solocal

Universal Registration Document

contents

2019
Universal Registration Document

Solocal

Solocal is the trusted local digital partner for all businesses looking to speed up growth.

Solocal relies on six strategic assets: online media with massive audiences, the power of its geolocalised data, scalable technology platforms, a sales force across France, privileged partnerships with the GAFAM giants, and a deep talent pool with expertise in data, development, digital marketing and more.

* GAFAM: Google, Apple, Facebook, Amazon, Microsoft/Bing

This document is a free translation into English of the original French "Document d'enregistrement universel", referred to as the "Universal Registration Document". It is not a binding document. In the event of a conflict of interpretation, reference should be made to the authentic version, which is the authentic text.

This Universal Registration Document was filed on 30 April 2020 with the French Financial Markets Authority [Autorité des marchés financiers – AMF] in its capacity as competent authority pursuant to Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said Regulation.

The Universal Registration Document may be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market, provided it is accompanied by a securities note and, where applicable, a summary and all amendments made to the Universal Registration Document. The ensemble of documents thus formed shall be approved by the AMF pursuant to Regulation (EU) 2017/1129.

A word
from the Chairman of the Solocal Board of Directors, Pierre Danon

Together, we make Solocal a business that has successfully transformed itself in spite of adversity, and most of all, we are building a French digital champion to serve businesses of all sizes.

PIERRE DANON
Chairman of the Board of Directors

The year 2019 was an eventful one for Solocal. After ten years of slow erosion, we returned to profit, positive results and strong sales momentum. For the first time since 2010, our recurring EBITDA is back on the growth track, having risen by 2.2%[1] in spite of the large fall in EBITDA from Print. After an €81 million loss in 2018, we ended 2019 with net income of €32 million[2].These 2019 results allow us to glimpse the positive effects on our profitable future: in Digital, our recurring EBITDA margin was over 32% of revenue in 2019, a four-point rise relative to 2018 (excluding the effects of changes in accounting standards).

(1) Excluding effects of changes in accounting standards.
(2) After applying IFRS 16.

We have also made lasting reductions and improvements to our cost structure, which will enable us to be more agile in the face of upcoming challenges. This year, we will therefore reap the benefits of the brave decisions we took when we announced the Solocal 2020 strategic plan in 2018.

These results for 2019 confirm and underline the relevance of the profound transformations we are making month after month, as we say goodbye to printed directories and embrace a new business model, new products and a new organisation. Our outlook for the future is in line with our strategy. We have met the 2019 target but, as you know, we are facing new, unforeseeable challenges of an unprecedented magnitude in the first half of this year.

As we write, the coronavirus crisis is having a material impact on our customers' businesses. As a key partner of France's VSEs and SMEs, Solocal will likewise be affected by the slowdown in the country's economic activity. We have already put a series of measures in place in response to this unprecedented situation, and we will continue to monitor its progression with the fundamental aim of protecting the company, its employees and its customers. Like many companies, we have chosen to suspend our 2020 forecasts. We are already expecting annual revenue to shrink by over 20% and are intensifying our cost-cutting efforts, with over €40 million in additional reductions planned for 2020. We are continuing to estimate the impacts of the crisis so that we can provide you with precise, granular information as soon as the outlines of the recovery take clearer shape.

In the face of this unprecedented and unforeseeable crisis, we are not taking things lying down. Indeed, we are extremely keen to keep moving ahead with our transformation. We are fully committed to adapting our group to this extraordinary situation, and it is with this in mind that we have launched an action plan that combines savings measures with recourse to government support measures and negotiations with our bond creditors. Our objective is to emerge from this ordeal stronger, sharper and more agile.

Solocal's expert staff are looking to the future and working towards our mission of vitalising local life. They are ready to stand beside our customers at the end of the crisis to help them maximise their recovery with a new digital service offering.

The Board of Directors and I have never doubted the strength of our unique advantages or the quality of the strategy we have pursued since 2018. Today, the results demonstrate the potential of a "100% digital" Solocal with firm fundamentals and a completed transformation.

We have the strategy, the staff, the products and the geographical coverage to be the French leader in communications and digital marketing. As you know, Solocal is backed by a Board of Directors that is fully committed to the strategy we have deployed to create value shared by all – our customers, our employees and our shareholders. Solocal's mission is clear: to unleash the potential of all businesses by using digital services to connect them with their customers, and thus to vitalise local life while respecting the four essential values of proximity, engagement, courage and team spirit. These are the values that guide our actions and our relations with all our stakeholders. We are, in particular, deeply attached to maintaining a permanent and sincere dialogue with our shareholders, whom we thank for their commitment and their trust. We are committed to improving this link on a daily basis, and with this in mind we have very recently revised the website so as to provide extra information in addition to our existing modes of communication.

The quality of the dialogue that unites us with our shareholders, our staff and our customers is fundamental to our success. Together, we make Solocal a business that has successfully transformed itself in spite of adversity, and most of all, we are building a French digital champion to serve businesses of all sizes.

A word
from the CEO, Eric Boustouller

> In 2020, we will continue to implement our customer culture. Staff are fully committed to this way forward, and we are already seeing a significant improvement in our customer surveys.

ERIC BOUSTOULLER
CEO

The *Solocal 2020* strategic plan can be compared to a race run in a series of stages. With our 2019 results under our belt, we have reached the stage we wanted to reach at this point, with a return to growth in recurring EBITDA, positive momentum in Digital order intake and net income back in positive territory. This is a source of satisfaction for me, for the Executive Committee of the Company and for all our staff.

We have rebuilt Solocal by taking brave decisions and choosing clear, sustainable and promising directions to follow. Solocal is now the French leader in communication and digital marketing. The end of the printed directory marks the end of an era and reflects the birth of the new Solocal.

Credit for sales performance in the second half of 2019, with Digital order intake growing by 7.4% in the fourth quarter alone, naturally goes to the local sales teams, who form one of our major competitive advantages.

This strong activity was also boosted by the relevance of our new simplified "full web" service offers. Customers are on our wavelength and are giving a very warm welcome to these changes. The Presence and Priority Ranking offers have already tempted over 100,000 customers, and we enjoyed a migration rate towards these new digital services of over 85% in the fourth quarter of 2019.

Behind the changes we are making to our products and services, another major revolution got under way in 2019, namely the generalised roll-out of recurring subscriptions. Subscriptions already accounted for 75% of Digital order intake made in the fourth quarter of 2019, and should account for over 90% of the customer base by the fourth quarter of 2020.

The year 2020 began in the same vein as 2019 and in line with the trajectory we expected: growth in new customer acquisitions and cross-sell, the continuing migration of the customer base to the new digital Priority Ranking and Presence services, rising numbers of subscribers, a shift in the primary roles of sales staff, etc.

The momentum of the first two months was brutally interrupted by the coronavirus public health crisis. The crisis is a testing time for all businesses, including Solocal and especially the VSEs and SMEs which make up the core of its customer base. In this situation, our subscription model, with the recurring revenues it provides, is a major asset and an expression of the company's enhanced resilience.

The public health crisis reveals the importance of standing beside our customers and providing high quality service when it counts. In this storm, we remain more committed than ever. As an example, we are offering businesses the chance to use our key digital services for free during the lockdown so that they can maintain a bond with their consumers and keep them informed day by day. We are standing beside our customers to support them as the restrictions are loosened, assist them as they resume business and help them get back on the growth track.

Furthermore, in order to maintain our 2020 strategy, we are continuing to innovate so that we can respond even better to our customers' needs, and we will be launching new subscription services in the Presence range for VSEs and SMEs, such as instant messaging, online appointment booking, online quotations and a click-and-collect service. At the same time, we will be offering a specific new Presence offer which will draw on our Bridge technology platform to meet the expectations of brands with large networks. These innovations are already supported by an improved customer journey on the Solocal Manager app, which has been adapted and optimised for the use of these new services. Lastly, the continuing evolution of our sales tools remains a priority this year. All these extra resources serve our customers, our staff and our growth.

PagesJaunes, our flagship, is also a source of satisfaction, with traffic up by 19% in 2019; one in every two French people used our media to search for a shop, practitioner or tradesman in their local area. In 2020, we will invest in order to enhance the experience and value proposition of the brand. PagesJaunes is set to be transformed as we expand our palette of services to include bookings, obtaining quotes, a click-and-collect service, the development of direct communications (such as instant messaging and bots) and review features to stimulate the conversation between businesses and their customers, and, in the near future, the ability to make in-app payments. We have decided to speed up the roll-out of some of these services, which have become even more indispensable in the crisis period we are going through.

In 2019, we made profound transformations whose full potential will be achieved in the coming months, in accordance with our roadmap. Many lights have turned green over the past few months. The year 2020, despite the unprecedented public health crisis, will surely confirm the quality and the potential of our strategy.

SOLOCAL IN BRIEF

Key figures 2019

The trusted local digital partner for all businesses looking to speed up growth

2.7 Bn visits (1)

€584 M revenue for 2019

2,000 digital advisors (2)

375,000 customers including **100,000** for new services (3)

>90,000 digital ad campaigns (4)

4.9 M professionals & companies listed on PagesJaunes

51% reach (5)

11 M reviews (6)

(1) Source: AT Internet, across all platforms.
(2) Field sales/telesales, customer relations and sales support, pro forma figure excluding departures linked to the Employee Protection Plan.
(3) New services: Presence and Priority Ranking.
(4) Google, Bing, PagesJaunes, Facebook & Local Ads in 2019.
(5) Source: Médiamétrie, based on internet users 2 years and up, annual average.
(6) PagesJaunes.

Strategy

Solocal announced its "Solocal 2020" strategic plan in February 2018. The plan is based on a new 100% digital offer for businesses, the reinvention of media platforms to provide a new user experience, and a reorganisation of the business. This plan reflects Solocal's new ambition: to become one of the digital services champions in France.

PILLAR 1

Offering a new 100% digital range

Growing demand from VSEs and SMEs and large network accounts for support in building their digital presence, finding new customers and improving performance is a development opportunity for Solocal.

To meet these new needs, Solocal aims to unleash the digital potential of all businesses by offering innovative digital services on a unique integrated platform and a digital coaching service tailored to each market segment. The Solocal value proposition has thus changed profoundly during 2018 and 2019:

- from offers that overlap to a packaged and progressive product offer;
- from a PagesJaunes-focused offer to a "Full Web & Apps" strategy on all devices (desktop, mobile phones, tablets and virtual assistants);
- from a range of products offered to customers each year to the widespread roll-out of a range of digital services sold as auto-renewing Software as a Service (SaaS) subscriptions;
- from customers "left to fend for themselves" after a sale to a digital coaching approach that provides tailored support based on a new customer experience;
- and finally, from 18 customer interfaces to a single mobile and desktop customer app (Solocal Manager).

Solocal now offers three ranges of digital services on a single platform to boost the activity of businesses:

- Presence range (visibility and e-reputation);
- Websites range (business and e-commerce websites);
- Advertising range (ranking, performance and visibility).

Solocal products and services at the end of 2019

WEBSITES

- **Websites**
  - Essential
  - Premium
  - Privilege
  - From €70 ex VAT/month
- **E-commerce website**
  - Essential
  - Premium
  - Privilege
  - From €80 ex VAT/month

PRESENCE

- **Essential**
  - MINI-SITE
  - Ranking on 9 websites, search engines and social media
  - €29 ex VAT/month
- **Premium**
  - MINI-SITE
  - +
  - Ranking on 21 websites, search engines and social media
  - +
  - e-reputation
  - €49 ex VAT/month

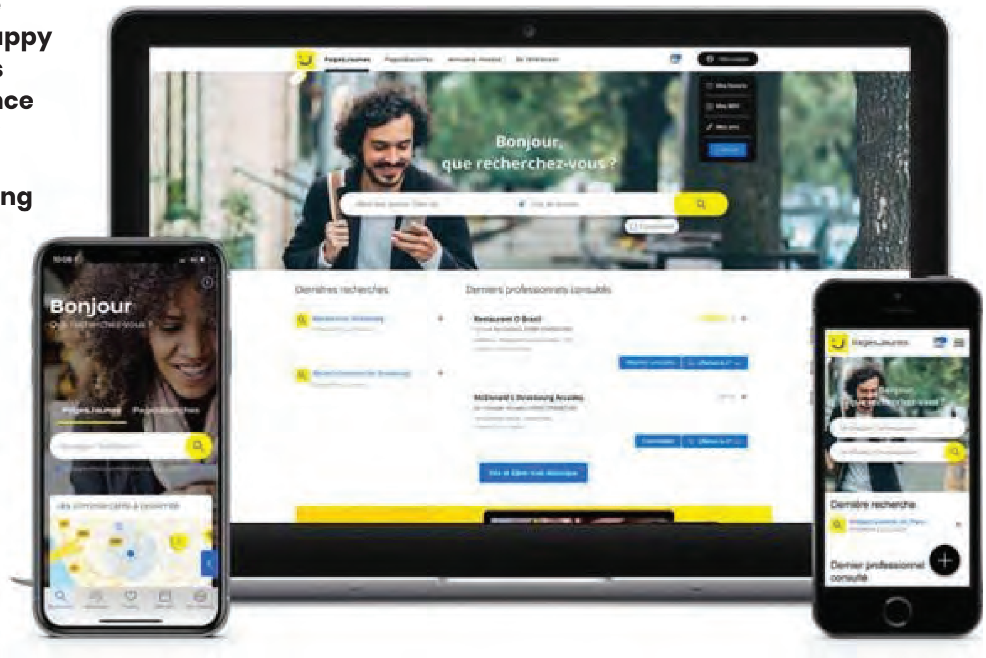
ADVERTISING

- **Priority Ranking**
  - PRESENCE PREMIUM
  - +
  - Priority Ranking
  - Initial
  - Privilege
  - Integral
  - From €59 ex VAT/month
- **Offline Performance**
  - LEADS AND DRIVE TO STORE
  - Booster Contact
  - Local Impact
  - From €75 ex VAT/month
- **Online Performance**
  - TRAFFIC TO WEBSITES
  - Booster Site
  - Social Clic
  - From €75 ex VAT/month
- **Visibility**
  - DISPLAY CAMPAIGNS
  - Social Tract
  - ADhesive
  - VIDEO CAMPAIGNS
  - Social Vidéo
  - From €69 ex VAT/month

PILLAR 2

Reinventing PagesJaunes and Mappy to offer an enhanced user experience

Faced with the emergence of new needs and new habits among Internet and mobile users, PagesJaunes and Mappy are reinventing themselves to offer a new user experience via a richer and more finely differentiated customer journey that promotes lasting commitment to the brand. This is the goal of the transformation project built around a significant corporate culture change within the Company, which puts the user at the core of its user services strategy. In other words: "User First" – user satisfaction (on desktops and mobiles) is key.

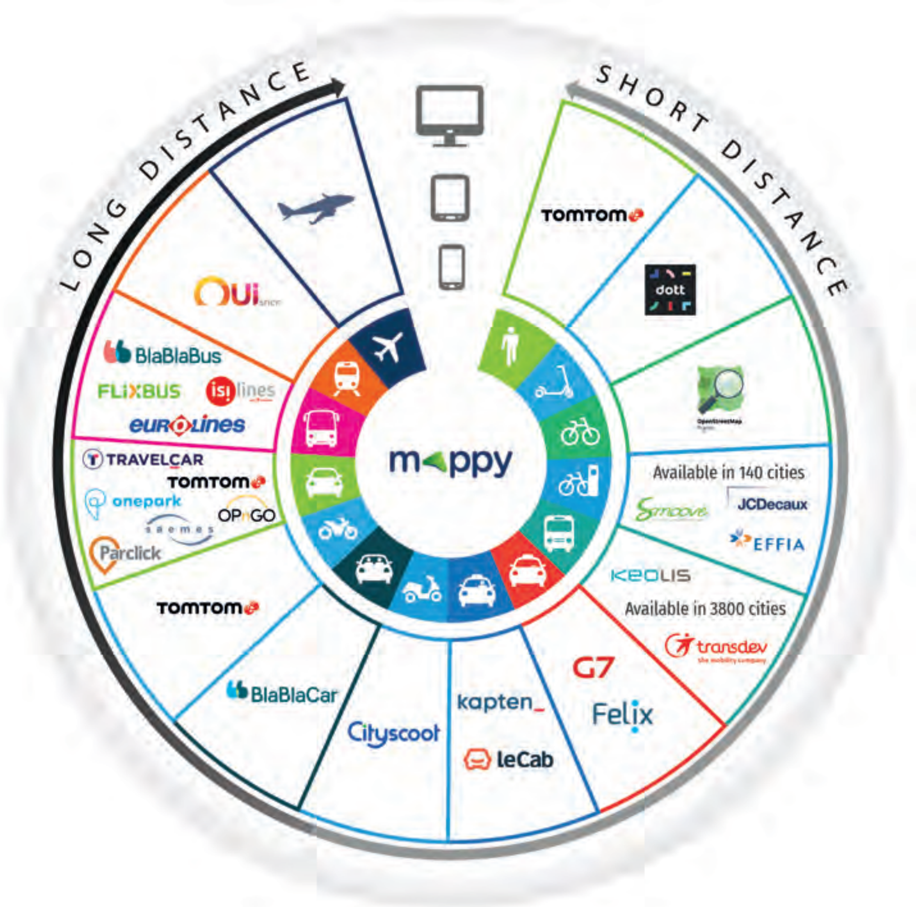


PagesJaunes kicked off its transformation in 2019 with the goal of achieving a redesigned service and a new positioning in 2020 in terms of both branding and service, based on three main avenues for growth intended to boost regular use:

- **find the right business and the right information**. PagesJaunes is improving the performance of its search engine through a technical overhaul which will optimise performance by bringing in new technologies such as AI and specific algorithms covering popularity and depth/freshness of content; at the same time, it is enhancing its knowledge of its users in order to achieve a more relevant, personalised response;
- **offer an expanded range of services to further increase interactions between users and businesses**. PagesJaunes aims to be a major force in connecting businesses with consumers. To achieve this, a key part of its strategy is to develop conversational, transactional and other services to enable them to interact;
- **develop a redesigned service based on a more local experience**. This will be reflected in a map-centred UX/UI experience, the addition of attractive content such as advertisers' news and promotions and a personalised customer relationship programme.

Mappy is supporting changes in French travel behaviour by adding a multimodal comparison tool to its route-planning and mapping services.

Mappy was Solocal's second most-visited platform in 2019 with nearly 339 million visits, over 55% of them from mobile users (mobile + tablets) on iOS and Android.



It provides:

- a localisation service for places, businesses, stores and points of interest;
- travels routes using 14 different modes of transport: travel by car or motorcycle (with or without tolls and based on real-time traffic data, including five years of historical data), by coach, carpooling and train for long-distance trips, and by taxi or minicab, bicycle, motor scooter, bike-sharing or scooter-sharing app, public transport or on foot for short trips;
- a vector map;
- geographic services allowing Mappy to be integrated into third-party sites;
- GPS navigation for cars, motorcycles and pedestrians.

In 2019, Mappy developed its own real-time search function for public transport routes, with the pilot scheme being rolled out in the Greater Toulouse area. This step was a precursor to the development of intermodal routes that combine multiple modes of transport in a single journey. Mappy has also included an estimated carbon footprint for each journey into its apps, to anticipate the sustainable mobility demands of both users and local authorities.

Mappy is ideally placed to tackle the issues of today's travellers, with real-time connected mobility using all modes of transport and sustainable mobility that is mindful of its environmental impact. This service is a first step towards a MaaS (Mobility as a Service) service which aims to adapt to and support the shifts in France's travel habits.

PILLAR 3

Implement a new structure

To achieve the business and service transformations initiated in 2018, the Company's organisation has been redesigned with three guiding principles in mind:

- A **simple, agile and efficient organisation** that enables each person to thrive and interact with co-workers in their daily activities. Simplifying the hierarchy is also a way of improving efficiency. It has been streamlined, with fewer hierarchical levels and increased responsibilities. Subsidiaries have also been gradually integrated, with the aim of building more agile, cross-disciplinary teams to serve our customers. Improving operational efficiency has made it necessary to eliminate business units, group together telesales, customer support and production activities in a reduced number of optimised regional hubs, and consolidate marketing and operational activities in a centralised organisation.

  This streamlining of locations aims to strengthen the sales and support teams' proximity to customers.

  Field sales teams will have a top-quality working environment in business centres, where they will have all the tools they need for their activities. For customers, the aim is to guarantee and maintain an excellent national and local presence – unique in the French market – through exceptional geographical coverage.

  This rationalisation included a reduction of around 1,000 positions in 2018 with the implementation of a redundancy plan ("Plan de Sauvegarde de l'Emploi").

- A **new technological dynamic** to position Solocal at the forefront of market practices. The Company intends to adopt an R&D and IT policy consistent with its ambitions. Solocal's technology, which is the growth driver for the Company's businesses, must encourage the design of innovative services that benefit customers and users and be adaptable to all market segments, in France and abroad, applying an efficient and scalable business model.

- A **clearer corporate culture**, based on performance and ethics and underpinned by four essential values (Commitment, Team Spirit, Courage and Proximity) – a culture of customer service in which our customers are at the centre of our daily concerns. The ways in which we work together have also significantly evolved, with the implementation of agile working methods, which are vectors of operational efficiency, on a basis of structured and optimised processes. Each measure of the organisation's transformation project has one absolute priority: to be customer- and user-centric in order to respond to their changing expectations and needs. To meet this challenge, Solocal's transformation will require the standardisation of its tools and processes throughout the entire chain. Removing barriers to interactions between departments and fostering co-construction within the Company is the bedrock of the new corporate culture: more agile, more cross-disciplinary, more open. In this way, for example, strong synergies have been deployed between the Products and Technology departments (in agile mode) in order to design efficient digital services and improve the time to market for our services.

Outlook

2020 guidance announced prior to the Covid-19 crisis

1. Acceleration in new clients acquisition to stabilise the customer base
2. Return to Digital revenue growth in the second half of the year
3. Acceleration in Digital EBITDA growth
4. Recurring operating cash flow of at least €90 million (1)

(1) Operating cash flow: EBITDA + non-cash items + change in working capital – Capex.

Update following the occurrence of the Covid-19 crisis

As of the filing date of this document, the spread of the Covid-19 virus and the lockdown measures taken by the French government have had a material impact on the Solocal group's business. To date, the magnitude of the crisis and the exit route from the lockdown period remain uncertain.

In view of these circumstances, on 3 April 2020 Solocal suspended the 2020 guidance it had previously issued.

At this stage, the group cannot provide a stable revised outlook.

However, looking at the business position in March, April and May and the forecasts of a very gradual resumption of activity, we can expect an automatic drop of at least 20% in current-year revenue as well as a negative effect on revenue generation for 2021.

This slowdown will be partially offset by the cost reduction plan and the support measures announced by the government, for a total cumulated amount of circa €40 million.

Solocal will disclose a more precise statement of its revised outlook as soon as the Group is in a position to set reliable revised targets. This will depend in particular on the date and procedure for exiting the lockdown period, as well as the Group's assessment of the speed of the post-crisis recovery. An announcement will be made as soon as possible, at the latest when the half-yearly results for 2020 are announced at the end of July.

Implementation schedule for the strategy

	H1 | 2019	H2 | 2019
PILLAR 1 New 100% digital offer	• Launch of e-commerce sales channel • Launch of Presence range and Solocal Manager • Redesign of omnichannel customer experience with digital and human coaching • Intensification of automated marketing • Advertising campaigns • Wider range of contact sources (Google, Bing, PagesJaunes, etc.) and implementation of a real-time dispute resolution platform on Booster Contact • General roll-out of the drive-to-store offering for large accounts	• Launch of Advertising range (Priority Ranking) for VSE/SME customers • Websites: roll-out of the Duda website creation solution in all service offerings
PILLAR 2 Reinventing our platforms	• PJ on Google Assistant and Amazon Alexa • UI redesign for the search list • Integration of booking partners • User reviews for healthcare professionals • PJ bot rolled out on PJ website • Mappy – Trial of a personalised multimodal homepage	• New PJ homepage • PJ app becomes map-based • New updated search list on PagesJaunes • PJ bot rolled out on WhatsApp • Enhanced significance of relevance criteria in the ordering of search results
PILLAR 3 New organisational structure	• New variable compensation for sales staff • New customer segmentation • Optimised CRM system • Simplified structure that removes BUs and silos • Focus on training and management	• Implementation of works council reforms (CSE) • Implementation of Code of Ethics • Negotiation on the sharing of value creation • Migration to Cloud of digital services, infrastructure and applications • Simplification and consolidation of sales systems • Implementation of a transversal Products

H1 | 2020	H2 | 2020
• Presence: – Verticalisation of our calendar solutions on priority verticals – Integration of instant messaging solution – New entry-level offering • Local Impact Video • Request-a-quote service incorporated into PJ & Ooreka • New upselling mechanism	• New services extended to Large Accounts and Networks • New Display offer • New Website range for e-commerce
• New, more relevant PagesJaunes search engine • Syndication of appointment partners and tighter integration of appointments solutions into PJ • Real-time content updates on PagesJaunes • New maintenance hook on the PJ mobile app • UX redesign on PJ regarding user feedback on content quality • + 25 Localpartners platforms • Instant messaging solution on the PJ iOS app	• New PJ mobile app • Improvement of PJ search engine • Launch of click & collect solution on PagesJaunes • Favourites sharing on PagesJaunes • Promotions on PJ, news highlighted • 45 new Localpartners
• Election of employee director to Board • Roll-out of corporate culture project • Roll-out of the new automatic calling system for existing or prospective customers for our desk-based sales staff • New telesales operating method, in "campaign" mode • Harmonisation of E-Commerce and Marketing communications organisation to enhance customer knowledge and lead generation • Relocation of our web factory to modern and agile new premises	• Roll-out of corporate culture project • Accelerated digital training plan and enhancement of sales training • Change in remuneration for sales staff linked to shift in our sales model towards subscription mode • Relocation of our Bordeaux and Rennes centres to modern and agile new premises

Business model

Our resources

Finance

- **€341 m** market capitalisation[1]
- **€422 m** of net debt
- **€43 m** of capital expenditure

Talent

- **3,546 employees worldwide**[2]
- **2,004 staff**[3] close to our customers: field sales, telesales, customer relations and sales support
- **Digital expertise enhanced and agile method adopted**

Content and Media

- Local content with over **5 million businesses listed**
- **2 billion visits** to PagesJaunes
- **Strategic partnerships** with all the GAFAM giants

Tech platforms

- **Technology platforms** developed in-house or integrated in SaaS mode
- Ability to **distribute digital services on a large scale**

Geographical coverage

- **6 regional centres** and **1 web factory**

Environment

- Energy consumption – **data centres: 4,192 MWh**
- Energy consumption – **offices: 5,050 MWh**
- Fleet of **739 vehicles**

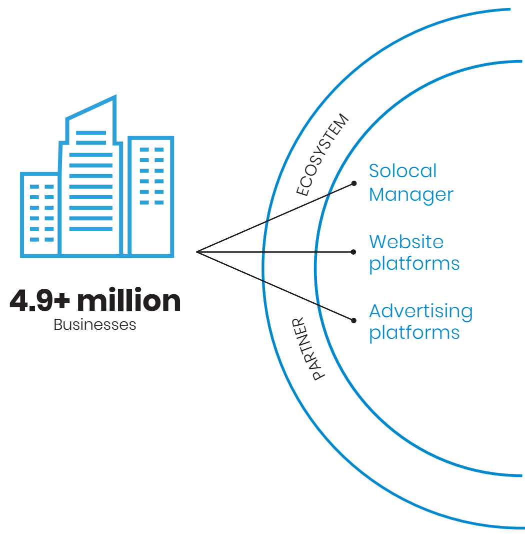
Our activity

MISSION
Vitalise local life

VISION
Unleash the digital potential of all businesses by using innovative digital services to connect them to their customers.

STRATEGY
Offer a **wide range of digital services** to businesses via a single trusted

solocal



- **Be known**
- **Manage your reputation**
- **Find customers**
- **Connect with customers**
- **Attract customers into stores**

Background

Technological and digital changes

Growing markets for advertising and digital services

(1) Source: Factset 31/12/2019.
(2) Includes 387 employees on outplacement leave.
(3) Pro forma excluding departures linked to Employment Protection Plan.

Our value creation

VALUES
Team spirit
Proximity
Engagement, Courage

ETHICAL PRINCIPLES
Trust,
Transparency,
Respect, Integrity

contact and provide **the best possible digital and local experience** to our users

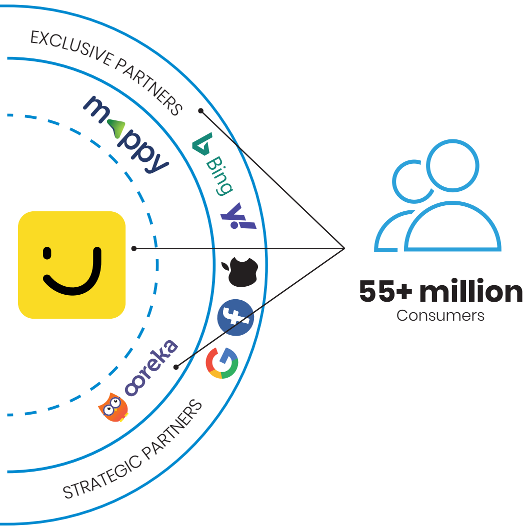
Discover professionals

Rate professionals

Find professionals

Connect with professionals

Buy local



Data, advertising and tax regulations

Shift in public expectations of businesses

Towards the sustainable development of businesses

(4) Haute Qualité Environnementale (High Environmental Quality).
(5) PagesJaunes.
(6) After application of IFRS 16.

Finance
- **No. 3** in digital marketing by revenue: **€521 million** [4]
- Recurring EBITDA: **€191 million** [7]
- Recurring operating cash flow: **€104 million**

Talent
- Percentage of **women executives: 34.88%** (+7.3%)
- **2.9% of payroll allocated** to training
- **Employee engagement index: 71%** (-1%)
- **Employability: 57%** of employees surveyed agree that **Solocal enables them to develop their skills and employability** (+0.3%)

Content and Media
- Over **11 million reviews** [6]
- **Traffic on PagesJaunes: +19%**
- Exclusive **proprietary geolocalised** intent **data**

Tech platforms
- Over **90,000 ad campaigns generated**
- **Low-cost lead** generation
- **555,000 websites** developed including over 15,000 in 2019

Geographical coverage
- Over **375,000 customers** nationwide
- **12 Digital Workshops** providing free awareness training to 166 businesses

Environment
- **CO_2 emissions**
  - offices: **-34.35% vs 2018**
  - data centres: **-36.12% vs 2018**
  - vehicle fleet: **-28.20% vs 2018**
- **Total CO_2 emissions** (in kgCO_2e/kWh): **4,341,844** (-25% vs 2018)
- **66% of rented floor area** is HQE certified [4]

Mission statement

MISSION

Vitalise local life

STRATEGY

Offer a wide range of digital services to businesses via a single trusted contact and provide **the best possible digital and local experience** to our users

VISION

Unleash **the digital potential of all businesses** by using innovative digital services **to connect them to their customers**

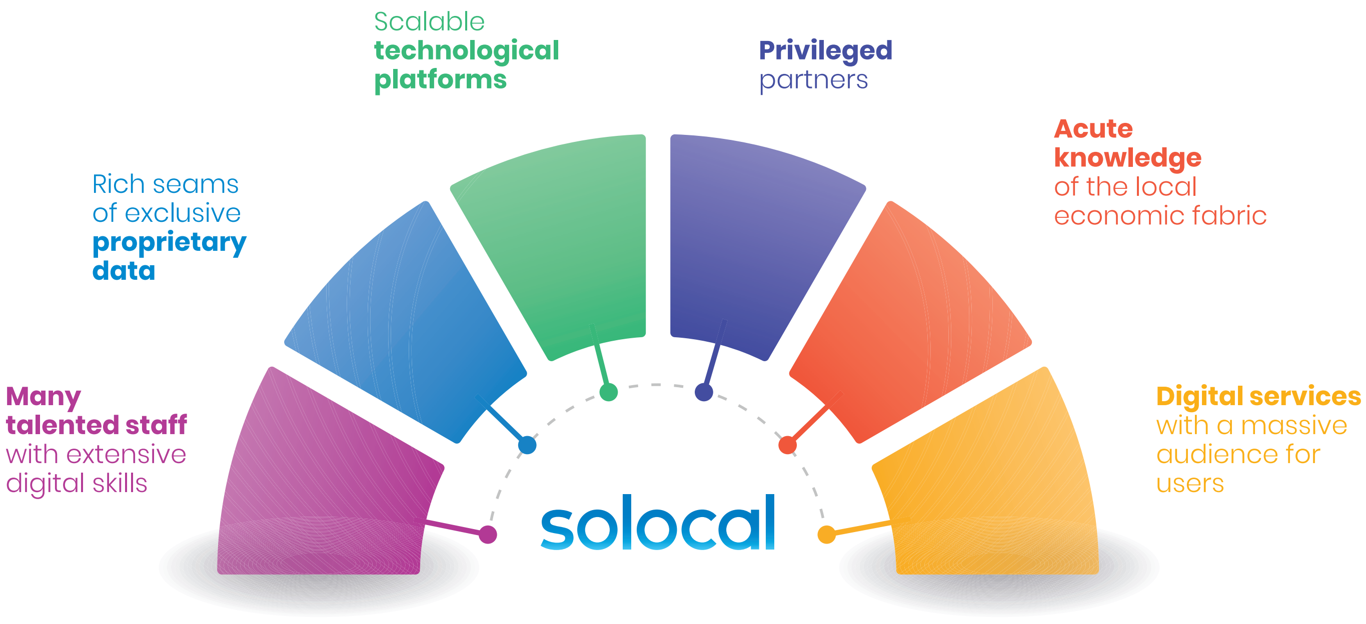
VALUES

Team Spirit, Proximity, Engagement, Courage

ETHICAL PRINCIPLES

Trust, Transparency, Respect, Integrity

Our strengths



Digital services for business

3 **main ranges of digital services**

Solocal offers businesses of all sizes **a full and unique range of services**, satisfying all their digital needs from a single source.

PRESENCE
Visibility,
Display,
E-reputation.

€127 M
revenue 2019

WEBSITES
Shop window websites,
E-commerce websites.

€105 M
revenue 2019

ADVERTISING
Priority Ranking,
Performance,
Visibility.

€281 M
revenue 2019

These ranges are intended to respond to **three major challenges** faced by businesses and professionals:

BEING PRESENT across the whole Internet

CAPTURING new customers

Generating GROWTH online

The Presence offer enables VSEs and SMEs to manage their activity throughout the Web across dozens of media channels, including Google, Facebook, PagesJaunes, Bing, Tripadvisor and Instagram, in just a few clicks, in real time and with complete autonomy via the Solocal Manager mobile app and online interface. As well as creating specific pages on Google, Facebook and PagesJaunes, the package enables customers to update their details, publicise news, publish text or image content, request and respond to customer reviews, and consult visitor statistics for their profiles on the various partner platforms. Presence, which is sold on a subscription basis with auto-renewal, also includes a mini-website that enables VSEs and SMEs to enjoy an additional online presence.

Solocal's Websites offer takes care of the creation and ranking of customers' websites (for both business and e-commerce sites), on a subscription basis with auto-renewal. Businesses benefit from a Websites range that adapts to their needs and their budget, enabling them to access tailored content creation solutions when the site is set up and for as long as it remains online. These include photo and video reports, up-to-the-minute designs suitable for all screen types, e-commerce and other functions to support their sales strategy, online reviews or bookings, and search engine optimisation.

The **Advertising offer** enables businesses to augment their digital visibility beyond their natural online presence by tapping into markets at the local level. Different types of product exist to cover all of our customers' needs: search engine optimisation (Priority Ranking), increasing the number of business opportunities online and in-store (Booster Site and Booster Contact, which generate online traffic and qualified leads with a performance guarantee and a commitment to supply a certain volume of potential customers via phone calls, online bookings, quote requests etc. for a predefined fixed price) and brand visibility on the Internet and social media (targeted distribution across the whole web and the use of videos to enable customers to boost visibility through the power of social media).

Designed for VSEs and SMEs, the Presence and Advertising ranges are also available for large network accounts via our Bridge solution, which enables content management and updates to be handled simultaneously at both national and local level – a major issue for larger customers – as well as giving access to tailored advertising solutions, based in particular on Solocal's technology and proprietary data.

Our value creation in 2019

Finance

N°3 in digital marketing by revenue: €521 M

Recurring EBITDA: **€191 M** (**+11.3%** after IFRS 16, **+2.2%** excluding changes in accounting standards)

Recurring operating cash flow: **€104 M**

Data

90,000 advertising campaigns generated

Change in number of leads generated by visitors: **+6%** vs 2018

Over **11 M** reviews (**+34%**)

Talent

Employee engagement index: **71%**

Employability: **57%** of employees surveyed agree that Solocal enables them to develop their skills and employability

Percentage of women executives **35%** (+7%)

2.9% of the payroll is allocated to training

Company

555,000 websites developed including over 15,000 in 2019(1)

Satisfaction score

PAGES JAUNES 7.3/10 (2)

MAPPY 7.5/10 (3)

CVAE: **€6M** (+20%) (4)

12 Digital Workshops providing free training to 166 businesses

Environment

CO_2 emissions:

OFFICES -34% vs 2018

DATA CENTRES -36% vs 2018

VEHICLE FLEET -28% vs 2018

Total CO_2 emissions (in $kgCO_2e/kWh$) **-4,341,844: -25%** vs 2018 (5)

66% of rented floor area is HQE certified(6)

(1) Includes Store Locators.
(2) Harris Interactive survey of 633 internet users.
(3) Harris Interactive survey of 473 internet users.
(4) Contribution on business value added (form of local business tax in France).
(5) kg of CO_2 equivalent per kWh.
(6) *Haute Qualité Environnementale* (High Environmental Quality).

Advantages / Sources of growth

Solocal provides a full and unique range of digital services...

We believe Solocal to be the only company in the French market to offer a full range of digital services to businesses of all sizes, satisfying their digital needs via a single integrated platform.

- **PRESENCE OFFER**: visibility and online reputation
- **WEBSITES OFFER**: business and e-commerce websites
- **ADVERTISING OFFER**: ranking, performance and visibility

... relying on exclusive and rich content and strong proprietary media...

The quality of its local contents enables Solocal to build strong relationships with the industry's global giants – Google, Apple, Facebook, Alexa (Amazon) and Bing (Microsoft) – by acting as their local content provider, thereby tapping into syndicated audiences to help grow the audience for Solocal's proprietary user services.

These partnerships also help boost the online presence of Solocal's customers.

- **Rich and relevant local** content with nearly five million businesses listed and over 150,000 content items updated daily.
- **Strategic partnerships** with all the GAFAM giants.
- Solocal also runs highly **intent-driven media platforms** (PagesJaunes, Mappy, Ooreka) which generate massive audiences. Such audiences are a constant source of purchase-driven & geolocated data, enabling Solocal to conduct highly targeted advertising campaigns and generate low-cost sales leads for its customers.
- Vast audience: **2.7 billion visits in 2019**.
- Very large reach: over half of all French internet users use Solocal's user services every month.
- Exclusive proprietary purchase-driven & geolocated data.

1 person in 2
reach in 2019

2.7 billion
visits in 2019

... and deployed on an industrial scale...

Another advantage of the business is its ability to produce and distribute digital services on a large scale for both large accounts and SME/VSE customers, answering all of their specific needs through high-quality technology platforms operated in-house or integrated in SaaS (software as a service) mode. In particular, Solocal has developed a unique programmatic adserver for local advertising campaigns which makes decisions in real time between the different audience sources available to its customers (Yahoo, Bing, PagesJaunes, etc.), enabling it to generate leads at low cost.

SITES

15,000
websites produced
in 2019

Over
280
sites delivered
each week

... throughout France

Solocal's local presence and omnichannel sales approach, fully operational since 2019, are key differentiating assets when dealing with local customers. They represent a genuine entry barrier in these markets, both for competitors and for Solocal's partners.

7
regional
offices

375,000
business
customers nationwide

Over
2,000
employees* working closely with customers
(field sales, telesales, e-commerce, large accounts and customer relations)

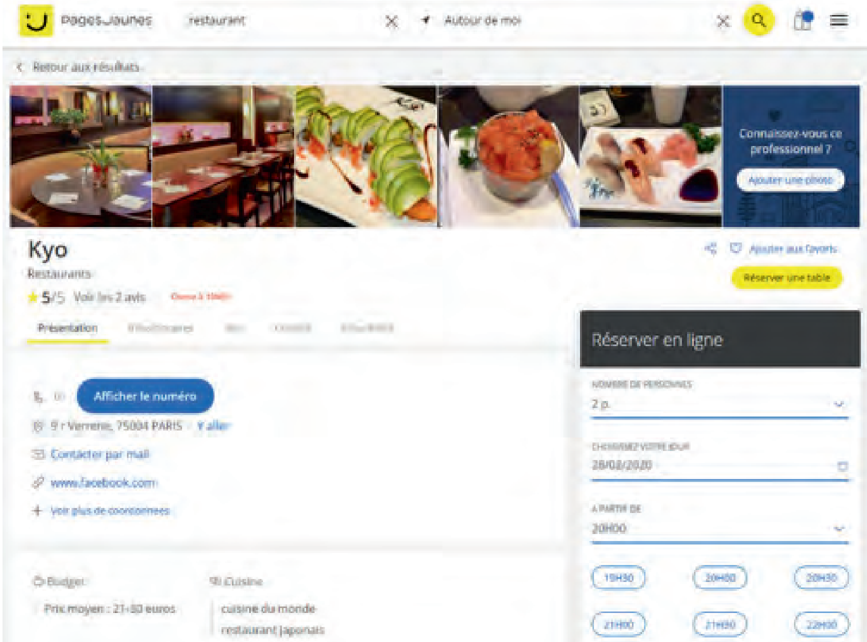
* Pro forma excluding departures linked to Employee Protection Plan.

Media platforms, users, data

PAGES JAUNES

Nearly half of all internet users consult a PagesJaunes website or app every month[(1)]

PagesJaunes is one of France's most popular online brands (16th most used brand in France)[(2)] and one of Solocal's major digital services (22 million unique visitors per month and over five million businesses listed, producing 2 billion visits and 2.1 billion searches per year).



PagesJaunes is France's go-to online source for connecting consumers to businesses. From simple searches for contact details to online appointment booking, PagesJaunes offers a panoply of services to put French consumers in touch with local life, ranging from detailed content that stays up to date (100,000 data updates per day) and helps them make the right choice (11 million reviews, plus photos, videos, opening hours etc.) to transactional services (you can book online with over 40,000 businesses, in sectors as diverse as restaurants, healthcare professionals and beauty salons) and quotation requests – all this through verticalised customer journeys and many different types for search experience, via chatbots, voice searches and maps as well as on Google's and Amazon's virtual assistants.

(1) Médiamétrie 2019 (42% of internet users - all age segments - excluding partners).
(2) Médiamétrie.

MAPPY

Mappy is the travel assistant covering all modes of transport and all distances, all over France. It provide maps, a multimodal comparator of 14 modes of transport, GPS navigation and local searches on over 5 million points of interest. Mappy was Solocal's second most-visited platform in 2019 with nearly 339 million visits, over 55% of them from mobile users (mobile + tablets) on iOS and Android.

Personalised service / Multimodal trip comparator / Multimodal GPS / Local searches

OOREKA

Ooreka.fr is a website that provides high-value practical information to the public, helping users find the right professional. It has over 400 sites grouped into five fields: Home & DIY, Money & Law, Life & Work, Health & Beauty, and Business.

Partnerships

	Content	Advertising
	Google My Business Partner; special access to the Google My Business update API and its support team Reserve with Google Partner	Reseller and co-marketing contracts - "Google Ads Premier Partner" certification
	Partnerships based on the supply of local content (PagesJaunes) for Apple Maps, Siri, Spotlight and Safari	
	Use of an API to manage pages and automatically update content	Resale of advertising campaigns on Facebook – Effilab is a certified Facebook Premium Agency Marketing Partner
amazon	Partnerships for the supply of native local content (PagesJaunes) on Alexa Support with the development of a PagesJaunes skill on Alexa	
	Partnerships for the supply of local content (PagesJaunes) on Bing	Microsoft Advertising reseller agreement - "Elite Channel Partner" certification

Solocal Benefit	Benefits for partner	Solocal Benefit	Benefits for partner
Generates extra audience for customers – Fulfils the "full web" promise	Unique local content enhances the user experience	Close collaboration with partner on marketing and sales approaches	Knowledge and coverage of Solocal customers

Finance

2019: Successful roll-out of our new digital services range[1]

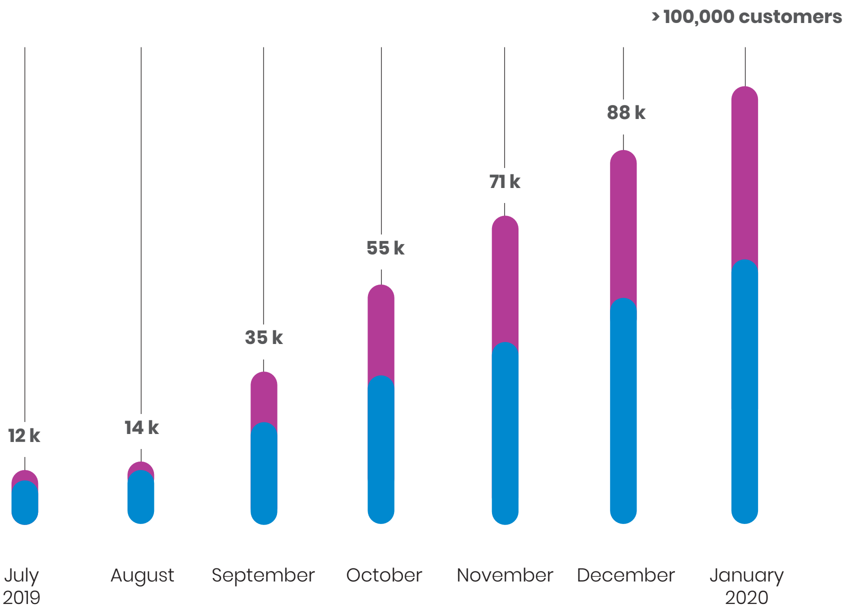
2019 was the year of consolidation for the new business model, with the launch and roll-out of a new digital services subscription offering.

With a constantly rising migration rate[2] (over 85% in the fourth quarter of the year), over 85,000 customers had migrated to the new digital services by the end of December 2019.

With growth rates[3] in the order of 20% via telesales and over 3% for field sales, the strategy of migrating customers to the new range has proved its worth in terms of value creation.

New digital services for VSEs/SMEs: successful roll-out

● Priority Ranking customers
● Presence Customers



(1) Presence & Priority Ranking.
(2) Increase in volume of additional order intake generated from customers switching to the new range, excluding large accounts.
(3) Increase in customer spending on the new range vs amount spent on the equivalent old range.

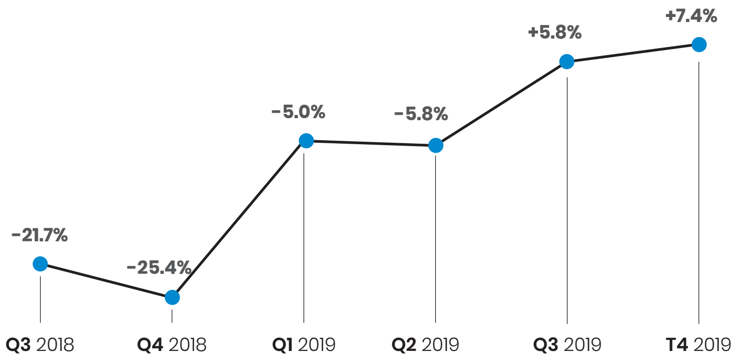
Digital order intake hold steady in 2019 vs 2018 (1)

While Digital order intake were 5.0% down in the first quarter and 5.8% down in the second, the figures for the last two quarters of 2019 were 5.3% and 7.4% higher than in the corresponding quarters the previous year. This second-half performance underlines the success of the roll-out of the new digital services offering.

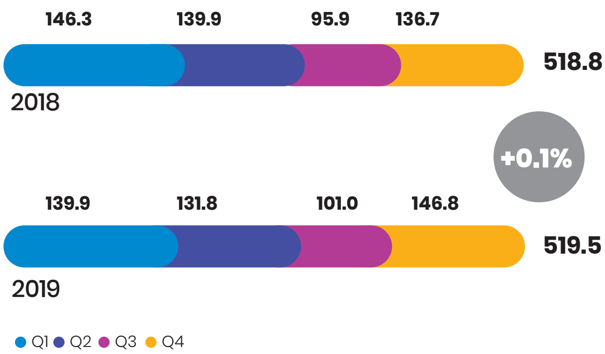
(1) Continuing activities.

Quarterly growth rates

(% growth in current year quarterly sales vs same quarter in prior year, excluding changes in scope of consolidation)



Digital sales (2)



The group ended 2019 with annual Digital order intake of €519.5 million, a 0.1% rise on the figure for the previous year (€518.8 million).

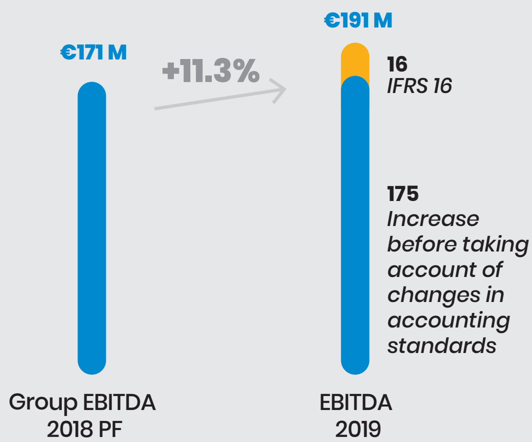
(2) Quarterly sales data is unaudited.

Growth in recurring EBITDA

Although revenues were 12.7% lower in 2019 than in 2018, and despite the discontinuation of the Print business, the Group's recurring EBITDA rose by 2.2% before taking account of changes in accounting standards (and by 11.3% after applying IFRS 16).

This performance is attributable in particular to a significant reduction (18.3%) in fixed costs relative to the prior year (excluding the effects of applying IFRS 16).

The recurring EBITDA margin was over 30% at the end of 2019 (3).



(3) Calculated by dividing 2019 EBITDA by 2019 revenue.

Talent

The Executive Committee

Operating under a completely refreshed Board of Directors with a new governance structure, the Company is run by a management team that was also revitalised in 2018 and 2019 and whose interests are fully in line with those of all stakeholders.

The expertise brought to the table by new members of the team with recognised skills in the digital field is proving an excellent match for the experience of longstanding members of senior management.

Éric Boustouller, Solocal's CEO, joined the company in October 2017. His career path as Chairman & Chief Executive Officer of Microsoft France, Vice-President of Microsoft International and Vice-President of Microsoft Corporation and Microsoft Western Europe has given him solid experience in the digital sector.

Strengthened by its new recruits, Solocal's management team is well placed to further enhance the company's products and services and thus improve its competitive position and earnings.

Members of the Executive Committee

Éric Boustouller **Chief Executive Officer**

A graduate of the "Institut d'études politiques" in Paris, Éric Boustouller was Compaq France's General Sales Manager, Microsoft France Deputy Chief Executive Officer (2002-2005) and then Chief Executive Officer and Vice-President of Microsoft International (2005-2012). From 2012 to 2017, he served as Corporate Vice-President of Microsoft Corporation and Area Vice-President of Microsoft Western Europe. Éric Boustouller took office as CEO of the Solocal Group on 16 October 2017.

Richard Cuif **Chief Human resources and Internal Communications Officer**

Richard Cuif began his career at Rank Xerox, moving on to Disney and then Kraft Foods before joining the PepsiCo group where he was appointed Director of Human Resources, France in 1997. In that position, he played a role in the merger of the Food and Beverages activities in France. He then joined Schweppes France, where as HR Director he participated in the creation of Orangina Schweppes before being promoted to Director of Human Resources, Europe for the Group's Beverages business. From 2005 to 2008, he held the position of HR Director of Microsoft France, before joining the Executive Committee of the Devanlay-Lacoste group where he served as General Manager of Human Resources, Internal Communication and CSR. In seven years at Devanlay-Lacoste, he created and developed the international HR function and played a key role the Group's transformation and growth. Richard Cuif worked as a consultant from 2016 to 2017, before joining Solocal Group in November 2017.

Stéphane Dany **Head of Group Customer Operations**

Stéphane Dany graduated with a master's degree (DECF) in accounting and finance before starting his career at ClientLogic, a global customer relations operator, where he was Development Programme Manager for its customers HP and Microsoft. He joined Liberty Surf in 1999, thus beginning a career in the telecoms industry (Tiscali, Télécom Italia) as a BtoC and BtoB Customer Relations Director. In 2007, Stéphane joined the Altice group where he played a key role in the group's growth, steering process transformation and profitability improvements while also improving customer satisfaction. He occupied a number of different strategic roles, including Delivery and Customer Relations Director at Completel (2008-2012) and Wholesale Operations and Indirect Sales Director at Numericable (2012-2015). He was appointed Customer Relations Director in the Operations department at SFR-Altice in 2015, before becoming Director of Customer Operations two years later. Stéphane joined the Solocal Group in October 2018 as Director of Customer Relations. He currently serves as Group Director of Customer Operations, in which role he is in charge of Production and Customer Relations as well as CEO of Solocal Marketing Service. Stéphane has been a member of the Executive Committee of the Solocal Group since October 2019.

Arnaud Defrenne **Chief Technology Officer**

Arnaud Defrenne is a graduate of the Ecole Supérieure des Affaires (ESA) Business School. He was a contributor to the development of Nomade, the first French search engine, and has worked at Liberty Surf, Netbooster and Leguide. In 2005, he joined the Publicis group where he worked on the development of technology products such as Digital Content & Commerce and the Digitas Cloud. He joined the L'Oréal group in 2015 as Chief Digital Marketing Technology Officer (CDMTO) to speed up digital transformation and develop the Group's digital business and revenue. Arnaud Defrenne has been Solocal's Director of R&D since 25 April 2018.

Nathalie Etzenbach-Huguenin **General Secretary**

After graduating from ESCP Europe in 1994, Nathalie Etzenbach-Huguenin spent more than 12 years with international investment banks based in Paris, London and Rome (Crédit Suisse, Schroders, Citi, Société Générale), working across Europe in M&A and debt and equity issuance. In particular, she has carried out a number of transactions in the technology sector. She joined Solocal in January 2018 and is currently General Secretary of the Group, in which role she is responsible for the Strategy, Partnerships and M&A department, the Legal Affairs department and the Institutional Relations, CSR, Ethics and Risk department. She is also responsible for the business transformation project, for handling special assignments on behalf of senior management and for governance. In her very wide-ranging role, Nathalie draws on her experience and engagement in public life: she is currently Neuilly-sur-Seine Deputy Mayor in charge of budget, finance and public procurements. She has been General Secretary of Solocal since 6 May 2019.

Pascale Furbeyre **Chief Marketing Officer**

Pascale Furbeyre has an MBA from Columbia Business School and worked for About.com, Overture, Yahoo! France and Yahoo! Europe from 1999 to 2008. In 2009, she joined the Crédit Agricole group as Marketing and Communication Director and launched the online savings bank BforBank,. She designed and developed the BforBank website, defined the positioning of the brand and supervised its launch on TV, the press and the Internet. In 2013, she became Marketing Director of the LesFurets.com comparison site, a subsidiary of the British BGL Group. Pascale Furbeyre has been the Solocal Group's Marketing Director since 9 May 2018.

Amaury Lelong **Chief Product and Media Officer**

A graduate of HEC and the London Business School in 1999, Amaury Lelong began his career by participating in the creation of the e-marketing agency Nextedia (formerly Come&Stay). He then worked as a consultant at AT Kearney and Boston Consulting group, before joining Canal+, where he held a number of operational management positions with significant marketing and digital responsibilities. In 2012, Amaury joined the Solocal Group as Marketing Director in the Major Accounts and Digital Marketing division. Over the course of the next few years, he was the architect of the Group's diversification, developing a whole range of offers on the main advertising platforms on the market (Google, Bing, Facebook and programmatic advertising). Amaury currently serves as Products and Media Director, a position in which he has full responsibility for the company's products. He manages the whole of the Group's digital products range (websites, ranking and digital advertising) as well as the proprietary platforms PagesJaunes and Ooreka.

Olivier Regnard **Chief Financial Officer**

Olivier Regnard heads the Finance, Purchasing and Real Estate functions and is also in charge of Investor Relations. Before joining Solocal, he worked at Mauna Kea Technologies (a Euronext-listed medical technology firm) before becoming CFO of Europe Snacks (an agri-food company with annual revenues of €350 million and 2100 staff) in the first quarter of 2018, where he played a noteworthy part in the company's external expansion and refinancing. Between 2013 and 2017, Olivier Regnard was Deputy CEO and Chief Financial Officer of Latécoère (a first-tier aeronautical contractor listed on Euronext, with annual revenues of €660 million and employing 5,000 people). He was in charge of the Financial, Legal and Purchasing departments. During this time, he made a considerable contribution to Latécoère's transformation plan. Prior to this experience, Olivier Regnard spent almost 15 years with Deloitte, in Audit and Financial Advisory Services. During this period, he had the opportunity to work in highly diverse business activities and environments in France and abroad. Olivier Regnard is an *expert-comptable* (certified public accountant) and a graduate of ESSEC business school. Joined 1 July 2019.

Corporate governance and structure

Board of Directors

Our company is managed by a Board of Directors that decides on business strategy and oversees its execution by senior management.

Subject to the powers expressly reserved by law for General Shareholders' Meetings and within the limits of the corporate purpose, the Board reviews all issues concerning the operation of the Group's activities and decides on all matters affecting the business. It also expresses its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology.

Solocal Group follows the principles of corporate governance of listed companies set out in the AFEP-MEDEF Corporate Governance Code in its revised version of January 2020.

Pierre Danon joined Solocal in September 2017 as Director and Chairman of the Board. Since then, the Board has been working on a new enterprise plan and on the skills required to implement it.

The Board has been reinvigorated by the arrival of new members with a fresh set of skills.

The Board has set up an Audit Committee, a Remuneration and Appointments Committee, and a Strategy and M&A Committee.

Governance (Board)

A QUICK LOOK AT THE BOARD OF DIRECTORS

10
directors,
including 1 employee director, 8 independent directors* and **1 non-voting member** who represents the views of individual shareholders to the Board

Full renewal
of the Board of Directors since the General Meeting of 13 June 2017

Directors have impressive experience
and expertise in the digital sector

Complementary skills across a range of fields

more than **40%**
women

13 meetings
of the Board were held in 2019, with an average attendance rate of 95%

Principal activities
Reviewing results, business trends, strategy and CSR issues

* The criteria for referring to a director as “independent” are those of the AFEP-MEDEF Corporate Governance Code.

Members of the Board of Directors

Pierre Danon — Chairman of the Board of Directors

a civil engineer trained at Ponts et Chaussées, a law graduate of the Institut supérieur des affaires, has held senior management and board positions in several companies, including as President of Xerox Europe, CEO of British Telecom Retail, Chairman & Chief Executive Officer of Numericable-Completel, Vice-Chairman and Chairman of TDC in Copenhagen (2008-2018) and Vice-Chairman of Agrogénération in Paris (2013-2019). He has served as Executive Chairman of Volia, in Kiev, since 2011 and has been Director of the CIEL Group and Chairman of ProContact in Mauritius since 2013.

David Amar — Vice-Chairman of the Board of Directors

joined the Amar Family Office in 2009 and assumed responsibility for its management in 2013. He specialises in long-term investment in listed companies, wine estates and wine trading companies, hotel properties and property development. He is also a Director of the Matignon Investissement et Gestion (Private Equity) investment fund. He was in charge of asset management in various major Swiss banks from 2006 to 2009. He earned an MBA in Geneva in 2006.

Éric Boustouller — Chief Executive Officer

a graduate of the "Institut d'études politiques" in Paris, Éric Boustouller was Compaq France's General Sales Manager, Microsoft France Deputy Chief Executive Officer (2002-2005) and then Chief Executive Officer and Vice-President of Microsoft International (2005-2012). From 2012 to 2017, he served as Corporate Vice-President of Microsoft Corporation and Area Vice-President of Microsoft Western Europe. Éric Boustouller took office as CEO of the Solocal Group on 16 October 2017.

Philippe Besnard — Non-voting member of the Board of Directors

is a graduate of HEC Paris and a renowned specialist in digital marketing in France. He is currently Managing Partner of Fast-Up Partners, a European leader in excubation – the externalisation of growth opportunities by major companies. Previously, he was co-founder of Quantum Advertising, a leading European platform for programmatic native advertising, which was acquired by the Hi-Media Group. Mr Besnard is also an active investor in the digital media and technology field, and has recently held directorships at Sarenza and Labelium.

Audit Committee — Remuneration and Appointments Committee — Strategy and M&A Committee — Independent Director

Jacques-Henri David

is currently a Director of Edmond de Rothschild Europe – Luxembourg (since 2015), Solocal (since 2016), Compagnie Financière Richelieu, France and Banque Richelieu, Monaco (since 2019) and Société Générale Bank Cyprus. Between 1967 and 1985, Mr David held several positions, including Inspector of Finance at the Ministry of Economy and Finance; Deputy Director, then Director General in the Office of René Monory (Minister of the Economy) and General Secretary of the National Credit Council at the Banque de France. He then joined Saint-Gobain, firstly as Financial Officer and then Chief Executive Officer (1985-1989). He then went on to hold a large number of positions: Chairman of Banque Stern (1989-1992); Chairman of the Research Centre for the Expansion of the Economy (Rexecode)(1989-1996), Director General of the Compagnie générale des eaux (CGE) (1993-1995), Chairman of the Executive Committee of the Crédit d'équipement des petites et moyennes entreprises (CEPME) (1995-1999); Chairman of Sofaris (1996-1999); Chairman of the Banque du développement des petites et moyennes entreprises (BDPME); (1997-1999); Member of the Economic and Social Council (CES); Chairman of the Deutsche Bank France group (1999-2009) and Vice-Chairman of the Global Banking division of Deutsche Bank AG (2005-2009), and then founder and Chairman of Acxior Corporate Finance (2010-2014). Mr David also chaired the Financial Activities Supervisory Commission of the Principality of Monaco (from 2011 to 2019). An alumnus of l'École polytechnique, he is a graduate of the Institut d'études politiques de Paris [Paris Institute of Political Studies] and the École nationale de la statistique et de l'administration économique (ENSAE) [a leading French graduate school in the fields of statistics, economics, finance and actuarial sciences]. Mr Jacques-Henri David is Commander of the Legion of Honour and the National Order of Merit.

Delphine Grison

has been Director of Marketing and Data Intelligence at CBRE France since December 2015 and Chair of DGTL Conseil since 2014, where she worked as a consultant. She was a Director of Asmodée between 2014 and 2018. She previously worked for more than 10 years in the media, holding positions in finance, strategy, marketing and digital functions. In particular, she led Lagardère Active's digital activities until 2013, as Chair of Lagardère Active Digital and a member of the Lagardère Active Executive Committee. Ms Grison is an alumnus of the ENS (1987), has a doctorate in quantum physics (1992) and is a civil engineer (1994).

Anne-France Laclide-Drouin

has been Chief Financial Officer of the Consolis Group and a member of its Executive Committee since November 2017. Before that she was Chief Financial Officer of the Idemia group (formerly Oberthur Technologies) and of various companies such as Elis, GrandVision, AS Watson (Marionnaud) and Guilbert. She began her career at PricewaterhouseCoopers.
She sits as an independent director on the Board of Directors of CGG, a global geoscience group with annual revenues of 1.193 billion that works for the energy industry. She is Chair of the Audit Committee of the same company.
She held the same positions, i.e. independent director on the Board of Directors and Chair of the Audit Committee, at SFR. Anne France Laclide-Drouin supports Clubhouse, a non-profit association that works with people suffering from mental illnesses and helps them integrate into society.

Audit Committee — Remuneration and Appointments Committee — Strategy and M&A Committee — Independent Director

Marie-Christine Levet

a pioneer of the Internet in France, has managed several major French Internet brands. In 1997, she founded Lycos to launch the French version of the search engine and developed it by buying Caramail, Spray and Multimania. From 2001 to 2007, she ran Club-Internet, an internet service provider (subsidiary of T-Online/Deutsche Telekom), where she oversaw the strong increase in its ADSL market share as well as its content and services offer before selling it to Neuf Cegetel (today SFR) in 2007.
She then took over the management of the 01 group, the leading hi-tech information group in France (01net, 01Informatique, etc.), as well as Nextradiotv group's Internet activities (bfmtv.com, rmc.fr, etc.). In 2009, Ms Marie-Christine Levet focused her career on venture capital and helped create Jaina Capital, an investment fund specialising in seed financing and which finances approximately 20 companies (Made.com, La Ruche qui dit Oui, Mediarythmics).
In 2017, she created her own fund, Educapital, the first investment fund dedicated to the Education and Innovative Training sectors and which she currently chairs. Marie-Christine Levet is a Director of Iliad (Free), Maisons du Monde, Econocom and AFP. She is a graduate of HEC business school and has an MBA from INSEAD.

Joëlle Obadia

Director representing employees

spent ten years with the Thomson group, five of them years at Thomson Brandt Armements where she looked after external public relations (press, public, events relations in France and overseas); in November 1991, she joined the PagesJaunes Sales department, responsible for sales force incentives, then for boosting sales by combining with leading sales, commercial challenges, information from the various sales channels and customer events. In 2007, Ms Joëlle Obadia joined the Sales department Management Committee, becoming Manager of Sales Growth, and also taking on the role of managing and overseeing all sales training. Today, she is the Communications and MICE Manager within the Customer Success division.

Sophie Sursock

is co-founder and Partner at Move Capital, an investment firm specialising in the B-to-B tech sector. She is also a co-founder and shareholder of Accelero Capital, an investment and management group specialising in the TMT sector (Telecommunications, Media, Technologies). She has conducted several transactions in the technology and media sector. In particular, she took part in the restructuring of Seat Pagine Gialle S.p.A and is a Board member at Euronews, Supernap International and Subfero Limited. She was previously Corporate Finance Manager at Orascom Telecom Holding S.A.E/Weather Investments from 2007 to 2011. She also worked in the M&A Operations department of Deloitte's Corporate Finance department in Paris from 2005 to 2007, before becoming Junior Project Manager at PrimeCorp Finance S.A. and Junior Investment Manager at Axa Investment. Ms Sursock has a Bachelor's Degree in Business Administration, a Master's (MSc) in International Business from ESCP-EAP Paris Business School and a Certificate in Management of Technology.

Philippe de Verdalle

is a partner of Weinberg Capital Partners and CEO of the Nobel Fund. Nobel is a long-term investor which supports the development of listed French companies. He was previously a member of the Management Committee of UBS France (2011-2015), Managing Director of HSBC France in charge of Investment Activities (2000-2011), and Senior Lecturer in Corporate Finance at the Paris Institute of Political Studies (1997-2011). He is a graduate of the Paris Institute of Political Studies and the SFAF (French Society of Financial Analysts) and has an MBA from INSEAD business school.

COMMITTEE MEMBERS

Audit Committee

Jacques-Henri David
(Chairman)

Anne-France Laclide
Sophie Sursock

Remuneration and Appointments Committee

Philippe de Verdalle
(Chairman)

David Amar
Joëlle Obadia

Strategy and M&A Committee

David Amar
(Chairman)

Delphine Grison
Marie-Christine Levet
Sophie Sursock

RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Governance — 6

Pierre Danon, David Amar, Jacques-Henri David, Anne-France Laclide, Joëlle Obadia, Philippe de Verdalle

Finance — 6

Pierre Danon, David Amar, Jacques-Henri David, Anne-France Laclide, Sophie Sursock, Philippe de Verdalle

Strategy — 9

Pierre Danon, David Amar, Éric Boustouller, Jacques-Henri David, Delphine Grison, Anne-France Laclide, Marie-Christine Levet, Sophie Sursock, Philippe de Verdalle

Products/digital marketing — 7

Pierre Danon, David Amar, Éric Boustouller, Delphine Grison, Marie-Christine Levet, Joëlle Obadia,, Sophie Sursock

Transformation — 8

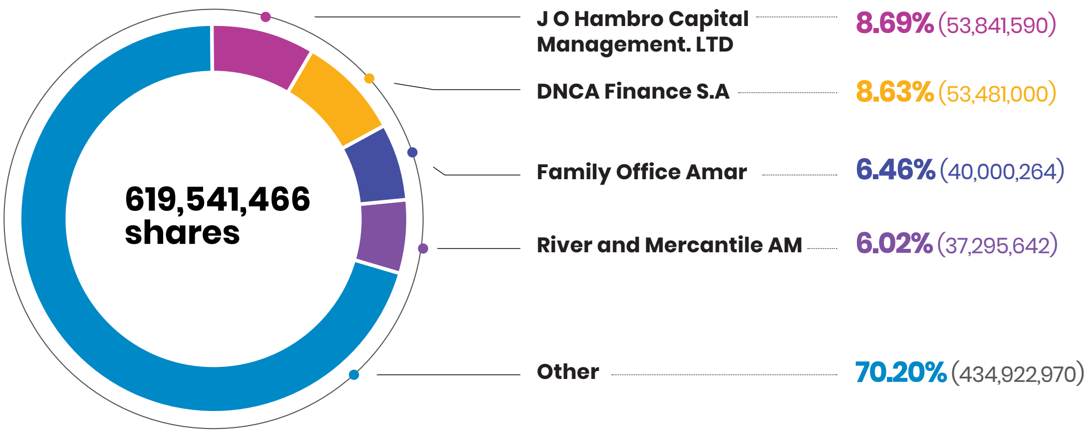
Pierre Danon, Éric Boustouller, Delphine Grison, Anne-France Laclide, Marie-Christine Levet, Joëlle Obadia, Sophie Sursock, Philippe de Verdalle

CSR — 4

Éric Boustouller, Delphine Grison, Marie-Christine Levet, Joëlle Obadia

Shareholder structure

Shareholder structure as at December 31, 2019



Investor relations

To improve dialogue with shareholders and promote long-term investor commitment, the Board of Directors and the entire management team pay particular attention to the relationship with both individual and institutional shareholders.

To promote ongoing interaction, Solocal communicates with shareholders and investors on a daily basis via dedicated channels, including an investor phone line, emails, a dedicated webpage, contact form etc.

A number of meetings and events are also held throughout the year to provide forums for regular, detailed dialogue between the company and its investors:

1 The **Shareholders Communication Committee** (SCC) has around twelve members and meets twice a year. Meetings are attended by the Chairman of the Board of Directors and the CEO. These meetings provide a shared interactive forum for enhancing dialogue and the quality of communications and relations with individual shareholders.

In 2019, the SCC met on 26 March and 6 November.

2 **General Meetings** are held at least once a year.

- Ordinary General Meetings (OGMs) are held once a year during the six months after the year end. OGMs are intended to inform shareholders about the Group's activity and results, approve the financial statements, resolve upon the amount of the dividend, appoint or reappoint the members of the Board of Directors and the Statutory Auditors, and authorise any transactions relating to the ongoing management of the business;
- Extraordinary General Meetings (EGMs) are called whenever an amendment to the Articles of Association or a transaction related to share capital (capital increase or reduction, merger etc.) is submitted to the shareholders for approval.

This year, the OGM was held on 11 April 2019. No EGMs were called.

3 **Investor presentations** are held several times a year to announce the quarterly, half-yearly and annual results, while the Investor Day provides an opportunity to showcase news about the Group's organisation, products and any other relevant matters.

These presentations are filmed and made freely available in the Investors section of the Solocal Group website.

In 2019, presentations were held on the following dates:

- First-quarter results: 11 April 2019
- Half-yearly results: 29 July 2019
- Third-quarter results: 21 October 2019
- Investor day: 10 December 2019
- Full-year results 2019: Thursday, 27 February 2020

4 Numerous meetings with institutional funds (current or potential shareholders or bondholders) at roadshows, conferences or forums: a total of **505 events were held in 2019** (a 304% rise on the number for 2018).

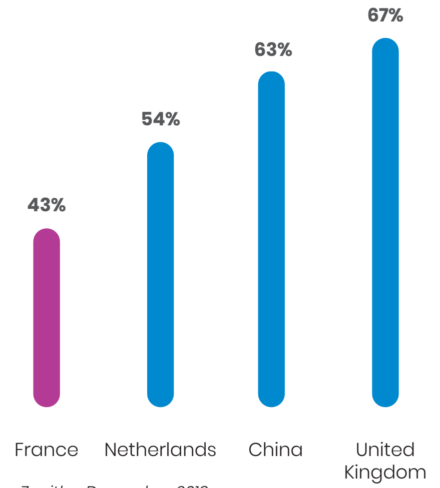
Markets

French businesses are underinvesting in digital advertising

Digital continues to account for a much lower portion of media spending in the French market than in other key countries. Digital accounted for 43% of the multimedia advertising spend in France in 2019, compared to 67% in the UK. This makes it an attractive market with significant potential for growth.

Solocal intends to capitalise on this potential by offering digital marketing, advertising and transactional services to VSEs, SMEs and large network accounts to enable French businesses to use digital as a means to accelerate their growth.

Internet advertising expenditure as a share of total advertising expenditure in 2019



Source: Zenith - December 2019.

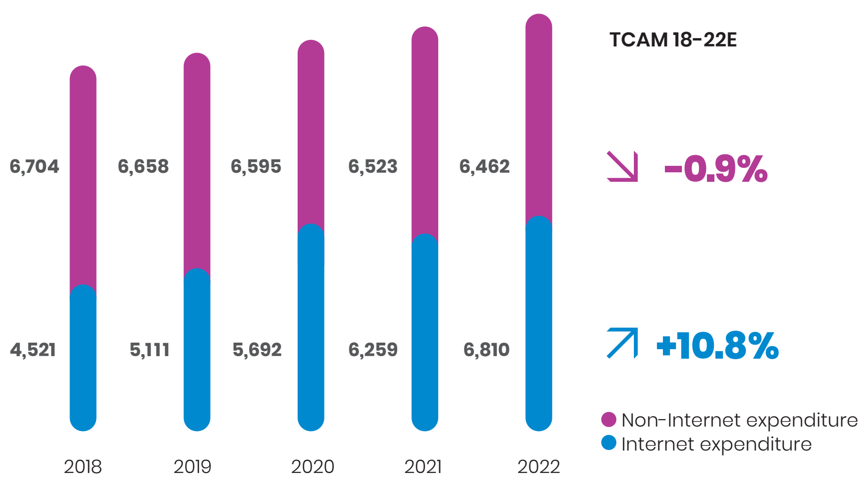
Rapidly growing digital advertising market

In France, an estimated total of €11.8 billion was spent on advertising in 2019 (Zenith - December 2019). Online advertising is the number one growth driver for French advertising spending, benefiting from rapidly evolving habits and formats.

The Internet advertising market is projected to grow at an annual average rate of around 11% between 2018 and 2022 (Zenith, December 2022), with growth driven mainly by increasing consumption of video, mobile and social media content.

Solocal, as it finalises its shift towards a 100% digital business model and offers a full range of digital services, is uniquely placed to capture part of this double-digit growth.

Advertising expenditure in France France *(in millions of euros)*



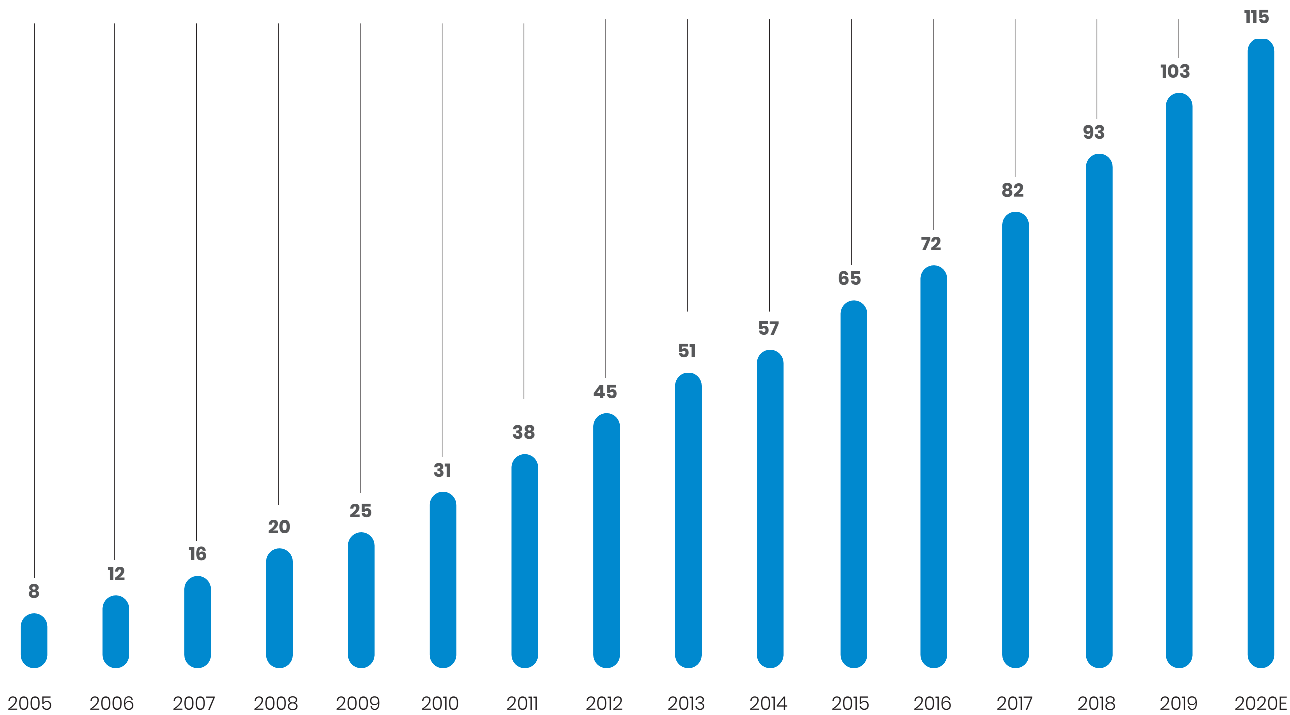
Source: Zenith - December 2019.

Strong growth of e-commerce in France

E-commerce remained on a double-digit growth track in France in 2019, buoyed by a constantly growing number of online buyers, a rise in the frequency of online purchasing and diversification of supply. Smartphones and tablets also continued to play a major role in the sector's growth, with sales via this route rising by 18% (Source: FEVAD).

Solocal aims to expand in this fast-growing market, in particular by developing its Websites offer for e-commerce, launching click & collect services and offering the goods and services of businesses on a multiplicity of different marketplaces.

Annual e-commerce revenues in France 2005-2020 *(in billions of euros)*



Sources: Statista, Fevad.

Competitive environment

Solocal's competitors are the following:

The GAFA giants (Google, Apple, Facebook and Amazon) offer specific media solutions based on their own platforms. Solocal believes that its local presence, especially its local sales teams, and its customer base of VSEs and SMEs make it a valuable service provider alongside the tech giants;

Web agencies like Geolid offer a wide range of media solutions such as websites or AdWords campaigns. Solocal believes that the large audience on its own platforms, purchase-driven & geolocated data and proprietary products and services allow it to compete with such agencies;

Adtech firms like YEXT, Criteo or Teads offer specific digital media solutions such as presence management, retargeting or real-time bidding for advertising inventory. Solocal holds a substantial amount of proprietary data on the consumption intentions of internet users and has unique proximity to local businesses, allowing it to offer more efficient products better adapted to the needs of customers;

SaaS companies offer digital Do It Yourself (DIY) and Do It With Me (DIWM) solutions comprising a very wide range of services such as web hosting (e.g. OVH), website building (e.g. Prestashop), digital solutions marketplaces (e.g. WIX), and CRM (e.g. Hubspot); Solocal believes that its local presence, which meets the needs of the companies throughout the country, gives it additional legitimacy for effective assistance in the digitalisation of VSEs and SMEs;

Vertical media firms operate specialist platforms in a well-defined sector, such as health, beauty or home, and offer B2B services (e.g. La Fourchette for restaurants, Doctolib for health and Treatwell for beauty). Solocal believes that its massive audience and special partnerships with the main players in the digital realm enable it to offer both an exhaustive presence on the major internet hubs and an optimised user experience well suited to the local business sector.

GAFA	WEB AGENCIES	ADTECH PURE PLAYS	SAAS PROVIDERS	VERTICAL PLAYERS
• Web giants capturing the lion's share of market growth • Massive audience • Full ecosystem (e.g. FB, Messenger, Instagram, WhatsApp)	• Web marketing agencies • Consulting, strategy, local SEO, site creators	• Tech players specialising in digital marketing • High-value, innovative technological solutions (PM, prog., bots, etc.)	• Players from different core businesses (hosting, sites, CRM, etc.) • SaaS platforms with DIY digital services	• BtoB by business sector • Proprietary platform, influential in its own sector • Offer tailored to the specific needs of businesses in a given vertical

CSR (Corporate societal responsibility)

Solocal's commitments

In line with the transposition of the European Directive on the publication of non-financial information by companies, Solocal has included its Statement on Non-Financial Performance in its management report since 2018. The Statement covers the main relevant governance, employee-related, environmental and societal risks in light of its business activities. As Solocal is a listed company, it also includes information about preventing corruption, tax evasion and respect for human rights.

SOLOCAL'S **8 CSR priorities**

GOVERNANCE

1 **Promoting the respect and security of personal data**

Solocal has made protecting personal data a key element of its sustainability activities. In line with our conviction that privacy is good for business, we are committed to helping build an internet of trust.

2 **Enhancing ethical governance and taking CSR aspects into account to ensure the longevity of the company**

Over and above compliance with laws and regulations, Solocal is convinced that enhancing ethical and responsible governance is a virtue in its own right. Solocal is committed to developing a policy that takes CSR aspects into account, to ensure the longevity of the company.

EMPLOYER RESPONSIBILITY

3 Supporting the transformation of jobs and skills

Solocal's success is built primarily on the experience, expertise and skills of its employees. Ensuring that their skills are appropriate to the changing needs of the Company's activities is a real challenge in today's competitive markets. As part of the extension of the strategic transformation plan, the Company believes that supporting employees through training is crucial to ensuring their employability, both with regard to their development within the company and to the valuing of their skills in the market.

4 Promoting the development of a pleasant work environment for all

Solocal has undergone periods of profound transformation (2013 Employee Protection Plan, 2015 Voluntary Redundancy Plan, 2018 and 2019 Mobility Plans) which have given rise to organisational tensions and uncertainties for employees. Because it is aware of the consequences such a situation can have on the quality of life in the workplace, Solocal follows a policy aimed at promoting the development of a pleasant work environment for everyone, thereby contributing to the attainment of its social and economic objectives.

5 Improving employee commitment and making Solocal more appealing

In order to ensure the durability and development of the Company's activities, Solocal aims to attract and retain employees from all backgrounds with a wide range of specialised skills, a challenge that is all the more difficult in the competitive field of digital technology.

SOCIETAL

6 Accelerating the digitalisation of French VSEs/SMEs and develop digital skills in the regions

With just 11% of French SMEs using digital resources on a daily basis [(1)], businesses around the country differ profoundly in their degree of digital maturity. Such limited adoption of the internet entails a risk of a loss of competitiveness in France's regions. To contribute towards digital inclusion, Solocal therefore aims to be a trusted partner and to energise local life by sharing its digital expertise.

7 Ensuring responsible publication and access to content

Solocal's aim is to provide access to quality content in order to guarantee the best possible experience to the users of its digital services (PagesJaunes especially), enabling them to choose the right business and develop a relationship of trust. Solocal follows a responsible policy in the design of its digital services and their appropriation by businesses and users, and thus sets itself the mission of energising local life. This commitment applies to all the information and advertising content produced and disseminated on Solocal's platforms and partner media.

ENVIRONMENT

8 Optimising energy consumption and use of resources, and reducing our carbon impact

To help fight climate change, part of Solocal's transformation involves optimising the resources used to develop its digital businesses. In 2019, Solocal resolved to discontinue its printed directory business completely in 2020. This strategic choice is linked to the Company's environmental aim of helping regional businesses make a sustainable and responsible digital transformation.

(1) Online study by the AFNIC on the online presence of VSEs and SMEs, 2018.

01

About Solocal

1.1 History and development

1.1.1 HISTORY AND DEVELOPMENT

Originally known under the name Office d'Annonces (ODA), the Company subsequently changed its name to PagesJaunes Groupe in 2000, then Solocal in 2013. The Company has been offering a diversified range of products and services to its business customers and to consumers since 1896 and the creation of the ODA. It has adapted its business model and its strategy over time, in an environment prone to major (technological) change.

