solocal

Universal Registration Document

2020

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2020
Universal Registration Document

Solocal

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

Solocal has six strategic assets: media platforms with vast audiences, the power of its geolocated data, evolving technology platforms, nationwide sales coverage in France, preferential partnerships with the GAFAM* giants and a wealth of talented staff, including experts in data, development, digital marketing and more.

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 29 April 2021 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 an operation 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.

Interview
with Pierre Danon,
Chairman of the Board of Directors

How would you sum up the year 2020?

This year has been exceptional in many respects. Solocal, like every other business, was hit by the consequences of the Covid-19 health crisis. But despite the unprecedented circumstances, we continued the transformation of our Group. Following the disposal of Mappy and the planned, voluntary cessation of our Print activities, we are closing the year with a Solocal whose appearance has profoundly changed. The Group is now 100% digital and has refocused on a subscription-based model that offers more visibility and recurrence with regard to our revenues. Around 80% of our customers[1] now have at least one subscription product. This is an important milestone, which will enable us to free up the time of our salesforce and focus our energy and resources on winning new customers and securing the loyalty and satisfaction of hundreds of thousands of businesses as they tackle the now-unavoidable challenge of digitisation. The first fruits of this transformation are beginning to take shape, in particular with the stabilisation of our customer base in the fourth quarter of 2020. We are very pleased about that, and it encourages us to maintain a steady course even though the economic environment remains tough. On the financial standpoint, we managed to achieve the revenue and EBITDA revised targets set in in the second quarter of 2020, at the height of the pandemic.

Indeed. How did you get through this extraordinary period?

Let's be honest: 2020 has been a difficult year for the Group. Like many companies, we were unprepared for the consequences of the pandemic. We had to adapt quickly & deal with the strengthening of our financial structure, but without undermining our strategic roadmap. Our staff were exemplary in that regard. I should again pay tribute to the unfailing commitment shown by the Group's employees, who provided efficient and effective help to our customers. They succeeded in maintaining a strong bond with our customers while retaining the spirit of innovation and initiative that will enable us to emerge from the crisis tomorrow. We have now a transactional offer, with features such as the click & collect and appointment booking services, highly promising activities that are likely to find a permanent place in consumers' habits. Applying the precepts of our mission to vitalise local life, all our staff members are rallying together to provide new solutions and functions to our customers and help them through this unprecedented health crisis.

On the financial front, we should also pay tribute to our shareholders and lenders, who again put their trust in us by participating in Solocal's financial restructuring. I fully appreciate all the efforts they have made to enable us to ensure the long-term existence of the Group. Thanks to them, we have regained the room for manoeuvre we need to keep moving forward into the future. Having reduced its debt and halved its financing costs to €20 million per year, Solocal is now stronger and more robust.

With digital transformation central to your strategy, how do you plan to reinvigorate PagesJaunes?

PagesJaunes is a strategic asset for Solocal, the centrepiece of our lead generation model. It's the flagship of the business. However, its audience is down and revitalising it is a priority in 2021. In that regard, what we have called our "Click & Conquer" strategy is clear: we will refashion the platform, which was originally conceived as a simple online directory, as a genuine marketplace supported by improved, more personalised search results. This transformation will be based on four key areas: speed, ease of use, breadth of functions and competitiveness vis-à-vis other players in the market. We have a lot of strengths that we can put to our advantage. Let me point in particular to our strong local presence, which represents a unique opportunity. Our customers tell us every day, "We don't want to talk to an algorithm. We want advice, good quality service, local presence and control over our data." That's exactly what we are offering.

> Let me point in particular to our strong local presence, which represents a unique opportunity.

We started this ambitious strategy in 2020 and have given ourselves three years to implement it, starting with the roll-out of a new search engine and the launch of revised functions. Here again, the route has already been mapped out and we will make sure we meet every milestone.

Apart from PagesJaunes, what are the Group's strategic priorities for 2021?

Caution remains essential. The health restrictions are still weighing heavily on a lot of business sectors, reducing the potential for customer gains in spite of our closeness to local businesses. Nevertheless, we are confident in the model we have rolled out and in its ability to enable the Group to return to a rising trend in customer numbers. Given the circumstances, progress is likely to remain moderate. Our financial targets have also been confirmed, with recurring EBITDA of €120 million expected in 2021. To meet that goal, we intend to work even harder towards innovation, customer satisfaction, sales transformation and lead generation for the businesses who put their trust in us. In that regard, the contribution of our new CEO, Hervé Milcent, will be extremely valuable.

Solocal, as you have seen, is continuing its profound self-reinvention and, with the support of its employees and its shareholders, is now in perfect shape to build a 100% digital French marketing champion!

(1) *Solocal SA only.*

Key figures 2020

The trusted local digital partner

for all businesses looking to speed up growth

2.4 BN
visits (1)

€437 M
revenue (2)
for 2020

2,000
digital advisors (3)

315,000
customers
at 31st December 2020

c. 150,000
digital ad campaigns (4)

4.7 M
professionals & companies
listed on PagesJaunes

48%
reach (5)

14 M
reviews (6)

(1) Source: AT Internet, across all platforms.
(2) Excludes Print business.
(3) Field sales/telesales, customer relations and sales support, pro forma figure excluding departures linked to the Employee Protection Plan.
(4) Includes Priority Ranking.
(5) Source: Médiamétrie, based on internet users 2 years and up, annual average.
(6) PagesJaunes.

Strategy

Following the implementation of the "Solocal 2020" strategic transformation plan...

Introduced in February 2018, the "Solocal 2020" strategic plan aimed to lay the foundations for a sustainable business model following the discontinuation of the print business, with the objective of restoring strong operating profitability by streamlining costs.

Over the past three years, Solocal has brought out a new and simplified, 100% digital "full web" product range, stepped up the transformation of the PagesJaunes platform and put a new organisational structure in place, positioning the company as a French digital services champion in rapidly growing markets.

Although the company was hit by the health and economic crisis in 2020, the encouraging results seen at the end of 2019 and the new paradigm born of the pandemic, which is changing consumption habits and pushing local businesses to get online, underline the relevance of the direction we are taking and the transformation we have begun.

... a new phase is beginning for Solocal

Solocal's target is to move towards a subscription-based business model while developing a unique platform that enjoys substantial network effects.

Solocal's goal is to transform itself into a "one-stop shop" for local businesses of all sizes and for consumers, offering a range of online services that:

- enable professionals to grow and manage their business more effectively, via the Solocal Manager B2B platform;
- boost interactions and transactions between businesses and consumers, especially via the PagesJaunes B2C platform.

This dual platform model, coupled with an in-house innovation approach, will enable new high-margin solutions to be deployed rapidly on an industrial scale.

Solocal's strategy rests on the following pillars:

Technology platforms with powerful network effects

Solocal continues to invest selectively in R&D, with staff working in agile mode. Sustained investment in its proprietary platforms (Presence, Solocal Manager, PagesJaunes, etc.) is a key factor in the company's ability to innovate, set itself apart, manage time-to-market, and develop, operate and sell high-margin products on an industrial scale.

Integrating new platforms and applications into a single B2B platform – Solocal Manager – and into the PagesJaunes B2C platform will enable Solocal to benefit from powerful network effects and strengthen the uptake and use of its products.

A "one-stop shop" for digital services

Solocal is developing a unique ecosystem of digital services for local businesses of all sizes, clustered within a single interface, Solocal Manager, to enable firms to grow and manage their businesses more efficiently.

Solocal will continue to:

- strengthen the value proposition and performance of its existing product range (Connect, Websites, Booster);
- develop new products;
- add new relational and transactional functions to intensify interactions between businesses and consumers;
- add other digital services (till software, payment platforms) to help businesses manage their activities efficiently.

We are implementing these new relational and transactional functions (instant messaging, online appointment booking, click & collect etc.) on PagesJaunes – thus laying the foundations for shifting PagesJaunes towards a marketplace model – as well as redesigning the service around a more local experience, verticalisation in sectors such as beauty or home services and a top-performing search engine. These changes will enable us to facilitate interactions between local businesses and consumers, generate more usage and a bigger audience on the platform, and create new revenue sources.

A virtuous subscription-based model

Solocal expects the majority of order intake in 2021 to come from subscriptions. Solocal rolled out its first subscription-based offers in the third quarter of 2019. This move marks a genuine, beneficial change, although it also requires a certain number of adjustments to be made to our products and systems, some of which are still to come.

Switching to a subscription model enables us to:

- improve customer retention;
- generate consistent increases in recurring revenues, and in particular to withstand the effects of Covid-19 more effectively;
- redeploy a material part of our sales capacity to acquiring new customers and customer development.

A growth-oriented sales and marketing organisation

To deliver continuous growth, Solocal has put in place a new sales and marketing organisation, based on:

- a new segmentation of the customer base founded on market potential and the Company's ability to attract and retain customers;
- a sales team with an enhanced focus on growth-generating activities;
- a lead factory which will enable more leads to be generated in 2021, thanks in particular to digital audits on solocal.com.

This ambitious new sales development strategy is underpinned by ongoing investments in data, systems and platforms.

A commitment to customer satisfaction

Solocal is committed to making customer satisfaction the centrepiece of its strategy. Improving customer relations performance is essential to reduce churn and lower the costs of quality failures.

In practical terms, this obsessive focus on customer satisfaction takes the form of a customer service improvement plan that involves:

- reorganising the operational structure into expertise hubs;
- putting a single call number in place and redesigning the voice server and routing rules;
- renegotiating our partnerships with subcontractors to move towards a results-based orientation;
- strengthening our quality system;
- enhancing Solocal Manager with new customer-focused functionalities.

This transformation plan is rounded off by the tracking of performance indicators.

A more effective organisation

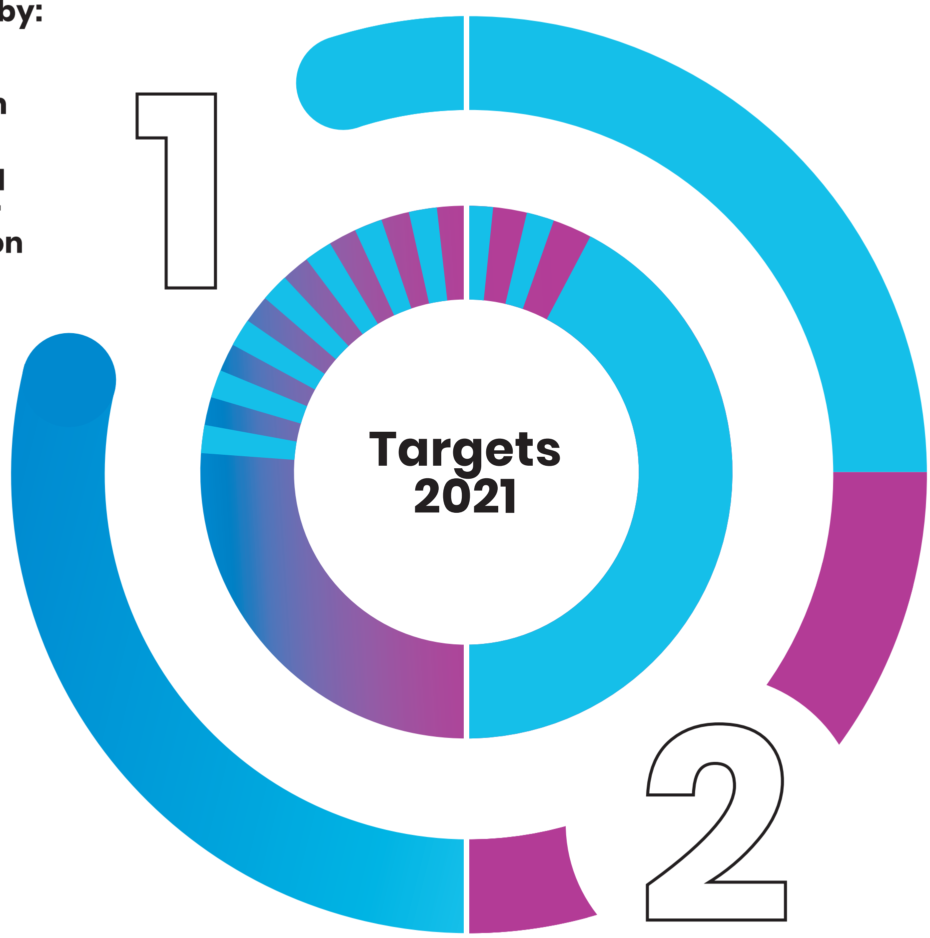
Solocal will continue to prioritise and invest in the acquisition and development of talented staff, as well as in tools, processes and training, on the back of a clear strategy and a strong enterprise culture.

The implementation of incentives linked to the Company's objectives and priorities at Executive Committee and top management level reinforces the commitment of the teams to continue working on reshaping the new Solocal.

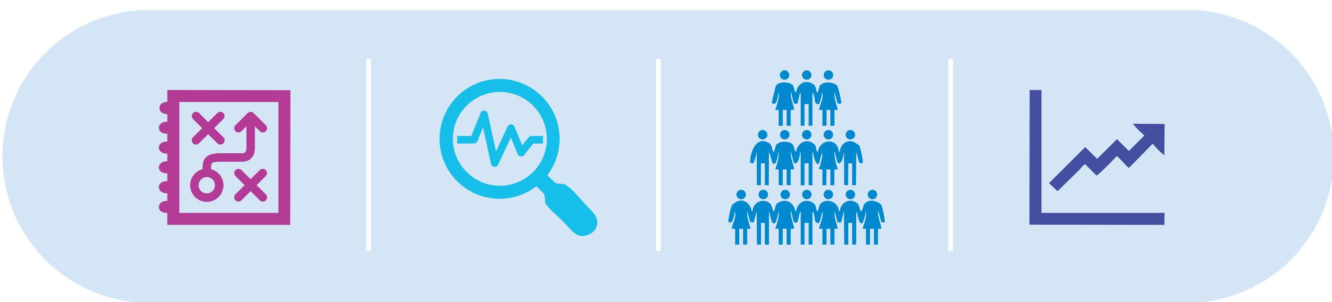
Perspectives

Moderate growth in customer base driven by:

- **Churn reduction**
- **Increased customer acquisition**



Confirmed 2021 EBITDA target of €120 million for a 100% digital business



Business model

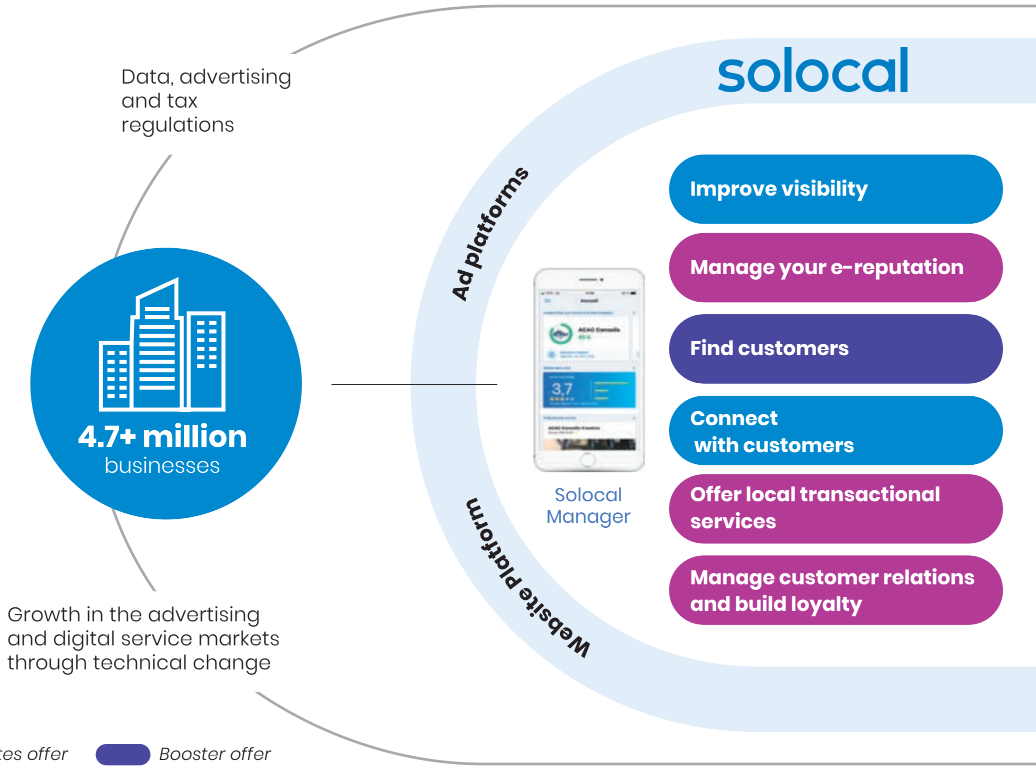
Our mission: vitalise local life

One integrated app for businesses

Over **150,000 ad campaigns** generated[(1)]

Low-cost lead generation

Over **6,700 websites produced** in 2020



Connect offer *Websites offer* *Booster offer*

(1) Includes Priority Ranking..

