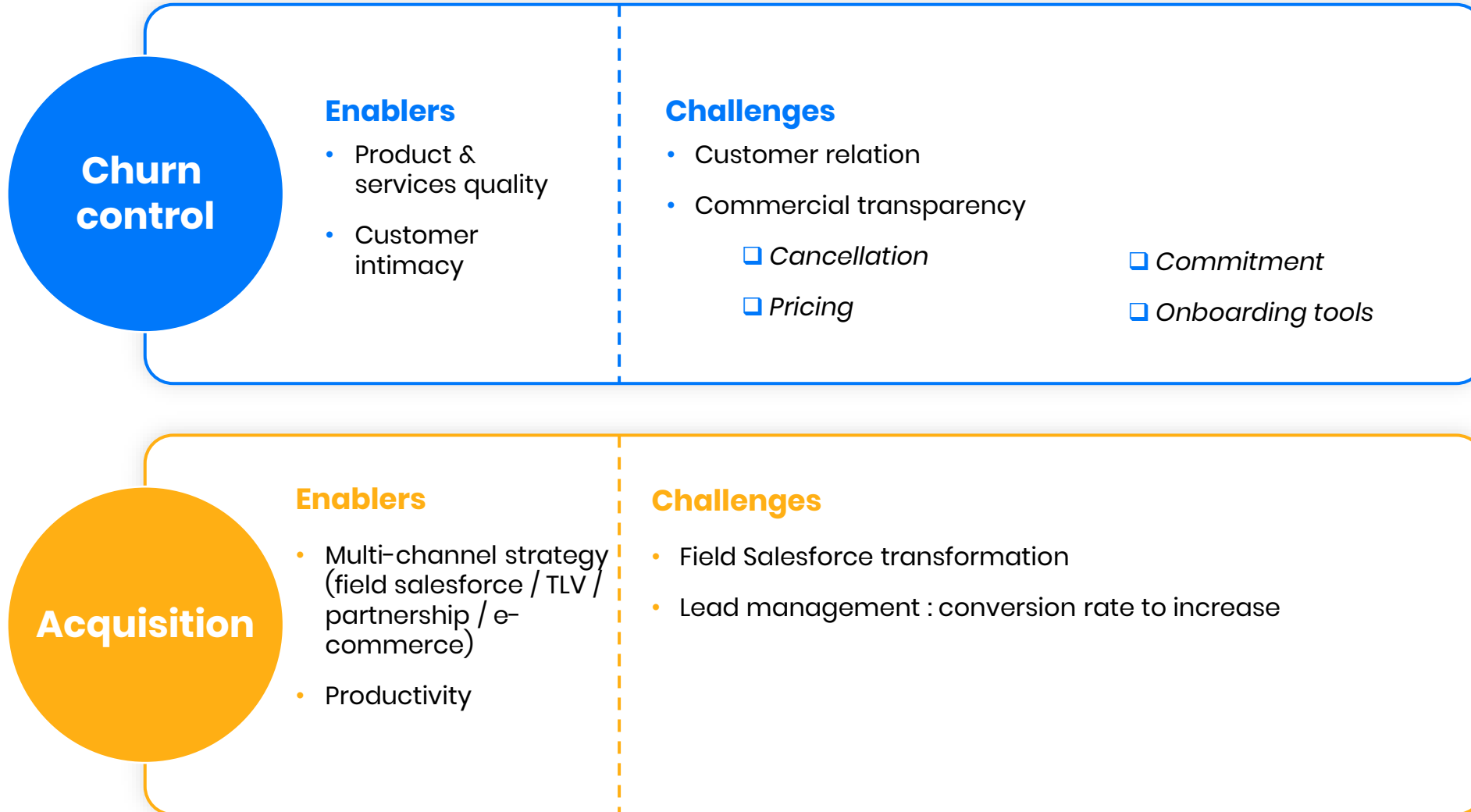
¹ churn calculation: nb of churned customers / nb of customers BoP. Figures netted from winbacks

² Winback: Acquisition of a customer who has been lost in the previous 12 months

³ARPA: Average Revenue per Advertiser, based on the last twelve months order intake for Solocal SA