In 1946, the French Postal Service, Telegraph and Telephone Ministry awarded the advertising business of French directories to the ODA. Advertising in directories had developed continuously since 1946 due to growth in consumption and in the advertising market in France but also thanks to the increase in directory distribution associated with the increase in the number of phone subscribers. The steady increase in ODA's sales was due in particular to its ability to adapt its economic model and strategy to the emergence of new technologies. The 1980s notably saw the launch of Minitel, the precursor to the advertising market on the Internet. The first advertising offers on the Internet were launched in 1996. PagesJaunes.fr, the Internet service for Solocal users, was created in 1997. In addition, the Company extended its range of advertising services beyond business directories, integrating a range of digital marketing services.

In 1998, Havas group, which had historically owned all the share capital in ODA since its creation, sold its holding to Cogecom, a subsidiary of France Télécom. Solocal has been listed since 2004 on the Euronext market and France Telecom sold its residual stake in the company in 2006 to KKR and Goldman Sachs through a leveraged buy-out. In 2014, Solocal underwent financial restructuring (including a €440 million capital increase) which enabled it to reduce its debt significantly. In 2015, the Company disposed of various non-profitable and low-growth Internet businesses. In 2017, Solocal underwent further financial restructuring, reducing by two-thirds the remainder of its debt inherited from the 2006 leveraged buy-out.

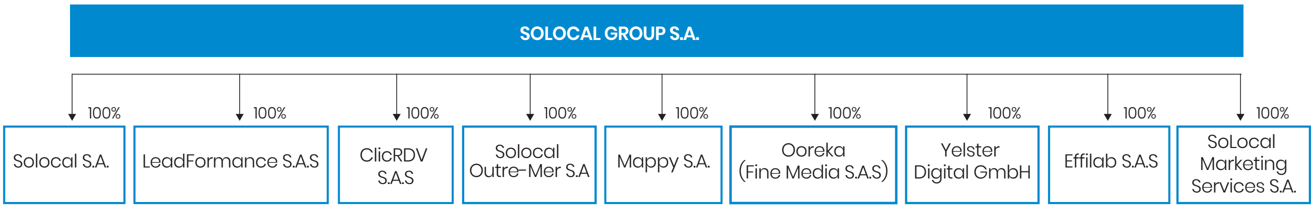
In 2010, Solocal embarked on its digital revolution and acquired several businesses to expand its digital services operations: embauche.com, AVendreALouer.fr, ClicRDV.com, Fine Media, publisher of the ComprendreChoisir.com website (renamed "Ooreka"), Chronoresto and Leadformance. More recently, in 2016, Solocal acquired Effilab, an online advertising agency specialising in the management of campaigns on search engines and social media. As part of its development strategy, some of these assets were disposed of after 2015 (notably AVendreALouer.fr and Chronoresto in 2017, and Retail Explorer and NetVendeur in 2018).

Over the same period, Solocal started developing major partnerships with global Internet players, in particular Google, Apple, Facebook, Amazon and Microsoft.

The Company's digital revenues increased from 48% of total revenues in 2010 to 89% in 2019. It has gradually progressed from the publication, distribution and sale of advertising space in printed directories (PagesJaunes and PagesBlanches) to digital communication and a comprehensive range of full web B2B digital services with the launch of the Solocal 2020 strategy in 2018.

1.1.2 ORGANISATIONAL STRUCTURE

A simplified organisational chart of the Solocal Group is provided below:



The Spanish-based subsidiary QDQ Media was sold to AS Equity Partners on 28 February 2020.

1.2 Strategy

1.2.1 SOLOCAL 2020

See the Integrated Report, section "Strategies", page 7.

1.2.2 PROGRESS OF THE TRANSFORMATION PROJECT

See the Integrated Report, section "Implementation schedule for the strategy", pages 12 and 13.

1.2.3 FINANCIAL OBJECTIVES

See the Integrated Report, section "Outlook", page 11.

1.2.4 NON-FINANCIAL OBJECTIVES

See chapter 3.2 Statement on Non-Financial Performance, page 70.

1.3 Business overview

1.3.1 MISSION STATEMENT

See the Integrated Report, section “Mission statement”, page 16.

1.3.2 THE GROUP’S COMPETITIVE STRENGTHS

See the Integrated Report, section “Competitive position”, page 38.

1.3.3 B2B DIGITAL SERVICE OFFER

In line with the “Solocal 2020” strategic plan launched in February 2018, Solocal has completely repositioned and simplified both its product offer and its brands.

The Company positions itself as the partner that accelerates the growth of local businesses through digital power. To do so, it draws on a broad range of digital services, mostly on a subscription basis and managed through a single interface, Solocal Manager, intended for VSEs, SMEs and large accounts.

Having successfully redefined its brand positioning at the end of 2018, Solocal is now the Company’s sole commercial brand, and a reference on the B2B market. It now endorses all service offers proposed to small, medium and large companies that were previously marketed under the names of different subsidiaries and business units. The brand also embodies Solocal’s role as a digital coach for tailored assistance in relation to new customer experiences and its Solocal Manager platform.

The Group offers a unique combination of digital services to boost businesses’ visibility across the web, help them secure the loyalty of their existing customers and acquire new ones.

The range of offers is underpinned by two complementary commitments: optimising the presence of businesses on the market’s main high-traffic platforms, and augmenting their natural visibility through advertising in order to generate additional leads. For SMEs and TPEs, these two commitments are delivered to customers via a range that mainly hinges on three digital service offers: Digital Presence, Sites, and Digital Advertising.

For its large account customers – major national brands with a local presence, Solocal also offers products tailored to the needs of the networks. Brands and retailers organised in distribution networks are increasingly aware of the importance of online presence in their off-line business, and the need to adopt a local strategy. Solocal’s Networks solutions allow companies to better tap into local market potential by optimising their digital presence and increasing their local-scale advertising impact, taking into account the specifics of each catchment area. Thanks to Solocal, retailers can effectively delegate all or part of their local digital strategy to their sales points, including the update of sales point information and promotional strategies, among others. Solocal presently assists several thousand large account and network customers by deploying centrally- and locally-based tailored solutions.

Digital Presence

On the strength of the first conclusive tests conducted at the end of 2018 on prospects addressed via the Telesales channel, the Digital Presence and Premium Presence offers were rolled out in 2019 to all Solocal’s customers and prospects, and sold across all sales channels. This subscription-based solution is all-new, both for Solocal and more generally on the VSE/SME market. It allows both VSEs/SMEs and large accounts alike to manage and distribute all information concerning their activity, sales point by sales point, on all the Web’s high-traffic platforms.

For this purpose, in addition to its exclusive PagesJaunes and Mappy media, Solocal has developed technical connections and partnerships with over twenty sites, including the main local search engines (Google My Business, Bing, Yahoo!, 118 000, etc.), social media platforms (Facebook, Instagram, LinkedIn, TripAdvisor and Twitter) and navigation websites (Mappy, TomTom, Navmii or phone).

This offer comes in the form of a turnkey solution, accessible via a straightforward, intuitive application dubbed Solocal Manager.

Via this single application, Solocal customers can communicate on their news, respond to reviews posted anywhere on the Web, and also seek opinions on their activities and thus comprehensively manage their e-reputation. Representing a unique and essential solution on the market, “Presence” allows businesses to exist and interact with their customers, whatever the medium concerned.

Solocal supports businesses with the application’s usage right from its deployment and throughout its life cycle to ensure that it is properly adopted by its customers.

The Presence offer gives Solocal a competitive edge in at least three respects:

- Solocal is the sole player to offer these services to VSE/SMEs;
- the offer exclusively covers a number of high-traffic platforms, chief among them the group's proprietary sites (PagesJaunes and Mappy) and its network of strategic partner broadcasters (Bing, Yahoo!, Apple, etc.);
- the offer includes original services, such as a mini-website for those businesses that do not yet have their own digital site.

In fact, Solocal is the only player on the market to be able to guarantee any business, from the smallest VSE to the biggest network, that its activity will be exposed wherever the consumer can search for it, with complete control over the accuracy and quality of its activity's key information (business hours, photos, descriptions, etc.).

The Digital Presence offer is marketed in subscription mode with a 12- or 24-month commitment period, payable either upfront, in three instalments or on a monthly basis. Customers can choose between two versions with different price/service levels, both with access to the Solocal Manager central platform:

- the Essential Presence solution, available for €29/month (upfront), via which the subscriber can publish information and news across a network of almost 10 media players, and including a mini-website;
- the Premium Presence solution, available for €49/month (upfront), via which the subscriber can publish information and news across a wider network of more than 20 media players, on the search engines and partner social media platforms, ensure centralised customer review management, and including a mini-website.

With its Digital Presence range, Solocal aims to retain all of its current customers and acquire a large number of new customers among the millions of VSEs and SMEs seeking to optimally expand their Internet presence.

In 2020, Solocal will continue to invest in these digital solutions in order to enhance the transactional and relational functionalities (instant messaging, online appointment scheduling, etc.) included in the Presence range, and thus provide greater added value and usage via the unique Solocal Manager platform, for both new and existing customers.

The Presence offer generated revenues of €127.2 million in 2019.

Websites

Among the main high-traffic platforms on which any business must strive to improve its digital visibility is its own website. Solocal offers a range of solutions for corporate and e-commerce sites compatible with all interfaces (PC, tablet, smartphone), tailored to the needs and budget of all local businesses and networks.

This range comprises three basic offers: "Essential", "Premium" and "Privilege" via a 12- or 24-month subscription with automatic renewal. It is an extension to the mini-site offer available as part of the Digital Presence offer. Since the Presence offer naturally covers the sites proposed by Solocal, the content of these sites benefits from the same upgrade level as that of the other platforms.

Solocal's Sites offer is a comprehensive solution of customised websites for its customers with:

- a wide range of templates that can be customised or specifically tailored by expert web designers;
- increased visibility on Google and Bing: organic SEO for a better ranking on search engines, and click campaigns to quickly obtain more visits;
- assistance for the lifetime of the website with ongoing and tailored counselling.

The e-commerce offers allow businesses to access online sales through useful features and assistance adapted to their marketing strategy:

- creation of an online product catalogue;
- e-commerce features allowing management of promotions, cross-sell, commercial hosting of the customer base;
- automatic inventory count and statistical tracking of order intake;
- two secure payment solutions, with negotiated fees;
- a logistical interface for accessing multiple delivery solutions via a partnership with Boxtal.

	« ESSENTIAL »	« PREMIUM »	« PRIVILEGE »
Websites	• Customisable templates • SEO optimised content • 300 SEA clicks • 2 follow up calls and updates / year • Hotline and customer dashboard 24/7	• Exclusive templates, optimised design by a dedicated webmaster • SEO strategy including 10 keywords • 600 SEA clicks at launch • Specific SEO calls every 4 months • Hotline and customer dashboard 24/7	• Fully customised design with tailor-made functionalities and pro photos • Dedicated webmaster and SEO expert • New design every 2 years • SEO strategy including 20 keywords • 1,200 SEA clicks / year for life • Optimisation calls every 3 months • Hotline and customer dashboard 24/7
	Set-up fees **€450** **From €70/month*** 12-month contract, automatic renewal	Set-up fees **€1,500** **From €169/month*** 12-month contract, automatic renewal	Set-up fees **€2,790** **From €355/month*** 12-month contract, automatic renewal
E-commerce sites	• All of the above + • 500-product catalogue, including 20 products created for the customer	• All of the above + • 500-product catalogue, including 40 products created for the customer	• All of the above + • 500-product catalogue, including 75 products created for the customer
	Set-up fees **€660** **From €80/month*** 12-month contract, automatic renewal	Set-up fees **€1,650** **From €169/month*** 12-month contract, automatic renewal	Set-up fees **€3,540** **From €355/month*** 12-month contract, automatic renewal

** Upfront payment.*

The effectiveness of this offer is underpinned by robust industrial platforms with, in particular, the Duda white label site creation platform, on which the new "Essential" and "Premium" sites are now all created (bringing significant gains in productivity to our web factory in Angoulême) and to which the existing base has now virtually all been migrated (end of the migration process scheduled for mid-2020). This scalable Duda platform is also used as a pilot for the Privilege range, integrating additional services sought after by customers: customer database populated by on-site contact forms, direct marketing via email and text, agenda, online appointment booking complete with payment, etc.

This benchmark solution has been completed by a series of modules specifically developed by Solocal, including a tool to automatically generate keywords, Ariane, which brings customers the guarantee of having sites that are perfectly structured around high-performance keywords to ensure optimal SEO.

Building on its expertise (dedicated web design and SEO teams) and its experience, Solocal has become a benchmark player in website creation, producing more than 15,000 sites in 2019.

The launch of the "Do It Yourself" offer is envisaged in 2021 and targets a complementary customer base – more mature, yet still local and receptive to having a product that is both very easy to implement and highly effective (i.e. attractive for visitors and well ranked).

Compared to neighbouring European countries, French VSEs/ SMEs are under-equipped in terms of internet and e-commerce sites, where roughly two-thirds of VSEs and one third of SMEs have no website, hence the significant growth potential.

The Websites offer generated revenues of €104.6 million in 2019.

Digital Advertising

The Digital Advertising offer is intended to strengthen customers' visibility on the Internet beyond their basic online presence in order to bring them more leads and better expose their business to a predefined, appropriate target of local consumers.

This range hinges on three subscription-based service offers, exclusive on the market, in response to the needs of businesses:

- "Priority Ranking": solutions which, in response to local searches by internet users, give businesses top-level visibility on Solocal's media and on a network of media partners - PagesJaunes, Mappy, Yahoo! and Local Ads;
- "Performance": online to offline performance solutions that guarantee businesses a volume of real, measured leads (phone calls, quotation requests, etc.) every month within their catchment area;
- "Branding": extra visibility solutions that place the focus on the volume of individuals targeted, advertising viewing time and advertising message repetition.

These solutions are underpinned by Solocal's singular expertise and competitive edge, allowing it to offer its customers unique, optimised digital advertising solutions at least cost:

- exclusive proprietary media (PagesJaunes, Mappy and Ooreka) whose corresponding audience is concurrently (i) very significant, with more than 26 million unique visitors each month, (ii) structurally geo-localised on a hyper-local scale, and (iii) highly intent-driven, with a very high lead conversion rate compared to the advertising market's standards;

- media and technological partnerships with major digital players (Google, Facebook Bing, Yahoo!) and with an extensive network of local, lead-providing media players ("Local Ads" exclusive network), earning Solocal its unique positioning for the hyper-local acquisition of leads for businesses at the best price;
- unparalleled expertise in local advertising campaign management in France, shouldered by the development of a proprietary technological platform, resulting from the acquisition of the Effilab start-up in 2017, to effectively industrialise the acquisition of relevant leads for local businesses, in addition to the audiences of Solocal media and of its partners;

In accordance with the Solocal 2020 strategic plan, the Digital Advertising offer was substantially consolidated in 2019.

- On the one hand, the "Priority Ranking" offer completely redefined the way in which businesses were made visible on the search engines used by Solocal and its partners (PagesJaunes, Mappy, Yahoo!, Local Ads). This offer is defined by the business's controlled, priority display on these engines. Customers themselves select the keywords that best match their activity and their catchment area, bringing them priority display with a precise target of internet users that subsequently provide them with relevant contacts/leads. In addition to priority display on the Group's media, the "Priority Ranking" offer includes the services available in the Premium Presence solution, including the management and dissemination of information about the business's activity across more than 20 media players (including Google My Business, Facebook, Bing, Yahoo!), via the Solocal Manager app.

  This "Priority Ranking" offer was successfully launched with new customers in the second quarter of 2019, then extended to all customers in the third quarter with an adoption rate among the customer base that exceeded 85% at the end of 2019. It is available on the basis of a 12- or 24-month subscription starting from €59 per month. Payment can be made upfront, in three instalments or monthly. Prices may vary depending on the business segment, catchment area and depth of the keywords chosen by the business.
- So-called Performance offers have also been reinforced. These offers are intended to respond to two key objectives with our customers:
  - either to improve the generation of online traffic; this is the case with the "Booster Site" solution which focuses on the main search engines to find its audience, or "Social Clic", which focuses on Facebook for its audience;
  - or to generate offline leads. This is especially the case with Booster Contact, which allows businesses to receive – and measure – real, geo-localised leads (phone call analytics, online appointments, quote requests, etc.) every month from ads across the entire web, and on all terminals. Historically limited to Google and Bing, in 2019 the offer extended its leads sourcing to new media, and to the search engines of both the Group and its partners (Bing, PagesJaunes, Yahoo!, "Local Ads"). This development has served to increase the number of qualified leads generated for customers, and to reduce the corresponding acquisition cost. Booster Contact brings businesses the guarantee of complete control over their acquisition budget, since Solocal is committed to delivering a minimum number of leads every month. This offer is available via a 6- or 12-month monthly subscription starting from €90 per month. It is available on all Solocal's physical sales channels for customers and prospects.

Lastly, in 2019, Solocal also enhanced its Visibility offer. In addition to the launch of its Social Video offer, via which customers can make video ads on Facebook and Instagram with a guaranteed minimal viewing time of 10 seconds, Solocal strengthened the Display offers on its PagesJaunes service with innovative formats that enhance the visibility of businesses. The Display offers on PagesJaunes are available for desktop and mobile terminals, and via "native" and "sticky" formats, completed with full web exposure for a very wide, overall exposure of businesses on precise, hyper-local Internet user targets.

Solocal is the only player in France capable of operating hyper-local digital advertising on an industrial scale, for VSEs/SMEs and large accounts, by leveraging all of the web's main audience sources. In fact, thanks to partnerships with Google, Bing, Yahoo! and Apple, its Local Ads partner network and its PagesJaunes, Mappy and Ooreka proprietary media, Solocal offers its customers the guarantee of capturing all searches made by Internet users for local businesses in France and transforming them into real, measured leads for the activities of its customers at best cost.

As with all its solutions, Solocal's advertising offers are turnkey; they integrate the creation of effective visual tools along with landing pages that provide different methods for connecting the Internet user with the business. This aspect also includes the ongoing measurement and optimisation of advertising performance by a team of experts in campaign management. These experts use proprietary technological solutions based on algorithms and machine learning to buy the best keywords at the best price, and to effectively transform an online audience into real, tangible leads for the benefit of the customer's activity, no matter the sector.

The Digital Advertising offer generated revenues of €281.2 million in 2019.

New solutions

Solocal offers its customers a full range of digital solutions which they can use to boost the efficiency of their digital presence. This chiefly includes transactional solutions, for different industries, such as:

- scheduling appointments online with a health professional;
- booking a table in a restaurant and taking advantage of any promotions on offer; or
- booking hotel rooms;
- however, it also includes more specialised services such as digital consulting in the sphere of ranking, both free and paid (SEO, SEA).

Until now, these solutions were mostly made available to large accounts via its subsidiaries: Leadformance and Effilab for ranking solutions, and ClicRDV for transactional solutions. On certain verticals, Solocal already offers transactional services to small businesses via PagesJaunes. As is the case, these services are provided on the basis of either proprietary technologies (ClicRDV) or partner technologies (La Fourchette, Expedia).

In 2020, Solocal will enhance its panel of digital solutions for VSE/SMEs and extend it to new verticals. In so doing, Solocal seeks to position itself as a benchmark player for managing digital interaction among local businesses.

More broadly, the aim is to help Solocal's customers build relationships with their own customers through the use of their digital services, and to simplify the management of their business activity so that they can devote more time to their day-to-day business operations. The digitalisation phenomenon represents a major growth driver for VSEs and SMEs and goes beyond digital presence. For these businesses, calendars, appointments, existing and potential customers, document exchanges, inventories, billing and payments are all functions that are key to growing their activity, which Solocal can assist with and simplify through its New Solutions offer.

Thanks to these new solutions, Solocal's customer VSEs/SMEs will be able to:

- interact more efficiently with their customers and prospects: requests for quotes, instant messaging, etc.;
- better convert their digital presence: online appointment-making, online payment, Click & Collect, etc.;
- secure their customers' loyalty more effectively, by managing and centralising their customer database (CRM), creating automatic e-mailing/text campaigns, etc. Solocal is preparing a more comprehensive version of this offer, allowing its customers to manage and optimise new aspects of their day-to-day activities: sending special offers, monitoring lead transformation, managing invoicing and payments, etc.

In the medium term, these new solutions will be progressively integrated into the Site and Presence product ranges to promote upscaling and the acquisition of new customers. As such, they will be systematically accessible via Solocal Manager.

Solocal will support businesses via e-learning modules and digital coaches to facilitate the adoption and sustainable use of these new solutions.

The New Solutions offer generated revenues of €7.6 million in 2019.

Print

Solocal's "Print" offer has historically included the publication, distribution and sale of advertising space in printed directories (PagesJaunes and PagesBlanches). Paper directories are assessed each year in terms of the benefit to advertisers and users in light of the increasingly digital environment.

Customers and users continue to shift away from printed directories in favour of digital media. As a result, Solocal has decided to stop publishing printed directories after the 2020 edition, which will thus be a collector edition.

Over the years, the PagesBlanches directories have gradually been phased out: 2019 saw the last publication of these directories in the 69 French departments in which they had been maintained until then. There will be no printed versions of these directories in 2020.

With regard to PagesJaunes, it has been decided to stop production in the departments of Île-de-France and a number of larger urban departments (Rhône, Bouches-du-Rhône, Nord) and to discontinue publication in 2020. In 2019 the PagesJaunes directories were only published and distributed in 90 departments.

The Print offer generated revenues of €63.6 million in 2019.

Products for large accounts

Solocal offers its large account customers (large national brands with a local presence) tailored products across its whole range, both for Digital Presence and Digital Advertising.

This Online to Offline solution range is built on a number of assets developed by Solocal, enabling it to gain local leverage via online presence management and digital advertising:

- a "Solocal Bridge" SaaS platform, used to manage a network's digital visibility in real-time, both centrally, at the level of the network head, and locally, at the point-of-sale. The platform integrates store locator solutions for this purpose (a local web page dedicated to a point of sale), presence management (real-time management of all key information from the network – hours, reviews, news, photos – on the store locator and on some 20 websites and social media with large audiences), and digital advertising (on Google and Bing currently);

- the "Local Impact" mobile-to-store solution, used to target millions of profiles at the local level in the sales point catchment area according to their place of residence, what they are doing at that particular time in their life, consumer preferences and habits. This advertising offer is based on a programmatic chain and algorithms developed by Solocal to enhance and measure the offline impact of campaigns, and more specifically the actual visits in sales points;
- the Network Booster solution adapts the features of Solocal's Booster Contact to address the specific issues of store networks. It is an advertising performance offer that guarantees the advertiser will be provided with, for each catchment area in its network, a certain number of qualified leads (phone call analytics, online appointments, etc.), generated by ads displayed by search engines such as Google and Bing. This multi-local offer, tailored to brands organised in distribution networks, serves to coordinate and oversee both local and national networks and enjoy the full potential of each catchment area.
- the SoMS (Solutions Marketing Service) package provides tools for enhancing databases and direct marketing (text, e-mailing campaigns) to allow customer networks to acquire new customers and secure the loyalty of their existing ones. It includes one of the market's most extensive databases (BtoB and BtoC) in complete compliance with the data protection regulation, and draws on a team of experts and know-how spanning more than 20 years.

The Priority Ranking offer, intended for VSEs and SMEs in 2019, will be extended to large network accounts in 2020.

1.3.4 AN ORGANISATION WITH A LOCAL PRESENCE TO DEVELOP INDUSTRIAL-SCALE DIGITAL SERVICES

2019: Migration of customers to subscription mode

As part of the Solocal transformation plan, in 2019 the VSE/SME sales teams stepped up the transition to subscription mode for the Company's historic services. 85% of customers processed since the offer's launch have been switched to this new offer with a long-term commitment. This shift has helped to complete the range of offers provided in subscription mode and to reach the figure of 75% of Digital sales achieved in Q4 2019 on subscription-mode products.

These changes to the offer have been made in parallel to an effort to further specialise the sales teams in order to address the different market targets and accommodate diverse customer profiles. Accordingly, in Q1 2019, a team dedicated to intermediate networks was created to ensure the deployment of decentralised framework agreements and to group all the network sales points within the same Directorate. The specialisation effort is also visible through the creation of segmentations within the customer telesales teams specialised in two specific populations: customers who represent a high churn risk, and customers with a high ARPA.

Specialisation is a powerful lever that favours cross-selling to our base of high-potential customers on digital products such as websites and Booster Contact. It also serves to focus on retaining customers and on the differentiated treatment of fragile customers. These efforts have already yielded a one-point drop in the 2019 churn rate vs. 2018 and a sharp pick-up in order intake of Booster Contact.

2020: striving for increased customer retention

2020 will see the completion of the transition to subscriptions for VSE/SME customers, as well as the launch a new dedicated offer for large account customers. To better support this commercial prospecting shift towards new digital offers, the marketing campaigns will focus on generating leads and, as a result, better qualifying the customer base.

These actions should bring about greater cross-selling on the Booster and Website offers, along with an upselling of the products and the marketing of subsidiary offers (ClicRDV, SoMS, Store Locator) with Solocal customers.

One of Solocal's major challenges in 2020 will also be to curb the erosion of the customer base, in particular by securing the loyalty of existing customers. Winning over new customers is an important lever in this respect. However, it has been impacted by the temporary halt and, more generally, the slowdown of customer activity in the wake of the health crisis and the lockdown measures.

The loyalty approach will be stepped up via an overhaul of the processes (offer, sales pitch, specialisation of sales reps, etc.) and the deployment of winback operations. This loyalty-building approach includes a customer satisfaction component with the implementation of a veritable customer experience and increased use of the Solocal Manager app. Moreover, customer retention will be consolidated via the deployment of teams dedicated to winback and retention operations.

New customers will be acquired notably through the implementation of a gradual acquisition path for low-ARPA customers (digital audits, entry-level Presence). This will be combined with a ramp-up in the commercial capacity, bolstered at the end of 2020 by re-allocating commercial time, previously dedicated to renewing old products, to customer acquisition; in fact, the migration should serve to free up commercial time so that it can be invested in cross-selling and the quality of service provided to customers, as well as the development of new business.

Accordingly, in H2 2020, the commercial organisation of the telesales channel will be adapted for the transformation of product campaigns. Greater commercial intensity should also foster greater productivity, culminating in a significant increase in the call time thanks to the deployment of campaign management tools. In addition, field activity will be consolidated, and roughly 20% of staff will be specifically assigned to customer acquisition. As far as large accounts are concerned, framework agreements on the networks will continue to be deployed.

Sales reps will instantly receive the leads generated by Solocal.com, incoming calls and the qualification of the customer bases.

Focus on the commercial organisation for large accounts

The large network accounts team contains a hundred or so sales reps and represents one of the main focuses for the activity's development as part of the "Solocal 2020" project. It is complemented by teams of experts in pre-sale products, and by the Agency division which expanded significantly in 2019. It focuses on national enterprises representing up to 1,500 sales points across the country, and works with several thousand customers.

The specific feature of large account/network account customers resides in the national and multi-local dimension, irrespective of business sector: automotive (Autosur, Eurorépar, Toyota), specialised distribution (Fnac-Darty, Netto), generalised distribution (Intermarché), banking (HSBC, Crédit Agricole), etc. Solocal's priority is to give digital visibility to the different local sales points of its Large Accounts customers while allowing to manage centrally.

Solocal is also a major partner of the media agencies that offer Solocal products to reach a broad scope of targets and to cover the issues specific to this type of customer: the drive to store solution (Local Impact), digital advertising products (in particular Network Booster), Bridge/Store Locator, Social Media, etc.

Customer satisfaction and the customer journey, two key focuses for Solocal

Customer satisfaction is a central aspect of all the Company's projects, with a cross-departmental impact: customer satisfaction has been a key focus area for Solocal since 2019. The Net Promoter Score (NPS), established by an independent study carried out each year, represents a target for the calculation of the variable portion of Solocal managers' compensation to encourage all the teams to adopt a customer-centric approach. Solocal's NPS gained 9 points between early 2019 and early 2020 in a highly demanding business-to-business environment. The scores obtained with the general public are positive, while those with businesses must be further improved. To work on improving this score, a "Customer voice" programme was launched in 2019 with a twofold focus: Relations and Product. Solocal measures customer satisfaction after a customer service call, after a first sale completed by a telemarketer or field salesperson, or after a sale as part of a renewal or migration, then throughout the product lifetime on the following criteria: timeframe, use, promise and performance. We monitor trend developments each month, add measures for major events not yet covered and refine the method applied for existing measurements via a continuous improvement approach. In addition to monitoring perception and effectiveness indicators, the "Customer voice" committee tracks the progress of the action plans implemented within the operating teams, and seeks to comprehensively remove any obstacles that might exist in order to deliver functionalities or implement the process changes needed to offer our customers a better service.

With a customer base that is becoming mostly subscription-based, ensuring the satisfaction of our customers is vital in order to secure their loyalty. Furthermore, in order to optimally onboard and support customers and develop the number of Solocal products that they adopt, the Company has launched a programme dedicated to the customer experience and journey.

There are three key moments in the customer life cycle which must be leveraged.

- firstly, the onboarding of a customer who is not yet familiar with the services; this period lasts up to the delivery of the first product purchased. Having a high-quality onboarding programme that is adjusted continuously to better support our customers is all-important;
- next, during the subscription customer's life cycle, we initiate contacts in responsive mode (requests for assistance), proactive mode (coaching), or to provide performance indicators. All of these contribute to giving customers a good image of our services, building up their loyalty and growing our customer base;

- lastly, when certain customers are not fully convinced, or when they hint or express a desire to walk away, we focus on dedicated paths in order to retain them.

For these three key moments, our Solocal Manager platform, online or via the app, is a decisive tool for keeping customers informed and convinced of the value of the solutions they purchase from Solocal, which in turn contributes to developing our customer base.

In terms of customer relationship, a number of actions were engaged in 2019 to digitalise this relationship: the customer onboarding path has been simplified and improved with a focus on the user experience, or UX, in the Solocal Manager customer space, one of the main objectives being to increase user engagement. From the initial creation of their ordered product through to its subsequent adoption, customers can independently track the steps up to the product's online launch. Instead of having to call or request updates, customers can, for example, make changes on their website via modules available on the Duda platform on which the range of sites is developed. Customers can also consult FAQs, a chatbot or a live chat to get the information needed for the smooth functioning of their products, leaving a phone call as a last resort. For this purpose, the contact points have been simplified: instead of multiple customer relations e-mail addresses and some forty possible telephone numbers, customers can now use the Solocal Manager app and a single telephone number. Thanks to the Solocal Manager app, the automation of the customer relationship has helped make the teams' organisation more efficient, while improving the quality of interactions for the customer whenever contact is made. The introduction of the coaching programme with proactive calls for high-value customers also serves to increase product cross-selling.

In the event of a complaint, the customer can contact the Complaints service, which was set up in 2019 with a dedicated team. The challenge in 2019 was to improve the visibility and predictability of current and future complaints with, in particular, the adoption of a series of key indicators to better control these flows. In order to deal with calls more efficiently, Solocal has adopted a new artificial intelligence solution that allows us to know whether the incoming call is from a customer with an open complaint.

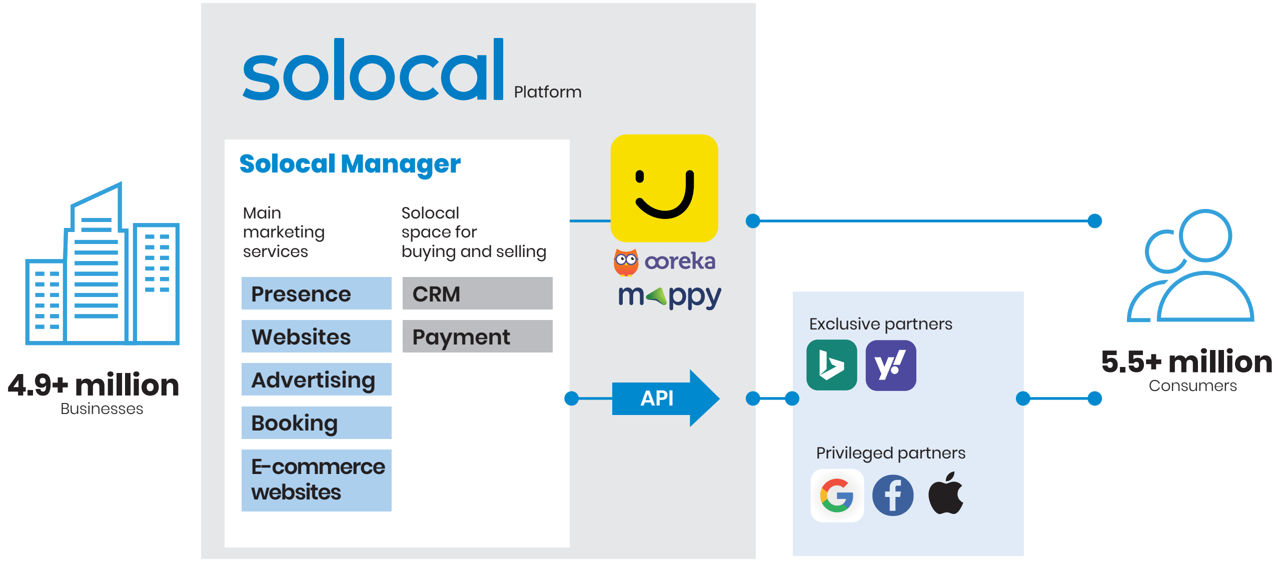
Alongside the improvement of the customer onboarding process and subsequent support, production quality was the other major development focus of 2019. The production chain was stabilised in order to ensure its overall control via a more flexible organisation: emphasis was placed on insourcing competencies and honing the assignments of the production teams, which have become increasingly specialised. The production chain was also industrialised to increase its efficiency, with, for example, the option for customers to automatically validate their website template on the Duda platform. In terms of quality control, in 2019 Solocal introduced the automatic follow-up of websites produced in order to maximize their quality with its new platform, SoOptimo, which validates and monitors a website's performance over time, notably in terms of SEO (Search Engine Optimisation). This proprietary tool also serves to track customer satisfaction over time and increase loyalty.

Solocal is committed to working ever more closely with its customers. The actions undertaken in 2019 will be pursued and stepped up in 2020, with a focus on managing the base of subscription customers, in particular in terms of the customer relationship. Customer journeys will be further improved to facilitate the adoption and use of services, and so reduce the churn rate.

Product quality will continue to be consolidated in 2020 in order to bring still more value across the ranges: the Presence and Priority Ranking offers will be completed with new features and extended to Large Accounts. Solocal will continue to improve the return on investment of its high-performance products such as Internet, Booster Contact and Priority Ranking.

1.3.5 TECHNOLOGICAL PLATFORMS AND DATA

Solocal's technological platforms



Solocal has unique assets that allow its customers to interact with the digital Internet, media and advertising ecosystem, thanks to a team of more than 300 IT and R&D experts at the end of 2019.

Media platforms

The mission of the media platforms is to direct users towards the most relevant local businesses or services. The PagesJaunes platform stands apart with its capacity for processing 2 billion annual visits for business searches on PagesJaunes media and on partner websites using technology for displaying syndicated content.

The Solocal teams are continuing their investments on the search engine to have the best business search relevancy and to develop new voice and chatbot search capabilities, accessible notably via Alexa and Google Home.

Solocal's second platform, Mappy is the second most visited route-planning website in France. Mappy brings users closer to their destination by comparing the best means of transportation. Mappy has developed the multimodal route calculation that integrates new modes of transport and paves the way for Mobility as a Service (MaaS).

PagesJaunes and Mappy now develop more services and are becoming communicating with, in particular, the Pagesjaunes.fr portal's native online reservation system: this service allows individuals to make appointments online with relevant businesses (beauty salons, hairdressers, restaurants, auto repair shops, town halls, etc.). In 2019, Solocal widened the number of "bookable" businesses (i.e. with which bookings can be made) using the ClicRDV solution via its open APIs and adding a link to booking partners such as La Fourchette or LeCiseau. SMS text and email notifications improve the presence rate of their customers, thereby securing their revenues.

The Group's media platforms are the best for engaging the services of local suppliers.

Advertising platforms

Solocal's advertising platforms optimise the generation of relevant business leads for pros not only via its media platforms, but also via all of its partners (Google, Facebook, Bing, etc.).

These platforms also optimise the profitability of advertising spaces on Solocal media, and external media purchasing costs.

The major technologies used are:

Adserver Platform - Solocal DSP and Web-to-Store

Solocal DSP is a unique programmatic ad server adapted to local advertising campaigns. It can be used to carry out hyper-local campaigns that target a given district or neighbourhood in order to motivate physical visits to stores (web-to-store).

It is a Demand-Side Platform (DSP) for desktop or mobile campaigns. Each advertising imprint is purchased by the unit, in real time and in bidding sessions using optimised algorithms for audience targeting and display area value enhancement.

It offers a distributed, real-time, highly scalable architecture that is available for massively parallel computing. In the interests of GDPR compliance, the platform gives absolute priority to strict adherence to the security, anonymity and confidentiality standards enacted by the French Commission for Data Protection and Liberties (CNIL).

The platform propels tens of thousands of programmatic display campaigns for the Group's customers. Lying at the core of the Group's drive-to-store offer, Local Impact is designed to increase point-of-sale traffic via personalised, geolocalised campaigns.

In short, Solocal DSP connects millions of users with the Group's VSE, SME and Large Account customers who thus benefit from its media's massive audience and intent data.

One Perf

The DSP Adserver is combined with a decision engine that can display the most relevant business on a given advertising space in order to optimise lead generation and the fulfilment of customers' advertising claims.

Sponsored links acquisition platform

A platform that enables the automation of audience acquisition campaigns from partner search engines or social media. Solocal has developed unique algorithms that enable it to manage the performance of these campaigns and to report the leads generated in the Solocal customer space.

LocalAds

LocalAds is a technology used to display announcements from Solocal customers on partner websites and thus multiply the media and audience, and increase the range of businesses' communications.

One app for pros: Solocal Manager; one app for networks: Bridge

Solocal Manager

Solocal Manager is the entry point for all professional services:

- a single account providing access to all Solocal tools thanks to the Solocal Pro SSO;
- businesses can manage their search engine presence on the main high-traffic platforms, modify their website, manage their interactions with users, manage their content (business hours, services, photos, etc.) and their ads, all in one click from their mobile phone or computer.
- Solocal Manager also gives access to all analytical tables on efficiency, so that each customer can view the audience and leads originating from the Group's media, website and digital advertising.

For the Group, Solocal Manager is a cornerstone of the strategy:

- its repeated use by the business's customers makes it a strategic space for securing loyalty, offering additional services and upselling;
- the development of the self-service component to configure services helps reduce customer service costs and allows the company to industrially and effectively increase its own customers.

Bridge

Bridge adds major features to establish a bridge between the network head and its network of sales points. In just one click, users can view an entire network of proprietary or affiliated/franchised sales points.

The platform is web-to-store dedicated since it can be used to increase the flow of internet users from the search engines (SEO) to physically redirect them to stores.

In 2019, Bridge underwent a number of innovations:

- presence management, real-time updates on all the market's directories – Google My Business, Facebook;
- centralised management by the network head, or decentralised management by all the network's members (e.g. for franchisees, affiliates, resellers, etc.);
- direct, one-click management of Google Ads keyword purchasing campaigns (SEA) as part of the Network Booster offer;
- Search Engine Optimisation (SEO) thanks to the construction of store locators and websites allowing the brand's stores to be searched;
- centralised management of opinions and reviews from Google, Facebook, PagesJaunes, AvisVérifiés or Critizr allowing the business to quickly respond;
- GDPR compliance, API available;
- analytical tables for measuring the impact of actions;
- dashboard covering Google My Business, PagesJaunes, Avis, Store Locator.

Solocal Bridge platform

In 2020, Bridge and Solocal Manager will be connected to offer seamless navigation between the network head and the sales points.

Technological successes in 2019

Solocal launched a number of initiatives to develop the Company's technical architecture and its scalability.

Move To Cloud and renewal of the Group's infrastructures

In the middle of 2018, Solocal embarked on a project for migrating all of its infrastructures to the Cloud in order to:

- speed up the time taken to develop new user functionalities;
- implement systems able to automatically adapt to the working load (auto scalability);
- gain access to innovative technologies (Artificial Intelligence, Big Data, etc.);
- absorb data center obsolescence;
- attract the best talents using the latest technologies.

The migration concerned 5 data centers, 5,000 virtual machines and more than 200 critical applications, some of which were transformed for Cloud technologies. This migration was carried out in less than a year, acknowledged as an excellent performance by the market's players (ESN and Clouds providers).

This migration has served to decommission 15% of the base which was no longer used, and to close the Group's biggest data center at the end of December 2019.

The sales systems, PagesJaunes portal and all Group data are now hosted in the Cloud and benefit from advantages in terms of performance, stability and security afforded by Azure and Google Cloud.

New businesses have been set up: DevOps (automation of online deployment chains) and FinOps (Financial Operations) for cost management.

Key technological partnerships

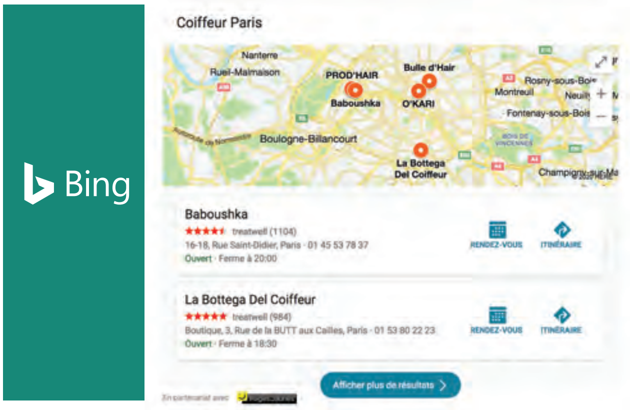
Microsoft partnership

Microsoft Azure

Our partnership with Microsoft has two facets:

- technical, through the provision of Azure cloud services;
- expertise thanks to the support of Microsoft service experts.

This partnership has effectively modernised the Group's information systems; it has already significantly improved the availability of tools used by the sales forces, and pushed ahead developments on these tools with, in particular, the launch of e-commerce in 2019.



This is a distribution partnership. PagesJaunes provides its responses to feed local searches on Bing for the best local relevance.

Google partnership

Our partnership with Google concerns two major areas: Big Data and the PagesJaunes service.

Solocal provides artificial intelligence for the benefit of its customers

Data lies at the core of Solocal's activity. With 2.7 billion visits on its media, almost 5 million businesses listed, and hundreds of thousands of advertising leads generated every month, the Group has set about creating a new form of Big Data supported by Cloud technology. Thanks to these changes, processing speed is faster and Solocal is focusing on new Machine Learning algorithms dedicated to advertising efficiency, automation and automatic moderation.

In 2019, using artificial intelligence to optimise advertising campaigns, the Group managed to regularly improve the performance of its customers' local ads while cutting media purchasing costs.

In 2020, the Group will develop a second component: automatic content moderation, based on Artificial Intelligence and Machine Learning to automate the moderation effected on visuals and texts.

Modernisation of sales platforms and the omni-channel structure

In 2018, Solocal initiated a major transformation of its business model with the development of the new range, available for sale as of July 2019.

This strategic migration required developments for modernising the sales tools in order to simplify the sales journeys via an omni-channel, full web model.

These developments lay the foundations for a modern, straightforward tool that can be quickly deployed to the sales forces while bringing greater flexibility to the management of the offers defined by the product marketing lines.

The technological platform used helps to significantly improve the technical foundations and increase commercial performance:

- smoother, quicker sales journey;
- product pricing flexibility;
- deployment of new products;
- robustness of the tools and supervision of the infrastructures via the Azure and Google cloud computing services.

These technologies, now a market benchmark, facilitate the sourcing of competencies and complementary expertise with R&D partners, both in France and internationally.

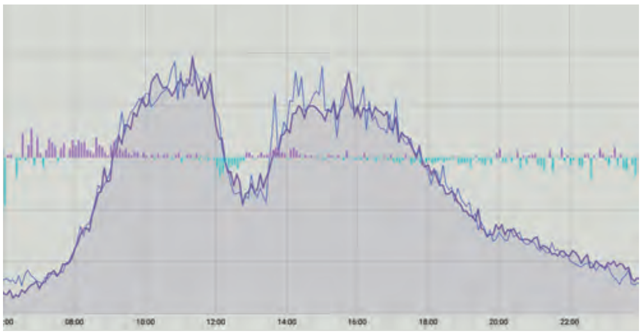
Accordingly, they improve Solocal's external attractiveness.

Solocal adopts containers and auto-scaling

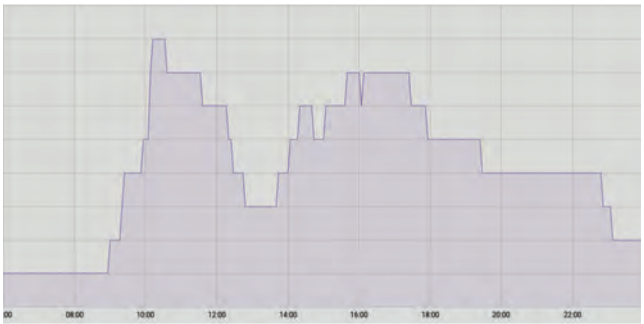
The choice to enter into a partnership with Google goes hand in hand with a major technological renewal of the PagesJaunes architecture, namely the autoscaling and containerisation of the service using the Kubernetes open source technology, which serves to dynamically optimise the workload of the containerised services natively available on the partner cloud.

Thanks to this new architecture, PagesJaunes infrastructures adapt dynamically to the demand.

These diagrams illustrate peak audiences in the morning and afternoon on the PagesJaunes site…



… and the adjustment of the PagesJaunes infrastructure on the same day.



This technology has enabled the Company to accommodate new, high-traffic partnerships while improving the site's performance.

PagesJaunes gains in terms of performance

Thanks to these changes, the Group has substantially improved its technical performance. We may note, for example, the excellent performance of the PagesJaunes site which, in January 2020, placed third in the JDN/Fasterize fastest mobile sites ranking.

Mobile web performance rankings on the most-visited French sites

Rankings	Website	Webperf Score	Speed Index	Time to Interactive in ms	Average page size (bytes)	Number of requests
1 (3)	Bing	1,296	1,411	1,180	446,245	53
2 (-1)	Service-Public.fr	1,412	1,554	1,270	491,075	33
3 (10)	**PagesJaunes**	**1,810**	**2,019**	**1,602**	**833,005**	**56**
4 (3)	Le Monde	1,902	2,244	1,559	1,125,688	39
5 (-2)	franceinfo	1,990	1,991	1,989	775,820	88

Source: JDN: https://www.journaldunet.com/solutions/dsi/1192875-classement-webperf/

Improvements to PagesJaunes in 2019:

- new mapping access (pros around me) on mobile apps;
- new response sequencing algorithms;
- better response lists with more photos;
- new native/sticky ad display formats;
- a PJ bot named "JackBot" deployed on the PagesJaunes site and on WhatsApp;
- weekly editorial push notifications;
- restaurant booking engine on iOS.

2019, the year of the Group's agile transformation

Solocal is also adapting its organisation and its working methods in order to be just as agile as the most innovative start-ups. Solocal's organisational, cultural and methodological transformation is based on an Agile approach, i.e. the all-important lever that allows start-ups to carry out projects with short deadlines while staying close to customer needs.

Continuous improvement, innovation and quality focused on customer value represent the transformation's key components and cornerstones.

The teams are organised into 50 squads around the different platforms with a lean organisational set-up that serves to reduce our lead times and ensure a fast time to market.

- Agile governance helps the Group to align on the business value of the products.
- More than 300 employees received training on agility via the training plan.
- A certification plan on the new project roles associated with new operating methods via self-organised agile teams.
- An operational team support and coaching plan.
- A tool deployment plan (source code management, continuous integration and deployment, containers, automation and configuration management, monitoring and alerting, project management and documentation, etc.).

2020 developments

From Move to Cloud to DevOps

2020 will see the implementation of an even more Agile organisation, incorporating the operators in the development teams (DevOps) and allowing us to integrate constraints – right from the start of developments – in terms of the operation, performance, stability and security of the future applications. Along with the Cloud, this DevOps method will be a chance to automate the test, infrastructure provisioning and application deployment actions, and speed up the delivery of new functionalities.

Solocal Manager: one-stop shop vision

With the merging of all of the Group's B2B platforms, Solocal Manager will become the business's single tool for using all Solocal services by developing more services and, accordingly, more value for businesses and network heads.

Solocal continues its transition towards an omni-channel structure

The sales and distribution platforms (Solocal.com, Solocal Manager) developed by Solocal are omni-channel, allowing Solocal to have a 360° vision of all of the products sold and distributed across all channels – telesales, convenience stores, customer relations, manufacturing line. This 360° vision is consolidated via data generated and gathered by the platforms using the Google Cloud technology, and provides it to all of Solocal's management entities (including Finance, HR, Sales, Performance, etc.). Lastly, the APIs developed on the back offices will facilitate the data's exposure to the various front offices such as Pagesjaunes.fr, Solocal.com or Solocal Manager.

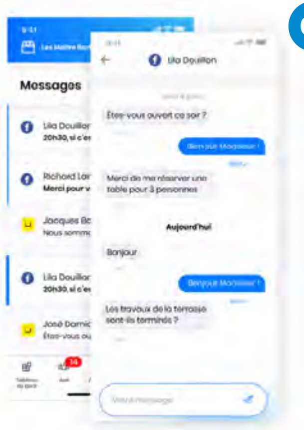
New search engine

In 2020, PagesJaunes announces a new search engine based on the market's best technologies to respond to the challenges of new services: further improving the relevance of search results, better managing user location for a more intuitive, richer local search experience, enhancing the user–business connection, highlighting the social dimension for search and recommendations, and integrating the capacity to automatically learn and improve into the core of the algorithm.

Communication / Chat

PagesJaunes will become communicating thanks to the addition of a feature that will allow Internet users to dialogue directly with businesses.

The chat will be asynchronous, which means the professional can respond either in real time or later, as suitable.



Solocal E-commerce, PagesJaunes Market Place

In 2020, PagesJaunes will also turn its attention towards e-commerce, in particular with a new quote feature that will enable users to directly query the business or pro in order to obtain a price estimate.

1.3.6 PAGESJAUNES MEDIA PLATFORM

Every month, nearly one Internet user in two consults PagesJaunes websites or applications[(1)].

Ranking among France's most frequented digital brands (16th most-used brand in France)[(2)], PagesJaunes is one of Solocal's major digital services (22 million unique visitors per month, listing of almost 5 million professionals for a total 2 billion visits per year and 2.1 billion searches per year).

PagesJaunes is the French digital reference for connecting private individuals and businesses. From simple searches for contact details to online appointment booking, PagesJaunes offers a panoply of services to put French consumers in touch with local life, ranging from detailed content that stays up to date (100,000 data updates per day) and helps them make the right choice (11 million reviews, plus photos, videos, opening hours etc.) to transactional services (you can book online with over 40,000 businesses, in sectors as diverse as restaurants, healthcare professionals and beauty salons) and quotation requests – all this through verticalised customer journeys and many different types for search experience, via chatbots, voice searches and maps as well as on Google's and Amazon's virtual assistants.

In 2019, PagesJaunes initiated its transformation which, in 2020, will produce a redesigned service based on a more local experience: "With PagesJaunes, make the most of local economic life".

This will infer a map-centric user experience and user interface (UX/UI), the enhancement of content about professionals (their latest news, their promotions, etc.), new relational functionalities (such as instant messaging) and transactional features (such as quote requests extended to other fields), and a loyalty programme that is more local and a personalised relational programme.

A new positioning, both in terms of the brand itself and the service, to give fresh impetus and reach an ever wider target of users.

Description

PagesJaunes: At the heart of its "Users first" strategy lies the satisfaction of its users (Internet and mobile users) .

The main areas for development revolve around ensuring: relevant search results and rich content in order to find the right business; a broader service offer to multiply the interaction possibilities between pros and users; a redesigned UX/UI in keeping with existing industry codes.

- Finding the right business and the right information:

  PagesJaunes has optimised the performance of its search engine via a technical overhaul that integrates leading-edge technologies such as Artificial Intelligence, specific algorithms (popularity & content richness/ freshness), and knowledge of its users, to offer a more relevant, personalised response.

(1) 2019 (42 % of internet users - all age segments - excluding partners).
(2) Médiamétrie.

New search modes that are more conversational are now available on pagesjaunes.fr via its chatbot, and via voice assistants such as the PagesJaunes action on Google Home, and the PagesJaunes skill on Amazon's Alexa. A new response delivery method to suggest the right business, i.e. a first step towards recommendation.

The content available on PagesJaunes (richness and freshness) is one of the priorities. Concerning user-generated content (reviews, photos), the paths for posting reviews and photos have been simplified and optimised. Having extended the possibility of posting reviews to now cover healthcare professionals and established review syndication partnerships with recognised players, there are now 11 million reviews on PagesJaunes. Concerning reviews generated by businesses/professionals (photos, replies to reviews, business hours, specific information, etc.), the overhaul of the Solocal Manager platform combined with the new entry-level offer which includes free content modification on PagesJaunes results in unparalleled content density and freshness.

UX/UI upgrades optimise and vary the search experience. A new homepage (website and app) that is more personalised, geolocalised and dynamic offers a design that showcases users and that reflects different moments in life. The map-based search is anchored at the heart of the application: right from the homepage, mobile users and businesses are directly located.

- A wider service offer for even more interactions between users and businesses.

PagesJaunes is positioned as a major player for connecting businesses and private individuals. To do so, developing services that foster interaction is central to the strategy.

With more than 40,000 businesses bookable online in fields as diverse as catering, healthcare, hospitality and beauty, the inventory is increasingly large (+6% in 2019) thanks to the marketing of the ClicRDV solution by the Solocal sales force, and the integration of appropriate partners. By way of example, LeCiseau helps to further the inventory of hairdressers with whom users can book online via PagesJaunes.

New relational functionalities (such as instant messaging) and transactional features (such as quote requests extended to other fields) and in development, with large-scale projects lined up for 2020.

1.3.7 PARTNERSHIPS AND ALLIANCES

Mutually beneficial partnerships with major global internet players

Solocal has managed to capitalise on its position as the French leader for local digital advertising and marketing by developing strong, mutually beneficial partnerships with:

- players who provide platforms used to operate products (e.g. websites);
- players who provide reviews, transactional solutions or other third-party content to enhance PagesJaunes content;
- online service publishers and digital advertising players to respectively disseminate Solocal content (PagesJaunes or digital presence) and the advertising campaigns of Solocal customers;
- companies that have a portfolio of business customers in order to generate prospects for Solocal.

The partnerships relating to the dissemination of Solocal content and advertising campaigns involve close ties with the Internet's heavyweights such as Google, Microsoft/Bing, Apple and Facebook.

Solocal believes that the gains from these partnerships give it significant advantages in the industry in which it operates.

Partnerships in the dissemination of Solocal content

In particular, Solocal has developed content agreements with Bing, Apple, Google My Business, Facebook, Amazon, as well as Yahoo, Qwant and many other online service publishers.

These partnerships are mutually beneficial insofar as the richness and relevance of local Solocal content enable the partner platforms to offer a first-rate user experience for local searches carried out on their media, and Solocal to boost – via its full Web approach – the visibility of business content, making it easier for businesses to connect with potential users who browse these high-traffic platforms.

Partnerships in digital advertising

Solocal integrates the advertising products offered by its partners in turnkey digital advertising solutions, making them accessible and effective for VSEs, SMEs and large network accounts thanks to the technologies and expertise developed by Solocal, particularly in terms of optimising algorithms and selecting optimised keywords. Solocal has developed digital advertising agreements with Google, Microsoft and Facebook.

The Company's privileged partnerships enable it to position its solutions in a way that sets it apart from its competitors in the French market and to benefit from exceptional support, both internally for training on the most innovative digital products, and externally to raise awareness among companies of the opportunities offered by digital technology for promoting their activities locally.

As such, Solocal has positioned itself as the trusted interface between major platforms and local businesses.

These partnerships are mutually beneficial as they help to accelerate the growth of major Internet platforms on markets where they have no direct foothold, while helping Solocal to position itself alongside the global players that capture most of the growth of the digital advertising market.

Key partnerships

The main partnerships are presented below:

Google

- reseller and co-marketing contracts -"Google Ads Premier Partner" certification;
- Google My Business Partner; special access to the Google My Business update API and its support team;
- Reserve with Google Partner;
- Cloud collaboration.

Microsoft Bing

- partnership based on the supply of local content (PagesJaunes) on Bing;
- Microsoft Advertising reseller – "Elite Channel Partner" certification;
- Cloud collaboration.

Apple

- partnership based on the supply of local content (PagesJaunes) on Apple Maps, Siri, Spotlight and Safari.

Facebook

- resale of advertising campaigns on Facebook – Effilab is a certified Facebook Premium Agency Marketing Partner;
- use of an API to manage pages and automatically update content.

Amazon

- partnership based on the supply of local content (PagesJaunes) natively on Alexa;
- support in developing a PagesJaunes skill on Alexa.

1.3.8 AUDIENCE

The Company's business is based on very large audiences, with steady growth in leads for businesses, thanks to its proprietary media (PagesJaunes, Mappy, Ooreka), which represent a constant source of intent-driven data, as well as privileged partnerships with key global Internet players who recognise the quality and richness of Solocal's local content.

Audiences include (1) direct audiences on the PagesJaunes digital media from the users' direct access to PagesJaunes digital media (direct access and brand search on a search engine), audience from search engines thanks to search engine optimisation and from affiliate partners (such as Free and l'Internaute), (2) indirect audiences to PagesJaunes syndicated content hosted by other platforms (such as Bing or Apple). To continue expanding its audience, Solocal seeks to improve the user experience (UX) and the user interface (UI) on its media. To this end, it invested €13 million in capital expenditure in 2019 for its media platforms.

Indirect audience

The indirect audience comes mainly from the various partnerships that Solocal has established with major global Internet players, such as Google, Bing (Microsoft), Apple and Facebook. As part of these partnerships, Solocal provides free local content to some of its partners (namely Bing and Apple), which contribute directly to directing traffic to the Company's customers and business prospects. Moreover, Solocal can also occasionally develop its audience by buying, managing, optimising and providing leads to its customers through the purchase of advertising (namely Google, Bing and Facebook) or other advertising media from its partners. A large portion of the Company's total audience is now obtained through its partners' platforms such as Bing (Microsoft) and Apple. Its partnership with Apple notably allows this partner to easily access Solocal's content database. In return, Solocal receives accurate data on its customers' audience. Through these partnerships, Solocal has leveraged the relevancy and accuracy of its database.

The main partnerships in this domain are set out below.

Bing: the partnership with Bing was set up in July 2010 and renewed in 2015. PagesJaunes is currently the only local source that provides base data to Bing and Cortana. PagesJaunes' content database on French companies is made available to Bing for its answers to local searches, in exchange for visibility and the provision of high-quality traffic statistics. Bing provides an important source of traffic for Solocal's customers. In addition, Solocal and Bing are working closely on future technological projects, such as the interpretation of local search, and dialogue via chatbot to optimise the search experience of its users.

Apple: the partnership with Apple was concluded in 2015 for five years. PagesJaunes' French companies content database is provided to Apple in exchange for visibility and the provision of high-quality traffic statistics. The content is used on Spotlight, Siri, Safari, CarPlay and Apple Maps search functions. Apple is a major source of traffic for Solocal customers. In addition, the partnership with Apple boosts the number of downloads of the PagesJaunes app.

Yahoo!: the partnership was signed in 2010 and is renewed tacitly unless terminated by either of the parties. Yahoo! provides PagesJaunes responses for local searches made on its site, in exchange for brand attribution and high-quality statistics regarding the tremendous amount of traffic in France. PagesJaunes is currently Yahoo!'s only local content provider.

Qwant: the partnership was concluded at the end of 2018 and will be renewed tacitly unless terminated by either of the parties. Qwant uses PagesJaunes business databases for responses to local searches in France. The presence of PagesJaunes businesses on Qwant services has a visible PagesJaunes brand attribution.

Direct audience

Direct audience is Solocal's audience on its two main media:

- **PagesJaunes:** Representing the French leader in communications and local digital advertising, PagesJaunes is the most visited media company, with more than 2 billion visits in 2019 – up by 19% compared with 2018. PagesJaunes encompasses a number of sites and products, including the PagesJaunes.fr website, a mobile app and syndicated content that is displayed on the Company's partners' sites. PagesJaunes is based on a database containing more than 27 million detailed records providing regularly updated information on individuals registered in the universal Directory and French companies. It provides users with the ability to search for businesses and professionals, view listings and post reviews, make reservations and schedule appointments and offers a host of services to businesses to increase their visibility and online presence;
- **Mappy:** Acquired by Solocal in 2004 and available on the Internet or as a mobile application, Mappy provides geographic services, including maps, travel planners, geographic representations, local searches and GPS navigation. Mappy acquires raw geographical data from third parties, restructures, aggregates and enriches it, and then incorporates it in its own technical platform. Mappy was Solocal's second most-visited platform in 2019, with nearly 339 million visits (of which approximately 55% from mobile users).

In 2019, Solocal recorded over 2.7 billion visits on its desktop and mobile Internet platforms. Visits via mobile phone (excluding tablets) account for a growing portion of Solocal's media visits.

Backed by the performance of its media, Solocal covered, on average, 51% of all Internet users in France in 2019. Solocal's media continue to generate significant audiences, with nearly 2.7 billion visits over all Solocal websites in 2019. Together, the Company's platforms are in the top 15 most visited desktop and mobile websites in France (Solocal's average ranking on Médiamétrie Nielsen from January to December 2019).

The audience levels of the Company's main platforms in 2018 and 2019 are presented in the table below (source: AT Internet):

(millions of visits)	2018	2019	Change
PagesJaunes	1,718	2,040	19%
of which mobile	*758*	*923*	*22%*
Mappy	344	339	-1%
of which mobile	*166*	*185*	*12%*
Ooreka	164	174	6%
of which mobile	*79*	*95*	*21%*
Others	151	160	6%
of which mobile	*62*	*72*	*16%*
TOTAL	**2,376**	**2,713**	**14%**
of which mobile	*1,064*	*1,275*	*20%*
of which fixed	*1,313*	*1,438*	*10%*

1.4 Overview of the sector

1.4.1 LEADING PLAYERS IN THE INTERNET ADVERTISING MARKET

There are three main types of players in the Internet advertising market:

- **Publishers,** namely any website, online medium or platform that attracts Internet users and includes ads within its editorial content. These include online portals such as Google or Bing (Microsoft), social media such as Facebook, newspaper sites such as Le Figaro or Le Monde, and blogs such as La Blogotheque or Le Blog Auto. These digital publishers reserve the right to display advertisements on the pages they show their visitors. These pages are known as "inventory", and the displaying of an ad to a user on one of them is known as an "impression". Video ads work in much the same way, except that advertisements associated with the video are shown either inside the video frame or in its surrounding area;
- **Ad networks,** namely companies or groups of companies that together control advertising inventory across multiple digital publishers, and display ads in this inventory, as part of a revenue sharing agreement or at fixed prices with ad publishers (Orange Advertising Network, TF1, Google, etc.). Ad networks exist because they can aggregate advertising inventory across hundreds or even thousands of online destinations and are thereby able to offer a breadth and depth of inventory to suit different advertisers' needs;
- **Advertisers:** the end advertiser represents the ecosystem's payer entity (in Solocal's case, these are businesses and network accounts), and the fees paid by the advertiser to run the campaign are split between the ad network and the ad publisher. The advertiser who is promoting a product or service is often represented by a third party agency that works with ad networks to select advertisement inventory and set parameters to match the needs of an advertising campaign.

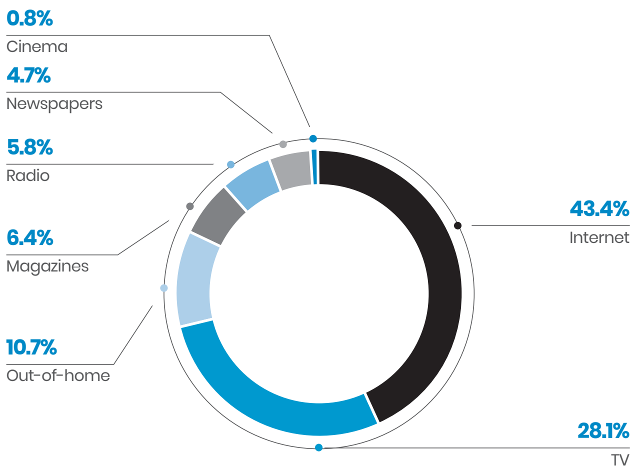
Solocal assumes all three roles. It acts on behalf of publishers to sell ads to its customers in partnership with the main search engines and high-traffic platforms such as Google, Bing and Facebook. Solocal also has its own advertising network with its PagesJaunes media and its Mappy mapping service. Lastly, Solocal acts as an advertiser when it comes to launching its own advertising campaigns.

1.4.2 THE ADVERTISING MARKET IN FRANCE

Total advertising expenditure in France is estimated at approximately €11.8 billion in 2019. The market can be segmented by expenditure between publishers of print media (newspapers, magazines and out-of-home advertising), traditional audio-visual media (TV, radio and cinema) and the Internet.

In 2019, the French advertising market recorded +4.8% growth versus 2018, driven by double-digit growth in digital media (+13.0%).

Share of adspend by medium in France in 2019
(as a %)



Source: Zenith – December 2019

1.4.3 THE FRENCH INTERNET ADVERTISING MARKET

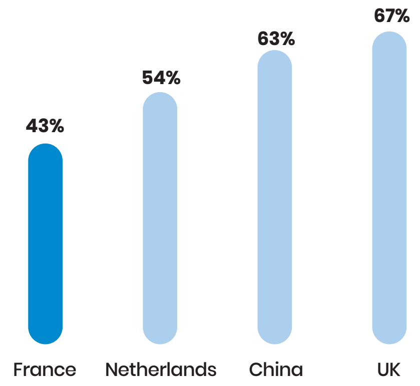
Description

Advertisers are drawn to the Internet as a marketing channel because it allows them to overcome the main limitations of traditional media. It offers numerous advantages, including:

- access to sought-after audiences that can be accurately targeted through the selection of advertising inventory for the campaign and additional parameters, such as the location of website visitors, demographics and length of visit;
- the ability to use the latest in web analytics software, which allows advertisers to measure the exposure of their campaign and how it is perceived in real time;
- the ability of advertisers to engage in promotions across a variety of formats from basic text to graphically rich, interactive advertisements, particularly video;
- customer journeys that lead to a transaction (appointment booking, purchase, discount, etc.) through advertising on all media (fixed and mobile).

In France, Internet advertising accounted for 43% of total advertising expenditure in 2019. This makes it a less mature market than other countries and therefore attractive with significant growth potential.

Internet advertising expenditure as a share of total advertising expenditure in 2019



Source: Zenith – December 2019

The Internet advertising market can be split into two main segments by format: **Display** and **Search**. The French advertising market can also be segmented in accordance with the medium through which a consumer is reached by an ad.

By format

Display

Display is the fastest-growing segment. It includes banners, online videos and social media promotions. All three categories have benefited from the transition to programmatic buying, which allows agencies to target audiences more effectively and automatically, with personalised creative content.

Search

Search advertising is the influence that can be exerted so that an advertiser's web page appears in the results of the searches carried out by Internet users using search engines, by associating it with terms, phrases or keywords used in Internet searches.

Search products include SEA or "Search Engine Advertising" (payments made to ensure that a web page is listed by a search engine), SEO or "Search Engine Optimisation" (improving the attributes of a web page to make it more visible in the free search engine results), and sponsored links (payments made for clicks and text links appearing in the search results for specific keywords).

By buying method – Programmatic

Advertising technology (AdTech) generally refers to the various types of performance improvement tools used in advertising. Through its programmatic platform offer, Solocal integrates optimised and real-time bidding strategies into its digital advertising products, making the AdTech market a reference market for its business.

In advertising, programmatic buying refers to the more or less automated process of buying advertising space as part of a media plan. In programmatic buying, the process of selling, booking and charging for advertising space is automated. Programmatic buying also streamlines the process of transferring and broadcasting content.

The advertising software market, which includes media or advertising campaign planning, media buying and selling, and ad operations, is expected to show significant growth.

Solocal has developed programmatic tools such as a demand-side platform (DSP). This enables buyers of advertising space (advertisers, agencies and trading desks) to consolidate the management of their online campaigns within a single interface connected to several ad exchanges. Solocal also has its own Ad exchange (automated platform for buying and selling advertising space, connecting buyers and sellers) and its Effilab agency (Google, Bing and Facebook certified), specialising in the design, management and optimisation of Search and social media campaigns.

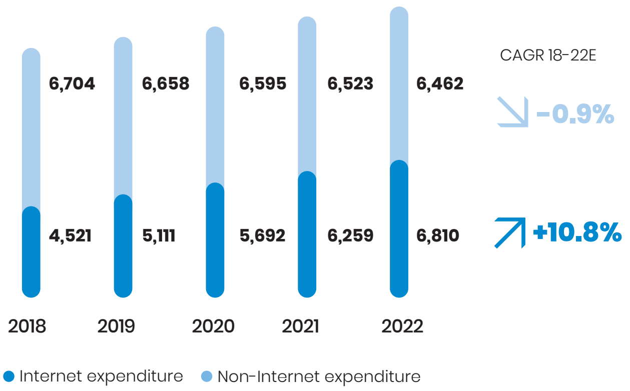
These platforms are used by large publishers to sell advertising space that cannot be marketed in the traditional way by their in-house team or external agents. They may also be used by smaller publishers to market their entire advertising inventory.

A double-digit growth market

The Internet advertising market is projected to grow at an annual average rate of around 11% between 2018 and 2022 (Zenith, December 2022), with growth driven mainly by increasing consumption of video, mobile and social media content.

Advertising expenditure in France

(in millions of euros)



Source: Zenith – December 2019

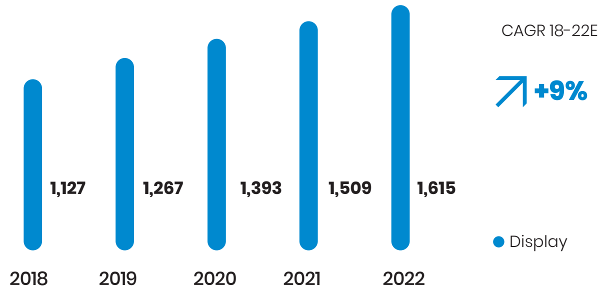
By format

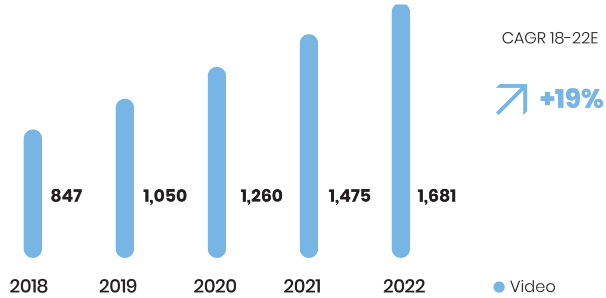
Display

Online video and social media are the driving forces behind display advertising. Online video adspend is set to increase by around 19% per year on average between 2018 and 2022.

Display and online video advertising expenditure

(in millions of euros)





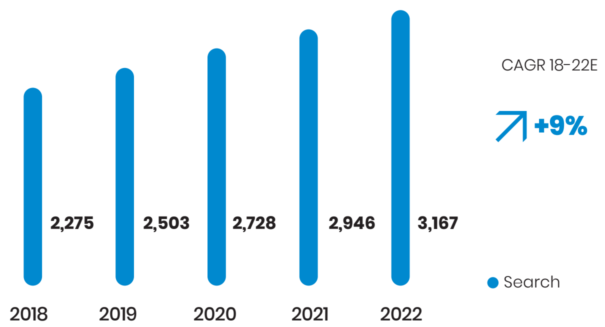
Source: Zenith – December 2019

Search

According to a Zenith report published in December 2019, Search Advertising accounted for 49% of the Internet market in France in 2019. It is forecast to reach a CAGR (compound annual growth rate) of around 9% between 2018 and 2022.

Search expenditure

(in millions of euros)

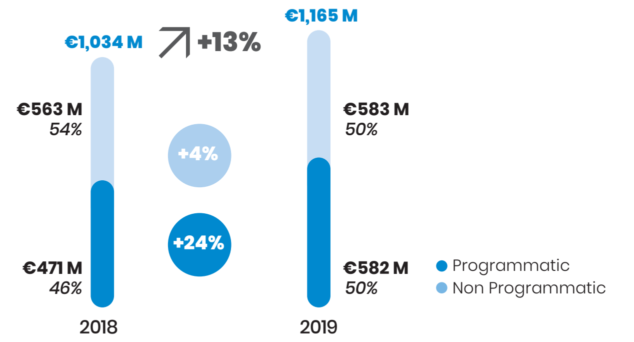


Source: Zenith – December 2019

By buying method – Programmatic

In 2019, Programmatic expenditure accounted for 50% of Display revenue. The share of automatic (programmatic) purchases in the total Display & Social revenue reached 78% in 2019 vs. 75% in 2018.

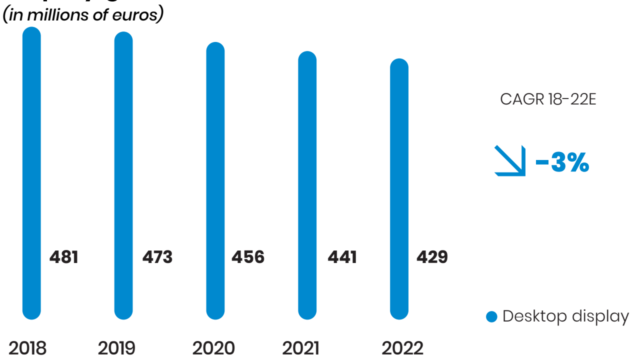
Display revenue by buying method

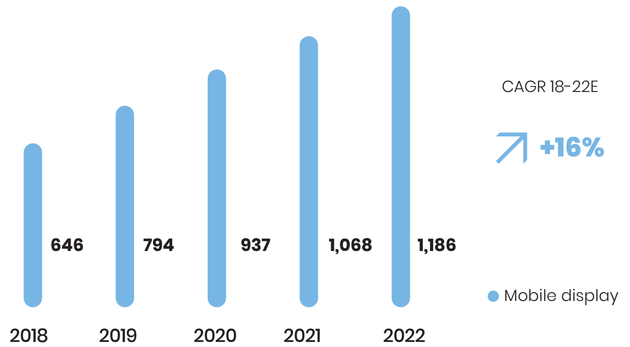


Source: SRI & Oliver Wyman – Bilan 2019

Display growth forecasts

(in millions of euros)





By medium

The segmentation of Internet advertising expenditure by medium points to advertising's increasing place on mobile devices (Internet ads displayed on smartphones and tablets).

In France, advertising on mobile devices is expected to grow at an average of approximately 16% per annum between 2018 and 2021, driven by the rapid spread of devices and improvements in user experience. Over the same period, Internet advertising on computers is expected to fall by about 3% per year.

In France, mobile advertising expenditure accounted for roughly 22% of total adspend in 2018, and is expected to increase to around 36% in 2022.

1.4.4 MARKET SEGMENTS

Solocal believes it has a leading position in the B2B digital services market. Its proprietary websites and mobile apps are also among the most visited platforms in France in terms of audience, based on the number of visits. PagesJaunes was the 16th most visited brand in France in December 2019 (source: Médiamétrie).

B2B digital service providers

The competitive environment is divided into five types of players:

- **the GAFA giants** (Google, Apple, Facebook and Amazon) offer specific media solutions based on their own platforms. Solocal believes that its local presence, and especially its local sales teams, as well as its customer base of VSEs and SMEs, make it a valuable service provider alongside the tech giants;

- **Web agencies,** like Geolid offer a wide range of media solutions such as websites or AdWords campaigns. Solocal believes that the large audience on its own media, its geolocalised intent data and its proprietary products and services allow it to withstand the competition from these players;
- **Pure AdTech players,** such as YEXT, Criteo or Teads, which provide specific technology-based communication solutions, such as presence management or retargeting, or offer programmatic advertising inventory. Solocal holds a substantial amount of proprietary data on the consumption intentions of internet users and has unique proximity to local businesses, allowing it to offer more efficient products better adapted to the needs of customers;
- **SaaS companies** offer digital Do It Yourself (DIY) and Do It With Me (DIWM) solutions comprising a very wide range of services such as web hosting (e.g. OVH), website building (e.g. Prestashop), digital solutions marketplaces (e.g. WIX), and CRM (e.g. Hubspot); Solocal believes that its local presence, which meets the needs of the companies throughout the country, gives it additional legitimacy for effective assistance in the digitalisation of VSEs and SMEs;
- **vertical players** operate specialist platforms in a well-defined sector, such as health, beauty or home, and offer B2B services (e.g. La Fourchette for restaurants, Doctolib for health and Treatwell for beauty). Solocal believes that its massive audience and special partnerships with the main players in the digital realm enable it to offer both an exhaustive presence on the major internet hubs and an optimised user experience well suited to the local business sector.

GAFA	WEB AGENCIES	ADTECH PURE PLAYS	SaaS PROVIDERS	VERTICAL PLAYERS
• Web giants capturing the lion's share of market growth • Massive audience • Full ecosystem (e.g. FB, Messenger, Instagram, WhatsApp)	• Web marketing agencies • Consulting, strategy, local SEO, site creators	• Tech players specialising in digital marketing • High-value, innovative technological solutions (PM, prog., bots, etc.)	• Players from different core businesses (hosting, sites, CRM, etc.) • SaaS platforms with DIY digital services	• BtoB by business sector • Proprietary platform, influential in its own sector • Offer tailored to the specific needs of businesses in a given vertical

Media

The competitive environment boils down to two types of players:

- **generalist platforms,** namely global search engines operating in all sectors, such as Google, Bing and Yahoo! These platforms are based on partnerships with companies such as Solocal, which provide comprehensive information on local businesses. In exchange for this content, they direct the traffic generated to their partners;
- **vertical players,** or operators with a strong focus on a specific industry (restaurants, health, travel). These players also offer transactional services, such as the ability to purchase or book services online directly from their websites, and aggregate business and personal advice on specific topics, such as restaurants, health and travel (LaFourchette, Doctolib, Booking).

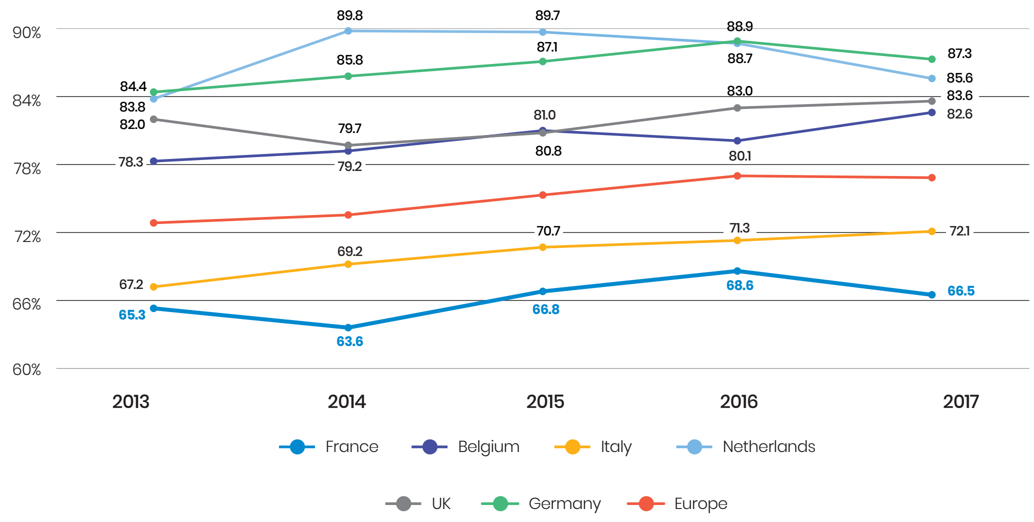
1.4.5 MAIN DRIVERS OF DEMAND

Website market

In recent years, France has been lagging behind in its offer of websites for VSEs (firms with fewer than 10 employees and annual revenues or a balance-sheet total of €2 million or less). Only 32% of VSEs had their own website in 2016 (source: French Office of National Statistics [INSEE], March 2018).

In 2017, only 67% of SMEs (companies with between 10 and 250 employees and annual revenues of less than €50 million) had a website, compared with more than 87% in Germany, 86% in the Netherlands and 84% in the UK (source: European Commission, 2017 data).

Penetration rate of company websites in France and abroad (as a percentage of equipped companies)



Source: European Commission.

As a trusted local digital partner, Solocal is keen to speed up the digitalisation of this high-potential market, both by working with companies and by helping them enhance their digital skills.

Marketplace

A marketplace is an intermediation platform where buyers and sellers meet to transact goods and/or services.

There are **business-to-business (B2B) marketplaces,** which are designed to put e-commerce merchants (manufacturers, brands, distributors) in touch with other businesses to sell consumer goods and services. And there are **business-to-consumer (B2C) marketplaces,** which are designed to put e-commerce merchants (manufacturers, brands, distributors) in touch with end customers to sell consumer goods and services.

Solocal is positioned in two marketplaces: application platforms aimed at businesses (hosting, website development, SEO, etc.), and third-party product and service marketplaces aimed at consumers (specialising in mostly local products and services).

In this second type of marketplace, Solocal has set itself the following objectives for 2020-2021:

- develop customer journeys that increasingly lead to transactions (reservations, appointment bookings, purchases, etc.);
- monetise its audience via:
  - pay-per-transaction,
  - a subscription for businesses looking to multicast their inventory on different marketplaces.

The rise in e-commerce and online payments

According to the 2019 FEVAD report on e-commerce, the revenues generated by e-commerce in France rose by 11.6% between 2018 and 2019 to reach €103.4 billion, with €115 billion forecast in 2020.

Solocal considers itself to be well positioned to benefit from the growth of e-commerce in France, via its own business with the development of its e-commerce site solocal.com in 2020, and for its customers via the integration of e-commerce functionalities in certain of its site ranges.

Increased demand for customer relationship management (CRM) solutions

The expansion of Solocal's digital offers to companies in adjacent domains, such as CRM solutions between now and 2021, has increased its addressable market to include the growing market for CRM applications.

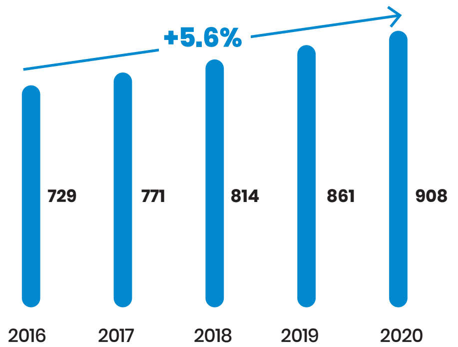
This expansion goes hand in hand with the widening of its new digital service offer to meet the changing digital needs of VSEs/SMEs and large network accounts.

In Western Europe, SaaS (Software as a Service) solutions are set to dominate the CRM software market, continually enhancing the user experience to match smartphone and consumer web applications. VSEs and SMEs will invest more strongly in CRM applications as applications become more flexible, affordable and easier to use.

According to IDC (International Data Corporation), the French CRM applications market is one of the most buoyant in Western Europe. It is forecast to achieve a CAGR (compound annual growth rate) of around 6% between 2016 and 2021, generating revenues of almost €1.1 billion in 2021.

Projected growth in revenue for CRM software – France

(in millions of euros)



Source: IDC

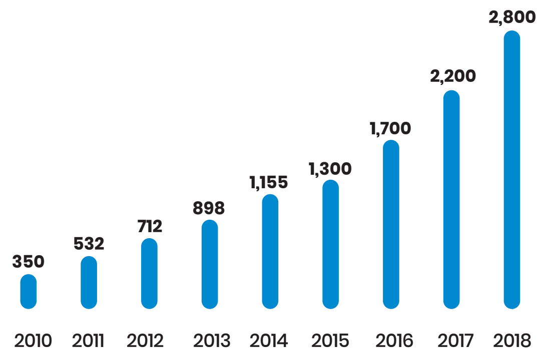
VSE/SME SaaS solutions

A SaaS solution is an application software solution hosted and operated outside the organisation or business by a third party, and accessible on demand via the Internet. The use of the solution is paid for on a subscription basis, covering all the services subscribed for by the customer.

The revenue growth of SaaS publishers remains strong year after year, with recurring revenues of €2.2 billion in 2017 (Syntec). Solocal is part of this trend with its SaaS applications, such as the Presence tool intended for VSEs/SMEs, or Bridge for large network accounts.

SaaS revenue in France

(in millions of euros)



Source: Syntec Num/IDC

Solocal already offers SaaS solutions (presence platforms for VSEs/SMEs and large accounts etc.), and prefers this type of model for its new service offers.

1.5 Activity report as at 31 December 2019

1.5.1 OVERVIEW

Solocal Group is developing its activities within two operating segments: "Digital" and "Print" and generated revenue for continued activities of €584.1 million as at 31 December 2019, these activities represent respectively 89.1% and 10.1%.