Towards the sustainable development of businesses

Our values

Team Spirit	Proximity
Talent	**Local**

2,813 employees worldwide[(1)]

Nearly **2,000 staff** close to our customers[(2)]

Training provided in ethics, digital accessibility, digital marketing and agile methods

Women in the workforce: **53.75%**

Employee engagement index: **75%** (+4 points)

65.9% of employees surveyed agree that Solocal enables them to develop their skills and employability

6 regional centres

1 webfactory

Digital advisers throughout France

315,000 customers nationwide

Digitisation of **372 businesses** via our digital workshops

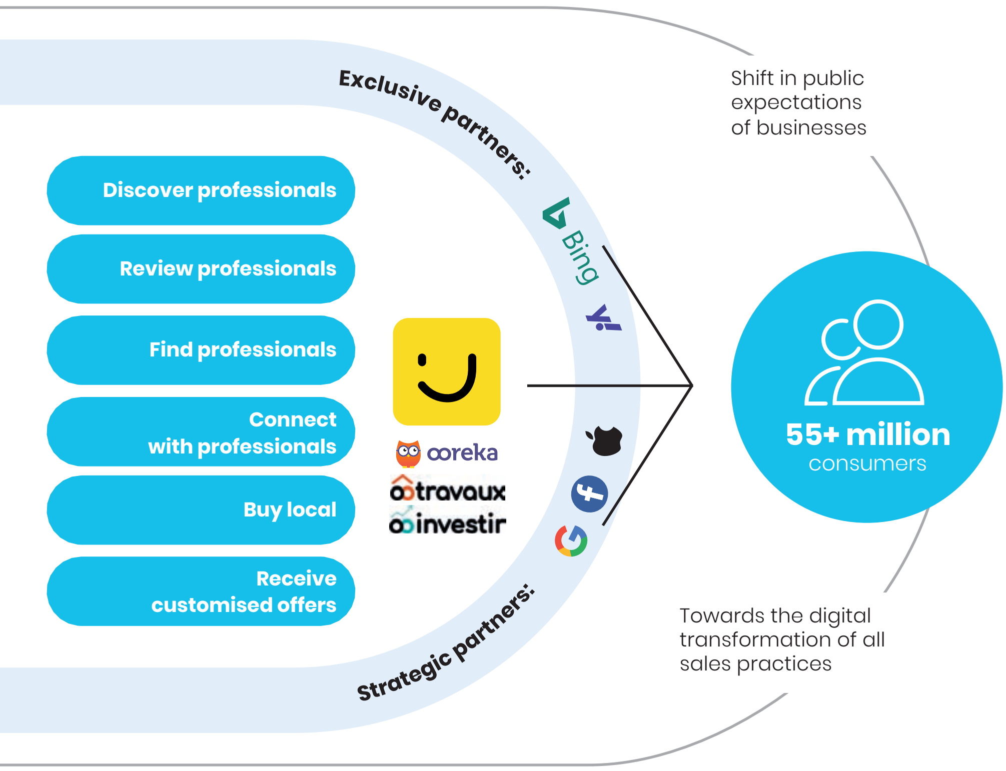
Familiarisation of **64,000 businesses** via our digital audits

Provision of **12 LocalPartner directories** for local institutions

(1) Excluding mobility leave.
(2) Sales, Production and Customer Relations.

Offer digital solutions for local businesses in SaaS mode, operated via a single app

Change in habits and accelerating digitisation of contacts during the Covid-19 health crisis



One service platform for consumers

4.7 million businesses listed

1.9 billion visits to PagesJaunes, our local platform

Nearly **14 million reviews** on PagesJaunes

Strategic partnerships with the **major online giants**

Engagement

Courage

Finance

€344m market capitalisation (3)

€195m net debt (excluding IFRS 16)

€43m capital expenditure

Net cash at 31/12/2020: **€61.4 million**

No. 3 in France **in digital marketing** by revenue: **€437 million** (4)

Consolidated EBITDA: **€116 million**

Contributory presentation, all businesses: (5)

- Revenue: **€464 million**
- Recurring EBITDA: **€132.8 million**

Environment

7.15 tonnes of waste electrical and electronic equipment (WEEE) collected

CO_2 emissions – office premises (kg of CO_2 equivalent): **-28%** (**276,546 kgCO_2** for 2020 vs. 385,987 kgCO_2 for 2019)

CO_2 emissions – vehicle fleet: **-49.65%** (**1,457 tonnes CO_2 equivalent per vehicle** in 2020 vs. 2,894 in 2019)

Technology

Technology platforms developed in-house or integrated in SaaS mode

Ability to **distribute digital solutions on a large scale**

(3) Source: Factset, 31/12/2020.

(4) Includes revenue from the subsidiary Mappy (10 months) and the Spanish subsidiary QDQ (2 months), neither of which was material in 2020 (combined revenue = €4.6m).

(5) Includes Print businesses, which are disclosed under "Income from discontinued activities" in the 2020 income statement.

Mission statement

Mission

Vitalise local life.

Strategy

Offer **a wide range of digital services** to businesses via a single trusted platform 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 businesses to their customers.**

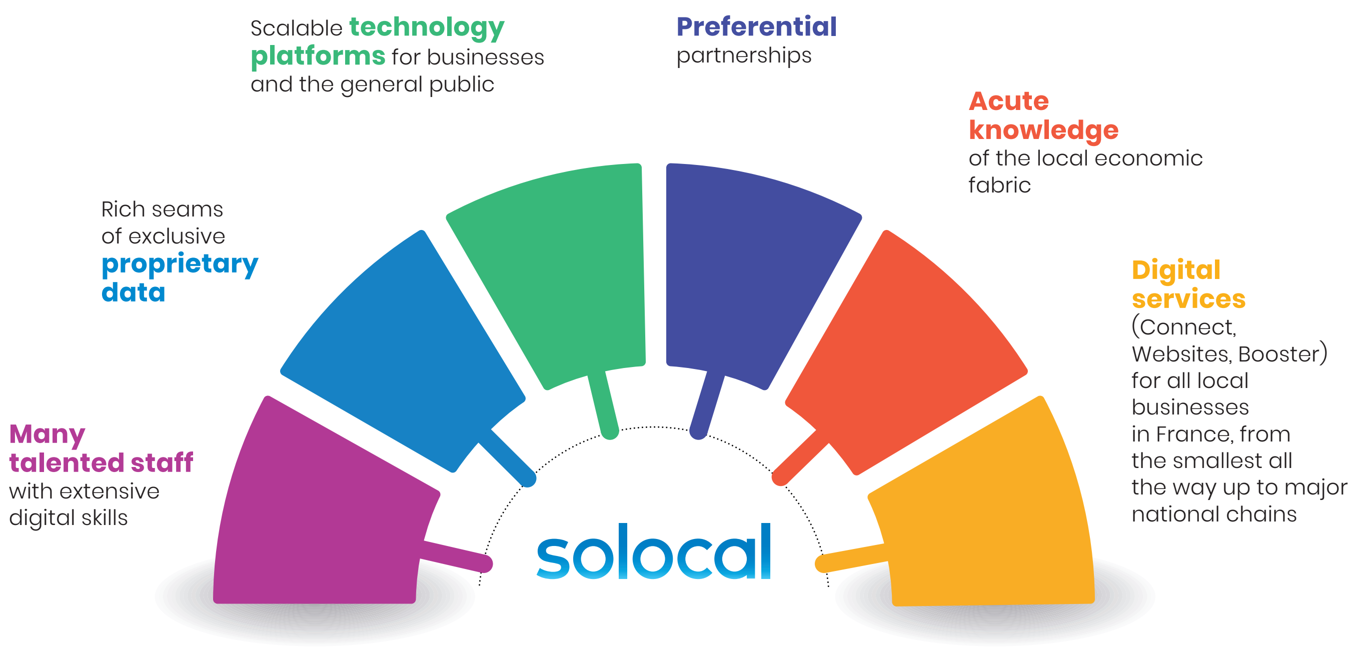
Values

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

Connect

Visibility
Ranking
E-reputation
Relational and transactional services

€108 M Revenue 2020 [1]

Websites

Showcase websites
E-commerce websites

€66 M Revenue 2020 [1]

Booster

Priority Ranking
Performance
Brand awareness

€259 M Revenue 2020 [1]

(1) Excludes QDQ and Mappy.

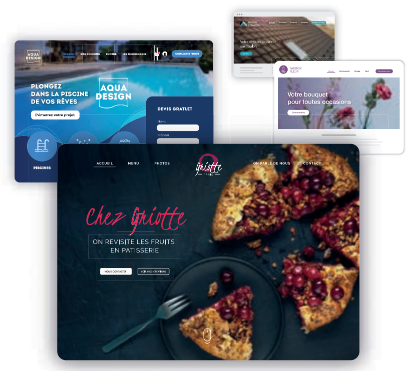
These services are intended to respond to 3 major challenges faced by companies & professionals:

BEING PRESENT & VISIBLE across the whole Internet

CAPTURING new customers

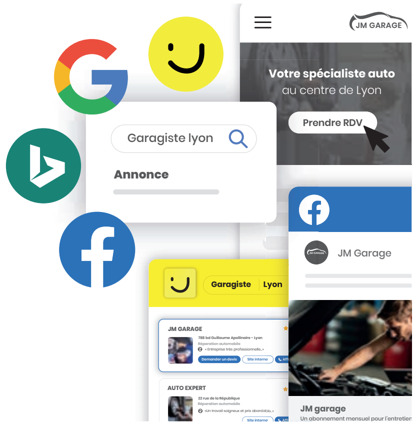
Generating **GROWTH** online

The **Connect 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. Sold on a subscription basis with auto-renewal, Connect also offers a multitude of relational and transactional services such as instant messaging, online appointment booking, online quotations and click & collect to help businesses grow online.



Solocal's **Websites offer** takes care of the creation and ranking of customers' websites (for both showcase 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 **Booster 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 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 Connect and Booster offers 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 2020

Societal

Digitisation of **372 businesses** via our Digital Workshops

Familiarisation of **64,000 businesses** via our Digital Audit

Provision of **12 LocalPartner platforms** to local institutions to create directories of local shops and businesses and offer them the chance to use free digital services (instant messaging, click & collect, appointment booking, etc.)

Governance

100% of staff members receive ethics training

128 suppliers evaluated

Ranked **26th** out of 230 Paris-listed small and mid-cap companies in the EthiFinance Gaia Ratings (47th out of 230 in 2019)

Employees

Employee engagement index: **75%** (**+ 4 pts** relative to 2019)

Percentage of employees who would recommend Solocal: **56.9%** (**+ 9 pts** relative to 2019)

Percentage of women in top management: **30%** (**-15%** relative to 2019)

Finance

No. 3 in France in digital marketing by consolidated revenues: €437 million (1)

Consolidated EBITDA: **€116 million**

Capital expenditure: **€43 million**

Environment

CO_2 emissions:

28% reduction from **offices** (in kg of CO_2 equivalent)
276,546 $kgCO_2$ for 2020 vs 385,987 $kgCO_2$ in 2019

49.65% reduction from **vehicles** (CO_2 equivalent)
1,457 tonnes CO_2 equivalent per vehicle in 2020 vs 2,894 in 2019

7.15 tonnes of waste electrical and electronic equipment (WEEE) collected

Data

Over **150,000** digital ad campaigns generated (2)

Over **1 million** business records updated every month

4.7 million businesses listed

(1) *Includes revenue for Mappy (10 months) and QdQ (2 months).*

(2) *Includes Priority Ranking.*

RESOURCES

Advantages/ Sources of growth

Solocal's advantages in the market

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.

Connect offer
visibility, online reputation and relational and transactional services

Websites offer
showcase and e-commerce

Booster offer
ranking, performance and brand awareness

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

The quality of its local content 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. These partnerships provide off-platform traffic that helps grow the audience for Solocal's proprietary user services as well as boosting the online presence of Solocal's customers.

- **Rich and relevant local** content with 4.7 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, 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: **2.4 billion visits in 2020**.
- Very large reach: over half the French population uses Solocal's user services every month.
- Exclusive proprietary purchase-driven & geolocated data.

PagesJaunes has also adapted in response to the shift towards new purchasing habits among French consumers that the health crisis has accelerated, by offering various services for connecting with businesses and making Solocal (and especially Connect) even more attractive to its customers:

- **7,700 businesses*** offer Click & Collect
- **28,400 businesses*** have activated the instant messaging function

1 out of 2 people
coverage rate in 2020

2.4 billion
visits in 2020

* *At 9 February 2021.*

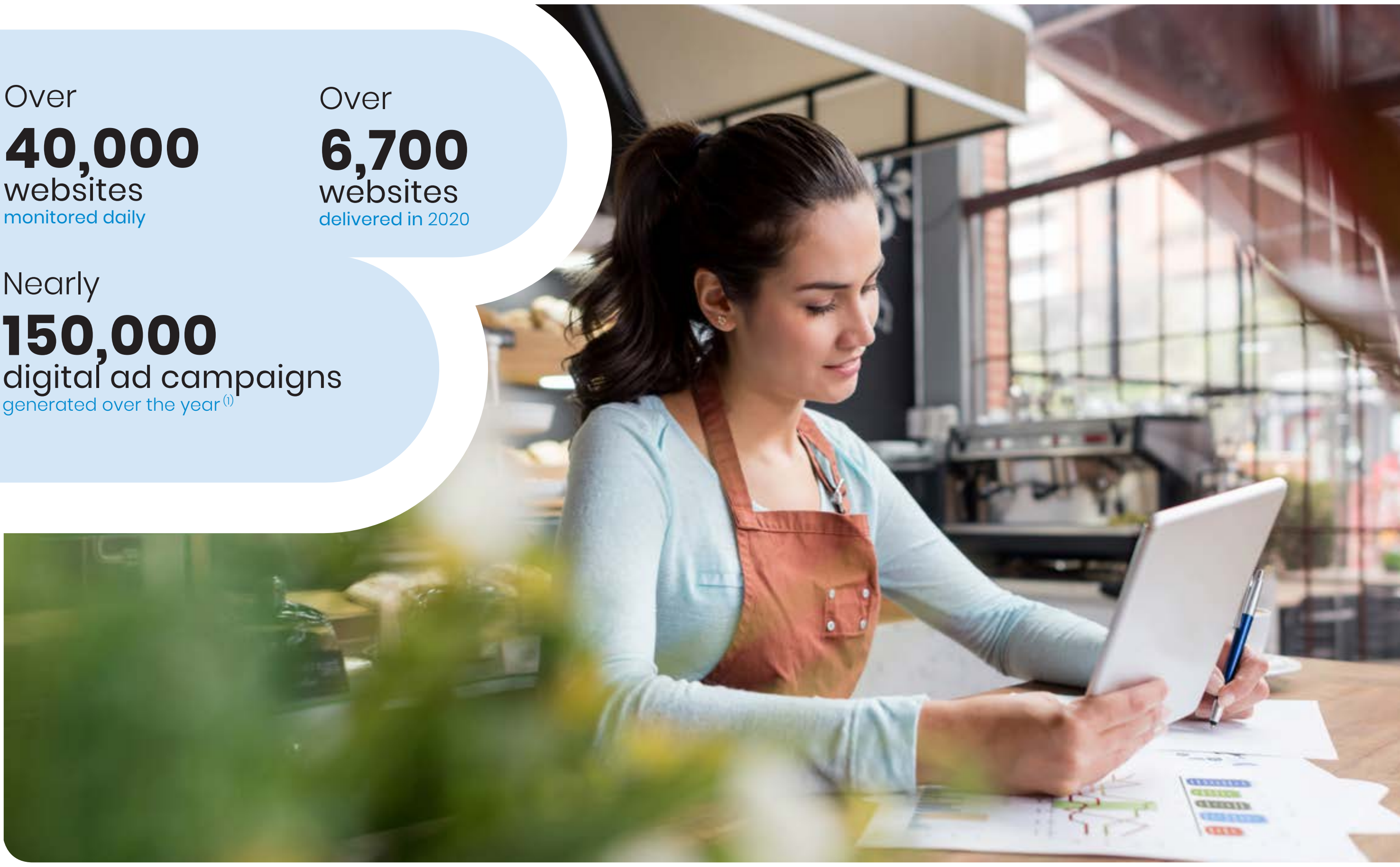
... deployed on an industrial scale...

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.

Over
40,000
websites
monitored daily

Over
6,700
websites
delivered in 2020

Nearly
150,000
digital ad campaigns
generated over the year [(1)]



... and throughout France

Solocal's local presence and omnichannel sales approach 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
sales offices
in France

315,000
business customers
nationwide

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

(1) *Includes Priority Ranking.*
(2) *Pro forma figure excluding departures linked to the Employee Protection Plan.*

Media platforms users / Data

Pages Jaunes

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

Ranking among France's top 20 most visited online brands,* PagesJaunes is Solocal's leading digital service, with 21 million unique visitors per month and over 4.7 million business listings, generating 670 million direct visits to its website or mobile apps and 685 million contacts either directly or via its partners.

PagesJaunes is France's go-to online source for connecting consumers to businesses and has adapted in response to the shift to new purchasing habits among French consumers, which the health crisis has accelerated. 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 (150,000 content updates per day) and helps them make the right choice (nearly 14 million reviews, plus photos, videos, opening hours etc.) to transactional services (online ordering with click & collect, online appointment booking, quotation requests) – all through verticalised customer journeys and many different types of search experience, via chatbots, voice searches and maps as well as on Google's and Amazon's virtual assistants.

(1) Source: Médiamétrie.

Ooreka

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

670 million
visits on pagesjaunes.fr

685 million
direct contacts

Partnerships

Content

Google My Business Partner; special access to the Google My Business update API and its support team

Reserve with Google Partner

Partnership for the supply of local content (PagesJaunes) for Apple Maps, Siri, Spotlight and Safari. Apple is a major source of mobile traffic for Solocal customers. In addition, the partnership with Apple boosts the number of downloads of the PagesJaunes app.

Use of an API to manage pages and automatically update content

Partnership for the supply of native local content (PagesJaunes) on Alexa

Partnership for the supply of local content (PagesJaunes) on Bing. PagesJaunes is the sole supplier of underlying local content (base data). Bing is an important source of fixed traffic for Solocal customers

Solocal benefit	**Partner** benefit
Generates extra audience for customers and PagesJaunes **Fulfils the "full web" promise**	**Unique local content enhances the user experience**

Advertising

Google Ads reseller contracts – "Google Ads Premier Partner" certification

Resale of advertising campaigns on Facebook – Effilab is a certified Facebook Premium Agency Marketing Partner

Microsoft Advertising reseller – "Elite Channel Partner" certification

Solocal benefit	**Partner** benefit
Close collaboration with partner on marketing and sales approaches	**Knowledge and coverage of Solocal customers**

Finance

Achievement of Covid-adjusted revised targets and financial restructuring

As with the French economy as a whole, the Solocal Group experienced a drop in business levels in 2020 due to the Covid-19 health crisis and the lockdown measures and business closures put in place by the government.