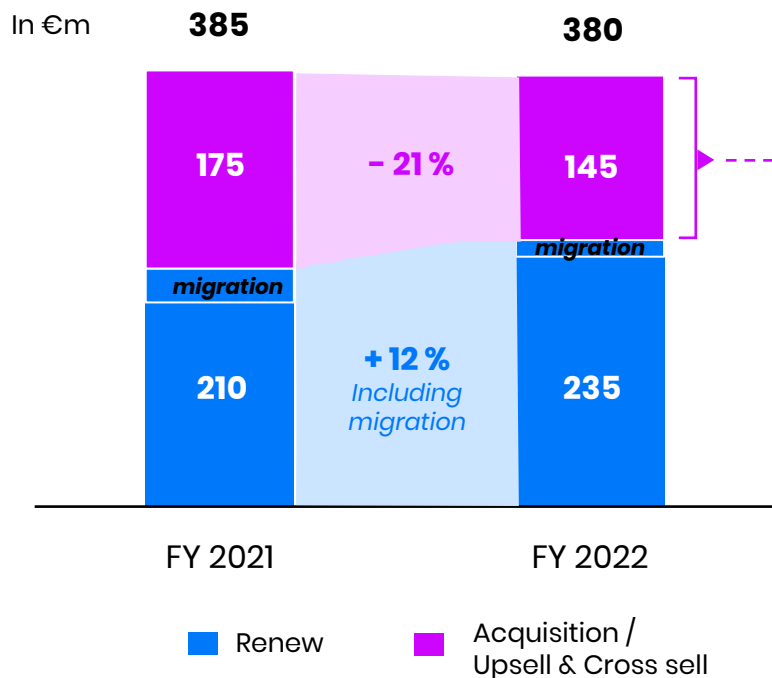
⁴Nb of customers retained / nb of churn intentions closed

Pillars of the subscription model



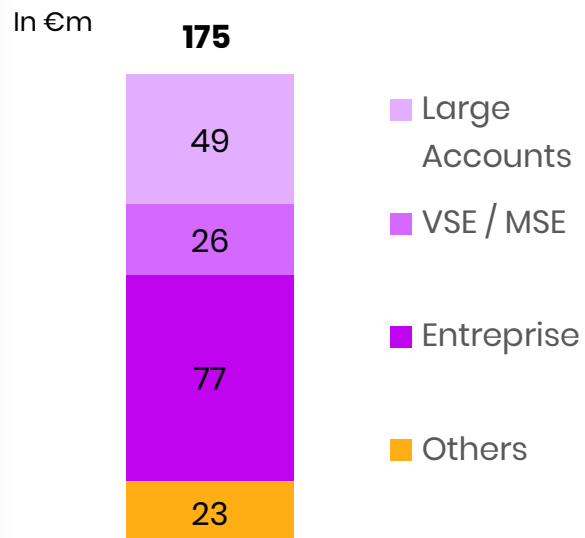
A mixed commercial performance in 2022

Order intake¹ FY 21 vs FY 22

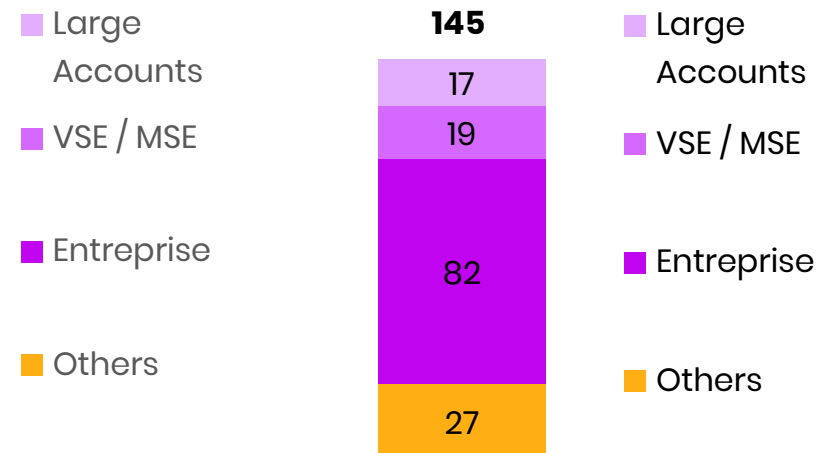


- Growth from renewed order intake
- Nevertheless, first signs of decline in Q4 2022 correlated with the increase in churn rate
 ⇒ Redesign of our customer approach