Digital

The "Digital" activity can be broken down as follows as at 31 December 2019:

- the digital Presence offer allows VSEs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, PagesJaunes, Bing, Tripadvisor, 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 €127.2 million as at 31 December 2019. The digital Presence offer is sold as auto-renewal subscription;
- 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 includes the Priority Ranking services launched in the third quarter of 2019. This offer represents revenues of €281.2 million as at 31 December 2019;
- with the Website range, Solocal offers customers site creation and SEO services (showcase and e-commerce), according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenues of €104.6 million as at 31 December 2019;
- Intended for VSE/SMEs, the digital Presence and digital Advertising ranges are also available for large network accounts.
- 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 €7.6 million as at 31 December 2019.

Print

This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", concerning conventional direct marketing. This activity is going to be stopped at the end of 2020.

The Solocal Group recorded Print revenues of €63.6 million as at 31 December 2019, down -35.4% compared to 2018.

1.5.2 COMMENTARY ON THE RESULTS AT 31 DECEMBER 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 2019, the Group divested from a non-strategic activity, Eurodirectory, without any revenues and an EBITDA impact close to zero.

In the course of 2018, the Group divested from four non-strategic activities ("divested activities"): Retail Explorer, Net Vendeur, Effilab Australia and Effilab Dubaï. These divested activities accounted for revenues of €1.0 million and an EBITDA of -€0.2 million.

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Consolidated income statement for periods closed as at 31 December 2019 and as at 31 December 2018

(in millions of euros)	As at 31 December 2019*					As at 31 December 2018*					
			Continued activities					Continued activities			
	Consoli-dated	Divested activities	Total	Recur-ring	Non recur-ring	Consoli-dated	Divested activities	Total	Recur-ring	Non recur-ring	Change Recurring 2019 / 2018
Revenues	584.1	-	584.1	584.1	-	670.4	1.0	669.4	669.4	-	-12.7%
Net external expenses	(143.4)	-	(143.4)	(143.7)	0.3	(197.1)	(0.4)	(196.7)	(192.2)	(4.4)	-25.2%
Staff expenses	(249.6)	-	(249.6)	(249.8)	0.2	(304.7)	(0.7)	(304.0)	(306.0)	1.9	-18.4%
Restructuring costs	(23.5)	-	(23.5)	-	(23.5)	(164.0)	-	(164.0)	-	(164.0)	0.0%
EBITDA	**167.6**	**-**	**167.6**	**190.6**	**(23.0)**	**4.6**	**(0.1)**	**4.7**	**171.2**	**(166.5)**	**11.3%**
As % of revenues											
Depreciation and amortization	(71.0)	-	(71.0)	(71.0)	-	(62.0)	(0.1)	(61.9)	(61.9)	-	14.8%
OPERATING INCOME	**96.6**	**-**	**96.6**	**119.6**	**(23.0)**	**(57.4)**	**(0.2)**	**(57.1)**	**109.4**	**(166.5)**	**9.4%**
As % of revenues											
Financial income	(0.2)	-	(0.2)	(0.2)	-	0.1	-	0.1	0.1	-	0.0%
Financial expenses	(44.6)	-	(44.6)	(44.6)	-	(36.8)	(0.0)	(36.8)	(36.8)	-	21.1%
FINANCIAL INCOME	**(44.8)**	**-**	**(44.8)**	**(44.8)**	**-**	**(36.7)**	**(0.0)**	**(36.7)**	**(36.7)**	**-**	**22.1%**
INCOME BEFORE TAX	**51.8**	**-**	**51.8**	**74.8**	**(23.0)**	**(94.1)**	**(0.2)**	**(93.9)**	**72.7**	**(166.5)**	**2.9%**
Corporate income tax	(19.7)	-	(19.7)	(27.6)	7.9	12.9	0.0	12.9	(44.5)	57.3	-37.9%
INCOME FOR THE PERIOD	**32.1**	**-**	**32.1**	**47.2**	**(15.1)**	**(81.2)**	**(0.2)**	**(81.0)**	**28.2**	**(109.2)**	**67.4%**

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

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 course of 2019, the amount of non-recurring items stands at -€23.0 million and is primarily comprised of the expenses incurred in the framework of the Group's transformation.

In the course of 2018, the amount of non-recurring items stood at -€166.5 million 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 31 December 2019 and as at 31 December 2018

	Continued activities		
(in millions of euros)	As at 31 December 2019*	As at 31 December 2018*	Change Recurring 2019 / 2018
Digital	520.5	571.0	-8.8%
Print	63.6	98.4	-35.4%
REVENUES	**584.1**	**669.4**	**-12.7%**
Digital revenues as % of total revenues	*89.1%*	*85.3%*	
Digital	170.0	149.3	13.9%
Print	20.6	22.0	-6.2%
RECURRING EBITDA	**190.6**	**171.2**	**11.3%**
As % of revenues			
Digital	*32.7%*	*26.1%*	
Print	*32.5%*	*22.4%*	
Total	*32.6%*	*25.6%*	

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

1.5.2.1 Analysis of the order backlog for continued activities

Sales

(in millions of euros)	As at 31 December 2019	As at 31 December 2018	Variation
Digital	519.5	518.7	0.1%
Print	44.9	74.9	-40.1%
TOTAL ORDER INTAKE	**564.3**	**593.7**	**-4.9%**

Sales in 2019 amounted to €564.3 million, down -4.9% compared to sales in 2018. Digital sales in 2019 were steady, whereas Print sales were down -40.1%.

Revenues

(in millions of euros)	As at 31 December 2019	As at 31 December 2018	Variation
Digital	520.5	571.0	-8.8%
Print	63.6	98.4	-35.4%
TOTAL REVENUES	**584.1**	**669.4**	**-12.7%**

Total revenues for 2019 amount to €584.1 million, down -12.7% compared to total revenues for 2018. Digital revenues in 2019 were down -€50.5 million, i.e. -8.8%, due to the decrease in order intake in previous quarters. Indeed, 58% of 2019 Digital revenues came from order intake achieved in previous years and 42% from order intake from the current year. This share of 42% is up +3 points compared to 2018, which reflects the acceleration of the conversion of order intake into revenues, in line with the transformation of the business model.

Print revenues in 2019 were down -€34.8 million, i.e. -35.4%.

Order backlog

(in millions of euros)	As at 31 December 2019	As at 31 December 2018
Digital	347.1	404.0
Print	38.3	64.1
TOTAL ORDER BACKLOG – BEGINNING OF PERIOD*	**385.4**	**468.0**
Digital	519.5	518.7
Print	44.9	74.9
TOTAL ORDER INTAKE	**564.3**	**593.7**
Digital	(5.7)	(4.6)
Print	(0.0)	(2.3)
CANCELLATION	**(5.7)**	**(6.9)**
Digital	(520.5)	(571.0)
Print	(63.6)	(98.4)
Total revenues of continued activities	(584.1)	(669.4)
Digital	340.3	347.1
Print	19.5	38.3
TOTAL ORDER BACKLOG – END OF PERIOD	**359.9**	**385.4**

* Cancellations are attached to the selling year.

The order backlog total amounts to €359.9 million on 31 December 2019, down -6.6% compared to 31 December 2018. The drop is partially due to the decline in the Print activity.

Performance indicators of Solocal

	As at 31 December 2019	As at 31 December 2018	Variation
Auto-renewal subscription sales *(as of % of total sales)**	45.5%	20.5%	25.0 points
ARPA *(average revenue per advertiser)*	1,460	1,300	12.3%
Audience *(PagesJaunes number of visits, in billion)*	2.0	1.7	18.6%

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

45.5% of Digital order intake are performed on a subscription basis in 2019, i.e. up +25 points compared to Q4 20181. These order intake4,6 mainly include the Priority Ranking and Presence offers, the Websites and Booster Contact. The new Presence and Priority Ranking digital services offers have been fully deployed since July 2019. This increase in order intake is a key element of the transformation of the business model. This new business model will enable a reduction in churn, and more importantly should foster an increase in the acquisition of new clients by freeing up some salesforce time historically devoted to the renewal of customers.

The PagesJaunes audience increased +18.6% in 2019 compared to 2018. This growth was driven by mobile traffic and the traffic generated by the new partnerships.

1.5.2.2 Analysis of recurring EBITDA

Net external expenses

Net recurring external expenses amounted to -€144 million and are down -17% over 2019 (as per same accounting standards) compared to 2018 due to:

- the decrease in expenditure allocated to content in connection with the fall in revenues but also thanks to a better sourcing on Performance products, including Booster;
- the decrease in real estate and vehicles costs due to the reduction in the number of agencies and sales staff;
- the continuation of the cost control plan initiated in 2018 (IT maintenance costs, fees, etc..).

This drop is partially offset by an increase in IT services linked to the implementation of the Move to Cloud project (€4 million) and marketing expenditure (€6 million).

The impact of the application of IFRS 16 on costs is favourable to the tune of +€15.6 million in terms of net external expenses in 2019. This amount corresponds to the cancellation of rental charges. The counterpart of this cancellation is displayed in the financial result and in the depreciation and amortisation.

Personnel expenses

Recurring personnel expenses amounted to -€250 million in 2019, i.e. down -€56 million compared to 2018, i.e. -18% on a same accounting standards basis. This decrease is due primarily to the full year effect of the reduction in the number of employees carried out as part of the Group's transformation project.

Recurring EBITDA

Recurring EBITDA was €190.6 million in 2019, up +11.3% (+2.2% at a constant standard) compared to 2018, the fall in revenues being offset in particular by the reduction in the recurring cost base of €89,1 million under the transformation project and the cost reduction policy.

The recurring EBITDA / revenues margin was 32.6% in 2019 and 30.0% at a constant standard, which is an increase of +4.4 points compared to 2018.

1.5.2.3 Analysis of the other items in the income statement

Operating income

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

	As at 31 December 2019*					As at 31 December 2018*					
			Continued activities					Continued activities			
(in millions of euros)	Consoli-dated	Divested activities	Total	Recur-ring	Non recurring	Consoli-dated	Divested activities	Total	Recur-ring	Non recur-ring	Change Recurring 2019 / 2018
EBITDA	**167.6**	**-**	**167.6**	**190.6**	**(23.0)**	**4.6**	**(0.1)**	**4.7**	**171.2**	**(166.5)**	**11.3%**
As % of revenues											
Depreciation and amortization	(71.0)	-	(71.0)	(71.0)	-	(62.0)	(0.1)	(61.9)	(61.9)	-	14.8%
OPERATING INCOME	**96.6**	**-**	**96.6**	**119.6**	**(23.0)**	**(57.4)**	**(0.2)**	**(57.1)**	**109.4**	**(166.5)**	**9.4%**
As % of revenues											

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

Impairment, amortisation and depreciation amounted to -€71.0 million in 2019, up +14.8% including the impact of IFRS 16 (at a constant standard, this would be on the contrary a decline of -11.6%) compared to 2018. This is primarily explained by the downward trend in investments over the last few years.

The impact on impairment, amortisation and depreciation of the application of IFRS 16 is -€16.3 million at in 2019, resulting from the cancellation of rental charges of -€15.6 million.

Recurring operating income for the Group stands at €119.6 million compared to -€57.1 million in 2018.

Net Income

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

	As at 31 December 2019*					As at 31 December 2018*					
			Continued activities					Continued activities			
(in millions of euros)	Consolidated	Divested activities	Total	Recurring	Non recurring	Consolidated	Divested activities	Total	Recurring	Non recurring	Change Recurring 2019 / 2018
OPERATING INCOME	**96.6**	**-**	**96.6**	**119.6**	**(23.0)**	**(57.4)**	**(0.2)**	**(57.1)**	**109.4**	**(166.5)**	**9.4%**
As % of revenues											
Financial income	(0.2)	-	(0.2)	(0.2)	-	0.1	-	0.1	0.1	-	0.0%
Financial expenses	(44.6)	-	(44.6)	(44.6)	-	(36.8)	(0.0)	(36.8)	(36.8)	-	21.1%
FINANCIAL INCOME	**(44.8)**	**-**	**(44.8)**	**(44.8)**	**-**	**(36.7)**	**(0.0)**	**(36.7)**	**(36.7)**	**-**	**22.1%**
INCOME BEFORE TAX	**51.8**	**-**	**51.8**	**74.8**	**(23.0)**	**(94.1)**	**(0.2)**	**(93.9)**	**72.7**	**(166.5)**	**2.9%**
Corporate income tax	(19.7)	-	(19.7)	(27.6)	7.9	12.9	0.0	12.9	(44.5)	57.3	-37.9%
INCOME FOR THE PERIOD	**32.1**	**-**	**32.1**	**47.2**	**(15.1)**	**(81.2)**	**(0.2)**	**(81.0)**	**28.2**	**(109.2)**	**67.4%**

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

Financial income

Financial result amounted to -€44.8 million in 2019. The increase in financial expenses of +€2.3 million over 2018 results primarily from the Group setting up and drawing on new financing facilities (revolving credit facility, working capital requirement facility).

The impact on financial expenses of the application of the IFRS 16 standard was -€5.8 million in 2019.

Recurring income for the period

Recurring income before tax for continued activities amounts to €74.8 million in 2019 (€81.3 million at a constant standard, up 11.9%) compared to 2018.

Income before tax amounts to €51.8 million in 2019, compared to -93.9 in 2018 due to the absence of restructuring costs linked to the transformation project that were -€164.0 million in 2018.

The impact on income before tax of applying IFRS 16 is -€6.5 million in 2019.

Non-recurring items

Non-recurring items that impact EBITDA amounted to -€23.0 million and include mainly -€23.5 million in restructuring costs resulting from the transformation project.

Net income for the period

The Group consolidated net income is positive and stands at €32.1 million in 2019 compared to -€81.2 million in 2018.

1.5.2.4 Presentation of the consolidated cash flows with the detail for "Continued activities" and "Disposed activities"

Cash flow statement *(in millions of euros)*	**As at 31 December 2019**	**As at 31 December 2018**
RECURRING EBITDA	**190.6**	**171.2**
Non monetary items included in EBITDA and other	2.8	10.5
Net change in working capital	(48.1)	(14.4)
Acquisition of tangible and intangible fixed assets	(41.6)	(43.6)
Cash financial income	(44.0)	(31.7)
Non recurring items	(154.8)	(67.8)
of which Restructuring	(144.6)	(49.8)
of which Net change in non recurring working capital	(10.2)	(18.0)
Corporate income tax paid	1.8	(15.8)
FREE CASH FLOW	**(93.2)**	**8.4**
Increase (decrease) in borrowings and bank overdrafts	58.9	(0.0)
Capital increase	17.1	-
Other	(22.9)	(12.9)
NET CASH VARIATION	**(40.1)**	**(4.5)**
Net cash and cash equivalents at beginning of period	81.5	86.0
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**41.5**	**81.5**

The change in working capital requirements amounts to -€48.1 million in 2019.

Non-recurring items amounted to -€154.8 million in 2019 and mainly include the disbursements resulting from the Solocal transformation project (-€144.6 million) as well as -€10.2 million of non-recurring change in working capital (change in liabilities resulting from this same plan).

The Group's consolidated free cash flow is therefore negative, -€93.2 million in 2019 vs. +€8.4 million in 2018. It is partially offset by drawing on €59 million in debt (RCF and working capital line) and partial execution of the Equity line (named "PACEO") for €17.1 million in 2019. At the end of December 2019, 34.4 million shares had been used from this Equity line, implemented at the end of November 2019 with the purpose of issuing a maximum amount of 58 million shares.

The change in "Others" of -€22.9 million mainly comes from the flow corresponding to financial amortisation of capitalised use rights in connection with the application of IFRS 16.

As at 31st December 2019, the Group had a net cash position of €41.5 million vs. €81.5 million as at 31st December 2018.

The conversion rate of recurring EBITDA into operating recurring FCF such as calculated by the formula ((recurring EBITDA + change in WCR – capex) / recurring EBITDA) was 50% in 2019 vs. 72% in 2018, excluding IFRS 16 application. This conversion rate decrease mainly results from the change in WCR.

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1.5.3 CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

The table below shows the cash flows for continued activities of the Group as at 31 December 2019 and as at 31 December 2018:

(in millions of euros)	As at 31 December 2019	As at 31 December 2018
Net cash from operations	(74.8)	48.8
Net cash used in investing activities	(41.2)	(50.0)
Net cash provided by (used in) financing activities	76.0	(3.4)
Impact of changes in exchange rates on cash	0.0	0.0
NET INCREASE (DECREASE) IN CASH POSITION	**(40.1)**	**(4.5)**

The net cash from operations amounted to -€74.8 million in 2019 compared to €48.8 million in 2018 due mainly to disbursements linked to non-recurring items (restructuring project).

The net cash from operations used in investment activities amounted to -€41.2 million in 2019 compared to -€50.0 million in 2018, representing a difference of -€8.8 million.

The net cash used in financing activities represents a net collection of €76.0 million in 2019 compared to a net disbursement of -€3.4 million in 2018. This is explained in particular by a revolving credit facility of €50.0 million and an equity line for €17.4 million.

The table below shows the changes in the **Group's consolidated cash position** as at 31 December 2019, and as at 31 December 2018:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Gross cash	**41.6**	**81.6**
Bank overdrafts	(0.1)	(0.1)
NET CASH	**41.5**	**81.5**
Bond loan	397.8	397.8
Revolving credit facility drawn	50.0	-
Lease liability	3.4	6.9
Price supplements on acquisition of securities	0.2	0.2
Accrued interest not yet due	1.4	1.4
Other financial liabilities	114.8	2.8
of which IFRS 16	104.1	-
GROSS FINANCIAL DEBT	**567.6**	**409.1**
of which current	40.6	6.9
of which non-current	526.9	402.2
NET DEBT	**526.1**	**327.6**
NET DEBT OF CONSOLIDATED GROUP EXCLUDED LOAN ISSUE EXPENSES	**526.1**	**327.6**

Net financial debt (financial debt, minus cash flow and cash flow equivalents) was €526.1 million as at 31 December 2019, up €94.4 million at a constant standard compared to €327.6 million as at 31 December 2018.

The impact on net financial debt of the application of IFRS 16 is +€104.1 million over 2019, resulting from the reclassification of rental charges as rental obligations as a liability on the balance sheet.

Net leverage as defined in the documentation concerning Solocal's 2022 bond is 2.3x as at 31st December 2019 (to which IFRS 16 does not apply). The EBITDA to interest expenses ratio (ISCR) amounted to 4.8x for 2019. The group complies with the financial covenants requested by the bond documentation, with respectively 33% and 59% of headroom.

As at 31 December 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, repayable in March 2022,
- a revolving credit line of €50.0 million,
- of lease liabilities of €3.4 million,
- of net cash flow of €41.5 million.

In February 2019 the Group had contracted a revolving credit facility of €15 million, ending March 2022. In accordance with what was announced, the Group continued its search for means of financing and increased this revolving credit facility by €25 million to €40 million. An increase in the revolving credit facility of €10 million was contracted in November 2019 bringing the credit line amount to €50 million.

1.5.4 INVESTMENT EXPENSE

(in millions of euros)	As at 31 December 2019	As at 31 December 2018	Variation
Acquisition of tangible and intangible fixed assets	42.9	43.6	-1.6%
Right-of-use assets related to leases*	24.0	-	N/A
CURRENT INVESTMENTS	**66.9**	**43.6**	**N/A**

* The increase in right-of-use assets related to leases is due to new right-of-use assets of 2019.

As at 1st January 2019, due to the first application of the IFRS 16 standard "Leases", right-of-use assets related to leases in Statement of consolidated financial position are €79.5 million.

Intangible and intangible investments at €42.9 million in 2019 were basically stable compared to 2018.

1.5.5 OUTLOOK FOR 2020

2020 guidance was adopted by the Board of Directors on 26th February 2020, prior to the Covid-19 crisis. This guidance was:

- stabilisation in the customer base as a result of an increase in customer acquisition and a reduction in churn;
- return to growth in Digital revenues in the second half of the year;
- acceleration in Digital EBITDA growth;
- operating free cash flow[1] of at least €90 million.

Update following the occurrence of the Covid-19 crisis

As of the filing date of this document, the spread of the Covid-19 virus and the lockdown measures taken by the French government have had a material impact on the Solocal group's business. To date, the magnitude of the crisis and the exit route from the lockdown period remain uncertain. In view of these circumstances, on 3 April 2020 Solocal suspended the 2020 guidance it had previously issued.

At this stage, the Group cannot provide a stable revised outlook.

However, on 22 April 2020 the Group announced that, based on the business position for March, April and May and the forecasts of a very gradual resumption of activity, it expects to see an automatic drop of at least 20% in current-year revenue as well as a negative effect on revenue generation for 2021.

This fall will be partly offset by cost reductions and by income from the economic support measures announced by the government, which together will have an effect of some €40 million.

Solocal will issue a more precise statement of its revised outlook as soon as the Group is in a position to set reliable revised targets. This will depend in particular on the date and procedure for exiting the lockdown period, as well as the Group's assessment of the speed of the post-crisis recovery. An announcement will be made as soon as possible, at the latest when the half-yearly results for 2020 are announced at the end of July.

(1) Operating free cash flow: Ebitda + non-monetary items + change in WCR – Capex.

1.5.6 EVENTS SUBSEQUENT TO THE CLOSING DATE OF 31 DECEMBER 2019

All financial information presented in this section is unaudited.

Q1 2020 Activity vs. Q1 2019(1)

- 79% of Q1 2020 Digital order intake in subscription mode[3]
- 88% of customer migration rate(2) over the quarter
- 130,000 customers migrated towards new Digital services (45% of customer base migrated)
- Digital order intake down -70%[5] per week since the lockdown started in France

Q1 2020 Revenues(1) vs. Q1 2019

- Digital revenues: €118 million, -7.4%
- Consolidated revenues: €126 million, -11.5%
- Digital order backlog[4] down -3.0% vs. 31st December 2019

Perspectives 2020

- €360 million Digital revenues already secured for 2020FY
- 2020FY growth guidance challenged
- 2020 Digital order intake expected to decrease by over €100 million vs. 2019FY, hence impacting 2020 (anticipating total revenue decrease by at least -20%) as well as 2021
- Cost reduction plan and activation of government support measures (partial unemployment, social security & fiscal payments postponements)

Revenues and Order Backlog

Revenues for Solocal in Q1 2010 are as follows:

(in millions of euros)	Q1 2019(1)	Q1 2020(1)	Change
Digital revenues	127.3	117.9	-7.4%
Print revenues	15.1	8.2	-45.7%
TOTAL REVENUES	**142.4**	**126.1**	**-11.5%**

Consolidated revenues for the first quarter of 2020 amounted to €126 million, down -11.5% compared to total revenues for Q1 2019(1). It breaks down into €118 million Digital revenues and €8 million Print revenues.

Digital revenues of €118 million in Q1 2020 were down -7.4% compared to Q1 2019(1), due to the conversion pattern of order intake into revenues. However, the pace of the slowdown has been improving over the last 4 quarters, which illustrates the positive dynamics of H2 2019 order intake.

Print revenues of €8 million in Q1 2020 are down -45.7% compared to Q1 2019, as customers and users continue to forgo printed directories for the benefit of digital media. Print activity accounts for 6.5% of total revenues this quarter and will be ended in 2020 as previously announced.

Solocal's performance indicators for Q1 2020 are as follows:

	Q1 2019(1)	Q1 2020(1)	Change
Secured Digital revenues for current year	383	360	-6%
Subscription-based order intake *(as a % of Digital order intake)*	23%	79%	+56 pts
Traffic: number of PagesJaunes visits *(in millions)*	561	505	-10%

Note: Subscription-based order intake based on order intake after cancellations.

Digital revenues **already secured for 2020FY** represent €360 million, of which 80% stem from 2018 and 2019 order intake, and the remaining 20% from Q1 2020 order intake. In Q1 2019(1), secured Digital revenues for 2019FY represented €383 million, of which 22% stemmed from Q1 2019 order intake(1).

79% of Digital order intake are performed on **a subscription basis**(3)(4) i.e. a +56 points increase in Q1 2020 compared to Q1 2019(1). These order intake(3)(4) mainly include the Priority Ranking and Presence offers, Websites and Booster Contact. The share of subscription-based order intake has been continuously increasing since the roll-out of new Digital services Presence and Priority Ranking in July 2019. This increase in order intake on a subscription basis is a key element in the transformation of the business model. This new business model will enable a reduction in churn, and more importantly should foster an increase in the acquisition of new customers and cross-sell of existing customers by freeing up some salesforce time previously devoted to the renewal of customers.

PagesJaunes **traffic** was down -10% in Q1 2020 compared to Q1 2019 with very heterogeneous months over the quarter (-22% in March 2020 vs. March 2019 as a direct consequence of the lockdown decided in France and the shutdown of retail shops). This trend is in line with comparable French websites traffic figures.

Solocal's order backlog[3] as at 31st March 2020 is as follows:

(in millions of euros)	31/12/2019(1)	31/03/2020(1)	Change
Digital order backlog	340.4	330.2	-3.0%
Print order backlog	19.5	15.6	-19.8%
Total order backlog	**359.9**	**345.8**	**-3.9%**

Note: Order Backlog based on order intake after cancellations.

The total **order backlog**(3) amounts to €346 million as at 31st March 2020, down -3.9% compared to 31st December 2019. This decrease is partly due to the declining trend of the Print business (decrease in Print order backlog of -20% as at 31st March 2020 compared to 31st December 2019).

The decrease in Digital order backlog results from a higher revenue recognition than order intake over the quarter. Indeed, order intake have been directly impacted by the lockdown measures decided in France since 17th March 2020. As a matter of fact, Digital order intake recorded on weeks 12, 13 & 14 in 2020 fell by **-68%, -78% and -61%** respectively compared to the same weeks in 2019, as an immediate consequence of the lockdown measures implemented in France.

The conversion of the €330 million Digital order backlog into revenues will be as such in the next quarters:

Digital order backlog 31st March 2020	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9
Conversion into revenues	30.3%	23.7%	18.8%	12.5%	6.9%	3.9%	2.2%	1.5%	0.2%

Other information

Measures taken as part of the sanitary crisis

In light of the unprecedented situation pertaining to the Covid health crisis, Solocal reacted immediately and:

- implemented a series of precautionary measures – among which remote work - to protect the health & safety of all teams;
- developed innovative digital services, including some free ones, in order to help customers display relevant information and opening hours on the group's array of partner websites.

From a financial standpoint, Solocal has swiftly taken measures to protect its financial situation while preserving its ability to bounce back:

- 50% of the Group's staff have been put on partial or total unemployment since the onset of the lockdown;
- a cost reduction plan has been implemented (cancellation of events, postponements of advertising campaigns…);
- postponement of fiscal and social security payments for March and April;
- ongoing discussions to benefit from a "State Guaranteed Scheme" loan;
- negotiations about payment plans with some of its main suppliers;
- suspension of quarterly payment of the Bond coupon

Compensation of the Board members

The members of the Board and the CEO have decided a -25% reduction during the lockdown period:

- in board attendance-related fees for Board members and the President;
- in CEO fixed remuneration.

Discussions with Bondholders

In the wake of the suspension of the quarterly payment of its bond coupon, Solocal approached its bondholders and has obtained a standstill until 14th June 2020. Solocal will disclose in due course the outcome of the discussions with its Bondholders.

Other information

Following the press release published on 19th March 2020, Solocal announces it has requested the President of Nanterre Commercial Court to open a conciliation procedure for Solocal SA for an initial period of 4 months, with an aim to face the challenges of the current health crisis.

As of 31st March 2020, Solocal had paid out **81%** of salaries and indemnities that are part of the 2018 transformation plan and its 2019 extension (out of a total amount of €225 million). €43 million are still to be disbursed as part of the transformation plan, of which €36 million will be paid by 31st December 2020.

As at 31st March 2020, the **cash position** of the Group amounts to €17 million.

2020 Outlook

The impact of the reduction in business activity over March, April and May, combined with the expected gradual recovery will result in a mechanical decrease of at least -20% in revenues for the current year, and will adversely affect 2021FY results. This slowdown will be partially offset by the cost reduction plan and the support measures announced by the government, for a total cumulated amount of circa €40 million.

Solocal will disclose additional detail on its guidance as soon as the timing and the measures to terminate the lockdown period are known and the impacts assessable, and not later than end of July 2020 for the presentation of 2020 half year results.

Definitions

Audiences: indicator of visits and of access to the content over a given period of time

Order backlog: sales orders such as validated and committed by the customers on the closing date. For products in subscription mode, only the current commitment period is considered.

EBITDA: EBITDA is an alternate indicator of performance presented in the income statement in operating income and before taking impairment, amortisation and depreciation into account.

Recurring EBITDA corresponds EBITDA before taking account of items defined as non-recurring. 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:

- capital gains or losses from disposals of assets
- 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.

Sales: taking of orders by the sales force, that gives rise to a service performed by the Group for its customers.

(1) Comparable scopes. 2019 & 2020 figures are restated for the figures of QDQ subsidiary, which was disposed of on 28th February 2020.

(2) Migration rate: number of customers migrated towards new Presence and Priority Ranking digital services vs. addressable customer base (excluding Large Accounts).

(3) Scope excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, SoMS and non-significant subsidiaries, i.e. 96% of consolidated revenues.

(4) On the basis of order intake net of cancellations.

(5) Average on weeks 12,13 & 14 2020 compared to the same weeks in 2019, Solocal SA, at constant scope.

02

Risk Factors

Solocal has reviewed the risks that could have a significantly unfavourable effect on its business, financial position or results (or its ability to achieve its goals). This review is based on the Company's risk mapping, whereby risks are identified, assessed and prioritised in terms of their impact and likelihood of occurrence. Under each category, risks are classified in descending order of precedence (after taking account of risk management). Solocal has set out this classification as at the date of this Universal Registration Document.

The Company considers that there are no significant risks apart from the risk factors below, supplemented by other information and the Consolidated Financial Statements provided in this Universal Registration Document. Investors are invited to take into consideration the risk factors described in this chapter before taking any decision to invest.

With the Covid-19 pandemic sweeping the world, the French government, in the face of the public health emergency, took measures to close cafés, restaurants, hotels, leisure facilities and all other non-essential activities as from 14 March 2020. On 17 March, the lockdown of the French population was decreed.

As a digital partner to business, Solocal serves a significant proportion of the French VSEs and SMEs which have been directly affected by the closure of their shops and businesses. The vast majority of the Company's customers have suspended trading and many professionals are unavailable or cannot be reached by our sales staff, who are working from home. This unprecedented crisis has thus had an immediate effect on the Company's trading.

Solocal is conducting an initial examination of the effect the virus is having on some of its key processes (particularly Sales, Production and Customer Relations) and consequently on its Digital order intake, revenues and liquidity. The fall in business in March, April and May and a very gradual resumption of activity will result in an automatic drop of at least 20% in current-year revenue and will also have a negative effect on 2021. This fall will be partly offset by cost reductions and income from the economic support measures announced by the government, which together will have an effect of some €40 million.

In order to minimise the impact of the virus, the Company has implemented a series of measures in the form of a business continuity plan (BCP), which has been presented to the employee representative bodies. These measures are aimed at protecting the health of its staff while also keeping the business operational, in the social and economic interests of the Company itself and its hundreds of thousands of customers in France. These measures comprise:

- preserving the health and safety of all the Company's staff by implementing remote working, closing the Company's premises and rolling out technical solutions for employees without a laptop (Cloud-based virtual machines having been deployed for some 450 employees);
- maintaining the service quality provided by the Company to its customers, reporting government measures on the Company's platforms (PagesJaunes, Mappy and Ooreka) for the information of the French public and developing innovative digital services, some of them provided free of charge, to help customers publicise useful information and opening times, as well as donating just under 15,000 face masks from the Company's stocks to public healthcare services, including Rennes University Hospital Center, Auvergne Rhône-Alpes Regional Health Authority, Isere Medical Council and Angoulême University Hospital Center;
- implementing furlough measures (partial employment or full suspension) from the week beginning 23 March 2020;
- introducing a thoroughgoing savings plan for both external expenditure (outsourcing, telesales services, customer relations etc.) and in-house costs (event cancellations, postponement of advertising campaigns, etc.);
- deferring the payment of tax and social security charges for March and April;
- entering discussions in order to benefit from the government's guaranteed loan scheme;
- negotiating payment schedules with certain key suppliers;
- suspending coupon payments on the Company's bonds, with negotiations to be held with creditors within the framework of a conciliation procedure.

The description of the internal control and risk management structure put in place by the Company is included in this chapter and in the management report.

2.1 Solocal strategy-related risks

2.1.1 IMPLEMENTATION OF THE "SOLOCAL 2020" STRATEGIC PROJECT, AND MIGRATION FROM TRADITIONAL REVENUES TO NEW DIGITAL PRODUCTS AND SERVICES

It is likely that Solocal will not succeed in implementing its strategic plan. As the plan involves meeting mid-term financial objectives as well as the achievement of order, revenue growth and cost savings targets, this could impact its results and liquidity.

In recent years, Solocal has faced difficult negotiations, particularly in connection with the 2014 and 2017 financial restructuring processes. It has also suffered from declining revenues and profitability, which led to an inability to meet estimates and financial objectives and thus to the issuing of profit warnings and an inability to achieve its strategic plan. These difficulties, combined with unsustainable debt levels, led in particular to two debt restructurings in 2014 and 2017, the second of which enabled the Company to reduce its debt by two thirds. On 13 February 2018, Solocal announced its Solocal 2020 strategic project, the objectives of which include mid-term financial objectives.

The implementation of Solocal 2020 is essential to address the continuing erosion of Solocal's order intake and market share. The Company is faced with a highly competitive market and high fixed costs that hinder its investment capabilities.

The Solocal 2020 project will rejig the Company's product range, moving from a focus on its PagesJaunes service to a comprehensive range of digital services which covers the Internet as a whole. These new digital services are now primarily marketed on a subscription basis with auto-renewal. They include new service packages whose track records remain limited. The new Presence, Websites and Advertising offerings were gradually brought onto the market during 2018 and 2019. Our customer base is gradually migrating to these new products as their contracts are renewed in 2019 and 2020. If current and prospective customers prove to be less receptive than anticipated to these new digital services, or if the switch in practice from traditional "search" revenues to these new digital products and services is slower than planned, the implementation of the strategic project may be delayed, which could have major financial consequences. This could have a major adverse effect on orders, impacting the Company's results as well as its cash position, its ability to finance the Solocal 2020 strategic project and therefore its liquidity.

Moreover, implementing the strategy, in particular Solocal 2020, is subject to numerous external risks, including the increasingly competitive environment in advertising markets and digital services, rapidly evolving technologies, system failures in the industry or in customers' industries, changes to data, advertising and tax regulations, changes in people's expectations of the Company, societal changes in the workplace, and finally climate change and environmental protection. The current and future execution of Solocal's strategic and operating plans will, to a certain extent, depend on external factors which are beyond the Company's control.

2.1.2 ADAPTING TO DIGITAL AND MOBILE TECHNOLOGY

If we are unable to adapt to digital technology and market changes, this could have an adverse effect on our business, financial position and operating income.

The rapid development of new technologies and widespread use of the Internet in the workplace, at home and on the move, and the significant influence of the major social media and search engine players as well as other established and emerging players in digital services (particularly specialist vertical players such as Doctolib for medical appointments and LaFourchette for restaurant reservations) have led to changes in consumer preferences and habits, which could have a significant influence on the user services Solocal provides (PagesJaunes, Mappy, Ooreka). A reduction in the audience for the Company's user services could lead to a decline in the number of its customers and over time to a fall in its revenues.

Solocal has been confronted with new business models associated with digital technology and artificial intelligence. Various pricing models are used to sell digital services, and it may be unable to predict which of these models, if any, will become established as the industry standard. The emergence of new business models and increased competition in the digital services market could lead to a decline in demand or prices for the digital services it offers.

Furthermore, a significant portion of our B2B digital services offer is dependent on the Company's ability to buy third party traffic and data from various sources, integrate it within an offer of greater added value, and resell it with a satisfactory margin. Purchase prices, in particular in digital search and social media, may vary over time putting pressure on margins.

Many individuals use mobile devices to access Solocal's online user services. If users of these devices do not widely adopt the solutions Solocal develops for these devices, or if the Company is unable to effectively operate on mobile devices, its business could be adversely affected.

The number of people who access online services through mobile devices such as smartphones, tablets and similar devices, as opposed to personal computers, has increased dramatically in the past few years and is projected to continue to increase. Mobile devices (excluding tablets) accounted for approximately 47% of total visits to Solocal's Internet platforms in 2019 and the number of such visits has increased continuously and significantly in recent years.

If the mobile solutions the Company develops do not meet the needs of prospective or current users, they may use its platforms less or not at all, and the business could suffer. Additionally, Solocal is dependent on the interoperability of our offers with mobile operating systems that it does not control, such as Android and iOS. Any changes in such systems or terms of service that degrade the functionality of its services, give preference to competing products or damage its ability to promote advertising or other digital services could adversely affect traffic and monetisation on mobile devices.

Solocal may not be successful in maintaining and developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. Each manufacturer or distributor may establish unique technical standards for its devices, and Solocal's products and services may not work or be viewable on these devices as a result. Some manufacturers may also elect not to include its products on their devices. As new devices and new platforms are continually being released, it is difficult to predict the challenges the Company may encounter in developing versions of its offers for use on these alternative devices.

2.1.3 DEPENDENCE ON COMMERCIAL PARTNERSHIPS

If Solocal is unable to maintain and develop relationships with strategic partners, its revenues may be impacted.

Solocal's strategy depends in part on its ability to maintain and develop strategic partnerships, including with industry leaders such as Google, Bing (Microsoft), Apple, Facebook, Amazon, and Yahoo!.

The Company relies on these partnerships to generate visibility and contacts for its customers, whether organically (audience, content or presence partnerships) or via advertising formats offered by the partners. If any such partnership were not renewed or were renewed on less favourable terms, this could have an adverse effect on the Company's ability to generate such visibility and contacts and thus on its business.

2.1.4 COMPETITION FROM ESTABLISHED OR EMERGING PLAYERS

Solocal faces an increasing level of competition and may not be able to remain competitive.

The Company is experiencing an increasing level of competition in its activities, especially in the online advertising market, from other Digital Services and websites. No assurances can be given that it will be able to successfully resist this competition, which is generated by other established economic players and by new market entrants. Increasing competition could result in smaller audiences, lower prices, reduced growth, reduced margins or loss of market share.

2.1.5 DISPOSALS AND ACQUISITIONS

Solocal may make investments or disposals that may have an adverse effect on its business.

Solocal has sold off a number of businesses in the past, and may choose to divest, dispose of or close down other businesses in the future. No assurance can be given that it could find potential buyers for any of its businesses, or that the price received from the sale of these businesses or the cost reductions associated with their disposal or closure could offset any resulting decrease in its operating income.

In addition, Solocal has made acquisitions and investments in the past and could do so again in the future. No assurances can be given that the Company will manage to successfully integrate the acquired companies, realise the anticipated synergies, maintain uniform standards, controls, procedures and policies, maintain good relations with the staff at the acquired companies, or that the additional income and profits generated by each acquisition will justify the price paid.

2.1.6 BRAND REPUTATION

Failure to maintain and enhance its brands could have an adverse effect on the Company's business, financial position and operating income.

Solocal's success depends in part on the strength of its brands and reputation. If it is unable to maintain and enhance the strength of its brands, then its ability to retain and expand its audience and customer base and its attractiveness to existing and potential audiences and customers may be impaired, and operating income could be adversely affected. Maintaining and enhancing its brands may require the Company to make substantial investments. If it fails to maintain and enhance its brands successfully, or if it incurs excessive expenses or makes unsuccessful investments in this respect, its business, financial position and operating income may be adversely affected.

2.2 Business-related risks

2.2.1 CYBER RISKS, SECURITY BREACHES AND IT SYSTEM PERFORMANCE CSR

The Company may be subject to information technology failures, security breaches or disruptions in its information, production and distribution systems.

A major part of Solocal's business depends on the efficient, continuous operation of its information, production and distribution systems. These systems could be damaged by several causes, including fire, widespread power cuts, damage to communications networks, cyber-attacks such as computer hacking, computer sabotage or any other cause that could affect their operation.

Should its systems become obsolete, the Company may be unable to properly use its tools, leading to system failures and/or the inability to market its products and services. This could also have an impact on production times and service quality, leaving customers dissatisfied and affecting customer renewals of its services.

In respect of activities that it subcontracts, Solocal must be able to rely on the ability of the subcontracting companies to react quickly and effectively. Any inability by subcontractors to respond to these problems could have an impact on its business.

In addition, its systems may be subject to security breaches resulting in third parties gaining access to users' personal data. The Company may also be subject to court, governmental or other similar requests to hand over personal information regarding certain users (for example, under surveillance programmes). As a result, it may face criminal liability for failing to take appropriate steps to protect personal data as well as claims for privacy violations in connection with the actions of third parties. Regardless of the outcome, investigating these claims and preparing an appropriate defence could involve significant costs, and the existence of these claims could generate negative publicity and damage its reputation and future business prospects.

2.2.2 COOKIES AND OTHER TRACKERS CSR

If the use of third-party cookies or other trackers is rejected or limited by Internet users, or their collection is subject to restrictive legislation or is technically restricted by browsers, the Company's performance could suffer and it might lose customers and revenues.

Cookies are used to gather data to help support some of the Company's digital activities. These cookies are stored on the Internet user's device or browser when they browse the Internet, to monitor their online activity. Cookies collect information, such as when an Internet user views an ad, clicks on an ad, or visits one of Solocal's websites. In addition, given the widespread use of mobile applications, other technologies are also used to collect data for some of Solocal's digital business activities (primarily via the Software Development Kit).

Cookies can easily be deleted or blocked by Internet users. Today, most browsers enable users to change their browser settings in order to restrict the installation of third party cookies and associated data collection. Internet users can also manually delete cookies or download ad-blocker software which prevents cookies from being stored on their device.

Moreover, following the example of other private initiatives, Apple's Safari browser is now set to block cookies by default and other web browsers may well follow suit in the near future. Indeed, with the launch of iOS 11, Apple has updated its browser to include an intelligent tracking prevention (ITP) function, activated by default on its mobiles and computers. If its ability to install cookies on user devices is increasingly restricted by the aforementioned practices, the Company will no longer be able to collect as much data for targeted advertising campaigns and other digital services provided on behalf of its customers. This may have a negative impact on its activities.

In addition, there have been announcements that prominent advertising platforms plan to replace cookies with alternative web tracking technologies. These alternative mechanisms have not been described in technical detail, and have not been announced with any specific stated timeline. It is possible that these companies would rely on proprietary algorithms or statistical methods, or use log-in credentials entered by users into other websites owned by these companies, to track web users without deploying cookies. Such companies may build alternative and potentially proprietary user tracking methods into their widely used web browsers.

If and insofar as cookies are blocked or replaced by proprietary alternatives, Solocal's continued use of cookies may face negative consumer sentiment, reduce its market share, or otherwise place it at a competitive disadvantage. If cookies are replaced, in whole or in part, by proprietary alternatives, the Company may be obliged to license proprietary tracking mechanisms and data from companies that have developed them and that also compete with its business, and it may not be able to obtain such licences on economically favourable terms. If such proprietary web-tracking standards are owned by Solocal competitors, they may be unwilling to make their technology available to the Company.

In addition, Directive 2002/58/EC (as amended by Directive 2009/136/EC), commonly referred to as the "Cookie Directive", directs EU member states to ensure that storing or accessing information on an Internet user's device, such as through a cookie, is allowed only if the user has given his or her consent. Some member states have adopted and implemented this legislation, which negatively impacts the use of cookies for digital advertising. Some of these member states also require prior express user consent, as opposed to merely implied consent, to permit the placement and use of cookies. Where member states require prior express consent, the Company's ability to deliver advertisements on certain websites or to certain users may be impaired. Furthermore, there are proposals to replace the current Cookie Directive with a new ePrivacy Regulation, the effective date of direct application of which is as yet unconfirmed. If adopted, the ePrivacy Regulation will standardise the currently disparate cookie consent laws across Europe. On the other hand, certain versions of the draft appearing during its negotiation phase could pose significant challenges for digital advertising models, particularly by imposing tougher rules on transparency and consent for cookies (and other trackers), for instance by proposing that publishers of browsers (and similar internet access software) should offer users the ability to accept or refuse cookies upon installation of their software.

Against this background, Solocal is keen to make the Internet a safe place by contributing to the development of good practices and, to this end, actively participates in public consultations and developments organised by the French Data Protection and Civil Liberties Authority (CNIL) in relation to drawing up new rules for cookies and other trackers in France.

2.2.3 PERSONAL DATA COLLECTION CSR

Restrictions on the Company's ability to collect personal information may harm its business.

Solocal must abide by privacy protection laws, including European Directive No. 95/46/EC of 24 October 1995, which limits its ability to collect and use personal information about its users. Any restrictions on using cookies or other trackers installed on an Internet user's terminal or browser when the user looks up information on the Internet, or the imposition of an obligation to allow users to object to the use of cookies, could weaken the Company's ability to provide effective advertising and other digital services as part of its business. An increased public awareness of privacy concerns and changes in the applicable rules created by, among other things, European regulations on the protection of personal data which the Company must comply with, could limit its ability to use such personal information for its business, and more generally affect the public perception of the Internet as a market for its goods and services. Each of these developments could have an impact on the Company business, financial position and operating income.

In particular, the French Commission for Data Protection and Liberties (Commission nationale de l'informatique et des libertés, or CNIL) issued a public warning to Solocal without financial penalty in September 2011 concerning a "Web Crawl" service aimed at enabling users to find a person not listed on the pagesblanches.fr directory by providing results obtained from social networks. The CNIL criticised Solocal for distributing this data without specifically informing or obtaining authorisation from the data subjects. Solocal appealed this ruling to the Council of State (Conseil d'État), but the appeal was dismissed in March 2014. Among other things, the Council of State upheld CNIL's position that natural persons whose data is collected indirectly, in particular on the Internet, must be informed at time of collection of the use that will be made of this data, irrespective of the difficulties that may be met in doing so. In the absence of prior notification given to such natural persons, the Company is not permitted to crawl personal data on the Internet.

In May 2016, Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the General Data Protection Regulation or "GDPR"), came into force and instigated a two-year preparatory period during which the Company adopted new data processing requirements. The GDPR has been applicable to all EU member states since 25 May 2018. Since Solocal processes the personal data of its customers and users as part of its business, it must therefore comply with the GDPR. Fines may be imposed for serious GDPR infringements up to the higher of (i) 4% of the Company's annual worldwide revenues or (ii) €20 million. In addition, the GDPR imposes new data breach notification requirements, such as the duty to notify the relevant supervisory authority of a data breach within 72 hours of becoming aware of the breach. GDPR also requires the Company to be able to respond to the new rights of data subjects, including for example, the rights to erasure, restriction and data portability. Each of these new obligations may result in increased costs for compliance and for the implementation of necessary technical systems.

Solocal continuously verifies its compliance with applicable legislation on the protection of privacy. With this in mind, the Company has created a Personal Data department and the position of Data Protection Correspondent, who also became the Data Protection Officer (DPO) on 25 May 2018. However, the Company cannot eliminate all risks that may result from overlooking or misinterpreting applicable legislation on the protection of privacy, which could adversely impact its business, financial position and operating income.

2.2.4 NON-AVAILABILITY OF IT SYSTEMS

Solocal, like all businesses and especially those operating in its market, may face problems resulting from the non-availability of its IT system.

Such non-availability can arise from a multiplicity of causes, such as cyber-attacks, system crashes, insufficiently robust infrastructure, faults, obsolescence etc. Solocal makes sure that everything is done to prevent incidents of this type from occurring. Partial or total non-availability of some or all of the Company's IT systems could adversely affect the functioning of its organisation and create dissatisfaction among customers and users, ultimately leading to an effect on results. To some extent, the migration of the Company's infrastructure and IT systems to the Cloud in 2019 enables this risk to be managed.

2.2.5 FALL IN DIRECT AUDIENCE FOR PAGESJAUNES CSR

PagesJaunes may see its direct audience decline in favour of the main search engines which dominate the online search market.

The Solocal 2020 strategic project is founded on a number of strategic assets, chief among them the power of PagesJaunes, which is among the top 15 in France for online audience numbers and records over two billion visits a year. The audience for PagesJaunes is consistently rising, thanks to the quality of its natural SEO, its content and its partnerships. However, the direct audience percentage is falling. Although the Company works to continually improve the user experience it offers to French users on PagesJaunes, by developing new functions such as online quotes, online appointments and restaurant bookings that increase the number of repeat visits and the relevance of the service, the decline in the direct audience may give rise to greater dependence on its main partners and search engines. In the same way, the visibility of PagesJaunes on search engines is subject to rules and algorithms which are unknown to PagesJaunes and which could potentially affect the number of visits to PagesJaunes made via search engines (SEO). Communications aimed at building the Company's brand visibility are intended to increase the audience for its user services. A lack of investment in this type of action could lead to a significant drop in the direct audience for the Company's platforms, in particular PagesJaunes.

2.2.6 RELEVANCE OF THE USER EXPERIENCE AND QUALITY OF CONTENT CSR

The success of Solocal's business depends on its ability to provide users with rich content on its user services and continually enhance the user and customer experience by developing new products and services.

Solocal's success depends on its ability to improve interactions between its customers and users to create value. The Company must continuously provide users with information that is as comprehensive and relevant as possible. A significant portion of the information on individuals and businesses that it publishes on its media is gathered from databases available on the market, in particular from various telecommunications operators. If the Company were unable to access these databases, or if a large number of subscribers asked to be unlisted or if the Company otherwise lost its ability to maintain comprehensive and accurate databases, no assurance can be given that it would be able to gather information on individuals and businesses by other means, or that this would not lead to a reduction in the content of the user services it provides.

Moreover, in order to maintain a competitive advantage, the Company must enhance the user experience by improving the technical features and functionalities of the products and services aimed at users (including adapting them to new platforms) and provide users with new products and services. Any deterioration in the amount or quality of the content it provides or any failure to improve its products and services or develop new products and services aimed at users could result in a decline in its audience, including by threatening the continuity of its partnerships with large global Internet players, which today form an important part of its indirect audience.

The digital market is characterised by rapid technological advances, the frequent introduction of new products and services, evolving industry standards, volatile and changeable demand from users and instability in the business models for these products and services. The continuing change in the digital sector requires the Company to constantly improve its performance and rapidly adapt its technology and functionality. For instance, the increasing use of mobile devices such as smartphones and tablets to access the Internet and the growing development of voice assistants such as Google Assistant, Alexa or Siri and transactional solutions such as Doctolib and LaFourchette, requires the Company to adapt its technology for these platforms. Any inability on its part to anticipate or properly respond to changes in technology or demand or to adapt to new economic models for products or services, any significant delays or major costs incurred in developing and marketing new products and services, and any inability to provide a satisfying user experience could have a material adverse effect on its business, financial position and operating income.

2.3 Human resources and environmental risks

2.3.1 PSYCHOSOCIAL RISK AND ABSENTEEISM CSR

Solocal's success depends on all of its personnel, and managing talent and skills is key.

The success of Solocal's business notably depends on the experience and expertise of its staff. To ensure the proper execution of its strategy and limit any adverse effect on its operating income, the Company takes steps to be a major force in this market, where there is a genuine war for talent.

In addition, the roll-out of Solocal's new subscription-based range of services and digital solutions makes it necessary to reorient the jobs of sales and customer relations staff towards an advisory "digital coach" role. This move is intended to increase customer satisfaction, which is the Company's number one priority.

Moreover, like all companies engaged in a significant transformation program, Solocal takes psychosocial risks very seriously and aims to ensure a high quality of life and health in the workplace. The objectives pursued are to reduce absenteeism and improve the level of staff commitment, in order to limit any disruption to the Company's business activities.

2.3.2 ENVIRONMENTAL IMPACT CSR

Solocal is subject to certain environmental risks.

Since the Company's activities, particularly those related to its traditional printed directories business, may have an impact on the environment, it is subject to laws and regulations pertaining to the environment. As a result, it may be involved in administrative and judicial proceedings and investigations related to environmental issues. These proceedings and investigations could result in substantial costs and obligations and/or divert management's attention from its core business.

If it is determined that the Company is not in compliance with or has liabilities under applicable laws and regulations, it could be subject to fines or other measures.

Furthermore, any allegation that the Company or its subcontractors do not comply with environmental laws and regulations could damage its reputation. Although the Company devotes attention to compliance with certain criteria when selecting its subcontractors, there can be no assurance that subcontractors will at all times comply with applicable environmental laws and regulations.

2.4 Operational risks

2.4.1 CUSTOMER DISSATISFACTION, QUALITY OF ONBOARDING AND HANDLING OF COMPLAINTS

Under its Solocal 2020 strategic project, the Company is selling new digital products and services. These may fail to fully satisfy customer expectations.

Solocal attaches great importance to customer satisfaction and does all that it can to provide customers with as smooth and satisfactory an experience as possible right from their initial onboarding. If the new digital products and services sold by Solocal fail to fully satisfy its new and existing customers, they could be prompted to switch to competitors. The quality of customer onboarding for the new digital products and services is an important issue. Solocal devotes all its energy to ensuring that customers understand the full range of functions offered by these new products and services and by their new "my account" platform (Solocal Manager). Solocal customer relations has a complaints handling programme that is centred on customer expectations. Nevertheless, if the complaints process is not properly followed or requests are inadequately tagged, the number of complaints in the course of processing may rise, leading to delays which will then further increase customer dissatisfaction. Dissatisfied customers, or indeed lost customers, may ultimately have a significant adverse impact on the Company's business, financial position and operating income.

2.4.2 QUALITY AND SPEED OF PRODUCTION (WEBSITES AND SOLUTIONS BOOSTER)

The production of Solocal's digital products may fall short of customer expectations in terms of quality or speed of delivery.

The success of Solocal's Websites and Booster packages may cause the Company to encounter difficulties in producing those products, particularly in terms of quality or speed of delivery. Although website production has been standardised by putting a large-scale production platform in place (Duda), the use of in-house resources, temporary staff and/or outside services may lead to variations in the level to which staff members are skilled in the use of the production systems, which could affect in particular the quality and speed of website production.

2.4.3 NON-ADAPTABILITY OF IT SYSTEMS TO THE TRANSFORMATION

Solocal's profound transformation could prove to be more difficult if the IT systems are unsuitable for the issues at stake.

Each year, Solocal invests tens of millions of euros in order to maintain top-quality IT systems suitable for the highly competitive digital environment in which it operates. If Solocal were unable to make such investments, its transformation could be delayed in a way that has a material adverse impact on its business, financial position and operating income. Solocal has already reached an important milestone of its Solocal 2020 strategic project by migrating its infrastructure and systems to the Cloud. The Company also intends to install a new call center platform and new ERP (enterprise resource planning) and BI (business intelligence) systems during the next few years, in order to improve its efficiency and productiveness. Nevertheless, perfect interfacing between the new, up-to-date systems and the legacy systems remains the key issue, with the ensuing risks of errors or poor data quality in the Company's IT.

2.5 Financial risks

2.5.1 RISKS RELATED TO INDEBTEDNESS AND MARKET RISKS

Following the completion of the financial restructuring operations, as described in particular in chapter 5 of this Universal Registration Document, the Group's residual gross debt was reduced to €398 million at as 31 December 2017. Net debt[1] as at this date was €332 million and gearing was thus 1.7x. The gross debt was rearranged in the form of a bond issue for €397,834,585 (the "Bonds"), which was reserved for creditors under the Credit Agreement and which was settled/delivered on 14 March 2017. The main terms of the bond issue are as follows:

- interest:
  - calculation of interest: margin plus 3-month EURIBOR rate (EURIBOR being subject to a floor of 1%), payable quarterly in arrears,
  - late payment interest: 1% increase in the applicable interest rate;
- margin: annual percentage varying according to the level of the consolidated net leverage ratio (consolidated net debt/consolidated EBITDA) at the end of the previous accounting period), as indicated in the table below (note that the initial margin will be calculated pro forma based on the restructuring operations):

Consolidated net financial leverage ratio	Margin
Greater than 2.0:1	9.0%
Less than or equal to 2.0:1 but greater than 1.5:1	7.0%
Less than or equal to 1.5:1 but greater than 1.0:1	6.0%
Less than or equal to 1.0:1 but greater than 0.5:1	5.0%
Less than or equal to 0.5:1	3.0%

- maturity date: 15 March 2022;
- listing: listing on the official list of the Luxembourg Stock Exchange and admission for trading on the Euro MTF market;
- early repayment or redemption:
  - Solocal can, at any time and on multiple occasions, redeem some or all of the Bonds at a redemption price equal to 100% of the principal plus unpaid accrued interest,
  - in addition, the Bonds will be subject to mandatory early redemption (subject to certain exceptions) wholly or in part if certain events occur, such as a change of control, an asset sale, or the receipt of net debt proceeds or net receivables proceeds. Mandatory early repayments are also provided for by means of funds coming from a percentage of surplus cash flow, depending on the Company's consolidated net leverage ratio;
- financial commitments:
  - the consolidated net leverage ratio (consolidated leverage/consolidated EBITDA) must be lower than 3.5:1,
  - the interest cover ratio (consolidated EBITDA/ consolidated net interest expense), must be greater than 3.0:1, and
  - (i) starting in 2017 and (ii) in any subsequent year, if the consolidated net leverage ratio on 31 December of the preceding year exceeds 1.5:1, capital expenditure (excluding growth transactions) for Solocal and its subsidiaries will be limited to 10% of the consolidated revenue of the issuer and its subsidiaries;
- moreover, the terms & conditions of the Bonds contain certain covenants which prohibit Solocal and its subsidiaries, with certain exceptions, from:
  - taking on additional financial debt,
  - giving pledges,
  - paying dividends or making distributions to shareholders; exceptionally, paying dividends or making distributions to shareholders is permitted if the consolidated net leverage ratio does not exceed 1.0:1.

The restrictions contained in the terms & conditions of the Bonds and described above could affect Solocal's ability to run its business and limit its ability to react to market conditions or seize commercial opportunities which may arise. As an example, these restrictions could affect its capacity to fund operational capital expenditure, restructure its organisation or finance its capital requirements. In addition, its capacity to comply with these restrictive clauses could be affected by events beyond its control, such as economic, financial and industrial conditions. Any failure by Solocal to comply with these covenants or restrictions could result in a default under the terms of the above agreements.

(1) Net debt is total gross financial debt, less cash and cash equivalents.

If default occurs that is not remedied or waived, the bondholders could demand the immediate repayment of all outstanding amounts. This could activate the cross default clauses of other Company loans. This type of event could have a material adverse effect on the Company, leading to its insolvency or liquidation.

A worsening of the consolidated net leverage ratio as defined in the bond documentation would increase the interest payable by the issuer and would impact on its net financial expense and cash flows (this ratio was above 2 in 2019).

Moreover, Solocal might be unable to refinance its debt or obtain additional financing under satisfactory terms.

On 16 March 2020, Solocal provisionally suspended the payment of bond coupons in order to assess the impacts of Covid19 on its business and liquidity position. In the current exceptional circumstances, Solocal has implemented a prevention plan and precautionary measures and is reassessing its financial forecasts.

The Company has therefore commenced negotiations with its bond creditors on obtaining a payment deferral. Discussions are at a preliminary stage and will continue for as long as is required to reach agreement with the creditors.

In this regard, the Company (Solocal Group) has requested the opening of a conciliation procedure, which was opened by the President of the Nanterre Commercial Court on 16 March 2020 for an initial period of four months. Solocal's management has taken the view that conciliation will provide the best forum for the upcoming discussions with the Company's creditors.

The following corporate ratings were attributed to the issuer at the date of publication of this Universal Registration Document and after the suspension of the bond coupon for the first quarter of 2020:

- B3 downgraded to Caa1 in February 2019 by Moody's along with a negative outlook, and from Caa1 to Caa3 in March 2020, along with a negative outlook;
- B- downgraded to CCC+ in September 2019 by Fitch Ratings along with a stable outlook, and from CCC+ to C in March 2020, along with a stable outlook.

The following ratings were attributed to the issuer's bonds at the date of publication of this Universal Registration Document and after the suspension of the bond coupon for the first quarter of 2020:

- B3 downgraded to Caa2 in February 2019 by Moody's along with a negative outlook, and from Caa2 to Ca in March 2020, along with a negative outlook;
- Maintenance of the B- rating in February 2019 by Fitch Ratings, followed by downgrading from B- to CC in March 2020.

Changes in ratings are presented below:

		31/12/2019		31/12/2018		31/12/2017	
		Fitch Ratings	Moody's	Fitch Ratings	Moody's	Fitch Ratings	Moody's
Solocal	Corporate rating	CCC+	Caa1	B-	B3	B-	B3
	Outlook	Stable	Negative	Stable	Negative	Stable	Positive
	Debt rating	B-	Caa2	B	B3	B	B3

As at 31 December 2019, Solocal had gross debt of €568 million, including €398 million of bonds. The covenants contained in the bond documentation could affect Solocal's ability to trade, limit its ability to respond to market conditions or seize commercial opportunities that arise; they could also restrict its ability to take on additional debt or raise additional capital. By way of example, these covenants could affect the Company's ability to restructure its organisation, fund operating capital expenditure or obtain finance to cover its financing needs.

Moreover, the interest paid by the Company on these bonds is dependent on the three-month Euribor rate (subject to a floor of 1%) and on its consolidated net leverage ratio. The interest charges paid by the Company could be affected by events outside its control, such as economic and financial events, or by an increase in its leverage ratio, which would affect its financial results. A 1% increase in Euribor above the 1% threshold would give rise in the short term to a €4.5 million increase in net interest expenses. See Note 10 of chapter 5.1.6 of this Universal Registration Document for further information on this risk.

The bonds mature on 15 March 2022. The Company has provisionally suspended payment of the coupon for the first quarter of 2020. If it is unable to reach agreement with its creditors or repay the debt, this could have a material adverse effect on the Company, potentially leading to its insolvency or liquidation. The bonds are indirectly secured by a pledge of the securities of Solocal SA held by Solocal Group.

2.5.2 LIQUIDITY RISK

In order to cope with the public healthcare crisis linked to Covid-19 in France and worldwide, **the Company suspended payment of its bond coupon and commenced negotiations with its bond creditors on 16 March 2020**. If it fails to reach agreement with them on the terms it desires, particularly as regards the deferral of coupon payments, the Group may have to put alternative financing plans in place or restructure its debt. The Group cannot guarantee that an agreement will be reached within a specific timeframe or that additional finance could be obtained.

In 2018, Solocal announced a plan to extensively restructure the Company and significantly reduce its workforce. The implementation of this transformation may have an impact on its financial results, liquidity or its ability to continue as a going concern.

The Company may be unable to fund the €36 million of disbursements it expects, as of 31 March 2020, to make in the remainder of the current year in connection with the employee section of the plan or the rent due on vacant premises. The Company has generated positive recurring operating cash flows (more than €90 million), which will be used in 2020 to cover these disbursements, in addition to the €41 million of cash available at 1 January 2020. Note that in 2019, Solocal obtained a secured working capital facility of at least €10 million, along with a three-year revolving credit facility of €50 million (fully drawn down as at 31 December 2019).

Other discussions are in progress to develop other banking relationships and diversify the Group's sources of finance.

As of the date of publication of this Universal Registration Document, the Company is reassessing its financial forecasts in the context of the current abnormal public health situation in order to determine whether it is facing a liquidity shortfall, taking account of the proceeds from the measures announced by the Government as and when they arise.

If Solocal does not reach its operational cash flow target in 2020, or is not able to maintain or obtain the necessary financing, the Company would not have the capacity to pay for these disbursements, which could lead to financial restructuring and even bankruptcy or liquidation.

Moreover, in view of its financing structure, the Company is exposed to interest rate risk, liquidity risk and credit risk.

Risks concerning interest rates, liquidity and credit are set out in Note 10 to the 2019 consolidated financial statements, in Section 6.1 of this document.

Information pertaining to Solocal's debt is also provided in chapter 5.3 – Cash and Capital Resources, Note 9.5 – Cash and Cash Equivalents, Net Financial Debt, and Note 10 – Financial Risk Management and Capital Management Policy Objectives in the notes to the consolidated financial statements for the 2019 financial year.

Equity risk is linked to treasury shares held directly and through the liquidity agreement implemented in 2008.

2.5.3 ECONOMIC ENVIRONMENT AND COST STRUCTURE

A deterioration of economic conditions could have a material adverse effect on the Company's revenues and cash flow if it were unable to adapt its cost structure.

Solocal's income could decrease significantly if the countries in which it generates the majority of its digital revenues (primarily France) were to experience a deterioration in their economic conditions. Such deterioration could have a noticeable effect on customer demand for the Company's products and services, particularly as customers attempt to reduce or reallocate their spending, which could result in downward pressure on the prices of its digital products. The Company's inability to adapt its cost structure if faced with a downturn in the economy or increased competition could also have a material adverse effect on its business, financial position and operating income and cause it to fall short of its financial forecasts.

2.5.4 FINANCIAL FORECASTS AND INDICATORS

Solocal relies on assumptions and estimates to calculate some of its key indicators, and inaccuracies may harm its reputation and negatively affect its business.

Certain key indicators, such as the number of unique visitors, number of visits and audience, are sometimes the results of calculations made using internal Company data or data from third parties. While these numbers are based on what Solocal believes to be reasonable calculations, it is difficult to assess and measure the degree of engagement of users or their habits. For example, a single person or user may have multiple accounts or browse the Internet on multiple browsers, or some mobile applications may automatically contact our servers for updates with no user action, and the Company is not able to capture user information on all of its platforms. As such, the calculations of unique visitors, number of visits, or audience may not accurately reflect the number of people actually using the Company's platforms. These figures may vary from estimates published by third parties or similar indicators provided by Solocal's competitors insofar as the methodologies used by the Company and by third parties from which it obtains this data are different.

Although Solocal regularly reviews and adjusts its methodologies for calculating internal indicators in order to improve their accuracy, its reputation may be affected if users, customers, partners and other stakeholders perceive its figures to be inaccurate or if they uncover significant inaccuracies in those figures.

2.5.5 TAXATION

Solocal is subject to tax risks.

Solocal must structure its organisation and operations appropriately while respecting the various tax laws and regulations of the jurisdictions in which it operates. Such laws and regulations are generally very complex. Additionally, because tax laws may not provide clear-cut or definitive rules, the tax regime applied to the Company's operations and intra-group transactions or reorganisations is sometimes based on its interpretations of tax laws and regulations. Solocal cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which may adversely affect its financial position or results or operating income. Tax laws and regulations are subject to change, and new laws and regulations may make it difficult for the Company to restructure its operations in an advantageous manner. More generally, any failure to comply with the tax laws or regulations of the countries in which the Company operates may result in adjustments, interest on late payments, fines and penalties.

Furthermore, Solocal may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of assets and liabilities or in respect of the tax loss carry-forwards of Group entities. The actual realisation of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and the future results of the relevant entities. In particular, in virtue of Article 39, 1-5° of the French Tax Code, provisions for pensions and similar obligations that are treated as expenses in the accounts must be added back when calculating taxable profit, thus resulting in the recognition of a deferred tax asset in the financial statements. As of 31 December 2019, net deferred tax assets totalled €60.9million, including €20.0 million of deferred tax assets in relation to non-deductible provisions for pensions and similar obligations. Any reduction in the Company's ability to use these assets due to changes in laws and regulations, potential tax adjustments, or lower than expected results could have a negative impact on its business, financial position and operating income.

Finally, the services Solocal provides to its customers are subject to value added taxes, sales taxes or other similar taxes. Tax rates may increase at any time. Any specific taxes on digital services applicable to the business or any increase in such taxes could affect its business and the demand for its services, and thereby reduce its operating income, negatively affecting its business, financial position and operating income.

2.6 Legal and compliance risks

Solocal's business is subject to various laws and regulations, and the Company may incur significant costs to maintain compliance with such laws and regulations.

The communications industry in which Solocal operates is subject to various laws and regulations, including the Law on Trust in the Digital Economy of 21 June 2004, the Hamon Law of 17 March 2014, the Law for a Digital Republic of 7 October 2016 and the regulations on personal data protection. Solocal is also subject to specific laws and regulations covering, among others, digital advertising (Sapin Law of 29 January 1993), directories (Article 34 of Postal and Electronic Communications Code) and databases (Articles 341-1 et seq. on data protection). Changes in such laws or regulations or in policy in the European Union, France or other European countries where Solocal operates could have a material adverse effect on its business in these countries, especially if such changes increase the cost and regulatory constraints associated with providing its products and services.

A certain number of draft laws and European regulations are under discussion, including in relation to the protection and use of personal information, privacy and electronic communications, responsibility for content, e-commerce and the taxation of advertising on the Internet. These future developments in laws and regulations could have a material adverse effect on the Company's business, financial position and operating income, or on its ability to achieve its strategic objectives.

In addition, the global nature of the Internet means that its operations are subject to the laws of multiple jurisdictions. Although the Company operates primarily in France, certain states or jurisdictions may require it to comply with their own laws and regulations. The simultaneous applicability of several, and at times contradictory, sets of laws and regulations, and the associated costs and uncertainty, could have a material adverse effect on the Company's business, financial position, and operating income.

In order to anticipate any regulatory development that could have a material adverse effect on its business, Solocal carries out continuous monitoring of laws and regulations. Similarly, it constantly checks that it is compliant with national and European regulations.

In addition to the regulations generally applicable to companies in the countries in which it operates, Solocal is more specifically subject to information society laws for its digital activities.

As Solocal is mainly present in Europe, particularly in France, the presentation below focuses on European and French legislation and regulations.

2.6.1 NON-COMPLIANCE WITH GDPR AND FRENCH DATA PROTECTION AND CIVIL LIBERTIES ACT CSR

The European Framework Directive 95/46/EC of 24 October 1995, on the protection of individuals with regard to the processing of personal data and on the free movement of such data, defines the legal framework necessary to protect individuals' rights and freedoms. This framework directive was supplemented by an industry directive, Directive 2002/58/EC of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (known as the "E-Privacy Directive"), replacing Directive 97/66/EC of 15 December 1997. This Directive was itself amended by Directive 2009/136/EC dated 25 November 2009. Lastly, a draft European Regulation on e-Privacy was proposed by the European Commission on 10 January 2017. The text of the regulation was not approved by the Member States and it is to be re-examined during the term in office of the next Commission from 2020. This draft Regulation envisaged, in particular, revising the default settings for third-party cookies in browsers, as well as moving the inclusion of natural persons' fixed-line telephone numbers in telephone directories to an opt-in basis.

On 27 April 2016, the European regulation on the protection of individuals with regard to the processing of personal data and the free movement of personal data (GDPR) was passed, and Directive 95/46/EC was repealed. Although it does not challenge the fundamental principles of the protection of privacy, the Regulation profoundly revises the obligations to which companies are subject, in particular by moving from a principle of control by personal data protection authorities to a principle of "accountability".

The GDPR significantly strengthens people's rights:

- businesses must obtain, except in limited circumstances, the consent of data subjects for profiling processes;
- the right to be forgotten is reinforced and anyone may request the deletion of their personal data by any company or organisation that has no legitimate reason to keep it. In addition, the response time in the event of individuals exercising their rights has greatly decreased: one month instead of two;
- businesses are required to notify the CNIL and their customers of personal data breaches in a very short time;
- when personal data is processed outside Europe, users can contact the data protection authority in their own country, even when their data is processed by a company based outside the European Union, if that company collects their data to market goods and services or for behavioural marketing purposes;
- the new rules give national data protection authorities the powers they need to ensure stricter compliance with European Union laws. Financial penalties have been increased with fines of up to €20 million or 4% of the Company's global revenues.

The goals of this set of directives were:

- to harmonise European law on personal data;
- to facilitate its circulation (provided that the country to which the personal data is being transferred offers an appropriate level of protection);
- and to protect individuals' privacy and freedoms.

One of the main impacts of GDPR on Solocal is the transformation of practices related to the processing of personal data: the obligation to work with a "privacy by design" approach has been integrated into the Company's main strategic projects. Following the appointment of a Data Protection Correspondent in 2011 and the implementation of a dedicated data protection team, the Company is particularly sensitive to the protection of the personal data that it processes. On 25 May 2018, its Data Protection Correspondent was also appointed Data Protection Officer (DPO) reporting to the French Data Protection Authority (Commission nationale de l'informatique et des libertés - CNIL). Consequently, a number of GDPR obligations will not be new to the Company, for example the obligation to keep a register of processing operations.

In order to ensure its compliance with this new legislative framework, a GDPR compliance programme was launched in July 2017 upon the initiative of the Company's Data Protection Correspondent (and now DPO). A Steering Committee and working groups have been created. In this context, various actions have already been carried out, for example: mapping of processing operations, training of employees, creation of new processes, acquisition of a tool to document our compliance (register of processing operations, data breach registry, impact studies, exercise of people's rights). The target is to set up a robust quality approach within the Company, to ensure that its privacy protection processes have a competitive edge (obtaining certifications/labels).

The CNIL can perform online checks remotely and thus quickly identify and act on security breaches on the Internet. It can also easily check the compliance of the legally required information provided on online forms and the rules that govern Internet user consent. This new power applies to "data that is freely accessible or made accessible" online and of course does not allow the CNIL to override security measures to penetrate an information system.

The Law for a Digital Republic dated 7 October 2016 has created further new rights for people: right to be forgotten for minors, the ability to organise what happens to a person's data after their death, and above all greater information and transparency about data processing in order to clarify to people how long their data will be stored.

The powers, and especially the power of sanction of the CNIL, have been strengthened and expanded since the implementation of GDPR, as the maximum ceiling of sanctions has increased from €3 million to €20 million (or 4% of the Company's global revenues), and now these financial penalties may be pronounced without prior notice of the companies when the breach found cannot be subject to compliance.

Within the framework of its activities, Solocal records and processes statistical data, especially regarding visits to its websites. In order to optimise its services and increase revenues it has also developed means to identify, using general statistics, Internet users' areas of interest and behaviour online. In the same spirit and in order to offer personalised services, the Company collects and processes personal data and markets it to third parties. It also collects and processes data as part of the implementation of advertising targeting projects.

The e-privacy directive made a number of changes to the existing law and expanded its scope of application to include electronic communications. New provisions are the following:

- the concept of traffic data now includes all data on traffic regardless of the technology employed, and therefore includes data on communications over the Internet;
- the "cookies" are permitted if clear and complete information is provided to the subscriber or user, particularly on how the data, thus obtained, is to be processed before the cookies are submitted and only if the subscriber or user has first given their informed consent to accept the cookies. However, cookies exclusively designed to perform or facilitate the transmission of a message, or those strictly necessary to provide a service expressly requested by the user (Article 5.3 of the Directive) fall outside the scope of this provision. These provisions were transposed into French law by Act No. 2004-801 of 6 August 2004 on the protection of individuals with regard to the processing of personal data (Article 32 of the consolidated version of the Data Protection Act) and by the "Telecom Package" Order of 24 August 2010. A CNIL recommendation dated 5 December 2013 details the practical procedures for obtaining Internet users' consent to the use of cookies (some not requiring consent), by means of an information banner at the top of the first page displayed which links to an information page where the website visitor can refuse the cookie. Otherwise, consent is assumed to be granted for a period of 13 months. Subsequent to this recommendation, in October 2014 CNIL began to perform remote verifications to check the compliance of website operators. In this context, a Solocal website was checked on several occasions in 2014 and 2015; the reports signalled cookies submission upon initial page display, the relevance of the data collected, the veracity of the procedures claimed, compliance with legal information obligations and data security. The CNIL sent a formal notice ordering the site to comply. As this compliance was achieved, the CNIL closed the file on 27 July 2016 subject to compliance with the regulations concerning the prohibition of the deposit of cookies before any navigation;
- location information other than traffic data may only be processed after anonymisation, or with the consent of the subscriber or user, duly informed in advance, and with the aim of providing an added-value service. Subscribers and users have the right to withdraw their consent at any time and must be able to exercise the option, simply and free of charge, of suspending the processing of this data whenever they log on or for each communication transmission. These provisions were transposed into French law by Act No. 2004-669 dated 9 July 2004 on electronic communications and audio-visual communication services (Article L. 34-1-IV of the French Post and Electronic Communications Code);
- with regard to public directories, subscribers are entitled to decide whether their data, and where applicable, exactly, which data, may appear. Non-inclusion is free of charge, as are corrections and deletions. EU Member States may require subscriber consent for any public directory that is intended for any use other than simply searching for a person's contact details using their name. These provisions were adopted in Decree No. 2003-752 of 1 August 2003 on universal directories and universal directory enquiry services, which amended the French Post and Telecommunications Code. With regard to unsolicited communications (or spamming), direct marketing by e-mail is prohibited unless targeted at subscribers who have given their prior consent. However, where a person has received electronic contact details directly from a customer, the person may use this information to directly market to this customer products or services similar to those already supplied, provided that the customer is able to refuse such marketing when the customer's personal details are collected and when each message is sent. These provisions were transposed into French law by the LCEN Act and the Electronic Communications Act, which requires people contacted by online marketers to give their prior consent or "opt-in" under Article L. 34-1-III of the French Post and Electronic Communications Code.

This directive is currently being revised; in particular the European Commission wants to replace this directive by a regulation and to align its provisions with the General Data Protection Regulation.

2.6.2 NON-COMPLIANCE WITH SAPIN II (LAW ON TRANSPARENCY, THE FIGHT AGAINST CORRUPTION AND THE MODERNISATION OF ECONOMIC LIFE) CSR

Article 17 of Law No. 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of the economy sets out the legal framework required to establish an anti-corruption programme for companies or groups of companies whose parent company's registered office is located in France, with a workforce of 500 or more and whose revenues are above €100 million. Solocal is covered by this obligation, and as part of the compliance preparation process is entitled to expert support from the French Anti-Corruption Agency (AFA)'s support service for economic operators. In 2018, Solocal initiated the deployment of its compliance program by mapping the risks of fraud and corruption and appointing an Ethics Officer. In 2019, compliance was stepped up with:

- an update of fraud and corruption risk mapping;
- presentation of a Code of Conduct to the subsidiaries' Social and Economic Council (SEC)'s and sole employee representative bodies. The Code will be appended to the rules of procedure of each subsidiary;
- introduction of a disciplinary sanctions policy into each subsidiary's rules of procedure;
- implementation of a whistleblowing system open to all employees and managers, enabling them to report, confidentially and outside Solocal's information systems, any serious harm to the interests of the Company's assets and persons;
- roll-out of a training plan to raise awareness and train all employees and managers on issues related to corruption and fraud;
- launch of a system for assessing the Company's third parties, in particular its top 100 suppliers (in terms of the amount expensed), which are assessed from an ethical and CSR (Corporate Social Responsibility) perspective with the help of the specialist organisation Ecovadis.

In addition, Solocal has also communicated to all employees and managers:

- a whistleblowing procedure;
- a gifts and invitations policy;
- a conflict of interest procedure.

Although Solocal has ensured that its compliance process is one of its corporate governance priorities by setting up a dedicated Ethics function, it has not yet achieved full compliance, and additional costs may be incurred on top of those already generated to reach full compliance, or in the case of any sanction by the regulator.

2.6.3 LEGAL PROCEEDINGS

In the ordinary course of business, Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions for the potential costs of such proceedings are only made where it is probable that the expense will be incurred and the 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 and in the notes to the consolidated financial statements (Note 16 "Disputes, contingent assets and liabilities"), the Company does not consider that it is party to any legal or arbitration procedure that could reasonably be believed to have a material adverse effect on its earnings, operations or consolidated financial position.

During the year 2013, Solocal 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 was presented to the staff representation bodies concerned beginning in September 2013. At the same time, the Management negotiated with the trade unions a majority agreement on employee support measures. This agreement was signed on 20 November 2013. Following completion of these negotiations with the employee representatives, this plan provided for restructuring combined with changes in the employment contracts of the whole sales force, and a plan with no compulsory redundancies which would ultimately create 48 additional jobs within the Company. This agreement received validation via a ruling of the DIRECCTE on 2 January 2014.

A total of 311 employees refused the amendment to their employment contract linked to this reorganisation implemented at the end of 2013 and 280 of them were made redundant. One employee of the Company contested the decision to validate the collective agreement relating to the Employment Protection Plan before the administrative courts. The Administrative Court of Appeal of Versailles, in a judgment of 22 October 2014 notified the following 5 November, annulled the validation by DIRECCTE. On 22 July 2015, the Council of State rejected the appeal brought by Solocal and the Minister of Employment.

Consequently, multiple proceedings are in progress with the administrative as well as judicial courts. The administrative proceedings are now terminated.

With regard to the proceedings before the ordinary courts, more than 200 legal proceedings were brought before employment tribunals by employees invoking the consequences of the annulment by the Versailles Administrative Court of Appeal of the administrative decision validating the collective agreement relating to the employment protection plan, which enabled them to claim compensation.

On the date of this document, all of the cases had been pleaded at first instance.

Nearly 200 substantive decisions had been issued at first instance and/or in the appeal courts. The vast majority of these decisions rejected redundancy invalidity claims and the fixed compensation consequences that stem from this, deeming that the redundancy was based on a real and serious cause and rejecting claims which challenge the economic reason, (but pronouncing payment orders based on Article L. 1235-16 of the Labour Code at a level close to the compensation floor provided by this legislation, i.e. between six and seven months' wages). One particular Court of Appeal upheld the Company's argument that the claims were time-barred, and dismissed all of the claimants' claims (35 cases). These decisions were appealed to the Court of Cassation by the plaintiffs. In September 2019, the Court of Cassation issued two rulings which upheld the Company's arguments regarding the one-year time bar. It follows that the cases on this point that remaining pending before the Court of Cassation ought to be decided the same way during 2020, confirming the rulings in favour of the Company.

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 number of cases regarding other matters have been appealed to the Court of Cassation by Solocal and are currently pending. Decisions are expected to be issued in 2020.

In the consolidated financial statements for 2015, Solocal recognised the exceptional impact of the court decisions that annulled DIRECCTE's validation of the Employment Protection Plan (PSE). An additional provision of €35 million was recognised in the consolidated financial statements for that year. This was based on a prudent assumption in a context of great legal uncertainty, increased recently by conflicting decisions of Employment Tribunals. As at 31 December 2019, the remaining provision in the financial statements was €11 million.

Solocal continued to roll out its reorganisation plan and in 2016 launched a new PSE procedure for employees who could not be made redundant during the previous procedure because it had been deemed invalid.

A request for claims for the prejudice caused by the State to Solocal due to incorrect validation of its PSE is underway. Solocal initially requested compensation from the State for its loss resulting from the payment of compensation following the cancellation of the DIRECCTE decision, then approached the Cergy-Pontoise Administrative Court in July 2017 to obtain an order for the State to pay this sum to it. The case will be heard in the first half of 2020.

PagesJaunes has been sued by a former distributor for the sudden termination of commercial relations. All of the distributor's claims were dismissed at first instance, but it has appealed. A decision on the appeal is expected in the first half of 2020. The provision initially recorded in Solocal's 2016 accounts has therefore been maintained, according to the requirements and the criteria usually adopted.

In 2016, Solocal was the subject of an inspection by the French social security agency (Urssaf) in respect of the 2013, 2014 and 2015 financial years. In the course of this process, the Company was notified of an adjustment of €2 million relating to the amount of employer contributions concerning performance shares (AGA). Solocal, ClicRDV, Mappy, Finemedia and Leadformance appealed to the Urssaf Arbitration Committee on 28 March 2017 on an interim basis, on the basis that the priority questions on constitutionality, (nos. 2017-627 QPC and 2017-628 QPC) concerning the employer contribution paid in terms of non-vested AGAs would give rise to a decision of unconstitutionality, in order to obtain reimbursement of the employer contributions that were paid under Article L. 137-13 of the Social Security Code in relation to free shares allotted in 2014 and 2015.

Urssaf has repaid the amounts relating to the 2014 and 2015 plans, which matured in June 2018 and February 2019 respectively, where no shares had vested due to the failure to hit the performance targets (including the €6.6 million in relation to the adjustments). The affected companies received the expected reimbursements.

Solocal is undergoing a tax audit concerning financial years 2010 to 2013 and has received proposed adjustments concerning the Research Tax Credit. The Company has disputed the adjustments with the tax authority and filed a dispute claim in February 2018 in order to obtain a partial refund of the remaining adjustments. As the amounts that were ineligible for the research tax credit were settled on 18 April 2017, the provision that had previously been recorded was reversed in the financial statements for the year ended 31 December 2017. In pursuing the case, the tax authority requested the Ministry of Education, Research and Innovation (MESRI) to conduct a review of the R&D projects declared by the Company in respect of the research tax credit for the years 2010, 2011, 2012 and 2013. Following the receipt of an initial MESRI report on the research tax credits for 2012 and 2013, the authority granted a rebate of €573,000 in a decision dated 29 November 2019. This amount was recognised as income in the financial statements.