During the second quarter, at the height of the pandemic, the Group released **revenue and EBITDA** estimates that took account of the impacts of the crisis. At 31st December 2020, these targets had been met.

The Solocal Group **carried out a financial restructuring that enabled it to halve its outstanding debt and cut its financing costs by 50% to €20 million per year.**

Successful roll-out of the subscription model

2020 was the year of consolidation for the new business model, with the roll-out of a new digital services subscription offering. In total, **81% of 2020 order intake were for subscription products**[1] a net increase of 37 percentage points relative to 2019 (44%).

The subscription model is a key element in the transformation of the business model. It is expected to lead to:

1. reduced churn
2. increased new customer acquisition
3. cross-selling to existing customers

while freeing up the time of the sales team that was historically devoted to renewals.

(1) Value of Digital order intake, Solocal SA only, based on order intake net of cancellations.

Decrease in customer base in 2020, despite stabilisation in Q4

At the end of 2020, the Group had a total of 315,000 customers, representing a year-on-year reduction of -9.8%, the fall in customer numbers marked an improvement on 2019, with a net loss of 13,000 fewer customers over the year.

1 Despite the difficulties caused by the Covid-19 pandemic and the nationwide shutdown of retail businesses, Solocal gained around 3,000 more new customers in 2020 than in 2019.

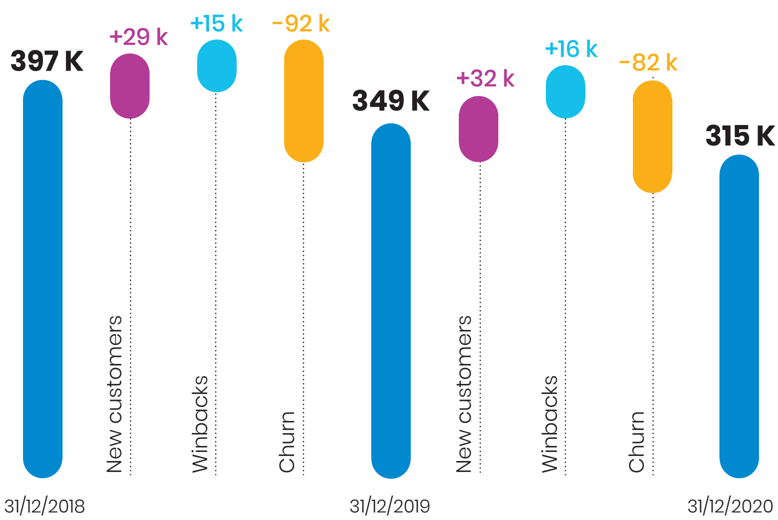
2 In 2020, Solocal lost 10,000 fewer customers than in 2019, due to:

(i) the introduction of the subscription-based model in summer 2019, which led to reduced customer attrition in the fourth quarter of 2020,

(ii) the setting-up of a dedicated customer retention team in spring 2020,

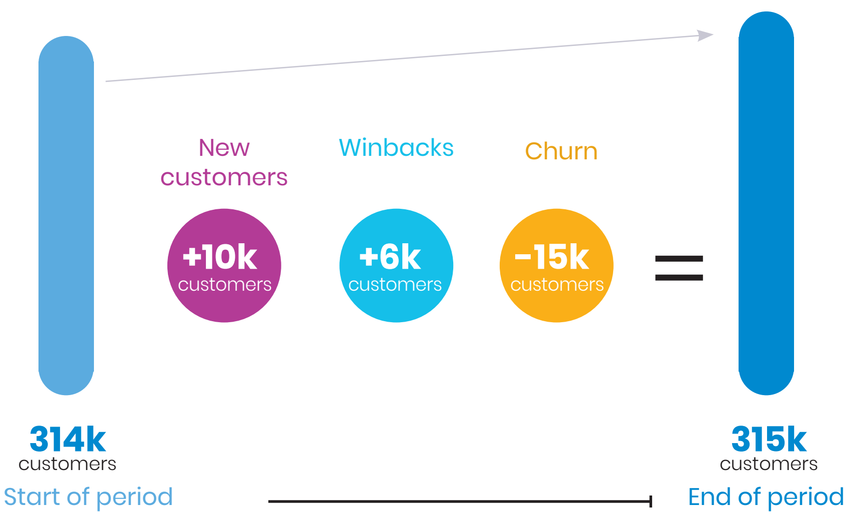
(iii) the improved product offer and phasing-in of solutions designed to make customer satisfaction central to the Group's strategy

Customer base over the past three years



Notably, the Solocal Group has succeeded in stabilising its customer base in spite of the public health situation, adding around 1,000 new customers in the fourth quarter of 2020 thanks to a reduction in churn.

Focus on customer base in Q4 2020



Controlled churn

Over **1,000** new customers in Q4 2020

Talent

Operating under a refreshed Board of Directors with a new governance structure, the Company is run by a management team that was also revitalised in 2019 and 2020 and whose interests are fully in line with those of all stakeholders.

The Executive Committee
1 Hervé Milcent, 2 Richard Cuif, 3 Arnaud Defrenne, 4 Nathalie Etzenbach-Huguenin, 5 Amaury Lelong, 6 Eric Klipfel, 7 Olivier Regnard

The expertise brought to the table by new members of the team with recognised skills in the digital field complements the experience of longstanding members of senior management.

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

Hervé Milcent **Chief Executive Officer**

Hervé Milcent has been Chief Executive Officer since 6th April 2021. A graduate in Business Law, Hervé Milcent began his career with the newly created Chronopost in the "operations" teams. He quickly became Director of Operations at Dynapost and then at Médiapost, where he launched and developed geomarketing and targeted distribution solutions, thereby gaining extensive knowledge of local communication issues. In 1998, Hervé Milcent joined the Arvato Group (Bertelsmann Group) as Managing Director in charge of operations for the Direct Marketing division, which became the French leader under his leadership. Building on this success story driven by a strong portfolio of services launched in France, including subscription-based services, Hervé Milcent extended his responsibilities to Southern Europe, before being promoted to the Group's Executive Committee to manage the roll-out of the "Group CRM Global" solution. In 2014, after more than 16 years within the Arvato Group spent developing and implementing enterprise services, Hervé Milcent was appointed CEO of the Lyreco Group. He implemented a category-based marketing strategy, repositioned the Group's offering to accelerate growth and led the overhaul of the technical and IT infrastructures essential to the company's "Phygital" transformation. In 2020, he joined the Teleperformance Group as Managing Director for France, Italy and Germany.

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

Richard Cuif began his career in human resources at Rank Xerox, moving on to Disney and then Kraft Foods (Mondelez) 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 went on to join Schweppes France, where as HR Director he participated in the acquisition of Orangina and oversaw the merger of the two businesses to form Orangina Schweppes, before being promoted to Director of Human Resources, Europe for the group's Beverages business. From 2005 to 2008, he was Director of Human Resources at Microsoft France. In 2008, he joined the Devanlay-Lacoste group where he held the position of 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 plan. He worked as a consultant from 2016 to 2017, before joining Solocal, the French leader in digital solutions for businesses, as Director of Human Resources and Internal Communications in November 2017.

Arnaud Defrenne **Chief Technology Officer**

Arnaud Defrenne is a graduate of the Ecole Supérieure des Affaires (ESA). 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 25th 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 (Credit 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 served as Neuilly-sur-Seine Deputy Mayor in charge of budget, finance and public procurements until March 2020. She has been General Secretary of Solocal since 6th May 2019 and has been in charge of Group communications since July 2020.

Amaury Lelong Chief Marketing 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 transformation, developing a whole range of offers on the main advertising platforms on the market (Google, Bing, Facebook and programmatic advertising) and initiating the shift towards a subscription-based business model. Amaury currently serves as Director of Marketing, Products and Media, a position in which he has full responsibility for the Group's products. He manages the whole of the Group's digital product range, the go-to-market strategy (Websites, Connect and Booster) and the proprietary platforms PagesJaunes and Ooreka.

Eric Klipfel Deputy CEO

Holder of a master's degree from the Fachhochschule Stuttgart, Eric Klipfel has taken up customer and sales transformation challenges for 20 years in highly competitive B2C and B2B environments marked by regulatory, structural and economic changes (digitisation of sales channels and customer relations, competition, cost compliance). Whether in telecoms in 2000 at SFR Numericable as executive CEO for 8 years, or since 2018 at the world leader in customer relations Teleperformance Knowledge Services, he has led numerous customer relations projects (reduction of complaints, antichurn programmes, increase in customer base) and is an expert in applying analytical/predictive models to commercial and customer topics (cross-selling, speech analytics, improvement of customer journeys, customer feedback management). He joined Solocal on 9th July 2020 as Deputy CEO in charge of sales and customer operations. He takes the reins of the Large Accounts, VSE/SME, Telesales, Customer Success and Oversight sales departments and the Customer Operations department.

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 2,100 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 aerospace supplier listed on Euronext with annual revenues of €660 million and 5,000 staff) with responsibility for 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 1st July 2019.

Corporate governance and structure

The Board of Directors
1 Pierre Danon, 2 David Amar, 3 Jacques-Henri David, 4 David Eckert, 5 Delphine Grison, 6 Anne-France Laclide-Drouin, 7 Marie-Christine Levet, 8 Catherine Robaglia, 9 Paul Russo, 10 Sophie Sursock

The 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 for the 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 Customer Satisfaction Committee.

A quick look at the Board of Directors

9 directors, including 1 employee director, 2 directors with non-independent status due to their links with the majority shareholder, 1 non-independent director who is a former CEO of the Group, 5 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 13th June 2017

Members have **impressive experience** and **expertise** in the digital sector

Complementary skills
across **a range of fields**

24 meetings
of the Board were held in 2020, with an average attendance rate of 95%

50%
are women

Principal activities
Reviewing results and business trends, monitoring progress of the transformation plan (new product offers, subscription model, etc.), reviewing strategy and CSR issues

Members of the Board of Directors

Pierre Danon Chairman of the Board of Directors

A civil engineer trained at Ponts et Chaussées and a law graduate of the Institut supérieur des affaires, Pierre Danon 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 NumericableCompletel, Vice-Chairman and Chairman of Copenhagen-based TDC (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. Pierre Danon has taken on the role of Chairman of the Board and CEO of Solocal Group for a transitional period from 5th October 2020 to 5th April 2021.

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 private equity firm Matignon Investissement et Gestion. He was in charge of asset management in various major Swiss banks from 2006 to 2009. He earned an MBA in Geneva in 2006.

Jacques-Henri David Non-voting member of the Board of Directors

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, Jacques-Henri 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 Commander of the National Order of Merit.

Audit Committee *Remuneration and Appointments Committee* *Customer Satisfaction Committee* *Independent Directors*

David Eckert

has led numerous companies in a variety of industries. He is currently Director & CEO of Yellow Pages Limited, Canada. He was previously President & CEO and Director of the Hibu Group and has held directorships at companies including X-Rite, Inc., Safety-Kleen Systems, Inc., Clean Harbors, Inc., Italiaonline SpA and Yellow Pages Limited. During his career, he has served as director and chairman on the boards of numerous companies. In the 1980s, David was Vice President and Partner at Bain & Company. He holds an MBA from Harvard Business School.

Delphine Grison

is Chair of DGTL Conseil, where she carries out consultancy work, as well as a Director and a member of the Audit Committee at ADL Performance. She was Director of Marketing and Data Intelligence at CBRE France from 2015 to 2020, and previously worked for more than a decade in the media industry in finance, strategic, marketing and digital roles. These notably included managing the digital activities of Lagardère Active until 2013, as President of Lagardère Active Digital and member of the Lagardère Active Executive Committee. She also served as a Director at Asmodée from 2014 to 2018. 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

is Chief Financial Officer of RATP Dev. Prior to taking up her current role, she was Chief Financial Officer of the Consolis Group and a member of its Executive Committee. She has also served as CFO at Idemia Group (formerly Oberthur Technologies) as well as at a number of companies including Elis, GrandVision, AS Watson (Marionnaud) and Guilbert. She began her career at PricewaterhouseCoopers.
She sits as an independent Director on the Board 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 previously held the same positions, i.e. independent director and Chair of the Audit Committee, at SFR. Anne France Laclide-Drouin supports Association Clubhouse, a non-profit organisation 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 (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, 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.

Audit Committee · *Remuneration and Appointments Committee* · *Customer Satisfaction Committee* · *Independent Directors*

Catherine Robaglia Director representing employees

Catherine Robaglia holds a degree in engineering from IMAC. She began her career at Bossard Gemini Consulting as a consultant in organisation and information systems, where she worked for seven years. In 1999, she joined the IT department of PagesJaunes and took an active part in the information system renovation projects. In 2004, she joined the new DOSQ (Department of Organisation, Strategy and Quality) as Head of Organisation, a role in which she took part in the transformation projects that followed the IPO and the Group's change of ownership, in particular in relation to process implementation. In 2008, she was appointed Head of Internal Audit, reporting to the Chief Executive Officer and the Chairman of the Audit Committee, and auditing all the Company's subsidiaries and major processes on behalf of the Board of Directors. Catherine currently serves as Project Director within the Customer Operations Department, and together with her teams, she manages the operationalisation of the VSE/SME and key account offers in the areas of Delivery (Production) and Customer Relationship Management.

Paul Russo

has been a Director of Yellow Pages Limited, Canada, since 2017, where he chairs the Human Resources and Compensation Committee and is a member of the Audit Committee. He previously served as CEO of Color Spot Holdings, Inc. and as Executive Vice President of Business Development at the Hibu Group. Earlier in his career he was a partner at Bain & Company and he has also held executive positions in numerous other companies. He is a graduate of the University of California, Berkeley and has an MBA from Harvard Business School. He began his career with Arthur Young and Company and became qualified as a Certified Public Accountant.

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. Sophie Sursock has a Bachelor's Degree in Business Administration, a Masters (MSc) in International Business from ESCP-EAP Paris Business School and a Certificate in Management of Technology.

Audit Committee · *Remuneration and Appointments Committee* · *Customer Satisfaction Committee* · *Independent Directors*

Committee members

Audit Committee

Anne-France LACLIDE
(Chair)

Sophie Sursock
Paul Russo

Remuneration and Appointments Committee

Delphine GRISON
(Chair)

Marie-Christine Levet
David Eckert

Customer Satisfaction Committee

Pierre DANON
(Chair)

Catherine Robaglia
David Amar

Responsibilities of the members of the Board of Directors

Digital and Innovation — 5
David Amar, Delphine Grison, Marie-Christine Levet, Catherine Robaglia, Sophie Sursock

Finance — 6
Pierre Danon, David Amar, David Eckert, Anne-France Laclide, Paul Russo, Sophie Sursock

Restructuring and recovery — 4
Pierre Danon, David Eckert, Anne-France Laclide, Paul Russo

Customer knowledge, salesforce management and customer relations — 6
Pierre Danon, David Amar, David Eckert, Marie-Christine Levet, Catherine Robaglia, Paul Russo

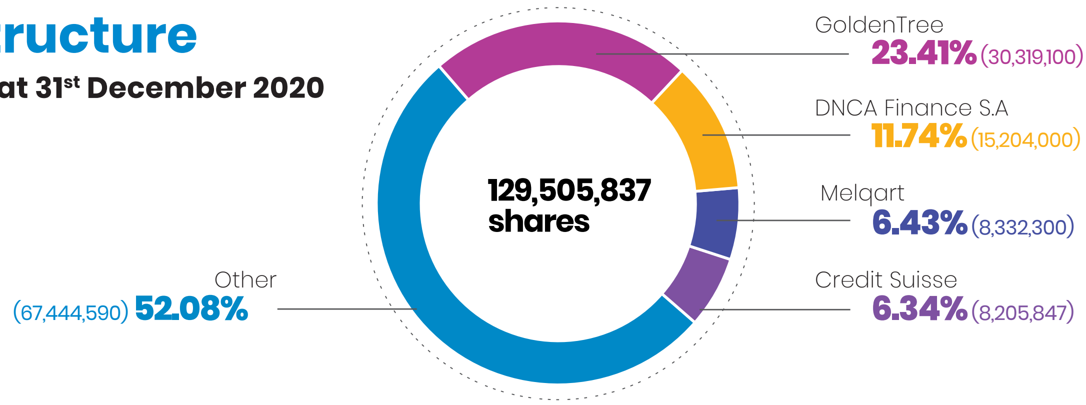
Technology, Data, Cyber-risks — 4
Delphine Grison, Marie-Christine Levet, Catherine Robaglia, Sophie Sursock

Compliance, Ethics, CSR — 2
Delphine Grison, Anne-France Laclide

Shareholder structure

Shareholder structure

as at 31st December 2020



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 **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;
- Combined General Meetings (CGMs) are general meetings that are called to vote on both ordinary and extraordinary resolutions.

This year, two CGMs were held, respectively on Friday, 24th July 2020 and Friday, 27th November 2020.

2 **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 2020, presentations were held on the following dates:

- Full-year results 2019: 27th February 2020
- First-quarter results: 23rd April 2020
- Half-yearly results: 28th July 2020
- Third-quarter results: 22nd October 2020
- Full-year results 2020: 18th February 2021

3 Numerous meetings with institutional funds (current or potential shareholders or bondholders) at roadshows, conferences or forums.

The Solocal Group also enacted a number of additional initiatives over the course of 2020 to promote dialogue with shareholders and contribute to information transparency, including redesigning the "Investor Relations" section of **solocal.com** to improve navigation and taking steps at the time of the capital increase to provide easy access to full information on the procedure (dedicated webpage, toll-free phone line).