New Bizz 2021



New Bizz 2022



- Acquisition mainly impacted by the low performance of the Large Accounts
- Mixed performance of the Enterprise channel although satisfactory for "Generalists"

In depth transformation in the customer satisfaction approach to prevent the increase in churn rate

Key findings

Customer satisfaction: reputation improvement

Customer service – since Q1 2021, steady improvement in the handling of our customers' requests

- Overall satisfaction: **+34%**
- Positive perception of treatment request : **+56%**

Customer intimacy is key

Customers not contacted during their contract are 1.8x more likely to resign



Challenges

- **Customer at the heart of our organization:** Dedicated team to improve the customers' experience
- **18 major projects underway**
- **Continuous improvement:** 2 dedicated teams dealing with customer feedback after a negative experience
- **Employee training:** Dedicated training organized to adapt our approaches
- **Proximity:** Specific call campaigns to maintain a strong relationship with our customers

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PagesJaunes advertising campaign



Hervé Milcent

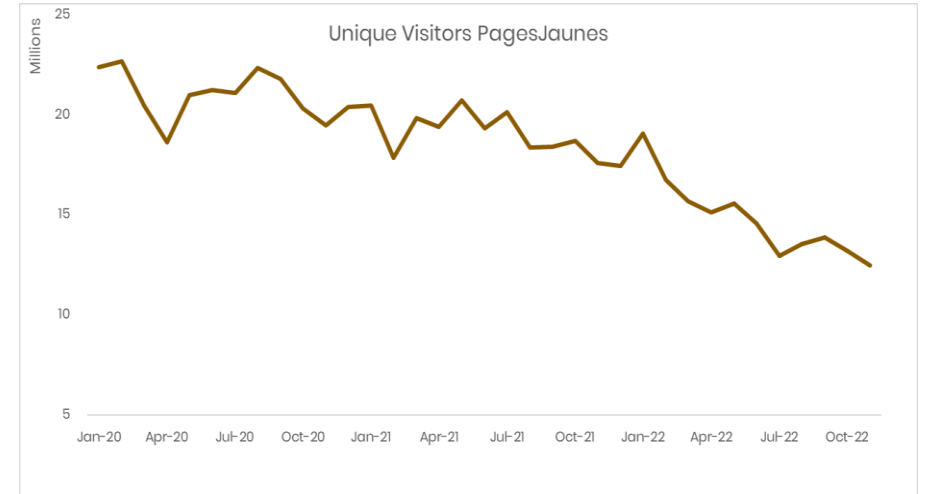
Chief Executive Officer



PagesJaunes: a much-needed advertising campaign

Initial context :

- PagesJaunes is at the heart of Solocal's value proposition: more than 2/3 of our customers have a media-related offer
- Nevertheless, PagesJaunes' audience has been declining steadily for several years
- 94% of French consumers know PagesJaunes but...
 1. Only 14% think about it spontaneously when searching for local professionals
 2. Most people have an obsolete image of PagesJaunes



→ **Main challenge:** bring PagesJaunes back into consumer mind (spontaneous notoriety) and boost brand image

Answer :

- A comprehensive media campaign (TV, poster, display) from January to March 2023



PagesJaunes : a positive advertising campaign

KPI 1

Spontaneous awareness of PagesJaunes

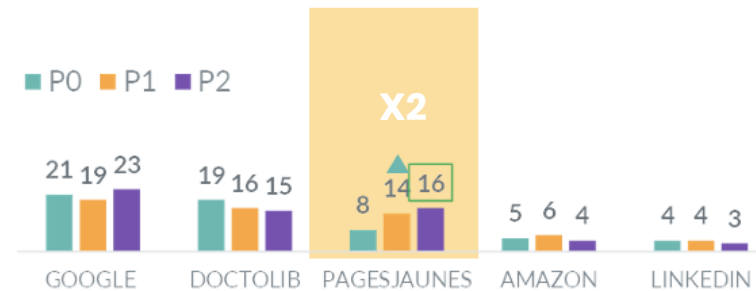
- Spontaneous awareness: **+ 8 pts**

KPI 2

Brand image


- Business understanding**: «Leading brand on professional search»: **+9 pts**
- Trust**: "Offers to connect reliable / trusted professionals with individuals" : **+9 pts**
- Modernity**: "PagesJaunes is a brand that has evolved with its times" : **+7 pts**
- "I know PJ through their mobile app" : **+7 pts**