Solocal strengthened its procedures and systems as regards to the detection and qualification of potential classified information within the Company, as well as its Securities Trading Code of Conduct, which is available to all employees.

In common with other companies in the sector, Solocal is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. As at 31 December 2019, there were eight such proceedings ongoing, for a total amount of claims of approximately €0.3 million. In these proceedings, the Solocal entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of such proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Company's financial position.

The Legal department monitors the risks connected with the most significant disputes, in liaison with senior management and the subsidiaries and assisted by law firms.

2.7 Insurance and risk management

Solocal has set up an insurance and risk management programme to cover the main risks to which it is exposed. The Company seeks to continuously optimise the management of risks that can be transferred to insurers. Information exchanges, in particular between the Legal department and the Risk department, have been systematised so that everyone can benefit from a consolidated and as comprehensive as possible vision of the Company's risks, based in particular on risk mapping.

Insurance cover is negotiated with major insurance companies and with the assistance of some of the most influential brokers on the market, in order to put in place the most appropriate coverage for the Group's insurable risks.

"Damage to property and operating losses": apart from certain specific exclusions, this policy covers losses resulting from fire, explosions, water damage, theft, natural events affecting Solocal's own property (buildings, furniture, equipment, goods or IT installations) and property for which it is responsible, and against the operating losses resulting from such losses, for a period estimated to be necessary for a normal resumption of activity. The maximum annual cover amount is €49.9 million for material damage and operating losses (with a sub-limit of €40 million for the operating loss). The policy's limits and deductibles are in line with current market practices.

"Civil liability": this policy covers civil liability to customers and third parties in relation to the Group's operations and professional activities. The policy is an "all risks, subject to exclusions" policy, which means that all bodily injuries, property damage and consequential damage are automatically covered, including damage from computer viruses, unless expressly excluded. The deductibles provided for by this policy were determined according to the risks incurred but also the scope of each subsidiary. The maximum annual cover amount is €20 million for operating civil liability and €20 million for professional civil liability.

"Cyber risks": this policy covers damage to the Company's various IT systems, including viruses, ransom demands and data losses. The total maximum annual coverage is €15 million.

"Car fleet": the Company has taken out a "Car Fleet" insurance policy intended to cover the whole of the Group's fleet.

Finally, the Company has a "D&O Public Liability" Insurance policy to cover insurable wrongdoing and defence expenses for its executives (including subsidiaries). The total maximum annual cover per claim under this liability policy is €30 million.

2.8 Internal control and risk management procedures

2.8.1 INTERNAL CONTROL AND RISK MANAGEMENT GUIDELINES, OBJECTIVES AND SCOPE

2.8.1.1 Internal control and risk management guidelines

Solocal has set forth and implemented general guidelines for internal control that are largely based on the guidance published in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the framework and recommendations published by the AMF. The following description of its internal control and risk management procedures is based on this framework. It also takes into account the work of IFACI, the French Internal Control and Audit Institute.

2.8.1.2 Internal control definition and objectives

Internal control at Solocal is a set of processes and measures that are defined by senior management, implemented by employees and which serve to meet the following objectives:

- compliance with laws and regulations;
- observance of the Board of Directors' instructions and guidelines;
- prevention and control of operational risks, financial risks and the risk of error and fraud;
- proper operation of internal processes, especially those pertaining to the safeguarding of assets;
- reliability of financial information;
- while also contributing to successful operation of its businesses, operational effectiveness and the efficient use of resources.

These principles are underpinned by:

- the identification and analysis of risk factors that could compromise the achievement of the Company's objectives;
- an organisation and procedures designed to ensure the implementation of senior management's strategies;
- the periodic review of control activities and a continuous effort to improve.

However, it should be noted that the rules and principles implemented cannot provide absolute assurance that all risks will be eliminated or controlled.

2.8.1.3 Internal control scope

The policies described below apply to all subsidiaries.

The internal control measures employed within each entity (i.e. department or subsidiary) involve implementing the Company's procedures and specifying and implementing procedures that are specific to each business line, in accordance with the entity's organisation, culture, risk factors and operational characteristics.

2.8.2 CONTROL ENVIRONMENT

2.8.2.1 Rules of conduct and ethics applying to all employees

Solocal's growth is underpinned by a set of ethical values and principles deriving mainly from its Code of Conduct. These values and principles are intended to serve the interests of its customers, shareholders and employees and the communities and countries in which it operates, while protecting the environment and the needs of future generations.

The Code of Conduct (with the ethical values and principles it contains) provides a set of rules to be followed in respect of both personal and collective behaviour. These rules are essential to the responsible long-term development of Solocal.

These values and principles are aligned with such fundamental and universal principles as those of the Universal Declaration of Human Rights, those of the International Labour Organization (in particular regarding the prevention of child and forced labour) and those of the OECD (most notably in relation to efforts to fight corruption). They also address our commitments to promote sustainable development in other areas, such as our adherence to the ten fundamental principles of the UN Global Compact on human rights, labour, anti-corruption and the environment. These values and principles guide its actions and those of its subsidiaries and provide a framework for all employees, regardless of their position and duties. It is thus everyone's responsibility, and especially that of the Company and subsidiary senior managers, to observe and promote these values and implement these principles.

The Code of Conduct is available on the Solocal corporate website at www.solocal.com/en and on our intranet. It covers the following points in particular:

- Solocal's values;
- the Company's actions and ethical principles (respect, integrity, trust and transparency) with regard to its employees, its stakeholders (customers, users, shareholders, suppliers, competitors) and the environment;
- the principles that guide individual behaviour and which serve to ensure good relationships with customers and suppliers, protect the Company's assets, ensure compliance with the Company's rules and values, protect whistleblowers, fight corruption in all its forms (in particular as regards gifts, patronage and sponsorship, conflicts of interest and the representation of interests) and ensure ethical stock trading.

In addition to the Code of Conduct, a Securities Trading Code of Conduct has also been drawn up to deal specifically with stock-trading issues.

It informs the employees and directors of Solocal companies of the rules and principles that govern the trading of securities, of the need to comply scrupulously with these rules, and of the various preventive measures that have been implemented to enable all employees to invest securely in its listed securities.

In this context, and to reduce risks, Solocal ensures that all of its employees whose work involves sensitive information sign a confidentiality agreement, particularly when they work with people outside the Company who may not be bound by a confidentiality obligation under their own rules of professional ethics. The Code also reminds employees that the Group Legal department and the Finance department must be informed immediately if any inside information about the Group is revealed, for instance at a conference or an internal or external meeting.

Any permanent or occasional insider who has doubts or questions about selling or purchasing the securities of a Group company, or about the nature of the information that he or she can disclose, in particular when talking to third parties, must consult his or her line manager or the Legal department. If the insider is a Director, he or she must consult the Chairman of the Board of Directors.

2.8.2.2 Senior management's responsibility and commitment

The Company has set up a risk management policy which is overseen by senior management. This policy is reviewed twice a year with the Company's various subsidiaries and departments. The updating of risks and the monitoring of associated actions are consolidated, then presented to the senior management Executive Committee twice a year.

A risk correspondent has been appointed in each of the Company's subsidiaries and departments. These correspondents, of whom there are around 50 within the Company, report to the Institutional Relations, CSR, Ethics and Risk department under the General Secretariat.

2.8.2.3 Human resources and skills management policy

Solocal's performance depends directly on the skills of its employees, and on its ability to manage and adapt its human resources. The Human Resources department works in close partnership with the operational departments. It develops, proposes and manages human resources, so as to help with the implementation of the Company's strategy. In order to better respond to the needs of employees and managers, the HR department is divided into four sub-divisions: HR Operations, HR Development, Compensation & Benefits (personnel management) and the division responsible for Employee Relations.

The role of the HR Operations division is to provide HR support to the managers of the divisions and departments within its remit and manage their employees. It provides expert knowledge of the division's structure, composition and mission, as well as the Company's business units.

The role of the HR Development division is to define HR policies and improve processes. It deploys the Company's HR policy and resources to the HR Operations division and to regional and local HR managers in particular, providing them with the tools and advice they need to do the best job they can.

Since Solocal is determined to make quality of life in the workplace a priority in the context of helping employees to learn new working methods and adapt to changes in their jobs, the focus since 2015 has been on taking action in response to specific situations that employees have encountered during the transformation of the Company. These actions are described in detail in chapter 3 of the Universal Registration Document.

2.8.2.4 Information systems

The Company's various information systems are composed of:

- operational business software, particularly tools related to selling, to creating and storing digital content, and to websites;
- business management software: e.g. accounting and financial applications;
- communication software: messaging systems, collaborative tools (Intranet), etc.

The IS division (which manages the information systems) and the technical department of the Products division are largely responsible for supervising the Company's information systems and in particular for ensuring that they will enable the Company to achieve its long-term objectives. They work closely with the Risk department, which monitors and manages IT risks in terms of reliability, business continuity, legal and regulatory compliance as well as operational objectives. Actions directly linked to risk and security control are reviewed twice a year by the Risk department, in partnership with the IT department and the relevant operations teams.

2.8.3 RISK MONITORING AND MANAGEMENT

2.8.3.1 Organisational framework

Like any company, Solocal's business activities expose it to various risks. The main risks that have been identified are described in "Risk factors" chapter of this Universal Registration Document. Risk management is a priority for the Company, and is conducted both by subsidiaries and the parent company, which collates and summarises the information.

Risk management serves to:

- develop a comprehensive, systematic, integrated and flexible method for identifying, assessing, analysing and managing risks and for promoting risk control;
- develop risk management best practices;
- prevent risks that threaten the Company and mitigate their consequences.

The risk management policy applies to all Solocal entities. Solocal has set up a risk governance system based on a Risk department attached to the General Secretariat, together with a network of around 50 risk correspondents.

2.8.3.2 Risk identification and analysis process

Certain Company procedures contribute to the identification of risks. In particular, they cover the following elements:

- a risk assessment and classification method that has been in place since 2005. This method is based on risk mapping, which ranks the main risks to which the Company believes it may be exposed in terms of their seriousness and likelihood of occurrence and assesses the level of coverage;
- risk reviews, which are conducted at least twice a year;
- a network of risk correspondents who oversee the operational implementation of the risk policy, led by a dedicated governance unit;
- a risk management system that includes the description and monitoring of related risk coverage actions. This system also includes a dashboard which monitors action plans to minimise risks.

2.8.4 CONTROLS

Solocal has three lines of control in place: operational management, risk management and internal control, and internal audit. The objective of the three lines of control is to combine regulatory measures (instructions and directives), organisational measures (organisational charts and processes) and technical measures (mostly IT and communication) based on certain basic principles.

The Group's audit and internal control system is overseen on an ongoing basis by the Audit and Internal Control department, which reports up to the Company's senior management, and reports on a functional basis to the Audit Committee on its operations. It should be noted that this system serves to provide the Company's management and its Board of Directors with reasonable but not absolute assurance that the Group's risks are controlled.

- In the course of their work on reviewing the internal control system and in reporting on the financial statements of the Company and the Group, the Statutory Auditors report significant deficiencies in internal control with respect to the accounting and financial reporting procedures and thereby also help to strengthen the Group's control systems.

2.8.4.1 Internal audit

Group Internal Audit, which reports to the Audit and Internal Control department, ensures that the internal control system is mature by evaluating its effectiveness and efficiency, while encouraging its continuous improvement. On the basis of a risk assessment, the Internal Audit team evaluates the internal control system's relevance and effectiveness by assessing the quality of the Company's control environment, the work of internal governance bodies, the reliability and integrity of financial and operational information, operational effectiveness and efficiency, asset protection, and legal, regulatory and contractual compliance. The Internal Audit Charter, approved by the Chief Executive Officer and the Audit Committee, sets forth the guidelines that all entities must observe with respect to internal audit.

Group Internal Audit is responsible for performing the tasks set out in the audit plan, which is laid down at the start of the year and is based on the Group risk assessment. The audit plan is presented to the Executive Committee and approved each year by the Audit Committee.

Internal Audit may perform three types of audit:

- audits on the compliance and effectiveness of processes and activities;
- audits on the maturity of internal control;
- audits on the compliance or performance of specific themes selected by the Audit Committee.

2.8.4.2 Internal control

The internal control system is composed of the various policies and procedures implemented by an entity's department to provide assurance that its business activities are being managed effectively. The first level of control is the one exercised by the functional and operational departments using standard procedures and processes.

The internal control system involves the whole Company, from board level to every single member of staff.

The Internal Control Charter sets out guidelines that govern Solocal's internal control system and form the basis for setting up the internal control systems for all Group entities.

2.8.4.3 Contribution of the Statutory Auditors

The work of the Statutory Auditors includes a limited interim Group level review and, toward the end of the year, a pre-closing review followed by a full audit of the financial statements at 31 December. The Statutory Auditors also perform limited reviews on the internal control systems of Solocal's main subsidiaries, in accordance with an audit plan submitted to the Internal Audit unit and the Audit Committee. The main recommendations are presented to the Financial departments and to the Audit Committee.

Generally speaking, efforts to continuously improve processes and standards serve to enhance operational control, effectiveness and efficiency.

2.8.5 INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Solocal's Finance department is responsible for preparing the accounting and financial information.

To increase the reliability of published accounting and financial information, a series of Committees, rules, procedures, controls, a skills management policy, and a continuous process to improve procedures have been implemented.

Specific internal control procedures for accounting and financial information have thus been set up via:

- the Company's financial accounting and management organisation;
- a unified financial and management accounting reporting process;
- Company-wide accounting methods and guidelines;
- the scheduling of year-end work on Company accounts;
- financial communication.

2.8.5.1 Accounting and management control

The Accounting and Consolidation department, the Management Control department and the Corporate Finance department perform essential tasks to ensure that Solocal's financial information is consistent. These departments report to the Group's Chief Financial Officer.

Their tasks thus include:

- preparing Solocal's Company financial statements and consolidated financial statements within the time constraints of financial markets, legal and regulatory requirements and contractual obligations;
- managing the budgeting and forecasting process and preparing the monthly management report as quickly as possible, while ensuring that data is consistent;
- preparing the documents necessary to communicate financial results and to enable Solocal's management to prepare its management report;
- designing and implementing Solocal's accounting and management methods, procedures and guidelines;
- identifying and overseeing any changes to Solocal's accounting and management information systems that may be necessary.

2.8.5.2 The unified accounting and management reporting system

The Company's business management cycle is composed of four basic components:

- the three-year strategic plan;
- the budget process;
- monthly reporting;
- business and financial performance reviews.

a. The strategic business plan

Each year, Solocal prepares a strategic business plan for the coming three years. This strategic business plan takes into account the Company's strategic priorities and any changes in market trends, business segments or the competitive environment.

b. The budget process

The budget process covers Solocal and its subsidiaries. It involves the following steps:

- in the autumn, the budget for the current year is updated and monthly and annual budgets for the following year are prepared for each product;
- in the spring, the initial budget forecast for the year is updated and this updated budget is used to prepare the strategic plan;
- in the summer, the budget for the second half of the year is updated on the basis of the results of the previous six months.

To improve the management and monitoring of performance, an ongoing reforecasting process has been implemented.

c. Monthly reporting

Monthly reporting is a major component of the financial information and control system. It is the main tool that Solocal's management uses to monitor trends and performance and make decisions going forward. This reporting comprises several documents that are prepared by the Management Control and Accounting and Consolidation departments, and communicated to Solocal's management.

Monthly reporting includes quantified data, commentary on trends, and performance indicators.

The Management Control and Accounting and Consolidation departments use a unified consolidation tool to ensure that budgeted figures, actual figures and forecast revisions are reported in a consistent and uniform manner.

d. Business and financial performance reviews

Quarterly business performance reviews with all subsidiary senior managers and monthly financial reviews with Financial departments are a key component of Solocal's management and control system. Their main objective is to ensure that the actions undertaken are consistent with Company priorities and long-term goals.

2.8.5.3 Shared company accounting methods and framework

The Company prepares its provisional and actual consolidated financial statements in accordance with the "unification principle". This involves:

- uniform accounting methods, standards and consolidation rules;
- standardised presentation formats;
- the use of a Company-wide consolidation application.

Solocal has a single accounting system that standardises the reporting of all consolidated items, including off-balance sheet commitments. All of the consolidated entities have adopted this system. Solocal prepares its consolidated financial statements in compliance with IFRS standards (European regulation 1606/2002 of 19 July 2002).

The consolidated accounting documents are prepared in accordance with local accounting principles and are restated to comply with Company standards and with IFRS as adopted by the European Union and the IASB. The Company's Finance department sends out memoranda specifying the year-end closing process and timetable. Each subsidiary adapts these processes and timetables as necessary.

2.8.5.4 Planning year-end accounting procedures

In order to meet short reporting deadlines and enable the Board of Directors to publish consolidated financial statements from February, the Company has established a detailed planning programme for its year-end accounting work. This programme includes:

- budget monitoring processes;
- preparation of pre-closing accounts;
- documented closing processes;
- the anticipated treatment of estimates and complex accounting transactions.

The progress that Solocal has made in preparing year-end accounts can largely be attributed to greater coordination between Company divisions and functions, more accurate forecasts, better control over financial processes, and better preparation and speedier execution of account-closure processes.

2.8.5.5 Financial communication

The preparation and control of financial information are organised in a manner that is consistent with the Company's management organisation and systems. This ensures the integrity, accuracy, quality and consistency of this information and its compliance with applicable legal and regulatory requirements and professional standards.

The CEO and CFO systematically prepare, review and approve all financial information that must be publicly disclosed, prior to its examination by the Board of Directors, in order to guarantee its quality and reliability. This review covers, among other things, press releases containing financial information and presentations to investors.

The Investor Relations department, inside the Finance department, in collaboration with management control and the Legal department, is responsible for drawing up the following periodic and permanent information documents and distributing them to regulatory authorities, the financial market authority (the AMF) and other intended recipients:

- periodic financial press releases (quarterly, half-yearly and annual results) and ad hoc press releases (e.g. to announce transformation and restructuring projects, external growth transactions, divestments, financing transactions, changes in governance, and strategic partnerships);
- presentations at meetings with financial analysts and investors;
- the Universal Registration Document;
- presentation for the General Shareholders' Meeting.

Solocal strives to provide information that is easy to understand, relevant, stable and reliable, and to comply with stock market regulations and sound principles of corporate governance.

2.8.6 FINANCIAL RISKS LINKED TO CLIMATE CHANGE

The risks linked to the effects of climate change and the measures taken by Solocal to reduce them are presented in the Statement on Non-Financial Performance (SNFP).

2.8.7 INFORMATION AND COMMUNICATION

All of the Company's press releases and major regulatory documents are posted on the Solocal intranet, which all employees can access.

Collaborative tools and other applications available on the intranet also ensure efficient distribution of information to everyone throughout the Company.

03

Corporate Social Responsibility (“CSR”) and Statement on Non-Financial Performance (“SNFP”)

Business model

Our resources

Finance

- **€341 m** market capitalisation[1]
- **€422 m** of net debt
- **€43 m** of capital expenditure

Talent

- **3,546 employees worldwide**[2]
- **2,004 staff**[3] close to our customers: field sales, telesales, customer relations and sales support
- **Digital expertise enhanced and agile method adopted**

Content and Media

- Local content with over **5 million businesses listed**
- **2 billion visits** to PagesJaunes
- **Strategic partnerships** with all the GAFAM giants

Tech platforms

- **Technology platforms** developed in-house or integrated in SaaS mode
- Ability to **distribute digital services on a large scale**

Geographical coverage

- **6 regional centres** and **1 web factory**

Environment

- Energy consumption – **data centres: 4,192 MWh**
- Energy consumption – **offices: 5,050 MWh**
- Fleet of **739 vehicles**

Our activity

MISSION

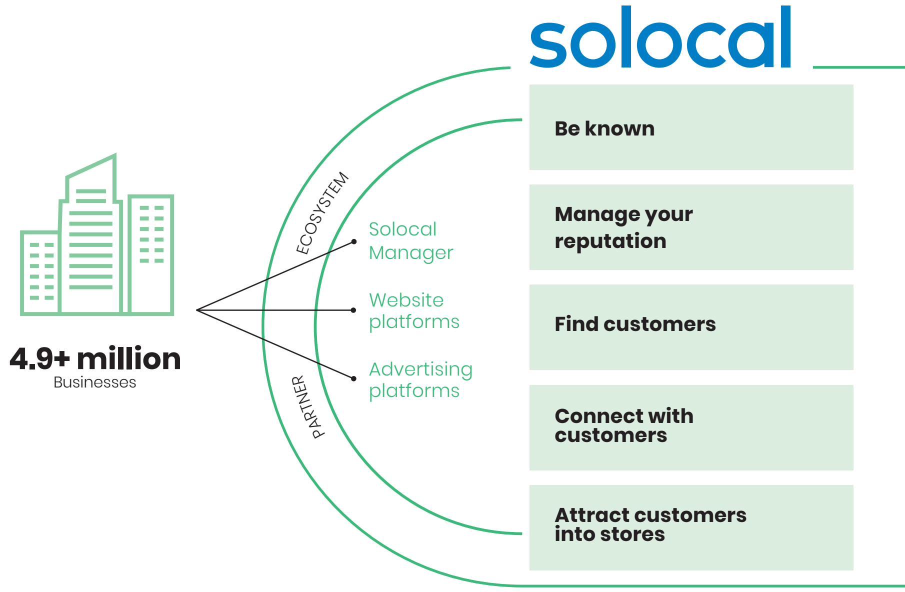
Vitalise local life

VISION

Unleash the digital potential of all businesses by using innovative digital services to connect them to their customers.

STRATEGY

Offer a **wide range of digital services** to businesses via a single trusted



Background

Technological and digital changes

Growing markets for advertising and digital services

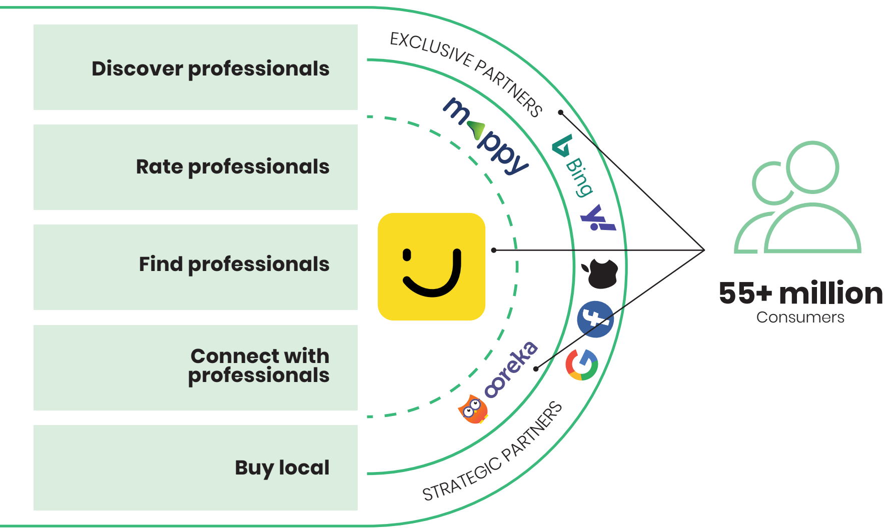
(1) Source: Factset 31/12/2019
(2) Includes 387 employees on outplacement leave
(3) Pro forma excluding departures linked to Employment Protection Plan

Our value creation

VALUES
Team spirit
Proximity
Engagement, Courage

ETHICAL PRINCIPLES
Trust,
Transparency,
Respect, Integrity

contact and provide **the best possible digital and local experience** to our users



Data, advertising and tax regulations

Shift in public expectations of businesses

Towards the sustainable development of businesses

(4) Haute Qualité Environnementale (High Environmental Quality)
(5) PagesJaunes
(6) After application of IFRS 16

Finance

- **No. 3** in digital marketing by revenue: **€521 million** (4)
- Recurring EBITDA: **€191 million** (7)
- Recurring operating cash flow: **€104 million**

Talent

- Percentage of **women executives: 34.88%** (+7.3%)
- **2.9% of payroll allocated** to training
- **Employee engagement index: 71%** (-1%)
- **Employability: 57%** of employees surveyed agree that **Solocal enables them to develop their skills and employability** (+0.3%)

Content and Media

- Over **11 million reviews** (6)
- **Traffic on PagesJaunes: +19%**
- Exclusive **proprietary geolocalised** intent **data**

Tech platforms

- Over **90,000 ad campaigns generated**
- **Low-cost lead** generation
- **555,000 websites** developed including over 15,000 in 2019

Geographical coverage

- Over **375,000 customers** nationwide
- **12 Digital Workshops** providing free awareness training to 166 businesses

Environment

- **CO_2 emissions**
  - offices: **-34.35% vs 2018**
  - data centres: **-36.12% vs 2018**
  - vehicle fleet: **-28.20% vs 2018**
- **Total CO_2 emissions** (in $kgCO_2e/kWh$): **4,341,844** (-25% vs 2018)
- **66% of rented floor area** is HQE certified (4)

3.1 CSR governance of Solocal

Solocal set up a CSR department within its Strategy, Partnerships and External Relations department as early as 2011. Since September 2018, the CSR theme has been governed by the Institutional Relations, CSR, Ethics and Risks department within the General Secretariat.

For several years now, the Company has gone beyond the basic environmental certification report for printed directories and is now driving eight CSR priorities defined on the basis of the Company's major risks. These priorities, monitored as part of the first SNFP exercise, allow Solocal to deploy CSR policies that mobilise more than twenty CSR Correspondents across the Company. These CSR policies will be monitored in 2019, notably via key performance indicators (KPIs).

3.2 Statement on Non-Financial Performance

In accordance with the transposition of the European Union Non-Financial Reporting Directive, Solocal included its Statement on Non-Financial Performance in its management report as from 2018, covering the main governance, social, environmental and societal risks relevant to its business activities. As a listed Company, it also includes information about preventing corruption, tax evasion and respect for human rights.

Reporting guidelines explaining the scope and CSR indicators published in this Universal Registration Document are available in the appendix.

Since 2015, quantitative data have been collected through the Reporting 21 tool, a collecting and processing application for non Financial information, which enables reliable collection and makes it possible to comment on and trace data consolidation.

The CSR department has set up qualitative monitoring of the eight priorities defined in the 2018 SNFP with the ambassadors (members of the management team and operational staff).

In 2016, de Saint-Front's office was appointed as the independent third party organisation (ITPO) in charge of conducting the audit of CSR information pursuant to the provisions of the Grenelle 2 Act. In 2018 and 2019, the firm was appointed again as the independent third party organisation (ITPO) to assess the compliance and accuracy of the information published by Solocal in its SNFP.

3.2.1 ORGANISATION OF THE SNFP

The SNFP includes the following:

The Solocal business model

The company's business model diagram as well as information on the context, organization and strategy to help understand it are provided in the introductory section (p. 16-17) of the Universal Registration Document.

Major risks

With the entry into force of the new Prospectus Regulation (EU) 2017/1129 applicable since 21 July 2019, the method for identifying risks in a prioritised manner is described below.

The non-financial risks identified since 2018, as described below, have been monitored in order to deploy a long-term policy within the Company and with the stakeholders with whom Solocal works on a daily basis.

Policies and initiatives to prevent or mitigate risks, as well as their results and key performance indicators

A fact sheet describing each non-financial priority is included in paragraph 3.2.3 of the SNFP.

Apendix

Additional risks

Methodology note

ITPO report

3.2.2 NON-FINANCIAL RISKS AND PRIORITIES

3.2.2.1 Protocol for identifying non-financial risks

Solocal used two tools to identify the Company's main non-financial risks:

- the "materiality analysis" conducted by the CSR department in 2017 on various Solocal stakeholders. 40 contact persons were consulted, of which 24 employees in-house and 16 representatives of external stakeholders (corporate clients, Solocal service users, public authorities, professional federations, journalists, NGOs, etc.). 150 hours of dialogue enabled us to prioritise non-financial issues for the Company as regards stakeholder expectations;
- Solocal risk mapping conducted by the Risk department in 2018 and 2019, outlined in chapter 2 of the Universal Registration Document.

The results of these two strategies were cross-referenced, completed and discussed by the CSR and Risk teams. The teams took care to cover all of the topics required by regulations as well as taking into account Solocal's activity and the Company's current financial and corporate situation.

These results have been reported to Solocal's Executive Committee, the Audit Committee (for risk mapping) and the Strategic Committee (for CSR) of the Board of Directors.

3.2.2.2 Non-financial risks and priorities for Solocal

Throughout the eight governance, social, societal and environmental priorities identified in 2018, and following the risk analysis carried out in 2018 and 2019, the non-financial priorities pursued by Solocal continue to aim at responding to the Company's main CSR risks.

Domains	Non-financial risks 2019	Non-financial priorities 2018 and 2019
Governance	– Failure to comply with law on protection and freedom of information and GDPR (General Data Protection Regulation) / risk level: major – Cyber-risks and IT security breaches / risk level: major	**1.** Promoting the respect and security of personal data
	– Non-compliance with the Sapin 2 law and risk of fraud and corruption / risk level: major – Non-compliance with the procurement procedure / risk level: moderate	**2.** Consolidating ethical governance and taking CSR aspects into account to ensure the Company's sustainability
Employer responsibility	– Lack of key skills / risk level: moderate – Recruitment difficulties / risk level: moderate	**3.** Supporting the transformation of jobs and skills
	– Psycho-social risks and obsolescence of DUER ("document unique d'évaluation des risques", single risk assessment document) / risk level: major – Absenteeism / risk level: major	**4.** Promoting the development of a pleasant work environment for all
	– Recruitment difficulties / risk level: moderate – Talent drain / risk level: moderate – Lack of key skills / risk level: moderate	**5.** Improving employee commitment and making the Company more appealing

Domains	Non-financial risks 2019	Non-financial priorities 2018 and 2019
Societal	— Competition from emerging players / risk level: major	**6.** Accelerating the digitalisation of French VSEs/SMEs and developing digital skills in the regions
	— Decline in direct audience for PagesJaunes / risk level: major — Relevance of user experience / risk level: major — Quality and freshness of content on PagesJaunes and Mappy / risk level: moderate	**7.** Ensuring responsible publication and access to content
Environment	— Risks linked to the environmental impact / risk level: minor	**8.** Optimising energy consumption, use of resources and reducing carbon impact for sustainable digital

3.2.3 POLICIES AND INITIATIVES IN RESPONSE TO NON—FINANCIAL RISKS

3.2.3.1 Solocal's governance priorities

3.2.3.1.1 Promoting the respect and security of personal data

Risks related to this priority:

- Non-compliance with French Data Protection and Civil Liberties Act and GDPR / Impacts in case of risk occurrence: CNIL control and sanctions, damage to reputation;
- Cyber-risks and IT security breaches / Impacts in case of risk occurrence: publication of malicious information on the Company's media (PagesJaunes, Mappy), non-compliance with French Data Protection and Civil Liberties Act and GDPR, data compromise, financial losses, damage to reputation.

Solocal has made the protection of personal data an essential, central element of its activity in order to ensure its sustainability. Solocal is convinced that "*Privacy is good for business*" and is committed to contributing to an Internet that can be trusted.

Our key performance indicators

- Time frame for processing requests for the deletion of personal data: 4.41 days in 2019 (+58.1% vs. 2018)
- Time frame for processing requests for modifications to personal data: 6.91 days in 2019 (+8.3% vs. 2018)
- Objective: to maintain processing times significantly lower than the maximum legal time limit imposed by the GDPR (1 month) in the dual context of an increasing complexity of requests to exercise the rights of individuals, related to the growing maturity of individuals on issues of personal data protection, and the widespread increase in requests from professionals addressed to Customer Operations.

Our policy

Over and above compliance with applicable regulations on the protection of personal data (French Data Protection and Civil Liberties Act, GDPR, e-privacy, etc.), Solocal's position is to capitalise on compliance: "*Privacy is good for business*", because Solocal sees this regulation as an opportunity to foster trust among its customers and users. It is in this respect that since 2011, Solocal has appointed a Data Protection Officer (formerly *Correspondant Informatique et Libertés*) and a team dedicated to data protection, seven years ahead of the regulatory obligation created with the GDPR.

With its internal GDPR compliance program, deployed in July 2017, Solocal also supports its VSE/SME and Key Account clients in their compliance by making personal data protection a real selling point. The Company, keenly attuned to its users, wants to share its goodwill and expertise on the subject with the local economic fabric.

As such, its media, PagesJaunes, Mappy and Ooreka, have been awarded the Digital Ad Trust label, an inter-professional label aimed at evaluating and enhancing the quality of sites committed to responsible advertising practices through five defined criteria:

- guaranteeing "*brand safety*", i.e. ensuring that brands are featured in safe environments;
- optimising the visibility of online advertising;

combating fraud;

- improving the user experience (UX) and controlling the number of ads per page;
- giving Internet users better information on personal data protection.

Solocal has set itself an objective of raising awareness among 100% of the Company's employees by 2020 to meet the requirements of an offer consistent with the values it promotes and has also undertaken to train the most exposed suppliers as from the last quarter of 2019.

Thanks to ongoing legislative and regulatory monitoring of the Company through membership of various organisations (IAB France, GESTE, SRI), as well as the involvement of a Data Protection Officer (DPO) and a dedicated team in the group's various projects, Solocal is in a position to better understand regulatory changes.

Solocal is keen to make the Internet a safe place by contributing to the development of good practices and, for this purpose, actively participates in public consultations organised by the French Data Protection Authority (CNIL).

More specifically, Solocal has been closely involved in the creation of a standard consent procedure that helps strengthen users' control over their data when browsing. This consent pathway has been submitted to the CNIL for review as part of the updating of its guidelines on cookies and other tracers, which should be published in early 2020.

In addition, Solocal also steers an information security management system (ISMS), notably to ensure personal data protection. This policy is focused on four commitments:

- ensuring the security of the Company's information systems;
- raising employee awareness about information system security risks on an ongoing basis;
- protecting the Company's assets;
- consolidating internal governance that makes information system security everybody's responsibility.

2019 Commitments	2019 Initiatives
Ensuring the compliance of personal data processing and contributing to the development of standards and good practices on personal data protection	– Participation in working meetings with the CNIL as part of the development of new guidelines on cookies and other tracers – Design of new strategic projects with the "*Privacy by design*" approach
Raising the awareness of employees and of a number of offshore service providers more particularly concerned by the processing of personal data and/or data involving high security issues	– Two specific training sessions for employees who are more particularly concerned – Planned actions with suppliers from 2020
Introducing internal governance that makes information system security everybody's responsibility.	– Internal recruitment of an Information Systems Security Manager (ISSM) to take up a post in early 2020 following the departure of the previous ISSM in September 2019

3.2.3.1.2 Consolidating ethical governance and taking CSR aspects into account to ensure the Company's sustainability

Risks related to this priority:

- Non-compliance with the Sapin 2 law and risk of fraud and corruption / Impacts in case of risk occurrence: control of the French Anti-Corruption Agency and sanctions, damage to reputation;
- Non-compliance with the procurement procedure / Impacts in the event of risk occurrence: non-optimisation of investments, risk of conflict of interest or corruption.

Over and above compliance with laws and regulations, Solocal is convinced of the virtues of consolidating ethical and responsible governance and is committed to developing a policy that integrates CSR aspects so as to ensure the Company's sustainability.

Our key performance indicators

- Change in the number of shareholder meetings in 2019 vs. 2018: +304% compared with 2018 (505 meetings in 2019 vs. 125 meetings in 2018)
- Percentage of employees trained in ethical and anti-corruption issues (Sapin 2 law): 100% of eligible employees in 2019
- Objective: to train new entrants in Ethics in 2020

Our policy

In 2019, Solocal's policy of consolidating ethical governance and taking CSR aspects into account to ensure the Company's sustainability was manifested in:

1) Promoting social dialogue and value sharing

Driven by the commitment of the Chief Executive Officer and the Executive Committee, the Company makes the promotion of social dialogue and value sharing a priority.

This approach, supported by the implementation of new employee representation bodies (Social and Economic Council, SEC), takes better account of regional challenges in light of the Company's local reorganisation and the intense social dialogue conducted in 2018. In parallel with the SEC and over and above legal requirements, a Central Health, Safety and Working Conditions Commission (CSSCTC) and Local Health, Safety and Working Conditions Commissions (CSSCTL) were created in 2019. As Solocal has a strong regional presence, local representative meetings were set up, with business commissions (telesales representatives, field sales representatives, sedentary employees) covering their various specificities.

In order to promote social dialogue and value sharing, the Company:

- implements a direct internal survey of all Company employees, which is repeated every year (cf. social priority "Strengthening employee commitment and making Solocal more appealing" in this Statement on Non-Financial Performance);
- organises monthly discussions with senior management (in person and via video-conferencing) for all the staff. These discussions are an opportunity to review the latest highlights, to share product and marketing developments, and also to show employees they are valued;
- develops a value-sharing scheme that includes the allocation of around one hundred free Solocal shares to all the Company's employees in France.

2) Promoting dialogue with shareholders

In order to strengthen dialogue with shareholders and encourage long-term investor commitment, the members of the Board of Directors and the entire management team are particularly attentive to relations with both individual and institutional shareholders.

This policy is steered by the Investor Relations department, liaising with the Chairman of the Company's Board of Directors.

In this respect, the Investor Relations department facilitates exchanges with shareholders and investors via dedicated tools (telephone line, emails, web page, contact form, etc.) and bilateral meetings (shareholder advisory committees, investor day, meetings with institutional investors, and conferences).

3) Deployment of an ethics and anti-corruption policy for all employees and managers

In order to support the Company's cultural transformation, Solocal deployed a global ethics policy in 2019 and affirmed its four ethical principles in its Code of Conduct: Trust, Transparency, Integrity and Respect.

Led by the Ethics Officer appointed in October 2018 within the Institutional Relations, CSR, Ethics and Risks department, this program consists in particular of implementing the Company's compliance with the Sapin 2 law (relating to transparency, the fight against corruption and the modernisation of the economy).

Under this law, companies with a workforce of 500 or more and whose revenues are above €100 million are required to establish an anti-corruption compliance programme through eight legal obligations:

- mapping of corruption risks;
- a Code of Conduct to define and illustrate the different behaviours to be adopted or prohibited;
- a disciplinary sanctions policy;
- a whistleblowing system to report breaches of the Code of Conduct and any serious harm to the interests of the Company's assets and persons; this system is also available to people outside the Company;
- a training plan for employees;
- assessment of third party integrity (customers, users, suppliers, partners, etc.);
- accounting control procedures to prevent corruption;
- a permanent internal control and assessment mechanism of the measures implemented.

Much more than a legal obligation, fighting corruption and fraud is a priority for Solocal, which has zero tolerance in this area.

In 2018, Solocal had initiated the deployment of its Sapin 2 law compliance programme by mapping the risks of fraud and corruption and appointing an Ethics Officer.

In 2019, this deployment was stepped up with:

- an update of the Company's fraud and corruption risk mapping, presented to the Executive Committee;
- a Code of Conduct presented to the subsidiaries' Social and Economic Councils (SEC) and sole employee representative bodies. Appended to the internal regulations of each subsidiary, this Code of Conduct is designed to ensure compliance with clear, universally recognised rules;
- a disciplinary sanctions policy integrated into the subsidiaries' internal regulations;
- a whistleblowing system open to all employees and managers, enabling them to report, confidentially and outside Solocal's information systems, any serious harm to the interests of the Company's assets and persons;
- a training plan to raise awareness and train all employees and managers on issues related to corruption and fraud;
- a system for assessing the Company's third parties, in particular its top 100 suppliers (in terms of the amount expensed), which are assessed from an ethical and CSR perspective with the help of the specialist organisation Ecovadis.

In addition, Solocal has also communicated to all employees and managers:

- a whistleblowing procedure;
- a gifts and invitations policy;
- a conflict of interest procedure.

Finally, as was the case in 2018, Solocal benefited from the expertise and support of the economic players' support hub of the French Anti-Corruption Agency (AFA) during four technical workshops held in 2019 to challenge the Company's vision and enrich it with expected best practices.

2019 Commitments	2019 Initiatives
Establishing a value-sharing system	– Allocation of around one hundred free Solocal shares to each employee of the Company in France
Implementation of a new staff representation body	– Implementation of new staff representation bodies (Social and Economic Council, SEC) – Creation of a Central Health, Safety and Working Conditions Commission (CSSCTC) as well as a local Health, Safety and Working Conditions Commission (CSSCTL)
Promoting dialogue with shareholders	– Two Shareholder Advisory Committee (CCA) meetings with individual shareholder representatives – 505 exchanges with institutional investors
Bringing the Company in compliance with the Sapin 2 law	– Update of fraud and corruption risk mapping – Implementation of a Code of Conduct, a disciplinary sanctions policy, a whistleblowing system, a training plan for 100% of employees and a system for assessing supplier integrity – Implementation of a whistleblowing procedure, a gifts and invitations policy and a procedure governing conflicts of interest – Sharing the expertise developed on the Sapin 2 law with the AFA

3.2.3.2 Solocal's social priorities

3.2.3.2.1 Supporting the transformation of jobs and skills

Risks related to this priority:

- Lack of key skills / Impacts in the event of risk occurrence: non-execution of Solocal 2020 strategic project, decrease in competitiveness, additional costs;
- Recruitment difficulties / Impacts in the event of risk occurrence: non-execution of Solocal 2020 strategic project, decrease in competitiveness, additional costs.

Solocal's success is built primarily on the experience, expertise and skills of its employees; ensuring that their skills match the changing needs of the Company's activities is a true challenge in today's competitive markets. As an extension of the strategic transformation plan, supporting employees through training is, from the Company's point of view, crucial to ensuring their employability, both in their development within the Company and in the enhancement of their skills externally.

Our key performance indicators

- Percentage change in Solocal employees who responded to the internal opinion survey (in January 2020 for the year 2019): 85.9% (+7.4% vs. 2018)
- Percentage change in employees who responded to the internal opinion survey in January 2020 who consider the Company enables them to develop their skills and employability: 56.9% (+0.3% vs. 2018)
- Objective: to increase the percentage of employees who consider the Company enables them to develop their skills and employability

Our policy

In 2019, the Company's policy on support for job and skills change focused on:

1) Forward-looking management of jobs and skills (GPEC)

Formalised in a collective agreement, the policy of forward-looking management of jobs and skills (GPEC) is designed to support the evolution of jobs and skills over three years on the basis of an annual analysis. This analysis is presented to the GPEC commission and the SEC and forms a central part of social dialogue in the Company, which uses it as a basis to:

- categorise jobs into "major skills evolution", "growing" and "decreasing demand".
- implements the systems to support these changes, notably thanks to an extensive training offer to ensure retraining or adaptation, whether this takes place within the Company or in an external mobility context.

In addition, in 2019, the Company defined strategic guidelines that will have an impact on jobs and activities that are declining or changing. For instance, a third rider to the GPEC agreement of 2016 established the conditions for departure as part of mobility leave for 122 employees in impacted positions. The employees concerned by this mobility leave benefit from the same conditions as those defined in 2018, including training, assistance for business creation and professional redeployment.

2) A training plan

The training plan, presented and discussed at the Executive Committee, at the Training Commission and at the Works Council, aims to design a training policy. In this context, the Company pays attention to:

- supporting its economic priorities;
- accelerating professional development and boosting employability;
- supporting cultural and managerial transformation;
- promoting a learning system focused on proactive sharing that benefits everyone;
- modernising and innovating in the field of training.

3) Deployment of a new leadership model for all managers

As an extension of the context of organisational transformation, the Company is pursuing the adoption of its new leadership model in line with the values it supports. As such, this evolution was presented to the CSSCT and SEC. In order to support this new management model, the annual appraisal tools for managerial behaviour have been adjusted accordingly.

2019 Commitments	2019 Initiatives
Revisit the agreement on the policy of forward-looking management of jobs and skills (GPEC)	– Presentation of the overview of the agreement to the monitoring committee (June 2019) – Presentation of the GPEC analysis to the monitoring committee and to the SEC (November 2019) – Opening of negotiations for the renewal of the agreement **Staff and mobility leave:** – FTE workforce at 31 December 2019: 2,731.80 (-8.9% compared with 2018) – 113 employees impacted by the employer responsibility component of the transformation plan – 95 initial meetings (of which 50% in person) – 296 additional meetings to accompany the employees concerned, of which 50% in person – Eight meetings of the monitoring committee in 2019
Implement the training plan, focusing on four priorities: – building an understanding of the "Solocal 2020" plan; – supporting priority transformation projects; – adapting skills in response to changes in businesses and organisations; – supporting management in applying the new business culture.	– Presentation of the 2019 training plan to the Executive Committee, Training Commission and SEC – Technical training on "Move to Cloud" for 56 people – Training on the new range of digital solutions for the Sales department – Ethics and anti-corruption training (Sapin 2 law) for 100% of eligible employees **Indicators:** – Average number of hours of training per trained employee: 32.5 hours (-38.7% compared with 2018) – Proportion of payroll for the training budget: 2.90% (-10.4% compared with 2018)
Deployment of new leadership model to all managers	– Deployment of the manager pathway to 169 trained managers in the Sales department

3.2.3.2.2 Promoting a pleasant work environment for all

Reminder of the risks related to this priority:

- Psycho-social risks and obsolescence of the single risk assessment document (DUER) / Impacts in the event of risk occurrence: increase in absenteeism, deterioration of working conditions, non-compliance of the DUER and sanctions;
- Absenteeism / Impacts in the event of risk occurrence: increase in provident fund contribution, deterioration of working conditions, service disruption.

Solocal is going through phases of profound transformation (2013 Employment Protection Plan, 2015 Voluntary Departure Plan, 2018 and 2019 Mobility Plans) that are a cause of organisational tensions and concerns for employees. Well aware of the consequences that such a context can have on the quality of life at work, Solocal implements a policy aimed at promoting the development of a pleasant work environment for all, which helps towards the achievement of its social and economic objectives.

Our key performance indicators

- Sick absenteeism rate and percentage change in sick absenteeism rate: 7.55% (-14.7% vs. 2018) - this rate includes employees on mobility leave in 2019
- Percentage change in Solocal employees who responded to the internal opinion survey in January 2020 who said they were satisfied with the level of respect with which they were treated: 75.8% (-2.4% vs. 2018)
- Objective: increase rate of Solocal employees who consider themselves satisfied with the respect with which they are treated

Our policy

In 2019, the policy promoting the development of a pleasant work environment for all was based on:

1) The fight against absenteeism

Absenteeism is on the rise throughout France and is also a priority for the Company. At Solocal, there is a process in place to help employees return to work after a long-term sick leave. The fight against absenteeism is one of the major subjects addressed as part of mandatory negotiations on the quality of life at work and is the subject of working groups with the social partners.

2) The prevention of risk situations and in particular psycho-social risks (“PSR”)

In order to support Solocal's transformation plan, the Company:

- uses a range of disciplines (human resources, employees, occupational health physician) to detect workplace situations that expose employees to PSR;
- provides a counselling and support system in order to find operational solutions that make it easier for employees to do their jobs.
- monitors prevention initiatives under the regulatory framework of the CSSCTs (Health, Safety and Working Conditions Committees) under the aegis of the QVST (quality of life and occupational health) division.

Following on from these actions, Solocal wants to initiate an action plan at national level to fight PSR. At this stage, the Company is experimenting with primary prevention approaches, both individual (with local CSSCTs and local representatives) and collective (pilot test on the new telemarketing tool for advanced calls).

3) An approach to improve the quality of the Company's offices

This policy, which is described in the environmental priority of this Statement on Non-Financial Performance, contributes to offering employees better working conditions.

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2019 Commitments	2019 Initiatives
Implementing a policy against absenteeism	— Opening of mandatory negotiations on Quality of Life at Work with the trade unions — In this context, Solocal has organised working groups on absenteeism with a specialised service provider and the employee representatives. Their findings and proposed solutions are to be presented in January 2020
Preventing risk situations	— Implementation of primary prevention initiatives with local CSSCTs (health, safety and working conditions commissions) and local representatives — In-depth work on primary prevention with action plans and implementation of indicators — Update of the single risk assessment document (DUER)

3.2.3.2.3 Improving employee commitment and making Solocal more appealing

Risks related to this priority:

- Recruitment difficulties / Impacts in the event of risk occurrence: non-execution of Solocal 2020 strategic project, decrease in competitiveness, additional costs;
- Talent drain / Impacts in the event of risk occurrence: non-execution of Solocal 2020 strategic project, decrease in competitiveness, additional costs, loss of key skills;
- Lack of key skills / Impacts in the event of risk occurrence: non-execution of Solocal 2020 strategic project, decrease in competitiveness, additional costs.

In order to ensure the sustainability and development of the Company's activities, Solocal wants to attract and retain employees from all backgrounds, with specialised and complementary expertise – a challenge that is all the more difficult to take up in the competitive digital field.

Our key performance indicators

- Level of commitment expressed by Solocal employees who responded to the internal opinion survey in January 2020: 71% (-1.4% compared with 2018);
- Rate of female representation in top management: 34.88% (+7.3% of female Directors compared with 2018);
- Objective: to increase the percentage of female representation in top management.

Our policy

Solocal is pursuing its policy of making itself more attractive to employees and job applicants. This policy is based on:

1) Managing talent

In order to attract and retain talent, the Company:

- establishes partnerships with schools at the local and national level;
- ensures a presence at various events (notably school forums);
- shares the expertise of its employees and managers with students;
- works on strengthening its employer brand.

2) Improving employee engagement

In order to recognise and reward the work of its teams, the Company:

- identifies the strengths and weaknesses of the organisation and internal environment through an opinion survey, which has been conducted for several years now among all Company employees;
- implements a talent retention system (identification of key positions, detection and retention of talent, including a retention plan and succession plan);
- professionalises its local management through the deployment of dedicated managerial training programmes.

3) Supporting societal initiatives

In order to develop employee commitment, the Company:

- encourages employees to volunteer for the Telethon fundraising event;
- supports an innovative initiative led in partnership with APELS (Agency for Education through Sport) aimed at recruiting young athletes from priority neighbourhoods in the Lille regional centre;
- recognises employee initiatives aimed at sharing expertise with Solocal's various partners (local institutions, private partners and the academic sphere).

4) Promoting gender diversity

In order to promote gender diversity, the Company is committed to equal pay for women and men. At Solocal's largest subsidiary (more than 2,500 employees), the equal pay index between women and men stands at 86 points (cf. provisions resulting from the law No. 2018-771 of 5 September 2018 and the decree No. 2019-15 of 8 January 2019 applicable to companies with more than 1,000 employees in terms of transparency on pay differentials between women and men).

Furthermore, the criterion of the rate of female representation in top management is included in the variable component of the Chief Executive Officer's remuneration. In addition, the recruitment process stipulates that recruitment firms working with Solocal must retain at least one woman out of every three people among shortlisted candidates. With otherwise equal skills, priority is given to hiring a woman.

2019 Commitments	2019 Initiatives
Setting up partnerships with schools	— Participation in three school forums (Leonardo da Vinci, PPA), two trade fairs (Emploi des Jeunes, ICN Business School), two Job Dating events (IAE Lille, Sup Career Groupe INSEEC) and one Open House day (ICN Business School) — Participation in four Job Dating events organised by Pôle Emploi, the French employment agency (three in Roubaix, one in Boulogne)
Strengthening the employer brand	— Implementation of local managers' committees, held every month since June 2019 in each Solocal regional centre, under the responsibility of the local Human Resources Manager — Organisation of "*after-work*" events to create convivial moments between colleagues at the regional center directorates — Creation of "event" days with local sports activities and sales showroom at the regional centre — Signature of a partnership with "*Welcome to the Jungle*", an employer branding platform
Promoting gender diversity	— Inclusion of a criterion of the rate of female representation in top management in the calculation of the variable component of the Chief Executive Officer's remuneration — Definition of a recruitment process stipulating that recruitment firms working with Solocal must retain at least one woman out of every three people among shortlisted candidates, wherever possible. With otherwise equal skills, priority is given to hiring a woman

3.2.3.3 Solocal's societal priorities

3.2.3.3.1 Accelerating the digitalisation of French VSE/SMEs and developing digital skills in the regions

Risk related to this priority:

- Competition from emerging players / Impacts in the event of risk occurrence: loss of customers, loss of revenue and market share.

With only 11% of French SMEs using digital tools on a daily basis[1], the degree of digital maturity varies greatly from region to region. This low adoption of the Internet creates a risk of loss of competitiveness for the French regions. Solocal is therefore keen to contribute to digital inclusion and wants to be a trusted partner that energises local life through its sharing of digital expertise.

Our key performance indicators

- Number of digital workshops set up: 12 (new in 2019)
- Number of partnership actions near our local establishments: 5
- Objective: increase the number of companies that are aware of the opportunities offered by digital technology

Our policy

In order to contribute to the digital inclusion of small and medium-sized enterprises and people undergoing professional retraining and to developing digital skills across France, Solocal is pursuing the implementation of a collaborative and partnership policy with local institutional and economic ecosystems (consular chambers, local authorities, associations, regional economic players) by:

1) Helping companies to adopt digital technology

To this end, Solocal:

- organises "Solocal Business Tours" to bring people together and communicate on its digital expertise, in a bid to foster institutional and academic links in the regions as well as offer local players the benefit of Solocal's expertise through digital analyses;
- contributes to the adoption of digital technology by sharing its expertise through in-person teaching modules given by our digital coaches throughout France.

2) Promoting the French regions

In order to promote the French regions and their digital transformation, Solocal initiates partnership actions with local institutional stakeholders.

Solocal is keen to contribute to the revitalisation of local life, in particular around its six regional centers (Bordeaux, Boulogne-Billancourt, Lille, Lyon, Nancy, Rennes) and its web factory in Angoulême.

3) Support for national societal initiatives

In order to help revitalise local life, Solocal makes its digital expertise available to major national causes. As such, Solocal supports:

- national public health causes (partnerships with AFM Telethon, France Alzheimer), which it has long supported through its media (PagesJaunes and Mappy) and their ability to reach the largest number of French people;
- national digital exclusion causes, promoting digital inclusion and enabling everyone to access the same means of information via the Internet (Emmaus Connect patronage).

2019 Commitments	2019 Initiatives
Help companies adopt digital technology and share its expertise through digital workshops and analyses.	— 12 digital workshops (CCI Angoulême, city of Courbevoie, Google Rennes Digital Workshops, Google Nancy Digital Workshops, CCI Hauts-de-Seine, Eurekatech Maison de l'Entreprendre in Angoulême) — Free digital awareness training for 166 companies in 2019 via digital workshops
Bring people together and communicate on digital expertise through the "Solocal Business Tours"	— Solocal Business Tour in Nancy, during which two school partnerships were extended with IAE Nancy and ICN Business School — Solocal Business Tour in Lyon, Marseille and Nantes
Promote the French regions and the digital transformation through partnership actions	— Partnerships with the Chambers of Commerce and Industry (CCI) of Charente, Hauts de Seine and Ile-de-France, with Digital Aquitaine and the Angoulême competitiveness cluster, Eurekatech
Support national societal initiatives	— Public health: partnerships with AFM Telethon, France Alzheimer — Digital inclusion: patronage with Emmaus Connect

(1) AFNIC study on the online presence of VSE/SMEs, 2018.

3.2.3.3.2 Ensuring responsible publication and access to content

Risks related to this priority:

- Decline in direct audience to PagesJaunes / Impacts in the event of risk occurrence: loss of audience, dependence on indirect audiences, difficulty in monetising the audience;
- Relevance of user experience, quality and freshness of content on PagesJaunes and Mappy / Impacts in the event of risk occurrence: loss of audience, user dissatisfaction leading to a drop in qualified customer contacts.

Solocal aims to provide access to quality content in order to guarantee users of its digital services (notably PagesJaunes) an optimal experience in finding the right business and developing a trusting relationship with it. By pursuing a responsible policy in the design and use of its digital services by companies and users, Solocal has set itself a mission of dynamising local life. This commitment concerns all the information and advertising content produced and disseminated on Solocal's platforms and on partner media.

Our key performance indicators

- 7.3/10: the satisfaction rating of PagesJaunes.fr users (-1% vs. 2018)
- Objective: increase in the satisfaction rating

Our policy

To respond as closely as possible to the expectations of users seeking ever greater relevance in their local searches and browsing on the Internet, Solocal relies on an internal team of close to 20 people and around 40 external service providers dedicated to the production and management of content on its PagesJaunes.fr media. As the reference in terms of content on professionals and businesses in France, Solocal focuses on three strategic areas in order to ensure responsible publication and access to this content.

1) Enriching sources of content on businesses

Solocal works closely with several partners and database suppliers, highly qualified in their respective fields, to index all the French companies in each business sector and enrich their profiles with useful, reliable data.

To this end, Solocal:

- continually improves its content thanks to public data available in open data from governmental bodies, local authorities and public services such as:
  - the SIRENE, BODACC, RCS (Trade and Companies Register) directories for companies,
  - AMELI and ADELI files for healthcare practitioners,
  - the AFNOR Certification, Qualibat and Quali ENR agencies for companies benefiting from quality certifications,
  - AtoutFrance for registered travel operators and tourist accommodations, etc.;
- in its capacity as the publisher of a universal directory, integrates the data made available by telecom operators;
- enriches its vertical and transactional content with information provided by its private partners (Egencia / Commencia, KelDoc, La Fourchette, Le Ciseau);
- carries out regular monitoring of performance and commitment indicators on the content quality of its databases.

In 2020, Solocal will reinforce its policy by implementing new dashboards to provide real-time monitoring of quantitative and qualitative changes in the content referenced in its services and its clients' products, in addition to the more qualitative surveys already in place.

2) Continuous content control

In order to continuously ensure the relevance and integrity of the companies that Solocal lists, they are classified according to four levels of criticality to which specific checks are applied, notably in order to ascertain the business effectively exists and that it has the right to register under a specific professional category.

This control is carried out by monthly calls to samples of companies to check the freshness and reliability of their contact details and contents, and to complete or correct them if necessary.

This policy is set to intensify in 2020 so as to further improve the reliability of the five million companies referenced in our digital services.

3) Access to content

In order to guarantee access to its content, Solocal:

- allows its professional clients and all French companies to access their own content via their Solocal Manager client area. This initiative is driven by the search for an optimal, responsible browsing experience as well as by the possibility for businesses to consult, adapt and enrich their local profiles on our digital media and those of our partners;
- undertakes, in accordance with article 106 of the law for a Digital Republic of 7 October 2016 and its implementing decree of 25 July 2019 on the obligation of digital accessibility for companies with revenue of more than €250 million, to bring all its digital and media services into compliance in 2020 so that they are accessible to its service users with disabilities.

2019 Commitments	2019 Initiatives
Quality process and database management	— Monitoring of registrations completed directly on pagesjaunes.fr or via customer services to avoid false information being entered into its resources (via algorithms and database cross-referencing) for the 450,000 new companies listed in 2019 out of the 4,830,000 businesses featured — Increase updates of our databases to 2.5 million per month on average — Reduction in the time taken to put our content online, from 2 days in 2018 to an average of 6 hours by the end of 2019 — Monthly reliability tests of our published content by sampling — Renewal of content partnership with Bing, taking into account indicators covering the following quality areas: completeness of the database, richness of content, quality and freshness of the database. Since March 2019, measurements have been taken at least every two months for an objective assessment of the quality of our database's contents
Content enhancement	— Number of moderated reviews searchable on pagesjaunes.fr: 10,858,983 reviews as at 31/12/2019
Ensuring greater transparency for the end user	— Development of Solocal Manager, which allows businesses to access all their local information

3.2.3.4 Solocal's environmental priorities

3.2.3.4.1 Optimise energy consumption, use of resources and reduce the carbon impact for sustainable digital

Risk related to this priority:

- Risks related to environmental impact / Impacts in the event of risk occurrence: decrease in energy efficiency, increase in greenhouse gas emissions, failure to control costs, deterioration of brand awareness and employer brand.

In order to contribute to the fight against global warming, Solocal is optimising the resources used to develop its digital activities as part of its transformation. Although the printed directories business still accounts for 10.9% of sales[1], Solocal made a commitment in 2019 to stop this activity completely by 2020. This strategic decision is in line with an environmental challenge driven by the Company to support local businesses in their efforts to achieve a sustainable, responsible digital transformation.

Our key performance indicators

- Change in emissions from car fleet (in CO_2 tonnes equivalent per vehicle): +2.2% (2.894 tonnes CO_2 equivalent/vehicle in 2019 vs. 2.832 in 2018). This slight increase is attributable to a higher average number of kilometres travelled per vehicle due to the new commercial organisation (distribution by regional center, reduction in staff numbers)
- Change in carbon impact of offices (in kg CO_2 equivalent): -34.35% (385,987 kg CO_2 in 2019 vs. 587,922 kg CO_2 in 2018)
- Change in carbon impact of data centers (in kWh CO_2 equivalent): -36.12% (239,365 kWh of CO_2 equivalent in 2019 vs. 374,715 kWh of CO_2 equivalent in 2018)
- Objective: continue decreasing overall emissions from the car fleet and offices

Our policy

Solocal SA's 2018 carbon impact showed a reduction in greenhouse gas emissions of close to 41%, attributable mainly to the digital transformation and to the reduction in the number of printed directories. Solocal's policy of optimising energy consumption and resources is mainly steered by the Real Estate department, composed of seven people, two of whom are in charge of collecting data on greenhouse gas emissions resulting from the buildings' and car fleet's consumptions. Emissions generated by the Company's data centers and technical infrastructures are monitored by a person in the IT and R&D department. Solocal confirms its commitment by:

1) Implementing a sustainable business travel policy

In addition to a continuous reduction in greenhouse gas emissions linked to Solocal employees' commuting and business trips, the Company has adopted a more sustainable policy for its commercial fleet:

- by rationalising the allocation of vehicles within the Company, and by allocating the right vehicle for the right use;

(1) €64 million in revenue in 2019.

- by gradually phasing out the "all diesel" approach in favour of a less polluting car fleet, starting with the managers' new vehicles, with orders solely for petrol vehicles.

With the aim of developing a more comprehensive mobility policy in its six regional centers (Bordeaux, Boulogne-Billancourt, Lille, Lyon, Nancy and Rennes), Solocal is also keen to raise its employees' awareness of eco-driving.

2) Optimising the Company's real estate portfolio

As a continuation of the policy pursued in 2018, Solocal:

- optimises rental space to improve the environmental quality of its real estate portfolio;
- moves out of little-used premises with the defects related to old buildings (insulation, air circulation, asbestos, etc.) and into high-quality premises with HQE and RT 2012 certifications;
- integrates the lessor's responsibility regarding the choice of materials so that environmental and health impacts are limited to the greatest extent possible by using materials or products with a recognised environmental label (European eco-label, NF Environnement, GUT, Blue Angel, etc.).

3) Promoting responsible digital

2019 marks the culmination of the Company's policy of migrating its data centers to the Cloud. In parallel, and in order to stop using infrastructures that can no longer be optimised in terms of energy consumption, Solocal:

- ensures the decommissioning of machines and data centers that are no longer in use;
- commits to a responsible daily management of its IT equipment, pursuing its policy of optimising the useful life of IT equipment by:
  - extending equipment's life cycle through a leasing contract with Econocom,
  - donating equipment for re-use to the non-profit organisation Les Ateliers du Bocage,
  - recycling print cartridges with Conibi.

2019 Commitments	2019 Initiatives
Phasing out diesel	– Number of petrol instead of diesel vehicles: of the 739 vehicles in the fleet, 4 hybrid petrol vehicles, 10 petrol vehicles and 17 other petrol vehicles currently on order
Optimising rental space and improving the environmental quality of the Company's real estate portfolio	– Cancellation of leases for 4,383 sq.m of office space at end-2019 – Reduction in average space leased – The Angoulême buildings moved to new HQE and RT 2012 certified premises, dubbed "La Factory"
Limiting paper use and circulating directories only to people who want them	– Decrease in the number of directories distributed and printed (down 20.4%)
Migrating data centers to the Cloud	– 100% of our infrastructures and systems migrated to the Cloud – Decommissioning of 750 machines (VM, hypervisors, physical servers, etc.) – Final shutdown of the Rennes Goupillais data center on December 31, 2019

3.2.4 APPENDICES

3.2.4.1 Additional risks

DETAILS ON THE INCLUSION OF MAJOR CATEGORIES REQUIRED BY ORDER NO. 2017-1180 ON THE PUBLICATION OF NON-FINANCIAL INFORMATION

Social consequences of the business activity	
Collective agreements entered into in the Company and their impacts on its economic performance and employee working conditions	This topic is covered in the social priorities
Actions against discrimination and to promote diversity	This topic is covered under "Strengthening employee engagement and making Solocal more appealing"
Environmental consequences of the business activity	
Consequences on climate change of the business activity and of the use of the goods and services it produces	This topic is covered in "Optimise energy consumption, use of resources and reduce the carbon impact"
Societal commitments to sustainable development, the circular economy and the fight against food waste	This topic is not a major non-financial risk for Solocal. It is not covered by this Statement on Non-Financial Performance
Societal commitments	
Fight against food insecurity, working to secure animal welfare and responsible, fair and sustainable nutrition	This topic is not a major non-financial risk for Solocal. It is not covered by this Statement on Non-Financial Performance
Human rights	Risks that are not on the list of "Non-financial risks and priorities" are not considered as major risks for Solocal. However: Our Code of Conduct is aligned with fundamental and universal principles such as those of the Universal Declaration of Human Rights; those set forth in International Labour Organization agreements on freedom of association, the right to collective bargaining, eliminating discrimination in respect to employment and occupation, eliminating forced or compulsory labour, and abolishing child labour; and those of the Organisation for Economic Cooperation and Development (especially with respect to efforts to fight corruption)
Corruption	This topic is detailed under "Consolidating ethical governance and taking CSR aspects into account to ensure the Company's sustainability"
Tax evasion	This topic is not a main risk for Solocal. However, Solocal practices market prices with Solocal companies outside France. These prices have been approved by the tax board which prepares the documentation for transfer prices each year

3.2.4.2 Methodology note

Solocal issues its Statement on Non-Financial Performance in response to European directive 2014/95/EU of the European Parliament and the Council of 22 October 2014, Order No. 2017-1180 of 19 July 2017 and its implementing decree No. 2017-1265 of 9 August 2017.

Within the framework of its Statement on Non-Financial Performance, Solocal is continuing to deploy policies linked to its priorities while ensuring that it responds as fully as possible to the risks identified according to its stated strategy.

A reporting process has been put in place to collect all of the required information. It comprises several stages which are described below.

Reporting scope

Scope

Solocal has identified its main non-financial risks on the basis of its entire operations and all of its subsidiaries.

Depending on the priorities and risks, qualitative and quantitative indicators may cover a smaller scope than the one stated for all indicators.

Within the scope of its proactive strategy, Solocal aims in the future to extend its reporting to all its subsidiaries in the regions in which it operates. For the quantitative social indicators, the Group scope is favoured. In the event of a more restricted scope, a note is provided in each of the paragraphs concerned.

Since the move of the head office in May 2016, the reporting scope has progressed significantly to take into account almost all the French subsidiaries on most environmental indicators.

Consequently, for the 2019 financial year, the scope taken into consideration is as follows:

Indicator	Scope
Data center power consumption	PJ + Mappy
Server virtualisation rate	PJ + Mappy
Energy consumption excluding data centers	PJ + Solocal MS + "Citylights scope" of the other subsidiaries concerned
CO_2 emissions from energy consumption in tonnes of CO_2 equivalent (offices + data centers)	PJ + Solocal MS + "Citylights scope" of the other subsidiaries concerned (data centers = PJ + Mappy)
Percentage of buildings with environmental certification in the total rental stock of sites	PJ + Solocal MS + "Citylights scope" of the other subsidiaries concerned
Water consumption	Solocal Citylights
Quantity of electrical and electronic equipment waste disposed of in tonnes	PJ + Mappy + Solocal MS
Average number of computers per employee	PJ + Solocal MS + "Citylights scope" of the other subsidiaries concerned + QDQ + GIE + Holding
Average number of printers per employee	PJ + Solocal MS + "Citylights scope" of the other subsidiaries concerned + QDQ + GIE + Holding

Period and frequency

Solocal's Statement on Non-Financial Performance is published annually in the Solocal Universal Registration Document. The information required covers the past calendar year in line with Solocal's financial year, from 1 January to 31 December 2019.

In the case of indicators for which the information required is not fully available, two cases arise:

- the data is extrapolated so as to end up with an annual result;
- the period taken into consideration differs from the calendar year.

Specific cases are described in this Methodology Note.

Organisation of the report

Non-financial indicators are provided by a network of CSR Correspondents. Their role consists, among other things, in organising and coordinating the feedback of information to the CSR department, and in guaranteeing the quality and exhaustive nature of the data supplied by means of consistency and probability checks. There are four successive stages in the reporting process:

- data collection and checking, by a contributor;
- validation of the data collected, by an officer;
- global audit and consolidation, provided by the CSR department;

- finally, the use of the data collected: forwarding of the end results to those responsible for the commitments, for project management, and publication in the Solocal Universal Registration Document.

Reporting tool

The quantitative and qualitative CSR data in this report was collected using the "Reporting 21" tool which was introduced in 2015 and updated in the course of preparing the SNFP. This tool has provided for the reliable collection, consolidation and control of CSR information.

Independent verification

In accordance with regulations, an Independent Third Party Organisation (ITPO) was appointed to audit the non-financial information published by Solocal in its Universal Registration Document for the part concerning the Statement on Non-Financial Performance. The audit procedures were determined with Solocal in advance. The auditors ensure that Solocal has implemented a data collection process conducive to the compliance and accuracy of the information. The compliance review examines: the presence of the business model, description of the main risks, policies and due diligence for each risk, including key performance indicators, review of the risk analysis process, review of the presence of information categories (social, environment, corruption etc.) and the information required by regulations (food waste, etc.).

The auditors examine by sampling the collection, compilation, processing and checking processes for the information considered as being the most important for the Company and perform detail tests on them.

The auditors compare the list of information referred to in the Solocal Universal Registration Document and the list of indicators required by the Statement on Non-Financial Performance to check the compliance and accuracy of the information presented. They point out any missing information when no reasons have been provided for the omission.

The conclusions of these external audits are formalised in an audit report published in the Universal Registration Document.

The auditors also mention the steps involved in completing their work.

Further, the statutory auditors must certify that the Statement on Non-Financial Performance is included in the management report. In their role of statutory auditors, they are not required to check the compliance and accuracy of the information published in the statement, or its consistency with the financial statements. They produce a certification of presence stating that all parts of the Statement on Non-Financial Performance have been included.

Main methodological details for the 2017, 2018 and 2019 indicators

Certain indicators for which all or some of the data was not available were extrapolated or estimated.

The main scenarios are presented below:

Indicators	Assumptions
Electricity consumption by offices excluding data-centers	Estimate of consumption based on an average ratio of kWh/sq.m. In the event that data is missing for a site (e.g. missing bill, meter problem, etc.), the average ratio is calculated on the basis of a 2019 average consumption of sites for which all information was available.
Water consumption	Change of consolidation method in 2018 with application of a ratio compared to the premises actually occupied by Solocal

Details on a number of social indicators

- All social indicators are measured excluding interns, VIEs (French International Volunteers in Business), temporary workers, apprentices and professionalisation contracts
- Training: the training indicators include any training format and period. Employees provided with less than 30 minutes' training represent an insignificant number of employees trained
- Work-related injuries and commuting accidents: work-related injuries exclude commuting but take into account accidents occurring during business trips. The workplace injury frequency rate is the number of first settlement accidents per million hours worked (i.e.: *1,000,000 x [number of work accidents with lost time] / [total number of hours worked over the year]*). The workplace injury severity rate is the number of days of absence from work per 1,000 hours worked (i.e.: *1,000 x [number of days of absence from work due to a work accident over the year] / [total number of hours worked over the year]*)
- Employment rate of people with disabilities: publication only for France

- Absenteeism rate: number of days of sick leave during the fiscal year counted in working days (excluding interns, VIEs, temporary workers, apprentices and professionalization contracts) on the total number of theoretical days of work requested (excluding interns, VIEs, temporary workers, apprentices and professionalisation contracts) (excluding public holidays, and the hours worked by employees who left during the year are included).

Method for calculating greenhouse gas emissions

In order to calculate the greenhouse gas emissions resulting from electricity consumption, urban heating and business travel, the following emissions factors were used:

- for electricity (France): 0.0571 kg CO_2e/kWh (upstream and production excluding line losses);
- for urban heating (concerning Citylights):
  - cold: 0.013 kg CO_2e/kWh for the ZAC Ile Seguin Rives de Seine, Boulogne-Billancourt (excluding online losses),
  - hot: 0.13 kg CO_2e/kWh for the ZAC Ile Seguin Rives de Seine, Boulogne-Billancourt (excluding online losses);
- for natural gas (LCV) (France): 0.267 kg CO_2e per kWh LCV;
- for business trips:
  - pump price for diesel fuel, mainland France: 3.16 kg CO_2e/litre
  - lead-free petrol (SP 98), also mainland France: 2.8 kg CO_2e/litre

These emissions factors were updated in 2019 by referring to the ADEME's Base Carbone.

3.2.4.3 Report of the independent third party organisation on the statement on non-financial performance included in the management report

Financial year ended 31 December 2019

To the shareholders,

In our capacity of independent third party organisation, accredited by COFRAC under number 3-1055 (the scope of which is available on the www.cofrac.fr website), we hereby submit our report on the statement on non-financial performance relating to the financial year ended 31 December 2019 (hereafter the "Statement"), presented in the management report in application of the legal and regulatory provisions of Articles L. 225 1021, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The Company's responsibility

It is the responsibility of the Board of Directors to draw up a Statement complying with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in respect of those risks as well as the results of those policies, including key performance indicators.

The Statement has been drawn up using the internal reference guide of the entity (hereafter "the Reference Guide").

Independence and quality control

Our independence is defined by the provisions set out in Article L. 822-11-3 of the French Commercial Code. We have also introduced a quality control system that comprises documented policies and procedures aimed at ensuring compliance with applicable laws and regulations.

Responsibility of the independent third party organisation

It is our responsibility, on the basis of our work, to formulate a reasoned opinion expressing a conclusion on:

- the compliance of the Statement with the provisions set out in article R. 225-105 of the French Commercial Code;
- the truthfulness of the information provided in accordance with the 3rd paragraph of I and II of article R. 225 105 of the French Commercial Code, i.e. the results of the policies, including the key performance indicators, and the actions, relating to the main risks, hereafter the "Information".

However, it is not our responsibility to express an opinion on the entity's compliance with other applicable legal and regulatory provisions, in particular with regard to the vigilance plan and the fight against corruption and tax evasion, or on the compliance of products and services with applicable regulations.

Nature and extent of the engagement

Our work described below was carried out in accordance with Articles A. 225-1 et seq. of the French Commercial Code:

- We have taken note of the activity of all the companies included in the scope of consolidation and of the review of the main risks;
- We appraised the appropriate nature of the Reference Guide with regard to its relevance, comprehensiveness, reliability, neutrality and its understandability, taking into consideration, where necessary, industry best practices;

- We verified that the Statement covers each category of information provided for in III of Article L. 225-102-1 in terms of social and environmental aspects as well as respect for human rights, the fight against corruption and tax evasion;
- We verified that the Declaration presents the information required under II of article R. 225-105 when it is relevant with regard to the main risks and includes, where applicable, an explanation of the reasons for the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1;
- We verified that the Statement presents the business model and a description of the main risks in connection with the activity of all the companies included in the scope of consolidation, including, where relevant and proportional, the risks created by its business relations, its products or services, as well as the policies, actions and results, including key performance indicators relating to the main risks;
- We consulted documentary sources and conducted interviews in order to:
  - assess the selection and validation process of the main risks and the consistency of the key performance indicators with respect to the main risks and policies presented;
  - corroborate the qualitative information (actions and results) which we considered most important[1];
- We verified that the Statement covers the consolidated scope, that is, all the companies included in the scope of consolidation pursuant to Article L. 233-16 with the limits specified in the Statement;
- We read the internal control and risk management procedures implemented by the entity and assessed the information collection process to ensure that it is complete and accurate;
- for the key performance indicators[1], we implemented:
  - analytical procedures consisting in verifying the correct consolidation of the data collected as well as the consistency of their trends;
  - detailed tests based on samples, consisting in verifying the correct application of the definitions and procedures and reconciling the data of the supporting documents. This work was carried out at a selection of contributing entities and covers 3% to 100% of the data selected for these tests;
- We appraised the overall consistency of the Statement by reference to our knowledge of all the companies included in the scope of consolidation.

Means and resources

Our work drew on the skills of three people and was carried out between October 2019 and February 2020 over a total period of 21 weeks. We conducted 17 interviews with the persons responsible for preparing the Declaration, representing in particular the Institutional Relations, Ethics, Risk and Investor Relations departments.

Conclusion

Based on our work, we did not identify any significant anomaly liable to call into question the fact that the statement on non-financial performance complies with the applicable regulatory provisions and that the information, taken overall, is presented sincerely, in accordance with the Reference Guide.

Toulouse, 26 February 2020

THE INDEPENDENT THIRD PARTY ORGANISATION

SAS CABINET DE SAINT FRONT

Pauline de Saint Front

Associate Director

(1) List of the information we considered most important:
Key performance indicators and other quantitative results:
- time frame for processing requests for the deletion of personal data
- time frame for processing requests for modifications to personal data
- change in the number of shareholder meetings in 2019 vs. 2018
- percentage of employees trained in ethical and anti-corruption issues in 2019
- average number of hours of training per trained employee
- proportion of payroll for the training budget
- percentage change in Solocal employees who responded to the internal opinion survey (in January 2020 for the year 2019)
- percentage change in employees who consider the Company enables them to develop their skills and employability
- sick absenteeism rate and percentage change in sick absenteeism rate
- percentage change in Solocal employees who said they were satisfied with the level of respect with which they are treated
- level of commitment expressed by Solocal employees in the internal opinion survey
- rate of female representation in top management

PagesJaunes user satisfaction rating
- change in emissions from car fleet in tonnes CO_2 equivalent per vehicle
- change in carbon impact of offices in tonnes CO_2 equivalent
- change in carbon impact of data centers in kWh CO_2 equivalent

3.3 Non-financial indicators excluding SNFP – unaudited data

Indicators	2018	2019	Chg. 2018 /2019	Comments
Governance				
Number of requests for the deletion of personal data received by the customer service	33,857	32,723	-3.3%	Stabilisation in the number of requests for the deletion of personal data received by the customer service
Number of requests for the modification of personal data received by customer service	94,231	91,079	-3.3%	Stabilisation in the number of requests for changes to personal data received by the customer service
Number of women on the Board of Directors as at 31 December	5	5	0%	Stabilisation in the number of women on the Board of Directors
Number of women on the Executive Committee as at 31 December	1	2	+100%	Appointment of Nathalie Etzenbach-Huguenin as General Secretary
Employer responsibility				
Registered global workforce	4,320[(1)]	3,546	-17.9%	Reduction due to the employer responsibility component of the "Solocal 2020" transformation plan
Workforce under indefinite-term contracts	4,278	3,532	-17.4%	Reduction due to the employer responsibility component of the "Solocal 2020" transformation plan
Workforce on definite-term contracts	42	14	66.7%	Reduction due to the employer responsibility component of the "Solocal 2020" transformation plan
Proportion of the workforce on indefinite-term contracts	99%	99.61	0%	Stabilisation of the proportion of the workforce on indefinite-term contracts
Number of part-time employees	276	224	-18.8%	Decrease linked partly to the employer responsibility component of the "Solocal 2020" transformation plan
Share of part-time employees	6.4%	6.3	-1.1%	Stabilisation of the share of part-time employees
Number of hours of training provided during the year	59,831	78,867	+32%	Increase in the number of training hours provided as part of the transformation project (Move To Cloud training, manager and sales training) and Ethics training followed by 100% of employees
Number of employees trained	1,546	2,448	+58.3%	Increase in the number of training hours provided as part of the transformation project (Move To Cloud training, manager and sales training) and Ethics training followed by 100% of employees
Total training expenses	€7,915,157	€6,302,246	-20.4%	One-off decrease in the second half due to the implementation of the "Solocal 2020" transformation plan
Participation rate in the internal survey	80%	85.90%	+7.4%	Increase in participation rate in the internal opinion survey

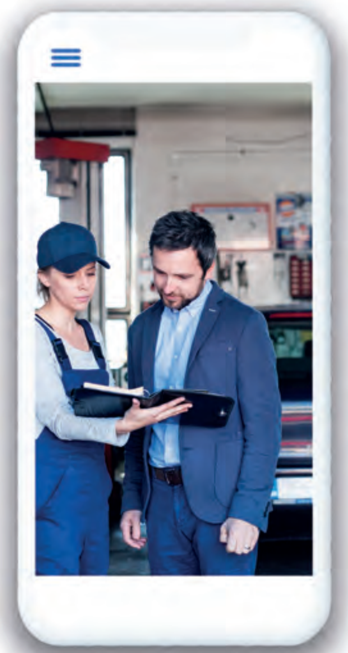
Indicators	2018	2019	Chg. 2018 /2019	Comments
Number of workplace accidents resulting in absence	50	31	-38%	Decrease in the number of absences following an accident
Work accident frequency rate	9.5	7.5%	-21%	Decrease in work accident frequency rate
Work accident severity rate	0.9	0.74%	-15%	Decrease in work accident severity rate
Total aggregate number of hours worked during the year	5,256,038	4,118,384	-21.6%	Reduction due to the employer responsibility component of the "Solocal 2020" transformation plan
Aggregate number of days of absence during the year	4,549	3,043	-33%	Reduction partly due to the employer responsibility component of the "Solocal 2020" transformation plan
Number of days of sick leave	98,174	78,892	-22%	Reduction partly due to the employer responsibility component of the "Solocal 2020" transformation plan
Number of theoretical working days	1,108,341	1,017,930	-8%	Reduction due to the employer responsibility component of the "Solocal 2020" transformation plan
Average age of employees	42.8	42.3	-1.3%	
Average years of service of employees	12.9	12	-7%	
Total employees	244,639,815	217,457,340	-11%	Reduction in payroll due to the employer responsibility component of the "Solocal 2020" transformation plan
Overall turnover	15.3%	38%	+150%	Increase due partly to the employer responsibility component of the "Solocal 2020" transformation plan
Employees recruited on indefinite-term contracts	435	776	+78.4%	
Departures of employees on indefinite-term contracts at the end of the trial period	139	253	+82%	
Voluntary departures of employees on indefinite-term contracts	241	264	+9.5%	
Non-voluntary departures of employees on indefinite-term contracts	286	1,004	+251%	Increase due partly to the employer responsibility component of the "Solocal 2020" transformation plan
Total number of indefinite-term contract departures	666	1,521	+128%	Increase due partly to the employer responsibility component of the "Solocal 2020" transformation plan
Number of senior executives	163	129	-21%	Reduction due to the employer responsibility component of the "Solocal 2020" transformation plan
Share of senior executives/total workforce	3.8%	3.65%	-3.5%	In line with the drop in workforce
Number of female senior executives	53	45	-15%	Reduction partly due to the employer responsibility component of the Solocal transformation plan

Indicators	2018	2019	Chg. 2018 /2019	Comments
Recruitment of work/study employees	50	30	-40%	Decline in number of work/study employees recruited
Recruitment of interns	88	66	-25%	Decrease in the number of interns recruited
Percentage rate of employment of people with disabilities	5.3%	6%	+11.6%	
Societal				
All of the societal indicators monitored are directly presented in Solocal's Statement on Non-Financial Performance				
Environmental responsibility				
Ink used for printed directories (in tonnes)	147.38	74.60	-50%	Decrease due to the scheduled end of printed directories in 2020
Number of printed Pages Blanches directories produced (in millions)	5.24	4.69	-10.5%	Decrease due to the scheduled end of printed directories in 2020
Number of printed Pages Jaunes directories produced (in millions)	9.58	7.12	-28%	Decrease due to the scheduled end of printed directories in 2020
Number of computers per employee	1.41	1.63	+15%	Reduction due to the "Solocal 2020" transformation plan
Number of printers per employee	0.34	0.15	-48%	Reduction due to the "Solocal 2020" transformation plan
Electrical and electronic equipment waste collected - *in tonnes*	3.6	8.81	+150%	Renewal of IT equipment FOR field salespeople and telemarketers and retirement of obsolete IT equipment
Electricity consumption by offices (excl. data centers) *in MWh*	3,888	2,969	-24%	Decrease due to the reduction in the number of leased sites
Gas consumption *in MWh*	424	483	+14%	Decrease in gas consumption at the Eysines site but additional consolidated data for 2019 at the Angoulême site
Energy consumption associated with IDEX urban network (cold/hot)	1,929	1,524	-21%	Reduction in average space leased

(1) The headcount at the end of 2018 includes only 85 departures under the PSE but does not include the 929 departures in 2018, which are deducted from the headcount recorded after the settlement of their severance package in 2019.