BACKGROUND

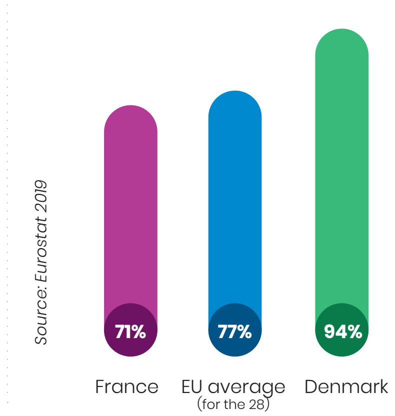
Market opportunities

Digital penetration among French VSEs/SMEs is still low

The French market suffers from a mismatch between the digital maturity of its consumers and that of its VSEs and SMEs. Nevertheless, digital is gradually becoming a priority for French businesses, who are devoting a growing share of their marketing and communication costs to it.

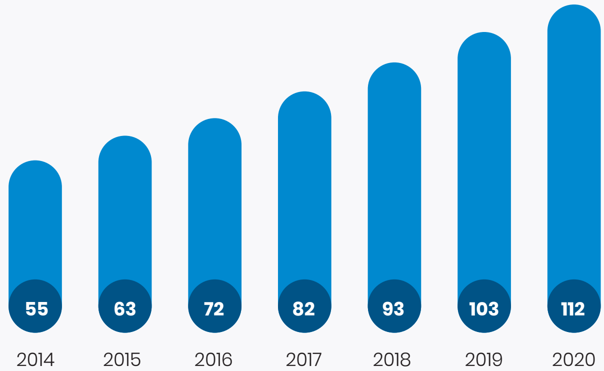
As a preferred partner of local businesses, Solocal thus has a major role to play in helping businesses make their digital transition.

% of SMEs using a website



Changing consumer habits

E-commerce revenues in France from 2014 to 2020 *(in €bn)*

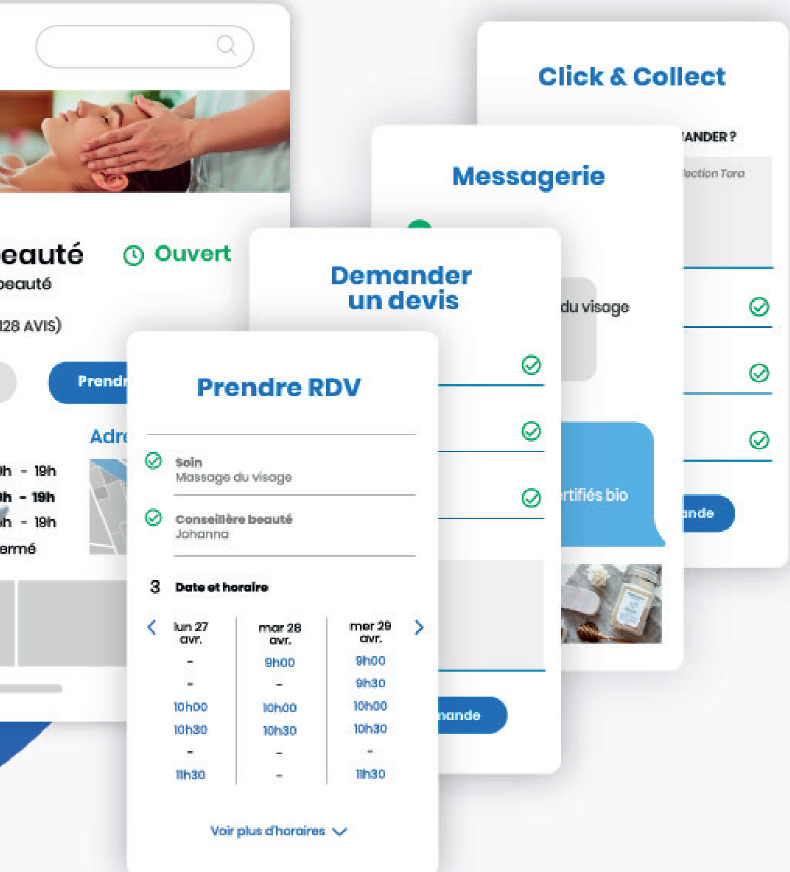


Source: FEVAD.

Consumer behaviour across all age groups has undergone profound changes in recent years, including the increased use of mobile devices, online video and social media as well as the growth in online shopping.

Consumers are also attaching growing importance to the quality of their customer experience and their need for digital interaction is increasing.

Solocal offers a full range of digital services for businesses and consumers and is uniquely placed to benefit from the trends that these changes are producing.



Covid-19 health crisis: a catalyst of change

The Covid-19 health crisis has sharply underlined the urgent need for businesses to make this digital transformation – especially VSEs and SMEs, who need to adapt in order to survive.

The crisis has also magnified the increasing trend among consumers to turn towards local businesses.

Competitive position

Given the extent of its range of digital solutions for local businesses, Solocal is operating in an extremely disparate competitive environment, comprising the following categories of players:

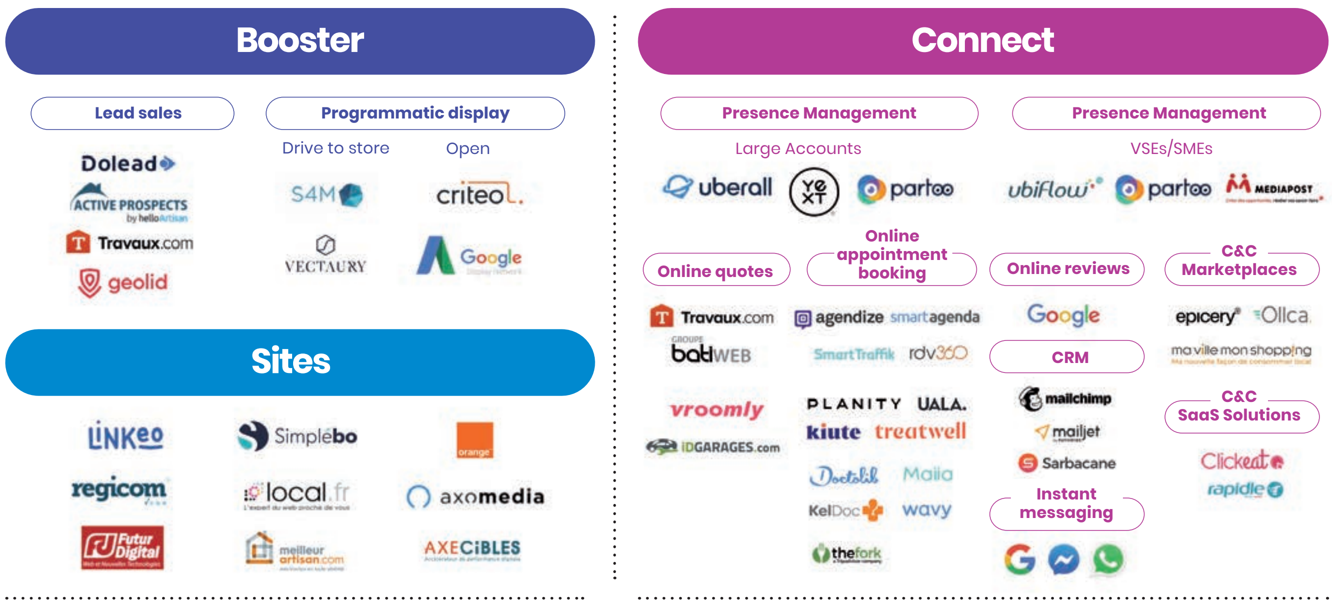
The GAFAM giants (Google, Apple, Facebook, Amazon, Microsoft) who offer specific media solutions based on their own platforms. Solocal believes that its local presence, and especially its local sales teams, as well as its customer base of VSEs and SMEs, make it a valuable service provider alongside the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

Web agencies like Regicom, who 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 these agencies;

AdTech players like Criteo or Vectaury, who provide specific media solutions based on technology, such as retargeting or the sale of programmatic advertising inventory. Solocal holds a substantial amount of proprietary data on the consumption intentions of internet users, and benefits from unique proximity with local businesses, allowing it to offer more efficient products better adapted to the needs of customers;

SaaS providers who offer extremely diverse digital solutions such as website creation (Simplébo), digital solutions marketplaces (Wix) or CRM (Hubspot). Solocal believes that the breadth of its range of digital services brings it additional legitimacy for assisting with the digitalisation of VSEs and SMEs;

Vertical media firms that are specialised in a well-defined sector (healthcare, beauty and home, etc.) and offer B2B services (e.g. TheFork for restaurants, Doctolib for healthcare, and Planity for beauty). Solocal believes that, on the strength of its massive audience and special partnerships with the main players in the digital realm, together with the diversity of its relational and transactional services, it can offer both an exhaustive presence on the major internet hubs and an optimised user experience well suited to the local business sector.



CSR (Corporate social responsibility)

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

This year, in view of the Covid-19 health crisis, the company elected to emphasise the following two of its eight priorities:

1. **Fighting the decline of town centres by promoting short circuits and developing digital skills in the regions**
2. **Ensuring that content is published responsibly and making it accessible to all**

Together, these two CSR priorities enable local businesses to use digital to keep going and allow everyone in France to consult moderated, easily accessible content.

Our 8 priorities:

Societal

1 / Fighting

the decline of town centres by promoting short circuits and developing digital skills in the regions

With just 11% of French SMEs using digital tools on a daily basis, the degree of digital maturity varies greatly from region to region. Such low adoption of the Internet creates a risk of loss of competitiveness in France's regions. The crisis caused by the Covid-19 pandemic has revealed the need to speed up the digitisation of SMEs & VSEs and has changed consumption habits (Click & Collect, short circuits etc.). To contribute towards the digital inclusion of small and medium-sized businesses and of people undergoing professional retraining, and to help develop digital skills across France, Solocal is continuing to follow a collaborative policy of partnership with local institutions and economies (chambers of commerce and similar bodies, regional and local authorities, associations) aimed at stemming the decline of town centres.

Background

2 / Ensuring

that content is published responsibly and making it accessible to all

Solocal aims to provide universal access to quality content in order to guarantee the best possible experience to users of its digital services, 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 adoption by businesses and users, fully in line with its mission of vitalising local life for everyone with maximum trust. This commitment applies to all information and advertising content produced and disseminated on Solocal's platforms, on PagesJaunes and on partner media, as well as to ensuring that all our communication services aimed at the general public are equally accessible to able-bodied and disabled people.

Governance

3 / 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 help building an internet of trust.

4 / 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.

Employment

5 / 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 the acquisition of skills that are valued in the market.

6 / 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 been a cause for concern for employees. Knowing the consequences that such a situation can have on the quality of life at work, Solocal follows a policy aimed at promoting a pleasant work environment for everyone, thereby contributing to the attainment of its social and economic objectives.

7 / Improving

employee commitment and making Solocal more appealing

In order to ensure the durability and development of the Company's activities, Solocal strives 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 digital field. Despite the health crisis, Solocal is continuing its policy of making itself attractive to employees and potential recruits, not least in connection with the "one young person, one solution" policy that forms part of the Government's recovery plan.

Environment

8 / Optimising

energy consumption, use of resources and reducing carbon impact for sustainable digital business

To help fight climate change, part of Solocal's transformation involves optimising the resources used to develop its digital businesses.

01

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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 on the Euronext market since 2004 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 financial restructuring, reducing the remainder of its debt inherited from the 2006 leveraged buy-out by two-thirds. In 2020, in the context of the Covid-19 health crisis and following the suspension of the payment of its Bond coupon, the Solocal Group implemented a plan to shore up its financial structure via several capital increases totalling €347 million. The operation effectively halved the Group's debt and reduced its annual financial expenses from €45 million to €20 million.

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. 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.

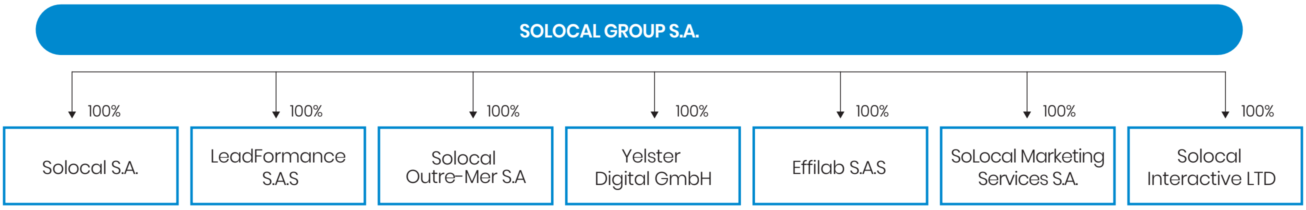
Thereafter, Solocal gradually shifted its focus from the publication, distribution and sale of advertising space in printed directories ("PagesJaunes et PagesBlanches" - Yellow Pages and White Pages) to digital communication and, starting in 2018 with the launch of the "Solocal 2020" strategy, to a complete range of digital services for businesses over the entire Web.

With the total cessation of the Print business in 2020 and, in the same year, the sale of the QDQ subsidiary (Spain) to AS Equity Partners and that of Mappy to RATP Group, Solocal's activity is now fully centred on its core business, namely Digital.

Accordingly in 2020, Digital accounted for 100% of Solocal Group's consolidated revenues, compared with 48% ten years ago.

1.1.2 ORGANISATIONAL STRUCTURE

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



- The ClicRDV S.A.S. and Fine Media S.A.S. (Ooreka) subsidiaries have been merged within the Solocal S.A. entity.
- The Spanish-based subsidiary QDQ Media was sold to AS Equity Partners on 28th February 2020.
- On 1st November 2020, Solocal sold its Mappy subsidiary to RATP Group.

Implemented as part of the Solocal 2020 strategic plan, these divestments allowed Solocal to focus on its strategic activities and its new digital services offer for SMEs and key accounts in France.

1.2 Strategy

1.2.1 SOLOCAL STRATEGY

See the Integrated Report, section “Strategies”, pages 5 and 6.

1.2.2 FINANCIAL OBJECTIVES

At the date of publication of this Universal Registration Document and given the health restrictions associated with the Covid-19 health crisis announced thus far, Solocal's ambitions for 2021 are:

- Following on from the stabilisation observed in the fourth quarter of 2020, Solocal's ambition for 2021 is to moderately increase its customer base, building on the benefits of the transformation achieved both in terms of customer acquisition and churn reduction.
- Recurring EBITDA is confirmed at €120 million in 2021 vs. €112 million in 2020 at comparable scope and accounting methods.

This financial target is based on the assumption of a decline in revenues in the first half of the year due to the continued effects of the health crisis, with a return to growth in the second half.

1.2.3 NON-FINANCIAL OBJECTIVES

See chapter 3.2 “Statement on Non-Financial Performance”, pages 99 to 120.

1.3 Business overview

1.3.1 MISSION STATEMENT

See the Integrated Report, section "Mission statement", page 10.

1.3.2 THE GROUP'S COMPETITIVE STRENGTHS

See the Integrated Report, section "Competitive position", page 32.

1.3.3 B2B DIGITAL SERVICE OFFER

Solocal seeks to accelerate the growth of local businesses through digital power. For this purpose, it offers a broad range of digital services, mostly on a subscription basis, accessible in SaaS mode via the Solocal Manager app. This offer is intended for VSEs, SMEs and large network accounts.

Concerning the VSE-SME segment, the current offer, essentially built around 3 main ranges (Connect, Website and Booster) and 3 levels of service (Essential, Premium and Privilege), is the result of a two-year simplification and enhancement effort intended to improve the offer's appeal, and to facilitate conquest, cross-selling and upselling dynamics.

The Connect range is designed to be the basic foundation for all VSEs and SMEs; it already equips more than 140,000 companies, in free mode – the group has set up a number of free features from November 2020 until end March 2021 in order to support local companies in the context of the health crisis – and in paid mode. It targets local businesses seeking to take full advantage of the natural audiences brought to them by the Web's main high-traffic platforms (Google, Facebook, PagesJaunes, Bing, etc.). Via the Solocal Manager app, Connect brings the company immediate and effective visibility on all these high-traffic platforms. To do so, it combines four service categories: update of information about the company (business hours, latest news, products, etc.), assistance with customer interactions (management of reviews, management of quote requests, instant messaging, etc.), transactional services (online appointment scheduling, click & collect) and relationship marketing (provision of a customer database and direct marketing tools to effectively use it). An outstanding feature is Solocal's privileged partnerships with a number of high-traffic platforms (such as Bing, Apple or Yahoo), and the widespread distribution of the Solocal Manager app (458,000 businesses registered, of which 252,000 in free mode and 206,000 in paid mode[1], all of which gives Solocal a fairly unique capacity to optimise the online presence of local businesses.

Website is the logical extension to Connect, and invites local businesses to complete their visibility on the web's high-traffic platforms with the creation of their own website. If the Connect range is all about simplicity, the Website range is all about performance. Having won over 40,000 customers, Solocal's Website range effectively benefits from a broad statistical base to identify the highest-performing keywords in terms of local SEO. In addition to offering advanced support at every step in a website's life, from its creation to its day-to-day management, Website stands apart thanks to its very high SEO performance, key to effective local visibility for professionals.

Booster is Solocal's third product range for VSEs and SMEs. As its name implies, Booster sets out to boost a company's natural online visibility through advertising. Like the Website range, Booster is focused on performance, with a range of products that maximise volumes of visits on the company's website, or volumes of direct contacts with the company (in the form of telephone calls, online appointments or quotation requests). Again, this performance is the result of a high number of local advertising campaigns (more than 150,000) organised in parallel by Solocal on various platforms (Google, Bing, Facebook, Instagram and, more generally, all online advertising). This in turn represents an analysis basis on which Solocal can optimise the efficiency of its purchasing algorithms.