Spontaneous awareness for professional search



KPI 3

Use of PagesJaunes

- A media campaign generating traffic: **1.7M** clicks generated (display)
- Audience's evolution during the campaign: **+2.2M** unique visitors between January and March 2023
- In March, best audience since last June with **14.7M** unique visitors. Back to the 50th place in the Mediametrie ranking 

SOURCE : ÉTUDE POST-TESTS GFK POUR PAGESJAUNES, 2023

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2023 Priorities



Hervé Milcent

Chief Executive Officer



● ● ● ● 2023 priorities

Focus on acquisition

- 2023 starts with a satisfactory number of hunters
- Focus on field salesforce productivity

Contain churn in order to secure revenue

- Anti-churn plan
- Customer satisfaction improvement as a key factor of success to secure the renew

Further cost control in order to limit margin erosion

Innovation

- Integration of artificial intelligence in the creation of content on the Pro's detailed sheet in PagesJaunes & assistance in the content creation of websites
- Platformization of advertising offers

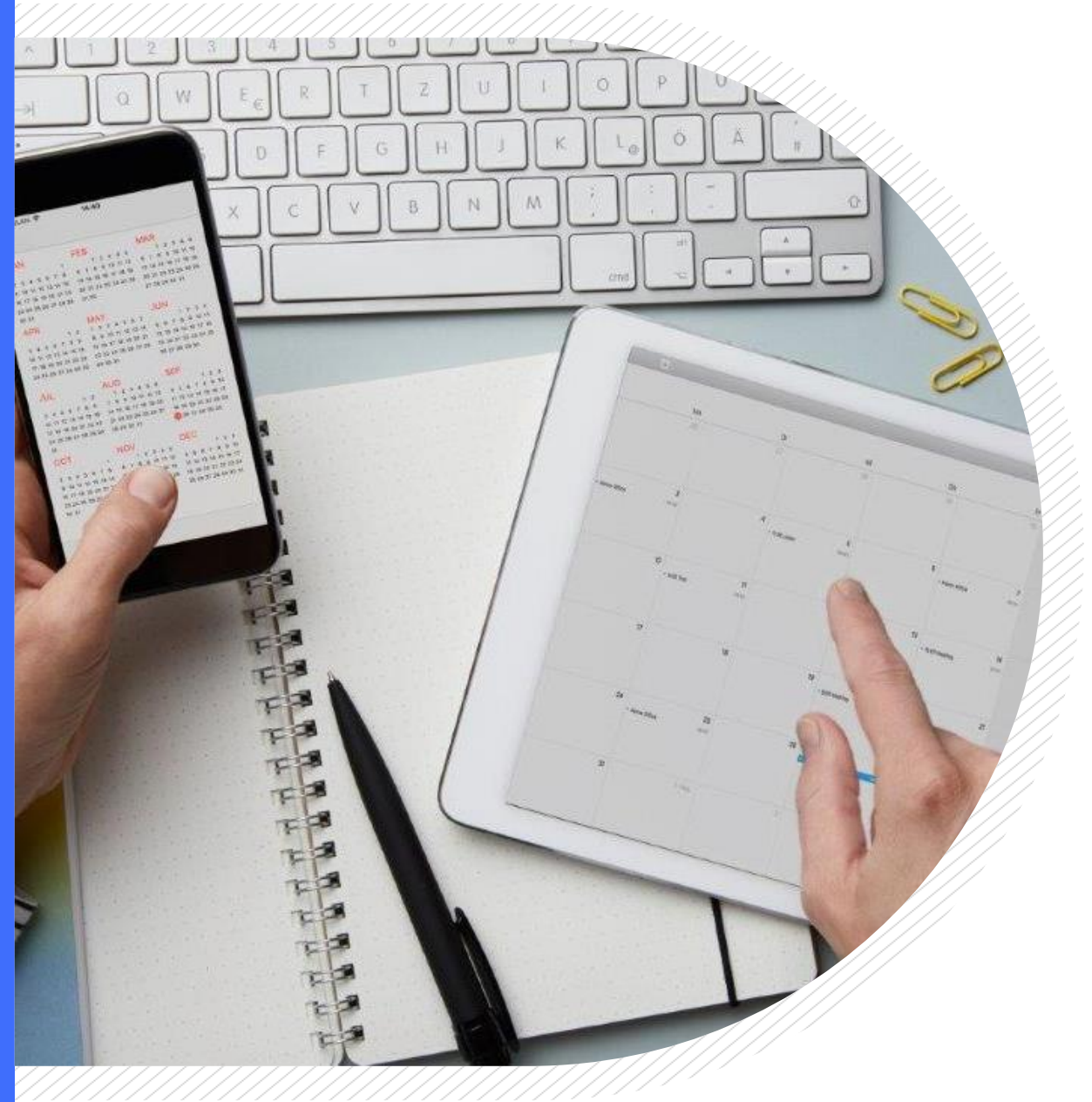
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2022 Financial results