04

Corporate governance



4.1 Administrative and general management body

4.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

- As of the date of this document, the Board of Directors is composed of the following members:
- Mr Pierre Danon, Chairman of the Board of Directors;
- Mr David Amar, Vice-Chairman of the Board of Directors;
- Mr Jacques-Henri David;
- Mr Éric Boustouller, CEO;
- Ms Delphine Grison;
- Ms Anne-France Laclide;
- Ms Marie-Christine Levet;
- Ms Joëlle Obadia;[(1)]
- Ms Sophie Sursock;
- Mr Philippe de Verdalle.

The Board of Directors, on the date of this document, is composed of ten members, including one Director representing employees, one Executive Director and eight Independent Directors.

Name	Nationality	Function	Date appointed	Date office expires	Number of shares	Other duties and main offices held in all companies over the past 5 years
David Amar Born 25 May 1981 11, rue du Rhône 1204 Geneva Switzerland	Switzerland	— Vice-Chairman of the Board of Directors — Director — Member of the Remuneration and Appointments Committee — Chairman of the Strategy and M&A Committee	13 June 2017	General Meeting to be held in 2021	42,000,264	— Representative of Amar Family Office (Switzerland) — Managing Director of Holgespar Luxembourg SA (Luxembourg) — Director of Matignon Investissement et gestion (France) — Chairman of SA EHPBG (France) **Offices no longer held:** — Director of SQLI (listed company – France) until December 2019
Éric Boustouller Born 30 December 1960 Solocal 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt France	French	— Director — Chief Executive Officer	14 Dec. 2018	General Meeting to be held in 2020	1,189,620	— Chairman – Chief Executive Officer of Solocal (France) Subsidiary of Solocal Group **Offices no longer held:** — None
Pierre Danon Born 14 May 1956 Cordial Investments and Consulting 17, bd Anatole-France 92100 Boulogne-Billancourt France	French	— Chairman of the Board of Directors	5 Sept. 2017	General Meeting to be held in 2023	646,290	— Executive Chairman of Volia (Ukraine) — Director of Groupe CIEL (Mauritius) — Chairman of ProContact (Mauritius) **Offices no longer held:** — Chairman Numericable Completel group (France) — Non-Executive Director Standard Life (Scotland) — Chairman of TDC (listed company – Denmark) — Executive Chairman of All Media Baltics (Baltic countries) — Vice-Chairman of Agrogeneration (listed company – Ukraine)

(1) As Joëlle Obadia's term of office was due to expire on 7 April 2020, elections were held to elect the Director representing employees to the Board of Directors. However, the Company suspended the second round of the elections at the unanimous request of the trade unions. The Board of Directors decided that Joëlle Obadia would continue to participate in Board meetings until the election of her successor, which will occur as soon as possible after the end of the lockdown measures.

Name	Natio-nality	Function	Date appoin-ted	Date office expires	Number of shares	Other duties and main offices held in all companies over the past 5 years
Jacques-Henri David Born 17 October 1943 17, avenue de l'Annonciade, MC 98000 Monaco	French	— Director — Chairman of the Audit Committee	19 October 2016	General Meeting to be held in 2020	1,560,223	— Director of UGC – Paris (France) — Director of Edmond de Rothschild Europe – Luxembourg (Luxembourg) — Director of Compagnie Financière Richelieu (France) and Banque Richelieu (Monaco) — Director of Société Generale Bank Cyprus (Cyprus) **Offices no longer held:** — Director, Edmond de Rothschild Monaco (Monaco) — Chairman of the Financial Activities Supervisory Commission of the Principality of Monaco
Delphine Grison Born 10 December 1968 CBRE 76, rue de Prony 75017 Paris France	French	— Director — Member of the Strategy and M&A Committee	13 June 2017	General Meeting to be held in 2021	63,125	— Marketing and Data Intelligence Director of CBRE France (France) — Chairman of DGTL Conseil (France) **Offices no longer held:** — Member of the Supervisory Board of Asmodée Holding (France)
Anne-France Laclide Born 8 January 1968 6, rue Malar 75007 Paris France	French	— Director — Member of the Audit Committee	19 June 2019	General Meeting to be held in 2022	20,000	— Various non-independent offices within the Oberthur group (Oberthur Group CFO) (France) and the Consolis group (Consolis Group CFO) (France) — Independent Director of CGG (listed – France) **Offices held over the over past 5 years and no longer held:** — Various offices within the Oberthur group (France) — Independent Director of SFR (France)
Marie-Christine Levet Born 28 March 1967 5, rue de l'Échelle 75001 Paris France	French	— Director — Member of the Strategy and M&A Committee	15 Dec. 2017	General Meeting to be held in 2020	5,000	— Chairman of Educapital (France) — Director of Iliad (listed company – France) — Director of Maisons du Monde (listed company – France) — Director of Econocom (listed company – France) — Director of the AFP (France) **Offices no longer held:** — Director of Mercialys (listed company – France) — Director of HiPay (France) — Director of Avanquest (listed company – France)

Name	Nationality	Function	Date appointed	Date office expires	Number of shares	Other duties and main offices held in all companies over the past 5 years
Joëlle Obadia Born 26 October 1967 Solocal 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt France	French	— Director representing employees — Member of the Remuneration and Appointments Committee	7 April 2016	7 April 2020(1)	300	— None **Offices no longer held:** — None
Sophie Sursock Born 7 November 1979 Move Capital 112 avenue Kleber 75116 Paris France	French	— Director — Member of the Audit Committee — Member of the Strategy and M&A Committee	13 June 2017	General Meeting to be held in 2021	10,000	— Director and member of the Compensation Committee of Subfero Limited (United Kingdom) — Director and Member of the Audit Committee of Euronews (France) — Director of Supernap International (Italy) **Offices no longer held:** — Director of Dada Spa (Italy) — Director of Inty Ltd (United Kingdom) — Director of Italiaonline S.p.A (formerly Seat Pagine Gialle S.p.À and Italia Online S.p.A) (Italy) — Member of the Strategy Committee of Italia Online (Italy)
Philippe de Verdalle Born 23 December 1961 Nobel 1, rue Malar 75008 Paris France	French	— Director — Chairman of the Remuneration and Appointments Committee	13 June 2017	General Meeting to be held in 2021	13,333,926(2)	— Associate of Weinberg Capital Partners (WCP) (France) — Chief Executive Officer of Nobel, a specialist business investment company managed by WCP (France) — Director of LNA Santé (listed company – France, representative of the Nobel Fund) — Director of Artefact (listed company – France, permanent representative of the Nobel Fund) **Offices no longer held:** — Director of Mersen (listed company – France, representative of the Nobel Fund) — Director of SQLI (listed company – France)

(1) As Joëlle Obadia's term of office was due to expire on 7 April 2020, elections were held to elect the Director representing employees to the Board of Directors. However, the Company suspended the second round of the elections at the unanimous request of the trade unions. The Board of Directors decided that Joëlle Obadia would continue to participate in Board meetings until the election of her successor, which will occur as soon as possible after the end of the lockdown measures.

(2) Of which 35,000 held by Philippe de Verdalle and 13,298,926 held by the Nobel Fund (Weinberg Capital Partners) of which Philippe de Verdalle is the Managing Director.

Governance model

On 5 November 2014, the Board of Directors opted to separate the roles of Chairman of the Board of Directors and Chief Executive Officer in line with corporate governance best practice. During the change in governance in 2017, the Board of Directors decided to keep the two roles separate. The choice of governance model is largely due to the Company's wish to make a clear distinction between responsibility for strategic guidance and oversight, which lies with the Board of Directors, and the Chief Executive Officer's operational and executive powers. This governance model also enables the Group to benefit from the complementary skills and experience of the Chief Executive Officer and the Chairman of the Board of Directors.

Non-Voting Director

In accordance with Article 12 of the Company's Articles of Association which allows the Board of Directors to appoint one or more Non-Voting Directors who participate in Board meetings but are not entitled to vote at those meetings, the Board of Directors resolved, at its meeting of 19 June 2019, to appoint Philippe Besnard as a Non-Voting Director to provide input from individual shareholders to Board meetings.

Changes in the composition of the Board of Directors

	Departure	Appointment	Reappointment
Board of Directors	Lucile Ribot 19 June 2019	Anne-France Laclide 19 June 2019	Pierre Danon 11 April 2019
Audit Committee	Lucile Ribot 12 April 2019	Anne-France Laclide 19 June 2019	-
Remuneration and Appointments Committee	Alexandre Loussert 28 February 2019	-	-
Strategy and M&A Committee	-	-	-

Following consideration and recommendation by the Remuneration and Appointments Committee, the Board of Directors will propose that the next Annual General Shareholders' Meeting reappoint Marie-Christine Levet and Éric Boustouller as Directors for a term of four years to expire at the end of the 2024 General Meeting called to approve the financial statements for the 2023 financial year.

As Joëlle Obadia's term of office was due to expire on 7 April 2020, elections were held to elect the Director representing employees to the Board of Directors. The first round took place on 12 March 2020. However, the Company suspended the second round of the elections at the unanimous request of the trade unions. The Board of Directors decided that Joëlle Obadia would continue to participate in Board meetings until the election of her successor, which will occur as soon as possible after the end of the lockdown measures.

In addition, regarding the term of office of Jacques-Henri David, due to expire at the end of the next General Shareholders' Meeting, Mr David informed the Board of Directors that he had decided not to stand for reappointment.

Accordingly, at the end of the next General Shareholders' Meeting, the Board of Directors will be composed of the following members:

- Mr Pierre Danon, Chairman of the Board of Directors;
- Mr David Amar, Vice-Chairman of the Board of Directors;
- Mr Éric Boustouller, Chief Executive Officer;
- Ms Delphine Grison;
- Ms Anne-France Laclide;
- Ms Marie-Christine Levet;
- Ms Sophie Sursock;
- Mr Philippe de Verdalle;
- and the Director representing employees.

The Board of Directors will be composed of nine members, including one Director representing employees, one Executive Director and seven Independent Directors.

Independent Directors

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors must be comprised of a majority of Independent Directors. Such Directors must not have any dealings of any kind with the Company, its group or management that could compromise their freedom of judgement.

The Board of Directors, which has chosen to refer entirely to the criteria set out in the AFEP-MEDEF Code with regard to independence, must therefore ensure that its members, qualified as independent by the Remuneration and Appointments Committee, fulfil the following criteria:

- criterion 1: the Director is not or has not been, over the last five years (i) an employee or executive corporate officer of the Company, (ii) an employee, executive corporate officer or Director of a company that the Company controls;
- criterion 2: the Director is not an executive corporate officer at a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having been so in the last five years) holds a directorship;
- criterion 3: the Director is not a major customer, supplier, commercial banker, financing banker (i) of the Company or its group, or (ii) for whom the Company or its group represents a significant portion of their business;
- criterion 4: the Director has no close family ties with a corporate officer;
- criterion 5: the Director was not a Statutory Auditor for the Company over the last five years;
- criterion 6: the Director has not been a member of the Board for more than 12 years, as Directors cannot be classified as independent after 12 years;
- criterion 7: a non-executive corporate officer cannot be considered independent if they receive variable compensation in cash or securities or any remuneration relating to the Company or the Group's performance;
- criterion 8: the Director is not a major shareholder (more than 10%) vested with any control over the Company,

The Board of Directors has deemed that eight of its members met the independence criteria described above, i.e. 88% Independent Directors (excluding the Director representing employees); Éric Boustouller and Joëlle Obadia could not be qualified as Independent Directors given the positions they hold within the Group.

Summary of Board member independence as at 31 December 2019

Criteria[(1)]	Pierre Danon	David Amar	Éric Boustouller[(2)]	Jacques-Henri David	Delphine Grison	Anne-France Laclide	Marie-Christine Levet	Joëlle Obadia[(3)]	Sophie Sursock	Philippe de Verdalle
Criterion 1: Employee corporate officer over the last five years	✓	✓	✖	✓	✓	✓	✓	✖	✓	✓
Criterion 2: Cross-directorships	✓	✓	✖	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Substantial business dealings	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Statutory Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: Term of office longer than 12 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Non-executive corporate officer	✓	✓	✖	✓	✓	✓	✓	✖	✓	✓
Criterion 8: Major shareholder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(1) In this table, ✓ means an independence criterion has been satisfied and ✖ means an independence criterion has not been satisfied.
(2) Company CEO.
(3) Director representing employees.

Biographies of the members of the Board of Directors

- **David Amar** joined the Amar Family Office in 2009 and assumed responsibility for its management in 2013. He specialises in long-term investment in listed companies, wine estates and wine trading companies, hotel properties and property development. He is also a Director of the Matignon Investissement et Gestion (Private Equity) investment fund. He was in charge of asset management in various major Swiss banks from 2006 to 2009. He earned an MBA in Geneva in 2006.
- **Éric Boustouller** has been Chief Executive Officer since 11 October 2017. A graduate of the Institut d'études politiques de Paris [Paris Institute of Political Studies], over the course of his career Éric Boustouller has been General Sales Manager of Compaq France, Deputy CEO (2002-2005), then Chairman and Chief Executive Director of Microsoft France and Deputy Chairman of Microsoft International (2005-2012). After 2012, he became Corporate Vice-President of Microsoft Corporation and Western Europe area Vice-President of Microsoft.
- **Pierre Danon**, a graduate in Civil Engineering from Ponts et Chaussées, and in Law from the Institut supérieur des affaires, has held senior management positions and directorships in several companies, including as President of Xerox Europe, CEO of British Telecom Retail, Chairman & Chief Executive Officer of Numericable-Completel, Vice-Chairman and Chairman of TDC in Copenhagen from 2008 to 2018, and, from 2013 to 2019, Vice-Chairman of Agrogénération in Paris. He has served as Executive Chairman of Volia, in Kiev since 2011 and in 2013 was appointed Director of the CIEL group and Chairman of ProContact in Mauritius.
- **Jacques-Henri David** is currently Director of Edmond de Rothschild Europe – Luxembourg (since 2015), Director of Solocal (since 2016), Director of Compagnie Financière Richelieu (France) and Banque Richelieu (Monaco) since 2019, and Director of Société Generale Bank Cyprus (Cyprus). Between 1967 and 1985, Mr Jacques-Henri David held several positions and, in particular, Inspector of Finance at the Ministry of Economy and Finance; Deputy Director, then Director General in the Office of René Monory (Minister of the Economy) and General Secretary of the National Credit Council at the Banque de France. He then joined Saint-Gobain, firstly as Financial Officer and then Chief Executive Officer (1985-1989). He then went on to hold a large number of positions: Chairman of the Stern Bank (1989-1992); Chairman of the Research Centre for the Expansion of the Economy (Rexecode)(1989-1996), Director General of the Compagnie générale des eaux (CGE) (1993-1995), Chairman of the Executive Committee of the Crédit d'équipement des petites et moyennes entreprises (CEPME) (1995-1999); Chairman of Sofaris (1996-1999); Chairman of the Banque du développement des petites et moyennes entreprises (BDPME); (1997-1999); Member of the Economic and Social Council (CES); Chairman of the Deutsche Bank France group (1999-2009) and Vice-Chairman of the Global Banking" division of Deutsche Bank AG (2005-2009), and then founder and Chairman of Acxior Corporate Finance (2010-2014). Mr David also chaired the Financial Activities Supervisory Commission of the Principality of Monaco (from 2011 to 2019). An alumnus of l'École polytechnique, he is a graduate of the Institut d'études politiques de Paris [Paris Institute of Political Studies] and the École nationale de la statistique et de l'administration économique (ENSAE) [a leading French graduate school in the fields of statistics, economics, finance and actuarial sciences]. Mr Jacques-Henri David is Commander of the Legion of Honour and Commander of the National Order of Merit.
- **Delphine Grison** has been Chief Marketing and Data Intelligence Officer at CBRE France since December 2015, and Chair of DGTL Conseil since 2014, where she worked as a consultant. She was a Director of Asmodée between 2014 and 2018. She previously worked for more than 10 years in the media, holding positions in finance, strategy, marketing and digital functions. In particular, she led Lagardère Active's digital activities until 2013, as Chair of Lagardère Active Digital and a member of the Lagardère Active Executive Committee. Ms Grison is an alumnus of the ENS (1987), has a doctorate in quantum physics (1992) and is a civil engineer (1994).
- **Anne France Laclide-Drouin** has been Chief Financial Officer and a member of the Executive Committee of the Consolis group since November 2017. Before that she was Chief Financial Officer of the Idemia group (formerly Oberthur Technologies) and of various companies such as Elis, GrandVision, AS Watson (Marionnaud) and Guilbert. She began her career at PricewaterhouseCoopers. She sits as an independent Director on the Board of Directors of CGG, a global geoscience group with annual revenues of 1.193 billion that works for the energy industry. She is Chair of the Audit Committee of the same company. She held the same positions, i.e. independent Director on the Board of Directors and Chair of the Audit Committee, at SFR. Anne France Laclide-Drouin supports Clubhouse, a non-profit association that works with people suffering from mental illnesses and helps them integrate into society.
- **Marie-Christine Levet,** a pioneer of the Internet in France, has managed several major French Internet brands. In 1997, she founded Lycos to launch the French version of the search engine and developed it by buying Caramail, Spray and Multimania. From 2001 to 2007, she ran Club-Internet, an internet service provider (subsidiary of T-Online/Deutsche Telekom), where she oversaw the strong increase in its ADSL market share as well as its content and services offer before selling it to Neuf Cegetel (now SFR) in 2007. She then took over the management of the 01 group, the leading hi-tech information group in France (01net, 01Informatique, etc.), as well as Nextradiotv group's Internet activities (bfmtv.com rmc.fr, etc.). In 2009, Ms Marie-Christine Levet focused her career on venture capital and helped create Jaina Capital, an investment fund specialising in seed financing and which finances approximately 20 companies (Made.com, La Ruche qui dit

Oui, Mediarythmics). In 2017, she created, her own fund, Educapital, the first investment fund dedicated to the Education and Innovative Training sectors and which she currently chairs. Marie-Christine Levet is a Director of Iliad (Free), Maisons du Monde, Econocom and AFP. She is a graduate of HEC business school and has an MBA from INSEAD business school.

- **Joëlle Obadia** spent 10 years with the Thomson group, with five of these years at Thomson Brandt Armements where she looked after external public relations (press, public, events relations in France and overseas); in November 1991, she joined the PagesJaunes Sales department, where she was responsible for sales force incentives, then for boosting sales through a combination of sales promotion, marketing challenges, information from various sales channels and client events. In 2007, Ms Joëlle Obadia joined the Sales department Management Committee, becoming Manager of Sales Growth, and also taking on the role of managing and overseeing all sales training. Today, she is the Communications and MICE Manager within the Customer Success division.
- **Sophie Sursock** is co-founder and partner at Move Capital, an investment company specialising in the BtoB Tech sector. She is also a co-founder and shareholder of Accelero Capital, an investment and management group specialising in the TMT sector (Telecommunications, Media, Technologies). She has conducted several transactions in the technology and media sector. In particular, she took part in the restructuring of Seat Pagine Gialle S.p.A and is a member of the Board of Directors of Euronews, Supernap International and Subfero Limited. She was previously Corporate Finance Manager at Orascom Telecom Holding S.A.E/Weather Investments from 2007 to 2011. She also worked in the M&A Operations department of Deloitte's Corporate Finance department in Paris from 2005 to 2007, before becoming Junior Project Manager at PrimeCorp Finance S.A. and Junior Investment Manager at Axa Investment. Ms Sursock has a Bachelor's Degree in Business Administration, a Master's (MSc) in International Business from ESCP-EAP Paris Business School and a Certificate in Management of Technology
- **Philippe de Verdalle** is a partner of Weinberg Capital Partners and CEO of the Nobel Fund. Nobel is a long-term investor which supports the development of listed French companies. He was previously a member of the Management Committee of UBS France (2011-2015), Managing Director of HSBC France in charge of Investment Activities (2000-2011), and Senior Lecturer in Corporate Finance at the Paris Institute of Political Studies (1997-2011). He is a graduate of the Paris Institute of Political Studies and the SFAF (French Society of Financial Analysts) and has an MBA from INSEAD business school.

Full name (position)	Governance	Finance	Strategy	Products/digital marketing	Transformation	CSR
Pierre Danon	✓	✓	✓	✓	✓	
David Amar	✓	✓	✓	✓		
Éric Boustouller			✓	✓	✓	✓
Jacques-Henri David	✓	✓	✓			
Delphine Grison			✓	✓	✓	✓
Anne-France Laclide	✓	✓	✓		✓	
Marie-Christine Levet			✓	✓	✓	✓
Joëlle Obadia	✓			✓	✓	✓
Sophie Sursock		✓	✓	✓	✓	
Philippe de Verdalle	✓	✓	✓		✓	

4.1.2 CRIMINAL OFFENCES AND POTENTIAL CONFLICTS OF INTEREST

Over the past five years, no member of an administrative body, a management body or of senior management has been:

- convicted of fraud;
- directly involved in bankruptcy, receivership or liquidation proceedings;
- charged with a crime and/or sanctioned by a statutory or regulatory authority;
- involved in legal proceedings to prevent him or her from serving on an administrative, management or supervisory body of an issuer of securities or from participating in the management or administration of an issuer of securities business.

There is no potential conflict of interests between the duties of the members of administrative and management bodies and of senior management with regard to the Company and their private interests and/or other duties.

4.1.3 COMPOSITION OF THE MANAGEMENT BODIES

As of the date of this document, the Company's senior management is composed of the following members:

Name	Function
Éric Boustouller	Chief Executive Officer
Olivier Regnard	Chief Financial Officer
Richard Cuif	Director of Human Resources, also in charge of Internal Communications
Arnaud Defrenne	R&D Director
Pascale Furbeyre	Marketing Director
Nathalie Etzenbach-Huguenin	General Secretary
Amaury Lelong	Products and Media Director
Stéphane Dany	Group Customer Operations Director in charge of Production and Customer Relations and Chief Executive Officer of Solocal Marketing Service

- **Éric Boustouller** has been Chief Executive Officer since 11 October 2017. A graduate of the Institut d'études politiques de Paris [Paris Institute of Political Studies], over the course of his career Éric Boustouller has been General Sales Manager of Compaq France, Deputy CEO (2002-2005), then Chairman and Chief Executive Director of Microsoft France and Deputy Chairman of Microsoft International (2005-2012). After 2012, he became Corporate Vice-President of Microsoft Corporation and Western Europe area Vice-President of Microsoft.
- **Richard Cuif** has been Director of Human Resources since 9 November 2017. He is also in charge of Internal Communications. He began his career at Rank Xerox, moved on to Disney and then Kraft Foods before joining the PepsiCo group where he was appointed Director of Human Resources-France in 1997. In that position, he played a role in the merger of the Food and Beverages activities in France. He then joined Schweppes France and participated in the creation of Orangina Schweppes before being promoted to the position of Director of Human Resources, Europe for the Group's Beverages business activity. From 2005 to 2008, he held the position of HR Director of Microsoft France, then joined the Devanlay-Lacoste group where he held the position of General Manager of Human Resources, Internal Communication and CSR. For seven years, he participated in the Group's international development, headed up the Human Resources department and played a key role in the transformation of the Group. From 2016 to 2017, he worked as a consultant.
- **Stéphane Dany** has a degree in accounting and finance (DECF). He joined the Solocal Group in October 2018 as Director of Customer Relations. He currently serves as Group Director of Customer Operations, in which role he is in charge of Production and Customer Relations as well as CEO of Solocal Marketing Service. Stéphane has been a member of the Executive Committee of the Solocal Group since October 2019. He began his career at ClientLogic (a global customer relations manager) where he was Development Programme Manager for its customers HP and Microsoft. He joined Liberty Surf in 1999, thus beginning a career in the telecoms industry (Tiscali, Télécom Italia) as a BtoC and BtoB Customer Relations Director. In 2007, Stéphane joined the Altice group where he played a key role in the group's growth, steering process transformation and profitability improvements while also improving customer satisfaction. He occupied a number of different strategic roles, including Delivery and Customer Relations Director at Completel (2008-2012) and Wholesale Operations and Indirect Sales Director at Numericable (2012-2015). He was appointed Customer Relations Director in the Operations department at SFR-Altice in 2015, before becoming Director of Customer Operations two years later.

- **Arnaud Defrenne** is Director of R&D (since 25 April 2018). He is a graduate of the École supérieure des affaires de Grenoble. He worked at Liberty Surf and Netbooster before co-founding LeGuide.com. In 2005, he joined the Publicis group. He joined the L'Oréal group in 2015 as Chief Digital Marketing Technology Officer (CDMTO) to speed up digital transformation and develop the Group's digital business and revenue.
- **Nathalie Etzenbach-Huguenin** is General Secretary in charge of Strategy, Partnerships and M&A. She is responsible for the Legal Affairs, Public Affairs, CSR, Ethics and Risk departments, and since 2019 for managing the Company's transformation project. After graduating from ESCP Europe in 1994, Nathalie spent more than 12 years working for international investment banks in Paris and London (Crédit Suisse, Citi, Société Générale) in M&A and debt and equity issuance. She joined Solocal in January 2018. In her multidisciplinary role, Nathalie draws both on her previous career in the private sphere and her experience in the public sphere. She is currently Neuilly-sur-Seine Deputy Mayor in charge of budget, finance and public procurements. In the 2017 parliamentary elections, she was candidate for a civil society independent party. Nathalie Etzenbach-Huguenin is now Solocal General Secretary and new Executive Committee member. She is responsible for the Legal Affairs, Public Affairs, CSR, Ethics and Risk departments while continuing to manage the Investor Relations department. She also oversees special projects for the CEO as well as corporate governance and she is responsible for Strategy, Partnerships and M&A. Nathalie Etzenbach-Huguenin has been General Secretary since May 6, 2019.
- **Pascale Furbeyre** is Marketing Director (since 9 May 2018). A graduate of Columbia Business School (MBA), Ms Furbeyre has worked for About.com in New York, Overture (France, Italy, Spain) and Yahoo! France and Europe. In 2009, she joined the Crédit Agricole group as Marketing and Communication Director and launched the online bank BforBank, a bank specialising in savings. She designed and developed the BforBank website, defined the positioning of the brand and supervised its launch on TV, the press and the Internet. Since 2013, she has been Marketing Director of the LesFurets.com comparison site, a subsidiary of the English group BGL, bringing its use and product diversification to the public thanks to a solid strategy of marketing investments.
- **Amaury Lelong** is Director of Digital Advertising, Data and New Products. A graduate of HEC in 1999 and the London Business School, Mr Lelong began his career by participating in the creation of the e-marketing agency Nextedia (formerly Come&Stay). He then worked as a consultant at AT Kearney and Boston Consulting group, before joining Canal+, where he held a number of positions in operational departments with significant marketing and digital responsibilities. In 2012, Amaury Lelong joined the Solocal Group as Marketing Director in the Major Accounts and Digital Marketing division. Two years later, he was promoted to Deputy CEO of this division, which had become Solocal Network, where he initiated the development of the Group's data and programmatic offer. As part of the implementation of the product lines in 2016, he was appointed CEO of DaPSSA, a product line grouping together the Data Programmatic, Search and Social Advertising offers developed by Solocal on the main advertising platforms on the market (Google, Bing, Facebook and programmatic advertising). Mr Lelong's appointment as Director of Digital Advertising, Data and New Products has been effective since 2 May 2018.
- **Olivier Regnard** is Chief Financial Officer. He is a graduate of ESSEC business school. From the first quarter of 2018, he was CFO of Europe Snacks (an agri-food company with annual revenues of €350 million, employing 2,100 people) where he played a noteworthy part in the company's external expansion. Between 2013 and 2017, Olivier Regnard was Deputy CEO and Chief Financial Officer of Latécoère (a first-tier aeronautical contractor listed on Euronext, with annual revenues of €660 million and employing 5,000 people). He was in charge of the Financial, Legal and Purchasing departments. During this time, he made a considerable contribution to Latécoère's transformation plan. Prior to this experience, Olivier Regnard spent almost 15 years with Deloitte, in Auditing and Financial Advisory Services. During this period, he had the opportunity to work in highly diverse business activities and environments in France and abroad.

4.2 Functioning of the Board and the Committees

The Company is managed by a Board of Directors that decides on business strategy and oversees its execution by senior management. Without prejudice to the powers expressly reserved by law for General Shareholders' Meetings and within the limits of the corporate purpose, the Board may address any concern that may have an impact on the Company's business and decide any matters within its remit. It also expresses its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology.

4.2.1 COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS

Solocal Group embraces the principles of corporate governance of listed companies set out in the AFEP-MEDEF Corporate Governance Code in its revised version of January 2020.

The Board of Directors has identified no difference between Solocal Group's practices and the recommendations of the AFEP-MEDEF Corporate Governance Code.

4.2.2 SERVICE AGREEMENTS

No members of the Board of Directors and no Chief Executive Officers have a service agreement with the Company or with one of its subsidiaries that provides for benefits upon contract termination.

4.2.3 CORPORATE GOVERNANCE REPORT ADOPTED BY THE BOARD OF DIRECTORS

This report is prepared in accordance with Articles L. 225-37 et seq. of the French Commercial Code. It has four sections:

Part I: Compensation policy for corporate officers, pursuant to Article L. 225-37-2 of the French Commercial Code (*ex ante* vote)

Part II: Compensation paid or awarded to corporate officers for the 2019 financial year (*ex post* vote)

Part III: Corporate Governance (Article L. 225-37-4 of the French Commercial Code)

Part IV: Significant factors in the event of a tender offer or public exchange offer (L. 225-37-5 of the French Commercial Code)

PART I: COMPENSATION POLICY FOR CORPORATE OFFICERS, PURSUANT TO ARTICLE L. 225-37-2 OF THE FRENCH COMMERCIAL CODE (*EX ANTE* VOTE)

This compensation policy has been drawn up pursuant to Article L. 225-37-2 of the French Commercial Code enacted in accordance with Order No. 2019-1234 of 27 November 2019 (the "**Order**") and supplemented by decree No. 2019-1235 of the same date which reformed the regulatory framework for corporate officers' compensation introduced by the Sapin II law.

The new framework provides for an annual shareholder vote on the compensation policy for corporate officers established by the Board of Directors, including the Directors, who were not previously covered.

Thus, the resolutions to be tabled at the next Annual General Shareholders' Meeting concern the compensation policy for the Chief Executive Officer, the Chairman of the Board of Directors and the Directors of Solocal Group. For these purposes, the compensation policy is presented herein, with a description in particular of the decision-making process followed for reviewing and implementing the policy and the fixed and variable components of said compensation.

We highlight the fact that if this resolution is approved, the approved compensation policy will be used to determine the compensation attributable to the corporate officers of Solocal Group for the current financial year.

Items of compensation or compensation commitments may only be determined, awarded, made or paid if they are consistent with the compensation policy approved by the shareholders or, in the absence of approval, with the compensation awarded for the previous financial year or, failing that, with existing practices within the Company.

In the interests of clarity, the common aspects of the compensation policy applicable to all corporate officers are presented first, followed by the compensation policies for the Chairman of the Board of Directors, the Chief Executive Officer and the Directors.

It is also specified that the amounts referred to in Part I represent ceilings and the total compensation and benefits in kind granted to the corporate officers of Solocal Group may be for lower amounts.

Compensation policy – common aspects

Alignment with the Company's interests

The Board of Directors considers the compensation policy for Solocal Group's corporate officers to be in line with the Company's interests. It is a measured policy, in terms of amounts, for a Group of its size, and the performance criteria chosen by the Board ensure the effectiveness of senior management.

The compensation policy also contributes to the Group's sustainability and business strategy because it constantly seeks to balance the Solocal Group's interests, an acknowledgement of the performance of senior executives and the continuity of compensation practices while encouraging employee retention. Compensation is determined in a way that rewards work achieved and promotes the exacting standards that operate within the Group.

Methods of determining, reviewing and implementing the policy

Compensation paid to the Group's corporate officers is determined in compliance with the recommendations of the AFEP/MEDEF Corporate Governance Code, as revised in January 2020. It is decided by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, and submitted to the vote of the General Shareholders' Meeting.

It is subject to regular comparative studies in order to ensure the competitiveness and fairness of the compensation policy within the Group.

In determining the compensation policy, the Board of Directors assesses and takes account of each corporate officer's situation in terms of his or her relationships, if any, with the Company or the Group companies that may impair his or her ability to make independent judgements or lead to potential conflicts of interests with the Company.

Application of compensation policy provisions to newly appointed or reappointed corporate officers

The compensation policy described is applicable to the functions concerned and shall continue to apply, where necessary, in the event of a change of senior managers or of the Chairman or members of the Board.

Employment contract or services agreement

As stated in section 4.2.2 of this Universal Registration Document, no corporate officer has a service agreement with the Company or with any of its subsidiaries that provides for benefits upon contract termination.

Furthermore, no corporate officer has an employment contract with the Company.

Derogations from the compensation policy

The Board of Directors does not plan to make use of the possibility of waiving the application of the compensation policy in accordance with the second paragraph of Article L. 225-37-2 III.

Compensation policy for executive corporate officers

The conditions of compensation of the executive corporate officers comprise firstly annual growth and personal operational effectiveness targets, and secondly long-term targets linked to the economic and financial performance of the Group. They notably take account of the specificities of firms of the digital sector in the matter of compensation and retention of management staff.

In 2019, the Board of Directors wanted the variable compensation of executive corporate officers to reflect their contribution to the challenges of transforming the Group's strategy, organisation and culture, whilst taking into account its need to return to growth.

For the 2020 financial year, the Board of Directors wants the objectives set for the executive corporate officer to be in line with the Company's strategy: profitable cash-generating growth that supports customer satisfaction.

Please refer to section 4.1 of the Universal Registration Document on the individual terms of office of the executive corporate officers.

A. Compensation policy for the Chairman of the Board of Directors

The next Annual General Shareholders' Meeting will be asked to approve the compensation policy for the Chairman of the Board of Directors. This policy consists of (i) all common elements of the compensation policy referred to in the section headed "Compensation policy - Common aspects" and (ii) all elements described in this paragraph.

The Chairman of the Board of Directors receives fixed, annual lump-sum compensation of €150,000[(1)], for office as Chairman of the Board of Directors.

He does not receive any other compensation or benefit referred to in Article R. 225-29-1 of the French Commercial Code.

B. Compensation policy for the Chief Executive Officer

The next Annual General Shareholders' Meeting will be asked to approve the compensation policy for the Chief Executive Officer. This policy consists of (i) all common elements of the compensation policy referred to in the section headed "Compensation policy - Common aspects" and (ii) all elements described in this paragraph.

1. 1Compensation for his directorship

The Chief Executive Officer does not receive any compensation for his directorship at Solocal Group.

2. Annual compensation

2.1. Structure of the annual compensation

The annual compensation of the Chief Executive Officer comprises a fixed portion and a variable portion, the criteria of which are (i) partly common to all Directors of the Group ("common targets"), and (ii) partly individual ("individual targets").

2.2. Annual fixed compensation

The Chief Executive Officer's gross annual fixed compensation for the 2020 fiscal year will total €520,000[(1)] which will be paid in monthly instalments. The amount of this fixed compensation has not changed since 2013.

2.3. Annual variable compensation

The Board of Directors informs the Chief Executive Officer annually of the targets it has set for assessing variable compensation, which are based on a proposal by the Remuneration and Appointments Committee. The Board of Directors assesses the attainment of the targets and the amount of the corresponding variable portion every year on a proposal by the Remuneration and Appointments Committee.

The criteria for the variable compensation of the Chief Executive Officer for the 2019 financial year payable in 2020 were fixed by the Board of Directors at its meeting on 26 February 2020 on a proposal by the Remuneration and Appointments Committee.

The criteria for assessment of the 2020 variable compensation of the Chief Executive Officer and their respective weight are summarised in the table below.

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The Board of Directors set the 2020 target for the variable portion of the Chief Executive Officer's compensation at 100% of fixed compensation, if targets are attained. It can vary between 0% and 200% of fixed compensation, based on the four following criteria:

	Min	Target	Max
Digital revenues	0%	15%	30%
Growth in customer base	0%	15%	30%
Operating cash flow	0%	20%	40%
NPS clients and users	0%	10%	20%
Individual targets related to customers, products, organisation, tools and CSR	0%	40%	80%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0**	**100%**	**200%**

The Board of Directors will adjust these criteria to take account of the economic impact of the Covid-19 health crisis on the Company's activity. This variable compensation policy for 2020 is in line with the Company's strategy: revenue growth centred on customer satisfaction and paving the way for future growth by growing the customer base, generating profitability and protecting cash.

The payment of the items of variable compensation due for the 2020 financial year to the Chief Executive Officer will be conditional on approval by the Ordinary General Shareholders' Meeting of the Company to be held in 2021.

2.4. Multi-year variable compensation

N/A.

(1) In accordance with the announcement made on 22 April, the members of the Board of Directors and the Chief Executive Officer have decided on a 25% reduction during the lockdown period (i) in the Directors' and Chairman's compensation; (ii) in the Chief Executive Officer's fixed compensation. This announcement will be reflected in the resolutions to be put to the next Annual General Shareholders' Meeting.

2.5. Stock option allotments

No stock option allotment is planned for 2020.

2.6. Free share allotments

Pursuant to the authorisation granted by the General Shareholders' Meeting of 11 April 2019, the Chief Executive Officer was awarded 1,500,000 free performance shares in 2019.

Any further allotment would be made in accordance with the authorisation to be submitted to the next Annual General Shareholders' Meeting and according to the following terms and conditions.

Any free share allotment pursuant to the authorisation of 11 April 2019 shall be subject to a performance condition and a continued employment condition, the terms and conditions of which would be set by the Board of Directors.

The performance condition would be assessed over three years and would be based on two criteria:

- an off-market criterion: the level of achievement, during the relevant period, of the annual free cash flow objectives set by the Board of Directors; and
- a market criterion: the change in the Company's share price, with reference to a share price at the end of the period of at least two euros.

The two criteria are applied as follows:

(i) first criterion: the final allotment rate (before application of the coefficient linked to the second criterion), determined at the end of the period of the plan, will be 85% conditional on the achievement of the annual free cash flow objectives during the three years of the period of the plan and 15% on an appraisal of the achievement of that free cash flow objective over the period of the plan.

(ii) second criterion: the change in the share price: the final allotment rate will also depend on the price of the Solocal Group share at the end of the period of the plan with a target objective of two euros.

Thus, the following coefficient will be applied to the number of shares allotted by application of the first criterion:

- if the share price is higher than or equal to two euros at the end of 2021 (based on an average of twenty trading days), the number of shares allotted by application of the first criterion will be multiplied by 1;
- if the share price is lower than two euros at the end of 2021 (based on an average of twenty trading days), the number of shares allotted by application of the first criterion will be multiplied by 0.75 for the Chief Executive Officer, 0.825 for the other members of the Executive Committee and 0.90 for the other eligible beneficiaries;
- if the share price is lower than one euro at the end of 2021 (based on an average of twenty trading days), there will be no share allotment for the Chief Executive Officer and the other members of the Executive Committee and the number of shares allotted by application of the first criterion will be multiplied by 0.70 for the other eligible beneficiaries;
- the vesting period would be three years;
- the Chief Executive Officer would be obliged to retain at least 30% of the shares permanently awarded to him up until he ceased to be a member of the Company's Executive Committee (or any substitute governing body);

The Board of Directors may lay down the conditions under which the aforementioned criteria would be adapted in case of an event affecting their relevance (in particular the market criterion), for example in the event of the delisting of the Company's shares.

With regard to the Company's corporate officers only, a "claw back" condition would be applicable, for allotments starting in 2019, throughout the vesting period and, for the shares subject to retention obligations, during the retention period. Thus, if it should appear a posteriori that the shares were awarded on the basis of information known by the beneficiary to be inaccurate and that led to an inaccurate assessment by the Board of Directors of the aggregates selected for the assessment of the performance condition, the benefit of the relevant performance shares would be lost automatically. This clause would be assessed under French law.

In the event of a beneficiary's incapacity under the statutory conditions, or death, the performance and continued employment conditions shall be deemed satisfied and the final allotment of shares shall occur before the end of the vesting period.

In addition, the Board of Directors may table a resolution at the next Annual General Shareholders' Meeting for the allotment of free shares subject to a performance condition.

2.7. Exceptional compensation

N/A.

2.8. Compensation, indemnities or benefits due or that may be due to the Chief Executive Officer on taking up office

As Mr Éric Boustouller, when accepting the office of Chief Executive Officer, had to waive significant rights to long-term compensation for his former duties, the Company's General Shareholders' Meeting of 9 March 2018 (Resolution 13) approved the payment of compensation for taking up his functions, in the form of one million bonus (free) shares in the Company, under the following terms:

- the allotment of free shares is not subject to a performance condition;

- the final allotment of the shares is conditional on Mr Éric Boustouller still being present at the Company at the end of the vesting period mentioned below. The continued employment condition will be deemed to have been respected in case of forced departure during the vesting period.

  Forced departure shall mean departure for any reason other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors.
- the vesting period is 12 months and the retention period is 12 months;

  Mr Éric Boustouller must retain two thirds of the shares allotted until he steps down as the Company's Chief Executive Officer; and
- in the event of the beneficiary's incapacity under the statutory conditions, or death, the final allotment of the shares will occur before the end of the vesting period.

This allotment was implemented under the following conditions as defined by the Board of Directors at its meeting on 9 March 2019.

2.9. Undertakings due to ceasing activities

These commitments to the Chief Executive Officer (CEO) were a condition of his recruitment, and thus enabled Mr Éric Boustouller to be recruited as the Company's new Chief Executive Officer (CEO).

SEVERANCE PACKAGE

Because the Chief Executive Officer does not have an employment contract, he would, in the event of his forced departure from the Company (namely any departure other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors), receive a severance payment as follows:

- the amount of the payment will be equal to 18 months of the Chief Executive Officer's gross annual all-inclusive compensation (fixed and variable for targets achieved);
- payment of the compensation will be subject to the following performance condition: the Chief Executive Officer must have achieved an average of at least 80% of his annual targets during the last three years. If the departure occurs less than three years after taking up his duties, the annual targets taken into account will be those which were applicable during the time he was with the Company;
- the severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition.

The aggregate of both the severance package and non-competition indemnities may not exceed two years of fixed and variable compensation.

No sums would be payable in this respect, upon the termination of duties, by any company that controls or is controlled by the Company, within the meaning of Article L. 233-16 II and III.

NON-COMPETITION INDEMNITIES

The Chief Executive Officer will be subject to a non-competition obligation if he leaves his office as Chief Executive Officer for any reason and in any form whatsoever, under the conditions below:

- the non-competition obligation shall be limited to a 12-month period starting from the end of his duties;
- the corresponding compensation shall be equal, on the basis of a 12-month non-competition period, to six months' total compensation calculated on the basis of the monthly average of his total gross compensation paid over the 12 months of activity preceding the date of termination of his duties.

The Company may, upon the termination of duties, (i) waive the benefit of the non-competition commitment (in which case it will not have to pay the corresponding compensation) or (ii) reduce the duration, the field of activities and/or the geographical scope of said commitment (in which case the amount of the non-competition indemnities will be reduced accordingly).

The aggregate of both the severance package and non-competition indemnities may not exceed two years of fixed and variable compensation.

In addition, the non-competition indemnities shall not be paid if the beneficiary exercises his or her pension rights.

2.10. Items of compensation and benefits in kind due or that may be due under related-party agreements

N/A.

2.11. Any other item of compensation attributable owing to the office

N/A.

2.12. Benefits in kind

The Chief Executive Officer will receive the following benefits in kind:

- the health and welfare benefit plans under the terms which currently apply for the Company's executive employees or a similar plan and civil liability insurance covering him as Chief Executive Officer;

- the Company will refund his business expenses incurred when performing his functions as Chief Executive Officer, in particular accommodation and travelling costs, on production of receipts, in accordance with the Company's rules;
- the Company will pay the unemployment insurance (GSC) enrolment costs and contributions for executive corporate officers;
- a company car in accordance with Company practices, with the benefit resulting from private use assessed in accordance with the Company's rules; and
- a defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.50% applied to compensation tranches B and C. This contribution is paid 60% by the Company, i.e. 3.3%, with the remaining 40% payable by the Chief Executive Officer, i.e. 2.2%.

Directors' compensation policy

The next Annual General Shareholders' Meeting will be asked to approve the Directors' compensation policy. This policy consists of (i) all common elements of the compensation policy referred to in the section headed "Compensation policy - Common aspects" and (ii) all elements described in this paragraph.

Members of the Board of Directors are compensated by allotment of a fixed overall sum granted by the General Shareholders' Meeting and distributed by the Board of Directors among its members.

Decision-making process followed for determining, reviewing and implementing the Directors' compensation policy

The Combined General Shareholders' Meeting of 11 June 2015 set the annual amount of directorship compensation allotted to Board members at €490,000 from this year on and until otherwise decided at a General Shareholders' Meeting.

The rules governing the distribution of this budget between Directors are decided, revised and implemented by a resolution of the Board of Directors based on the recommendations of the Remuneration and Appointments Committee.

Amount of compensation for Directors' contribution to the work of the Board of Directors and its Committees - Distribution rules

In accordance with the rules adopted by the Board of Directors based on the recommendations of the Remuneration and Appointments Committee, the rules for the distribution of the €490,000[1] budget are as follows:

- €150,000 for the Chairman;
- equal distribution for the Directors, i.e. €37,500 per Director, subject to attendance at all meetings of the Board of Directors and Committees of which they are members;
- an €8,000 lump sum for the Chairman of the Audit Committee;
- a €4,000 lump sum for the members of the Audit Committee;
- a €5,000 lump sum for the Chairman of the Remuneration and Appointments Committee and the Chairman of the Strategy and M&A Committee;
- a €2,500 lump sum for the members of the Remuneration and Appointments Committee and the Strategy and M&A Committee.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for the Directors who were absent a significant number of times given the principle of participation in all meetings of the Board of Directors and the Committees of which they are members;
- no compensation for internal Directors (Director representing employees, Chief Executive Officer).

Terms of office / Employment or service contracts

The members of the Board of Directors are appointed for four years.

Any member of the Board of Directors may be removed from office under the conditions provided for by ordinary legislation (scope of the General Shareholders' Meeting).

No member of the Board of Directors has an employment contract with the Company or has entered into a service agreement with the Company.

(1) In accordance with the announcement made on 22 April, the members of the Board of Directors and the Chief Executive Officer have decided on a 25% reduction during the lockdown period (i) in the Directors' and Chairman's compensation; (iii) in the Chief Executive Officer's fixed compensation. This announcement will be reflected in the resolutions to be put to the next Annual General Shareholders' Meeting.

Other

It is specified for the avoidance of doubt that none of the members of the Board of Directors, apart from the Chief Executive Officer (see Sections 2 *et seq.* above) receives any items of compensation, indemnities or benefits due or which could be due because of termination or a change in position, or subsequent thereto, or conditional rights granted in respect of defined-benefit pension commitments under the systems referred to in Articles L. 137-11 and L. 137-11-2 of the French Social Security Code.

It is also specified that, apart from the Chief Executive Officer (see section 2.12 above), none of the members of the Board of Directors receives any benefits in kind.

PART II: COMPENSATION PAID OR AWARDED TO THE CORPORATE OFFICERS FOR THE 2019 FINANCIAL YEAR (EX POST VOTE)

In accordance with Article L. 225-100 II and III of the French Commercial Code, enacted in accordance with the Order, the following will be subject to the next Annual General Shareholders' Meeting:

- two specific draft resolutions relating to total compensation and the benefits in kind paid during the past financial year or awarded in respect of the same financial year to the Chief Executive Officer on the one hand and the Chairman of the Board of Directors on the other as set out above, and resulting, in the event that the resolution is rejected, in the non-payment of the variable or exceptional compensation awarded for the past financial year (specific ex post vote);
- a draft resolution relating to the information referred to in Article L. 225-37-3 I of the French Commercial Code including in particular the total compensation and benefits in kind paid in respect of the office during the past financial year or awarded in respect of the office for the same financial year to all corporate officers, as set out above, and resulting, in the event that the resolution is rejected, in the non-payment of the variable or exceptional compensation awarded for the past financial year (specific ex post vote).

Compensation of the executive corporate officers subject to the approval of the General Shareholders' Meeting in accordance with Article L. 225-100 III of the French Commercial Code (specific ex post vote)

The items of compensation were paid or awarded for the 2019 financial year to each of the above-mentioned corporate officers in accordance with the principles and criteria for determining, distributing and awarding corporate officers' compensation which were approved by the Combined General Shareholders' Meeting of 11 April 2019 within the scope of the *ex ante* vote. These principles and criteria are set out in the corporate governance report, pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code ("**2018 Report**"). The report is included in the Company's 2018 Universal Registration Document. It can be downloaded from www.solocal.com.

It is specified, with regard to the Chief Executive Officer and the Chairman of the Board of Directors, that since financial year 2017, the payment of variable and exceptional components of compensation is conditional upon the approval by the General Shareholders' Meeting of the items of compensation of the officer concerned.

A. Items of compensation paid during or awarded for the 2019 financial year to the Chairman of the Board of Directors

Pierre Danon,

Chairman of the Board of Directors

Items of compensation put to the vote	Amounts awarded for the past financial year or accounting valuation	Presentation
Fixed compensation	N/A	No fixed compensation
Annual variable compensation	N/A	No variable compensation
Multi-year variable compensation	N/A	No multi-year variable compensation
Exceptional compensation	N/A	No exceptional compensation
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	N/A	No allotment in 2019
Executive compensation for the office as Chairman of the Board	€150,000	€150,000 lump sum for his office as Chairman of the Board of Directors
Benefits in kind	N/A	No benefits in kind
Severance payment	N/A	None
Non-competition indemnities	N/A	None
Supplementary pension scheme	N/A	None

B. Items of compensation paid during or awarded for the 2019 financial year to the Chief Executive Officer

Éric Boustouller,

Chief Executive Officer

Items of compensation put to the vote	Amounts paid or awarded for the past financial year or accounting valuation	Presentation
Fixed compensation	€520,000	Fixed compensation of a gross annual amount of €520,000 paid monthly
Annual variable compensation	€570,059 (amount awarded for the previous financial year)	Gross annual variable compensation which can vary from between 0% and 200% of the fixed compensation with a target of 100% of the fixed compensation for meeting targets. As a reminder, the Board of Directors set four targets for the Chief Executive Officer in 2019(1): (i) Digital sales, (ii) EBITDA – CAPEX, (iii) NPS customer satisfaction target and (iv) Individual targets related to the transformation project.

Éric Boustouller,

Chief Executive Officer

		In respect of the 2019 financial year, the total amount of the Chief Executive Officer's variable portion amounts to €570,059, corresponding to 109.625% of the target objective(1). The principle of awarding deferred variable compensation is not applied. The annual variable compensation paid during the past year amounts to €353,600. This was approved at the General Shareholders' Meeting of 11 April 2019 (Resolution 8).
Multi-year variable compensation	N/A	There is no multi-year variable compensation mechanism
Exceptional compensation	N/A	No exceptional compensation
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	1,500,000 performance shares (valued at €0)	The Company's shareholders, meeting at the Combined General Shareholders' Meeting of 11 April 2019, authorised the Board of Directors to implement a performance share action plan that resulted in the allotment of 1,500,000 performance shares to Éric Boustouller on 19 June 2019. The performance shares are subject to a continued employment condition and a performance condition, which shall be based on the level of achievement of an aggregate free cash flow target and the change in the Company's share price. The conditions governing the exercise of these performance shares (including the strike price and exercise date) are more fully described in section 2.6 of this report.
Compensation for his directorship	N/A	The Chief Executive Officer does not receive any compensation for his directorship at Solocal Group.
Benefits in kind	€38,200.44 (accounting valuation - total benefits in kind excluding civil liability insurance and repayment of expenses incurred during the performance of duties as Chief Executive Officer)	Paid/supplied: — the health and welfare benefit plans under the terms which currently apply for the Company's executive employees or a similar plan; — civil liability insurance in the capacity as Chief Executive Officer; — the refund by the Company of his business expenses incurred when performing his functions, especially accommodation and travelling costs, on production of receipts, in accordance with the Company's rules; — the unemployment insurance (GSC) enrolment costs and contributions for executive corporate officers; and — a company car in accordance with the Company's practices, with the benefit from personal use assessed in accordance with the Company's rules.

Éric Boustouller,
Chief Executive Officer

Severance payment if the position is terminated.	Nothing is owed for the 2019 financial year	In the event of his forced departure from the Company (namely any departure other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors), the Chief Executive Officer would receive a severance payment as follows: — the amount of the payment will be equal to 18 months of the Chief Executive Officer's gross annual all-inclusive compensation (fixed and variable for targets achieved); — the payment of the indemnity will be subject to the following performance condition: the Chief Executive Officer must have achieved an average of at least 80% of his annual targets over the previous three years. If the departure occurs less than three years after taking up his duties, the annual targets taken into account will be those which were applicable during the time he was with the Company; the severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition. The aggregate of both the severance package and non-competition indemnities may not exceed two years of fixed and variable compensation. The Board of Directors gave its prior approval to this commitment on 11 July 2017, as did the General Shareholders' Meeting on 9 March 2018.
Non-competition indemnities	Nothing was paid in the 2019 financial year	The Chief Executive Officer will be subject to a non-competition obligation if he leaves his office for any reason and in any form whatsoever, under the conditions below: — the ban on competition will be limited to a period of 12 months commencing on the day he actually leaves office; — the corresponding compensation shall be equal, on the basis of a 12-month non-competition period, to six months' total compensation calculated on the basis of the monthly average of his total gross compensation paid over the 12 months of activity preceding the date of termination of his duties. The aggregate of both the severance package and non-competition indemnities may not exceed two years of fixed and variable compensation. The Board of Directors gave its prior approval to this commitment on 11 July 2017, as did the General Shareholders' Meeting on 9 March 2018.
Supplementary pension scheme	€9,360.96 (employer contribution)	Defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.5% applied to compensation tranches B and C. This contribution will be paid 60% by the Company, i.e. 3.3%, with the remaining 40% payable by the Chief Executive Officer, i.e. 2.2%. The Board of Directors gave its prior approval to this commitment on 11 July 2017, as did the General Shareholders' Meeting on 9 March 2018.

(1) See section 2.1.3 (Annual variable compensation in the 2018 report).

The Board of Directors, at its meeting of 13 February 2019, set the 2019 target for the variable portion of the Chief Executive Officer's compensation at 100% of fixed compensation, if targets are attained. It can vary between 0% and 200% of fixed compensation, based on the following criteria:

Digital sales	0%	25%	50%
Recurring EBITDA – CAPEX	0%	25%	50%
NPS: customer satisfaction target	0%	10%	20%
Individual targets connected to the transformation project	0%	40%	80%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0%**	**100%**	**200%**

In respect of the 2019 financial year, the total amount of the Chief Executive Officer's variable portion amounts to €570,059, corresponding to 109.0625% of the target objective:

- 0% (vs. 25% for objectives met) concerns the 2019 Digital Sales objective;
- 38.5% (vs. 25% for objectives met) concerns the recurring EBITDA – CAPEX objective;
- 10% (vs. 10% for objectives met) concerns the Client/User satisfaction objective;
- 61.125% (vs. 40% for objectives met) concerns the individual targets related to the transformation project: transformation (offer, audiences, strategy) 15% for objectives met, organisation 15% for objectives met and CSR 10% for objectives met.

In accordance with Article L. 225-37-2 of the French Commercial Code, the payment of the variable and exceptional compensation referred to in this Section A of Part II of the report is conditional on the next Annual General Shareholders' Meeting approving, for each of the persons concerned, the items of variable and exceptional compensation comprising the total compensation paid or to be paid to this person for the financial year ended 31 December 2019.

Information on the compensation of corporate officers subject to the approval of the General Shareholders' Meeting pursuant to Article L. 225-100 II. of the French Commercial Code (general ex post vote)

This section presents, for each corporate officer of the Company, all of the information referred to in Article L. 225-37-3 I of the French Commercial Code relating to their compensation for the 2019 financial year.

In accordance with the provisions of Article L. 225-100 II of the French Commercial Code, the Company's shareholders will be asked to vote on this information in a draft resolution put to the vote at the next Annual General Shareholders' Meeting.

It is specified that from the 2020 financial year, the payment of items of Directors' compensation (previously referred to as "Directors' fees") for the current financial year is conditional upon the approval of the above-mentioned draft resolution concerning the information referred to in Article L. 225-37-3 of the French Commercial Code or, in the event the draft proposal is rejected, the approval, at the following General Shareholders' Meeting, of a revised compensation policy.

In accordance with Article L. 225-37-3-I-8° of the French Commercial Code, it is stipulated that the compensation of each corporate officer of the Company for the 2019 financial year as presented in this report complies with the Company compensation policy adopted for the said financial year.

The policy contributes to long-term performances by constantly seeking to balance the interests of the Solocal Group, an acknowledgement of the performance of senior executives and the continuity of compensation practices. As well as winning the loyalty of Solocal Group teams, compensation is set to reward work achieved and promote the Group's exacting standards.

The information relating to executive corporate officers required by L. 225-37-3 I of the French Commercial Code is presented in detail in section A and the information relating to Directors is presented in section B. In accordance with the same article, the following information will then be presented in sections C and D respectively: the pay ratios (*ratios d'équité*) between the compensation of executive corporate officers and the average and median compensation of the Company's employees and changes in these ratios relative to changes in the Company's performances, the compensation of corporate officers and the average compensation of the Company's employees.

A. Information on the individual compensation of executive corporate officers

The total compensation and benefits in kind paid to the Chief Executive Officer and the Chairman of the Board of Directors in respect of their offices during the past financial year are presented in the table above in the section headed "Compensation of executive corporate officers subject to the approval of the General Shareholders' Meeting pursuant to L. 225-100 III of the French Commercial Code (specific ex post vote)".

The commitments made by the Company and corresponding to items of compensation, indemnities or benefits due or which could be due as a result of the commencement, termination or a change in position or subsequent to the holding thereof are also presented in the section headed "Compensation of executive corporate officers subject to the approval of the General Shareholders' Meeting pursuant to Article L. 225-100 III of the French Commercial Code (specific ex post vote)".

B. Items of Directors' compensation

All compensation received by the Directors for their office during the past year is presented in the table below.

If the composition of the Board of Directors were to no longer comply with the first paragraph of Article L. 225-18-1 of the French Commercial Code, following a change in its current composition, the payment of the Directors' compensation for their contribution to the Board's work would be suspended. Payment would resume, including back payment accrued since suspension, once the Board of Directors was properly composed again.

Non-executive officers	Amounts due in 2019*	Amounts due in 2018*
David Amar		
Directorship compensation (formerly Directors' fees)	45,000	37,500
Other compensation	–	–
Philippe de Verdalle		
Directorship compensation (formerly Directors' fees)	42,500	37,500
Other compensation	–	–
Jacques-Henri David		
Directorship compensation (formerly Directors' fees)	45,500	37,500
Other compensation	–	–
Delphine Grison		
Directorship compensation (formerly Directors' fees)	40,000	37,500
Other compensation	–	–
Sandrine Dufour(1)		
Directorship compensation (formerly Directors' fees)	–	0
Other compensation	–	–
Anne-France Laclide(2)		
Directorship compensation (formerly Directors' fees)	20,750	–
Other compensation	–	–
Arnaud Marion(3)		
Directorship compensation (formerly Directors' fees)	–	37,500
Other compensation	–	–
Alexandre Loussert(4)		
Directorship compensation (formerly Directors' fees)	–	37,500
Other compensation	–	–

Non-executive officers	Amounts due in 2019*	Amounts due in 2018*
Joëlle Obadia		
Directorship compensation (formerly Directors' fees)	0	0
Other compensation(5)	100,501	108,868
Marie Christine Levet		
Directorship compensation (formerly Directors' fees)	40,000	37,500
Other compensation	–	–
Lucile Ribot(6)		
Directorship compensation (formerly Directors' fees)	–	37,500
Other compensation	–	–
Sophie Sursock		
Directorship compensation (formerly Directors' fees)	44,000	37,500
Other compensation	–	–

* The amounts indicated do not take into account the 30% withholding tax for foreign tax residents and the 21% withholding tax for French tax residents.
(1) Sandrine Dufour resigned at the Board of Directors meeting of 9 March 2018.
(2) Anne-France Laclide was co-opted at the Board of Directors meeting of 19 June 2019.
(3) Arnaud Marion resigned at the Board of Directors meeting of 14 December 2018.
(4) Alexandre Loussert resigned at the Board of Directors meeting of 28 February 2019.
(5) Compensation payable by a company included in the Solocal Group consolidation scope within the meaning of Article L. 233-16 of the French Commercial Code.
(6) Lucile Ribot resigned from office on 12 April 2019 (she had been appointed at the General Shareholders' Meeting of 9 March 2018).

The Company has not put in place any additional specific pension scheme for its corporate officers.

C. Pay ratios between the compensation of the Chairman of the Board of Directors and Chief Executive Officer and the average and median compensation of Solocal Group employees

The table below shows the ratios between the level of compensation of the Chairman of the Board of Directors and the Chief Executive Officer and (i) the average compensation of employees of the Group's French companies other than corporate officers and (ii) the median compensation of employees of the Group's French companies other than corporate officers.

The ratios set out below have been calculated based on the fixed and variable gross annual compensation paid during the past five financial years:

Pay ratio for each financial year	2019	2018	2017	2016	2015
Chairman of the Board of Directors					
*Ratio with average compensation**	*271%*	*263%*	*161%*	*166%*	*168%*
*Ratio with median compensation**	*318%*	*300%*	*182%*	*184%*	*191%*
Compensation Chairman of the Board of Directors	150,000	150,000	90,000	90,000	90,000
Chief Executive Officer					
*Ratio with average compensation**	*1617%*	*1155%*	*1601%*	*2013%*	*1991%*
*Ratio with median compensation**	*1903%*	*1318%*	*1807%*	*2237%*	*2269%*
Compensation Chief Executive Officer	896,559	658,071	894,213	1,092,733	1,067,773

* Ratios calculated from the compensation paid by French entities.

D. Annual changes in compensation, the Company's performances and the average compensation of Solocal Group employees other than senior executives

In accordance with Article L. 225-37-3-1-7° of the French Commercial Code, the table below sets out annual changes in compensation, Solocal Group's performances and the average compensation on a full-time equivalent basis of the Company's employees other than senior executives in financial years 2015 to 2019:

	2019	2018	2017	2016	2015
1. Total compensation granted by the General Shareholders' Meeting to the members of the Board of Directors and distributed by the Board of Directors* *(in euros)*					
David Amar (1)	45,000	37,500	29,498	_	_
Philippe de Verdalle (2)	42,500	37,500	29,498	_	_
Jacques Henri David (3)	45,500	37,500	41,244	5,379	_
Delphine Grison (4)	40,000	37,500	20,000	_	_
Sandrine Dufour (5)	_	0	37,500	60,771	63,000
Anne-France Laclide (6)	20,750	_	_	_	_
Arnaud Marion (7)	_	37,500	29,498	_	_
Alexandre Loussert (8)	_	37,500	41,746	7,684	_
Joëlle Obadia (9)	100,501	108,868	132,492	145,117	_
Marie Christine Levet (10)	40,000	37,500	_	_	_
Lucile Ribot (11)	_	37,500	_	_	_
Sophie Sursock (12)	44,000	37,500	29,498	_	_

* The amounts indicated do not take into account the 30% withholding tax for foreign tax residents and the 21% withholding tax for French tax residents.

(1) Mr David Amar s appointed at the General Shareholders' Meeting of 13 June 2017.
(2) Mr Philippe de Verdalle was appointed at the General Shareholders' Meeting of 13 June 2017.
(3) Mr Jacques-Henri David was appointed at the General Shareholders' Meeting of 19 October 2016.
(4) Ms Delphine Grison was appointed at the General Shareholders' Meeting of 13 June 2017
(5) Ms Sandrine Dufour resigned at the Board of Directors' meeting of 9 March 2018.
(6) Ms Anne-France Laclide was co-opted at the Board of Directors meeting of 19 June 2019.
(7) Mr Arnaud Marion was appointed at the General Shareholders' Meeting of 19 October 2016. He waived his right to receive Directors' fees until the General Shareholders' Meeting of 13 June 2017. He resigned at the Board of Directors meeting of 14 December 2018.
(8) Mr Alexandre Loussert was appointed at the General Shareholders' Meeting of 19 October 2016. He resigned at the Board of Directors meeting of 28 February 2019.
(9) Ms Joëlle Obadia was elected as Director representing the employees on 7 April 2016. The compensation shown includes compensation payable by a company included in the Solocal Group consolidation scope within the meaning of Article L. 233-16 of the French Commercial Code.
(10) Ms Marie-Christine Levet was co-opted at the Board of Directors meeting of 15 December 2017.
(11) Ms Lucile Ribot resigned from her office on 12 April 2019 (she had been appointed at the General Shareholders' Meeting of 9 March 2018).
(12) Ms Sophie Sursock was appointed at the General Shareholders' Meeting of 13 June 2017.

	2019	2018	2017	2016	2015
2. Compensation of the Chairman of the Board of Directors - Pierre Danon (Robert de Metz for the 2016 and 2015 financial years and €45,000 to Pierre Danon and €45,000 to Robert de Metz for the 2017 financial year) *(in euros)*					
Compensation for his directorship	150,000	150,000	90,000	90,000	90,000
3. Compensation of the Chief Executive Officer - Eric Boustouller (Jean-Pierre Remy for financial years 2016 and 2015) *(in euros)*					
Fixed compensation	520,000	520,008	116,214	520,000	520,000
Annual variable compensation	570,059	353,600	116,214	468,000	494,000
Valuation of performance shares	0	339 000	–	–	–
Benefits in kind	38,200	21,849	4,819	20,414	20,233
4. Performance of the Company *(in thousands of euros)*					
Consolidated annual net income	32,100	(81,184)	316,831	48,956	26,649

PART III: CORPORATE GOVERNANCE (ARTICLE L. 225-37-4 OF THE FRENCH COMMERCIAL CODE)

1. List of all offices and duties in any company held by each corporate officer during the 2019 financial year

The list of all offices and duties in any company held by each corporate officer during the 2019 financial year is presented under section 4.1.1 of the Universal Registration Document.

2. Regulated agreements and current agreements

2.1. Regulated agreements

Information on the regulated agreements and commitments referred to in Article L. 225-38 of the French Commercial Code is provided in the Statutory Auditors' special report reproduced below in Section 6.6.2 "Statutory Auditors' special report on regulated agreements" of this Universal Registration Document.

2.2. Current agreements

The Company has introduced a charter on internal procedures for monitoring current agreements (the "**Charter**") that falls within the framework of (i) regulations governing non-regulated and regulated agreements, as brought into force by the Pacte Law of 11 April 2019 and (ii) AMF recommendation No. 2012-05 of 2 July 2012, as amended on 5 October 2018.

The purpose of this Charter is to: a) set out the regulatory framework applicable to regulated agreements and commitments and provide details as to the internal methodology used to classify the various agreements entered into; and b) institute a procedure within Solocal Group, in accordance with the Pacte Law, allowing the regular assessment of non-regulated agreements entered into in the ordinary course of business and on arm's length terms.

The Charter applies to Solocal Group and all its French subsidiaries that are subject to regulated agreements regulations.

3. Summary table of the currently valid delegations granted to the Board of Directors

The Combined General Shareholders' Meetings of the Company, held on 9 March 2018 (1 to 6 in the table below) and 11 April 2019 (7 to 9 in the table below), delegated to the Board of Directors, in accordance with the conditions detailed in the table below, the following authorisations:

Securities concerned	Term of the authorisation and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
1. Issuance, with maintenance of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allotment of debt securities and/or transferable securities giving access to capital securities to be issued	26 months 8 May 2020	€450,000,000	Ceiling: €17,000,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
2. Issuance, with cancellation of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allotment of debt securities and/or transferable securities giving access to equity securities to be issued, in the context of tender offers	26 months 8 May 2020	€450,000,000	Ceiling for issuances 2. and 3.: €5,800,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
3. Issuance, with cancellation of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allotment of debt securities and/or transferable securities giving access to equity securities to be issued, by private placements referred to in Article L. 411-2 II of the French Monetary and Financial Code	26 months 8 May 2020	€450,000,000	Ceiling for issuances 2. and 3.: €5,800,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
4. Increase in the number of securities to be issued in the event of a capital increase while maintaining or cancelling the pre-emptive subscription rights	26 months 8 May 2020	-	Ceiling set forth by the regulations
5. Capital increase by capitalisation of reserves, profits or premiums	26 months 8 May 2020	-	€40,000,000
6. Capital increase reserved for members of company savings plans	26 months 8 May 2020	-	€1,150,000
7. Allotment of free shares reserved for employees and corporate officers	12 months 11 April 2020	-	5,500,000 shares including 1,500,000 reserved for corporate officers
8. Allotment of free shares reserved for employees	13 months 11 May 2020	-	400,000 shares maximum
9. Purchase or transfer of shares within the limit of 10% of the share capital	18 months 11 October 2020	-	Buy-back programme ceiling: €58,363,036

4. Composition, preparation and organisation of the Board of Director's work

4.1. Internal regulations

At its meeting of 23 September 2004, the Board drew up internal regulations based on those recommended in the AFEP/MEDEF Corporate Governance Code. These internal rules specify the guiding principles for the operation of the Board and the rights and duties of the Directors.

The main provisions of the Board of Directors' internal regulations are described in the Articles of Association section of the Universal Registration Document.

4.2. Meetings of the Board of Directors

The Board of Directors gives its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology and sees to it that senior management implements these decisions.

The Board met 13 times in 2019. On average, 95% of Directors attended each Board of Directors meeting during the financial year. The average meeting lasted four hours and forty minutes.

The Board of Directors' work mainly involved:

- the review of the financial statements and results: the Board examined and approved the Company and consolidated annual and semi-annual financial statements, and the management reports. It examined the revenues and the main quarterly results along with the corresponding financial disclosures. It drew up the reports and draft resolutions submitted to the General Shareholders' Meetings;
- the review of business performance: at each Board meeting, senior management reported on business conditions and results, which enabled Directors to keep close track of the Group's business activity "in real time";
- follow-up of the execution of the Group's transformation plan (new offerings, subscription methods, etc.);
- review of strategic directions: at the beginning of the year, the Board approved the strategic plan, after a wide-ranging debate. Presentations of each of the Group's strategic activities are given regularly to the Board by the person in charge of the activity;
- throughout the year, the Board of Directors actively watched over the Company's financial situation and liquidity;
- corporate social responsibility (CSR): the Board of Directors is informed of the market trends, the competitive environment, and the major issues including those of the Company's environmental and social responsibility.

A Board of Directors meeting was held without the executive corporate officers after the date the 2018 Universal Registration Document was filed.

4.3. Evaluation of the Board of Directors

Each year, the Board of Directors carries out a self-assessment of its work, the summary of which it examines and from which it draws its conclusions. To carry out this assessment, each member of the Board answers a questionnaire; the results are summarised and commented on. The analyses of the conclusions of the 2018 assessment were presented at the Board of Directors' meeting of 30 January 2019. This analysis found that the Board declares itself globally satisfied with its operation.

4.4. Board of Directors Committees

The Board of Directors has created three Committees within the Company, namely an Audit Committee, a Remuneration and Appointments Committee, and a Strategy Committee and M&A Committee, with this latter created by the Board of Directors at its meeting of 13 June 2017.

At its meeting held on 9 November 2017, the Board of Directors also created three Ad Hoc Committees on the refinancing, the equity story, and the monitoring of the Company's restructuring. These three Committees are now obsolete.

4.4.1. Audit Committee

The Audit Committee must have at least two members, which are appointed by the Board of Directors on the Chairman's recommendation. The Audit Committee appoints its own Chairman.

As of the date of this document, the Audit Committee was composed of the following members:

- Mr Jacques-Henri David, Chairman;
- Ms Anne-France Laclide;
- Ms Sophie Sursock.

Therefore, 100% of its members are Independent Directors.

The Audit Committee monitors all matters connected with the preparation and auditing of accounting and financial information. Without prejudice to the powers of the administrative, management and supervisory bodies, it is responsible for the following, in particular:

- monitoring the preparation of financial information, specifically:
- reviewing Company and consolidated draft annual and semi-annual financial statements and draft management reports and sales and earnings tables;
- reviewing financial communication documents;
- ensuring that Company and consolidated financial statements comply with the accounting standards adopted;

- reviewing the accounting treatment of specific transactions and the corresponding disclosures;
- checking the quality and relevance of the information communicated to shareholders;
- monitoring the effectiveness of internal control and risk management systems, in particular:
  - checking that internal data collection and control procedures are complied with,
  - reviewing the procedure for selecting the Company's Statutory Auditors, particularly their choice and their terms of compensation for the purpose of making observations;
- reviewing the annual audit programmes proposed by the statutory and internal auditors, examining the internal auditing reports for the past year and preparing the audit engagement programme for the current year;
- each year, assessing the Group's exposure to risks and in particular to financial and litigation risks, significant off-balance sheet commitments and the effectiveness of the internal control system;
- monitoring the Statutory Audit of the annual Company, and if applicable consolidated, financial statements;
- monitoring the independence of the Statutory Auditors;
- giving its opinion on the Statutory Auditors proposed for appointment at the General Shareholders' Meeting;
- reporting regularly on its work to the Board of Directors and informing it immediately of any difficulty encountered.

These duties do not limit the powers of the Board of Directors, which cannot rely on the duties or opinions of these Committees to reduce its responsibility.

The Audit Committee shall meet as often as it deems useful and shall address any matter that falls within its remit. It may ask the Company to provide it with any document or information it needs to carry out its duties and conduct any internal or external audit on any matter it believes is pertinent to these duties. When reviewing annual and semi-annual draft financial statements, the Committee may question the Statutory Auditors in the absence of the Company's senior executives. The Audit Committee must be notified of any accounting or auditing irregularity.

The Audit Committee met four times in 2019. On average, 94% of members attended each Audit Committee meeting during the financial year. It regularly met with the Company's senior executives, senior Finance department managers, the head of Auditing and Internal Control, the Head of Risk and the Statutory Auditors, to discuss their work programmes and follow-up actions.

The Audit Committee looked at the following in 2019 in particular:

- the annual Company and consolidated financial statements for the period ended 31 December 2018;
- quarterly condensed consolidated financial statements for 2018;
- the 2019 audit and internal control plan;
- findings of the year's internal audit engagements and quarterly follow up of the implementation of recommendations;
- risk management and mapping of the Group's major risks.

4.4.2. Remuneration and Appointments Committee

This Committee is comprised of at least three members who are appointed by the Board of Directors on the Chairman's proposal. The Remuneration and Appointments Committee names its own Chairman.

As of the date of this report, the Remuneration and Appointments Committee was composed of the following members:

- Mr Philippe de Verdalle, Chairman;
- Mr David Amar;
- Ms Joëlle Obadia.

More than 60% of its members are Independent Directors.

The Remuneration and Appointments Committee is responsible for submitting to the Board of Directors its proposals for appointments of members of the Board of Directors, the Chairman of the Board, the Chief Executive Officer, and the Board's Committees. It is also kept informed by the Chief Executive Officer of any other senior executive appointments within the Group. The Committee also advises the Board of Directors on the amount of Directors' fees to be proposed at the General Shareholders' Meeting and on the allocation of these fees between Board members.

The Committee also proposes the compensation of corporate officers to the Board of Directors and may also, at the Chairman's request, make recommendations on the compensation of senior executives. The Committee reviews the compensation structure for Company executives, and approves the bonus structure for the Executive Committee.

In 2019, the Remuneration and Appointments Committee met five times, with an attendance rate of over 97%.

The Committee examined in particular matters related to changes in the governance of the Company, the definition of the objectives and methods of calculation of the variable portion of the Chief Executive Officer's compensation, the principles governing compensation of the Company's main senior executives, the establishment of a long-term compensation plan for the Chief Executive Officer and key senior executives, and the establishment of a tool for value creation sharing for all Group employees. The Committee also began work, which will be continued in 2020, relating to the establishment of a succession plan with a view to ensuring the continuity of the General Management.

4.4.3. Strategy and M&A Committee

This Committee is comprised of at least three members who are appointed by the Board of Directors on the Chairman's proposal. The Strategy and M&A Committee names its own Chairman.

As of the date of this report, the Strategy and M&A Committee was composed of the following members:

- Mr David Amar, Chairman;
- Ms Delphine Grison;
- Ms Marie-Christine Levet;
- Ms Sophie Sursock.

Therefore, 100% of its members are Independent Directors.

The Committee is in charge of monitoring issues related to the major strategic, economic, financial, and technological objectives of the Company and its direct and indirect subsidiaries.

The Strategy and M&A Committee met six times in 2019. On average, 96% of members attended each Audit Committee meeting during the financial year.

In 2019, the Committee reviewed matters related to the monitoring of the migration of customers to the new range, the ambitions and roadmap of the PagesJaunes media, M&A activities including the divestiture of QDQ Media, medium-term strategies and Group CSR.

4.5. Non-voting Director

In accordance with Article 12 of the Company's Articles of Association which allows the Board of Directors to appoint one or more Non-Voting Directors who participate in Board meetings but are not entitled to vote at those meetings, the Board of Directors resolved, at its meeting of 19 June 2019, to appoint Philippe Besnard as a Non-Voting Director to provide input from individual shareholders to Board meetings.

The Board of Directors decided to award Philippe Besnard annual compensation of €30,000 for the duties included in his appointment, in particular his contribution to the work of the Strategy Committee and the Shareholders' Communication Committee.

4.6. Presence of members of the Board of Directors

Presence of members of the Board of Directors at Board and Committee meetings in 2019:

Full name (position)	Function	Presence at Board of Directors meetings	Presence at Audit Committee meetings	Presence at Remuneration and Appointments Committee meetings	Presence at Strategy and M&A Committee meetings
Pierre Danon	Chairman of the Board of Directors	100%	N/A	N/A	N/A
David Amar	Vice-Chairman of the Board of Directors Director Member of the Remuneration and Appointments Committee Chairman of the Strategy and M&A Committee	100%	N/A	100%	100%
Éric Boustouller	Director Chief Executive Officer	100%	N/A	N/A	N/A
Jacques-Henri David	Director Chairman of the Audit Committee	85%	100%	N/A	N/A
Delphine Grison	Director Member of the Strategy and M&A Committee	100%	N/A	N/A	100%
Anne-France Laclide	Director Member of the Audit Committee	85%	100%	N/A	N/A
Marie-Christine Levet	Director Member of the Strategy and M&A Committee	100%	N/A	N/A	100%

Full name (position)	Function	Presence at Board of Directors meetings	Presence at Audit Committee meetings	Presence at Remuneration and Appointments Committee meetings	Presence at Strategy and M&A Committee meetings
Joëlle Obadia	Director representing employees Member of the Remuneration and Appointments Committee	93%	N/A	100%	N/A
Sophie Sursock	Director Member of the Audit Committee Member of the Strategy and M&A Committee	93%	75%	N/A	100%
Philippe de Verdalle	Director Chairman of the Remuneration and Appointments Committee	100%	N/A	100%	N/A

n/a: not applicable.

5. Description of the diversity policy applied to the members of the Board of Directors

As at the date of this report, the Board of Directors (excluding the Director representing employees) comprises four women: Delphine Grison, Marie-Christine Levet, Anne-France Laclide and Sophie Sursock, and five men: David Amar, Éric Boustouller, Pierre Danon, Jacques-Henri David, and Philippe de Verdalle, i.e. 45% women and 55% men.

Pursuant to Article L. 225-18-1 of the French Commercial Code, the proportion of Directors of each gender on the Board of Directors must not be less than 40%.

6. Limitations that the Board of Directors has placed on the Chief Executive Officer's powers

The Chief Executive Officer, subject to the powers expressly granted to Shareholders' Meetings and the Board of Directors, and within the limits of the corporate purpose, is vested with the widest powers to act, in all circumstances, in the name of the Company, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term business objectives, including projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;

(ii) the following decisions are subject to prior approval by the Board of Directors:

- the annual budget and any significant changes thereto,
- the annual and three-year business plans,
- the acquisition or disposal of a business by Solocal or one of its subsidiaries that is not included in the annual budget, the total amount of which, including all liabilities and other off-balance sheet commitments exceeds €10 million per year,
- any investments or divestments not included in the annual budget for fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million,
- amendments to the employment contract, hiring/appointment or dismissal/removal of the Chief Financial Officer of the Company; any amendment to the employment contract, hiring/appointment or dismissal/removal of the Group's Human Resources Director and the Secretary to the Board of Directors shall not require prior authorisation by the Board of Directors, but shall require the prior agreement of the Remuneration and Appointments Committee,
- any increase in the total indebtedness of Solocal Group or one of its subsidiaries that exceeds the amount authorised under the financing or loan agreements previously authorised by Solocal Group's Board of Directors,
- the execution of any agreement in order to create a joint-venture with a third party, not included in the annual budget and generating a commitment for Solocal or one of its subsidiaries for a total amount greater than €10 million over the duration of the joint-venture,

- any decision to have the securities of Solocal or one of its subsidiaries listed on a regulated exchange and any subsequent action to have additional Solocal or subsidiary securities listed if already listed on a regulated exchange,
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorised by the Board of Directors),
- the acquisition or subscription, by Solocal or one of its subsidiaries, of shares, other equity securities or securities giving access to the capital of any company (x) the value of which, including all liabilities and other off-balance sheet commitments, exceeds €10 million, provided that the liability of Solocal or its subsidiaries is limited and the transaction is not already included in the annual budget, or (y) any company irrespective of the amount invested if Solocal or one of its subsidiaries is acting as an unlimited liability partner in such a company,
- any diversification of the business activities of Solocal or one of its subsidiaries that is unrelated to previous business activities, or any diversification that is related to previous business activities but is not included in the annual budget and involves a financial commitment that exceeds €10 million,
- any sale, transfer or termination of a major business activity of Solocal or one of its subsidiaries that is not included in the annual budget or the three-year business plan,
- any incentive plan (as defined under French labour law or the labour law of another country, with the exception of a mandatory or standard voluntary profit-sharing plan) to be implemented in Solocal Group or within one of its subsidiaries, or any measure that encourages employees to directly or indirectly acquire shares in Solocal Group or one of its subsidiaries,
- any authorisation or instruction given to a Solocal subsidiary, to examine or undertake any of the transactions referred to in this appendix,
- the execution of any agreement not included in the annual budget that would imply payments or supply of goods or services by Solocal or its subsidiaries for an annual amount greater than a total of €10 million,
- any decision relating to plans for the merger or demerger of a Solocal Group subsidiary, the spin-off of the assets of a Solocal subsidiary, or a long-term agreement to manage a Solocal subsidiary, that is not included in the annual budget or the three-year business plan, excluding internal reorganisation that has no material impact on Solocal's position,
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by Solocal or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties not included in the annual budget for a total amount greater than €10 million per year,
- any loans made by Solocal or one of its subsidiaries that are not included in the annual budget the cumulative amounts of which exceed €5 million.

7. Application of the AFEP/MEDEF Code

Solocal observes the AFEP/MEDEF Corporate Governance Code, available on the www.medef.fr website, and complies with all of the operating rules recommended in this Code.

8. Special terms and conditions for shareholder attendance at General Shareholders' Meetings

8.1. Access, participation and voting at General Shareholders' Meetings

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name as justifying the right to participate in General Shareholders' Meetings or, if the shareholder is not domiciled in France, in the name of the representative acting on the shareholder's behalf, on the second working day prior to the General Shareholders' Meeting at 12:00 midnight (Paris time).

In order to attend, vote remotely, or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account, indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the Notice of Meeting, no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

In order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 p.m.(Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members with proof of their status and identity. If it deems this useful, the Board of Directors may ensure that shareholders are sent personal admission cards bearing their names and demand that these cards be shown at the General Shareholders' Meeting.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of third parties at the time the account is opened with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or issue powers of attorney to any person of his or her choice in order to be represented and vote at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions set forth by legal and regulatory provisions. The Company must receive voting forms at 3 p.m. (Paris time) the day before the General Shareholders' Meeting at the latest.

Proxy and remote voting forms and certificates of non-transferability of shares may be submitted in electronic form duly signed under the terms set out in applicable legal and regulatory provisions.

Shares are indivisible with regard to the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company, who shall be considered to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the Court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by videoconference or by any other means of telecommunication, including the Internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

If the Board of Directors so decides at the time of convening the meeting, forms may be completed and signed electronically directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code.

The proxy form or ballot submitted in this way prior to the meeting by such electronic means, and any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in the case of a sale of shares occurring prior to 12:00 midnight (Paris time) on the second working day preceding the meeting, the Company shall invalidate or alter accordingly, as the case may be, the proxy form or ballot submitted prior to the meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at the meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time shares are registered in the accounts with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions that do not amend the Articles of Association. They are held at least once a year within six months of the end of the financial year, to approve the financial statements for the previous financial year, unless this period is extended by Court order.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first Notice of Meeting, unless shareholders present, represented or voting remotely, hold at least one-fifth of shares with voting rights. Upon a second Notice of Meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the incorporation of reserves, profits or issue premiums, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present, represented or voting remotely, hold on the first Notice of Meeting at least one-quarter, or on the second Notice of Meeting one-fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one-fifth quorum is again required.