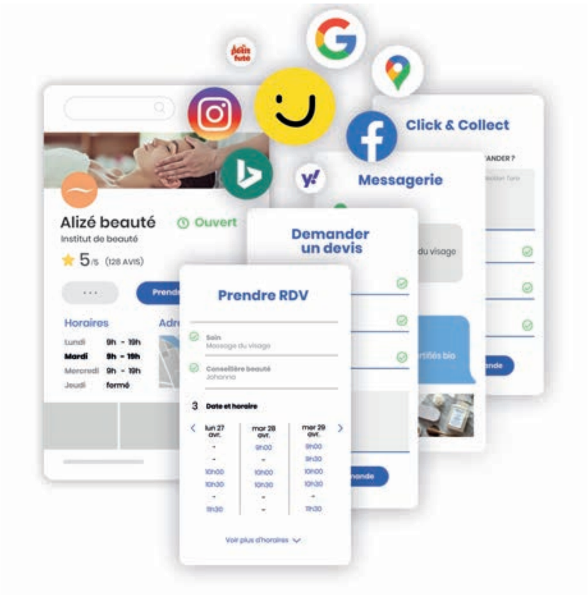
Overall, Solocal's VSE-SME range thus meets the basic needs of local businesses in terms of digital communication.

As for large accounts, Solocal's offer mainly targets regional and national brands organised in networks. These brands are increasingly aware of the importance of online presence in their off-line business, and the need to adopt local strategies. Solocal's Networks solutions allow companies to better tap into local market potential by optimising their digital presence and their local-scale advertising setup, taking into account the specifics of each catchment area. Solocal's offer is distinctive in that it addresses all network profiles, whether centralised or decentralised. Companies can thus delegate all or part of their local digital strategy to

(1) Business customers who logged on at least once during the period from 1st February 2020 to 31st January 2021.

their sales points: updating sales point information, communicating local news or promotions, e-reputation management, etc. For this purpose, Solocal's large account customers use a specific version of Solocal Manager – the Bridge platform, which allows network heads and sales points to jointly manage every facet of their digital visibility.

Connect



To continually better meet the needs of pros, in 2020 Solocal extended its range of services in three key areas: facilitating interactions between the pro and their customer (e.g. instant messaging), developing the pro's business via the Internet (e.g. click & collect), and securing the loyalty of their customers (e.g. direct marketing solution). In parallel, the Presence offers launched in 2019 became the Connect offers, positioning Solocal as the market's only player to offer a complete range of relational presence services on the VSE/SME market. The Connect range's value proposition ties in with Solocal's approach to support the digitalisation of VSEs/SMEs via a turnkey SaaS solution that's easy to use and accessible via a single app: Solocal Manager.

Like the Website and Booster ranges, the Connect range offers three levels of service, namely Essential, Premium and Privilege, to consolidate the attractiveness of the offers and encourage customers to upgrade. It is available in subscription mode with a 12 or 24 month commitment period, payable either upfront, in three instalments, or each month.

- The Connect Essential solution, available for €29/month, meets the pro's basic needs in terms of digital presence; they can publish information and news across a wider network of more than 20 media players, search engines and partner social media platforms, manage their e-reputation, and access instant messaging on PagesJaunes, Google My Business and Facebook, all from a single app: Solocal Manager.
- Connect Premium, available for €49/month, supplements the Essential version with access to 4 additional services so that local businesses can better convert their digital presence:
  - access to an online agenda, loaded in real time by the appointment scheduling solutions of PagesJaunes, Google My Business and Facebook;
  - click & collect shopping on PagesJaunes, via which local businesses can present a product catalogue, provide a shopping cart and even offer an online payment facility for in-store pickups;
  - online quote requests on Pagesjaunes.fr;
  - management of a customer database to organise and manage all of the business's customer contacts and prospects.
- Connect Privilege, available for €69/month, supplements the Connect Premium version with access to a direct marketing solution which businesses can use to leverage their customer database via email and SME text campaigns. This offer also includes a photo report done by a professional photographer, allowing local businesses to improve the quality and appeal of their online image.

In addition to the Essential, Premium and Privilege levels, the Connect range stands apart through the existence of the Connect Access solution, a free offer allowing the subscriber to manage their presence on PagesJaunes via Solocal Manager. On 31st December 2020, more than 458,000 businesses were using the Solocal Manager app for this purpose, reflecting Solocal's ambition to develop a freemium strategy (provision of a freely available service intended to attract as many users as possible).

All of the solutions accessible in the Connect range can be used daily via the Solocal Manager app. Use of the proposed services includes Solocal customer support as soon as the solution is deployed and throughout the customer life cycle, thereby encouraging Solocal Manager's proper adoption and the use of the solutions subscribed to by customers.

This Connect range is scalable; Solocal will continue to invest in these relational presence solutions in order to enhance the functionalities included in the range and thus provide greater added value and usage via the unique Solocal Manager platform, for both new and existing customers.

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 corporate and e-commerce websites compatible with all interfaces (PC, tablet, smartphone), tailored to the needs and budgets of all local businesses and networks.

The Website range offers three levels of service: “Essential”, “Premium” and “Privilege” via a 24-month subscription.

It is the perfect complement to the Connect range, which enables the business to manage its digital visibility, but on the Web’s main high-traffic platforms.

Solocal’s Website range is a complete offer of websites customised for its customers, and distinguished by:

- unparalleled Search Engine Optimisation (SEO) on the two leading search platforms, namely Google and Bing;
- strengthened performance through paid Search Engine Advertising (SEA) included in the offer, guaranteeing a minimum amount of traffic on the subscriber’s website;
- a wide range of customisable templates, or bespoke templates specifically tailored by expert web designers;
- support for the lifetime of the website, including assistance and advice.

The Website range is available in a showcase or click & collect version and allows local businesses to access online order taking via dedicated features, and to benefit from support tailored to their commercial strategy:

- creation of an online product catalogue and commercial hosting features;
- automatic inventory count and statistical tracking of sales;
- integrated secure payment and click & collect solutions for in-store pickups.

The efficacy of this offer is underpinned by robust industrial platforms with, in particular, the Duda white label website creation platform, on which all our new websites are now created. Websites are developed at the Angoulême web factory, which brings together all the skills needed for large-scale production of quality websites.

Solocal’s web factory uses a range of tools developed by the Group to further consolidate its expertise in website development for local businesses, and guarantee the best SEO performance on the market. The Ariane automatic keyword generation tool is a perfect illustration of this expertise. It guarantees customers a perfectly structured website based on keywords tailored to their activity, along with high-level search engine performance to ensure optimal ranking.

Thanks to its industrial expertise in website creation, backed by proprietary tools to optimise site ranking on search engines, and a competence centre with dedicated web design and SEO teams, Solocal is positioned as a leading, benchmark player in the creation of websites for local businesses.

Digital advertising - Booster

The Booster digital advertising range amplifies customers’ online visibility beyond their website’s natural visibility or their mere presence on high-traffic platforms. Its purpose is to bring customers more direct contacts and visits to their website, and greater exposure to a relevant, predefined audience of local consumers.

This range hinges on four subscription-based service offers, exclusive on the market, to meet 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 - Mappy, Yahoo! and Local Ads;
- Booster Contact: performance solutions that offer businesses a volume of real, measured leads (phone calls, quotation requests, etc.) every month within their catchment area;
- Booster Website: the equivalent of Booster Contact, but with a view to generating qualified visits on the subscriber’s website;
- “Brand awareness”: extra-visibility solutions that place the focus on the volume of individuals targeted, advertising viewing time and advertising message repetition, which can be activated on social media and pagesjaunes.fr.

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

- exclusive proprietary media (PagesJaunes and Ooreka) whose corresponding audience is concurrently (i) very significant, with more than 22 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 acquisition of leads for local businesses at the best price;
- unparalleled expertise in local advertising campaign management in France, shouldered by the development of a proprietary technological platform for the industrialised acquisition of leads on numerous high-traffic platforms, both internal (PagesJaunes, Ooreka and its vertical variants) and external (Google, Bing, Facebook, Instagram, Local Ads, etc.).

These offers are available via monthly subscription, with a commitment period ranging from 6 to 24 months, depending on the type of service. Prices start at €65/month. Each offer is available by business sector, catchment area and keyword depth, all selected by the subscriber. This ensures a perfect match between businesses' lead acquisition strategy and the quality of the results of the proposed advertising campaigns.

Solocal is the only player in France capable of operating hyper-local digital advertising on an industrial scale, for VSEs/SMEs, by leveraging all of the web's main audience sources. In fact, thanks to partnerships with Google, Bing, Yahoo!, its Local Ads partner network and its PagesJaunes and Ooreka proprietary media, Solocal offers its customers the ability 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.

Products for large accounts

Solocal's offer also covers the needs of local large accounts. Whether for large national networks or more local brands, Solocal offers 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, via which a network can manage its digital visibility in real-time, both centrally – at the level of the network head, and locally – at the point of sale. For this purpose, the platform integrates a store locator solution (a local web page dedicated to a point of sale), a presence management solution (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 a digital advertising solution (on Google and Bing at present);
- the Local Impact mobile-to-store solution, used to target millions of profiles at the local level in the sales point catchment area based on their place of residence, what they are doing at that particular time in their life, and their consumer preferences and habits. This advertising offer is built 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, for each catchment area in their network, a certain number of qualified leads (phone call analytics, online appointments, etc.), generated by ads displayed on search engines such as Google and Bing. Tailored to brands organised in distribution networks, this multi-local offer serves to coordinate and oversee both local and national networks and thus tap into 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.

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

2020: successful transition to subscriptions & deployment of a retention system

As planned, the salesforces migrated the VSE/SME customer base to subscription-based offers. In addition, the launch of a dedicated offer for large accounts went ahead successfully at the end of 2020. By the end of the year, 79% of the Solocal customer base had signed up for at least one subscription contract.

In addition, a dedicated customer retention team was created in the spring of 2020 (comprising 59 dedicated people based in Paris) to centralise and fully manage our customers' churn intentions.

This transition to subscription mode, combined with the deployment of the new retention system, has paid off; the first data indicate a churn rate among subscription customer cohorts of between 9 and 11% of the customer base, levelling out at 315,000 customers in Q4 2020.

For all that, 2020 was marked by a slowdown in customer business activities due to the health crisis and lockdowns. Faced with this context, Solocal swiftly adapted the organisation of its salesforce by successfully deploying work-at-home and remote selling measures for nomad sales people. On the strength of this effort, Solocal managed to gain more new customers and winbacks in 2020 (48 000) than in 2019 (44,000).

2021: an organisation focused on growth

The transition to a subscription model means Solocal can free up commercial time and re-allocate sales staff to customer acquisition, customer satisfaction and value development.

This in turn reinforces the activities that generate growth: +118% for lead generation (107 FTEs), +43% for the acquisition of new customers (545 FTEs), +15% for value development (222 FTEs). In addition, a new risk prevention activity (131 FTEs) was deployed, tasked with pro-actively contacting and satisfying fragile customers. Conversely, migration activities will use up less time for sales people (-56%, i.e. 205 FTEs on average over the entire year).

In addition, a new market segmentation system has been implemented since 1st January 2021 to optimise the coverage of our market based on customers' development potential and on our business skills. Three market segments have thus been organised:

- the Large Accounts segment (25,000 customers) represents network accounts with more than 5 sales points, average annual sales of €3,625 per customer; more than 2,000 strategic accounts were targeted in 2021 by 126 field salespeople, with support from 41 telemarketers, proficient in offers specific to this account profile;
- the Enterprises segment (75,000 customers), with average sales of €2,715 per customer, and a potential of more than €6,000 per customer. This market is covered by 442 nomad sales people, including 115 sales hunters (new in 2021);
- lastly, the Very Small Enterprises segment (195,000 customers), covered by telesales teams, 50% of which are either offshore or outsourced. This segment represents businesses with average sales of €700 per customer, and with a weaker development potential (estimated at €1,000).

To control its acquisition costs and attain its customer base growth objectives, Solocal has strengthened its Lead Factory system in order to provide sales people with more significant and better qualified leads. This acceleration has been made possible through measures that proved their merit in 2020, in particular digital audits on Solocal.com, and the deployment of Solocal Manager in Freemium mode. The growth of the customer base will also be made profitable by intelligently assigning leads based on acquisition costs, which stand at €1,422 per customer acquired for the Enterprises salesforce, and €214 per customer acquired for offshore telesales.

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.

To measure customer satisfaction and evaluate its development over time, 3 main devices are deployed:

1. 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 B2B environment. The scores obtained with the general public are positive, while those with businesses must be further improved.
2. Measuring customer satisfaction on the spot, for each interaction between Solocal and the customer throughout the customer journey (sale, service delivery, customer relations). A new mechanism was deployed at the end of 2020 to systematically include this indicator in all contacts, analyse the resulting customer feedback, and respond accordingly.
3. Lastly, in 2021, Solocal will deploy a Text & Speech Analytics solution to generate reports and suggestions for improvement based on semantic analyses and audio recordings of conversations between our customers and our employees. Produced by an algorithm, the analyses are then reviewed by a team in charge of quality and by management, so as to define which actions are to be undertaken.

These measures have brought to light the fact that 6 out of 10 customers are dissatisfied with our Customer Service response and processing, mainly due to resolution times, multiple contacts, and insufficient case follow-up.

Consequently, Solocal has undertaken a complete overhaul of its Customer Service in order to improve its availability, its reachability and its processing efficiency. This plan comprises 5 lines of action, which must produce results starting in Q2 2020:

- reorganisation of the operational system based on centres of expertise;
- implementation of a single phone number, along with the overhaul of the interactive voice server and the rules for routing calls by competency;
- renegotiation of partnerships with subcontractors: moving on from a resource-based approach to a results-based approach;
- reinforcement of the quality system;
- highlighting of Solocal Manager as the Single Point of Contact by enhancing and promoting the available services, and a strategy for limiting unnecessary multiple contacts.

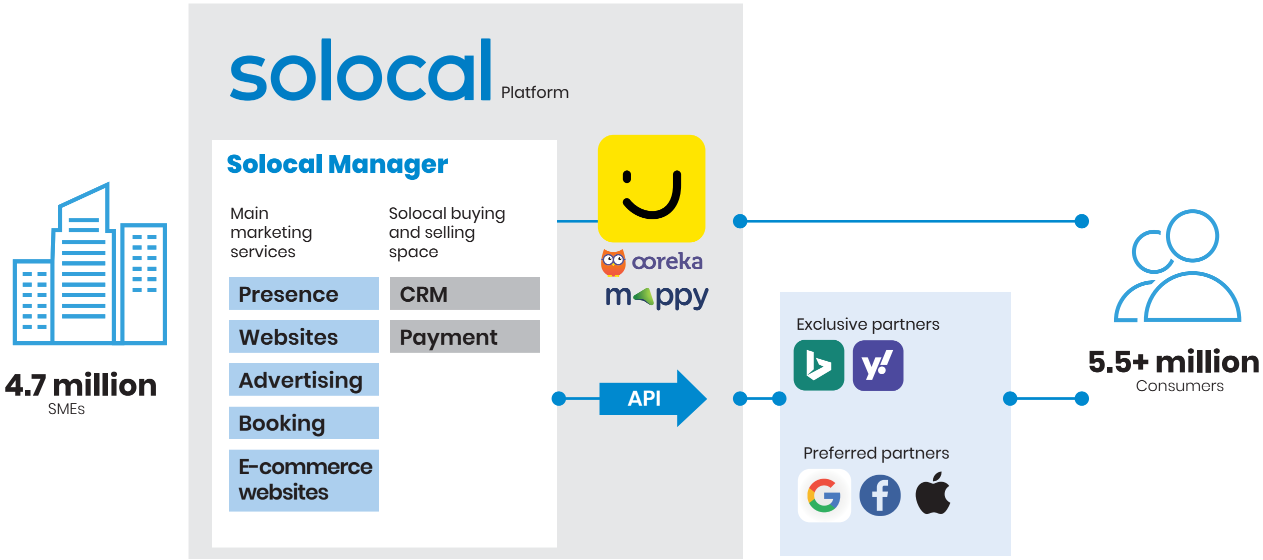
Concerning our production activities, the focus has been placed on insourcing competencies and honing the assignments of the production teams, which have become increasingly specialised. In terms of quality control, Solocal has set up a proprietary solution that automatically controls the quality of the websites and which can thus validate the product's compliance with our quality standards (e.g. SEO performance).

A Customer Satisfaction & Operational Excellence Committee, comprising members of the Executive Committee and two members of the Board of Directors, also convenes every two weeks to track the indicators, decide on corrective actions and comprehensively remove any obstacles that might exist in order to implement the changes of organisation and process needed to offer our customers a better service.

With a customer base that is becoming mostly subscription-based, Solocal is also setting up new paths to improve the onboarding of customers who sign up for new services, support them with the adoption of these services, and increase user engagement, all in coordination and in sync with value development actions (cross-selling or upselling) throughout the customer life cycle.

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 250 IT and R&D experts at the end of 2020.

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. In 2020, a new search engine was launched which will gradually replace the existing one.

PagesJaunes is developing more services and ramping up communication possibilities with, in particular:

- the Pagesjaunes.fr portal's native online booking system: this service allows individuals to make appointments online with relevant businesses (beauty salons, hairdressers, restaurants, auto repair shops, town halls, etc.). Solocal has widened the number of "bookable" businesses (i.e. with which bookings can be made) using the ClicRDV solution. SMS text and email notifications improve the presence rate of their customers, thereby securing their revenues;
- in 2020, the Group launched its chat service to interact directly with pros.

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). This is a DSP platform: Demand-Side Platform 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

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 Single Sign-On (SSO) functionality;
- businesses can manage their search engine presence on the main high-traffic platforms, modify their website, manage their interactions with users (appointment scheduling, requests for quotes, etc.), 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.

Implementation of Solocal Manager for large accounts: 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.

Technological successes in 2020 and adaptation to the health crisis

Content and artificial intelligence

Recently, Solocal has focused on R&D in machine learning technologies, in particular for automated crawling, automatic moderation and the sharing of collected content with all of the Group's production factories.

The Company has developed a technology to crawl the content of professionals on their multiple social media profiles – both text and visuals, and also on their websites. This technology is used for the massive, industrial collection or update of pertinent content which will then be exposed to all of the Group's production factories (Website, Social and Booster Contact offers).

By adding and combining this information with that already known on each business, Solocal can automatically generate a description of the business based on its activity and its distinctive characteristics.