Olivier Regnard

Chief Financial Officer



CSR issues & ESG performance

Societal

- **Fight the desertification of city centres:**
 - Develop short circuits,
 - Promote digital citizenship
- Ensure **publication of responsible & widely accessible content**

Governance

- **Respect and security** of personal data
- **Ethical governance** to ensure the Group's sustainability

Social

- Support **the transformation of jobs and skills**
- Promote **the development of a pleasant work environment for all**
- Improve **employee commitment and making the Group more appealing**

Environment

- **Optimise energy consumption, use of resources and reducing the carbon impact** for a sustainable digital



68/100 (+8 pts)

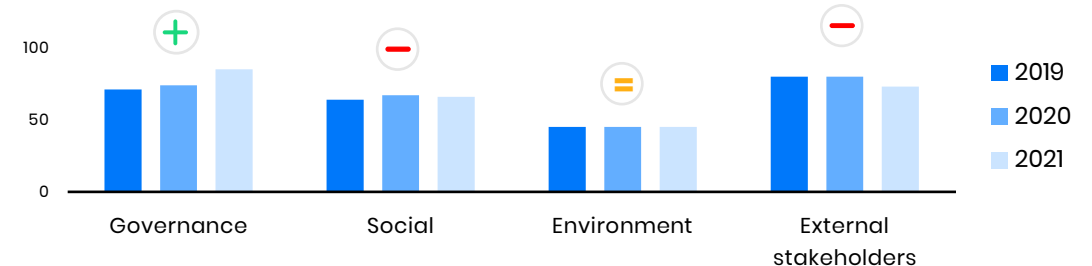
Silver Medal

Among more than 300 SME's listed on the Paris Stock Exchange

National ranking
84/400

Sector ranking
10/80

Firms with similar revenue ranking
32/281



The french ESG agency Gaia Ethifinance worked on a methodologic review for this year.



53/100

Bronze Medal

Overview of Solocal revenue



Connect¹



Booster²



Websites³

TOTAL

**FY
2022**

€96.9m

€241.6m

€61.4m

€400.0m

**FY
2021**

€86.4m

€278.4m

€63.2m

€428.0m

Change

+12.2%

-13.2%

-2.8%

-6.5%

Revenue impacted by the performance of booster activity including priority ranking

NB: Solocal group has reclassified the presentation of its revenue. The full priority "priority ranking" offer is now included in the range "Booster offers" (formerly shared between Connect & Booster).

Income statement

In € million	2021	2022	Change	Change
Total Revenue	428.0	400.0	(28.0)	-6.5%
External expenses	(122.4)	(113.1)	9.3	-7.6%
Personnel expenses	(185.0)	(171.9)	13.1	-7.1%
Recurring EBITDA	120.6	115.0	(5.6)	-4.6%
Non-recurring items	9.3	(0.3)	(9.6)	n/a
Consolidated EBITDA	129.9	114.7	(15.2)	-11.7%
Depreciation and amortisation	(59.5)	(56.2)	3.3	-5.7%
Operating income	70.4	58.5	(11.9)	-16.9%
Financial income	(28.5)	(28.5)	0.0	-0.1%
Income before tax	41.9	30.1	(11.8)	-28,3%
Corporate income tax	(19.1)	(33.3)	(14.2)	n.a.
Consolidated Net income Group	22.9	(3.3)	(26,2)	-114,2%