Subject to the same conditions, decisions are made by a two-thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

8.2. Forms and deadlines for Notices of Meeting (Article 28 of the Articles of Association)

The Board of Directors calls General Shareholders' Meetings under the conditions provided for by law.

Otherwise, General Shareholders' Meetings may also be called by the Statutory Auditors or by any person authorised for this purpose.

A notice informing shareholders of the next General Shareholders' Meeting is published at least 35 days prior to the meeting in the French bulletin of mandatory legal announcements (BALO).

Except where provided for legally, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to ten clear days for General Shareholders' Meetings held after a second Notice of Meeting and for reconvened General Shareholders' Meetings.

The Notices of Meetings are issued by a notice in a newspaper publishing legal announcements in the department where the registered office is located, and in the French bulletin of mandatory legal announcements (BALO). Moreover, shareholders who have held registered shares for at least one month prior to the Notice of Meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided they pay the registered postage fee to the Company.

The meetings shall take place at the date, time and place stated in the Notice of Meeting.

Notices of Meeting must include the agenda for the meeting.

8.3. Officers of General Shareholders' Meetings (Article 30 of the Articles of Association)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a Director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The two members of the General Shareholders' Meeting with the highest number of votes, who accept this role, shall serve as tellers.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

8.4. Agenda

The Agenda of General Shareholders' Meetings is prepared by the author of the Notice of Meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and time limits may request that proposed resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered letter with recorded delivery as of publication of the Notice of Meeting in the French bulletin of mandatory legal announcements (BALO), and up to 25 days prior to the meeting (however, if the notice is published more than 45 days prior to the meeting, proposed resolutions must be sent within 20 days of publication of the notice). The authors must provide proof that they possess or represent the required proportion of share capital, prior to transmission of the request, by registering the shareholders on the Company registers.

Only matters on the agenda may be discussed at General Shareholders' Meetings. Nevertheless, it may, under any circumstances, dismiss and replace one or more members of the Board of Directors.

The agenda may not be amended where a second Notice of Meeting has been issued, or in the event of a meeting being reconvened.

8.5. Conditions for exercising voting rights

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or the Articles of Association, subject to a Court order in certain cases. The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

PART IV: SIGNIFICANT FACTORS IN THE EVENT OF A TENDER OFFER OR PUBLIC EXCHANGE OFFER (L. 225-37-5 OF THE FRENCH COMMERCIAL CODE)

The items listed in paragraphs 1–10 below are provided for information only. The Company considers that they are unlikely to be relevant in the event of a public offer.

1. Structure of the Company's share capital at 31 December 2019

The following table shows Solocal's shareholders and the number of shares held at 31 December 2019:

	Number of shares	% of share capital	Voting rights	% of voting rights
J O Hambro Capital Management, Ltd	53,841,590	8.69%	51,745,304	8.14%
DNCA Finance S.A.	53,481,000	8.63%	53,481,000	8.42%
Family Office Amar	40,000,264	6.46%	40,000,264	6.29%
River and Mercantile AM & Alliance Trust	37,295,642	6.02%	37,295,642	5.87%
Public	433,707,697	70.00%	452,299,201	71.17%
Solocal Group employees[1]	647,677	0.10%	654,933	0.10%
Treasury shares held[2]	567,596	0.09%	-	-
TOTAL	**619,541,466**	**100.00%**	**635,476,344**	**100.00%**

(1) Under the Solocal Group SAvings plan (PEG).
(2) 567,596 treasury shares are held under a liquidity agreement implemented on 2 December 2012.

2. Statutory restrictions on the exercise of voting rights and the transfer of shares or the clauses of agreements made known to the Company pursuant to Article L. 233-11

N/A.

3. Direct or indirect interests in the Company's capital, of which it is aware, pursuant to Articles L. 233-7 and L. 233-12[1]

- In a letter received on 13 September 2019, Amar Family Office1 (11 rue du Rhône, 1204 Geneva, Switzerland) reported that on 12 September 2019, it had crossed above the threshold of 5% of Solocal Group's share capital and that it held 30,000,264 Solocal Group shares and the same proportion of voting rights, or 5.13% of the share capital and 4.99% of the voting rights in the Company. This threshold was crossed as the result of the purchase of Solocal Group shares on the open market.
- In a letter received on 3 December 2019, followed by further correspondence on 4 December, J O Hambro Capital Management Limited (Level 3, 1 St James's Market, SW1Y 4AH London, United Kingdom), acting on behalf of clients and funds under its management, reported that on 2 December 2019, it had crossed below the threshold of 10% of voting rights in Solocal Group and that it held 59,290,002 Solocal Group shares and the same proportion of voting rights on behalf of said clients and funds, or 10.13% of the share capital and 9.85% of the voting rights in the Company.
- In a letter received on 5 December 2019, J O Hambro Capital Management Limited (Level 3, 1 St James's Market, SW1Y 4AH London, United Kingdom), acting on behalf of clients and funds under its management, reported that on 4 December 2019, it had crossed below the threshold of 10% of Solocal Group's share capital and that it held 57,093,399 Solocal Group shares and the same proportion of voting rights on behalf of said clients and funds, or 9.76% of the share capital and 9.49% of the voting rights in the Company.
- In a letter received on 14 January 2020, the public limited company Edmond de Rothschild Asset Management France (47 rue du Faubourg Saint-Honoré, 75401 Paris cedex 08), acting on behalf of funds under its management, reported that on 10 January 2020, it had crossed below the thresholds of 5% of Solocal Group's share capital and voting rights and that it held 30,460,928 Solocal Group shares and the same proportion of voting rights on behalf of said funds, or 4.92% of the share capital and 4.79% of the voting rights in the Company. These thresholds were crossed as result of an increase in the total number of Solocal Group shares and voting rights.

(1) Crossing of statutory thresholds.

4. List of holders of all securities including special controlling rights, with the description of these rights

N/A.

5. Control mechanisms provided in the employee shareholding system[1]

According to the regulations on the employee shareholding fund (FCPE) of the Group SAvings plan invested in Solocal shares, the voting rights attached to this fund's capitalised securities are exercised by the fund's Supervisory Board.

With no express mention in the regulations of any cases in which the Supervisory Board must seek the shareholders' opinion in advance, the Supervisory Board decides on the contribution of this fund's capitalised securities to purchase or exchange offers, pursuant to Article L. 214-164 of the French Monetary and Financial Code.

At 31 December 2019, the FCPE held 0.10% of the Company's share capital and 0.10% of voting rights at General Shareholders' Meetings.

6. Agreements between shareholders of which the Company is aware and that may lead to restrictions on the transfer of shares or the exercise of voting rights

The Company is not aware of any agreements between shareholders that may lead to restrictions on the transfer of shares or the exercise of voting rights.

7. Rules applicable to the appointment and replacement of members of the Board of Directors as well as the amendment of the Company's Articles of Association

No stipulation in the Articles of Association or agreement between the Company and a third party includes any special provision on the appointment and/or replacement of Company Directors that may have an impact in the event of a tender offer.

8. Powers of the Board of Directors (particularly concerning the issue or redemption of shares)

The delegations of authority or authorisations approved by the General Shareholders' Meetings of 9 March 2018 and 11 April 2019 (Resolutions 14 to 18 and Resolutions 11 to 13 respectively), specify that the Board of Directors may not, without the prior authorisation of the General Shareholders' Meeting, use these subsequent to the filing by a third party of a tender offer in relation to Company securities, until after the end of this offer period.

9. Agreements entered into by the Company that have been amended or are expiring in the event of a change in control of the Company

A number of agreements entered into by the Company include a change in control clause.

10. Agreements providing compensation for members of the Board of Directors or employees

There is no agreement by the Company providing compensation for members of the Board of Directors or employees of the Company. For commitments made to benefit the Chief Executive Officer, in the event of a forced departure and related to a change in control or strategy, see section 2.9 above.

Boulogne-Billancourt, 26 February 2020

(1) Under the assumption that the controlling rights are not exercised by the Company's employees.

4.3 Compensation and benefits

4.3.1 OVERALL COMPENSATION AND BENEFITS IN KIND

All gross compensation, excluding employer charges and benefits in kind individually owed and paid by the Company to the corporate officers in the Solocal Group during the year ended 31 December 2019 is summarised in the tables below:

Summary table of compensation and options and shares granted to each executive corporate officer

	2019 financial year	2018 financial year
Pierre Danon, Chairman of the Board of Directors		
Compensation owed for the year (detailed in the table below)	150,000	150,000
Valuation of the options awarded during the year	–	–
Valuation of the performance shares awarded during the year	–	–
Valuation of other long-term compensation plans	–	–
Éric Boustouller, CEO		
Compensation owed for the year (detailed in the table below)	896,559	895,457
Valuation of the options awarded during the year	–	–
Valuation of the performance shares awarded during the year	0	339,000
Valuation of other long-term compensation plans	–	–
TOTAL	**1,046,559**	**1,384,457**

Summary table of the compensation of each executive corporate officer

	2019 financial year		2018 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Pierre Danon, Chairman of the Board of Directors				
Fixed compensation	-	-	-	-
Annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation for his duties as Director and as Chairman of the Board of Directors (formerly Directors' fees)	150,000	150,000	150,000	150,000
Benefits in kind[1]	-	-	-	-
TOTAL	**150,000**	**150,000**	**150,000**	**150,000**
Éric Boustouller, CEO				
Fixed compensation	520,008	520,008	520,008	520,008
Annual variable compensation	570,059	353,600	353,600	116,214
Exceptional compensation	-	-	-	-
Compensation for his duties as Director (formerly Directors' fees)	-	-	-	-
Benefits in kind[1]	22,951	22,951	21,849	21,849
TOTAL	**1,113,018**	**896,559**	**895,457**	**658,071**
TOTAL	**1,263,018**	**1,046,559**	**1,045,457**	**808,071**

(1) Company vehicle and payment of unemployment insurance contributions.

Information concerning the commitments taken in favour of the executive corporate officers and the procedure with regard to the application of the variable portion of the Chief Executive Officer's compensation is provided in the corporate governance report (see section 4.2).

Executive corporate officers	Employment contract		Supplementary pension scheme		Indemnities or benefits due or which could be due because of termination or a change in position		Indemnities tied to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Danon Chairman of the Board of Directors		X		X		X		X
Éric Boustouller CEO		X	Defined contribution supplementary pension scheme (Article 83 of the General Tax Code)		X		X	

Table of compensation payable for directorships (formerly Directors' fees) and other compensation received by non-executive officers*

Non-executive officers	Amounts due in 2019	Amounts due in 2018
David Amar		
Compensation for directorship (formerly Directors' fees)	45,000	37,500
Other compensation	–	–
Philippe de Verdalle		
Compensation for directorship (formerly Directors' fees)	42,500	37,500
Other compensation	–	–
Jacques-Henri David		
Compensation for directorship (formerly Directors' fees)	45,500	37,500
Other compensation	–	–
Delphine Grison		
Compensation for directorship (formerly Directors' fees)	40,000	37,500
Other compensation	–	–
Sandrine Dufour(1)		
Compensation for directorship (formerly Directors' fees)	–	0
Other compensation	–	–
Anne-France Laclide(2)		
Compensation for directorship (formerly Directors' fees)	20,750	–
Other compensation	–	–
Arnaud Marion(3)		
Compensation for directorship (formerly Directors' fees)	–	37,500
Other compensation	–	–
Alexandre Loussert(4)		
Compensation for directorship (formerly Directors' fees)	–	37,500
Other compensation	–	–
Joëlle Obadia		
Compensation for directorship (formerly Directors' fees)	0	0
Other compensation	100,501	108,868
Marie Christine Levet		
Compensation for directorship (formerly Directors' fees)	40,000	37,500
Other compensation	–	–
Lucile Ribot(5)		
Compensation for directorship (formerly Directors' fees)	–	37,500
Other compensation	–	–
Sophie Sursock		
Compensation for directorship (formerly Directors' fees)	44,000	37,500
Other compensation	–	–

* The amounts indicated do not take into account the 30% withholding tax for foreign tax residents and the 21% withholding tax for French tax residents.
(1) Sandrine Dufour resigned at the Board of Directors meeting of 9 March 2018.
(2) Anne-France Laclide was co-opted at the Board of Directors meeting of 19 June 2019.
(3) Arnaud Marion resigned at the Board of Directors meeting of 14 December 2018.
(4) Alexandre Loussert resigned at the Board of Directors meeting of 28 February 2019.
(5) Lucile Ribot resigned from the Board on 12 April 2019 (she had been appointed at the General Shareholders' Meeting of 9 March 2018).

The Company has not put in place any additional specific pension scheme for its corporate officers.

The Combined General Shareholders' Meeting of 11 June 2015 set the annual amount of compensation for directorships allocated to Board members at €490,000 from this year on and until otherwise decided at a General Shareholders' Meeting.

The rules for the distribution of this budget between Directors are decided, revised and implemented by a resolution of the Board of Directors based on the recommendations of the Remuneration and Appointments Committee.

In accordance with the rules adopted by the Board of Directors based on the recommendations of the Remuneration and Appointments Committee, the rules for the distribution of the €490,000 budget are as follows:

- €150,000 for the Chairman;
- equal distribution for the Directors, i.e. €37,500 per Director, subject to attendance at all meetings of the Board of Directors and Committees of which they are members;
- an €8,000 lump sum for the Chairman of the Audit Committee;
- a €4,000 lump sum for the members of the Audit Committee;
- a €5,000 lump sum for the Chairman of the Remuneration and Appointments Committee and the Chairman of the Strategy and M&A Committee;
- a €2,500 lump sum for the members of the Remuneration and Appointments Committee and the Strategy and M&A Committee.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for the Directors who were absent a significant number of times given the principle of participation in all meetings of the Board of Directors and the Committees of which they are members;
- no compensation for internal Directors (Director representing employees, Chief Executive Officer)

4.3.2 AMOUNTS PROVISIONED OR OTHERWISE RECOGNISED FOR PAYMENT OF PENSION, RETIREMENT OR OTHER BENEFITS

On the date of this Universal Registration Document, the sums provisioned or otherwise recognised for the payment of pensions, retirement or other benefits were as follows:

- for Mr Éric Boustouller: €0;
- for Ms Joëlle Obadia: €108,610 as provision for the retirement scheme and €4,005 as provision for the long-service awards.

05

Financial statements

5.1 Consolidated accounts as at 31 December 2019

5.1.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros, except data relating to shares)	Notes	As at 31 December 2019*	As at 31 December 2018*
Revenues	5.1	584,116	670,410
Net external expenses		(143,421)	(197,086)
Personnel expenses		(249,593)	(304,728)
Restructuring costs		(23,455)	(164,000)
EBITDA		**167,647**	**4,596**
Depreciation and amortization		(71,018)	(61,963)
OPERATING INCOME		**96,629**	**(57,367)**
Financial income		(237)	108
Financial expenses		(44,583)	(36,816)
FINANCIAL INCOME	**9.4**	**(44,820)**	**(36,708)**
INCOME BEFORE TAX		**51,809**	**(94,075)**
Corporate income tax	8	(19,698)	12,891
INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		**32,111**	**(81,184)**
Income for the period attributable to:			
– Shareholders of SoLocal Group		32,111	(81,206)
– Non-controlling interests		-	22
Net earnings per share *(in euros)*			
Net earnings per share of the consolidated group based on a weighted average number of shares			
– basic	13.5	0.05	(0.14)
– diluted		0.05	(0.14)
Net earnings per share of the consolidated group			
based on a year end number of existing shares (as at 30 June)			
– basic		0.05	(0.14)
– diluted		0.05	(0.14)

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

5.1.2 STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	As at 31 December 2019*	As at 31 December 2018*
Income for the period report		**32,111**	**(81,184)**
ABO reserves:			
— Gross	11	(8,740)	1,055
— Deferred tax		-	(362)
— **Net of tax**		**(8,740)**	**693**
Exchange differences on translation of foreign operations		317	11
OTHER COMPREHENSIVE INCOME		**(8,423)**	**704**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**23,688**	**(80,480)**
Total comprehensive income for the period attributable to:			
— Shareholders of SoLocal Group		23,688	(80,504)
— Non-controlling interests		-	24

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

5.1.3 STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(in thousands of euros)	Notes	As at 31 December 2019	As at 31 December 2018
Assets			
Net goodwill		88,870	88,870
Other net intangible fixed assets		90,482	100,139
Net tangible fixed assets		20,977	25,614
Right-of-use assets related to leases	1.3.2	69,279	-
Other non-current financial assets		7,067	6,919
Net deferred tax assets	8	60,928	75,056
TOTAL NON-CURRENT ASSETS		**337,603**	**296,598**
Net trade accounts receivable	5.2	90,223	234,559
Other current assets		39,065	42,494
Current tax receivable		2,333	9,023
Prepaid expenses		2,676	4,755
Other current financial assets		3,416	2,006
Cash and cash equivalents	9.5	41,551	81,644
TOTAL CURRENT ASSETS		**179,264**	**374,482**
TOTAL ASSETS		**516,867**	**671,081**
Liabilities			
Share capital		61,954	58,363
Issue premium		758,392	743,803
Reserves		(1,432,975)	(1,349,806)
Income for the period attributable to shareholders of Solocal Group		32,111	(81,184)
Other comprehensive income		(53,065)	(44,641)
Own shares		(5,344)	(5,249)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE SOLOCAL GROUP	**13**	**(638,927)**	**(678,714)**
Non-controlling interests		41	41
TOTAL EQUITY		**(638,886)**	**(678,673)**
Non-current financial liabilities and derivatives		448,488	402,235
Long-term lease liabilities	1.3.2	78,450	-
Employee benefits - non-current		93,960	93,770
Provisions - non-current	11	11,025	39,937
Deferred tax liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		**631,923**	**535,942**
Bank overdrafts and other short-term borrowings		13,681	5,626
Accrued interest		1,387	1,389
Short-term lease liabilities	1.3.2	25,654	-
Provisions - current	11	71,105	163,188
Contract liabilities	5.4	194,113	357,486
Trade accounts payable	12	73,495	115,391
Employee benefits - current		84,837	93,605
Other current liabilities		58,742	76,895
Corporation tax		816	232
TOTAL CURRENT LIABILITIES		**523,830**	**813,813**
TOTAL LIABILITIES		**516,867**	**671,081**

5.1.4 STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Number of shares in circulation	*(in thousands of euros)*	Share capital	Issue premium	Income and reserves	Actuarial differences	Translation reserve	Own shares	Group equity	Non-controlling interests	Total equity
582,042,526	**BALANCE AS AT 1 JANUARY 2018**	**58,244**	**741,551**	**(1,349,632)**	**(44,745)**	**(600)**	**(5,157)**	**(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			-				-		-
1,185,565	Capital transactions	119	2,252	(2,371)				-		-
(90,367)	Shares of the consolidating company net of tax effect						(92)	(92)		(92)
	Minority Stake holders Effilab Dubaï (cession)								(61)	(61)
583,137,724	**BALANCE AS AT 31 DECEMBER 2018**	**58,363**	**743,803**	**(1,430,990)**	**(44,052)**	**(589)**	**(5,249)**	**(678,714)**	**41**	**(678,673)**
583,137,724	**BALANCE AS AT 1 JANUARY 2019**	**58,363**	**743,803**	**(1,430,990)**	**(44,052)**	**(589)**	**(5,249)**	**(678,714)**	**41**	**(678,673)**
	Total comprehensive income for the period			32,111				32,111	-	32,111
	Other comprehensive income							-	-	-
	Total comprehensive income for the period, net of tax							**-**	**-**	**-**
1,000,000	Share-based payment	100		1,418				1,518		1,518
495,911	Capital transactions	49	943	(992)				-		-
34,415,190	Equity line financing	3,442	13,646					17,088		17,088
(74,955)	Shares of the consolidating company net of tax effect						(95)	(95)		(95)
	Minority Stake holders Effilab Dubaï (cession)			(2,411)	(8,740)	317		(10,834)	-	(10,834)
618,973,870	**BALANCE AS AT 31 DECEMBER 2019**	**61,954**	**758,392**	**(1,400,864)**	**(52,792)**	**(273)**	**(5,344)**	**(638,926)**	**41**	**(638,885)**

5.1.5 CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Income for the period attribuable to shareholders of SoLocal Group	**32,111**	**(81,206)**
Depreciation and amortization of fixed assets	47,302	57,159
Change in provisions	(124,204)	125,076
Share-based payment	(643)	2,123
Capital gains or losses on asset disposals	530	4,804
Interest income and expenses	44,820	36,715
Hedging instruments	-	-
Unrealised exhange difference		
Tax charge for the period	19,698	(12,891)
Non-controlling interests	-	22
Decrease (increase) in inventories	212	353
Decrease (increase) in trade accounts receivable	146,938	47,816
Decrease (increase) in other receivables	9,836	(8,814)
Increase (decrease) in trade accounts payable	(12,386)	25,801
Increase (decrease) in other payables	(196,914)	(97,515)
Net change in working capital	**(52,314)**	**(32,359)**
Dividends and interest received	(346)	635
Interest paid and rate effect of net derivatives	(43,610)	(35,289)
Corporation tax paid	1,829	(15,781)
NET CASH FROM OPERATIONS	**(74,827)**	**49,001**
Acquisition of tangible and intangible fixed assets	(41,594)	(43,665)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets	385	(7,104)
NET CASH USED IN INVESTING ACTIVITIES	**(41,209)**	**(50,768)**
Increase (decrease) in borrowings	58,946	(3,109)
Dividends paid	(4)	106
Other cash from financing activities o/w own shares	17,013	94
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**75,955**	**(2,909)**
Impact of changes in exchange rates on cash	16	81
NET INCREASE (DECREASE) IN CASH POSITION	**(40,065)**	**(4,595)**
Net cash and cash equivalents at beginning of period	81,523	86,118
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**41,458**	**81,523**

5.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

NOTE 1. Basis for preparation of the consolidated financial statements

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 31 December 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 February 2020.

1.1 Highlights

1.1.1 Restructuring plan

The Group presented its strategic project "Solocal 2020" on 13 February 2019. This transformation project, intended to enable a return to sustainable growth for the Group, was accompanied in 2018 with a reduction of some 1,000 jobs with the implementation of a redundancy scheme.

As part of this transformation project, Management and majority trade union organisations signed a GPEC skills management agreement on 25 July 2019 on mobility leave, which specifies the support measures to be proposed to employees who are currently in a job identified as in a declining growth situation. This mobility leave concerns 113 employees and was put in place in 2019 on a volunteer basis.

On 31 December 2019, a provision of €20.2 M was set aside for employee departures planned in 2019 and 2020. A reversal of €1.5 M was performed over the year – this reversal corresponds to the costs incurred over the period to support employee departures.

1.1.2 Financial borrowings

In February 2019 the Solocal Group contracted a revolving credit facility of €15 million maturing in March 2022. In accordance with what was announced, the Group continued its search for means of financing and increased this revolving credit facility by €25 million to €40 million in June 2019. An increase in the revolving credit facility of €10 million was contracted in November 2019 bringing the credit line amount to €50 million.

1.1.3 Capital increase

On 27 November 2019, the Board of Directors decided to authorise the putting in place of an equity financing line. This equity financing line was drawn on for an amount corresponding to 34,415,190 shares out of 58 000 000 warrants on 31 December 2019 i.e. €3.4 million in share capital.

1.2 Accounting methods and principles

Pursuant to European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Solocal Group as at 31 December 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 accounting rules and methods applied in the 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 31 December 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

1.3 IFRS standards

1.3.1 Change in IFRS standard and interpretations

The accounting methods and principles applied for the summarised consolidated financial statements as at 31 December 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 31 December 2019.

The standards, amendments and interpretations published by the IASB and IFRS IC (IFRS Interpretations Committee) respectively, the application of which is not mandatory for the financial years starting from 1 January 2019 and not applied in advance by the Group, are:

Standards:

- IFRS 17 Insurance contracts (applicable on 1 January 2021), not adopted / adopted by the European Union

Amendments:

- IFRS 3 Business combinations, definition of an activity, (applicable on 1 January 2020), not adopted / adopted by the European Union

- Interest Rate Benchmark Reform (IBOR), amendments to IFRS 9, IAS 39 and IFRS 7 (applicable on 1 January 2020), not adopted / adopted by the European Union
- IAS 1 and IAS 8, definition of the term "significant" (applicable on 1 January 2020), adopted by the European Union

Conceptual framework: conceptual framework for the revised financial information replacing the 2010 framework (applicable on 1 January 2020), adopted by the European Union.

1.3.2 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 "simplified 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 scope of contracts has been systematically reviewed, reassessing the existence of leases in each contract according to the criteria of the standard and excluding leases with a term of 12 months or less and low-value assets (below 5 k€) in line with the exemption set out in the standard. Fees for such leases are recognized in expenses.

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 for which the Group is reasonably certain that the extension or termination options will be exercised.

The discount rate is determined as the sum of the risk-free rate, in reference to its duration, and of the credit risk of the entity related to the one of the Group for this same duration reference. The calculation of discount rates was based on the residual duration of each contract.

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

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

(in thousands of 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 €79.5 million and €109.0 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 €26.2 million.

The application of this new accounting standard has no effect on cash flow 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.

IFRS 16 impacts on rental obligations on 1 January 2019

The following table sets out the move by off-balance-sheet commitments given as at 31 December 2018 to opening rental obligations under IFRS 16:

(in millions of 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**

1.4 Other information

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 consolidated financial statements as at 31 December 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.

1.5 Note on continued operation

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

The Group structurally and strongly generates cash. However, non-recurring outflows related to 2018 Redundancy Scheme have reduced the Group leeway.

In 2019, the outflows of non-recurring expenses were €155 million. In addition to cash from operation and according to what has been announced, the Group has diversified its means of financing: a revolving credit facility of €50 million and €8 million of a working capital line of credit. An equity line was issued at the end of November 2019 for €17.4 million as at 31 December 2019. 24 million warrants are still available.

Non recurring outflows in 2020 are planned to €60 million and will still have a significant impact on the Group cash position. However, based on the 2020 forecast established by the Group, the cash position as at 1st January 2020 and cash from operation (financial expenses included) will allow the Group to face all outflows.

had been set up in December 2018 with a financial partner. This line is operational and was used for nearly 2 million as at 31 December 2019. Besides, the Group will still continue to diversify its means of financing so that additional leeway may be recovered (assets financing, web sites financing).

1.6 Presentation of consolidated financial statements

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

EBITDA is an alternate indicator of performance presented in the income statement in operating income and before taking impairment, amortisation and depreciation into account.

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 millions of euros)	As at 31 December 2019	As at 31 December 2018
Digital	347.1	404.0
Print	38.3	64.1
TOTAL ORDER BACKLOG – BEGINNING OF PERIOD*	**385.4**	**468.0**
Digital	519.5	518.7
Print	44.9	74.9
Total order intake	**564.3**	**593.7**
Digital	(5.7)	(4.6)
Print	(0.0)	(2.3)
Cancellation	**(5.7)**	**(6.9)**
Digital	(520.5)	(571.0)
Print	(63.6)	(98.4)
Total revenues of continued activities	**(584.1)**	**(669.4)**
Digital	340.3	347.1
Print	19.5	38.3
TOTAL ORDER BACKLOG – END OF PERIOD	**359.9**	**385.4**

* Cancellations are attached to the selling year.

2.1.2 Recurring Digital and Print EBITDA

Recurring EBITDA corresponds to EBITDA before taking account of items defined as non-recurring. The allocation 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.

In the course of 2019, the Group divested from a non-strategic activity, Eurodirectory, without any revenues and an EBITDA impact close to zero.

In the course of 2018, the Group divested from non-strategic activities ("divested activities"): Retail Explorer, Net Vendeur, Effilab Australia, Effilab Dubaï. These divested activities accounted for revenues of €1.0 million and an EBITDA of €0.2 million.

	Continued activities		
(in millions of euros)	**As at 31 December 2019***	**As at 31 December 2018***	**Change Recurring 2019 / 2018**
Digital	520.5	571.0	-8.8%
Print	63.6	98.4	-35.4%
Revenues	**584.1**	**669.4**	**-12.7%**
Digital revenues as % of total revenues	89.1%	85.3%	
Digital	170.0	149.3	13.9%
Print	20.6	22.0	-6.2%
Recurring EBITDA	**190.6**	**171.2**	**11.3%**
As % of revenues			
Digital	*32.7%*	*26.1%*	
Print	*32.5%*	*22.4%*	
Total	*32.6%*	*25.6%*	

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

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2.1.3 Non-recurring items

As at 31 December 2019, the amount of non-recurring items stands at €23.0 million and primarily comprises the expenses incurred in the framework of the Group's transformation.

2.1.4 Working capital requirement

(in millions of euros)	**As at 31 December 2019**	**As at 31 December 2018**
+ Net trade accounts receivable	90.2	234.6
+ Other current assets	39.1	42.5
+ Current tax receivable	2.3	9.0
+ Other current financial assets	3.4	2.0
- Trade accounts payable	73.5	115.4
- Other current liabilities	58.7	76.9
- Corporation tax	0.8	0.2
WORKING CAPITAL	**2.0**	**95.6**

2.1.5 Current investment

(in millions of euros)	**As at 31 December 2019**	**As at 31 December 2018**	**Variation**
Acquisition of tangible and intangible fixed assets	42.9	43.6	-1.6%
Right-of-use assets related to leases*	24.0	-	N/A
CURRENT INVESTMENTS	**66.9**	**43.6**	**N/A**

* The increase in right-of-use assets related to leases is due to new right-of-use assets of 2019.

As at 1st January 2019, due to the first application of the IFRS 16 standard "Leases", right-of-use assets related to leases in Statement of consolidated financial position are €79.5 million.

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 €584.1 million as at 31 December 2019, these activities represent respectively 89.1% and 10.1%.

Digital

- The digital Presence offer allows VSEs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, PagesJaunes, Bing, Tripadvisor, 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 €127.2 million as at 31 December 2019. The digital Presence offer is sold as auto-renewal subscription.
- 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 includes the Priority Ranking services launched in the third quarter of 2019. This offer represents revenues of €281.2 million as at 31 December 2019.
- With the Website range, Solocal offers customers site creation and SEO services (showcase and e-commerce), according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenues of €104.6 million as at 31 December 2019.
- Intended for VSE/SMEs, the digital Presence and digital Advertising ranges are also available for large network accounts.
- 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 €7.6 million as at 31 December 2019.

Print

This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", concerning conventional direct marketing. This activity is going to be stopped at the end of 2020.

The Solocal Group recorded Print revenues of €63.6 million as at 31 December 2019, down -35.4% 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:

	As at 31 December 2019*					As at 31 December 2018*				
			Continued activities					Continued activities		
(in millions of euros)	Conso-lidated	Divested activities	Total	Recur.	Non recur.	Conso-lidated	Divested activities	Total	Recur.	Non recur.
Revenues	**584.1**	**0.0**	**584.1**	**584.1**	**0.0**	**670.4**	**1.0**	**669.4**	**669.4**	**0.0**
– Digital	520.5	0.0	520.5	520.5	0.0	572.0	1.0	571.0	571.0	0.0
– Print	63.6	0.0	63.6	63.6	0.0	98.4	0.0	98.4	98.4	0.0
EBITDA	**167.6**	**0.0**	**167.6**	**190.6**	**(23.0)**	**4.6**	**(0.1)**	**4.7**	**171.2**	**(166.5)**
– Digital	147.0	0.0	147.0	170.0	(23.0)	(17.4)	(0.1)	(17.3)	149.3	(166.5)
– Print	20.6	0.0	20.6	20.6	0.0	22.0	0.0	22.0	22.0	0.0

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

Revenues according to product ranges

(in millions of euros)	Continued activities		
	As at 31 December 2019	As at 31 December 2018	Change
Digital Presence	127.2	131.1	-3.0%
Websites	104.6	107.2	-2.4%
Digital Advertising	281.2	325.7	-13.7%
New Services	7.6	7.1	7.0%
Print	63.57	98.4	-35.4%
TOTAL SALES	**584.1**	**669.4**	**-12.7%**

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.

(in millions of euros)	As at 31 December 2019	As at 31 December 2018
Revenues	**584.1**	**670.4**
— France	561.6	647.1
— Others	22.5	23.3
Assets	**516.9**	**671.1**
— France	504.3	654.8
— Others	12.5	16.3

NOTE 3. Consolidation principles

3.1 Control analysis

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence are consolidated using the equity method. The Group does not hold any interest without control in 2019 on which a significant influence is exercised.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on separate lines in the balance sheet. Profits or losses from discontinued operations, if significant, are reported on a separate line in the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations. The Group does not hold any entity considered as held for sale according to IFRS 5 standard as at 31 December 2019.

Material inter-company transactions and balances are eliminated in consolidation.

3.2 Changes to the consolidation scope

When taking over a de jure or de facto company, the assets, liabilities and contingent liabilities of the company acquired are valued on a mark-to-market basis on the date they are acquired; the difference between the cost of taking control and Group's share in the market value of these assets, liabilities and contingent liabilities is posted as goodwill. The cost of taking control is the price paid by the Group for an acquisition, excluding transaction costs, or an estimate of this price if the operation does not involve cash disbursements.

The difference between the carrying amount of minority interests acquired after taking control and the price paid for their acquisition is recognised in consideration of equity. Goodwill is not amortised but is tested for impairment once a year using the methodology set out in "Note 4.1 - Goodwill". Any impairment expense is posted under "Impairment, amortisation and depreciation".

2019

EuroDirectory was liquidated on 2 October 2019. No significant activity was disposed of during the period.

2018

PJOM was added to the consolidation scope. No significant activity was disposed of during the period.

NOTE 4. Fixed assets

4.1 Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised. It is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogeneous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets).

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities of each CGU is compared to their recoverable amount. Goodwill impairment losses are recognised in operating income.

The recoverable amount is the higher of the fair value less exit costs and value in use:

- fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations;
- the value in use applied by the Group is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by Group management, as follows:
  - cash flows projections are based on the three-year business plan,
  - cash flow projections beyond the three-year period are extrapolated by applying a growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity,
  - the cash flow is discounted at rates appropriate to the nature of the activities and countries.

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

The segments have been determined in compliance with IFRS 8 "Operating Segments", and are as follows: Digital on the one hand, Print & Voice on the other. As at 31 December 2019, all non-depreciated goodwill is allocated to the Digital sector.

The level at which the Group measures the current value of goodwill corresponds to the level of each of the sectors which are groupings of product lines.

Breakdown of the net value of goodwill by business sector

(in thousands of euros)	As at 31 December 2019 Gross	Accumulatedi mpairments	Net	As at 31 December 2018 Gross	Accumulatedi mpairments	Net	Change Net
Digital	90,270	(1,400)	88,870	90,270	(1,400)	88,870	-
Print	75,282	(75,282)	-	75,282	(75,282)	-	-
TOTAL	**165,552**	**(76,682)**	**88,870**	**165,552**	**(76,682)**	**88,870**	**-**

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Balance at start of year	**88,870**	**88,870**
Acquisitions / disposals	-	-
Impairments	-	-
Impairments	-	-
Reclassifications and others	-	-
BALANCE AT END OF YEAR	**88,870**	**88,870**

Goodwill values were examined at the close of the consolidated financial statements, based on business plans, a perpetual growth rate of 1.5% and an after-tax discount rate of 8.6%. These rates are based on published sector studies.

The assumptions made in determining the recoverable values are similar from one cash-generating unit to the other: these involve determining:

- the revenue which reflects the number of customers, the ARPA, the penetration rate of the offerings;
- costs, with in particular the level of commercial costs required to cope with the pace of winning over new clients and maintaining existing ones as well as the positioning of the competition;
- the level of investment expenses that can be affected by the constant change in new technologies.

The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan. These parameters are the main sensitivity factors.

In terms of sensitivity, a 1% increase in the discount rate across all of the CGUs, a decrease of 1% in the perpetuity growth rate or a decrease of 1% in the margin rate of the last year of the business plans would not result in an impairment being recognised.

4.2 Intangible fixed assets

Intangible fixed assets consist mainly of trademarks, licences and patents, research and development costs and software. They are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

Brands

Trademarks having an indefinite useful life are not amortised, but are tested for impairment.

Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;

- the intention and financial and technical ability to complete the development project;
- the capacity to use or sell the intangible asset;
- the likelihood that future economic benefits attributable to development costs incurred will accrue to the company;
- a reliable assessment of the cost of this asset.

It must be noted that determining the costs that meet these criteria requires significant judgements and estimates. Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

	As at 31 December 2019			As at 31 December 2018		
(in thousands of euros)	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and application support	446,542	(360,569)	85,973	407,429	(311,806)	95,623
Other intangible fixed assets	10,385	(5,876)	4,509	10,577	(6,061)	4,516
TOTAL	**456,927**	**(366,445)**	**90,482**	**418,006**	**(317,867)**	**100,139**

No impairment was recorded in 2019 and 2018.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Opening balance	**100,139**	**118,842**
Acquisitions	228	110
Internally generated assets*	39,629	42,645
Effect of changes in the scope of consolidation	-	(419)
Exchange differences	-	15
Reclassifications	(208)	(7,818)
Disposals and accelerated amortisation	(534)	(3,088)
Depreciation charge	(48,772)	(50,148)
CLOSING BALANCE	**90,482**	**100,139**

* Related to all capitalised development expenses.

4.3 Property, plant and equipment

The gross value of property, plant and equipment corresponds to their purchase or production cost in accordance with IAS 16 "Property, plant and equipment". This value is not revised.

Finance leases

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the least provides for mandatory transfers of ownership at the end of the lease period;
- the lease has a purchase option and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;

- the lease period covers the major part of the estimated economic life of the asset;

the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Depreciation

Fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

	As at 31 December 2019			As at 31 December 2018		
(in thousands of euros)	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	59,303	(56,043)	3,260	57,965	(54,798)	3,166
Right-of-use assets related to leases	91,243	(21,964)	69,279			
Others	70,568	(52,851)	17,717	68,685	(46,237)	22,448
TOTAL	**221,114**	**(130,858)**	**90,256**	**126,650**	**(101,035)**	**25,614**

No significant impairment was recognised for the periods ending 31 December 2019 and 31 December 2018.

Movements in the net value of property, plant and equipment can be analysed as follows:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Opening balance*	**105,134**	**25,482**
Acquisitions	25,773	697
Subvention	354	1,212
Effect of changes in the scope of consolidation	–	(13)
Exchange differences	0	7
Reclassifications	208	7,817
Disposals and accelerated amortisation	(10,881)	(1,133)
Depreciation charge	(30,332)	(8,456)
CLOSING BALANCE	**90,256**	**25,615**

* Includes Right-of-use assets related to leases at start of year 2019.

4.4 Impairment of non-current 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 and these are reviewed at each close.

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. Sales

5.1 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 recognised in a differentiated manner according to the type of products. Revenues as at 31 December 2019 amounted to €584.1 million compared to €670.4 million in 2018 (Cf. Note 2.1).

Revenues are recognised according to the IFRS 15 standard that the Solocal Group has been applying since 1 January 2018.

The offers from the Solocal Group are grouped into 3 major families:

- sites which are developed to be made available to customers for a contractual period of 12 or 24 months;
- products related to digital services (Presence, digital advertising and new services) proposed over a renewable period of 12 months and digital advertising offers corresponding to one-off services and campaigns;
- the Print and Voice offer, which for the most part corresponds to inserts in paper directories for annual publication.

Recognition of revenues per service range

"Sites" range

Two separate service obligations are retained for the sites offer:

(i) designing the intellectual content over the design duration (between 30 days and 120 days depending on the products). Revenues from this obligation are recognised over the duration of the design;

(ii) the site is made available and updated during the contractual hosting period with a real duration of between 12 and 24 months.

"Digital services (non-Site)" range

Applying IFRS 15 leads to all these offers being recognised in a straight-line manner over the lifetime of the contracts in line with the transfer of control of the services which is performed continuously.

"Print" range

Applying IFRS 15 leads to no longer distinguishing the technical costs. Insertions into the directories now represents one single performance obligation for which the revenue is recognised in full in the month the directory is distributed.

5.2 Trade debtors

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

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Gross trade debtors	114,816	260,359
Provisions for impairment	(24,593)	(25,800)
NET TRADE DEBTORS	**90,223**	**234,559**

Trade debtors were due as follows:

			Overdue and not impaired					
(in thousands of euros)	Total	Not due	< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
31 December 2019	90,223	24,501	12,135	45,461	1,415	2,759	1,392	2,560
31 December 2018	234,559	219,459	963	3,823	1,786	2,657	1,774	4,097

The Group's portfolio of trade receivables does not present a significant risk of concentration (about 330,000 on Solocal S.A. in France). In France, Solocal S.A.' 20 largest clients represent 1.8% of these revenues (1.4% in 2018) and clients in the 10 largest business sections represent 9.9% of Solocal SA's revenues (13.5% in 2018). Provisions for bad debts remain at a very low level, with net provisions amounting to 0.4% of revenues in 2019 compared to 0.2% in 2018.

5.3 Other current assets

The other current assets are made up as follows:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
VAT receivable	30,343	32,696
Sundry accounts receivable	212	350
Trade payables - Advances and instalments	4,031	2,923
Other current assets	4,480	6,526
TOTAL	**39,065**	**42,494**

The change to the VAT receivable item must be seen in the light of changes to supplier payables.

5.4 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 €194.1 million as at 31 December 2019 compared to €357.5 million 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 6. External expenses

6.1 Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

NOTE 7. Personnel expenses

7.1 Personnel expenses

Personnel expenses amounted to €249.6 million in 2019 and are broken down as follows:

(in thousands of euros, except staff count)		As at 31 December 2019	As at 31 December 2018
Average staff count (full-time equivalent)		2,583	3,571
Salaries and charges		**245,875**	**304,016**
of which:	- Wages and salaries	157,169	191,250
	- Social charges	70,700	89,433
	- Tax credit employment (CICE)	-	(2,340)
	- Taxes on salaries and other items	18,006	25,673
Share-based payment		**1,335**	**(747)**
of which:	- Stock options and free shares	1,335	2,197
	- Rebursement of social charges on free shares	-	(2,944)
Employee profit-sharing*		**2,383**	**1,459**
TOTAL STAFF EXPENSES		**249,593**	**304,728**

* Incl. Coporate contribution.

Income from payment in shares recognised in 2018 comes from requests for reimbursement of employer contributions provided for by article L137-13 of the Social Security Code which were paid under with respect to the free shares allocated in 2014. The repayment took place at the end of 2018 for a total amount of €6.3 million.

7.2 Executive compensation

The table below shows the compensation paid to persons who were members of Solocal Group's Board of Directors or Solocal Group's Executive Committee during or at the end of each financial year. It also includes the Directors representing employees and sitting on the Solocal Group Board of Directors.

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Short-term benefits (1)	6,880	6,873
of which employer charges	*2,258*	*2,058*
Post-employment benefits (2)	298	71
Other long term benefits (3)	5	1
End-of-contract benefits (4)	1,157	824
Equity benefits (5)	231	1,818
NON-CURRENT PROVISIONS	**8,571**	**9,587**

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, Directors' fees and non-monetary benefits entered in the accounts.
(2) Pensions, annuities, other benefits...
(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).
(4) Severance pay, non-competition clause compensation, including social charges.
(5) Share-based payment including social charges relating to free grants of shares and stock options.

7.3 Transactions with related parties

Eric Boustouller will apparently be subjected to a non-competition obligation in the event of termination of his term of office as Chief Executive Officer for any reason and in any form whatsoever in the conditions mentioned hereinafter: competition prohibition shall be limited to a period of 12 months commencing on the day on which his duties actually come to an end; the corresponding compensation shall amount, based on a non-competition period of 12 months, to 6 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior.

On termination of the term of office, the Company may, (i) renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation) or (ii) reduce the duration, the field of activities and/or the geographical scope of said commitment (in which case the amount of the non-competition compensation will be reduced accordingly).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

NOTE 8. Corporation tax

8.1 Group tax proof

The corporation tax for the year results from the application of the effective 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:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Pretax net income from business	51,809	(94,075)
Statutory tax rate	34.43%	34.43%
THEORETICAL TAX	**(17,838)**	**32,393**
Earnings from not integrated companies & Foreign subsidiaries	5,617	-
Foreign subsidiairies - differences in tax rates		
Share-based payment	1,335	648
Corporate value added contribution (after tax)	(4,832)	(3,874)
Ceiling of interest expense deductibility	10,094	(2,734)
Adjustment corporation tax of prior years	(23)	307
Other non-taxable / non-deductible items*	(16,342)	(13,849)
EFFECTIVE TAX	**(19,698)**	**12,891**
of which current tax (CVAE excluded)	*(570)*	*(5,343)*
of which CVAE	*(4,832)*	*(3,874)*
of which deferred tax	*(14,296)*	*18,234*
Effective tax rate (deferred tax excluded)	10.4%	-5.7%
EFFECTIVE TAX RATE	**38.0%**	**13.7%**

* Includes CIR (research tax credit), CICE (tax credit for competitiveness and employment) and rate differences on deferred tax items.

Net deferred tax assets in the balance sheet stood at €60.9 million as at 31 December 2019 compared to €75.1 million as at 31 December 2018.

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

8.2 Taxes in the balance sheet

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable within a period of 3 to 5 years.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer bases, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of securities and their tax base with respect to investments in subsidiaries and associates, except where:

the Group is able to control the timing of the reversal of the temporary difference (distribution of dividends for example), and

it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

The net balance sheet position is detailed as follows:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Retirement benefits	20,016	22,022
Legal employee profit-sharing	728	340
Non-deductible provisions	9,854	24,483
Tax loss carryforward	37,345	27,030
Other differences	12,934	20,341
SUBTOTAL DEFERRED TAX ASSETS	**80,877**	**94,216**
Other differences	0	0
Depreciations accounted for tax purposes	(19,949)	(19,160)
SUBTOTAL DEFERRED TAX LIABILITIES	**(19,949)**	**(19,160)**
TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)	**60,928**	**75,056**

Net deferred tax assets in the balance sheet stood at €60.9 million as at 31 December 2019 compared to €75.1 million as at 31 December 2018. The variation comes essentially from deferred tax assets:

- the variation in deferred taxation with respect to non-deductible provisions corresponds essentially to the reversal of the non-deductible part of the provision concerning restructuring plans 2018;
- the loss carry forwards generated in French tax consolidation.

No deferred tax asset relating to loss carry forwards of QDQ Media and its subsidiaries was recognised in the balance sheet.

The tax disbursed during the 2019 financial year was €5.9 million as against €15.8 million in 2018.

NOTE 9. Cash, debt and financial instruments

9.1 Financial assets and liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans, receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing, bank overdrafts and payables.

Financial assets and liabilities are measured and recognised in accordance with IAS 9 "Financial Instruments: Recognition and Measurement".

9.2 Measurement and recognition of financial assets

In accordance with IFRS 9, the classification of financial assets is based on two measurements:

- the characteristics of contractual cash flows in financial assets;
- the business model applied by the entity when managing financial assets.

Measured at amortised cost

The holding of the financial asset is part of a business model the purpose of which is to hold financial assets in order to receive contractual cash flows (the "business model criterion"). This category comprises:

Loans and receivables

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

Loans or receivables are assessed for objective evidence of impairment. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests.

Fair value valuation

The holding of the financial asset is part of a business model the purpose of which is to receive contractual cash flows and sell financial assets (the "business model criterion"). This category comprises:

Assets at fair value through the income statement

Assets held for trading are assets which the Company intends to resell in the near term in order to make a capital gain, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category includes instruments designated as being available for sale or those that are not already classified in another category. These assets are carried in the balance sheet under short-term financial assets.

Cash and cash equivalents

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase.

Financial assets are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity. Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

9.3 Measurement and recognition of financial liabilities

With the exception of trading liabilities, which are measured at fair value, borrowings and other financial liabilities are valued at amortised cost, calculated by means of the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

9.4 Net financial income

The net financial income is made up as follows:

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Interest and similar items on financial assets	-	106
Result of financial asset disposals	-	520
Change in fair value of hedging instruments	-	-
Discount income - hedging instruments	-	-
Dividends received	4	2
FINANCIAL INCOME	**4**	**628**
Interest on financial liabilities	(38,504)	(32,217)
Income / (expenses) on hedging instruments	-	-
Change in fair value of hedging instruments	-	-
Amortisation of loan issue expenses	-	-
Change in fair value of financial assets and liabilities	-	-
Other financial expenses & fees[1]	(4,971)	(3,042)
Accretion cost[2]	(1,349)	(2,084)
FINANCIAL EXPENSES	**(44,824)**	**(37,343)**
Gain (loss) on exchange	-	7
FINANCIAL INCOME	**(44,820)**	**(36,708)**

(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.

9.5 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 31 December 2019	As at 31 December 2018
Cash equivalents	46	5,046
Cash	41,505	76,598
Gross cash	**41,551**	**81,644**
Bank overdrafts	(93)	(121)
Net cash	**41,458**	**81,523**
Bond loan	397,835	397,835
Revolving credit facility drawn	50,000	-
Lease liability	3,359	6,910
Price supplements on acquisition of securities	170	170
Accrued interest not yet due	1,387	1,389
Other financial liabilities	114,816	2,825
of which IFRS 16	104,104	0
Gross financial debt	**567,567**	**409,129**
of which current	*40,629*	*6,894*
of which non-current	*526,938*	*402,235*
Net debt	**526,109**	**327,606**
NET DEBT OF CONSOLIDATED GROUP EXCLUDED LOAN ISSUE EXPENSES	**526,109**	**327,606**

Change in the liabilities stemming from financing activities

(in thousands of euros)	As at 31 Dec. 2018	Cash flows	Variations "non cash" Capital increase by offsetting receivables	Other Variations	Var. of change	IFRS 16	Reclass & changes in scope	As at 31 Dec. 2019
Bank borrowing and Bond loan	397,835	-	-	-	-	-	-	397,835
Revolving credit	-	50,000	-	-	-	-	-	50,000
Other loans	2,751	7,887	-	-	-	104,104	-	114,742
Associates current accounts	74	-	-	-	-	-	-	74
Earn-Out	170	-	-	-	-	-	-	170
Capital lease	6,910	(3,551)	-	-	-	-	-	3,359
Bank overdrafts	121	(28)	-	-	-	-	-	93
Others	-	-	-	-	-	-	-	-
TOTAL LIABILITIES FRON FINANCING ACTIVITIES	**407,861**	**54,308**	**0**	**0**	**0**	**104,104**	**0**	**566,273**

Cash and cash equivalents

As at 31 December 2019, the amount of cash and cash equivalents amounted to €41.5 million 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, redeveloped in the form of issuing bonds for €397,834,585 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):

Net consolidated leverage ratio	Margin
Higher than 2.0:1	9.0%
Less than or equal to 2.0:1 but greater than 1.5:1	7.0%
Less than or equal to 1.5:1 but greater than 1.0:1	6.0%
Less than or equal to 1.0:1 but greater than 0.5:1	5.0%
Less than or equal to 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 31 December 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 31 December 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 & Conditions of the Notes and described hereinabove could affect the Group's ability to exercise its activities, and limits its ability to react according to the conditions of the market or seize commercial opportunities which may arise. 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. The company worked on increasing this credit facility, which increased by 25 million on 12 July 2019, then 10 million on 6 December 2019 reaching 50 million maturing in March 2022.

Price supplements on acquisition of securities

None.

Financial instruments in the balance sheet

(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	7,067	-	-	-	7,067	-	-	-	7,067	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Net trade accounts receivable	90,223	-	-	-	90,223	-	-	-	90,223	-
Other current financial assets	3,416	3,416	-	-	-	-	-	-	3,416	-
Cash equivalents	46	46	-	-	-	-	-	46	-	-
Cash	41,505	41,505	-	-	-	-	-	41,505	-	-
FINANCIAL ASSETS	**142,257**	**44,967**	**-**	**-**	**97,290**	**-**	**-**	**41,551**	**100,705**	**-**
Non-current financial liabilities and derivatives	448,488	-	-	-	-	448,488	-	448,488	-	-
Bank overdrafts and other short-tem borrowing	13,681	-	-	-	-	13,681	-	-	13,681	-
Accrued interest	1,387	-	-	-	-	1,387	-	-	1,387	-
Trade accounts payable	73,495	-	-	-	-	73,495	-	-	73,495	-
FINANCIAL LIABILITIES	**537,051**	**-**	**-**	**-**	**-**	**537,051**	**-**	**448,488**	**88,563**	**-**

As at 31 December 2019, the market value of the bond loan was €373.9 million, compared to a carrying value of €397.8 million:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2019	Market value
Bank borrowing	-		-
Bond loan	397,835	94.00%	373,965
Revolving credit - facility RCF 3	50,000		-
LOANS	**447,835**		**373,965**
Accrued interest not yet due	1,387		
Price supplements on acquisition of securities	170		
Other debts incl. debt costs	14,164		
Lease liabilities	104,104		
CURRENT FINANCIAL LIABILITIES AND DERIVATIVES	**567,660**		

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 10. Financial risk objectives, policy and management, capital management

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- Solocal Group, and the consolidated Solocal Group, are net borrowers and, in this context, the prime objective of Solocal Group is to secure and thus limit the cost of its debt;
- since the Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt according to a different timescale, the Solocal Group produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its bond documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by consolidates EBITDA and the maximum leverage, measured by the relationship between the consolidated net debt and consolidated EBITDA. Note that the EBITDA used in calculating these bank covenants differs from that used in these financial statements.

The Group has set a goal to reduce its financial leverage. As at 31 December 2019, this ratio was 1.79 times specified in the bond documentation.

With net debt amounting to €525.8 million as at 31 December 2019, the Group's covenant on financial leverage stands at 1.79 times consolidated EBITDA such as defined in the bond contract. Consequently, the Group complies with the financial leverage covenant as at 31 December 2019.

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk. The information provided below is based on certain assumptions and expectations which, by their very nature, may not turn out to be exact, in particular as regards interest rate trends, as well as the Solocal Group's exposure to the corresponding risks.

Exchange rate risk

Solocal Group considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

Interest rate risk

Solocal Group is exposed to the risk of interest rate fluctuations insofar as all of the bank debt is at a variable rate. In an environment of low rates, the Group feels that it is not in its best interest to hedge this short-term interest rate risk.

The main features of the Group's banking debt are stated in note 9.5.

Liquidity risk

The Solocal Group has established a centralised cash management system with cash pooling including all its French subsidiaries, with the exception of the subsidiary Solocal SA, and organised around a Solocal Group pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activities of its various subsidiaries and thus to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses.

Credit risk

The Solocal Group has relations with a large number of counterparties including a majority of customers. As at 31 December 2019, the total amount of trade receivables, net of write-downs, amounted to €90 million. These receivables are detailed by maturity (see Note 5.2). The Group's exposure to the credit risk is related to the individual characteristics of its customers. The default of one of the customers is likely to cause a small financial loss due to the low average amounts in question.

Counterparty risks

The Solocal Group is not exposed to the financing risk since it does not have short term investments or interest rate hedging instruments in 2019.

Furthermore, the management procedure for Solocal Group's financial operations involves the drawing up of a limited list of authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

Equity risk

The Solocal Group considers that the equity risk is not significant insofar as the amount invested in treasury shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

NOTE 11. 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.

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
Post-employment benefits	86,149	85,212
Other long-term benefits	7,811	8,558
NON-CURRENT PERSONNEL BENEFITS*	**93,960**	**93,770**
Other Provision for risks	0	23,500
Provisions for social or fiscal disputes	11,025	16,437
NON-CURRENT PROVISIONS	**11,025**	**39,937**

* Cf. details in the folloing note. Non-current personnel benefits concern the French companies.

Provisions are discounted when the discounting adjustment is material.

Changes in provisions for risks and litigation were as follows:

(in thousands of 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 (2019)	-	20,194	-	(1,549)	-	18,645
Restructuring provisions (2018)	178,800	-	(1,334)	(137,632)	-	39,834
Restructuring provisions (2014)	15,337	-	(1,411)	(2,902)	-	11,024
Provisions for social and fiscal risks	6,410	8,763	(4,944)	(597)	-	9,632
Other provisions for risks	2,578	1,097	(346)	(334)	-	2,995
TOTAL PROVISIONS	**203,125**	**30,054**	**(8,035)**	**(143,014)**	**-**	**82,130**
of which non current	*39,937*	*-*	*-*	*(28,912)*	*-*	*11,025*
of which current	*163,189*	*30,054*	*(8,035)*	*(114,102)*	*-*	*71,106*

The provisions set aside mainly cover the restructuring plan implemented in 2019. The other allowances for the period primarily concern social and fiscal disputes.

A provision for restructuring was set aside in 2019 with respect to the mobility leave which is part of Solocal's 2020 transformation project. This mobility leave concerns 113 employees who will leave the company on a volunteer basis in 2019 and 2020. This provision as at 31 December 2019 stands at €18.7 M.

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, i.e. a net positive impact of €8.7 million in 2019.

In order to have up-to-date data, the turnover tables were recalculated in 2019 based on observations from 2016 to 2019 and only retaining, in accordance with the IAS 19 standard, motives for resignation in the turnover rate.

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.

Pension commitments and other personnel benefits

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2019	Post-employment benefits	Other long-term benefits	Total 31 December 2018
Change in value of commitments						
Total value of commitments at start of period	**85,512**	**9,036**	**94,549**	**128,403**	**11,692**	**140,096**
Adjustment of the opening periode (change of method)	0	0	0	-	-	-
Total value of commitments at start of period (adjusted)	**85,512**	**9,036**	**94,549**	**128,403**	**11,692**	**140,096**
Cost of services rendered	5,756	734	6,490	9,099	556	9,655
Discounting cost	1,227	124	1,351	1,921	165	2,086
Reductions/liquidations	(9,169)	(812)	(9,982)	(3,495)	(302)	(3,797)
Actuarial (gains) or losses	8,739	15	8,754	(1,940)	885	(1,055)
Benefits paid	(159)	(252)	(410)	(240)	(312)	(552)
Changes in scope	-	-	-	-	-	-
Others	(5,372)	(573)	(5,946)	(48,236)	(3,648)	(51,884)
Total value of commitments at end of period (A)	**86,533**	**8,273**	**94,806**	**85,512**	**9,036**	**94,549**
Commitments at end of period relating to non-financed schemes	*86,533*	*8,273*	*94,806*	*85,512*	*9,036*	*94,549*
of which short term	*384*	*460*	*844*	*300*	*478*	*778*
of which long term	*86,149*	*7,813*	*93,963*	*85,212*	*8,558*	*93,771*
Pension charge						
Cost of services rendered	5,756	734	6,490	9,099	556	9,655
Discounting costs	1,227	124	1,351	1,921	165	2,086
Effect of reductions/liquidations	(9,169)	(812)	(9,982)	(3,495)	(302)	(3,797)
TOTAL PENSION CHARGE	**(2,187)**	**46**	**(2,141)**	**7,525**	**419**	**7,944**
Movements in the provision / (asset)						
Provision / (assets) at start of period	**85,512**	**9,036**	**94,549**	**128,403**	**11,692**	**140,096**
Pension charge	(2,187)	46	(2,141)	7,525	419	7,944
Pension charge from divested businesses	-	-	-	-	-	1,031
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid directly by the employer	(159)	(252)	(410)	(240)	(312)	(552)
Change of scope	-	-	-	-	-	-

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2019	Post-employment benefits	Other long-term benefits	Total 31 December 2018
Actuarial gains or (losses)	8,739	15	8,754	(1,940)	885	(1,055)
Others	(5,372)	(573)	(5,946)	(48,236)	(3,648)	(51,884)
Provision / (assets) at end of period	**86,533**	**8,273**	**94,806**	**85,512**	**9,036**	**94,549**
Assumptions						
Discount rate (%)	0.75%	0.75%	0.75%	1.45%	1.45%	1.45%
Expected long-term inflation rate (%)	1.50%		1.50%	2.0%		2.0%
Expected long-term salary growth (%)	Dependent on employee category and age			Dependent on employee category and age		
AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD	**(2,345)**	**(206)**	**(2,551)**	**7,285**	**107**	**7,392**

As at 31 December 2019, the expense stated in respect of defined contribution pension plans amounted to €2.3 million.

The discount rate applied in valuing commitments as at 31 December 2019 is 0.75%, compared to 1.45% as at 31 December 2018.

The total amount of the provision in the balance sheet stood at €94.8 million as at 31 December 2019 compared to €94.5 million as at 31 December 2018.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies (having a rating of at least AA or Aa) having a maturity equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

Sensitivity of the discount rate on post-employment benefits (IFC)

A 0.25% increase in the discount rate leads to a decrease in the commitment of about -3.7%, or around €3.2 million, while a decrease of 0.25% in the discount rate leads to an increase in the commitment of about 3.9%, i.e. around €3.3 million.

Sensitivity of the discount rate on other long-term benefits (long-service awards)

An increase of 0.25% in the discount rate leads to a decrease in the commitment of -2.6% (less than €1 million), while a decrease of 0.25% in the discount rate leads to an increase in the commitment of 2.7% (less than €1 million).

NOTE 12. Trade creditors

As at 31 December 2019, trade creditors are due in less than one year.

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days. The changes to this item between 31 December 2019 and 31 December 2018 corresponds in part to real estate rent free periods in particular for the Citylights premises which is neutralized with the first application of IFRS 16 standard "Leases".

NOTE 13. Equity and earnings per share

13.1 Share capital

The share capital of Solocal Group comprises 619,541,466 shares each with a par value of 0.10 euro, i.e. a total amount of €61,954,147 (before deduction of treasury shares).

13.2 Other reserves and other comprehensive income

The difference between the individual equity of Solocal Group and the consolidated equity of Solocal Group is that different accounting methods are applied.

This impact mainly concerns the other consolidated reserves item and other comprehensive income, which are negative to the tune of €1,454.2 million as at 31 December 2019, compared to a negative amount of €1,475.6 million as at 31 December 2018, mainly comprising:

- the portion of distributions in excess of the income for the year, mainly relating to the exceptional distribution of €2,519.7 million in November 2006 by Solocal Group (formerly PagesJaunes Group);
- actuarial differences relating to retirement benefits (IAS 19) for a negative amount of €52.8 million;
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in a negative amount of €60.4 million.

13.3 Treasury shares

Under IAS 32, purchases of treasury shares are recorded as a decrease in equity for the amount of their acquisition cost. If treasury shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

Through the liquidity contract, the Company held 567,596 treasury shares as at 31 December 2019, for a value of €0.3 million, compared to 492,641 treasury shares as at 31 December 2018, recognised as a decrease in equity for the amount of their acquisition cost.

13.4 Dividends

Solocal Group did not distribute any dividends in 2019 or in 2018.

13.5 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, equity line, 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 31 December 2019	As at 31 December 2018
Share capital (weighted average)	584,689,263	583,017,742
Treasury shares from liquidity contract (weighted average)	(365,739)	(255,527)
Number of basic shares	584,323,524	582,762,215
Number diluted Equity (weighted average)	592,461,273	588,012,991
Additional information (average)		
Number of existing basic shares as of 31 December 2019	586,905,558	583,137,724
NUMBER OF EXISTING DILUTED SHARES AS OF 31 DECEMBER 2019	**594,778,441**	**593,187,724**

NOTE 14. Stock options and free shares

14.1 Share-based payments

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free shares granted to employees of the Group are valued on the date they are granted.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

14.2 Description of the plans

14.2.1 Stock-options

No stock option plans have been granted by Solocal Group or by any of its subsidiaries over the last two years.

14.2.2 Free shares

As the performance obligations were not met, the right of grantees to receive these free shares under the 2014 and 2015 plans was forfeited.

In 2019, the shareholders of Solocal Group, in a mixed General Meeting on 11 April 2019, authorised the Board of Directors to grant free shares to all employees in the French entities of the Solocal Group within the meaning of Articles L. 225-197-1 and following of the Commercial Code. This authorisation limits the maximum number of free shares that can be granted to 389,800. Under this plan for all, the attribution of free shares is restricted to employees who have been with the company for at least one year. No so-called lock-up period will be imposed on beneficiaries.

Furthermore, in the mixed General Meeting on 11 April 2019, the shareholders of Solocal Group also authorised the Board of Directors to grant performance shares to certain executives and employees of the Company and the companies linked to it within the meaning of Articles L. 225-197-1 and following of the Commercial Code. This authorisation limits the maximum number of performance shares that can be granted free of charge to 5,500,000 company shares, of which a maximum of 1,500,000 shares for the Chief Executive Officer.

Under this plan, 5,345,000 performance shares were granted to 96 beneficiaries, including 1,500,000 performance shares to the Chief Executive Officer. Under this plan, these performance shares will only be definitively acquired after a so-called vesting period of three years. No so-called lock-up period will be imposed on beneficiaries.

The definitive attribution of the shares will be subject to a condition of presence in the company and a performance condition which will be based on the extent to which an objective is achieved concerning the Free Cash Flow aggregate and the Company's share price.

The Chief Executive Officer and the members of the Executive Committee will be obliged to keep at least 30% of the shares definitively granted to them, and this until they cease being a Member of the Comex or Chief Executive Officer of the Company.

In 2018, the shareholders of Solocal Group, in an Extraordinary General Meetings on 09 March 2018, authorised the Board of Directors to implement a performance shares plan within the meaning of Articles L. 225-197-1 and following of the Commercial Code, in favour of certain executives and employees of the Company and those companies linked to it.

This authorisation limits the maximum number of performance shares that can be granted free of charge under this plan to 9,200,000 company shares, of which a maximum of 2,300,000 shares for the Company's corporate officers.

Under this plan, on 24 April 2018, 9,050,000 performance shares were granted to 73 beneficiaries, including 2,300,000 performance shares to the Chief Executive Officer. Under this plan, these performance shares will only be definitively acquired after a so-called vesting period of three years. No so-called lock-up period will be imposed on beneficiaries.

The definitive attribution of the shares will be subject to a condition of presence in the company and a performance condition which will be based on the extent to which an objective is achieved concerning the EBITDA less CAPEX aggregate and the Company's share price.

The Chief Executive Officer and the members of the Executive Committee will be obliged to keep at least 30% of the shares definitively granted to them, and this until they cease being a Member of the Comex or Chief Executive Officer of the Company.

Furthermore, in the General Meeting of 9 March 2018, the shareholders of the Company also authorised the Board of Directors to grant free shares to Eric Boustouller, in his capacity as Chief Executive Officer. Since Eric Boustouller's acceptance of the post of Chief Executive Officer resulted in him waiving significant long term remuneration rights to which he was entitled at his former post, it had been agreed when he accepted the post of Chief Executive Officer that he would benefit from a signing up indemnity in the form of a free allocation of one million of the Company's shares, subject to approval by the General Meeting of Shareholders.

By virtue of this authorisation, the Board of Directors meeting on 9 March 2018, decided to grant one million of the Company's shares free of charge to Eric Boustouller.

The shares were acquired after a 12-month vesting period which ended in 2019. Éric Boustouller must keep at least two thirds of the shares thus acquired in 2019, and this until he ceases his functions as Chief Executive Officer of the Company.

14.3 Changes to stock option and free share allocation plans

	Closing balance as at 31 December 2018	Granted	Cancelled/ lapsed	Closing balance as at 31 December 2019	Exercise price
Subscription share plans	**135,348**	**-**	**(105,253)**	**30,095**	
– December 2010	2,248	-	-	2,248	105.10 €
– July 2010	66,157	-	(38,310)	27,847	127.20 €
– July 2009	66,943	-	(66,943)	-	99.40 €
Free share plans	**10,050,000**	**5,421,500**	**(2,488,500)**	**12,983,000**	**Final vesting date**
– November 2019*	-	321,500	-	321,500	03/11/2020
– June 2019	-	5,100,000	-	5,100,000	18/06/2022
– April 2018	9,050,000	-	(1,488,500)	7,561,500	24/04/2021
– March 2018*	1,000,000	-	(1,000,000)	-	09/03/2019

* This plan does not have any performance condition.

The share issue options can be exercised for 10 years. As at 31 December 2019, only the options in the 2010 plans can be exercised. These plans are expected to be settled through equity instruments.

14.4 Expenses relating to stock option and free share allocation plans

The impact on the income statement for 2019 is an expense of €1.3 million compared to income of €0.7 million in 2018 concerning the social contributions adjustment with respect to employer contributions based on the fair value of non-vested instruments.

NOTE 15. Information on related parties

There were no new significant transactions or changes with related parties in the course of 2019.

Key management as related parties as at 31 December 2019 are the 11 members of the Board of Directors including the General Manager, and the 8 members of the Executive Committee.

Solocal does not have any related parties other than key management.

NOTE 16. Disputes, contingent assets and liabilities

16.1 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 2013, Solocal 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 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 Solocal and the Minister of Labour. Consequently, multiple proceedings were initiated 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, all cases have 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 L. 1235-16 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 accepted the application of the statute of limitations claimed by the company and fully dismissed the claimants (35 dossiers). These decisions were referred to the Cour de Cassation by the claimants. The Cour de Cassation handed down two initial rulings in September 2019 accepting the company's position with respect to the one-year limitation. Consequently, this jurisprudence should be applied to the cases pending before the Cour de Cassation in 2020 and no first instance rulings should be confirmed.

Furthermore, certain decisions gave 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 for questions other than limitation. Rulings should be handed down in 2020.

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 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 31 December 2019, the remaining provision on the statements was €11.0 million compared to €15.3 million as at 31 December 2018.

Solocal continued with the deployment of its reorganisation and therefore launched a new PSE Job Safeguard Procedure in 2016 for the employees that were not able to be made redundant due to this invalidation.

Solocal initially claimed from the State reparation for its prejudice, resulting from the payment of indemnities following the cancellation of the decision of DIRECCTE, then took the case before the Tribunal Administratif of Cergy-Pontoise in July 2017 in order to obtain a sentence from the State to pay it this amount. The case will be judged in the 1st half 2020.

Supplier dispute

A former distributor commenced legal proceedings against Solocal 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 appeal decision should be handed down in the first half 2020. The provision initially set aside in Solocal's 2016 financial statements has therefore been maintained according to the requirements and criteria that are usually applied.

Tax audit

Solocal S.A. underwent a tax audit concerning financial years 2010 to 2013 and has received proposals for a reassessment concerning the Research Tax Credit. The company disputed the reassessment motives to the tax authorities and 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. As part of the investigations into the case, the administration called on the Ministry of Education, Research and Innovation (MESRI) to carry out an expert appraisal of the R&D projects declared by the Company with respect to its the Research Tax Credit applications for the years 2010, 2011, 2012 and 2013.

Following reception of an initial expert report from the MESRI concerning the Research Tax Credits for 2012 and 2013, the tax administration granted a rebate of €0.6 M in a ruling on 29 November 2019. Income for this amount was recognised in the financial statements.

16.2 Contractual commitments not recognised / contractual commitments and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

	As at 31 December 2019				As at 31 December 2018
		Payments due per period			
Contractual obligations *(in thousands of euros)*	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases	**3,960**	**3,405**	**555**	**0**	**148,003**
Paper, printing, distribution(1)	3,292	3,170	122	0	949
Other services(2)	13,656	13,459	190	7	20,542
Commitments for purchases of goods and services	16,948	16,629	312	7	21,491
TOTAL	**20,908**	**20,034**	**867**	**7**	**169,494**

(1) See details in the table below.
(2) The "Other services" section includes all firm orders placed as at 31 December 2019 for goods and services.

The "Other services" section includes all firm orders placed as at 31 December 2019 for goods and services deliverable from 1 January 2020. The change compared to 2018 can be explained by application of the IFRS 16 standard.

Leases

Leases with a duration of over one year are restated in line with IFRS 16.

Commitments for purchases of goods and services

Production of directories

For the production and distribution of its printed directories, the Solocal Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

Only firm orders placed as at 31 December 2019, both with paper suppliers and with printers and distributors, are reported as off-balance-sheet commitments at that date, for a total amount of €3.2 million.

Other commitments given

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

Other commitments received

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations *(in thousands of euros)*	**As at 31 December 2019**				**As at 31 December 2018**
		Payments due per period			
	Total	**Less than 1 year**	**In 1 to 5 years**	**In more than 5 years**	**Total**
Operation leases - lessor	0	0	0	0	0
Other services	176,803	127,471	49,332	0	34,469
TOTAL	**176,803**	**127,471**	**49,332**	**0**	**34,469**

The other services correspond to the share of the order backlog yet to be recognised in sales and not yet billed (see Note 1.3.1.2).

NOTE 17. Events subsequent to the closing date of 31 December 2019

None.

NOTE 18. Scope of consolidation

		As at 31 December 2019		As at 31 December 2018	
Entities	**Country**	**Interest**	**Voting rights**	**Interest**	**Voting rights**
Solocal Group (consolidating entity)	France	100%	100%	100%	100%
Solocal S.A.	France	100%	100%	100%	100%
SOMS	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Leadformance	France	100%	100%	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
Effilab	France	100%	100%	100%	100%
PagesJaunes Outremer	France	100%	100%	100%	100%
GIE	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	0%	0%	100%	100%
PagesJaunes Finance & Co	Luxembourg	100%	100%	100%	100%
Digital To Store	United Kingdom	100%	100%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%

NOTE 19. Auditors' fees

	Beas / Deloitte et Associés				Auditex / Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
(in thousands of euros)	2019	2018	2019	2018	2019	2018	2019	2018
Certification of individual and consolidated accounts and limited review	423	456	81%	88%	389	417	90%	69%
– Including Solocal Group	200	172	38%	33%	140	132	33%	22%
– Including fully consolidated subsidiaries	223	284	43%	55%	248	285	58%	47%
Other services excluding certification of accounts	100	61	19%	12%	41	190	10%	31%
– Including Solocal Group	97	61	19%	12%	41	190	10%	31%
– Including fully consolidated subsidiaries	3	-	1%	0%	-	-	0%	0%
TOTAL	**523**	**517**	**100%**	**100%**	**430**	**607**	**100%**	**100%**

Other services excluding certification of accounts are related, as for BEAS/Deloitte, to services for assets sale project (€95k), certificate (€2k) and capital increase of a subsidiary (€3k). As for Auditex/Ernst&Young, it is related to a cash forecash review.

5.1.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2019

To the Annual General Meeting of Solocal Group SA

OPINION

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the consolidated financial statements of Solocal Group for the year ended 31 December 2019, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of financial position of the Group as at 31 December 2019 and of the results of its operations during the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditors for the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit in compliance with the independence rules applicable to us for the period from 1 January 2019 to the issue date of our report, and, in particular, we did not provide any services prohibited by Article 5(1) of Regulation (EU) 537/2014 or by the French Code of Ethics (*Code de déontologie*) for statutory auditors.

OBSERVATION

Without calling into question the opinion expressed above, we draw your attention to the change in accounting policy relating to the application as from 1 January 2019 of IFRS 16 "Leases", as described in note 1.3.2 to the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgement, were of most significance for the audit of the consolidated financial statements for the period, together with our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements of the consolidated financial statements.

Going concern

Risk identified

As at 31 December 2019, the Group reported negative equity of €638.9 million, current liabilities of €523.8 million and current assets of €179.2 million. As at the same date, available cash was €41.5 million.

As stated in note 1.5 "Note on the continuity of operations" to the consolidated financial statements, the Group paid €155 million in non-recurring expenses in 2019. To supplement the cash flow generated from the business, the Group has diversified its financial resources to include a €50 million revolving credit facility and an €8 million working capital facility. In addition, an equity line was issued in November 2019, which enabled €17.4 million to be raised as at 31 December 2019. As at that date, 24 million options remained unexercised.

As also stated in note 1.5 to the consolidated financial statements, non-recurring costs of €60 million are set to be paid in 2020. Management considers that, based on the Group's forecasts for 2020, the cash available as at 1 January 2020 and operating cash flows (including financial expenses) will enable the Group to absorb this expenditure and that the Group has the ability to finance its activities over the course of the next twelve months; it has not identified any matters that may cast doubt on the Group's ability to continue as a going concern.

We therefore believe that assessment of the going concern assumption, on the basis of which the consolidated financial statements have been prepared, is based on management's judgement, specifically as regards:

- the future operational business prospects underlying the budget adopted by the Board of Directors;
- estimated future cash flows;
- the Group's ability to obtain the equity line financing on the expected terms.

For these reasons, we considered assessment of the going concern assumption to be a key audit matter.

Our response

We reviewed the process implemented by management to assess the Group's ability to continue as a going concern over a twelve-month period from the balance sheet date.

Our work consisted in particular in:

- reviewing the process for preparing the budget and cash flow forecasts;
- reviewing the operational business assumptions underlying the budget;
- checking that the budget data flowed through effectively into the cash flow forecasting spreadsheet;
- analysing the equity line contract obtained in November 2019;
- comparing the starting point of the cash flow forecasting spreadsheet with the cash position as recorded in the accounts as at 31 December 2019;
- testing by financial modelling experts forming part of the audit team of whether the parameters of the cash receipts simulation file underpinning the monthly cash flow forecasts for the next twelve months had been properly set, in particular:
  - testing the consistency of the cash flow rate by product type, based on their payment type,
  - examining the main formulae in the various files from which the estimates of monthly receipts were produced;
- interviewing management regarding its knowledge of any events or circumstances prior to the year-end that might cast doubt on those estimates.

We also verified the appropriateness of the information relating to going concern presented in note 1.5 to the consolidated financial statements.

Recognition of revenue from "digital" activities

Risk identified

The Solocal Group's "digital" activities are characterised by numerous, regularly changing sales offerings and a significant amount of data processing. These "digital" offerings are grouped into two major ranges:

- sales of websites developed in order to be made available to customers for a contractual period of 12 or 24 months;
- products related to digital services, such as presence or digital advertising offered for a renewable 12-month period and digital advertising offers relating to one-off services or campaigns.

The revenue recognition policies in relation to these offers, which are set out in note 5.1 "Revenues" to the consolidated financial statements, vary according to the nature of the products or services sold. Recognition, in particular allocation to the correct accounting period, is based on complex IT systems.

Revenue from "digital" activities for the year ended 31 December 2019 was €520.5 million, just under 81% of total revenue.

Depending on the Solocal Group range in question, one or two performance obligations are identified for which revenue is then recognised on a straight-line basis over the period during which the performance obligation is satisfied.

Given the large volume of transactions processed and the significant level of automated processing involved in recognising revenue, we considered the recognition of revenue from "digital" activities to be a key audit matter.

Our response

We reviewed the revenue recognition process, from receipt of the order to invoicing and the receipt of payments.

Given the complexity of the IT systems involved in the revenue recognition process and the large volume of transactions, we included specialists who were particularly skilled in data analysis in our team.

Our work consisted in particular of:

- analysing the consistency between the contractual duration of the main offerings and the revenue recognition rate set in the IT systems;
- using the assistance of the data analysis specialists on our team to:
  - reconcile the data from the order intake modules with data from the invoicing module, in order to assess the completeness of revenue recognition,
  - recalculate revenue for the period based on the invoicing module, according to the recognition rules set as parameters in the systems.

Intangible assets developed internally

Risk identified

The net book value of capitalised development costs as at 31 December 2018 was €84 million, i.e. 15% of the Group's total assets.

As described in note 4.2 to the consolidated financial statements, development costs are to be recognised as an intangible asset when the following can be demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention and the financial and technical ability to complete the development project; the ability to use or sell the intangible asset; the likelihood that future economic benefits attributable to the development costs incurred will accrue to the Company; and the reliable measurement of the asset's cost.

Intangible assets resulting from internal developments are amortised on a straight-line basis over their useful life, which is generally no longer than three years.

Determining the projects and costs that can be recorded as assets requires significant judgements and estimates, particularly as regards assessing whether the criteria provided in IAS 38 "Intangible Assets" have been met. For this reason, the recognition and measurement of such intangible assets is a key audit matter.

Our response

We reviewed the process implemented by the Group to determine if the criteria for capitalising development costs are met. Our work consisted in particular of:

- with regard to material cost items associated with internal developments recognised as intangible assets during the period:
  - comparing the amounts recorded in the ledgers with data on time charged to development projects from operational monitoring systems,
  - analysing and testing compliance with the IAS 38 criteria with respect to the main projects and amounts capitalised during the period;
- with regard to the main development projects put into production during the year, comparing the date on which use began with the minutes on the start of use and reconciling the useful life with the explanations given by operational staff;
- for projects from previous years, examining signs of impairment and their possible consequences on the net book value of the assets.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report regarding the fair presentation of this information or its consistency with the consolidated financial statements.

We attest that the consolidated statement on non-financial performance provided for by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in that statement, which must be the subject of a report by an independent third party.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We – B.E.A.S, a member firm of Deloitte, and Auditex, a member firm of Ernst & Young Global Ltd – were appointed as statutory auditors of Solocal Group S.A. by your General Meeting held on 19 October 2016.

As at 31 December 2019, B.E.A.S. and Auditex were in their fourth uninterrupted year of engagement.

Deloitte & Associés and Ernst & Young Audit previously served as Solocal Group's Statutory Auditors from 2003 to 2015 and from 2004 to 2015 respectively, including twelve years for both firms since the Company's securities were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of consolidated financial statements that comply with International Financial Reporting Standards as adopted in the European Union and for such internal control as management determines is necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where applicable, matters related to its continuation as a going concern and for using the going concern basis of accounting unless it is expected to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, internal audit, with respect to the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of your company or the quality of the management of your company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks, and obtains audit evidence that the auditor considers to be sufficient and appropriate to provide a basis for his/her opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or the overriding of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of the accounting policies used and the reasonableness of the accounting estimates by management and the related disclosures in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, attention must be drawn in the audit report to the relevant disclosures in the consolidated financial statements, or, if such disclosures are not provided or are inadequate, a qualified opinion or adverse opinion must be issued;
- evaluates the overall presentation of the financial statements and assesses whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on those consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which presents in particular the scope of the audit and the audit programme followed, as well as the results of our work. We also report significant deficiencies, if any, in internal control that we have identified with respect to the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements for the period and which are therefore the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks affecting our independence and the related safeguards.