On the back of this massive content collection process, the R&D teams have developed a unique AI algorithm for automatically moderating visual content. In cases where there is no ambiguity, this machine learning technology can make the decision to place visual content online in real time, detect and reject images incompatible with the online content charter and, in case of any ambiguity, send them for manual moderation.

The PagesJaunes search engine is more pertinent and more local

During the course of 2020, PagesJaunes published its latest mobile apps, offering a more local approach to revitalise local economic life. These apps are based on modern architectures, frameworks and technologies, making them more flexible and accessible. Any screen or any step in the user path will be accessible from any other screen in the app, allowing the user to take full advantage of the functionalities available. PagesJaunes has also opted to use native system mapping: Google Maps for Android and Apple Plan for iOS, so that phone users remain in a familiar environment.

These apps provide a combined text and map experience. Meanwhile, the home page will be closely correlated to the user's choice of town or neighbourhood to provide a local experience that suggests nearby businesses. In 2021, this home page will be enhanced with a more relevant, personalised service providing the latest news from shops and businesses in the town or neighbourhood, adapted to the user's preferences.

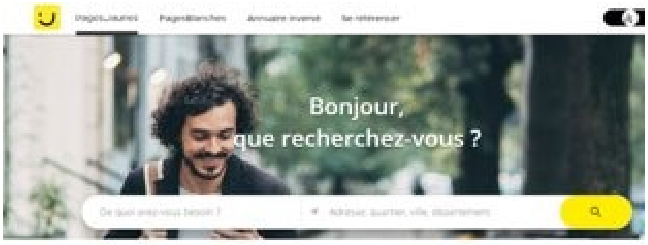
Search is central to all PagesJaunes services. A completely redesigned search algorithm was developed in 2020 based on the market's highest standards.

One of the objectives is to better understand the user's search in order to respond in the most relevant way possible. This new algorithm draws on the wealth of content available to Solocal on businesses to determine which ones best match the search in question, and on an analysis of user behaviour to weight the selection/sort parameters through learning.

The algorithm used to select and position search engine-optimised ads (which favourably place businesses that have purchased them) has also been redesigned to better reflect the diversity of products available and to adapt in real time in order to optimise the performance delivered.

This new algorithm was deployed on a part of the searches starting in September 2020, and will continue to be deployed in 2021 on the different search types.

The new algorithm returns more relevant answers and is also faster and less resource-intensive, regardless of the search mode used; although text searches are still the most common, they are assisted by autocomplete suggestions that make it easier for the user to enter data. Map-based search offers a more precise and interactive definition of the targeted geographic area. Lastly, geolocalised search is widely used for on-the-spot searches on mobile devices to quickly find shops and businesses in the user's vicinity.

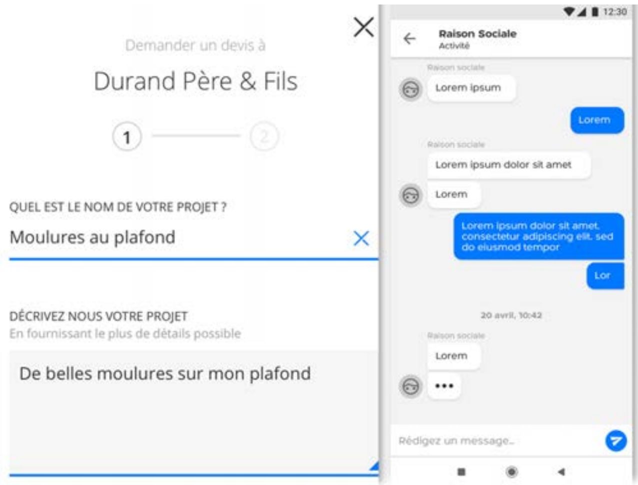


Before fully deploying the new search algorithm, Solocal completed the display of responses on the most searched for activities with intuitive contextual filters, highly visible at the top of the results list, allowing the user to easily hone their search and more readily identify the most suitable business.

Alongside the development of the new application and the new search engine, PagesJaunes also continued to improve, for example via new advertising formats in the response list, and the introduction of new functionalities, detailed below, to facilitate user-business connections.

- launch of messaging technology that allows the user to contact the business directly. In order to compile messages from various sources such as Facebook and PagesJaunes, Solocal turned to an external partner (Smooch by Zendesk) for a fast and efficient integration that provides added value to PagesJaunes businesses and users alike;
- implementation of the 'request a quote' feature for users.

These features have been developed in PagesJaunes and Solocal Manager to enable businesses to access them centrally.



Furthermore, the integration of the appointment scheduling feature based on ClicRDV was complemented with new features such as the multi-calendar and the management of services. This integration is still under way in 2021 and will offers PagesJaunes users a path that is still set in the PagesJaunes universe, with new features.

Lastly, in the wake of the Covid lockdown and the widespread adoption of digital technology by small retail businesses, PagesJaunes created a click & collect solution. The first form-based version was quickly complemented by a more advanced solution offering all the usual e-commerce features via the integration of the e-commerce component in our websites using their APIs, thus offering a user experience within the PagesJaunes universe. Also introduced were real-time communications between Solocal Manager and PagesJaunes, allowing businesses to publish and communicate news and promotions with regard to their activity.

All of the above transactional functionalities are developed within the same API and decorrelated from the business's other information. Accordingly, each new transactional functionality is independent of the others, while benefiting from a shared pre-configuration.

Solocal and PagesJaunes adapt to the health crisis

The health crisis represents a challenge for shops and businesses forced either to close completely, or to open partially under certain conditions. In response, Solocal freely provided a number of technical solutions to help these players during lockdown periods.

In addition, Solocal rapidly launched new features to help small businesses to sustain their activity:

- real-time update of business hours on Solocal Manager and publication of information on Internet media;
- a calendar and reservation system consistent with sanitary measurement rules to adjust footfall to the store.

Meanwhile, the Media R&D teams, using an Agile approach, responded to events and adapted deliverables and the roadmap to develop features meeting the needs of stores open during lockdown (e.g. information on store delivery or pick-up possibilities), as well as those of screening centres (real-time updates). The development of the e-commerce module required a certain degree of adaptation, both on the technological and organisational levels.

Solocal Manager now features a customer relationship management (CRM) functionality

Solocal Manager received an ergonomic overhaul in 2020 and 2021 and now offers smoother, user-centric navigation, taking into account businesses' behaviour and expectations so that they can take full advantage of Solocal services via a single application.

Solocal Manager becomes a powerful communication tool. Several new features based on customer relationship management have been introduced:

- SOLOCAL CRM (January 2021): a CRM component enabling businesses to manage their customers and prospects, and to make full use of marketing campaign possibilities;
- push notification and to-do list.

Solocal Manager also mirrors the services launched on PagesJaunes: businesses can, in a centralised manner:

- respond to requests for quotes;
- respond to click & collect requests;
- respond to instant messages from PagesJaunes or Facebook users.

In addition, Solocal Manager has benefited from the following improvements:

- development of functionalities for review requests with support for businesses' to-do list to improve their digital presence, and with push notifications;
- launch of a Single Sign-On (SSO) functionality across the various platforms, and a function for managing permissions and authorisations;
- development of forms for receiving briefings directly from Solocal Manager.

Automation of the Website Factory's SEO recommendations

Solocal has developed a tool to industrialise the structuring of websites, pages and SEO keywords based on activity criteria.

Furthermore, the "SoOptimo" tool was launched to automatically assess the SEO performance of the websites produced for our pros, allow continuous monitoring and trigger corrective actions.

Information system efficiency gains

Solocal Group has implemented a new salesperson telephone and customer service system to automate campaign phone calls and increase the salespersons' productivity.

The Group has also developed and automated algorithms in order to score prospects and customers in the scope of new offers.

Finally, a digital self-audit integrated into the solocal.com website was developed and implemented in 2020.

1.3.6 PAGESJAUNES MEDIA PLATFORM

Every month, one in every two Internet users (aged 35 and over) consults the PagesJaunes website or mobile app.

Ranking among France's top 20 most popular digital brands, PagesJaunes is the French digital reference for connecting private individuals and businesses. PagesJaunes represents one of Solocal's major digital services, with an average 21 million unique visitors per month in 2020 producing 670 million visits directly on its site or mobile app, and 280 million contacts (phone calls, quote requests, etc.) with the 4.7 million businesses listed.

In 2020, PagesJaunes adapted to **respond to new forms of consumption among French people, spurred by the health crisis**. For PagesJaunes, 2020 marks a turning point in its transformation and lays the first foundations for a marketplace with 3 new services that facilitate exchange between professionals and consumers:

- **Click & collect**, allowing consumers to order, pay online and pick up their purchases;
- **Instant messaging** to interact with businesses more easily;
- **Quotes, where consumers can ask the pro for the price of a given service, and further information.**

These services complement an extensive list of features that are particularly appropriate in the current context, including:

- **Online appointment scheduling**, to avoid having to queue, and to comply with government in-store footfall regulations;
- **Newsfeed**, open to all businesses, now better structured to highlight information and events, business hours, and updated in line with health restrictions.

During this period[1], all of these services were made freely accessible to all businesses listed on PagesJaunes.

2020 also marks the **assertion of our local positioning**, close to consumers and neighbouring shops and businesses, with a new graphic charter that is being gradually deployed and that can be seen right from the PagesJaunes home page. Every 15 days, a new business is headlined on PagesJaunes and one of their services highlighted (click & collect, appointment scheduling, instant messaging, etc.).

Another landmark in 2020 comes with the **new app**, accessible in beta mode on the download platforms, to allow users to co-build – alongside the PagesJaunes teams – a service that will best meet their needs.

Delivering rich and fresh content on PagesJaunes continued to be among the priorities to shore up the app's new positioning and the search experience on both the app and the website. Concerning user-generated content (reviews, photos), the paths for posting reviews and photos are simple and accessible to all, and the review syndication partnerships with recognised players mean that there are currently almost **14 million reviews** on PagesJaunes. Concerning content generated by businesses/professionals (photos, replies to reviews, business hours, specific information, etc.), the update of the news proposed for free to businesses/professionals during the first lockdown (previously reserved to Solocal customers) allowed all to complete their content with news, special offers, events, etc. for unequalled content scope and freshness. Since June 2020, the artificial intelligence solution provided by Microsoft (a Solocal partner) for automatically moderating professionals' photos has helped to optimise quality and processing time, and place businesses online in real time.

Drawing on technical investments made in recent years, PagesJaunes offers **a website and app that are powerful and reliable** thanks to the flexibility of their technical base which accommodates numerous optimisation tests and regular updates. A great deal of content is now published in real time (photos submitted by businesses, business hours, news), while the transfer of the servers to the cloud rendered the platform 99.95% reliable in 2020!

Lastly, so that all our users can benefit from a suitable PagesJaunes service, developments have been made to foster the accessibility of the website and app.

With an **8-point increase over 2019**, PagesJaunes' 2020 **NPS**[2] gained 6 points, placing it in 4th position in its competitive universe (behind Doctolib, Google & Google Maps).

In 2021, the strategy initiated at the beginning of 2020 will follow the same course.

In 2021, all users will be offered the new app reflecting PagesJaunes' new positioning. This app will deliver an upgraded navigation experience and a new graphic layout: the map will be firmly to the fore to visually locate shops and small businesses more readily, with the possibility for the user to define their town and to display – right from the home page – local professionals with specific content (promotions, events, etc.), best-rated establishments, etc.

To optimally serve and support our users, personalised push notifications will sparingly punctuate their experience based on the actions they perform on PagesJaunes and on their location (X/Y). For example, after scheduling an appointment online with a beauty salon, one month later the user will receive a reminder push notification to schedule another appointment.

(1) Lockdown offer composed of Click & Collect, Appointment Booking, Instant Messaging and Newsfeed. Services offered free of charge and without obligation to professionals between the first week of November 2020 and 31st March 2021.

(2) NPS: Net Promoter Score – see definition p. 311.

In this respect, it is important to recall PagesJaunes' concern for personal data management, and complete compliance with the GDPR.

Transactional services are still among PagesJaunes' priorities in order to provide its users with the best experience and facilitate their daily lives, while improving the ROI[1] of Solocal's customers... 2021 will be marked by our stated ambition to become a **top-tier player for online appointment scheduling in the beauty sector**. This objective will mobilise Solocal's strengths. It will hinge on a new specific offer that brings together solutions dedicated to Beauty professionals (appointment scheduling, POS software, customer marketing, etc.) on the one hand, and on France's biggest Beauty audience network through the combined power of PagesJaunes – France's leading search engine in the Beauty sector, and the network of Solocal partners, on the other. Internet users will get to benefit from a new Beauty experience on the PagesJaunes website by the middle of the year.

PagesJaunes will continue to optimise the **performance of its search engine** via much more sophisticated algorithms, as well as through the knowledge of its users, to offer for a more appropriate, personalised response. The efforts on Content will continue the course set in 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, Amazon 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

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.

These are the partnerships on which the PagesJaunes Connect and Priority Ranking offers will rely to allow customers to manage and develop their visibility on media of our partners.

Beyond informative content, Solocal is gradually deploying its transactional solutions (booking, appointment scheduling, etc.) with its partners, as illustrated by the Reserve with Google partnership, established in 2018, and the 2020 deployment on Bing and Apple, where PagesJaunes is one of the few players to benefit from this kind of integration. These deployments help to increase the number of bookings and appointments generated for subscribers to the Connect offers on their transactional component, and the number of appointments scheduled via ClicRDV for large accounts.

On 2nd November 2020, Solocal announced the sale of Mappy to RATP Group. Through this agreement, RATP Group becomes a long-term strategic partner for Solocal. Accordingly, the avenues of cooperation surrounding mapping, PagesJaunes content and priority ranking, data and offers dedicated to large accounts are now subject to contracts that bind the two companies.

(1) *ROI: Return on Investment, see definition p. 311.*

Partnerships in digital advertising

Solocal integrates the advertising products offered by its partners in turnkey digital advertising solutions like Booster Contact, making them accessible and effective for VSEs, SMEs and large network accounts thanks to Solocal's technologies and expertise, 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

- Google Ads reseller contracts, partnership since 2013 – "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; partnership since 2018;
- Cloud collaboration.

Microsoft Bing

- partnership based on the supply of local content (PagesJaunes) on Bing since 2010;
- Microsoft Advertising reseller, partnership since 2011 – "Elite Channel Partner" certification;
- Cloud collaboration.

Apple

- partnership based on the supply of local content (PagesJaunes) on Apple Maps, Siri, Spotlight and Safari since 2015.

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 since 2018;
- support in developing a PagesJaunes skill on Alexa.

1.3.8 AUDIENCE

The Company's activity is mainly underpinned by its two brands:

- **PagesJaunes:** the French leader in communications and local digital advertising, PagesJaunes is Solocal's most visited media platform, with more than 1.9 billion visits in 2020. Its audience is based on:
  - its **proprietary media**, which represent a constant source of intent-driven data and leads for businesses. Audiences come from users' direct access to digital media (direct access via the website and app, and search for our brands on a search engine) and via search engines thanks to SEO (search for our content);
  - its **special partnerships** with global Internet players such as Google, Bing (Microsoft), Apple, Yahoo! or leboncoin, and more than 150 other partners who recognise the quality and scope of Solocal's local content. Solocal provides local content displayed on the sites of its partners, and generates visits and leads for the Company's listed shops and businesses. In addition, Solocal can also occasionally develop its audience through the purchase of advertising (mainly on Google, Bing, Facebook and Instagram). Solocal benefits from these partnerships to improve the relevance and accuracy of its database.

(more details on partnerships are given in paragraph 1.3.7)

- **Mappy:** acquired by Solocal in 2004, then sold in November 2020, Mappy provides geographic services, including maps, travel planners, geographic representations, local searches and GPS navigation. In 2020, Mappy generated some 289 million visits (251 million up until its divestment at the end of October).

  Mappy's audience comes exclusively from its website and its apps.

In 2020, Solocal recorded over 2.4 billion visits on its desktop and mobile Internet platforms. On average, this audience covered 48% of all Internet users in France (i.e. its reach). Solocal thus figures in France's top 20 most visited desktop and mobile websites (Solocal's average ranking on Médiamétrie Nielsen from January to December 2020). Following the sale of Mappy, part of this audience will no longer appear in the 2021 results.

The audience levels of the Company's main platforms in 2019 and 2020 (audience from proprietary media and partnerships) are presented in the table below (source: AT Internet):

(millions of visits)	2019	2020	Change
PagesJaunes	2,029	1,877	-7%
of which mobile	*913*	*772*	*-15%*
Mappy	357	251*	-18%**
of which mobile	*190*	*168*	*-13%*
Ooreka	178	133	-25%
of which mobile	*97*	*74*	*-24%*
Others	115	111	-3%
of which mobile	*49*	*22*	*-55%*
TOTAL	**2,679**	**2,372**	**-10%***
of which mobile	*1,249*	*1,036*	*-15%***
of which fixed	*1,430*	*1,336*	*-5%***

* *Until 31st October 2020, after which the Mappy subsidiary was sold.*

** *Change in Mappy audience between 2019 and 2020 calculated on a comparable basis, from January to end-October.*

1.4 Sector Overview

1.4.1 THE MAIN DRIVERS OF DEMAND

1.4.1.1 The markets for transactional & relational presence (Connect) and website development (Websites)

1.4.1.1.1 Under-digitalisation of French VSE and SMEs

The markets for relational & transactional presence and website creation are impacted by a number of factors.

While France currently represents Europe's second-biggest market for online sales, its businesses are lagging behind their European counterparts in terms of digital transition. Only 71% of French SMEs have their own website, compared with the European average of 77%, and even 94% for Denmark (source: Eurostat 2019). Those that lag furthest behind are French VSEs, especially artisans and merchants. Only 9% of French merchants offered an e-commerce sales channel in 2020, dropping to a mere 3% for independent catering professionals (source: Epicery).