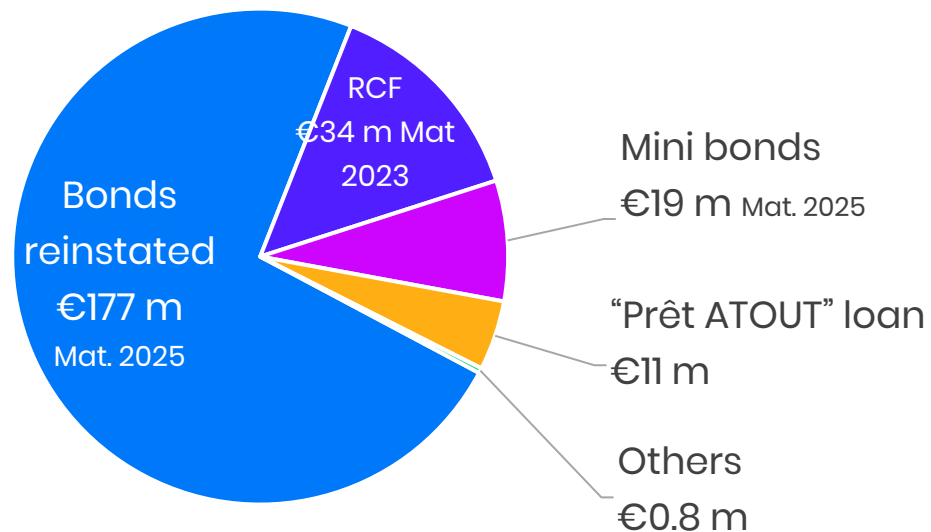
- **€115m recurring EBITDA** (€114.7m EBITDA)
 - €(9.3)m decrease in external expenses due to
 - (i) a reduction in “media spend”
 - (ii) reduction in direct marketing expenses
 - (iii) reduction in the use of external services
 - €(13)m decrease in personal expenses due to strict cost control
- **28.7% recurring EBITDA margin in 2022**
- **€58.5m Operating Income**
- **€(28.5)m Financial result** mainly comprising financial interests on RCF, Bonds and BPI loan
- **€(33.3)m Corporate income tax**
 - €(27.7)m deferred taxes including €(26.1)m of the impairment of deferred tax assets on tax loss carry forward ;
 - €(3.4)m corporate income tax ;
 - CVAE charge of €(2.2)m.

€53m Recurring Operating Cash Flows in 2022

In € million	FY 2021	FY 2022	Variation
Recurring EBITDA¹	120.6	115.0	(5.6)
Non-monetary items included in EBITDA	5.1	3.9	(1.2)
Net change in working capital	(20.2)	(34.7)	(14.4)
- Of which change in receivables	(10.6)	(14.1)	(3.5)
- Of which change in payables	(10.6)	(6.3)	4.3
- Of which change in other WCR items	1.0	(14.3)	(15.2)
Acquisitions of tangible and intangible fixed assets	(33.4)	(31.6)	1.8
Recurring operating free cash flow	72.1	52.6	(19.5)
Non-recurring items	(8.1)	(6.4)	1.7
Disbursed financial result	(13.5)	(19.7)	(6.2)
Corporate income tax paid	(6.0)	(4.5)	(1.5)
Others	(0.6)	0.4	1.0
Free cash flow	43.9	22.4	(21.5)
Increase (decrease) in borrowings	(6.1)	(14.0)	(7.9)
IFRS 16 & Others	(19.7)	(17.9)	1.8
Net change in cash	18.8	(9.5)	(28.3)
Net cash & cash equivalents BoP	61.4	80.2	18.8
Net cash & cash equivalents EoP	80.2	70.8	(9.4)
Operating free cash flows (*)	43.8	28.7	(15.1)

- **€(34.7)m Negative net change in WCR:**
 - €(14.1)m change in customers receivables;
 - €(14.3)m change in other WCR items o/w €(7)m payment of « passif fiscal et social »
- **Capital expenditure:** €(32)m
- **Cash out interests:** €(19.7)m (bonds, RCF & BPI loan)
- **Debt repayment:** RCF €(10)m & BPI €(4)m
- **€70.8m of cash on balance sheet**