Paris-La Défense, 9 March 2020

The Statutory Auditors

AUDITEX	B.E.A.S.
Jeremy THURBIN	Jean-François VIAT

5.2 Company financial statements

5.2.1 BALANCE SHEET

(in thousands of euros)	Notes	2019 Gross	2019 Depreciation, amortisation and provisions	2019 Net	2018 Net	Change
ASSETS						
Intangible fixed assets	4.1	424	(424)	0	-	-
Tangible fixed assets	4.1	17,232	(6,239)	10,994	12,638	(1,644)
Equity interests and other securities	4.2	3,140,842	(1,947,146)	1,193,695	1,205,798	(12,103)
Receivables related to equity interests	4.2	-	-	0	1,978	(1,978)
Other long-term investments		5,971	-	5,971	4,967	1,004
TOTAL FIXED ASSETS		**3,164,469**	**(1,953,809)**	**1,210,660**	**1,225,381**	**(14,721)**
Advances and prepayments		23		23	36	(13)
Trade debtors	4.3	185		185	1,842	(1,657)
Tax and social security receivables		6,516		6,516	20,158	(13,642)
Receivables from subsidiaries (tax consolidation)	4.10	5,967		5,967	492	5,475
Current accounts with subsidiaries	4.4	139,132	(7,911)	131,222	69,170	62,052
Receivables on disposals of fixed assets	4.2	-		0	-	-
Sundry receivables		2,281		2,281	2,218	63
Marketable securities and treasury shares	4.4	350	(47)	304	250	54
Cash and cash equivalents	4.4	29,649		29,649	36,676	(7,027)
Prepaid expenses		117		117	119	(2)
TOTAL CURRENT ASSETS		**184,221**	**(7,957)**	**176,264**	**130,962**	**45,302**
Unrealised gains from foreign exchange		-		0	-	-
TOTAL ASSETS		**3,348,690**	**(1,961,766)**	**1,386,923**	**1,356,342**	**30,581**
LIABILITIES						
Capital				61,954	58,363	3,591
Issue premium				742,667	728,078	14,589
Legal reserve				5,824	5,824	0
Other reserves				38,075	38,175	(100)
Retained earnings				15,056	29,437	(14,381)
Profit/loss for the year				(52,353)	(14,381)	(37,972)
Regulated provisions				1,154	1,092	62
EQUITY	**4.5**			**812,377**	**846,588**	**(34,211)**

(in thousands of euros)	Notes	2019 Gross	2019 Depreciation, amortisation and provisions	2019 Net	2018 Net	Change
Provisions for risks and contingencies				1,969	6,700	(4,731)
PROVISIONS FOR RISKS AND CONTINGENCIES	**4.7**			**1,969**	**6,700**	**(4,731)**
Financial debt	4.8			508,965	427,843	81,122
Loans and financial debts from credit institutions				51,389	1,391	49,998
Sundry loans and financial debts				402,243	403,235	(992)
Current accounts with subsidiaries				55,332	23,146	32,186
Bank overdrafts				0	72	(72)
Operating debts				40,083	51,628	(11,545)
Trade creditors and related accounts				35,362	41,635	(6,273)
Tax and social security debts	4.9			4,721	9,993	(5,272)
Other debts				23,530	23,584	(54)
Subsidiary debts (tax consolidation)	4.10			22,093	22,171	(78)
Sundry debts				1,437	1,412	25
Deferred income				0	0	-
TOTAL DEBT				**572,578**	**503,054**	**69,524**
Unrealised losses from foreign exchange				0	0	-
TOTAL LIABILITIES				**1,386,923**	**1,356,342**	**30,581**

5.2.2 INCOME STATEMENT

(in thousands of euros)	Notes	2019	2018	Change
Provision of services	4.11	1,340	903	437
Related revenues	4.11	17,079	19,409	(2,330)
Writeback of provisions and transfers of expenses		-	-	-
Other proceeds		706	0	706
Operating income		**19,125**	**20,312**	**(1,187)**
Purchases and provision of services		2,334	3,066	(732)
Purchases of materials and supplies not stocked		35	64	(29)
External services		14,902	15,000	(98)
Other external services		7,569	10,843	(3,274)
Duties and taxes and similar payments		1,087	2,711	(1,624)
Salaries		936	977	(41)
Social security contributions		390	589	(199)
Other expenses		364	501	(137)
Depreciation and amortisation and provisions on current assets		1,714	1,737	(23)
Additions to provisions for risks and expenses		-	-	-
Operating expenses		**29,332**	**35,488**	**(6,157)**
OPERATING INCOME		**(10,207)**	**(15,176)**	**4,970**
Income from equity interests – dividend		15,971	47,739	(31,767)
Financial revenues on marketable securities and fixed asset receivables		10,917	647	10,270
Other financial income		-	-	-
Amounts released from provisions		13,251	1,752	11,499
Foreign exchange gains		-	-	-
Financial income		**40,139**	**50,137**	**(9,998)**
Interest and similar expenses		45,164	36,569	8,595
Other financial expenses		222	503	(281)
Additions to provisions		32,541	8,109	24,431
Foreign exchange losses		-	3	(3)
Financial expenses		**77,927**	**45,185**	**32,742**
NET FINANCIAL INCOME/EXPENSE	**4.13**	**(37,788)**	**4,952**	**(42,740)**
CURRENT INCOME/EXPENSES		**(47,995)**	**(10,224)**	**(37,771)**
Exceptional income on management transactions		-	-	-
Exceptional income on capital transactions		-	0	(0)
Writeback of provisions and transfer of expenses		6,842	314	6,527
Exceptional income		**6,842**	**314**	**6,527**
Exceptional expenses on management transactions		7,465	2,086	5,380
Exceptional expenses on capital transactions		13,251	1,267	11,984
Depreciation, amortisation and provisions		2,030	6,784	(4,754)
Exceptional expenses		**22,746**	**10,137**	**12,609**
EXCEPTIONAL INCOME/EXPENSES	**4.14**	**(15,904)**	**(9,822)**	**(6,082)**
Employee profit sharing		-	-	-
Tax on profits (+ income/- expense)	4.10	11,547	5,665	5,882
NET INCOME		**(52,353)**	**(14,381)**	**(37,972)**

5.2.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1. Business activities

Solocal Group SA is a holding company. As such, it has subsidiaries whose mission is to offer its customers digital services and solutions to increase their visibility by creating and updating the best local professional content, personalised for users.

The accounting information provided below covers the 12-month period from 1 January 2019 to 31 December 2019.

NOTE 2. Highlights

Borrowings

In February 2019, the Solocal Group took out a revolving credit facility for €15 million, repayable in March 2022. In line with its previous announcements, the Group continued its search for financing resources and increased this revolving credit facility by €25 million in June 2019, raising it to €40 million. The revolving credit facility was increased by a further €10 million in November 2019, thus raising the available credit line to €50 million.

Capital increase

On 27 November 2019, the Board of Directors resolved to authorise the establishment of an equity line financing facility. As at 31 December 2019, 34,415,190 shares had been issued under the equity line, yielding €3.4 million in share capital and €13.6 million in issue premium.

NOTE 3. Continuity of operations

The Company has not identified any items likely to compromise the continuity of operations.

The Company and its subsidiaries are structurally highly cash-generative. Nevertheless, non-recurring cash outflows relating principally to the 2018 PSE (redundancy scheme) have reduced its leeway.

In 2019, the Company and its subsidiaries disbursed €155 million in non-recurring costs. To supplement the cash flow generated from the business, and in line with its previous announcements, the Company has diversified its financial resources to include a €50 million revolving credit facility and an €8 million working capital facility. In addition, an equity line was issued in November 2019, which enabled €17.4 million to be raised as at 31 December 2019. As at that date, 24 million options remained unexercised.

Non-recurring costs of €60 million will be disbursed by the Company and its subsidiaries in 2020 and will continue to weigh upon its cash flow. However, based on the Company's 2020 forecasts, the cash available to the Company and its subsidiaries on 1 January 2020 and their operating cash flows (net of financing costs) will suffice to absorb these outflows. The Company and its subsidiaries will continue to further diversify their sources of finance in order to obtain additional "wiggle room" (asset finance, site finance etc.).

The Company thus has the ability to finance its business over the course of the next twelve months.

NOTE 4. Accounting principles and methods

The annual financial statements of Solocal Group SA were prepared under the responsibility of the Chief Executive Officer and were approved by the Board of Directors on 26 February 2020.

The annual financial statements of Solocal Group SA were prepared in accordance with the legislative and regulatory provisions in force in France and in accordance with ANC Regulation No. 2014-03 as amended, it being understood that the presentation of the balance sheet and income statement has been adapted to the Company's activity as a holding company.

The accounting policies have been applied in accordance with the principle of prudence, in line with the basic assumptions: continuity of operations, consistency of accounting policies from one financial year to another, independence of financial years, and in accordance with the general rules for the preparation and presentation of annual financial statements.

The basic method adopted for the valuation of items recorded in the accounts is the historical cost method.

NOTE 5. Additional information on the balance sheet and income statement

5.1 Tangible and intangible fixed assets

Intangible fixed assets include software, which is amortised on a prorated basis over three years.

Property, plant and equipment includes office equipment and furniture depreciable over ten years, IT equipment depreciable over three years, and fixed assets under construction.

The variation in intangible and tangible fixed assets breaks down as follows:

Gross	31 December 2018	Acquisitions	Reduction	31 December 2019
Software	424	-	-	424
Fittings	12,908	79	-	12,987
IT equipment	158	-	-	158
Furniture	4,087	-	-	4,087
Fixed assets under construction	9	-	9	-
GROSS TOTAL	**17,586**	**79**	**9**	**17,656**

Depreciation	31 December 2018	Additions	Amounts released	31 December 2019
Software	424	-	-	424
Fittings	3,327	1,287	-	4,614
IT equipment	126	21	-	147
Furniture	1,071	407	-	1,478
TOTAL AMORTISATION	**4,948**	**1,714**	**-**	**6,663**

5.2 Equity interests and related receivables

Equity interests are recorded at their historical acquisition cost, which includes any costs directly related to the acquisition.

Impairment is recognised if the historical cost of these securities is greater than their value in use, as determined by Solocal Group SA's management on the basis of various criteria, such as market value, the outlook for growth and profitability, shareholders' equity and each equity interest's specific characteristics.

Where the value in use is determined using the discounted cash flow method as adjusted for net debt, cash flows are determined in the following manner:

- the cash flows used are those projected in business plans that cover a sufficiently long period, which is usually three years;
- beyond this period, cash flows are extrapolated using a perpetual growth rate that reflects the forecast long-term growth rate of the market for each specific business activity;
- cash flows are discounted at rates that are appropriate to the nature of the business activity and the country.

The table below shows the change in equity interests and related receivables:

	Financial year ended 31 December				
	2019				2018
(in thousands of euros)	% of interest	Gross value	Provision	Net book value	Net book value
Equity interests					
Solocal SA	100%	2,918,338	(1,783,020)	1,135,318	1,135,318
QDQ Media	100%	91,719	(91,719)	-	-
Mappy	100%	51,282	(38,164)	13,118	19,234
Solocal Marketing Services	100%	7,275	-	7,275	7,275
Euro Directory	100%	-	-	-	0
Yelster Digital	100%	14,997	(14,100)	897	897
Solocal Outre-mer	100%	76	-	76	76
Cristallerie 5	100%	6	-	6	6
Fine Média	100%	12,240	(7,954)	4,286	4,286
ClicRDV	100%	6,485	-	6,485	6,485
Digital To Store	100%	188	(188)	-	188
Effilab	100%	20,532	-	20,532	20,532
Leadformance	100%	17,301	(12,001)	5,300	11,098
Orbit Interactive	100%	76	-	76	76
Cityone	100%	-	-	-	-
GIE Solocal (economic interest group)	15.75%	2	-	2	2
Alliance Gravity	11%	250	-	250	250
TOTAL		**3,140,767**	**(1,947,146)**	**1,193,620**	**1,205,723**
Other non-current securities					
Idenum	5%	75	-	75	75
TOTAL		**75**	**-**	**75**	**75**
Total equity interests and other securities		**3,140,842**	**(1,947,146)**	**1,193,695**	**2,301,162**
Receivables related to equity interests					
QDQ Media (participating loan)		-	-	-	1,800
QDQ accrued interest not yet due		-	-	-	178
TOTAL		**-**	**-**	**-**	**1,978**

The movements for the financial year are mainly the following:

In 2019, impairments were recognised on the following securities:

- an impairment of €20.1 million was recognised on the shareholding in Mappy following a €14 million capital increase carried out in June 2019. The net book value of the shares is €13.1 million;
- an impairment of €5.8 million was recognised on the shareholding in Leadformance, bringing the net book value of the shares to €5.3 million;
- an impairment of €188 thousand was recognised on the shareholding in Digital To Store, bringing the net book value of the shares to zero.

This impairment charge results from the normal process of asset valuation tests carried out every year and does not affect business cash. It is based on shareholders' equity and the discounted cash flow method, as restated for net debt.

The €13.2 million impairment provision on the shareholding in Euro Directory, which had been written down to zero as at 31 December 2018, was fully reversed following the liquidation of the company in November 2019.

The €12.3 million participating loan to the subsidiary QDQ, which had been subject to a €10.5 million impairment provision, was waived during 2019.

5.3 Trade debtors, impairment of receivables and other receivables

	Financial year ended 31 December	
(in thousands of euros)	**2019**	**2018**
Gross trade debtors	185	1,842
Impairment	–	–
NET TRADE DEBTORS	**185**	**1,842**

The above receivables include the services that Solocal Group SA invoices to its subsidiaries.

All trade and other receivables are due in less than one year.

5.4 Cash and cash equivalents, marketable securities, current accounts and debt

Cash and cash equivalents at 31 December 2019 consisted of immediately available cash assets and short-term investments with a maturity of no more than three months when acquired.

Treasury shares are subject to a provision based on their average price during the last month of the year.

(in thousands of euros)	Financial year ended 31 December 2019	2018
Current accounts with subsidiaries (net debtor positions)	**131,222**	**69,170**
including accrued interest not yet due	-	-
Treasury shares	350	250
Treasury shares – provision	(47)	-
Cash and cash equivalents	29,649	36,676
Cash and cash equivalents, marketable securities and current accounts	**161,174**	**106,097**
Revolving credit facility (RCF) drawn down	50,000	-
LOANS AND FINANCIAL DEBTS FROM CREDIT INSTITUTIONS SUBTOTAL	**50,000**	**-**
Mandatory convertible bonds	2,318	3,310
Non-convertible bond borrowings	397,835	397,835
Accrued interest not yet due on non-convertible bond borrowings	1,389	1,391
Debt relating to assignment of future CICE receivables	2,086	2,086
Accrued interest not yet due on CICE debt	4	4
LOANS AND FINANCIAL DEBTS SUBTOTAL	**403,632**	**404,626**
Current accounts with subsidiaries (creditor positions)	**55,332**	**23,146**
including accrued interest not yet due	-	-
Other financial debts – bank overdrafts	-	72
GROSS FINANCIAL DEBT	**508,965**	**427,843**
Portion due in less than one year	*58,812*	*26,698*
Portion due after more than one year	*450,153*	*401,145*
NET CASH (DEBT)	**(347,791)**	**(321,747)**
Financial debt	**508,965**	**427,843**
Loans and financial debts from credit institutions	51,389	1,391
Sundry loans and financial debts	402,243	403,235
Current accounts with subsidiaries	55,332	23,146
Bank overdrafts	-	72
Current accounts with subsidiaries	**(131,222)**	**(69,170)**
Marketable securities and treasury shares	**(304)**	**(250)**
Cash and cash equivalents	**(29,649)**	**(36,676)**
NET CASH ON BALANCE SHEET	**(347,791)**	**(321,747)**

Non-convertible bond borrowings

Following the completion of the financial restructuring in 2017, the Group's residual gross debt was reduced to €403.6 million, mainly comprising non-convertible bonds in the amount of €397.8 million, reserved to creditors under the Credit Agreement and of which the main details are as follows:

Interest:

- Calculation of interest: margin plus 3-month EURIBOR rate (EURIBOR being subject to a floor of 1%), payable quarterly in arrears;
- Late payment interest: 1% increase in the applicable interest rate.

The margin is defined as an annual percentage varying according to the level of the consolidated net leverage ratio (consolidated net debt/consolidated EBITDA) at the end of the most recent half-yearly accounting period, as shown in the table below (the initial margin being calculated pro forma based on the restructuring operations):

Net consolidated leverage ratio	Margin
Higher than 2.0:1	9.0%
Less than or equal to 2.0:1 but greater than 1.5:1	7.0%
Less than or equal to 1.5:1 but greater than 1.0:1	6.0%
Less than or equal to 1.0:1 but greater than 0.5:1	5.0%
Less than or equal to 0.5:1	3.0%

Maturity date: 15 March 2022.

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

Early repayment or repurchasing:

Solocal Group SA at any time and on multiple occasions, redeem some or all of the Bonds at a redemption price equal to 100% of the principal plus unpaid accrued interest; in addition, the Bonds will be subject to mandatory early redemption (subject to certain exceptions) wholly or in part if certain events occur, such as a change of control, an asset sale, or the receipt of net debt proceeds or net receivables proceeds. Mandatory early repayments are also provided for by means of funds coming from a percentage of surplus cash flow, depending on the Company's consolidated net leverage ratio.

Financial commitments:

- the consolidated net leverage ratio (consolidated leverage/consolidated EBITDA) must be lower than 3.5:1. This ratio was respected as at 31 December 2019;
- the interest cover ratio (consolidated EBITDA/consolidated net interest expense), must be greater than 3.0:1. This ratio was respected as at 31 December 2019;
- and, starting in 2017 and in any subsequent year, if the consolidated net leverage ratio on 31 December of the preceding year exceeds 1.5:1, capital expenditure (excluding growth transactions) for Solocal Group SA and its subsidiaries will be limited to 10% of the consolidated revenue of Solocal Group SA and its subsidiaries.

Moreover, the terms & conditions of the Bonds contain certain covenants which prohibit the issuer and its subsidiaries, with certain exceptions, from:

- taking on additional financial debt;
- giving pledges;
- paying dividends or making distributions to shareholders;
- exceptionally, paying dividends or making distributions to shareholders is permitted if the consolidated net leverage ratio does not exceed 1.0:1.

The restrictions contained in the terms & conditions of the Bonds and described above could affect the Group's ability to run its business and limit its ability to react to market conditions or seize commercial opportunities which may arise. As an example, these restrictions could affect its capacity to fund operational capital expenditure, restructure its organisation or finance its capital requirements. 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. Any failure by the Group to comply with these covenants or restrictions could result in a default under the terms of the above agreements.

If default occurs that is not remedied or waived, the bondholders could demand the immediate repayment of all outstanding amounts.

This could activate the cross default clauses of other Group loans. This type of event could have a material adverse effect for the Group, leading to its insolvency or liquidation.

In 2018, Solocal Group SA used its CICE tax credit to obtain a €2.1 million bank loan. The cash received was recognised as a financial debt. The claim on the government was reclassified as a claim on the bank.

Mandatory convertible bonds

Bonds of €1.0 million were converted to shares in 2019, leaving a residual amount of €2.3 million on 31 December 2019.

Current accounts with subsidiaries

Current accounts with subsidiaries result from cash-pooling agreements with each subsidiary. They bear interest at the EONIA rate plus or minus a margin, depending on whether the account has a debit or credit balance.

All net current account receivables (€131.2 million) are due in less than one year.

5.5 Share capital and changes in shareholders' equity

Share capital

The share capital of Solocal Group SA is composed of 619,541,466 shares with a par value of €0.10 each, i.e. a total sum of €61,954,147.

Date	Description	Number of shares	Unit value	Capital in €
31 December 2019	Share capital at year-end	619,541,466	0.10	61,954,147
31 December 2018	Share capital at year-end	583,630,365	0.10	58,363,037

Change in shareholders' equity

The table below shows the breakdown of the increase in the shareholders' equity of Solocal Group SA in 2019:

(in thousands of euros)	Number of shares	Share capital	Issue premium	Legal reserve	Other reserves	Retained earnings	Profit/ Loss	Regulated provisions	Equity
31 December 2018	**583,630,365**	**58,363**	**728,078**	**5,824**	**38,175**	**29,437**	**(14,381)**	**1,092**	**846,588**
Capital reduction	-	-	-	-	(100)	-	-	-	(100)
Capital increase	1,000,000	100	-	-	-	-	-	-	100
Conversion of mandatory convertible bonds	495,911	50	942	-	-	-	-	-	992
Equity line financing	34,415,190	3,442	13,646	-	-	-	-	-	17,088
Appropriation of net income	-	-	-	-	-	(14,381)	14,381	-	-
2019 Profit/Loss	-	-	-	-	-	-	(52,353)	-	(52,353)
Allocation to regulated provisions	-	-	-	-	-	-	-	61	61
31 DECEMBER 2019	**619,541,466**	**61,954**	**742,667**	**5,824**	**38,075**	**15,056**	**(52,353)**	**1,154**	**812,377**

During the financial year, the share capital of Solocal increased from €58.3 million (i.e. 583,630,365 shares) to €61.9 million (i.e. 619,541,466 shares).

This increase in capital is mainly due to the equity line financing put in place in late 2019 (€3.4 million at the year-end) – see "Highlights".

5.6 Stock options and bonus shares

Stock options

No stock option plan has been granted by Solocal Group SA or any of its subsidiaries over the last two years.

Bonus shares

Due to the performance conditions not being met, the right for the recipients of the 2014 and 2015 plans to receive these bonus shares was lost.

At the Combined General Meeting of 11 April 2019, the shareholders of Solocal Group SA authorised the Board of Directors to award certain bonus shares to all employees of the French entities in the Solocal group within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code. Under this authorisation, the number of shares that may be granted free of charge is capped at 400,000. The award of bonus shares under this plan for all staff is subject to a condition of one year's service. No retention period is imposed on the beneficiaries.

At the Combined General Meeting of 11 April 2019, the shareholders of Solocal Group SA also authorised the Board of Directors to award performance shares to certain executives and employees of the Company and its affiliated companies within the meaning of Articles 225-197-1 et seq. of the French Commercial Code. Under this authorisation, the number of performance shares that may be granted free of charge is capped at 5,500,000 shares in the Company, including a maximum of 1,500,000 shares for the Chief Executive Officer.

This plan gave rise to the allotment of 5,345,000 performance shares to 96 beneficiaries, including 1,500,000 performance shares awarded to the Chief Executive Officer. Under this plan, performance shares are subject to a three-year vesting period. No retention period is imposed on the beneficiaries.

The vesting of the shares is also subject to a continued employment condition and a performance condition based on the level of achievement of a target based on total free cash flow and on the change in the Company's share price.

The Chief Executive Officer and the members of the Company's Executive Committee are required to retain at least 30% of the shares vesting to them until the end of their term of office as an Executive Committee member or as Chief Executive Officer of the Company.

At the Extraordinary General Meeting of 9 March 2018, the shareholders of Solocal Group SA authorised the Board of Directors to establish, in favour of certain senior executives and employees of the Company and its affiliated companies, a performance share plan within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code.

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 9,200,000 shares in the Company, including a maximum of 2,300,000 shares for the Company's corporate officers.

On 24 April 2018, this plan gave rise to the allocation of 9,050,000 performance shares to 73 beneficiaries, including 2,300,000 performance shares awarded to the Chief Executive Officer. Under this plan, performance shares are subject to a three-year vesting period. No retention period is imposed on the beneficiaries.

The vesting of the shares is also subject to a continued employment condition and a performance condition based on the level of achievement of a target based on EBITDA less CAPEX and on the change in the Company's share price.

The Chief Executive Officer and the members of the Company's Executive Committee are required to retain at least 30% of the shares vesting to them until the end of their term of office as an Executive Committee member or as Chief Executive Officer of the Company.

In addition, the shareholders of the Company also authorised, at the Shareholders' Meeting of 9 March 2018, the Board of Directors to allocate free shares in the Company to Éric Boustouller in his capacity as Chief Executive Officer. The acceptance by Éric Boustouller of the position of Chief Executive Officer having led him to waive significant rights to long-term compensation in respect of his former position, it was agreed with him when he accepted the position of Chief Executive Officer that he would receive, subject to the approval of the Company's Shareholders' Meeting, compensation on taking up the office in the form of a free allocation of 1 million shares of the Company.

In application of this authorisation, the Board of Directors, at its meeting of 9 March 2018, decided to award 1 million free shares of the Company to Éric Boustouller.

These shares vested following the expiry of a twelve-month vesting period, which occurred during 2019. Éric Boustouller must retain at least two-thirds of the shares vested in 2019 until he steps down as the Company's Chief Executive Officer.

5.7 Provision for risks and contingencies

In 2019, no provision for retirement benefits or long-service awards was recognised in the financial statements, because the Company's workforce consists of only one corporate officer.

The other provisions for risks are based on the best possible estimates of the risk to which Solocal Group SA is exposed.

A provision of €6.7 million was established as at 31 December 2018 to cover rent and refurbishment expenses for the unoccupied Citylights premises, following the establishment of the Employment Protection Plan by Solocal Group SA. This provision was released during 2019. A settlement agreement was signed with the lessor at the end of 2019 in order to make part of the premises available to a new tenant. A provision of €2.0 million was recognised as at 31 December 2019 to cover the rent for the remaining floor area.

5.8 Debt maturity schedule

	Financial year ended 31 December 2019		
(in thousands of euros)	**Gross**	**Due within one year**	**Due more than one year**
Loans and financial debts from credit institutions	51,389	1,389	50,000
Debt relating to assignment of future CICE receivables	2,090	2,090	-
Accrued interest not yet due on CICE debt	-	-	-
Loans and financial debts from Group companies	-	-	-
Convertible bond borrowings MCB (mandatory convertible bonds)	2,318	-	2,318
Non-convertible bond borrowings	397,835	-	397,835
LOANS AND FINANCIAL DEBTS SUBTOTAL	**453,632**	**3,479**	**450,153**
Current accounts with subsidiaries	**55,332**	**55,332**	**-**
Bank overdrafts	-	-	-
Trade creditors and related accounts	35,362	14,934	20,428
Tax and social security debts	4,721	4,721	-
Subsidiary debts (tax consolidation)	22,093	22,093	-
Sundry debts	1,437	1,437	-
TOTAL	**572,578**	**101,997**	**470,581**

Trade accounts payable after more than one year are essentially composed of the impact of the deferred recognition of rent-free periods obtained for the Citylights premises in Boulogne-Billancourt

Due to the agreed rent-free period, rent began to be paid in September 2018.

5.9 Accrued income and expenses

	Financial year ended 31 December	
Income receivable *(in thousands of euros)*	**2019**	**2018**
Trade debtors – Invoices to be drawn up	160	368
Tax and social security receivables – Corporate income tax	1,053	6,812
Tax and social security receivables – VAT	5,281	7,479
Sundry receivables – Financial income receivable	85	85
TOTAL	**6,579**	**14,744**

Expenses payable *(in thousands of euros)*	**Financial year ended 31 December** 2019	2018
Financial debts – Accrued interest not yet due	1,389	1,391
Trade creditors and related accounts	35,004	37,654
Tax and social security debts – VAT, taxes, salaries and social security contributions	1,251	5,896
Tax and social security debts – Corporate income tax	-	-
Sundry debts	1,238	1,238
TOTAL	**38,883**	**46,178**

At 31 December 2019, the change in income receivable corresponded to the recognition of an income tax receivable of €6.8 million recognised as a gain in relation to the tax consolidation group in 2018.

5.10 Corporate income tax

Tax consolidation

On 3 December 2004, Solocal Group SA opted to comply with the rules that apply to tax groups pursuant to Articles 223A et seq. of the French Tax Code, for a renewable period of five years as of 1 January 2005. In doing so, Solocal Group SA made itself solely liable for the corporate income tax on all of the earnings of the tax consolidation group formed by itself and the companies in which it directly or indirectly holds at least 95% of the share capital and which agreed to join this group.

In its accounts, Solocal Group SA recognises:

- in "Tax consolidation current accounts (receivables)", the amount of tax owed by the profitable companies in the tax consolidation group, with an opposite entry in the income tax account;
- in "Tax consolidation current accounts (payables)", the amount of tax owed by the tax consolidation group, with an opposite entry in the income tax account.

At 31 December 2019, the tax group included nine companies in addition to Solocal Group SA, the company which heads the tax group. The subsidiaries included in the tax consolidation group are Solocal SA, SoMS, Mappy, Solocal Outre-mer, ClicRDV, Fine Media, Leadformance, Cristallerie 5 and Effilab.

Under the tax consolidation agreement between Solocal Group SA and the subsidiaries belonging to the tax consolidation group, Solocal Group SA, as the lead entity of the group, recognises any tax savings as income for the year.

The net corporate income tax debt for 2019, after the application of tax credits, is €1 million.

Balance sheet position

(in thousands of euros)	**Financial year ended 31 December** 2019	2018
Tax consolidation current accounts (receivables)	5,967	492
State – Corporate income tax receivable	1,053	6,812
Tax consolidation current accounts (payables)	(22,093)	(22,171)
State – Corporate income tax due	-	-
NET BALANCE SHEET POSITION – RECEIVABLE/(PAYABLE)	**(15,073)**	**(14,867)**
Group corporate income tax due after tax credit	1,053	6,812
NET GROUP CORPORATE INCOME TAX PAYABLE/RECEIVABLE	**1,053**	**6,812**

Tax consolidation current accounts with subsidiaries show a net amount payable of €15.1 million at 31 December 2019. This balance consists of the share of 2019 corporate income tax owed by each subsidiary under the tax consolidation agreements.

Underlying and deferred tax position

Future tax relief *(in thousands of euros)*	**Gross**
Provision for lump-sum retirement payments	0
Unrealised gain on UCITS funds	0
Special depreciation allowances	1,154
Loss carry forwards	132,851
TOTAL	**134,005**

Expenses recognised in 2019 and in previous years that will lead to future tax savings stood at €134 million at 31 December 2019. Based on the income tax rate currently adopted for the respective periods, this represents relief of approximately €45.5 million on future tax liabilities.

In 2018, Solocal Group SA used its CICE tax credit to obtain a €2.1 million bank loan. The cash received was recognised as a financial debt. The claim on the government was reclassified as a claim on the bank.

5.11 Breakdown of revenues

Revenues totalled €18.4 million in 2019, versus €20.3 million in 2018, and consisted of:

	Financial year ended 31 December	
(in thousands of euros)	**2019**	**2018**
Assistance for subsidiaries	1,340	903
Recharging of employee expenses	-	-
Recharging of property services	17,079	19,409
Other	-	-
REVENUES	**18,419**	**20,312**

Revenues primarily include real estate services invoiced to the subsidiaries.

5.12 Operating expenses

Operating expenses were €29.3 million in 2019, against €35.5 million in 2018, representing a reduction of €6.1 million. They broke down mainly as follows:

Personnel expenses were €1.3 million in 2019, against €1.6 million in 2018, for an average workforce of one person in both 2019 and 2018.

Other operating expenses moved from €34.0 million in 2018 to €28.0 million in 2019. This €6.0 million reduction was mainly due to the reduction in fees for external services due to better cost control during the period.

Solocal Group SA posted an operating loss of €10.2 million in 2019, having posted a loss of €15.2 million in 2018.

5.13 Net financial income

(in thousands of euros)	2019	2018
Dividends	15,971	47,739
Financial income relating to derivatives	-	-
Other financial income	10,917	647
Amounts released from provisions	13,251	1,752
Exchange-rate gain	-	-
FINANCIAL INCOME	**40,139**	**50,137**
Interest on loans and sundry financial debts	32,699	32,560
Financial expenses relating to derivatives	-	-
Other financial expenses	222	503
Interest cost on pension commitments	-	-
Increases to financial provisions	32,541	8,109
Gross value of receivables transferred	12,465	4,009
Exchange-rate losses	-	3
FINANCIAL EXPENSES	**77,926**	**45,185**
NET FINANCIAL INCOME/EXPENSE	**(37,787)**	**4,952**

Financial income and expenses for 2019 include dividends received from subsidiaries of €15.9 million, principally €7.8 million from ClicRDV and €8.1 million from SoMS, and reversals of impairment provisions, including €13.2 million in respect of the shareholding in Euro Directory (this company having been liquidated in November 2019) and €10.5 million in respect of the loan to QDQ.

They also include interest of €32.7 million on borrowings, against €32.5 million in 2018. Financial expenses further include impairment charges of €26.1 million on the shareholdings in Mappy, Leadformance and Digital to Store and €6.4 million on current accounts, as well as the €12.3 million waiver of the loan to QDQ.

5.14 Exceptional income

	Financial year ended 31 December	
(in thousands of euros)	2019	2018
Proceeds of disposals	-	0
Reversals of provisions and impairments	6,700	-
Other income	142	314
Transfer of expenses	-	-
EXCEPTIONAL INCOME	**6,842**	**314**
Net book value of asset items sold	13,251	1,267
Special depreciation allowances	61	84
Additions to exceptional provisions	1,969	6,700
Other expenses	7,465	2,086
EXCEPTIONAL EXPENSES	**22,746**	**10,137**
EXCEPTIONAL INCOME/EXPENSES	**(15,904)**	**(9,822)**

Exceptional items produced a net expense of €15.9 million in 2019, as compared with a net expense of €9.8 million in 2018.

Exceptional income was €6.8 million. This mainly comprised the release of the €6.7 million provision for costs relating to unoccupied premises.

Exceptional expenses in 2019 were €22.7 million. These mainly comprised the net book value (€13.2 million) of the shareholding in Euro Directory, which was liquidated in November 2019, impacts related to the restructuring plan put in place in 2018, which resulted, for the Company, in the classification of €7.5 million in property expenses as an exceptional expense, and the establishment of a provision of €2.0 million, representing the best estimate of the costs of exiting the onerous Citylights contract.

NOTE 6. Other

6.1 Off-balance-sheet commitments

Securities pledged

The bond is directly secured by a pledge on the securities of PagesJaunes SA held by Solocal Group SA.

The Company also agreed to pledge to the lending banks a financial instrument account consisting of the securities of any subsidiary that becomes a "material subsidiary" pursuant to the terms of the bond agreement, as collateral for all sums owed (including principal, interest, commissions, fees and costs) by the Company.

Leases

Solocal Group SA signed commercial lease contracts before completion with two separate investors, concerning premises located in the towers of a property complex undergoing renovation in Boulogne-Billancourt, named Citylights.

The lease agreements were signed for an irrevocable term of ten years, as Solocal Group SA waived the option allowing it to terminate the agreements on one occasion every three years prior to expiry. The lease agreements came into effect on 9 May 2016 and will expire on 8 May 2026.

On 31 December 2019, Solocal Group SA signed a settlement agreement with the lessor of Citylights to terminate the lease for the unoccupied part of the premises. As a result, the premises leased by Solocal Group SA for group entities cover a floor area of 30,489 m², with the total lease commitments amounting to €88.8 million (excluding expenses and rent indexing) as at 31 December 2019. Almost all of this floor area is recharged as part of the real estate services provided to the Company's subsidiaries.

Lease deposits of €4.1 million were paid following the move to the Boulogne-Billancourt premises.

6.2 Directors' fees and compensation of corporate officers

Directors' fees paid amounted to €0.4 million for 2019, and €0.5 million in 2018.

Gross compensation paid to the corporate officer was €1.3 million in 2019 and €0.8 million in 2018.

6.3 Workforce

Average full-time equivalent	2019	2018
Executives	1.0	1.0
Employees	-	-
TOTAL	**1.0**	**1.0**

6.4 Events subsequent to the closing date

N/A.

5.2.4 MANAGEMENT REPORT ON THE COMPANY FINANCIAL STATEMENTS

Board of Directors' report to the Annual General Meeting of Solocal Group SA

Annual financial statements for the financial year ended 31 December 2019

Ladies and Gentlemen,

We have called this General Meeting in accordance with the provisions of the law and the Company's articles of association to report to you on the activity of the Company during the financial year from 1 January 2019 to 31 December 2019, and to submit the annual financial statements and consolidated financial statements for that year for your approval.

I. Highlights of the financial year

Borrowings

In February 2019, the Solocal Group signed an agreement for a €15 million revolving credit facility, repayable in March 2022. In line with its previous announcements, the Group continued its search for financing resources and increased this revolving credit facility by €25 million in June 2019, raising it to €40 million. The revolving credit facility was increased by a further €10 million in November 2019, thus raising the available credit line to €50 million.

Capital increase

On 27 November 2019, the Board of Directors resolved to authorise the establishment of an equity line financing facility. As at 31 December 2019, 34,415,190 shares had been issued under the equity line with a nominal value of €3.4 million in share capital.

Equity interests

In 2019, impairments were recognised on the following securities:

- an impairment of €20.1 million was recognised on the shareholding in Mappy following a €14 million capital increase carried out in June 2019. The net book value of the shares is €13.1 million;
- an impairment of €5.8 million was recognised on the shareholding in Leadformance, bringing the net book value of the shares to €5.3 million;
- an impairment of €188 thousand was recognised on the shareholding in Digital To Store, bringing the net book value of the shares to zero.

This impairment charge results from the normal process of asset valuation tests carried out every year and does not affect business cash. It is based on shareholders' equity and the discounted cash flow method, as restated for net debt.

The €13.2 million impairment provision on the shareholding in Euro Directory, which had been written down to zero as at 31 December 2018, was fully reversed following the liquidation of the company in November 2019.

The €12.3 million participating loan to the subsidiary QDQ, which had been subject to a €10.5 million impairment provision, was waived during 2019.

The net book value of these equity interests was €1,193 million at 31 December 2019, with the valuation test that was carried out confirming this value.

II. Business activity of Solocal Group SA, key financial figures and presentation of company financial statements

Solocal Group SA is a holding company. As such, it holds subsidiaries, whose mission is to "reveal local know-how everywhere and boost local revenues of businesses". The Group offers its customers digital services and solutions to increase their visibility and local leads and creates and updates the best personalised professional local content for users.

Operating income

Solocal Group SA posted revenues of €19.1 million in 2019, compared with €20.3 million in 2018. These revenues were mainly generated from the invoicing of real estate services to all subsidiaries.

Operating expenses

Personnel expenses were €1.3 million in 2019, against €1.6 million in 2018, for an average workforce of one person in both 2019 and 2018.

Other operating expenses moved from €33.9 million in 2018 to €28.0 million in 2019. This €5.9 million reduction was mainly due to the reduction in fees for external services due to better cost control during the period.

Solocal Group SA posted an operating loss of €10.2 million in 2019, having posted a loss of €15.2 million in 2018.

Net financial income/expense

Financial income totalled €40.1 million in 2019, compared with €50.1 million in 2018.

In 2019, financial income mainly consisted of:

- dividends received of €16 million from Solocal Marketing Services SA and ClicRDV SAS, including €8.1 million from Solocal Marketing Services;

- the release of impairment provisions related to the closure of Euro Directory (€13.3 million) and the waiver of the loan to QDQ (€10.5 million).

Financial expenses totalled €77.9 million in 2019, against €45.2 million in 2018. They mainly comprised:

- the interest expense on bank loans, borrowings from subsidiaries and intragroup current accounts, which totalled €32.7 million in 2019, compared with €32.5 million in 2018;
- impairment charges of €26.1 million on shareholdings, notably Mappy (€20.1 million) and Leadformance (€5.8 million);
- the waiver of the loan to QDQ (€12.3 million).

The average interest rate on debt remained at 8% in 2019.

The net financial expense was €37.8 million in 2019, compared to net financial income of €4.9 million in 2018.

Exceptional income/expenses

Exceptional items produced a net expense of €15.9 million in 2019, as compared with a net expense of €9.8 million in 2018.

Exceptional income was €6.8 million. This essentially comprised the release of the provision for property costs in relation to Citylights 3.

Exceptional expenses in 2019 were €22.7 million. These mainly comprised the net book value (€13.3 million) of the subsidiary Euro Directory, which was liquidated in November 2019, and property costs of €7.5 million in relation to Citylights 3, of which €2.0 million related to the establishment of a provision for future costs following the settlement agreement signed with the lessor in December 2019. These premises were unoccupied as a result of the transformation of the Group and Solocal has signed a settlement agreement with the lessor to enable them to be relet. Solocal will hand back the Citylights 3 premises in March 2020 and will pay a lease termination charge to this end.

Corporate income tax

On 3 December 2004, Solocal opted to comply with the rules that apply to tax groups pursuant to Articles 223-A et seq. of the French Tax Code, for a renewable period of five years. In doing so, Solocal made itself solely liable for the corporate income tax on all of the earnings of the tax consolidation group formed by itself and the companies in which it directly or indirectly holds at least 95% of the share capital and which agreed to join this group.

As at 31 December 2019, the subsidiaries included in the tax consolidation group are Solocal SA, Solocal Marketing Services, Mappy, Solocal Outre-mer, ClicRDV, Fine Media, Cristallerie 5, Leadformance and Effilab.

Solocal Group SA thus recorded tax income (i.e. a negative tax charge) of €11.5 million in 2019, mainly from the gain realised on consolidation of the tax group. In 2018, this tax income was €5.7 million.

Net income

Solocal Group SA posted a net loss of €52.4 million in 2019, compared with a loss of €14.4 million in 2018.

Appended to this report, pursuant to Article R. 225-102 of the French Commercial Code, is a table of our Company's earnings over the past five financial years.

III. Share capital structure

The following table shows the shareholders of Solocal Group SA and the number of shares held at 31 December 2019:

	Numberof shares	% of share capital	Voting rights	% of voting rights
J O Hambro Capital Management, Ltd	53,841,590	8.69%	51,745,304	8.14%
DNCA Finance S.A.	53,481,000	8.63%	53,481,000	8.42%
Amar Family Office	40,000,264	6.46%	40,000,264	6.29%
River and Mercantile AM & Alliance Trust	37,295,642	6.02%	37,295,642	5.87%
Public	433,707,697	70.00%	452,299,201	71.17%
Solocal Group employees (1)	647,677	0.10%	654,933	0.10%
Treasury shares held (2)	567,596	0.09%	-	-
TOTAL	**619,541,466**	**100.00%**	**635,476,344**	**100.00%**

(1) Under the Solocal Group savings plan (PEG).
(2) 567,596 treasury shares are held under a liquidity agreement implemented on 2 December 2012.

No Solocal Group subsidiary holds an equity interest in Solocal Group SA.

IV. Report on corporate governance

In accordance with Article L. 225-37 of the French Commercial Code, the report on corporate governance is attached as an Appendix to this management report.

V. Compensation and benefits granted to Solocal Group SA corporate officers by Solocal Group SA

To executive corporate officers

Summary table of the compensation of each executive corporate officer

	2019 financial year		2018 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Pierre Danon, Chairman of the Board of Directors				
Fixed compensation	–	–	–	–
Annual variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Compensation for his duties as Director and as Chairman of the Board of Directors (formerly Directors' fees)	150,000	150,000	150,000	150,000
Benefits in kind(1)	–	–	–	–
TOTAL	**150,000**	**150,000**	**150,000**	**150,000**
Éric Boustouller, CEO				
Fixed compensation	520,008	520,008	520,008	520,008
Annual variable compensation	570,059	353,600	353,600	116,214
Exceptional compensation	–	–	–	–
Compensation for his duties as Director (formerly Directors' fees)	–	–	–	–
Benefits in kind(1)	22,951	22,951	21,849	21,849
TOTAL	**1,113,018**	**896,559**	**895,457**	**658,071**
TOTAL	**1,263,018**	**1,046,559**	**1,045,457**	**808,071**

(1) Company vehicle and payment of unemployment insurance contributions.

Information relating to the terms for application of the variable portion of the Chief Executive Officer is described in the corporate governance report.

To non-executive officers

Table of compensation payable for directorships (formerly Directors' fees) and other compensation received by non-executive officers*

Non-executive officers	Amounts due in 2019*	Amounts due in 2018*
David Amar		
Directorship compensation (formerly Directors' fees)	45,000	37,500
Other compensation	-	-
Philippe de Verdalle		
Directorship compensation (formerly Directors' fees)	42,500	37,500
Other compensation	-	-
Jacques-Henri David		
Directorship compensation (formerly Directors' fees)	45,500	37,500
Other compensation	-	-
Delphine Grison		
Directorship compensation (formerly Directors' fees)	40,000	37,500
Other compensation	-	-
Sandrine Dufour (1)		
Directorship compensation (formerly Directors' fees)	-	0
Other compensation	-	-
Anne-France Laclide (2)		
Directorship compensation (formerly Directors' fees)	20,750	-
Other compensation	-	-
Arnaud Marion (3)		
Directorship compensation (formerly Directors' fees)	-	37,500
Other compensation	-	-
Alexandre Loussert (4)		
Directorship compensation (formerly Directors' fees)	-	37,500
Other compensation	-	-
Joëlle Obadia		
Directorship compensation (formerly Directors' fees)	0	0
Other compensation	100,501	108,868
Marie Christine Levet		
Directorship compensation (formerly Directors' fees)	40,000	37,500
Other compensation	-	-
Lucile Ribot (5)		
Directorship compensation (formerly Directors' fees)	-	37,500
Other compensation	-	-
Sophie Sursock		
Directorship compensation (formerly Directors' fees)	44,000	37,500
Other compensation	-	-

* The amounts indicated do not take into account the 30% withholding tax for foreign tax residents and the 21% withholding tax for French tax residents.

(1) Sandrine Dufour resigned at the Board of Directors meeting of 9 March 2018.
(2) Anne-France Laclide was co-opted at the Board of Directors meeting of 19 June 2019.
(3) Arnaud Marion resigned at the Board of Directors meeting of 14 December 2018.
(4) Alexandre Loussert resigned at the Board of Directors meeting of 28 February 2019.
(5) Lucile Ribot resigned from office on 12 April 2019 (she had been appointed at the General Shareholders' Meeting of 9 March 2018).

The Company has not put in place any additional specific pension scheme for its corporate officers.

The Combined General Shareholders' Meeting of 11 June 2015 set the annual amount of compensation for directorships allocated to Board members at €490,000 from this year on and until otherwise decided at a General Shareholders' Meeting.

The rules governing the distribution of this budget between directors are decided, revised and implemented by a resolution of the Board of Directors based on the recommendations of the Remuneration and Appointments Committee.

In accordance with the rules adopted by the Board of Directors based on the recommendations of the Remuneration and Appointments Committee, the rules for the distribution of the €490,000 budget are as follows:

- €150,000 for the Chairman;
- equal distribution for the Directors, i.e. €37,500 per Director, subject to attendance at all meetings of the Board of Directors and Committees of which they are members;
- an €8,000 lump sum for the Chairman of the Audit Committee;
- a €4,000 lump sum for the members of the Audit Committee;
- a €5,000 lump sum for the Chairman of the Remuneration and Appointments Committee and the Chairman of the Strategy and M&A Committee;
- a €2,500 lump sum for the members of the Remuneration and Appointments Committee and the Strategy and M&A Committee.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for the Directors who were absent a significant number of times given the principle of participation in all meetings of the Board of Directors and the Committees of which they are members;
- no compensation for internal Directors (Director representing employees, Chief Executive Officer).

As in previous years, directors' compensation for 2019 was paid in two instalments: the first to cover the meetings of the Board of Directors and Committees up to 30 June 2019 and the second to cover the meetings between 1 July and 31 December 2019.

VI. Share subscription or purchase options and allocations of Solocal Group performance shares

Stock option allotments

2005 Plan

The Company set up a share subscription option plan on 28 June 2005 which, having matured on 28 June 2015, has been cancelled.

2007 Plan

Similarly, the Company implemented a second share subscription plan on 20 December 2007 which, upon expiry on 19 December 2017, was cancelled.

2009 Plan

In 2009, the Company put in place three share subscription plans: on 23 July 2009 for 1,145,000 options at a strike price of €6.71 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), on 29 October 2009 for 87,000 options at a strike price of €8.84 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), on 17 December 2009 for 75,000 options at a strike price of €7.82 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017). These plans all have the same characteristics as the first plan: 10-year terms and options fully vested after three years. These three plans, having matured on 22 July 2019, 28 October 2019 and 16 December 2019 respectively, have been cancelled.

2010 Plan

In 2010, the Company put in place two share subscription plans: on 27 July 2010 for 1,336,000 options at a strike price of €8.58 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), and on 16 December 2010 for 166,000 options at a strike price of €7.09 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017).

These plans all have the same characteristics as the first plan: 10-year terms and options fully vested after three years.

Given the capital increase completed on 6 June 2014, and in accordance with the law and regulations applicable to each of these plans, the Board of Directors decided, at its meeting of 19 June 2014, to adjust the conditions of the existing share subscription options, both in terms of the strike price of the options and the number of shares that can be obtained by exercising the options.

Similarly, in order to take into account the Company's reverse stock split of 26 October 2015, the Chief Executive Officer, making use of the powers conferred upon him by the Board of Directors on 21 July 2015, decided to adjust the exercise parity of the options for each individual plan, adopting a new parity equal to the current exercise parity of each option multiplied by a ratio of 1/30 (corresponding to the number of shares making up the share capital after the reverse stock split, divided by the number of shares making up the share capital before the reverse stock split but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares); it being specified that (i) for all options from which each holder benefits under a plan, the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the options shall remain unchanged.

Consequently, any holder of options who could (prior to the adjustment of 2015), by exercising an option, subscribe to one (1) share with a par value of €0.20 at a specific strike price, may now, by exercising that same option, subscribe to one-thirtieth of a share with a par value of €6 at the adjusted strike price. As such, a holder of options who could (prior to the adjustment of 2015), by exercising all the options he held under one plan, subscribe to thirty-one (31) shares with a par value of €0.20 each for a total price of €179.40 (€5.78 multiplied by 31), could, by exercising those same options, subscribe to one (1) share with a par value of €6 for a total price of €173.61.

In light of the capital increase completed on 14 March 2017, and in accordance with the law and regulations applicable to each of the current option plans (allocation by the Board of Directors at its meetings of 20 December 2007, 23 July 2009, 29 October 2009, 17 December 2009, 27 July 2010 and 16 December 2010), in order to take account of (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allocation of free shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the existing share subscription options, both in terms of the strike price of the options and the number of options held by each option holder.

In accordance with Article L. 225-184 of the French Commercial Code, information on the granting and exercise of Company stock options in 2019 is provided below:

Share subscription or purchase options granted during the year 2019 to each executive corporate officer by the issuer or by any Group company

Name of executive corporate officer	Plan no.and date	Type of option (purchase or subscription)	Valuation of options according to the method used for the consolidated financial statements	Number of options granted during the year	Strikeprice	Exercise period
Pierre Danon	-	-	-	-	-	-
Éric Boustouller	-	-	-	-	-	-

Share subscription or purchase options exercised during the year 2019 by each executive corporate officer

Name of executive corporate officer	Plan no. and date	Number of options exercised during the year	Strike price
Pierre Danon	-	-	-
Éric Boustouller	-	-	-

Granting of performance shares

2006 and 2008 Plans

The Extraordinary General Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to set up, in favour of certain Group senior executives and employees, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to enable them to profit from the Company's development. This authorisation was granted for a period of 38 months and the total number of shares freely allotted under this resolution may not represent more than 0.5% of the Company's share capital at the date of this General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors approved the conditions of an initial share allotment plan on 30 May 2006. This plan gave rise to the initial allotment of 602,361 shares to 591 Company employees on 30 May 2006. Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

A second share allotment plan was approved on 20 November 2006 and gave rise to the allotment of 778,638 shares to 611 Group employees. Given the fact that the performance conditions were not satisfied for one of the two years concerned, only 50% of these shares were definitively acquired by the beneficiaries on 20 November 2008.

A third plan was approved on 14 February 2008, giving rise to the allotment of 12,940 shares to 15 Group employees. Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

2011, 2012 and 2013 Plans

The shareholders of Solocal Group, at the Combined General Shareholders' Meeting of 7 June 2011, authorised the Board of Directors to set up, in favour of certain senior executives and employees of Solocal Group and affiliated companies, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan gave rise to the initial allotment of 1,226,000 shares to 41 Company employees on 26 October 2011. A second share allotment plan was approved on 16 December 2011 and gave rise to the allotment of 84,000 shares to three Group employees. Given the partial fulfilment of the performance conditions of these two plans, approximately 45% of these shares were definitively acquired by the beneficiaries on 31 March 2014.

A third allotment plan was approved on 11 December 2012 and gave rise to the allotment of 2,624,000 shares to 47 beneficiaries. A new allotment plan was approved on 11 December 2013 and gave rise to the allotment of 280,000 shares to 10 beneficiaries.

For performance shares granted under the plans of 11 December 2012 and 11 December 2013, the Board of Directors decided, at its meeting of 19 June 2014, to apply an adjustment reflecting the impact of the capital increase in cash with rights issue. Given the partial fulfilment of the performance conditions of these two plans, approximately 70.7% of these shares were definitively acquired by the beneficiaries. This rate corresponds to the 74.6% fulfilment of the performance conditions relating to revenues (weighted at 2/3) and the 63.0% fulfilment of the performance conditions relating to the GOM (weighted at 1/3).

2014 and 2015 Plans

At an Extraordinary Meeting on 29 April 2014, Solocal Group shareholders authorised the Board of Directors to set up, on behalf of certain senior executives and employees of Solocal Group and affiliated companies, a performance share incentive plan pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code.

On 19 June 2014, this plan gave rise to the allotment of 45,221,000 shares to 112 beneficiaries. A second share allotment plan was approved on 9 February 2015 and gave rise to the allotment of 2,305,000 shares to 12 Group employees.

The Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company at its meeting of 21 July 2015, decided by resolutions of 26 October 2015 to adjust the number of performance shares allocated in December 2013 and June 2014 to reflect the Company's reverse stock split as follows: completion of the adjustment of the parity adopted for the reverse stock split, that is to say, for each beneficiary of performance shares, by applying a ratio of 1/30 (corresponding to the number of shares making up the share capital after the reverse stock split, divided by the number of shares making up the share capital before the reverse stock split, but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares) to the number of performance shares to which the holder would have been entitled in the absence of an adjustment; it being specified that (i) the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the performance shares shall remain unchanged.

Consequently, a beneficiary of performance shares who (prior to the adjustment of 2015), under a plan, was entitled to thirty-one (31) performance shares with a par value of €0.20, will now be entitled, under that same plan, to one (1) share with a par value of €6.

In light of the capital increase completed on 14 March 2017, and in accordance with the regulations applicable to the allocation plans still in the vesting period (granted by the Board of Directors at its meetings of 19 June 2014 and 9 February 2015), in order to take account of (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allocation of free shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the incentive performance share plans, in terms of the number of performance shares to be allocated to each beneficiary.

Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

2018 Plan

At the Extraordinary General Shareholders' Meeting of 9 March 2018, Solocal Group shareholders authorised the Board of Directors to set up a performance share incentive plan, within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code for certain senior executives and employees of the Company and affiliated companies.

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 9,200,000 shares in the Company, including a maximum of 2,300,000 shares for the Company's corporate officers.

On 24 April 2018, this plan gave rise to the allocation of 9,050,000 performance shares to 73 beneficiaries, including 2,300,000 performance shares awarded to the Chief Executive Officer.

Under this plan, performance shares are subject to a three-year vesting period. No retention period is imposed on the beneficiaries.

The vesting of the shares is also subject to a continued employment condition and a performance condition based on the level of achievement of a target of EBITDA less CAPEX and change in the Company's share price.

The Chief Executive Officer and the members of the Company's Executive Committee are required to retain at least 30% of the shares vesting to them until the end of their duties.

2019 Plan

The shareholders of the Company, at the Combined General Shareholders' Meeting of 11 April 2019, authorised the Board of Directors to set up, in favour of certain senior executives and employees of the Company and affiliated companies, a performance share incentive plan, within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code.

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 5,500,000 shares in the Company, including a maximum of 1,500,000 shares for the Company's corporate officers.

On 19 June 2019, this plan gave rise to the allocation of 5,435,000 performance shares to 53 beneficiaries, including 1,500,000 performance shares awarded to the Chief Executive Officer.

The performance condition is assessed over three years and based on two criteria:

- a non-market criterion: the level of achievement, during the relevant period, of the annual free cash flow objectives set by the Board of Directors; and
- a market criterion: the change in the Company's share price, with reference to a share price at the end of the period of at least two euros.

The two criteria are applied as follows:

(i) first criterion: the final allotment rate (before application of the coefficient linked to the second criterion), determined at the end of the period of the plan, will be 85% conditional on the achievement of the annual free cash flow objectives during the three years of the period of the plan and 15% on an appraisal of the achievement of that free cash flow objective over the period of the plan;

(ii) second criterion: the change in the share price: the final allotment rate will also depend on the price of the Solocal Group share at the end of the period of the plan with a target objective of two euros.

Thus, the following coefficient will be applied to the number of shares allocated by application of the first criterion:

- if the share price is higher than or equal to two euros at the end of 2021 (based on an average of twenty trading days), the number of shares allocated by application of the first criterion will be multiplied by 1;
- if the share price is lower than two euros at the end of 2021 (based on an average of twenty trading days), the number of shares allocated by application of the first criterion will be multiplied by 0.75 for the Chief Executive Officer, 0.825 for the other members of the Executive Committee and 0.90 for the other eligible beneficiaries;
- if the share price is lower than one euro at the end of 2021 (based on an average of twenty trading days), no shares will be awarded to the Chief Executive Officer or the other members of the Executive Committee, and the number of shares allocated by application of the first criterion will be multiplied by 0.70 for the other eligible beneficiaries.

The Board of Directors may lay down the conditions under which the aforementioned criteria would be adapted in case of an event affecting their relevance (in particular the market criterion), for example in the event of the delisting of the Company's shares.

With regard to the Company's corporate officers only, a "claw back" condition is applicable, for allocations starting in 2019, throughout the vesting period and, for the shares subject to retention obligations, during the retention period. Thus, if it should appear a posteriori that the shares were awarded on the basis of information known by the beneficiary to be inaccurate and that led to an inaccurate assessment by the Board of Directors of the aggregates selected for the assessment of the performance condition, the benefit of the relevant performance shares would be lost automatically. This clause will be assessed under French law.

The vesting period is three years and the beneficiaries are not subject to any retention period. By way of exception, the members of the Executive Committee (or of any replacement body) of the Company (on the final allocation date) will be under an obligation to retain 30% of the shares definitively allocated thereto and until the termination of their office on the Executive Committee.

In the event of the disability of a beneficiary under the conditions set forth by law, or in the event of the death thereof, the performance and continued employment conditions shall be deemed satisfied and the final allocation of shares shall occur prior to the end of the vesting period.

Performance shares granted to each executive corporate officer during the year 2019

Performance shares granted during the financial year by the General Shareholders' Meeting to each executive corporate officer by the issuer or a Group company (by name of beneficiary)	Plan no. and date	Number of shares granteddduring the year	Valuation of shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Éric Boustouller	19 June 2019	1,500,000	€0	19 June 2022	19 June 2022 (1)	(2)

(1) The Chief Executive Officer shall be required to retain at least 30% of the shares definitively awarded to him until he ceases to perform his duties as Chief Executive Officer of the Company.
(2) See below.

Performance shares made available during the 2019 financial year for each executive corporate officer

Performance shares made available for each executive corporate officer	Plan date	Number of shares released from lock-up during the year	Vestingterms
Éric Boustouller	-	-	-

	Solocal Plan
Number of performance shares granted during the financial year to the 10 largest beneficiaries in the Group, excluding corporate officers	3,960,000

VII. Corporate officer transactions involving Solocal shares

The table below presents transactions involving Solocal shares declared to the AMF and carried out during the 2019 financial year by corporate officers[(1)] and persons related to them[(2)], in accordance with Article 223-26 of the AMF's General Regulations.

Person concerned	Financial instrument	Type of transaction	Date of transaction	Number of transactions	Number of shares	Average unit price	Amount of the transaction
Éric Boustouller CEO, Director	Shares	Acquisition	15 January 2019	1	69,000	€0.5311	€36,645.90
Amar Family Office Legal entity linked to David Amar Director	Shares	Acquisition	13 March 2019	3	603,585	€0.4706	€284,047.00
Amar Family Office Legal entity linked to David Amar Director	Shares	Acquisition	14 March 2019	1	128,102	€0.4736	€60,669.00
Amar Family Office Legal entity linked to David Amar Director	Shares	Acquisition	15 March 2019	2	1,318,313	€0.4772	€629,098.00
Éric Boustouller CEO, Director	Shares	Free share allotment	2 April 2019	1	1,000,000	-	-
Pierre Danon Chairman of the Board of Directors	Shares	Acquisition	23 May 2019	1	34,100	€0.7873	€26,846.00
Cordial Investments and Consulting Ltd Legal entity linked to Pierre Danon Chairman of the Board of Directors	Shares	Acquisition	2 August 2019	1	60,000	€0.7360	€44,160
Jacques-Henri David Director	Shares	Acquisition	2 August 2019	2	500,000	€0.7254	€362,700
Amar Family Office Legal entity linked to David Amar Director	Shares	Acquisition	12 September 2019	1	3,000,000	€0.7240	€2,172,000
Delphine Grison Director	Shares	Acquisition	29 November 2019	1	53,125	€0.5931	€31,508.00
Cordial Investments and Consulting Ltd Legal entity linked to Pierre Danon Chairman of the Board of Directors	Shares	Acquisition	3 December 2019	1	153,998	€0.5720	€88,086.00
Amar Family Office Legal entity linked to David Amar Director	Shares	Off-market block trade	5 December 2019	1	10,000,000	€0.5268	€5,268,000
Philippe de Verdalle Person linked to the Nobel Fund Director	Shares	Acquisition	6 December 2019	1	1,747,174	€0.5268	€920,411.00

(1) Entities determined in accordance with Article L. 621-18-2 of the French Monetary and Financial Code.
(2) Entities related within the meaning of Article R. 621-43-1 of the French Monetary and Financial Code.

VIII. Solocal Group's trading in its own shares during the year

Summary of transactions carried out in connection with the programme approved by the General Shareholders' Meeting

Number of shares forming the share capital of Solocal Group SA as at 31/12/2019	**619,541,466**
Treasury shares held directly or indirectly as at 01/01/2019	**492,641**
Number of shares purchased in 2019	6,190,278
Average weighted price of shares bought	**0.695**
Number of shares sold	6,115,323
Average price of shares sold	**0.692**
Performance shares transferred	1,000,000
Performance shares eliminated	1,488,500
Treasury shares held directly or indirectly as at 31/12/2019	**567,596**
Carrying value of the portfolio (valued at purchase price) as at 31/12/2019	350,377
Market value of the portfolio as at 31/12/2019	**313,313**

At 31 December 2019, the 567,596 shares held by the Company were all held in relation to the liquidity objective.

IX. Material post-balance sheet events

N/A.

X. Human resources report

Solocal Group SA had no employees as at 31 December 2019. All employees of Solocal Group SA were transferred in 2017 to an economic interest group (GIE) called "GIE Solocal", whose purpose is inter alia to pool the human and material resources of its members for certain general services and support functions with a view to sharing the associated costs. As at 31 December 2019, the GIE had nine members, namely Solocal Group SA and eight of the group's subsidiaries. GIE Solocal had 24 employees at the end of December 2019.

All information relating to employees of the Solocal Group can be found in the 2019 Statement on Extra-Financial Performance, appended to this report.

XI. Employee profit sharing

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we hereby provide an employee profit-sharing statement. Of the 619,541,466 shares making up the share capital as at 31 December 2019, 647,677 shares are held by employees of the Group.

XII. Research and development

At the forefront of its industry, the Solocal Group has expert staff and numerous partnerships that enable it to conduct cutting-edge research and innovation. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

XIII. Environmental impact of the Company's activities and sustainable development commitments

This information can be found in the sections relating to the Company's corporate social responsibility, appended to this report.

XIV. Preventing discrimination and promoting diversity

This information can be found in the sections relating to the Company's corporate social responsibility, appended to this report.

XV. Internal control and risk management procedures

1. Internal control and risk management guidelines, objectives and scope

1.1. Internal control and risk management guidelines

In order to achieve its objectives, Solocal has set forth and implemented general guidelines for internal control that are largely based on the guidance published in 1992 by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and on the AMF's internal control framework and recommendations. The following description of our internal control and risk management procedures is based on this framework. The assessment made for this purpose was carried out in accordance with the key points of this framework and its implementation guidance. It also takes into account the work of IFACI, the French Internal Control and Audit Institute.

1.2. Internal control definition and objectives

Internal control at Solocal is a set of processes and measures that are defined by senior management, implemented by employees and which serve to meet the following objectives:

- compliance with the laws and regulations in force, both inside and outside the company;
- observance of the Board of Directors' instructions and guidelines;
- prevention and control of operational risks, financial risks and the risk of error and fraud;
- optimisation of internal processes, ensuring that operations are effective and that resources are used efficiently;
- the quality and accuracy of accounting, financial and management information.

These principles are underpinned by:

- a policy that fosters the development of an internal control culture;
- the identification and analysis of risk factors that could compromise the achievement of the Company's objectives;
- an organisation and procedures designed to ensure the implementation of senior management's strategies;
- the periodic review of control activities and a continuous effort to improve;
- a process for distributing internal control information.

However, as with any control system, the rules and principles implemented cannot provide absolute assurance that all risks will be eliminated or controlled.

1.3. Internal control scope

The procedures described below apply to all subsidiaries.

The internal control measures employed within each entity (i.e. department or subsidiary) involve implementing the Company's procedures and specifying and implementing procedures that are specific to each business line, in accordance with the entity's organisation, culture, risk factors and operational characteristics.

2. The internal control environment

2.1. Rules of conduct and ethics applying to all employees

Solocal's growth is underpinned by a set of ethical values and principles deriving from the Solocal Group Professional Ethics Charter. These values and principles are intended to serve the interests of its customers, shareholders and employees and the communities and countries in which it operates, while protecting the environment and the needs of future generations.

These values and principles are aligned with such fundamental and universal principles as those of the Universal Declaration of Human Rights, those set forth in International Labour Organization agreements (in particular regarding the prevention of child and forced labour) and those of the OECD (most notably in relation to efforts to fight corruption). They also address our commitments in other areas, such as sustainable development. These values and principles guide the actions of the Group and its subsidiaries and provide a framework for all employees, regardless of their position and duties. It is thus everyone's responsibility, and especially that of the Company and subsidiary senior managers, to observe and promote these values and implement these principles.

These rules, presented on the Solocal corporate website at www.solocal.com/en and on our intranet, cover the following:

- Solocal's values;
- the principles that underlie Company actions that may affect customers, shareholders, employees, suppliers, competitors or the environment;
- the principles that guide individual behaviour and which serve to ensure good relationships with customers and suppliers, protect the Company's assets, ensure compliance with the Company's rules and values, prevent conflicts of interest and ensure ethical stock trading.

In addition to the Professional Ethics Charter, a Securities Trading Code of Conduct has also been drafted to deal specifically with stock-trading issues.

It informs the employees and directors of Solocal companies of the rules and principles that govern the trading of securities, of the need to comply scrupulously with these rules, and of the various preventive measures that have been implemented to enable all employees to invest securely in its listed securities.

In this context, and to reduce risks, Solocal ensures that all of its employees whose work involves sensitive information sign a confidentiality agreement, particularly when they work with people outside the Company who may not be bound by a confidentiality obligation under their own rules of professional ethics.

Accordingly, any permanent or occasional insider who has doubts or questions about selling or purchasing the securities of a Solocal company, or about the nature of the information that he or she can disclose, must consult his or her line manager or the Chairman of the either Group Ethics Committee or the Ethics Committee of his or her entity, if it has one. If the insider is a Director, he or she must consult the Chairman of the Board of Directors.

2.2. Senior management's responsibility and commitment

The Company has set up a risk management policy which is overseen by senior management. This policy is reviewed twice a year with the Company's various subsidiaries and departments. The updating of risks and the monitoring of associated actions are consolidated, then presented to the senior management Executive Committee at least once a year.

A risk correspondent has been appointed in each of the Company's subsidiaries and departments. These correspondents, of whom there are around 50 within the Company, report to the Institutional Relations, CSR, Ethics and Risk department under the General Secretariat.

2.3. Human resources and skills management policy

Solocal's performance depends directly on the skills of its employees and on its ability to manage and adapt its human resources. The Human Resources department works in close partnership with the operational departments. It develops, proposes and manages human resources, so as to help with the implementation of the Company's strategy. In order to better respond to the needs of employees and managers, the HR department is divided into four sub-divisions: HR Operations, HR Development, Compensation & Benefits (personnel management) and the division responsible for Employee Relations.

The role of the HR Operations division is to provide HR support to the managers of the divisions and departments within its remit and manage their employees. It provides expert knowledge of the division's structure, composition and mission, as well as the Company's activities.

The role of the HR Development division is to define HR policies and improve processes. It deploys the Company's HR policy and resources to the HR Operations division and to regional and local HR managers in particular, providing them with the tools and advice they need to do the best job they can.

Since Solocal is determined to make quality of life in the workplace a priority in the context of helping employees to learn new working methods and adapt to changes in their jobs, the focus since 2015 has been on taking action in response to specific situations that employees have encountered during the transformation of the Company. These actions are described in detail in chapter 3 of the Universal Registration Document.

2.4. Information systems

The Company's various information systems are composed of:

- operational business software, particularly tools related to selling, to creating and storing digital content, and to websites;
- business management software: e.g. accounting and financial applications;
- communication software: messaging systems, collaborative tools (Intranet), etc.;

The IS division (which manages the information systems) and the technical department of the Products division are largely responsible for supervising the Company's information systems and in particular for ensuring that they will enable the Company to achieve its long-term objectives. They work closely with the Risk department, which monitors and manages IT risks in terms of reliability, business continuity, legal and regulatory compliance as well as operational objectives. Actions directly linked to risk and security control are reviewed twice a year by the Risk department, in partnership with the relevant operations teams.

3. Risk monitoring and management

3.1. Organisational framework

Like any company, Solocal's business activities expose it to various risks. The main risks that have been identified are described in the "Risk factors" chapter of this Universal Registration Document. Risk management is a priority for the Company, and is conducted both by subsidiaries and the parent company, which collates and summarises the information.

Risk management serves to:

- develop a comprehensive, systematic, integrated and flexible method for identifying, assessing, analysing and managing risks and for promoting risk control;
- develop risk management best practices;
- prevent risks that threaten the Company and mitigate their consequences.

The risk management policy applies to all Solocal entities. Solocal has set up a risk governance system based on a Risk department attached to the General Secretariat, together with a network of around 50 risk correspondents.

3.2. Risk identification and analysis process

Certain Company procedures contribute to the identification of risks. In particular, they cover the following elements:

- a risk assessment and classification method that has been in place since 2005. This method is based on risk mapping, which ranks the main risks to which the Company believes it may be exposed in terms of their seriousness and likelihood of occurrence and assesses the level of coverage;
- risk reviews, which are conducted at least twice a year;
- a network of risk correspondents who oversee the operational implementation of the risk policy, led by a dedicated governance unit;
- a risk management system that includes the description and monitoring of related risk coverage actions. This system also includes a dashboard which monitors action plans to minimise risks.

4. Controls

Solocal has three lines of control in place on a permanent basis: operational management, risk management and internal control, and internal audit. The objective of the three lines of control is to combine regulatory measures (instructions and directives), organisational measures (organisational charts and processes) and technical measures (mostly IT and communication) based on certain basic principles.

The Group's audit and internal control system is overseen on an ongoing basis by the Audit and Internal Control Department, which reports up to the Company's senior management, and reports on a functional basis to the Audit Committee on its operations. It should be noted that this system serves to provide the Company's management and its Board of Directors with reasonable but not absolute assurance that the Group's risks are controlled.

In the course of their work on reviewing the internal control system and in reporting on the financial statements of the Company and the Group, the Statutory Auditors report significant deficiencies in internal control with respect to the accounting and financial reporting procedures and thereby also help to strengthen the Group's control systems.

4.1. Internal audit

Group Internal Audit, which reports to the Audit and Internal Control Department, ensures that the internal control system is mature by evaluating its effectiveness and efficiency, while encouraging its continuous improvement. On the basis of a risk assessment, the Internal Audit team evaluates the internal control system's relevance and effectiveness by assessing the quality of the Company's control environment, the work of internal governance bodies, the reliability and integrity of financial and operational information, operational effectiveness and efficiency, asset protection, and legal, regulatory and contractual compliance. The Internal Audit Charter, approved by the Chief Executive Officer and the Audit Committee, sets forth the guidelines that all entities must observe with respect to internal audit.

Group Internal Audit is responsible for performing the tasks set out in the audit plan, which is laid down at the start of the year and is based on the Group risk assessment. The audit plan is presented to the Executive Committee and approved each year by the Audit Committee.

Internal Audit may perform three types of audit:

- audits on the compliance and effectiveness of processes and activities;
- audits on the maturity of internal control;
- audits on the compliance or performance of specific themes selected by the Audit Committee.

4.2. Internal control

The internal control system is composed of the various policies and procedures implemented by an entity's department to provide assurance that its business activities are being managed effectively. The first level of control is the one exercised by the functional and operational departments using standard procedures and processes.

The internal control system involves the whole Company, from board level to every single member of staff.

The Internal Control Charter sets out guidelines that govern Solocal's internal control system and form the basis for setting up the internal control systems for all Group entities.

4.3. Contribution of the Statutory Auditors

The work of the Statutory Auditors includes a limited interim Group level review and, toward the end of the year, a pre-closing review followed by a full audit of the financial statements at 31 December. The Statutory Auditors also perform limited reviews on the internal control systems of Solocal's main subsidiaries, in accordance with an audit plan submitted to the Internal Audit unit and the Audit Committee. The main recommendations are presented to the Financial departments and to the Audit Committee.

Generally speaking, efforts to continuously improve processes and standards serve to enhance operational control, effectiveness and efficiency.

5. Internal control procedures relating to the preparation and processing of accounting and financial information

Solocal's Finance department is responsible for preparing the accounting and financial information.

To increase the reliability of published accounting and financial information, a series of Committees, rules, procedures, controls, a skills management policy, and a continuous process to improve procedures have been implemented.

Specific internal control procedures for accounting and financial information have thus been set up via:

- the Company's financial accounting and management organisation;
- a unified financial and management accounting reporting process;
- Company-wide accounting methods and guidelines;
- the scheduling of year-end work on Company accounts;
- financial communication.

5.1. Accounting and management control

The Accounting and Consolidation department, the Management Control department and the Corporate Finance department perform essential tasks to ensure that Solocal's financial information is consistent. These departments report to the Group's Chief Financial Officer.

Their tasks thus include:

- preparing Solocal's company financial statements and consolidated financial statements within the time constraints of financial markets, legal and regulatory requirements and contractual obligations;
- managing the budgeting and forecasting process and preparing the monthly management report as quickly as possible, while ensuring that data is consistent;
- preparing the documents necessary to communicate financial results and to enable Solocal's management to prepare its management report;
- designing and implementing Solocal's accounting and management methods, procedures and guidelines;
- identifying and overseeing any changes to Solocal's accounting and management information systems that may be necessary.

5.2. The unified accounting and management reporting system

The Company's business management cycle is composed of four basic components:

- the three-year strategic plan;
- the budget process;
- monthly reporting;
- business and financial performance reviews.

a. The strategic Business Plan

Each year, Solocal prepares a strategic business plan for the coming three years. This strategic Business Plan takes into account the Company's strategic priorities and any changes in market trends, business segments or the competitive environment.

b. The budget process

The budget process covers Solocal and its subsidiaries. It involves the following steps:

- in the autumn, the budget for the current year is updated and monthly and annual budgets for the following year are prepared for each entity;
- in the spring, the initial budget forecast for the year is updated and this updated budget is used to prepare the strategic plan;
- in the summer, the budget for the second half of the year is updated on the basis of the results of the previous six months.

To improve the management and monitoring of performance, an ongoing reforecasting process has been implemented.

c. Monthly reporting

Monthly reporting is a major component of the financial information and control system. It is the main tool that Solocal's management uses to monitor trends and performance and make decisions going forward. This reporting comprises several documents that are prepared by the Management Control and Accounting and Consolidation departments and communicated to Solocal's management.

Monthly reporting includes quantified data, commentary on trends, and performance indicators.

The Management Control and Accounting and Consolidation divisions use a unified consolidation tool to ensure that budgeted figures, actual figures and reforecasts are reported in a consistent and uniform manner.

d. Business and financial performance reviews

Quarterly business performance reviews with all subsidiary senior managers and monthly financial reviews with Financial departments are a key component of Solocal's management and control system. Their main objective is to ensure that the actions undertaken are consistent with Company priorities and long-term goals.

5.3. Company-wide accounting methods and guidelines

The Company prepares its provisional and actual consolidated financial statements in accordance with the "unification principle". This involves:

- uniform accounting methods, standards and consolidation rules;
- standardised presentation formats;
- the use of a Company-wide consolidation application.

Solocal has a single accounting system that standardises the reporting of all consolidated items, including off-balance sheet commitments. All of the consolidated entities have adopted this system. Solocal prepares its consolidated financial statements in compliance with IFRS standards (European regulation 1606/2002 of 19 July 2002).

The consolidated accounting documents are prepared in accordance with local accounting principles and are restated to comply with Company standards and with IFRS as adopted by the European Union and the IASB. The Company's Finance department sends out memoranda specifying the year-end closing process and timetable. Each subsidiary adapts these processes and timetables as necessary.

5.4. The scheduling of year-end work on Company accounts

In order to meet accounting deadlines, and enable the Board of Directors to publish consolidated financial statements from February, the Company has established a detailed planning programme for its year-end accounting work. This programme includes:

- budget monitoring processes;
- preparation of pre-closing accounts;
- documented closing processes;
- the anticipated treatment of estimates and complex accounting transactions.

The progress that Solocal has made in preparing year-end accounts can largely be attributed to greater coordination between Company divisions and functions, more accurate forecasts, better control over financial processes, and better preparation and speedier execution of account-closure processes.

5.5. Financial communication

The preparation and control of financial information are organised in a manner that is consistent with the Company's management organisation and systems. This ensures the integrity, accuracy, quality and consistency of this information and its compliance with applicable legal and regulatory requirements and professional standards.

The CEO and CFO systematically prepare, review and approve all financial information that must be publicly disclosed, prior to its examination by the Board of Directors, in order to guarantee its quality and reliability. This review covers, among other things, press releases containing financial information and presentations to investors.

The Investor Relations department, inside the Finance department, in collaboration with management control and the Legal department, is responsible for drawing up the following periodic and permanent information documents and distributing them to regulatory authorities, the financial market authority (the AMF) and other intended recipients:

- periodic financial press releases (quarterly, half-yearly and annual results) and ad hoc press releases (e.g. to announce transformation and restructuring projects, external growth transactions, divestments, financing transactions, changes in governance, and strategic partnerships);
- presentations at meetings with financial analysts and investors;
- the Universal Registration Document;
- presentation for the General Shareholders' Meeting.

Solocal strives to provide information that is easy to understand, relevant, stable and reliable, and to comply with stock market regulations and sound principles of corporate governance.

6. Financial risks linked to climate change

The risks linked to the effects of climate change and the measures taken by Solocal to reduce them are presented in the statement on extra-financial performance (Déclaration de Performance Extra-Financière – DPEF).

7. Information and communication

All of the Company's press releases and major regulatory documents are posted on the Solocal intranet, which all employees can access.

Collaborative tools and other applications available on the intranet also ensure efficient distribution of information to everyone throughout the Company.

XVI. Main risks and uncertainties

- Foreign exchange risk

  See Note 10 to the consolidated financial statements.
- Liquidity risk

  See Note 10 to the consolidated financial statements.
- Interest rate risk

  See Note 10 to the consolidated financial statements
- Credit counterparty risk

  See Note 10 to the consolidated financial statements.
- Equity risk

  See Note 10 to the consolidated financial statements.

XVII. Non tax-deductible expenditures

Pursuant to Article 223 quater of the French Tax Code, we hereby inform you that the expenses and charges described in paragraph 4 of Article 39 of said Code totalled €15,251.

XVIII. Supplier payment times

All of the trade accounts payable on the balance sheet at 31 December 2019, which total €907 thousand (excluding accrued expenses); overdue trade receivables amounted to €25 thousand.

	Article D. 441 I. 1: Invoices received not settled at the end of the period					Article D. 441 I. 2: Invoices issued not settled at the end of the period					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 daysor more	TOTAL (1 day or more)
(A) Tranches past due											
Number of invoices concerned											1
Total amount of invoices concerned (including VAT)	585,158	7,976	401,039	13,296	485,240					25,000	25,000
Percentage of the total amount of purchases for the year (including VAT)	1.97%	0.03%	1.35%	0.04%	1.63%						
Percentage of revenue for the year (including VAT)										0.14%	
(B) Invoices excluded from (A) relating to disputed or unrecognised receivables and payables											
Number of invoices excluded											
Total amount of invoices excluded											
(C) Standard payment periods used											
	Statutory periods					Statutory periods					

This table only includes invoices that had been received but not settled on the year-end date. It does not take account of sundry accounting entries such as accruals for invoices not received.

XIX. Business development outlook

Solocal intends to refinance its debt as soon as market conditions are right.

XX. Loans of less than two years granted by Solocal Group SA

In accordance with Article L. 511-6 3) bis of the French Monetary and Financial Code, we inform you that Solocal Group SA has not, as an ancillary activity to its main activity, granted loans due in less than two years to microbusinesses, SMEs or intermediate-sized companies with which it has economic ties justifying such loans.

XXI. Branches

Solocal Group SA had no branches as of 1 January 2020.

XXII. Development of the business of the main subsidiaries

The Solocal group carries out business within two operating business lines, Digital and Print, and generated revenue from continuing activities of €584.1 million in the year to 31 December 2019. The two segments represent 89.1% and 10.1% of the total respectively.

Digital

Digital business comprised the following at 31 December 2019:

The Presence range enables VSEs and SMEs to manage their activity on the Web through several dozen media channels including Google, Facebook, PagesJaunes, Bing, Tripadvisor and Instagram in just a few clicks, in real time and automatically via a single mobile app or an online interface. This range contributed revenues of €127.2 million in the year to 31 December 2019. The Presence package is sold on a subscription basis with auto-renewal.

The Advertising range enables businesses to augment their digital visibility beyond their natural online presence by tapping into local markets. This range includes the Priority Ranking service, which was launched in the third quarter of 2019, and contributed revenues of €281.2 million in the year to 31 December 2019.

The Websites service consists of creating search engine optimised websites (both shop window and e-commerce sites) that cater to every purse on a subscription basis with automatic renewal. This range contributed revenues of €104.6 million in the year to 31 December 2019.

Designed for small and medium-sized businesses, the Presence and Advertising ranges are also available for large network accounts.

Solocal also offers new services designed to facilitate the daily business of companies, such as a customer relationship management (CRM) solution which was developed in 2019. This range contributed revenues of €7.6 million in the year to 31 December 2019.

Print

This business line incorporates the Company's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Company's "Voice" activities, which relate to traditional direct marketing. The Print business line is to be closed at the end of 2020 and is thus in decline as the closure approaches. The Solocal group recorded revenues of €63.5 million from Print activities in the year to 31 December 2019, a fall of 34.6% relative to 2018.

The financial statements published by the Group as at 31 December 2019 are made up as follows:

(in millions of euros)	Period ended 31 December 2019*					Period ended 31 December 2018*					Change in Recurring 2019/2018
	Conso-lidated	Discon-tinued activities	Continuing activities			Conso-lidated	Discon-tinued activities	Continuing activities			
			Total	Recur.	Non-recur.			Total	Recur.	Non-recur.	
Revenues	**584.1**	**-**	**584.1**	**584.1**	**-**	**670.4**	**1.0**	**669.4**	**669.4**	**-**	**-12.7%**
Net external expenses	(143.4)	-	(143.4)	(143.7)	0.3	(197.1)	(0.4)	(196.7)	(192.2)	(4.4)	-25.2%
Personnel costs	(249.6)	-	(249.6)	(249.8)	0.2	(304.7)	(0.7)	(304.0)	(306.0)	1.9	-18.4%
Restructuring costs	(23.5)	-	(23.5)	-	(23.5)	(164.0)	-	(164.0)	-	(164.0)	
EBITDA	**167.6**	**-**	**167.6**	**190.6**	**(23.0)**	**4.6**	**(0.1)**	**4.7**	**171.2**	**(166.5)**	**11.3%**
As % of revenues	*28.7%*		*28.7%*	*32.6%*					*25.6%*		
Depreciation and amortisation	(71.0)	-	(71.0)	(71.0)	-	(62.0)	(0.1)	(61.9)	(61.9)	-	14.8%
Operating income	**96.6**	**-**	**96.6**	**119.6**	**(23.0)**	**(57.4)**	**(0.2)**	**(57.1)**	**109.4**	**(166.5)**	**9.4%**
As % of revenues	*16.5%*		*16.5%*	*20.5%*					*16.3%*		
Financial income	(0.2)	-	(0.2)	(0.2)	-	0.1	-	0.1	0.1	-	
Financial expenses	(44.6)	-	(44.6)	(44.6)	-	(36.8)	(0.0)	(36.8)	(36.8)	-	21.1%
Net financial income/ expense	**(44.8)**	**-**	**(44.8)**	**(44.8)**	**-**	**(36.7)**	**(0.0)**	**(36.7)**	**(36.7)**	**-**	**22.1%**
Income before tax	**51.8**	**-**	**51.8**	**74.8**	**(23.0)**	**(94.1)**	**(0.2)**	**(93.9)**	**72.7**	**(166.5)**	**2.9%**
Corporate income tax*	(19.7)	-	(19.7)	(27.6)	7.9	12.9	0.0	12.9	(44.5)	57.3	-37.9%
Income for the period	**32.1**	**-**	**32.1**	**47.2**	**(15.1)**	**(81.2)**	**(0.2)**	**(81.0)**	**28.2**	**(109.2)**	**67.4%**

* Due to the first-time application of IFRS 16 using the simplified retrospective method, it is not possible to retain comparability between the two periods.

Done in Boulogne-Billancourt, 26 February 2020

The Board of Directors

Financial performance over the past five years (pursuant to Articles R. 225-81, 3° and R. 225-83, 6° of the French Commercial Code)

Type of information *(with the exception of share capital, all amounts are in thousands of euros)*	2015	2016	2017	2018	2019
1 – Financial position at year-end					
a) Share capital	233,259,384	233,259,384	58,244,480	58,363,037	61,954,147 [3]
b) Number of outstanding ordinary shares	38,876,565	38,876,565	582,444,800	583,630,365	619,541,466 [3]
2 – Key financial figures					
a) Revenues excl. tax [2]	13,047	24,080	24,709	20,312	18,419
b) Earnings before tax, profit-sharing, depreciation, amortisation and provisions	(152,278)	(98,531)	(4,788)	(5,167)	(47,565)
c) Corporate income tax	14,089	(51,474)	(54,667)	(5,665)	(11,547)
d) Employee profit-sharing owed for the year	-	-	-	-	-
e) Earnings after tax, depreciation, amortisation and provisions	(1,785,325)	8,640	21,002	(14,381)	(52,353)
f) Amount of earnings distributed in next financial period [1]	-	-	-	-	
3 – Key financial figures per share *(in euros)*					
a) Earnings after tax & profit-sharing but before depreciation, amortisation and provisions	(4.28)	(1.21)	0.09	(0.02)	0.05
b) Earnings after tax, profit-sharing, depreciation, amortisation and provisions	(45.92)	0.22	0.04	0.00	0.00
c) Dividend paid per share in next financial period [1]	0.00	0.00	0.00	0.00	0.00
4 – Personnel					
a) Average number of salaried employees during the year	43	38	2	1	1
b) Total payroll	8,107	7,986	805	977	936
c) Amount of employment benefits paid	3,997	3,833	328	589	389

(1) Or submitted to the General Shareholders' Meeting for the last financial year (before deduction of treasury shares).
(2) The amounts entered under Revenues excl. tax include all operating income.
(3) Amount includes the ordinary shares of ten euro cents (€0.10) each issued following the exercise by Kepler Cheuvreux of share subscription warrants issued in connection with the equity line financing facility established by Solocal Group SA with Kepler Cheuvreux.