More broadly, whereas 88% of French people purchase and pay online, only 1 SME in 8 sells online. The French market is therefore hurt by a real discrepancy between the digital maturity of consumers and that of VSEs/SMEs (sources: Médiamétrie 2020; Senate Information Report, "*Accompagnement de la transition numérique des PME : comment la France peut-elle rattraper son retard*" [Supporting the digital transition of SMEs: how can France catch up], 2019).

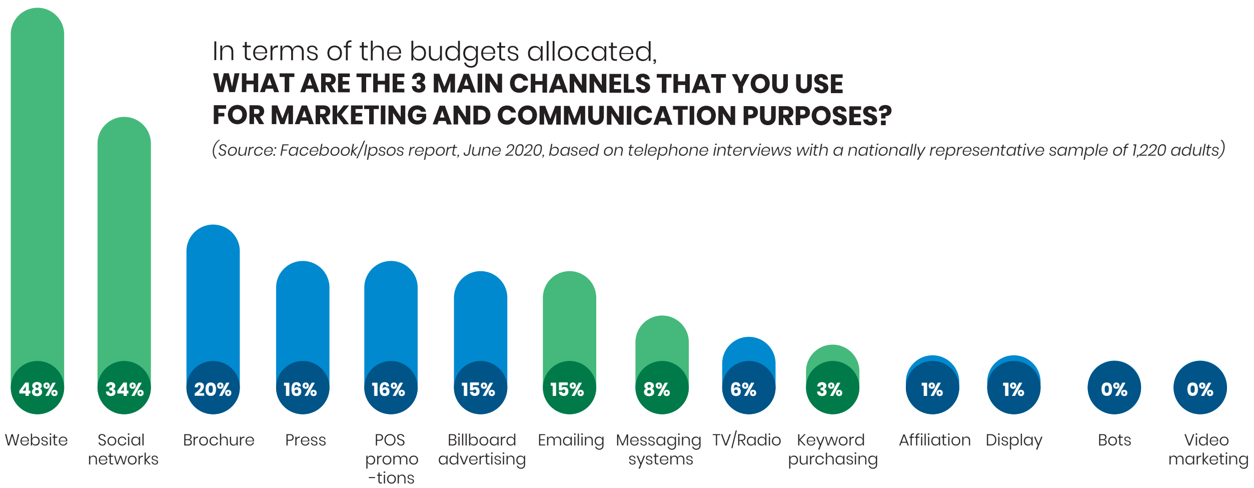
Moreover, the Covid-19 health crisis has highlighted the need for businesses to engage their digital transformation in order to survive: "*If they want to survive, [French] businesses must step up their digital transition*" (Cédric O., French Secretary of State for the Digital Sector).

1.4.1.1.2 VSE/SMEs more inclined to digitalise

Despite lagging behind, French VSEs and SMEs are increasingly aware of the opportunities provided by digital technology. Most even consider that their online presence is essential for ensuring their visibility and identifying new customers.

Digital technology is also perceived as being of real benefit for their company, and as a real facilitator to communicate with customers (source: Study DGE / France Num, March 2020).

Accordingly, companies are giving increasing priority to digital technology, investing most of their marketing budget in online channels, notably websites and social media (see the chart below). In fact, most new e-commerce website creations now concern VSEs and SMEs (source: LSA, "*L'e-commerce à l'heure du bilan*", February 2020).



1.4.1.1.3 Digitalisation forcibly imposed by the health crisis

The health crisis has heightened awareness and increased adoption of digital uses.

Online selling and click & collect services were the logical response to the closure of so-called "non-essential" stores during the lockdowns, especially for local food retailers. During the crisis, these sales channels helped to cushion the economic blow for physical stores in all sectors of the economy.

Selling on online marketplaces also allowed many VSEs and SMEs to limit the drop in their business over the period.

In addition, teleconsulting and online appointment booking, in particular for medical consultations, became widespread.

In this context, the entire ecosystem rallied round to support the digital transition of companies, especially small businesses. All sorts of initiatives to provide support with digitalisation were taken (free offers, training, etc.). Government authorities also helped in this respect with the deployment of platforms providing assistance to businesses for their digitalisation (practical guides on the "France Num" portal) and financial support for closed companies (digital cheque) and local authorities.

1.4.1.1.4 Businesses need support in order to digitalise their activity

Concerning support required by VSEs and SMEs, more than 1 in 2 seek support with the implementation of their digital transformation, 4 in 10 seek solid training beforehand, and 1 in 3 seek tools and services that are tailored to the specificities of their activity, as well as financial support and assistance in the training of their teams (source: Ipsos for Facebook, June 2020).

1.4.1.1.5 Consumer uses have already evolved

The rise in online sales

Reflecting profound changes in consumer and buying behaviours, online sales of products and services have increased fourfold in the last 10 years in France, breaking the historic €100 billion barrier in 2019 (source: Fevad).

Online purchases concern all sectors and all players – small, large, new or existing. While the online average cart price in France is constantly shrinking, reflecting the widespread adoption of online buying, the number of online transactions continues to grow, driven by the increasing number of offers including free delivery, and the ramp-up of unlimited delivery services (source: LSA, "*L'e-commerce à l'heure du bilan*", February 2020). The increasing use of smartphones also spurs online sales, by offering consumers the ability to prepare, order and track their purchases while on the move.

Digital practices compelling businesses to control their digital visibility and customer interactions

Controlling one's digital visibility has become a key challenge for all businesses, whether for selling online or attracting customers in-store. Accordingly, almost 90% of e-commerce merchants have noticed a direct impact of their website on their stores, both in terms of increased in-store footfall and revenue, and wider catchment area (source: Oxatis survey, "*Le profil du e-commerçant*" *[The profile of the e-commerce merchant], February* 2020).

Similarly, e-reputation is now a major, strategic issue for businesses, with an impact on brand image, customer relations and SEO, i.e. digital visibility. Today, nearly 90% of consumers read online reviews before making a purchase (source: Ifop study, 2015), and consumer reviews rank in 3rd position of information search channels on products and services behind search engines and social networks (source: Global Web Index).

Furthermore, consumers place increasing importance on having a personalised, quality customer experience, with the need for extensive interaction. The growing success of chatbots in recent years illustrates this trend; more than 80% of businesses were set to have a means of automating customer interactions by 2020 (source: Oracle study, 2016). Companies' increased spend for CRM tools, automation marketing and inbound marketing to put an end to non-targeted, non-relevant mass mailing campaigns are also indicative of this underlying trend.

1.4.1.2 The digital advertising market

France's digital advertising market is driven by the vitality of a number of factors, including increased mobile uses, the success of online video, and the increasingly widespread use of social media. The health crisis has boosted these trends.

Ramp-up in mobile and video uses

Now at the core of French people's digital uses, the smartphone is continuing on its upward trend and squeezing out the PC as the preferred device for surfing the Internet, as most people now wish to be permanently connected. The development of 5G high-quality mobile networks also strengthens this trend for growing mobile Internet use (source: "*Baromètre du numérique*" 2019, Arcep).

Meanwhile, fuelled by increasing consumer demand, an ever-wider offer of content, and fierce competition between the platforms, online video is also continuing its ascension.

Ramp-up in social media users

Social media platforms are playing an increasingly important role in the daily lives of Internet users. Boosted by the growing use of Facebook, Snapchat and Instagram, social media have become an unavoidable means of communication, especially among young people (source: "L'Année internet" 2020, Médiamétrie).

Uses strengthened by the Covid crisis

The Covid crisis and successive lockdowns have spurred the explosion in these uses (online video, social media, instant messaging, etc.) and the profound change in consumer behaviours, across all age groups. Indeed, these uses allowed French people to stay in touch with close ones, entertain themselves and stay informed, as well as fostering working relations in the scope of professional networks (source: Social Life 2020, Harris Interactive).

In parallel to these exogeneous growth engines, changes inherent to digital advertising have fuelled this market's momentum:

The ever-increasing weight of programmatic advertising

Spend in programmatic advertising, i.e. inventory sold via automated connections between buyers and sellers, and allowing agencies and advertisers to target their audiences automatically and more effectively with personalised, creative content, accounted for 80% of Solocal's Display & Social revenue in 2020 (vs. 78% in 2019 and 75% in 2018).

Multiple advantages over traditional advertising

The advantages to be gained by companies from digital advertising over traditional advertising further consolidate its increased momentum. Companies get to benefit from access to a very wide audience (local, national, international), can target a highly specific consumer audience (focused on centres of interest, tastes, purchasing behaviour), and precisely track and optimise the performance of the actions carried out (source: SIMBA Digital).

1.4.2 OUR MARKETS

1.4.2.1 The relational and transactional presence market (Connect)

Given the Connect offer's functional breadth, the relational and transactional presence market on which Solocal is positioned is far from being clearly defined. In fact, it is more an aggregation of multiple sub-markets with diverse dynamics, often divided between offers for large accounts versus offers for VSEs and SMEs, and/or non-specialist offers versus vertical offers (intended for a single category of activity).

1.4.2.1.1 Presence management

There are two main types of offer concerning presence management: those that target large accounts, and those that target VSEs/SMEs.

While the large accounts segment is dominated by a handful of major international players, Solocal, with more than 100,000 customers, is the leader on the VSE/SME segment.

This market's potential is substantial, considering:

- the weight of local searches in internet users' searches: 97% of consumers use the Internet when searching for a local business (source: Hubspot);
- the still small share of businesses properly referenced on local websites: on average, 54% of sales points in France are not referenced on the local websites used by Internet users to find them, and even when they are, their information is incomplete or invalid in half of all cases (source: Partoo).

1.4.2.1.2 Online reviews and e-reputation

The market for online reviews covers a large number of players, organised between:

- Players with their own media:
  - non-specialist players, such as Google or PagesJaunes;
  - vertical players focused on a specific vertical market, such as Booking or Tripadvisor;
  - pure players specialised solely on certain types of businesses, such as Trustpilot or Avis Vérifiés;
- Players that centralise reviews via a single interface, usually operating in SaaS mode, such as Partoo.

The e-reputation market continues to gain ground thanks in particular to the growing importance of reviews for consumers and e-commerce merchants.

1.4.2.1.3 Instant messaging

For its part, the instant messaging market comprises:

- Free offers developed for businesses by global messaging platforms like Facebook, Whatsapp, Google and Apple, adapted to all structure sizes;
- Client messaging software solutions integrated in SaaS customer service management platforms, such as Zendesk, which essentially target large accounts and SMEs with a large volume of customer requests.

This market offers bright growth prospects considering that:

- Instant messaging is still largely under-used by French companies in interactions with their customers. To date, a mere 14% of French VSEs/SMEs claims to use an instant messaging solution to communicate with their customers (source: Ipsos June 2020, *"La transformation numérique: une opportunité de croissance pour les TPE/PME françaises"* [The digital transformation: a growth opportunity for French VSEs/SMEs]);
- Messaging, which is, on average, three times less costly than a call centre, is a particularly profitable customer relationship channel;
- Consumers appreciate this mode of communication; 53% are more likely to purchase with a brand offering this service (source: Nielsen).

In fact, Gartner predicts that 70% of customer interactions will involve chatbots or mobile messaging by 2022, compared with a mere 15% in 2018.

1.4.2.1.4 Click & collect

Click & collect is a selling method where the customer can book or purchase available products online, then come to the corresponding store to pick them up.

Revealing an upheaval in purchasing behaviours, and increasingly adopted by VSEs/SMEs, click & collect is now France's third biggest delivery mode for online sales. Its popularity has grown continually in all sectors, and received a huge boost in the wake of the health crisis, advancing from 28% of users in 2019 to 41% in 2020 (source: Fevad).

A multitude of players of various sizes, both specialist and non-specialist, have appeared in recent years on the strength of the upswing in this purchasing mode.

It is made available to businesses through two main categories of players:

- Publishers of e-commerce solutions in SaaS mode, such as Wix and Rapidle;
- Marketplaces, such as Amazon and Epicery.

SaaS solutions	NON-SPECIALIST SOLUTIONS		SOLUTIONS WITH SPECIFIC BUSINESS-RELATED FEATURES	
Marketplaces	Non-specialist marketplaces	Marketplaces for local shops	Marketplaces for restaurants	Marketplaces for local authorities

1.4.2.1.5 Online appointment scheduling/booking

The market for online appointment scheduling/booking revolves around two player profiles:

- Non-specialist SaaS platforms, such as Agendize and rdv360;
- Vertical players, such as Doctolib and TheFork.

This market's growth is driven by an increasingly large number of vertical firms, particularly in the sphere of healthcare and beauty, in which Solocal is specifically positioned.

Appointment scheduling in the healthcare sector

With more than 1.2 million healthcare professionals (source: INSEE 2017), France has a large market for online medical appointment scheduling, currently booming in the midst of the Covid-19 health crisis.

Founded in 2013, Doctolib is the sector's leader with a market share of more than 90% (in terms of number of healthcare professionals listed on the platform, source: Le Guide Santé 06/2020), and totalling 250 million appointments in 2019 (source: Le Parisien 02/2020).

Appointment scheduling in the beauty sector

The digital revolution concerns businesses operating in the beauty sector, like any other commercial activity. Still relatively young, the market for online appointment scheduling solutions in beauty care is rapidly expanding, as illustrated by the recent acceleration of several leaders in the sector, and the increased number of mergers-acquisitions and operations for raising funds.

According to our estimates, this market comprises some twenty small-sized players (i.e. with an annual revenue of less than €5 million).

1.4.2.1.6 Online quotes

The market for online quotes is split between:

- SaaS platforms for non-specialist billing, such as Henrri, or specialist billing, such as Tolteck;
- Vertical intermediation platforms where online quotes are one of the main functionalities, such as Vroomly and Travaux.com

This market's growth is partly driven by an increasingly large number of vertical firms, notably in the construction and housing sector, as well as in automotive and car dealerships/garages, in which Solocal is specifically positioned.

Online quotes in the construction and housing sector

The intermediation platforms that provide an online quote service in the construction and housing sector represent a market which we evaluate at €100 million. In the past few years, this sector has picked up considerably in terms of platform acquisitions, creations, and fund-raising operations. According to the CAPEB French employers' organisation, between 15 and 20% of contractors have signed up with a works platform.

The sector's legacy leaders, who account for nearly 50% of the market, must now contend with the dynamics and rapid development of a multitude of innovative and agile intermediation platforms that already benefit from double-digit growth.

Online quotes in the automotive and car dealership/garage sector

The market for online quote solutions in the automotive and car dealership/garage sector is split between offers from car centres intended for consumers, and offers from intermediation platforms intended for independent car dealerships/garages.

The independent dealership/garage segment is relatively young, with an estimated value of €10 million. The rapid growth of the sector's two leaders, namely Vroomly and iDGarages.com, underscores the buoyancy of this market.

1.4.2.1.7 CRM solutions

The market for CRM solutions in the broad sense includes solutions for managing the customer relationship and customer experience. This market comprises:

- CRM offers for large and intermediate-sized companies and very large SMEs, such as SalesForce, SAP and Oracle;
- CRM offers for VSEs/SMEs, such as noCRM.io and pipedrive.

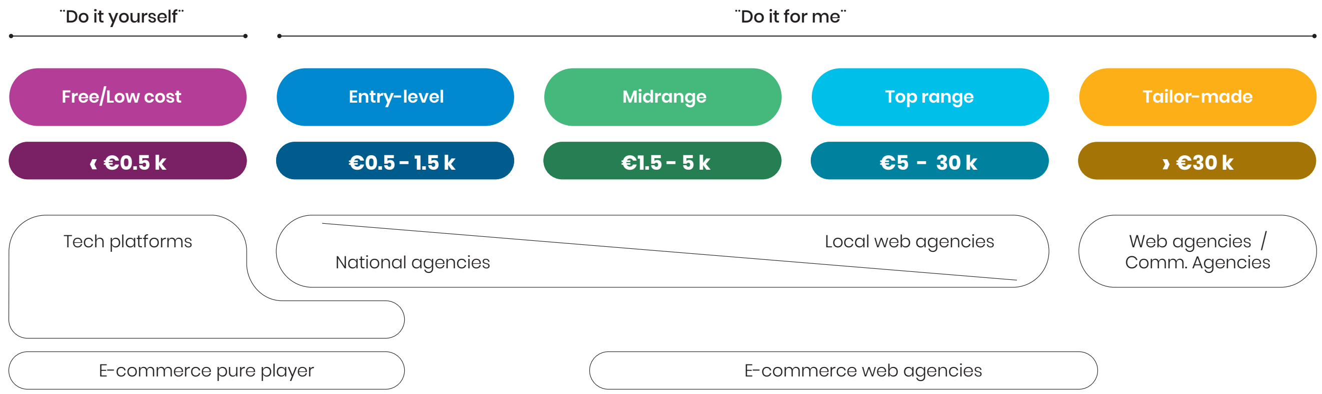
The value of the CRM solution market is estimated at €1 billion (source: IDC France 2017). This market is still highly fragmented, with more than 50% dominated by small, bespoke CRM solutions or business solutions (source: Gartner). Moreover, this market has considerable potential, considering that 73% of SMEs do not yet use a CRM solution to manage their customer relations, and 55% of French pros are ready to invest in one (source: Capterra 2019).

Driven by the vitality of the cloud and SaaS solutions, this market continues to grow at a pace of around +15% per year (source: Gartner).

1.4.2.2 The website development market

Businesses have two main alternatives when they come to create their website:

- Do It Yourself (DIY) offers, mostly in the form of tech platforms like Wix or Weebly;
- Do It For Me (DIFM) offers, or turnkey offers, on which Solocal is positioned. These offers are mostly proposed by local and national web design agencies (either independent or affiliated with a communication group) that offer their expertise in digital communication and marketing.



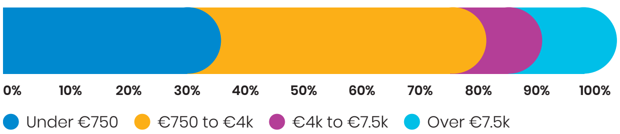
Source: Solocal.

On the VSE segment, Solocal estimates that its addressable market comprises between 1.1 and 1.7 million VSEs, including:

- those without a website, but that plan to create one;
- those with a website, seeking to optimise it;
- those with a website, seeking to overhaul it.