Focus on debt structure



<i>In million euros</i>	31 st Dec 2021	31 st Dec 2022
Gross debt	255	241
Cash	(80)	(71)
Net debt	175	170
Covenant EBITDA ¹	105	99
Financial leverage	1.7x	1.7x
ISCR	5.3x	4.3x

Headroom

31st Dec 2022

- **Consolidated Net Leverage ratio¹** (Consolidated net debt / Consolidated EBITDA) **< 3.5x** **51%**
- **Interest Service Coverage ratio¹** (Consolidated EBITDA / Consolidated Net Interest Expense) **> 3.0x** **44%**

Beginning of 2023

First quarter 2023

Continuing difficulties in the first quarter

- €93.3m revenue i.e., -8.0% vs. Q1 2022
- 281k customers as of 31st March 2023 vs. 288k 31st December 2022
- Stable ARPA at c. 1 340€
- Churn rate stands at 17.4% as of 31st March

2023 Outlook

- Revenue for the coming quarters in line with Q1 2023 revenue (€93.3m)
- Continued cost control efforts
- Maintain an EBITDA margin between 20% & 25%

June 2023 announcements

- Reflexion in order to define a **new strategic plan**
- Intention to initiate **discussions with financial creditors**
- **Opening of a “mandat ad hoc” proceeding**, in order to facilitate discussions with financial creditors
- **Solicitation of a consent from bondholders** to defer the payment of the coupons of its Bonds and Mini Bonds due in June & September 2023

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Auditors' reports



Stéphane Rimbeuf

Partner at Deloitte



Auditors report on consolidated financial statements

Auditors report on consolidated financial statements

(Universal Registration Document page 208 to 211)

*
* *

- **Clean audit opinion on the consolidated financial statements**
 - Without calling into question the opinion expressed above, we draw your attention to the significant uncertainty related to events or circumstances likely to call into question the going concern, described in note 1.5 “Going concern” of the notes to the consolidated accounts
- **Key audit matters**
 - Revenues recognition
- **No matters to report on the Group management report**
- **Format of presentation of the consolidated financial statements**
 - “We conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format”

Auditors report on financial statements

Auditors report on financial statements

(Universal Registration Document page 250 to 253)

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* *

→ Clean audit opinion on the financial statements

- Without calling into question the opinion expressed above, we draw your attention to the significant uncertainty related to events or circumstances likely to call into question the going concern, described in note 3 “Going concern” of the notes to the accounts

→ Key audit matters

- Measurement of equity securities

→ No matters to report on the management report, the other documents on the financial position or the Board of Director’s report on corporate governance

→ Format of presentation of the financial statements

- “We conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format”

Auditors' report on regulated agreements

Auditors' report on regulated agreements

(*Universal Registration Document page 283*)

*
* *

- **None agreement authorized during the year and submitted to the approval of the Shareholders' Meeting**
- **Agreements previously approved by the Shareholders' Meeting**
 - Pledge of the securities account relating to the shares of the company Solocal S.A. held by Solocal Group, as collateral for the bond issue of 17.8 million euros, issued in August 2020 by Solocal Group

Special reports to the Extraordinary General Meeting (EGM)

Special reports to the Extraordinary General Meeting (EGM)

14th, 15th, 16th, 17th and 19th
résolutions

*
* *

- **Statutory Auditors' report on the issuance of shares and other marketable securities while maintaining and/or canceling preferential subscription rights**
 - No matters to report on the methods used to determine the issue price of the equity securities to be issued pursuant to the 15th and 16th Resolutions
 - No opinion on the methods used to determine the issue price pursuant to the 14th Resolution as they are not specified
 - As the final terms and conditions of the issuances have not yet been set, we do not express an opinion thereon and on the proposal made in the 15th and 16th Resolutions to cancel the preferential subscription rights
- **Statutory Auditors' report on the issuance of equity securities and/or other marketable securities, reserved for members of an employee savings scheme (19th résolution)**
 - No matters to report on the methods used to determine the issue price of the equity securities to be issued
 - As the final terms and conditions of the issuance have not yet been set, no opinion on the proposal made to cancel the preferential subscription rights

An additional report will be issued, where appropriate, on the use of these delegations by your Board of Directors

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Questions & answers



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Vote on resolutions



Anne Cette

Secretary of the Board



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Closing