Table of subsidiaries and participating interests

Subsidiaries and participating interests *(in thousands of euros)*	Capital	Reserves before appropriation of current-year net income	Share of capital held in %	Carrying amount of shareholding		Loans and advances granted by the company and not yet repaid (excluding current accounts)	Amount of guarantees or sureties given by the company	Revenue in last financial period	Net income in last financial period	Dividends received during the year	Remarks
				Gross	Net						
Detailed information on subsidiaries and participating interests											
1/ Subsidiaries: over 50% held by the company											
Mappy SA, 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 402 466 643	212	3,142	100%	51,282	13,118	-	-	11,055	(3,841)	-	
Solocal SA 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 444 212 955	881,108	57,000	100%	2,918,337	1,135,317	-	-	478,751	4,700	-	
SoMS SA 25 quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	18,763	100%	7,275	7,275	-	-	74,165	16,711	-	
Solocal Outre-mer SA 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 420 423 477	75	763	100%	76	76	-	-	3,047	(360)	-	
QDQ Media SAU Calle de la Haya 4 28044 Madrid, Spain Madrid Commercial Register: A81745002	150	2,532	100%	91,718	0		-	16,490	2,827	-	
Yelster digital GmbH Linke Wienzeile 8, Top 9 1060 Vienna, Austria Vienna Commercial Register: FN 298562 m	44	6,676	100%	14,997	897			14,461	8,752	-	
Fine Media SAS 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 494 447 550	47	2,330	100%	12,240	4,286			6,595	1,559	-	

Subsidiaries and participating interests *(in thousands of euros)*	Capital	Reserves before appropriation of current-year net income	Share of capital held in %	Carrying amount of shareholding		Loans and advances granted by the company and not yet repaid (excluding current accounts)	Amount of guarantees or sureties given by the company	Revenue in last financial period	Net income in last financial period	Dividends received during the year	Remarks
				Gross	Net						
ClicRDV SASU 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 492 374 442	50	8,124	100%	6,485	6,485		-	18,113	7,183	-	
Orbit Interactive Nearchore Park - 1100 boulevard El Qods 11000 Casablanca Sidi Maarouf Casablanca Commercial Register: 268969	850	1,586	100%	75	75	-	-	0	2,654	-	
Leadformance SARL 7 Avenue des Ducs de Savoie 73000 CHAMBERY SIREN: 440 743 763	250	(2,184)	100%	17,301	5,300		-	2,745	(2,179)	-	
Digital To Store Ltd 64 Great Eastern Street London, UK Company number: 08865471	150	(1,353)	100%	188	0			43	(326)	-	
EFFILAB 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 531 205 565	2	(1,312)	100%	20,532	20,532			9,754	(629)	-	
Cristallerie 5 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 809 343 734	6	5	100%	6	0			0	(2)		
2/ Participating interests (10%-50%)											
GIE Solocal (economic interest group) 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 809 343 734	10	(158)	16%	1	1			0	(158)		

5.2.5 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 December 2019

To the Annual General Meeting of Solocal Group SA

OPINION

In compliance with the engagement entrusted to us by your general meeting, we have audited the financial statements of Solocal Group for the year ended 31 December 2019, as attached to this report.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at the end of that year and of the results of its operations for the year then ended.

The opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditors for the audit of the financial statements" section of our report.

Independence

We conducted our audit in compliance with the independence rules applicable to us for the period from 1 January 2019 to the issue date of our report, and, in particular, we did not provide any services prohibited by Article 5(1) of Regulation (EU) 537/2014 or by the French Code of Ethics (*Code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgement, were of most significance for the audit of the financial statements for the period, together with our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements of the financial statements.

Going concern

Risk identified

As at 31 December 2019, the Company reported a net loss of €52 million, along with equity of €812 million, current liabilities of €573 million and current assets of €176 million.

As stated in note 3 "Note on the continuity of operations" to the financial statements, the Company and its subsidiaries paid €155 million in non-recurring expenses in 2019. To supplement the cash flow generated from the business, the Company has diversified its financial resources to include a €50 million revolving credit facility and an €8 million working capital facility. In addition, an equity line was issued in November 2019, which enabled €17.4 million to be raised as at 31 December 2019. As at that date, 24 million options remained unexercised.

As also stated in note 1.5 to the financial statements, non-recurring costs of €60 million are set to be paid in 2020. Management considers that, based on the Company's forecasts for 2020, the cash available as at 1 January 2020 and operating cash flows (including financial expenses) will enable the Company to absorb this expenditure and that the Company has the ability to finance its activities over the course of the next twelve months; it has not identified any matters that may cast doubt on the Company's ability to continue as a going concern.

We therefore believe that assessment of the going concern assumption, on the basis of which the financial statements have been prepared, is based on management's judgement, specifically as regards:

- the future operational business prospects underlying the budget adopted by the Board of Directors;
- estimated future cash flows;
- the Company's ability to obtain the equity line financing on the expected terms.

For these reasons, we considered assessment of the going concern assumption to be a key audit matter.

Our response

We reviewed the process implemented by management to assess the Company's ability to continue as a going concern over a twelve-month period from the balance sheet date.

Our work consisted in particular of:

- reviewing the process for preparing the budget and cash flow forecasts;
- reviewing the operational business assumptions underlying the budget;
- checking that the budget data flowed through effectively into the cash flow forecasting spreadsheet;
- analysing the equity line contract obtained in November 2019;
- comparing the starting point of the cash flow forecasting spreadsheet with the cash position as recorded in the accounts as at 31 December 2019;
- testing by financial modelling experts forming part of the audit team of whether the parameters of the cash receipts simulation file underpinning the monthly cash flow forecasts for the next twelve months had been properly set, in particular:
  - testing the consistency of the cash flow rate by product type, based on their payment type,
  - examining the main formulae in the various files from which the estimates of monthly receipts were produced;
- interviewing management regarding its knowledge of any events or circumstances prior to the year-end that might cast doubt on those estimates.

We also verified the appropriateness of the information relating to going concern presented in note 3 to the financial statements.

Evaluation of equity interests

Risk identified

As at 31 December 2019, equity interests of €1.194 billion were recorded in the balance sheet, representing 86% of total assets.

As stated in note 5.2 to the financial statements, an impairment is recognised if the historical cost of these securities is greater than their value in use, as determined by Solocal's management on the basis of various criteria, such as market value, the growth and profitability outlook, shareholders' equity and the specific features of each equity interest. Where the value in use is determined using the discounted cash flow method as adjusted for net debt, cash flows are determined in the following manner:

- the cash flows used are those projected in business plans that cover a sufficiently long period, which is usually three years;
- beyond this period, cash flows are extrapolated using a perpetual growth rate that reflects the forecast long-term growth rate of the market for each specific business activity;
- cash flows are discounted at rates that are appropriate to the nature of the business activity and the country.

Given the value of the equity interests in the balance sheet, the complexity of the models used and their sensitivity to variations in the data and assumptions on which the estimates are based, notably the discounted cash flows, we considered the correct measurement of the value in use of the equity interests to be a key audit matter.

Our response

We reviewed the process used by the Company to measure the value in use of the equity interests and the controls in place.

Where the measurements were based on historical information, our work consisted in verifying that the net asset values used agreed to the financial statements of entities on which an audit or analytical procedures had been performed and that any adjustments made to those figures were based on supporting documentation.

Where measurements were based on forecast information, our work consisted in particular of:

- obtaining cash flow and operational forecasts for the entities concerned as prepared by their operational departments and assessing their consistency with the forecast data from the latest strategic plans for each of those businesses as drawn up by their general management;
- comparing the data used to determine the cash flows used in impairment tests on equity interests with the source data for each entity;

- examining the consistency with the economic environment of the assumptions used by management, particularly as regards the discount rate, in conjunction with the valuation specialists within our audit team;
- comparing the forecasts used for previous periods with the corresponding actual figures in order to assess the achievement of past objectives;
- checking the arithmetical accuracy of the value-in-use calculations used by the Company.

We also reviewed the appropriateness of the information presented in note 5.2 to the financial statements.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations.

Information given in the management report and other documents on the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and the other documents about the financial position and the annual financial statements provided to the shareholders.

We attest that the information on payment terms referred to in Article D. 441-4 of the French Commercial Code (*Code de commerce*) is fairly presented and consistent with the financial statements.

Information on corporate governance

We attest that the information required by Articles L. 225-37-3 and the Board of Directors L. 225-37-4 of the French Commercial Code (*Code de commerce*) is set out in the corporate governance section of the management report of the Board of Directors.

We have verified that the information provided pursuant to Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) on the remuneration and benefits received by the corporate officers and any other commitments made in their favour is consistent with the financial statements, or with the underlying information used to prepare those financial statements and, where appropriate, with the information obtained by your Company from the entities it controls that are included in the scope of consolidation. Based on these procedures, we attest that this information is accurate and fairly presented.

We have verified that the information provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*) on matters that your Company considered liable to have an impact on a public purchase or exchange offer conforms to the documents disclosed to us from which it is derived. Based on these procedures, we have no matters to report on this information.

Other information

In accordance with French law, we have verified that the various items of information on the identity of shareholders or holders of voting rights have been disclosed to you in the management report.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We – B.E.A.S, a member firm of Deloitte, and Auditex, a member firm of Ernst & Young Global Ltd – were appointed as statutory auditors of Solocal Group S.A. by the general meeting held on 19 October 2016.

As at 31 December 2019, B.E.A.S. and Auditex were in their fourth uninterrupted year of engagement.

Deloitte & Associés and Ernst & Young Audit previously served as Solocal Group's Statutory Auditors from 2003 to 2015 and from 2004 to 2015 respectively, including twelve years for both firms since the Company's securities were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of financial statements that comply with French accounting principles and for such internal control as it determines is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where applicable, matters related to its continuation as a going concern and for using the going concern basis of accounting unless it is expected to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, internal audit, with respect to the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of your company or the quality of the management of your company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement in the financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks, and obtains audit evidence that the auditor considers to be sufficient and appropriate to provide a basis for his/her opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or the overriding of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of the accounting policies used and the reasonableness of the accounting estimates by management and the related disclosures in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, attention must be drawn in the audit report to the relevant disclosures in the financial statements, or, if such disclosures are not provided or are inadequate, a qualified opinion or adverse opinion must be issued;
- evaluates the overall presentation of the financial statements and assesses whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which presents in particular the scope of the audit and the audit programme followed, as well as the results of our work. We also report significant deficiencies, if any, in internal control that we have identified with respect to the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements for the period and which are therefore the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks affecting our independence and the related safeguards.

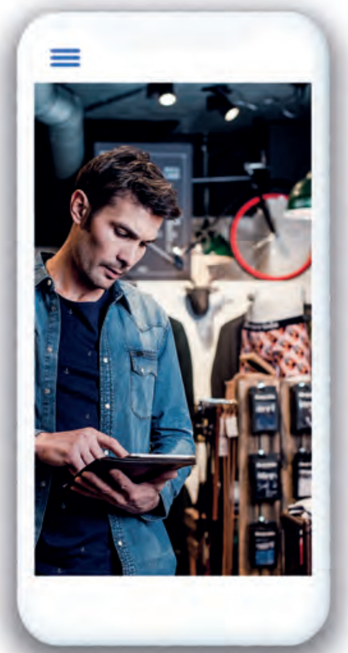
Paris-La Défense, 9 March 2020

The Statutory Auditors

AUDITEX	**B.E.A.S.**
Jeremy THURBIN	Jean-François VIAT

06

Information on the Company and its capital



6.1 General information on the Company

6.1.1 CORPORATE NAME AND TRADING NAME

The name of the Company is "Solocal Group".

The Group has profoundly transformed itself in order to adapt to technological and societal changes. The name "Solocal Group" expresses our current strength: local and digital services.

6.1.2 REGISTRATION LOCATION AND NUMBER

Trade and Companies Register number: RCS Nanterre 552 028 425.

LEI number: 9695005U38X1SF184325

APE code: 7010 Z.

6.1.3 DATE OF INCORPORATION AND TERM (ARTICLE 5 OF THE ARTICLES OF ASSOCIATION)

The Company was incorporated on 12 January 1897 and registered on 21 February 1955. Based on Article 5 of its Articles of Association, the Company has a term of 99 years, which began on 31 December 1954 and will run until 31 December 2053, unless it is dissolved earlier or extended as provided for in the Articles of Association.

6.1.4 REGISTERED OFFICE, LEGAL FORM AND LEGISLATION

Head Office of the Company and a large part of the subsidiaries of the Group: 204, Rond-Point du Pont-de-Sèvres, 92100 Boulogne-Billancourt.

Telephone: +33 (0)1 46 23 30 00.

Company's country of origin: France.

Solocal Group is a public limited company with a Board of Directors subject to the provisions of Articles L. 210-1 et seq. of the French Commercial Code.

6.2 Memorandum and Articles of Association

6.2.1 CORPORATE PURPOSE

In accordance with Article 3 of the Articles of Association, the Company's corporate purpose, in France and abroad, is to:

- acquire and hold shares, interests or other securities in French or foreign legal entities, to define the policies to be implemented by subsidiary companies and to provide any and all services to companies in which it holds shares;
- acquire by any means, without exception or reservation, to hold by any means and in any capacity, to manage and, if appropriate, to transfer by any means, without exception or reservation, all or part of any majority or minority interests that may be directly or indirectly related to the Company's corporate purpose and to any similar or ancillary purpose.

In addition, the Company's purpose, in France and abroad, directly or indirectly, is to:

- publish, on its own behalf or on behalf of third parties, all directories using any current or future publication processes and means, to provide information services by any current or future processes and means and to carry on the business of advertising in all its forms, by any method and for any purpose;
- advise, research, design, produce, update and maintain all services related to any type of information distribution system on an open or closed network, whether connected via computer or telephone, wire-based, satellite, cable or other methods, as well as any other activity related to such services, and especially to Internet or Intranet sites;
- collect, acquire, enhance, manage, process, market, or host data and files of any kind;
- perform all activities related, directly or indirectly, to such services or which represent a prerequisite or accessory, the condition or extension of such services or which are likely to encourage or develop them; and

- in general, to undertake any industrial, commercial, financial, civil, movable property or real estate transactions that may be directly or indirectly related to any of the aforementioned purposes or to any similar or related corporate purposes.

Provisions in the Articles of Incorporation, Articles of Association and the Internal Regulations concerning the administrative and management bodies

The Company is administered by a Board of Directors composed of 3 to 18 members (subject to legal exceptions in the event of a merger). There are currently 10 Directors on the Board.

Directors are elected by the shareholders at Ordinary General Shareholders' Meetings. Each Director must hold at least one Company share. Pursuant to the Company's Articles of Association, each Director is elected for a four-year term. There is no limit to the number of times a Director may be re-elected.

The Board of Directors includes a Director who represents the Company's employees as well as the employees of its direct or indirect subsidiaries (as defined in Article L. 225-27 of the French Commercial Code) whose registered office is located on French territory.

This Director is elected in two rounds by majority vote. All staff members who meet the conditions set by law are eligible to vote and stand for election. Each candidacy must include, in addition to the candidate's name, the name of a substitute who may replace him or her in the event of absence for any reason.

The Director representing employees is elected for a four-year term. The first Director representing employees shall assume his or her position on the Board at the first meeting of the Board of Directors, held after publication of the complete results of the first elections. The next Director representing employees shall assume his or her position on expiry of the term of the outgoing Director representing employees.

If a Director representing employees ceases to be a member of staff, his or her responsibilities as a Director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his or her entire term as a Director, and may be re-elected.

The Board of Directors meets on a notice from the Chairman. Meetings may be called by any method, including verbally in an emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other location indicated in the Notice of Meeting.

When the Board of Directors has not met for more than two months, at least one-third of the Board members may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors based on a given agenda.

The Board of Directors' deliberations are valid only if at least half of its members are present.

Decisions are taken by a majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting shall cast the deciding vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by means of videoconference or any other means of telecommunication. Any Director participating in a Board meeting by means of videoconference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the overall strategic direction for the Company's business activities and ensures it is implemented. Subject to any powers expressly granted to Shareholders' Meetings and within the limits of the corporate purpose, the Board deals with all matters relating to the proper functioning of the Company and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each Director with all documents and information they need to fulfil their duties.

Internal regulations

At its meeting of 23 September 2004, the Board drew up rules of procedure based on those recommended in the AFEP-MEDEF Corporate Governance Code. These rules of procedure specify the guiding principles for the operation of the Board and the rights and duties of the Directors.

The main provisions of the rules of procedure of the Board of Directors are summarised in this section.

Preparation and organisation of the work of the Board of Directors

Strategic direction

Pursuant to Article 17 of the Articles of Association, the Board of Directors determines the overall strategic orientation of the Company's activities and ensures it is implemented.

This means that the Board makes all decisions related to the Company's major strategic, economic, social, financial and technological objectives and ensures that these decisions are implemented.

The medium-term objectives for the Group's activities are defined, each year, in a strategic plan, which is prepared and presented by the Chief Executive Officer to the Board of Directors for approval. This draft includes projected trends for the Group's key operational and financial indicators in particular. The Chief Executive Officer presents a draft annual budget based on these objectives.

The Chief Executive Officer is responsible for implementing the objectives set out in the strategic plan.

The Chief Executive Officer informs the Board of Directors of any problems or, more generally, any matter which may affect the achievement of any of the objectives of the strategic plan.

Committees of the Board of Directors

In order to prepare its work, the Board of Directors set up three Committees within the Company, namely an Audit Committee, a Remuneration and Appointments Committee and a Strategic and M&A Committee, the latter having been created by the Board of Directors at its meeting on 13 June 2017. The operating conditions and areas of authority of each Committee are stipulated in the Charters of these Committees, which are approved by the Board of Directors.

The Board of Directors, at its meeting on 9 November 2017, also created three Ad Hoc Committees, namely an Ad Hoc Committee on Refinancing, an Ad Hoc Committee on the Equity Story and an Ad Hoc Committee on monitoring the restructuring of the Company. These Ad Hoc Committees are now defunct.

Duties and responsibilities of the Directors

Directors' duty of confidentiality

Directors are bound by an absolute obligation of confidentiality with regard to the content of discussions and deliberations by the Board and its Committees and any information presented to them.

Director's duty of independence

In carrying out the mandate entrusted to them, Directors must make all decisions independently of any interest other than that of the Company.

All Directors are required to inform the Chairman of any situation affecting them that could create a conflict of interest with the Company or any Group Company. Where appropriate, the Chairman may seek the opinion of the Remuneration and Appointments Committee.

At the end of this process, it is the responsibility of the Director in question to act accordingly, under the terms of the applicable legislation.

Duties of Directors with regard to securities of the Company

Each Director must hold at least one Company share.

Any Company shares held by Directors at the time they join the Board must be registered in their own names, as well as any shares they acquire during their term of office.

Directors are forbidden from:

- executing any transaction on the securities of the listed companies of the Group as long as they hold privileged information;
- making short sales on these securities directly or indirectly.

The first prohibition applies in particular during the period of preparing and presenting the Group's annual and semi-annual results and quarterly information.

It also applies during special periods when projects or transactions that warrant such a prohibition are being prepared.

The Ethics Charter, which specifies the rules relating to inside information, applies to the Directors.

Directors' duty of care

In accepting the office entrusted to them, Directors agree to fully assume all their responsibilities and, in particular, to:

- devote whatever time is required to study matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request all additional information, they consider necessary;
- ensure that these regulations are applied;
- freely form their opinion before any decision, considering only the Company's interest;
- actively participate in all Board meetings, unless they are unable to do so;
- make all proposals to improve the working conditions of the Board and its Committees.

The Board constantly seeks to improve the information communicated to shareholders. Each Director must play a part in achieving this goal, particularly through his or her contribution to the work of the Board's Committees.

Directors agree to tender their resignation to the Board when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

Ethics Charter

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics Charter (available on the Company website at http://www.solocal.com).

This Charter sets out the Group's values and presents its principles for dealing with customers, shareholders, employees, suppliers, and competitors, and with respect to the environment and the countries in which it operates.

In addition, it stipulates a number of principles of personal conduct that each Group employee, Director and executive must respect, and which encourage honest and ethical conduct on their part, as well as accurate, complete and timely communication of published information.

The Professional Ethics Charter refers to the principles and rules applicable to stock market ethics and the requirement to comply with them scrupulously. It imposes certain preventive measures including closed periods when "permanent insiders", such as members of the Board of Directors and other executives, are not permitted to trade in the Company's shares.

The Professional Ethics Charter applies to each member of the Board of Directors and to all of the Group's senior executives and employees.

Chairman of the Board of Directors and Management

The Chairman of the Board of Directors is an individual elected by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the positions of Chairman of the Board and Chief Executive Officer. If the decision is taken to separate these roles, the Board of Directors appoints the Chief Executive Officer.

The Board of Directors elects a Vice-Chairman from among its independent members. The Vice-Chairman is elected for his or her entire term as a Director, and may be re-elected.

The Vice-Chairman:

- exercises the powers of the Chairman in the event of impossibility, absence or unavailability of the Chairman, under the same conditions as the Chairman;
- shall be available for and may meet and listen to the Company's shareholders;
- shall be available and listen to the Directors of the Company to discuss the proper functioning of the Board of Directors.

Mr David Amar was elected Vice-Chairman by the Board of Directors at its meeting of 14 February 2018.

On 5 November 2014, the Board of Directors opted to separate the roles of Chairman of the Board of Directors and Chief Executive Officer in line with corporate governance best practice. During the change in governance in 2017, the Board of Directors decided to keep the two roles separate. The choice of governance model is largely due to the Company's wish to make a clear distinction between responsibility for strategic guidance and oversight, which lies with the Board of Directors, and the Chief Executive Officer's operational and executive powers. This governance model also enables the Group to benefit from the complementary skills and experience of the Chief Executive Officer and the Chairman of the Board of Directors.

The Chief Executive Officer, subject to the powers expressly granted to Shareholders' Meetings and the Board of Directors, and within the limits of the corporate purpose, is vested with the widest powers to act, in all circumstances, in the name of the Company, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term business objectives, including projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;

(ii) the following decisions are subject to prior approval by the Board of Directors:

- the annual budget and any significant changes thereto,
- the annual and three-year business plans,
- the acquisition or disposal of a business by Solocal or one of its subsidiaries that is not included in the annual budget, the total amount of which, including all liabilities and other off-balance sheet commitments exceeds €10 million per year,
- any investments or divestments not included in the annual budget for fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million,
- amendments to the employment contract, hiring/appointment or dismissal/removal of the Chief Financial Officer of the Company; any amendment to the employment contract, hiring/appointment or dismissal/removal of the Group's Human Resources Director and the Secretary to the Board of Directors shall not require prior authorisation by the Board of Directors, but shall require the prior agreement of the Remuneration and Appointments Committee,
- any increase in the total indebtedness of Solocal Group or one of its subsidiaries that exceeds the amount authorised under the financing or loan agreements previously authorised by Solocal Group's Board of Directors,
- the execution of any agreement in order to create a joint-venture with a third party, not included in the annual budget and generating a commitment for Solocal or one of its subsidiaries for a total amount greater than €10 million over the duration of the joint-venture,
- any decision to have the securities of Solocal or one of its subsidiaries listed on a regulated exchange and any subsequent action to have additional Solocal or subsidiary securities listed if already listed on a regulated exchange,
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorised by the Board of Directors),

- the acquisition or subscription, by Solocal or one of its subsidiaries, of shares, other equity securities or securities giving access to the capital of any company (x) the value of which, including all liabilities and other off-balance sheet commitments, exceeds €10 million, provided that the liability of Solocal or its subsidiaries is limited and the transaction is not already included in the annual budget, or (y) any company irrespective of the amount invested if Solocal or one of its subsidiaries is acting as an unlimited liability partner in such a company,
- any diversification of the business activities of Solocal or one of its subsidiaries that is unrelated to previous business activities, or any diversification that is related to previous business activities but is not included in the annual budget and involves a financial commitment that exceeds €10 million,
- any sale, transfer or termination of a major business activity of Solocal or one of its subsidiaries that is not included in the annual budget or the three-year business plan,
- any incentive plan (as defined under French labour law or the labour law of another country, with the exception of a mandatory or standard voluntary profit-sharing plan) to be implemented in Solocal Group or within one of its subsidiaries, or any measure that encourages employees to directly or indirectly acquire shares in Solocal Group or one of its subsidiaries,
- any authorisation or instruction given to a Solocal subsidiary, to examine or undertake any of the transactions referred to in this appendix,
- the execution of any agreement not included in the annual budget that would imply payments or supply of goods or services by Solocal or its subsidiaries for an annual amount greater than a total of €10 million,
- any decision relating to plans for the merger or demerger of a Solocal Group subsidiary, the spin-off of the assets of a Solocal subsidiary, or a long-term agreement to manage a Solocal subsidiary, that is not included in the annual budget or the three-year business plan, excluding internal reorganisation that has no material impact on Solocal's position,
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by Solocal or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties not included in the annual budget for a total amount greater than €10 million per year,
- any loans made by Solocal or one of its subsidiaries that are not included in the annual budget the cumulative amounts of which exceed €5 million.

Deputy Chief Executive Officer

At the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals charged with assisting the Chairman, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five. In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of powers given to Deputy Chief Executive Officers.

Non-Voting Director

In accordance with Article 12 of the Company's Articles of Association which allows the Board of Directors to appoint one or more Non-Voting Directors who participate in Board meetings but are not entitled to vote at those meetings, the Board of Directors resolved, at its meeting of 19 June 2019, to appoint Philippe Besnard as a Non-Voting Director to provide input from individual shareholders to Board meetings.

Rights, preferences and restrictions attaching to each class of the existing shares

Fully paid-up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an authorised intermediary under the terms and conditions set out in law.

In order to be able to identify bearer shares, under current legal and regulatory conditions and subject to applicable legal or regulatory penalties, the Company may, among other things, request any organisation or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of holders of Company shares giving immediate or future voting rights at Shareholders' Meetings and, in particular, the number of shares held by each of them and, if applicable, any restrictions that may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident within France is required, under the terms set out in Article L. 228-1 of the French Commercial Code, to reveal the identity of the owners of such shares within 10 days, on request by the Company or its legal representative at any time.

Where the Company has reasons to believe that holders of registered or bearer shares who are known to the Company are holding those shares on behalf of third-party shareholders, it is entitled to request those holders to reveal the identities of the owners of said shares under the terms set out above.

Where a person to whom a request is made in accordance with the above provisions does not provide the requested information within the legal and regulatory time limits, or provides incomplete or incorrect information relative either to his capacity or to the identity of the shares' owners, the shares or securities providing immediate or future entitlement to share capital for which that person is the registered account holder shall have no voting rights at any Shareholders' Meetings until such time as all matters relating to identity are settled, and payment of any corresponding dividends shall be deferred until that date.

In addition, if a person registered as a holder of shares knowingly disregards the above provisions, the Court in whose jurisdiction the Company's registered office is located may, at the request of the Company or one or more shareholders, holding at least 5% of the capital, order the full or partial withdrawal, for a total period not exceeding five years, of any voting rights attached to the shares in question and, possibly for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a holding of more than one-fortieth of the capital or voting rights, the Company may ask that entity to disclose the identities of any persons who directly or indirectly hold more than one-third of the entity's share capital or voting rights exercised at the entity's General Shareholders' Meetings.

Actions required to modify shareholders' rights

At the registration date of this Universal Registration Document, the Articles of Association contain no provisions stricter than those set out in the law relating to changes to shareholders' rights.

6.2.2 GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 11 AND ARTICLES 25 TO 31 OF THE ARTICLES OF ASSOCIATION)

Access, participation and voting at General Shareholders' Meetings

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name as justifying the right to participate in General Shareholders' Meetings, or if the shareholder is not domiciled in France, in the name of the representative acting on the shareholder's behalf, on the second working day prior to the General Shareholders' Meeting at 12:00 midnight (Paris time).

In order to attend, vote remotely, or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account, indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the Notice of Meeting, no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

In order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 p.m.(Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members with proof of their status and identity. If it deems this useful, the Board of Directors may ensure that shareholders are sent personal admission cards bearing their names and demand that these cards be shown at the General Shareholders' Meeting.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of third parties at the time the account is opened with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or issue powers to any person of his or her choice in order to be represented and vote at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions set forth by legal and regulatory provisions. The Company must receive voting forms at 3 p.m. (Paris time) the day before the General Shareholders' Meeting at the latest.

Powers of attorney and postal voting forms and certificates of non-transferability of shares may be submitted in electronic form duly signed under the terms set out in applicable legal and regulatory provisions.

Shares are indivisible with regard to the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company, who shall be considered to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the Court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by videoconference or by any other means of telecommunication, including the Internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

If the Board of Directors so decides at the time of convening the meeting, forms may be completed and signed electronically directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code.

Proxy or direct votes cast in this way prior to the meeting by such electronic means, and any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in the case of a sale of shares occurring prior to midnight (Paris time) on the second working day preceding the meeting the Company shall invalidate or alter accordingly, as the case may be, the proxy or direct vote cast prior to the meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at the meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time shares are registered in the accounts with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions that do not amend the Articles of Association. They are held at least once a year within six months of the end of the financial year, to approve the financial statements for the previous financial year, unless this period is extended by Court order.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first Notice of Meeting, unless shareholders present, represented or voting remotely, hold at least one-fifth of shares with voting rights. Upon a second Notice of Meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the incorporation of reserves, profits or issue premiums, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present, represented or voting remotely, hold on the first Notice of Meeting at least one-quarter, or on the second Notice of Meeting one-fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one-fifth quorum is again required.

Subject to the same conditions, decisions are made by a two-thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

Forms and deadlines for Notices of Meeting (Article 27 of the Articles of Association)

The Board of Directors calls General Shareholders' Meetings under the conditions provided for by law.

Otherwise, General Shareholders' Meetings may also be called by the Statutory Auditors or by any person authorised for this purpose.

A notice informing shareholders of the next General Shareholders' Meeting is published at least 35 days prior to the meeting in the French bulletin of mandatory legal announcements (BALO).

Except where provided for legally, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to ten clear days for General Shareholders' Meetings held after a second Notice of Meeting and for reconvened General Shareholders' Meetings.

The Notices of Meetings are issued by a notice in a newspaper publishing legal announcements in the department where the registered office is located, and in the French bulletin of mandatory legal announcements (BALO). Moreover, shareholders who have held registered shares for at least one month prior to the Notice of Meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided they pay the registered postage fee to the Company.

The meetings shall take place at the date, time and place stated in the Notice of Meeting.

Notices of Meeting must include the agenda for the meeting.

Officers of General Shareholders' Meetings (Article 29 of the Articles of Association)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a Director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The two members of the General Shareholders' Meeting with the highest number of votes, who accept this role, shall serve as tellers.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

Agenda

The Agenda of General Shareholders' Meetings is prepared by the author of the Notice of Meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and time limits may request that proposed resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered letter with recorded delivery as of publication of the Notice of Meeting in the French bulletin of mandatory legal announcements (BALO), and up to 25 days prior to the meeting (however, if the notice is published more than 45 days prior to the meeting, proposed resolutions must be sent within 20 days of publication of the notice). The authors must provide proof that they possess or represent the required proportion of share capital, prior to transmission of the request, by registering the shareholders on the Company registers.

Only matters on the agenda may be discussed at General Shareholders' Meetings. Nevertheless, it may, under any circumstances, dismiss and replace one or more members of the Board of Directors.

The agenda may not be amended where a second Notice of Meeting has been issued, or in the event of a meeting being reconvened.

Conditions for exercising voting rights

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or the Articles of Association, subject to a Court order in certain cases. The provisions of the Articles of Association stipulating the existence of a double voting right, are presented in section 6.3 of this document.

6.2.3 SALE AND TRANSFER OF THE SHARES (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

Shares are freely negotiable, subject to applicable legal and regulatory provisions. They are registered in an account and transferred under the terms and conditions set out in the applicable legal and regulatory provisions.

6.2.4 CROSSING OF STATUTORY THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

In addition to the legal requirement to inform the Company when certain percentages of capital or voting rights have been exceeded or are not met, any person acting alone or in concert who comes to hold or ceases to hold, directly or indirectly, a fraction of the capital, voting rights or securities giving future rights to the Company's share capital that is equal to or greater than 1% or a multiple of this fraction, will be required, no later than before the close of trading on the fourth trading day after the day this threshold was exceeded or not met, to notify the Company, by registered letter with acknowledgement of receipt, of the total number of shares, voting rights or securities giving equity rights which it holds, directly or indirectly, alone or in concert.

This notification must be renewed under the aforementioned conditions whenever a new 1% threshold is reached or crossed, upwards or downwards, for any reason whatsoever, including above the 5% threshold.

In the event of non-compliance with the aforementioned requirements, and if one or more shareholders holding at least 1% of the share capital so requests from the General Shareholders' Meeting, the shareholders in question shall, without prejudice to potential suspensions of voting rights decided by a court, under the conditions and limits specified by law, be deprived of the voting rights for the shares exceeding the thresholds subject to declaration.

6.2.5 CHANGE IN CAPITAL CLAUSE

At the registration date of this Universal Registration Document, the Articles of Association contain no provisions stricter than those set out in the law relating to changes in capital.

6.3 Share capital

Rights and obligations attached to shares (Article 10 of the Articles of Association)

Each share entitles the holder to a share in the profits, ownership of Company assets and in the liquidation dividend, in a proportion equal to the share of capital it represents. In addition, each share entitles its holder to vote and be represented at General Shareholders' Meetings, in accordance with the law and the Articles of Association. Ownership of shares automatically implies full adherence to the Company's Articles of Association and to decisions taken at the General Shareholders' Meeting.

Shareholders are liable for losses only in the amount of their contribution to capital.

The heirs, creditors, assignees or representatives of a shareholder may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, nor may they interfere in the Company's management. In order to exercise their rights, they must refer to corporate inventories and decisions taken at General Shareholders' Meetings.

Where exercising a particular right requires ownership of several shares, shareholders who do not own the required number of shares must form a group and, where appropriate, purchase or sell shares as necessary.

The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

In the event that the capital is increased by incorporation of reserves, profits or issue premiums, this double voting right will apply, as soon as they are issued, to new shares granted to a shareholder on the basis of existing shares for which he already holds this right. Any share converted to a bearer share or for which ownership is transferred will lose the double voting right, subject to exceptions provided for by law. These provisions entered into effect on 1 May 2013.

6.3.1 SHARE CAPITAL

As of the date of this Universal Registration Document, the share capital amounts to €62,054,146.60, divided into 620,541,466 fully paid-up shares with a par value of €0.10 each, all of the same class.

Authorised capital not issued

The Combined General Shareholders' Meeting of the Company, held on 9 March 2018 (1 to 6 in the table below) and 11 April 2019 (7 to 9 in the table below) delegated to the Board of Directors, in accordance with the conditions detailed in the table below, the following authorisations:

Securities concerned	Term of the authorisation and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
1. Issuance, with maintenance of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allotment of debt securities and/or transferable securities giving access to equity securities to be issued	26 months 8 May 2020	€450,000,000	Ceiling: €17,000,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
2. Issuance, with cancellation of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allotment of debt securities and/or securities giving access to equity securities to be issued, in the context of tender offers	26 months 8 May 2020	€450,000,000	Ceiling for issuances 2. and 3.: €5,800,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
3. Issuance, with cancellation of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allotment of debt securities and/or securities giving access to equity securities to be issued, by private placements referred to in Article L. 411-2 II of the French Monetary and Financial Code	26 months 8 May 2020	€450,000,000	Ceiling for issuances 2. and 3.: €5,800,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
4. Increase in the number of securities to be issued in the event of a capital increase while maintaining or cancelling the pre-emptive subscription rights	26 months 8 May 2020	-	Ceiling set forth by the regulations
5. Capital increase by capitalisation of reserves, profits or premiums	26 months 8 May 2020	-	€40,000,000
6. Capital increase reserved for participants in Company Savings Plans	26 months 8 May 2020	–	€1,150,000
7. Allotment of free shares reserved for employees and corporate officers	12 months 11 April 2020	-	5,500,000 shares of which 1,500,000 reserved for corporate officers
8. Allotment of free shares reserved for employees	13 months 11 May 2020	-	400,000 shares maximum
9. Purchase or transfer of shares, up to a maximum of 10% of the share capital	18 months 11 October 2020	-	Repurchase programme ceiling: €58,363,036

The Company's Board of Directors, at its meeting of 19 June 2019, made use of the authorisation granted by the Combined General Shareholders' Meeting of 11 April 2019, under the terms of its twelfth resolution, to set up in favour of certain senior executives and employees of the Company and affiliated companies, a performance share incentive plan and decided to allocate 5,435,000 performance shares to 53 beneficiaries, including 1,500,000 performance shares to the Chief Executive Officer.

As part of the Solocal 2020 project and in order to give the employees a stake in the Group's strategic and economic objectives, the Company's Board of Directors, at its meeting of 4 November 2019, made use of the authorisation granted by the Combined General Shareholders' Meeting of 11 April 2019, under the terms of its thirteenth resolution, and decided to allocate 100 free shares per employee of the Group's French companies, i.e. a total award of 321,600 shares.

The Company's Board of Directors, at its meeting of 27 November 2019, made use of the delegation of authority granted by the Combined General Shareholders' Meeting of 9 March 2018, under the terms of its fifteenth resolution, and decided to authorise the setting up of an equity line and, in connection therewith, the issuance by the Company of a maximum number of 58,000,000 ordinary share warrants (the "Warrants").

As of the date of this document, the other delegations of authority have not been implemented by the Company's Board of Directors.

Other securities giving rights to capital

On 13 March 2017, the Company issued to the creditors, as part of its financial restructuring plan, 9,067,200 mandatory convertible bonds (MCBs) for a nominal amount of €18.13 million, giving the right to the allotment of 9,067,200 shares in the event of conversion of all the MCBs, i.e. 1.55% of the Company's share capital. As of 2 March 2020, 1,159,202 MCBs were still outstanding, given the repayment of 7,907,998 MCBs since March 2017.

On 28 November 2019, the Company issued 58,000,000 Warrants fully subscribed for by Kepler Cheuvreux in connection with an equity line put in place with Kepler Cheuvreux.

6.3.2 NON-EQUITY SHARES

At the registration date of this Universal Registration Document, there were no non-equity shares.

6.3.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

In accordance with Articles L. 225-209 et seq. of the French Commercial Code, the Combined General Shareholders' Meeting of 11 April 2019 authorised the Board of Directors to purchase Company shares, up to a maximum of 10% of the existing share capital on the date when the delegation takes effect, under the following conditions:

- the maximum purchase price should not exceed €1 per share, with it being indicated that in the event of any operations concerning capital, notably by way of incorporation of reserves and the allotment of free shares, and/or division or grouping together of shares, this price will be adjusted accordingly;
- the maximum total amount of funds intended for the repurchase programme stands at €58,363,036;
- this authorisation is valid for an 18-month period;
- shares may be acquired or transferred at any time, except during the period of a takeover bid, in compliance with legal or regulatory requirements, by any method, in particular, on the market, on multi-lateral trading facilities or over-the-counter, including block purchases or sales, and by the use of derivative financial instruments traded in regulated markets, multi-lateral trading facilities, or over-the-counter services.

At the General Shareholders' Meeting called to approve the 2019 financial statements, the shareholders will be asked to give their opinion on this share repurchase programme.

6.3.4 OTHER INFORMATION

Option plans and performance share grants

Information on option plans and performance share grants is described in section 6.4.4 of this document.

Convertible securities, exchangeable securities or equity warrants

As of the registration date of this Universal Registration Document, there were no convertible or exchangeable securities or equity warrants other than convertible option bonds redeemable for shares and share warrants issued through the "equity line" (see section 6.3.1 of this document).

Information on the conditions governing any acquisition rights and/or obligations attached to capital subscribed but not paid up

Information relating to authorisations to issue shares given to the Board of Directors by the General Shareholders' Meeting is set out in section 6.3.1 of this document.

Information on the capital of any of the Group's members subject to an option or a conditional or unconditional agreement

As of the registration date of this Univeral Registration Document, no member of the Group had any option or agreement of this type.

6.3.5 HISTORY OF SHARE CAPITAL AND VOTING RIGHTS

Information on the ownership of the Company's share capital is provided in section 6.4 of this document.

Statement of change in share capital

Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total amount of the issue premium	Successive amounts of capital	Number of shares	Par value
Combined General Shareholders' Meeting of 27 May 2004	Stock split	274,050,000	–	–	–	€54,810,000	274,050,000	€0.20
Initial Public Offering July 2004	Capital increase reserved for employees of France Télécom	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recognition of capital increase resulting from share subscription options exercised in 2006	1,477,170	€295,434	€17.60	€25,990,960.40	€56,053,356	280,266,780	€0.20
15 January 2008	Recognition of capital increase resulting from share subscription options exercised in 2007	377,670	€75,534	€11.52	€4,350,758.40	€56,128,890	280,644,450	€0.20
25 February 2009	Recognition of capital increase resulting from performance shares allotted in 2008	340,304	€68,060.80	–	–	€56,196,950.80	280,984,754	€0.20
6 June 2014	Capital increase with pre-emptive subscription rights and increase in reserved capital	880,742,416	€440,371,208	€0.50	€264,222,724	€232,345,434	1,161,727,170	€0.20
29 April 2015	Capital increase reserved for employees and former employees of Solocal Group	4,569,773	€913,954.60	€0.36	€921,266.37	€233,259,388.60	1,166,296,943	€0.20

Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total amount of the issue premium	Successive amounts of capital	Number of shares	Par value
26 October 2015	Reverse stock split by allotment of one(1) new ordinary share with a par value of €6 for thirty (30) old ordinary shares with a par value of €0.20 each	–	–	–	–	€233,259,384	38,876,564	€6
2 February 2017	Capital reduction effected by reducing the par value of each share	–	–	–	–	€3,887,656.40	38,876,564	€0.10
13 March 2017	Free share allotments at the rate of 3 free shares for 2 shares held at 10 March 2017	58,314,846	€5,831,484.60	–	–	€9,719,141	97,191,410	€0.10
13 March 2017	Increase in capital with pre-emptive subscription rights (PSR)	398,484,781	€39,848,478.10	€0.90	€358,636,303	€49,567,619.10	495,676,191	€0.10
13 March 2017	Restricted Capital Increase	80,542,087	€8,054,208.70	€4.41	€355,190,603.67	€57,621,827.80	576,218,278	€0.10
7 April 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	619,504	€61,950.40	€1.90	€1,177,057.60	€57,683,778.20	576,837,782	€0.10
4 May 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	2,552,365	€255,236.50	€1.90	€4,849,493.50	€57,939,014.70	579,390,147	€0.10
9 June 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	2,140,432	€214,043.20	€1.90	€4,066,820.80	€58,153,057.90	581,530,579	€0.10
10 July 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	441,771	€44,177.10	€1.90	€839,364.90	€58,197,235	581,972,350	€0.10
2 August 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	68,127	€6,812.70	€1.90	€129,441.30	€58,204,047.70	582,040,477	€0.10
7 September 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	4,307	€430.70	€1.90	€8,183.30	€58,204,478.40	582,044,784	€0.10

Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total amount of the issue premium	Successive amounts of capital	Number of shares	Par value
6 October 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	160,014	€16,001.40	€1.90	€304,026.60	€58,220,479.80	582,204,798	€0.10
6 November 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	75,528	€7,552.80	€1.90	€143,503.20	€58,228,032.60	582,280,326	€0.10
4 December 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	164,474	€16,447.40	€1.90	€312,500.60	€58,244,480	582,444,800	€0.10
8 February 2018	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	239,640	€23,964	€1.90	€455,316	€58,268,444	582,684,440	€0.10
6 April 2018	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	634,564	€63,456.40	€1.90	€1,205,671.6	€58,331,900.40	583,319,004	€0.10
7 May 2018	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	22,873	€2,287.30	€1.90	€43,758.70	€58,334,187.70	583,341,877	€0.10
6 July 2018	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	31,687	€3,168.70	€1.90	60,205.30	€58,337,356.40	583,373,564	€0.10
28 January 2019	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	256,801	€25,680.10	€1.90	€487,921.90	€58,363,036.50	583,630,365	€0.10

Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total amount of the issue premium	Successive amounts of capital	Number of shares	Par value
7 March 2019	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	157	€15.70	€1.90	€298.30	€58,363,052.20	583,630,522	€0.10
9 May 2019	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	491,368	€49,136.80	€1.90	€933,599.2	€58,512,189	585,121,890	€0.10
2 October 2019	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	4,386	€438.60	€1.90	€8,333.40	€58,512,627.60	585,126,276	€0.10
31 December 2019	Capital increase resulting from shares issued as part of the equity line	34,415,190	€3,441,519	€0.41233	€14,190,415.30	€61,954,146.60	619,541,466	€0.10
31 January 2020	Capital increase resulting from shares issued as part of the equity line*	7,500,000	€750,000	€0.4021	€3,015,750	€62,704,146.60	627,041,466	€0.10

* Capital increase pending recognition.

Comments on material changes in the breakdown of the Company's share capital during the last three years

Recent changes in the Company's share capital are described in section 6.4.1 of this Universal Registration Document.

Pledges

See section 6.4.7 of this document.

Market for Company shares

Euronext (FP)	Low (*in euros*)	High (*in euros*)	Last price (*in euros*)	Volume traded	Capital
Jan-19	0.441	0.562	0.45	50,238,598	25,325,820
Feb-19	0.391	0.533	0.4918	79,033,338	35,606,440
Mar-19	0.4516	0.5235	0.5205	42,907,560	20,894,020
Apr-19	0.5125	0.979	0.948	102,724,587	75,663,340
May-19	0.723	0.9695	0.7545	50,626,701	41,133,070
Jun-19	0.701	0.945	0.905	43,740,107	36,447,410
Jul-19	0.7355	0.944	0.7475	39,720,810	32,635,980
Aug-19	0.675	0.7585	0.719	31,611,507	22,767,810
Sept-19	0.6925	0.85	0.7295	42,919,093	32,889,460
Oct-19	0.666	0.876	0.7005	47,328,699	35,775,620
Nov-19	0.574	0.753	0.5765	42,855,841	28,887,700
Dec-19	0.487	0.58	0.552	57,774,271	30,790,500

All markets (EU)	Low *(in euros)*	High *(in euros)*	Last price *(in euros)*	Volume traded	Capital
Jan-19	0.4384	0.564	0.45	80,268,744	40,547,800
Feb-19	0.3802	0.533	0.4918	116,664,117	52,497,980
Mar-19	0.4324	0.524	0.5205	66,770,613	32,458,980
Apr-19	0.5115	0.979	0.9651	143,091,448	105,576,900
May-19	0.723	0.9695	0.758	78,579,290	64,312,120
Jun-19	0.701	0.945	0.9065	62,397,351	51,923,530
Jul-19	0.733	0.9455	0.7526	57,301,484	47,221,130
Aug-19	0.6655	0.7585	0.7405	42,876,699	30,886,220
Sept-19	0.6905	0.85	0.7185	61,711,326	47,071,640
Oct-19	0.666	0.876	0.7094	73,765,809	55,652,550
Nov-19	0.5735	0.753	0.5811	62,894,321	42,518,400
Dec-19	0.4868	0.58	0.5504	89,446,936	47,637,800

6.3.6 RELATIONS WITH SHAREHOLDERS

See section 3.8. of the integrated report.

6.4 Main shareholders

6.4.1 HISTORY OF THE OWNERSHIP STRUCTURE

Breakdown of the Company's share capital

On 31 December 2019, and on the basis of information known to the Company, the shareholdings in the Company were distributed as follows:

Structure of the Company's share capital at 31 December 2019

	31/12/2019				31/12/2018				31/12/2017			
	Number of shares	% of share capital	Voting rights	% of voting rights	Number of shares	% of share capital	Voting rights	% of voting rights	Number of shares	% of share capital	Voting rights	% of share capital
J O Hambro Capital Management , Ltd	53,841,590	8.7%	51,745,304	8.1%	62,940,565	10.8%	61,342,670	10.5%	49,100,806	8.4%	48,408,656	8.3%
DNCA Finance S.A.	53,481,000	8.6%	53,481,000	8.4%	40,750,000	7.0%	40,750,000	7.0%	34,177,219	5.9%	34,177,219	5.9%
Family Office Amar	40,000,264	6.5%	40,000,264	6.3%	-	-	-	-	-	-	-	-
River and Mercantile AM & Alliance Trust	37,295,642	6.0%	37,295,642	5.9%	41,778,607	7.2%	41,778,607	7.1%	47,737,618	8.2%	47,737,618	8.2%
Edmond de Rothschild AM	30,460,928	4.9%	30,460,928	4.8%	30,491,989	5.2%	30,491,989	5.2%	30,058,498	5.2%	30,058,498	5.2%
Public	433,707,697	70.0%	452,299,201	71.2%	406,521,630	69.7%	410,717,811	70.1%	420,342,177	72.2%	421,749,616	72.4%
Solocal Group employees(1)	647,677	0.1%	654,933	0.1%	654,933	0.1%	654,933	0.1%	626,208	0.1%	626,208	0.1%
Treasury shares held(2)	567,596	0.1%	-	-	492,641	0.1%	-	-	402,274	0.1%	-	-
TOTAL	**619,541,466**	**100.0%**	**635,476,344**	**100.0%**	**583,630,365**		**585,736,010**		**582,444,800**		**582,757,815**	

(1) Under the Solocal Group Savings Plan (PEG).
(2) 567,596 treasury shares are held under a liquidity agreement implemented on 2 December 2012.

Shareholding disclosure thresholds

In a letter received on 3 December 2019, followed by further correspondence on 4 December, J O Hambro Capital Management Limited (Level 3, 1 St James's Market, SW1Y 4AH London, United Kingdom), acting on behalf of clients and funds under its management, reported that on 2 December 2019, it had crossed below the threshold of 10% of voting rights in Solocal Group and that it held 59,290,002 Solocal Group shares and the same proportion of voting rights on behalf of said clients and funds, or 10.13% of the share capital and 9.85% of the voting rights in the Company.

In a letter received on 5 December 2019, J O Hambro Capital Management Limited (Level 3, 1 St James's Market, SW1Y 4AH London, United Kingdom), acting on behalf of clients and funds under its management, reported that on 4 December 2019, it had crossed below the threshold of 10% of Solocal Group's share capital and that it held 57,093,399 Solocal Group shares and the same proportion of voting rights on behalf of said clients and funds, or 9.76% of the share capital and 9.49% of the voting rights in the Company.

In a letter received on 14 January 2020, the public limited company Edmond de Rothschild Asset Management France (47 rue du Faubourg Saint-Honoré, 75401 Paris cedex 08), acting on behalf of funds under its management, reported that on 10 January 2020, it had crossed below the thresholds of 5% of Solocal Group's share capital and voting rights and that it held 30,460,928 Solocal Group shares and the same proportion of voting rights on behalf of said funds, or 4.92% of the share capital and 4.79% of the voting rights in the Company.

These thresholds were crossed as result of an increase in the total number of Solocal Group shares and voting rights.

6.4.2 CONTROL OF THE ISSUER

No person or entity, directly or indirectly, jointly or in concert, exercises, to the knowledge of the Company, control over it.

6.4.3 SHAREHOLDING, SHARE SUBSCRIPTION OR PURCHASE OPTIONS, PERFORMANCE SHARE GRANTS

Shareholdings

On the date this Document was filed, and to the Company's knowledge, the members of the Board of Directors held the following number of Solocal Group shares:

Director	Number of shares
Mr Pierre Danon, Chairman of the Board of Directors	646,290
Mr David Amar and related persons	42,000,264
Mr Éric Boustouller	1,189,620
Mr Jacques-Henri David and related persons	1,560,223
Ms Delphine Grison	63,125
Ms Marie-Christine Levet	5,000
Ms Joëlle Obadia	300
Ms Anne-France Laclide	20,000
Ms Sophie Sursock	10,000
Mr Philippe de Verdalle and related persons	13,333,926

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Ordinary share warrants issued through the equity line

At its meeting of 27 November 2019, the Company's Board of Directors made use of the delegation of authority granted by the Combined General Shareholders' meeting of 9 March 2018 under the 15th resolution thereof and resolved to authorise the setting up of an equity financing line and, through it, the issue by the Company of a maximum number of 58,000,000 ordinary share warrants (See Statement of change in share capital, section 6.3.5).

Share subscription or purchase option grants

2005 Plan

The Company set up a share subscription option plan on 28 June 2005 which, having matured on 28 June 2015, has been cancelled.

2007 Plan

Similarly, the Company implemented a second share subscription plan on 20 December 2007 which, upon expiry on 19 December 2017, was cancelled.

2009 Plan

In 2009, the Company put in place three share subscription plans: on 23 July 2009 for 1,145,000 options at a strike price of €6.71 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), on 29 October 2009 for 87,000 options at a strike price of €8.84 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), on 17 December 2009 for 75,000 options at a strike price of €7.82 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017). These plans all have the same characteristics as the first plan: 10-year terms and options fully vested after three years. These three plans, having matured on 22 July 2019, 28 October 2019 and 16 December 2019 respectively, have been cancelled.

2010 Plan

In 2010, the Company put in place two share subscription plans: on 27 July 2010 for 1,336,000 options at a strike price of €8.58 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), and on 16 December 2010 for 166,000 options at a strike price of €7.09 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017).

These plans all have the same characteristics as the first plan: 10-year terms and options fully vested after three years.

Given the capital increase completed on 6 June 2014, and in accordance with the law and regulations applicable to each of these plans, the Board of Directors decided, at its meeting of 19 June 2014, to adjust the conditions of the existing share subscription options, both in terms of the strike price of the options and the number of shares that can be obtained by exercising the options.

Similarly, in order to take into account the Company's reverse stock split of 26 October 2015, the Chief Executive Officer, making use of the powers conferred upon him by the Board of Directors on 21 July 2015, decided to adjust the exercise parity of the options for each individual plan, adopting a new parity equal to the current exercise parity of each option multiplied by a ratio of 1/30 (corresponding to the number of shares making up the share capital after the reverse stock split, divided by the number of shares making up the share capital before the reverse stock split but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares); it being specified that (i) for all options from which each holder benefits under a plan, the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the options shall remain unchanged.

Consequently, any holder of options who could (prior to the adjustment of 2015), by exercising an option, subscribe to one (1) share with a par value of €0.20 at a specific strike price, may now, by exercising that same option, subscribe to one-thirtieth of a share with a par value of €6 at the adjusted strike price. As such, a holder of options who could (prior to the adjustment of 2015), by exercising all the options he held under one plan, subscribe to thirty-one (31) shares with a par value of €0.20 each for a total price of €179.40 (€5.78 multiplied by 31), could, by exercising those same options, subscribe to one (1) share with a par value of €6 for a total price of €173.61.

In light of the capital increase completed on 14 March 2017, and in accordance with the law and regulations applicable to each of the current option plans (allotment by the Board of Directors at its meetings of 20 December 2007, 23 July 2009, 29 October 2009, 17 December 2009, 27 July 2010 and 16 December 2010), in order to take account of (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the existing share subscription options, both in terms of the strike price of the options and the number of options held by each option holder.

In accordance with Article L. 225-184 of the French Commercial Code, information on the granting and exercise of Company stock options in 2019 is provided below:

Share subscription or purchase options granted during the year 2019 to each executive corporate officer by the issuer or by any Group company

Name of executive corporate officer	Plan No. and date	Type of options (purchase or subscription)	Valuation of options according to the method used for the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period
Pierre Danon	-	-	-	-	-	-
Éric Boustouller	-	-	-	-	-	-

Share subscription or purchase options exercised during the year 2019 by each executive corporate officer

Name of executive corporate officer	Plan No. and date	Number of options exercised during the year	Strike price
Pierre Danon	-	-	-
Éric Boustouller	-	-	-

Share subscription or purchase options granted to and exercised by the first ten employees who are not corporate officers

Share subscription or purchase options granted to and exercised by the first ten employees who are not corporate officers in 2019	Total number of options granted/shares subscribed or purchased	Average weighted price
Options granted during the year by the issuer and by the companies included in the stock option plan, to the ten employees of the issuer or of the said companies who received the most options (general information)	None	-
Options held in the issuer and in the aforementioned companies that were exercised during the year by the ten employees of the issuer or of the said companies who exercised the most options (general information)	None	-

History of share subscription or purchase option grants

Information on share subscription or purchase options(1)

Shareholder Meeting	11 June 2009	11 June 2009	11 June 2009	11 June 2009	11 June 2009
Date of Board meeting and name of plan	23 July 2009	29 Oct. 2009	17 Dec. 2009	27 July 2010	16 Dec. 2010
Total number of shares that could be subscribed or purchased at 31 December 2018	39,783	0	0	66,156	2,248
Of which the number available for subscription by corporate officers:					
— Éric Boustouller(2)	–	–	–	–	–
— Joëlle Obadia	–	–	–	–	–
Start date for option exercise/ share vesting	23 July 2012	29 Oct. 2012	17 Dec. 2012	27 July 2013	16 Dec. 2013
Expiry date	23 July 2019	29 Oct. 2019	17 Dec. 2019	27 July 2020	16 Dec. 2020
Subscription or purchase price	€38.79	–	€45.21	€49.64	€41.01
Terms of exercise (if plan comprises multiple tranches)	–	–	–	–	–
Number of shares subscribed	0	0	0	0	0
Number of cancelled or lapsed share subscription or purchase options	39,783	0	0	38,310	0
Number of share subscription or purchase options remaining at the end of FY 2019	0	0	0	27,847	2,248

(1) After adjustment decided by the Board of Directors in its meeting on 24 April 2017 (taking into account the capital increase that was definitively completed on 13 March 2017, and in accordance with the law and the regulations of each of the current plans, in order to take into account (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allotment of bonus shares, the Board of Directors decided, at its meeting on 24 April 2017, to adjust the conditions of the subscription options in force, in addition to adjusting the option strike price and the number of options held by each option holder).
(2) Éric Boustouller was appointed Chief Executive Officer on 11 October 2017.

No other Board member holds share subscription or purchase options granted by the Company.

Granting of performance-based shares

2006 and 2008 Plans

The Extraordinary General Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to set up, in favour of certain Group senior executives and employees, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to enable them to profit from the Company's development. This authorisation was granted for a period of 38 months and the total number of shares freely allotted under this resolution may not represent more than 0.5% of the Company's share capital at the date of this General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors approved the conditions of an initial share allotment plan on 30 May 2006. This plan gave rise to the initial allotment of 602,361 shares to 591 Company employees on 30 May 2006. Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

A second share allotment plan was approved on 20 November 2006 and gave rise to the allotment of 778,638 shares to 611 Group employees. Given the fact that the performance conditions were not satisfied for one of the two years concerned, only 50% of these shares were definitively acquired by the beneficiaries on 20 November 2008.

A third plan was approved on 14 February 2008, giving rise to the allotment of 12,940 shares to 15 Group employees. Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

2011, 2012 and 2013 Plans

The shareholders of Solocal Group, at the Combined General Shareholders' Meeting of 7 June 2011, authorised the Board of Directors to set up, in favour of certain senior executives and employees of Solocal Group and affiliated companies, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan gave rise to the initial allotment of 1,226,000 shares to 41 Company employees on 26 October 2011. A second share allotment plan was approved on 16 December 2011 and gave rise to the allotment of 84,000 shares to three Group employees. Given the partial fulfilment of the performance conditions of these two plans, approximately 45% of these shares were definitively acquired by the beneficiaries on 31 March 2014.

A third allotment plan was approved on 11 December 2012 and gave rise to the allotment of 2,624,000 shares to 47 beneficiaries. A new allotment plan was approved on 11 December 2013 and gave rise to the allotment of 280,000 shares to 10 beneficiaries.

For performance shares granted under the plans of 11 December 2012 and 11 December 2013, the Board of Directors decided, at its meeting of 19 June 2014, to apply an adjustment reflecting the impact of the capital increase in cash with rights issue. Given the partial fulfilment of the performance conditions of these two plans, approximately 70.7% of these shares were definitively acquired by the beneficiaries. This rate corresponds to the 74.6% fulfilment of the performance conditions relating to revenues (weighted at 2/3) and the 63.0% fulfilment of the performance conditions relating to the GOM (weighted at 1/3).

2014 and 2015 Plans

At an Extraordinary Meeting on 29 April 2014, Solocal Group shareholders authorised the Board of Directors to set up, on behalf of certain senior executives and employees of Solocal Group and affiliated companies, a performance share incentive plan pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code.

On 19 June 2014, this plan gave rise to the allotment of 45,221,000 shares to 112 beneficiaries. A second share allotment plan was approved on 9 February 2015 and gave rise to the allotment of 2,305,000 shares to 12 Group employees.

The Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company at its meeting of 21 July 2015, decided by resolutions of 26 October 2015 to adjust the number of performance shares allocated in December 2013 and June 2014 to reflect the Company's reverse stock split as follows: completion of the adjustment of the parity adopted for the reverse stock split, that is to say, for each beneficiary of performance shares, by applying a ratio of 1/30 (corresponding to the number of shares making up the share capital after the reverse stock split, divided by the number of shares making up the share capital before the reverse stock split, but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares) to the number of performance shares to which the holder would have been entitled in the absence of an adjustment; it being specified that (i) the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the performance shares shall remain unchanged.

Consequently, a beneficiary of performance shares who (prior to the adjustment of 2015), under a plan, was entitled to thirty-one (31) performance shares with a par value of €0.20, will now be entitled, under that same plan, to one (1) share with a par value of €6.

In light of the capital increase completed on 14 March 2017, and in accordance with the regulations applicable to the allotment plans still in the vesting period (granted by the Board of Directors at its meetings of 19 June 2014 and 9 February 2015), in order to take account of (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the incentive performance share plans, in terms of the number of performance shares to be allocated to each beneficiary.

Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

2018 Plan

At the Extraordinary General Shareholders' Meeting of 9 March 2018, Solocal Group shareholders authorised the Board of Directors to set up a performance share incentive plan, within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code for certain senior executives and employees of the Company and affiliated companies..

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 9,200,000 shares in the Company, including a maximum of 2,300,000 shares for the Company's corporate officers.

On 24 April 2018, this plan gave rise to the allotment of 9,050,000 performance shares to 73 beneficiaries, including 2,300,000 performance shares awarded to the Chief Executive Officer.

Under this plan, performance shares are subject to a three-year vesting period. No retention period is imposed on the beneficiaries.

The vesting of the shares is also subject to a continued employment condition and a performance condition based on the level of achievement of a target of EBITDA less CAPEX and change in the Company's share price.

The Chief Executive Officer and the members of the Company's Executive Committee are required to retain at least 30% of the shares vesting to them until the end of their duties.

2019 Plan

The shareholders of the Company, at the Combined General Shareholders' Meeting of 11 April 2019, authorised the Board of Directors to set up, in favour of certain senior executives and employees of the Company and affiliated companies, a performance share incentive plan, within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code.

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 5,500,000 shares in the Company, including a maximum of 1,500,000 shares for the Company's corporate officers.

On 19 June 2019, this plan gave rise to the allotment of 5,435 000 performance shares to 53 beneficiaries, including 1,500,000 performance shares awarded to the Chief Executive Officer.

The performance condition is assessed over three years and based on two criteria:

- an off-market criterion: the meeting, during the relevant period, of the annual free cash flow objectives set by the Board of Directors; and
- a market criterion: the evolution of the Company's share price, with reference to a share price at the end of the period of at least two euros.

The two criteria are applied as follows:

(i) first criterion: the definitive allotment rate (before application of the coefficient linked to the second criterion), determined at the end of the period of the plan, will be 85% conditional on the achievement of the annual free cash flow objectives during the three years of the period of the plan and 15% on an appraisal of the achievement of that free cash flow objective over the period of the plan.

(ii) second criterion: the evolution of the stock market price: the final allotment rate will also depend on the price of the Solocal Group share at the end of the period of the plan with a target objective of two euros.

Thus, the following coefficient will be applied to the number of shares allotted by application of the first criterion:

- if the share price is higher than or equal to two euros at the end of 2021 (based on an average of twenty trading days), the number of shares allotted by application of the first criterion will be multiplied by 1;
- if the share price is lower than two euros at the end of 2021 (based on an average of twenty trading days), the number of shares allotted by application of the first criterion will be multiplied by 0.75 for the Chief Executive Officer, 0.825 for the other members of the Executive Committee and 0.90 for the other eligible beneficiaries;
- if the share price is lower than one euro at the end of 2021 (based on an average of twenty trading days), there will be no share allotment for the Chief Executive Officer and the other members of the Executive Committee and the number of shares allotted by application of the first criterion will be multiplied by 0.70 for the other eligible beneficiaries.

The Board of Directors may lay down the conditions under which the aforementioned criteria would be adapted in case of an event affecting their relevance (in particular the market criterion), for example in the event of the delisting of the Company's shares.

With regard to the Company's corporate officers only, a "claw back" condition is applicable, for allotments starting in 2019, throughout the vesting period and, for the shares subject to retention obligations, during the retention period. Thus, if it should appear a posteriori that the shares were awarded on the basis of information known by the beneficiary to be inaccurate and that led to an inaccurate assessment by the Board of Directors of the aggregates selected for the assessment of the performance condition, the benefit of the relevant performance shares would be lost automatically. This clause will be assessed under French law.

The vesting period is three years and the beneficiaries are not subject to any retention period. By way of exception, the members of the Executive Committee (or of any replacement body) of the Company (on the final allotment date) will be under an obligation to retain 30% of the shares definitively allocated thereto and until the termination of their office on the Executive Committee.

In the event of the disability of a beneficiary under the conditions set forth by law, or in the event of the death thereof, the performance and continued employment conditions shall be deemed satisfied and the final allotment of shares shall occur prior to the end of the vesting period.

Performance shares granted to each executive corporate officer during the year 2019

Performance shares granted during the financial year by the General Shareholders' Meeting to each executive corporate officerby the issuer or a Group company (nominative list)	Plan No. and date	Number of shares granted during the year	Valuation of shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Éric Boustouller	19 June 2019	1,500,000	€0	19 June 2022	19 June 2022[1]	[2]

(1) The Chief Executive Officer shall be required to retain at least 30% of the shares definitively awarded to him until he ceases to perform his duties as Chief Executive Officer of the Company.
(2) See below.

Performance shares made available during the 2019 financial year for each executive corporate officer

Performance shares made available for each executive corporate officer	Plan date	Number of shares released from lock-up during the year		Vesting terms
Éric Boustouller	-		-	-

	Solocal Plan
Number of performance shares granted during financial year 2019 to the 10 largest beneficiaries of the Company, excluding corporate officers	3,960,000

History of performance share awards[1]

Information on performance shares[2]

Shareholder Meeting	29 April 2014	29 April 2014	9 March 2018	11 April 2019
Board meeting	19 June 2014	9 February 2015	24 April 2018	19 June 2019
Total number of shares awarded	3,313,653[3]	175,919[3]	9,050,000	5,435,000
of which number allocated to corporate officers				
Joëlle Obadia			*30,000*	-
Éric Boustouller			*2,300,000*	*1,500,000*
	19 June 2016	9 February 2017	24 April 2021	19 June 2022
	19 June 2017	9 February 2018		
Share acquisition date	19 June 2018	9 February 2019		
	19 June 2018	9 February 2019	-	
	19 June 2019	9 February 2020		
End date of holding period	19 June 2020	9 February 2021		
Performance conditions	Organic annual revenue growth	Organic annual revenue growth	Annual targets recurring EBITDA – CAPEX & Solocal Group share performance	Free cash flow and Solocal Group share performance
Number of shares acquired	0	0	-	
Number of shares cancelled or lapsed during the financial year	3,313,653	175,919	1,496,000	0
Performance shares remaining at year end	0	0	7,554,000	5,435,000

(1) Plans still in vesting period in 2019.
(2) After adjustment decided by the Board of Directors at its meeting on 24 April 2017 (taking into account the capital increase that was definitively completed on 14 March 2017, and in accordance with the regulations of the allotment plans still in the vesting period (granted by the Board of Directors at its meetings of 19 June 2014 and 9 February 2015), to take into account (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided to adjust the conditions of the performance share plans at its meeting on 24 April 2017, the adjustment relating to the number of performance shares to be granted to each beneficiary.
(3) Balance as at 31 December 2018.

The exercise of all 1,159,202 share subscription options granted and of all 7,883,000 shares freely granted may lead to the creation of 9,042,202 new shares. The total number of shares forming the share capital would thus increase from 619,541,466 to 628,583,668, i.e. a maximum potential dilution of 1.46%. It should be noted that stock options are out of the money. As of 31 December 2019, there were 29,163,310 unallocated options and free shares authorised by the General Shareholders' Meeting of Solocal Group.

6.4.4 VOLUNTARY AND MANDATORY PROFIT-SHARING AGREEMENTS

Mandatory profit-sharing

The Group signed a mandatory profit-sharing agreement on 26 June 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). This agreement covers the Group's French companies in which the Company's interest exceeds 50%.

The Group's special mandatory profit-sharing reserve is the total of the special profit-sharing reserves of each participating subsidiary, which are calculated using a specific formula.

The special mandatory profit-sharing reserve is allocated to the beneficiaries as follows: 30% in proportion to length of service and 70% in proportion to gross annual salary. Individual allotments may either be invested in the Group SAvings Plan and locked in for five years, or in the Group Retirement Savings Plan and locked in until retirement in the event that the beneficiaries choose the investment (possibility of receiving the amount directly without locking).

The table below shows the gross mandatory profit-sharing distributed or to be distributed for the last three financial years:

Group agreement *(in millions of euros)*	Gross mandatory profit-sharing to be distributed to Group employees
2019	2.0
2018	1.2
2017	3.6

Voluntary profit-sharing

There are no longer any voluntary profit-sharing agreements within the Group:

(in thousands of euros)	Voluntary profit-sharing in 2018 paid in 2019	Voluntary profit-sharing in 2017 paid in 2018	Voluntary profit-sharing in 2016 paid in 2017
Voluntary profit-sharing paid in the Group	0	0	0

Company Savings Plan

On 12 February 2007, Management and trade unions signed an agreement to set up a Group SAvings Plan. On 17 September 2019, Management and four trade unions signed a new agreement to change the financial management of the scheme and the intermediary holding the account.

Universal Free Share Plan

As part of the Solocal 2020 project and in order to give the employees a stake in the Group's strategic and economic objectives, the Company's Board of Directors, at its meeting of 4 November 2019, made use of the authorisation granted by the Combined General Shareholders' Meeting of 11 April 2019, under the terms of its thirteenth resolution, and decided to allocate 100 free shares per employee of the Group's French companies, i.e. a total award of 321,600 shares. These shares will vest, subject to the continued employment conditions, one year from the date on which they are awarded.

Supplementary retirement scheme

On 22 November 2007, Management and trade unions signed an agreement to implement a supplementary retirement scheme. This agreement provided for:

- a PERCO (Collective Retirement Savings Plan) that tops up employee contributions with an employer contribution of €502 gross for an employee contribution of €1,500.
- a defined-contribution supplementary retirement plan pursuant to Article 83 of the French Tax Code, for Group subsidiary managerial staff ("cadres") with effect as of 1 January 2008. Membership of this plan is compulsory and requires a contribution of 5.50% of the employee's tranche B and C remuneration (i.e. above the maximum tranche A remuneration limit of €3,377 per month in 2019). Employees pay 40% of this contribution (2.20%) and the Company pays the remaining 60% (3.30%). An amendment was signed on 29 October 2013 to allow the participating employees to make additional and voluntary contributions into the supplementary retirement plan, pursuant to Article 163 quater vicies of the French Tax Code. A new amendment was signed on 31 March 2015 to change the management of the Article 83 scheme.

The PERCO is no longer part of the Group agreement signed on 22 November 2007. It is covered by a new agreement signed on 17 September 2019 by Management and four trade unions. The employer contribution arrangement is unchanged.

6.4.5 VOTING RIGHTS

All registered shares in the Company that are fully paid up and have been registered in the name of the same shareholder for at least two years carry a double voting right (see section 6.2).

6.4.6 SHAREHOLDER AGREEMENTS

To the Company's knowledge, no shareholder agreement is in effect as of the date of this document.

6.4.7 PLEDGES

In connection with the issue of the Bonds (see Note 9.5 to the consolidated financial statements in chapter 5 of this document), the Company has created a pledge of financial securities in favour of the bondholders covering all Solocal shares that it holds as collateral for all amounts due (in principal, interest, commissions, fees and expenses) by the Company in respect of the Bonds.

6.5 Dividend distribution policy

The Company has not paid dividends since the General Shareholders' Meeting of 7 June 2011, which approved the payment of a dividend of €0.58 per share.

The Solocal Group Board meeting decided to propose to the Annual General Shareholders' Meeting approval of the 2019 financial statements and not to pay a dividend for 2019.

6.6 Main related party transactions

6.6.1 SERVICE AGREEMENTS

No members of the Board of Directors and no Chief Executive Officers have a service agreement with the Company or with one of its subsidiaries that provides for benefits upon contract termination.

6.6.2 RELATED PARTY TRANSACTIONS

Information on the regulated agreements and commitments referred to in Article L. 225-38 of the French Commercial Code is provided in the Statutory Auditors' Special Report on regulated agreements reproduced below.

6.6.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the General Shareholders' Meeting of Solocal Group,

In our capacity as your Company's auditors, we present below our report on regulated agreements.

Based on the information provided, we are required to report to shareholders on the characteristics, main terms and conditions of and the grounds for the Company's interest in the agreements that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements exist. Under Article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We are also required to report to you the information set out in Article R. 225-31 of the French Commercial Code regarding operations carried out during the past financial year under agreements approved by shareholders in previous years.

We have performed those duties deemed necessary by us in accordance with the professional guidelines of France's national auditing body, the CNCC, as applicable to this engagement.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

We were not informed of any agreement authorised and signed during the past financial year to be submitted for the approval of the General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

We were not informed of any agreements already approved by the General Shareholders' Meeting the performance of which continued during the past financial year.

Paris - La Défense, 9 March 2020

The Statutory Auditors

B.E.A.S.	**AUDITEX**
A Deloitte network entity	Member of the Ernst & Young Global Limited network
Jean-François Viat	Jeremy Thurbin

6.7 Material contracts

The Company has entered into a bank financing arrangement whose principal terms are presented in Note 9 to the consolidated financial statements and in Note 2 of the annual financial statements in chapter 5 of this document.

As of this date, the Company has not signed any major contracts, other than those signed in the normal course of its business, that create a major obligation or commitment for the whole Group.

07

Additional information

7.1 Persons responsible for the Universal Registration Document

7.1.1 RESPONSIBILITY FOR THE UNIVERSAL REGISTRATION DOCUMENT

Responsibility for this document is assumed by Mr Pierre Danon, Chairman of the Board of Directors, and Mr Éric Boustouller, Chief Executive Officer of Solocal Group.

7.1.2 ATTESTATION OF THE PERSONS RESPONSIBLE FOR THIS DOCUMENT

We hereby attest that the information in this document is accurate and contains no omissions which could limit the scope of its relevance, to the best of our knowledge and after having taken all reasonable measures to ensure the validity of this information.

We hereby attest that to the best of our knowledge, the financial statements were prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial position and net income of the Company and of all the consolidated companies, and that the management report provided in chapter 5 of this document is an accurate reflection of the development of the business activities, performance and financial position of the Company and of all the consolidated companies, and that it describes the main risks and uncertainties they face

.

Boulogne-Billancourt, 30 April 2020

Mr Pierre Danon

Chairman of the Solocal Group Board of Directors

Mr Éric Boustouller

Chief Executive Officer of Solocal Group

7.2 Statutory auditors

BEAS, an entity of the Deloitte network,

Represented by Jean-François Viat - 6, place de la Pyramide 92908 Paris-La Défense Cedex. Member of the compagnie régionale de Versailles.

Appointed Co-Statutory Auditor of the Company by decision of the Combined General Shareholders' Meeting on 19 October 2016 for a term of six years expiring at the end of the General Shareholders' Meeting which in 2022 shall approve the corporate financial statements for the financial year ended 31 December 2021.

Auditex, member of the Ernst & Young Global Limited Network

Represented by Jeremy Thurbin - Tour First 1, place des Saisons 92400 Courbevoie – Paris-La Défense 1. Member of the compagnie régionale de Versailles.

Appointed Co-Statutory Auditor of the Company by decision of the Combined General Shareholders' Meeting on 19 October 2016 for a term of six years expiring at the end of the General Shareholders' Meeting which in 2022 shall approve the corporate financial statements for the financial year ended 31 December 2021.

The Statutory Auditors' fees are presented in Note 16 to the consolidated financial statements.

7.3 Documents on display

The Articles of Association, minutes of General Shareholders' Meetings, Statutory Auditors' reports and other corporate documents may be consulted at the Company's registered office. Moreover, all regulatory information provided for under Article 221-1 of the General Regulations of the AMF (the French financial markets authority), certain information on the Group's organisation and business activities, and an up-to-date version of its Articles of Association are available on the Group's website at **www.solocal.com**.

7.4 Financial forecast calendar

Date	Event
22 April 2020	Communication on the Group revenues for the first quarter 2020
June 2020	Annual General Shareholders' Meeting
28 July 2020	Communication on the 2020 half-yearly results
22 October 2020	Communication on the Group revenues for the third quarter 2020

7.5 Cross-reference tables

Cross-reference table with the headings in Annex 1 to EU delegated regulation No. 2019/980

The cross-reference table below identifies within this document the information referred to in the different headings in the universal registration document schedule.

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8.3	Information on the issuer's borrowing conditions and financial structure	1.5.3 / 5.1.6 note 9.5	75 / 196
8.4	Information regarding the existence of any restrictions affecting the use of capital resources and that may have an impact on the issuer	1.5.3 / 5.1.6 note 9.5	75 / 196
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The cross reference table below identifies the main information provided for in the financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF General Regulation

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Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the following information is included in this Registration Document for reference purposes:

- the Group's consolidated and corporate financial statements for the year ended 31 December 2018, as well as the related Statutory Auditors' reports and the Group's management report presented on pages 168 to 209, pages 210 to 249 and pages 229 to 249, respectively, of the Universal Registration Document filed on 21 March 2019 under No. D.19-0183 and available in the Investors section of the Company's website www.solocal.com
- the Group's consolidated and corporate financial statements for the year ended 31 December 2017, the related Statutory Auditors' reports and the Group's management report presented on pages 146 to 186, 187 to 227 and 204 to 223 respectively, of the Universal Registration Document filed on 26 April 2018 under No. D.18-0432 and available in the Investors section of the Company's website www.solocal.com

Chapters of the 2018 and 2017 Registration Documents that are not referred to above are either irrelevant to investors or covered elsewhere in this Universal Registration Document.

7.6 Glossary

Advertising representative: an individual or legal entity responsible for selling advertising space in content produced by a third party, and whose rights and obligations are defined by an advertising representation contract.

ARPA (Average Revenue per Advertiser): total sales for the period under review divided by the average number of customers for the period under review.

Audience/Traffic: Indicator of visits and access to content over a given period.

- direct: audiences that are the result of users' expressed intent to access the site or the PagesJaunes application (direct access and brand research on a search engine);
- SEO: audiences on the PagesJaunes site and application that come from search engines (SEO – search engine optimisation);
- affiliates: audiences on the PagesJaunes site and application that come from affiliated partners (MSN, Nosibay, Free and Alice, Planet, L'internaute);
- syndication: audiences on PagesJaunes content, excluding the PagesJaunes site or application (through partnerships such as Apple, Bing, Yahoo!, etc.).

Churn: number of lost customers compared to the total number of customers at the beginning of period.

Company: refers to the holding company Solocal Group SA.

Consolidated Group: the Consolidated Group refers to the group of companies formed by the Company, all of its subsidiaries and the Solocal EIG.

Cookie: a small text file stored on an Internet user's computer when the user visits a web page.

Development rate: Increase in customer budget on the new range vs. budget for the equivalent old range.

Digital advertising revenues: the Digital Advertising range helps businesses capture relevant contacts year-round from customers in their catchment area, through different types of products based on the customers' needs: improvement in search engine rankings, increase in web traffic or prospects, or brand awareness on the web and social networks.

Digital revenues: the sum of revenues from the Presence, Digital Advertising, Websites and New Solutions activities.

Display: display is the online advertising market segment that is showing the fastest growth. It includes banners, online videos and social media promotions.

EBITDA: (earnings before interest, taxes, depreciation and amortization): an alternative performance indicator presented in the income statement with regard to operating income before depreciation and amortisation.

GDPR (General Data Protection Regulation): European Union legal framework that governs the collection and processing of users' personal data.

Group: refers to Solocal Group SA and its entities.

Group consolidated revenues: Group revenues taking into account continued and divested activities as of the reporting date.

Intranet: a local network that uses the same protocols and technologies as the Internet, but which privately connects computers, i.e. without being open to all Internet users. Examples: corporate Intranet, community Intranet, etc.

MarTech (marketing technology): marketing companies whose services are connected mainly to marketing software technology or developments.

Migration rate: number of customers migrated towards new Presence and Priority Ranking digital services vs. addressable customer base (excluding Large Accounts).

MaaS (Mobility as a Service): mobility as a service encompasses the public and private mobility services provided to the end user through a single service interface.

Net financial debt: total gross financial debt, less cash and cash equivalents.

New Solutions revenues: Solocal also offers a New Solutions range that consists of additional, high value-added features for its customers, such as online appointment scheduling, restaurant or salon reservations, hotel bookings and also more specialised services, such as digital consulting in the area of search engine optimisation.

Number of customers: average number of customers for the period who have a Solocal service.

Number of unique visitors to a site: number of Internet users/mobile users/tablet users who have visited a site over a given month.

Order backlog: Outstanding portion of revenue still to be recognised as at 31 December 2019 from order intake validated and committed by customers. For income from subscriptions, only the current commitment period is considered.

Order intake: orders booked by the salesforce that give rise to a service performed by the Group for its customers.

PagesJaunes: PagesJaunes is the company's proprietary media with the highest volume of traffic, with more than 2 billion visits in 2019. PagesJaunes comprises several sites and products, including the website PagesJaune.fr, a mobile app and syndication content that is posted on its partners' websites.

PagesJaunes SA: former name of the current company Solocal SA. The company name was changed on 18 March 2019.

Presence revenues: the Presence range helps VSEs/SMEs manage their digital presence across the web (several media, including Google, Facebook, PagesJaunes, Bing, Tripadvisor, Waze, Instagram, etc.) in a few clicks, in real time and entirely independently through a single mobile application.

Print revenues: revenues from the Printed Directories activities related to the publication, distribution and sale of advertising space in the printed directories (PagesJaunes).

Publisher: the individual or legal entity that assumes responsibility for the content it publishes.

Reach (of a website): reach is the coverage of an advertising campaign, site or network. It measures the ability to capture a broad audience.

It is the number of unique visitors of a website, expressed as a percentage of a reference population during a given month.

Recurring EBITDA: Recurring EBITDA corresponds to EBITDA before non-recurring items.

These non-recurring items concern income and expenses that are very limited in quantity, unusual, abnormal and infrequent in nature, and of a particularly significant amount. For the most part they include:

- capital gains or losses on disposals of assets;
- restructuring costs: costs related to programmes that are planned and controlled by management, and which materially change either the scope of activity of the company, or the way this activity is managed, as defined by IAS 37 criteria.

Recurring net external expenses:

- including external purchases: primarily the costs of databases, operating expenses and information system development expenses, communication and marketing expenses, and fixed costs; and
- also including other operating income and expenses: mainly comprised of duties and taxes, of certain provisions for risks, and provisions for customer risks;

SaaS (software as a service): a software distribution model in which a third-party provider hosts the applications and makes them available for its customers via the Internet.

Salaries and charges: include personnel expenses for all Solocal personnel categories, but exclude legal employee profit-sharing, share-based payments and restructuring costs (i.e. the "PSE", Employment Protection Plan).

SEA (Search Engine Advertising): payments made to guarantee that a web page is indexed by a search engine.

Search advertising is the influence that can be exerted so that an advertiser's web page appears in the results of the searches carried out by visitors using search engines, by associating it with terms, phrases or keywords used in Internet searches.

SEO (Search Engine Optimisation): search engine optimisation is the improvement of a web page's attributes in order to boost its visibility in free search engine results.

SNFP (statement of non-financial performance): includes social and environmental information, replacing information measures on CSR.

Solocal: refers to Solocal Group SA and its entities.

Solocal SA: refers to Solocal SA, a subsidiary controlled by Solocal Group SA.

Sponsored links: payment made for the clicks and text links that appear in the search results for specific keywords.

Website revenues: through the Websites range, Solocal builds customers' websites and e-commerce sites and optimises them for search engines, at prices that fit different budgets, on a subscription basis with automatic renewal.

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SOLOCAL GROUP
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