According to France Pub, more than three quarters of annual investments in website development (creation, update, referencing, optimisation) by local advertisers amounted to less than €4,000 in 2019.

Investments in website development



In addition, on the basis of 565,000 local and regional advertisers (representing approximately 95% of expenditures in local communication in France), France Pub calculates that the investments made to develop websites and applications totalled around €520 million in 2019.

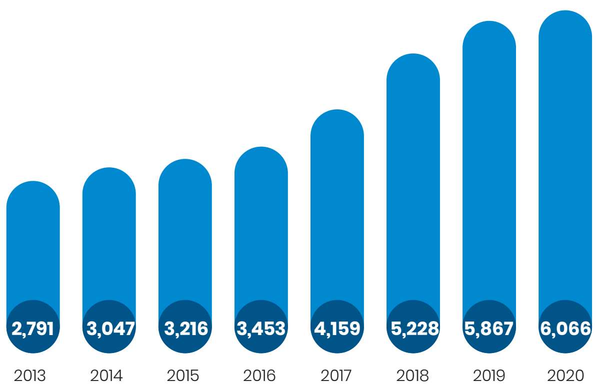
1.4.2.3 Digital advertising market (Booster)

In 2020, the digital advertising market increased by 3% to €6.1 billion, according to the Oliver Wyman / SRI digital advertising annual observatory. After a sharp decline in H1 (-8%) in the wake of the health and economic crisis, the market bounced back in the second half, gaining 13%.

For all that, 2020 saw a slowdown in the digital advertising market which, between 2013 and 2019, had increased by an average 13% each year.

Digital advertising market in France

Revenues in millions of euros, all components combined



Source: Oliver Wyman / SRI digital advertising annual observatory (February 2021)

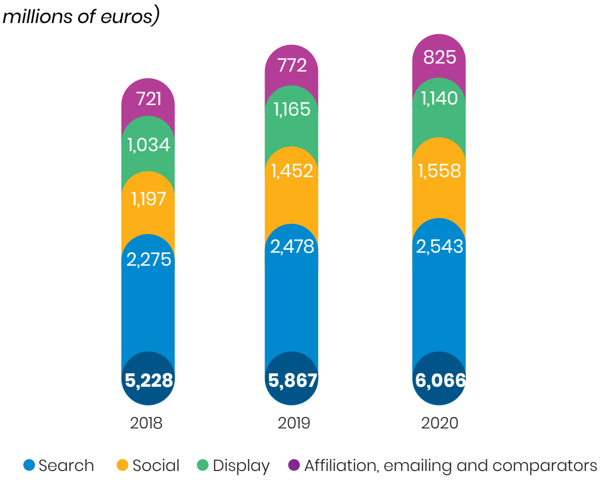
The digital advertising market is split between the following components:

- **Search**, also called SEA (Search Engine Advertising), i.e. all advertising means and techniques used to promote the visibility of commercial offers, websites or other content on a search engine's paid results pages, via sponsored links.
  - Search accounts for 42% of the digital advertising market.
  - In 2020, Search revenues increased by 3% to €2.5 billion, including very significant growth in Retail Search (+32%), which represents 10% of Search.
- **Social**, i.e. all of the advertising means and techniques used to promote the visibility of commercial offers, websites or other content on social media platforms (Facebook, Instagram, LinkedIn, etc.).
  - Social accounts for 26% of the digital advertising market.
  - In 2020, Social revenues increased by 7% to €1.6 billion.
  - Social is mainly mobile; mobile devices account for 94% of revenues.
- **Display**, i.e. all of the marketing means and techniques used to promote the visibility of commercial offers, websites or other content on third party websites via image or video banners.
  - Display accounts for 19% of the digital advertising market.
  - In 2020, Display revenues increased by 2% to €1.1 billion.
- **Affiliation, emailing and comparators** form their own set of marketing means and techniques.

  These other components represent 14% of the digital advertising market. In 2020, they grew by 7% to reach €0.8 billion.

Trend in revenues by component

(in millions of euros)



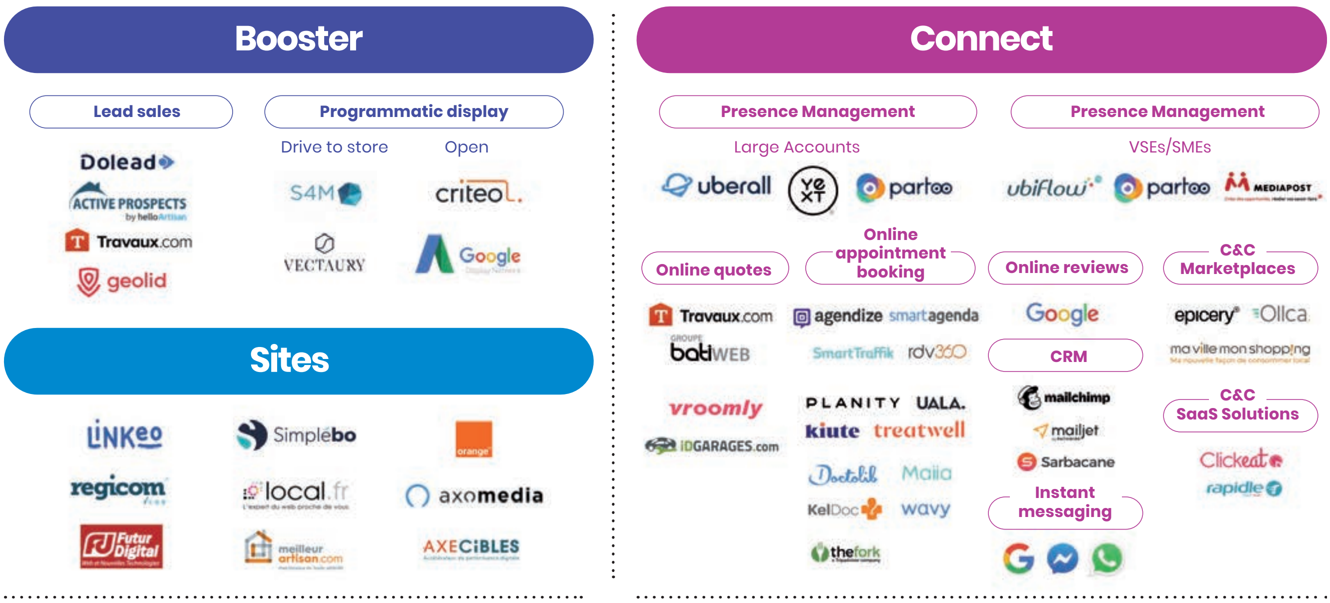
Source: Oliver Wyman / SRI digital advertising annual observatory (February 2021, January 2020)

The Oliver Wyman firm estimates that France's digital advertising market will grow by +7% in 2021, corresponding to a market with a total estimated value of €6.5 billion.

1.4.3 THE MAIN PLAYERS IN OUR MARKETS

Given the extent of its range of digital solutions for local businesses, Solocal is operating in an extremely disparate competitive environment, comprising the following categories of players:

- **GAFAM giants** (Google, Apple, Facebook, Amazon, Microsoft) who 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 GAFAM giants;
- **Web agencies**, like Regicom, who 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 these agencies;
- **Adtech firms** like Criteo or Vectaury, who provide specific media solutions based on technology, such as retargeting or the sale of programmatic advertising inventory. Solocal holds a substantial amount of proprietary data on the consumption intentions of internet users, and benefits from unique proximity with local businesses, allowing it to offer more efficient products better adapted to the needs of customers;
- **SaaS players**, who offer extremely diverse digital solutions such as website creation (Simplébo), digital solutions marketplaces (Wix) or CRM (Hubspot). Solocal believes that the breadth of its range of digital services brings it additional legitimacy for assisting with the digitalisation of VSEs and SMEs;
- **Vertical media firms** that are specialised in a well-defined sector (healthcare, beauty and home, etc.) and offer B2B services (e.g. TheFork for restaurants, Doctolib for healthcare, and Planity for beauty). Solocal believes that, on the strength of its massive audience and special partnerships with the main players in the digital realm, together with the diversity of its relational and transactional services, it can offer both an exhaustive presence on the major internet hubs and an optimised user experience well suited to the local business sector.



1.5 ACTIVITY REPORT AS AT 31st DECEMBER 2020

1.5.1 OVERVIEW

Solocal Group operates its business in the operating segment "Digital" sector, its only operating sector since the "Print" activity was discontinued in November 2020. This activity is recognized and accounted for as discontinued operations under IFRS 5.

The Digital activity generated revenue from continued activities of €432.8 million as at 31st December 2020. The Digital activity can be broken down as follows:

- the Connect offer allows VSEs and SMEs to manage their digital presence on PagesJaunes and the entire Web (several dozen media in total including Google, Facebook, Bing, Tripadvisor, Instagram, etc.) in a few clicks, in time real and in complete autonomy, via a single mobile application, or a web interface. This offer also facilitates the management of interactions between professionals and their customers thanks to several relational functions (instant messaging, formulation of quotes, appointment setting, Click & Collect, etc.). Connect represents a turnover of €108.5 million for fiscal year 2020 and is marketed in subscription mode with automatic renewal;
- the Booster offer allows companies to increase their digital visibility beyond their natural presence on the entire Web, with a view to developing local market shares. This offer includes, among other things, the Priority Referencing service launched in the third quarter of 2019 and represents sales of €258.5 million in fiscal year 2020;
- regarding the Sites range, Solocal offers its clients the possibility of creating and referencing their site, according to different budget levels, always in subscription mode with automatic renewal. This offer represents a turnover of €65.8 million for the financial year 2020.

  Intended for VSEs / SMEs, the Connect and Booster ranges are also available for Major Network Accounts.

1.5.2 COMMENTARY ON THE RESULTS AS AT 31st DECEMBER

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

During the first half of 2020, the Group divested from the Spanish subsidiary QdQ – Optimizaclick – Trazada representing a revenue of €3.3 million and an EBITDA of +€0.2 million in 2020.

During the second half of 2020, the Group divested from the subsidiary Mappy that represented a revenue of €1.3 million and an EBITDA of -€4.0 million in 2020.

Consolidated income statement for periods ended as at 31st December 2020 and as at 31st December 2019

	As at 31st December 2020					As at 31st December 2019					
			Continued activities					Continued activities			
(in millions of euros)	Consoli-dated	Divested activities	Total	Recur-ring	Non recur-ring	Consoli-dated	Divested activities	Total	Recur-ring	Non recur-ring	Change Recurring 2020 / 2019
Revenues	437.4	4.6	432.8	432.8	-	525.4	24.1	501.3	501.3	-	-13.7%
Net external expenses	(125.0)	(3.8)	(121.2)	(120.7)	(0.5)	(133.2)	(16.0)	(117.1)	(117.5)	0.4	2.7%
Staff expenses	(200.8)	(4.7)	(196.0)	(196.3)	0.2	(248.0)	(12.6)	(235.4)	(235.6)	0.2	-16.7%
Restructuring costs	4.5	-	4.5	-	4.5	(23.5)	-	(23.5)	-	(23.5)	0.0%
EBITDA	**116.2**	**(3.9)**	**120.0**	**115.8**	**4.2**	**120.8**	**(4.5)**	**125.3**	**148.1**	**(22.8)**	**-21.8%**
as % of revenues	*26.6%*	*0.0%*	*27.7%*	*26.8%*		*23.0%*	*0.0%*	*25.0%*	*29.5%*		*-2.8 pts*
Gains and losses from disposals	(2.2)		(2.2)	(2.2)							
Depreciation and amortization	(64.6)	(2.8)	(61.8)	(61.8)	-	(71.0)	(3.2)	(67.8)	(67.8)	-	-8.9%
OPERATING INCOME	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**49.8**	**(7.7)**	**57.5**	**80.3**	**(22.8)**	**-35.5%**
as % of revenues	*11.3%*	*0.0%*	*12.9%*	*12.0%*		*9.5%*	*0.0%*	*11.5%*	*16.0%*		*-4.0 pts*
Gain from debt restructuring	63.2	-	63.2	63.2	-	-	-	-	-	-	0.0%
Financial income	0.4	0.0	0.4	0.4	-	(0.2)	0.0	(0.2)	(0.2)	-	0.0%
Financial expenses	(61.5)	0.1	(61.6)	(61.6)	-	(44.6)	(0.1)	(44.5)	(44.5)	-	38.6%
FINANCIAL INCOME	**2.0**	**0.1**	**1.9**	**1.9**	**-**	**(44.8)**	**(0.1)**	**(44.7)**	**(44.7)**	**-**	**0.0%**
INCOME BEFORE TAX FROM CONTINUED ACTIVITIES	**51.3**	**(6.6)**	**57.9**	**53.8**	**4.2**	**5.0**	**(7.8)**	**12.8**	**35.6**	**(22.8)**	**50.9%**
Corporate income tax	(6.5)	0.4	(6.9)	(5.6)	(1.3)	(19.7)	0.0	(19.7)	(27.6)	7.9	-79.7%
NET INCOME FROM CONTINUED ACTIVITIES	**44.8**	**(6.2)**	**51.0**	**48.2**	**2.8**	**-**	**-**	**-**	**(14.7)**	**(7.8)**	**0.0%**
NET INCOME FROM DISCONTINUED ACTIVITIES*	**20.8**	**20.8**	**-**	**-**	**-**	**46.8**	**46.8**	**-**	**-**	**-**	**0.0%**
NET INCOME FOR THE PERIOD	**65.6**	**14.6**	**51.0**	**48.2**	**2.8**	**32.1**	**39.0**	**(6.9)**	**8.1**	**(15.0)**	**498.1%**

* *IFRS 5 was applied to Print activity classified as discontinued in 2020; FY 2019 was therefore restated.*

Recurring EBITDA corresponds to EBITDA before taking into 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 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 by IAS 37;

As at 31st December 2020, the amount of non-recurring items stands at €4.2 million.

1.5.2.1 Analysis of the order backlog for continued activities

Revenues

Following the discontinuation of the "Printed" activity, sales consist of only one operational segment, namely the "Digital" activity. Total turnover as of 31st December, 2020 amounted to €432.8 million, down 13.7% compared to turnover for 2019. Digital turnover already secured for 2021 amounts to €248.7 million.

Order intakes

	Continued activities	
(in millions of euros)	As at 31st December 2020	As at 31st December 2019
TOTAL ORDER BACKLOG – END OF PERIOD	**284.2**	**359.9**

The total order backlog amounted to €284.2 million at 31st December, 2020, down -21% compared to 31st December, 2019. The decrease in the digital activity is mainly linked to the impact of the covid-19 health crisis which in particular caused an important drop in order intakes during the first lockdown initiated in March 2020.

Performance indicators of Solocal

	As at 31st December 2020	As at 31st December 2019	Variation
Auto-renewal subscription sales *(as of % of total sales)* (1)	81.0%	44.0%	37.0 points
ARPA (average revenue per advertiser)	1,330	1,360	-2.2%
Audience (PagesJaunes number of visits, in billion)	1,876	2,029	-7.5%

(1) *Solocal SA scope.*
Annual data.

1.5.2.2 Analysis of recurring EBITDA

Net external expenses

Recurring external expenses amounted to -€120.7 million as of 31st December 2020, up 2.7% or -€3.2 million compared to 2019. This increase can be explained by:

- the increase in variable costs relating to the product mix;
- these effects are partially offset by savings linked to the health crisis in particular on travel expenses of the salesforce and the marketing campaigns.

Personnel expenses

Recurring personnel expenses amounted to -€196.3 million as at 31st December 2020, down 16.7% or -€39.3 million compared to 2019. This drop can be explained by:

- the impact of the health crisis on the level of the business for the period which affected variable remuneration;
- the setting up of partial unemployment;
- the full-year effect of the reduction in the number of FTEs carried out as part of the Group's transformation project.

The Group's workforce as at 31st December 2020 is 2,404 people (excluding long-term absence) of which 49% in sales.

Recurring EBITDA

Recurring EBITDA amounts to €115.8 million as at 31st December 2020, down 21.8% or -€32.3 million compared to 2019. The recurring EBITDA rate over revenues thus amounts to 26.8%, down 2.8 points. The drop in this rate reflects a drop in the business which was only partially offset by the drop in fixed costs.

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 for 2020 and 2019:

	As at 31st December 2020					As at 31st December 2019					
			Continued activities					Continued activities			
(in millions of euros)	Consoli-dated	Divested activities	Total	Recur-ring	Non recur-ring	Consoli-dated	Divested activities	Total	Recurring	Non recur-ring	Change Recurring 2020 / 2019
EBITDA	**116.2**	**(3.9)**	**120.0**	**115.8**	**4.2**	**120.8**	**(4.5)**	**125.3**	**148.1**	**(22.8)**	**-21.8%**
as % of revenues	*26.6%*	*0.0%*	*27.7%*	*26.8%*		*23.0%*	*0.0%*	*25.0%*	*29.5%*		*-2.8 pts*
Gains and losses from disposals	(2.2)		(2.2)	(2.2)							
Depreciation and amortization	(64.6)	(2.8)	(61.8)	(61.8)	-	(71.0)	(3.2)	(67.8)	(67.8)	-	-8.9%
OPERATING INCOME	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**49.8**	**(7.7)**	**57.5**	**80.3**	**(22.8)**	**-35.5%**
as % of revenues	*11.3%*	*0.0%*	*12.9%*	*12.0%*		*9.5%*	*0.0%*	*11.5%*	*16.0%*		*-4.0 pts*

The non-recurring income of €4.2 million as at 31st December 2020 corresponds mainly to expenses linked to Group transformation.

Impairment and amortisation amounted to -€64.0 million as at 31st December 2020, and are down -5,6% compared to 2019. This is primarily explained by the downward trend in investments over the last few years.

The Group's operating income for continued activities stands at €56 million compared to €57,5 million in 2019.

Net income for the period

The table below shows the Group's net income for continued activities as at 31st December 2020 and 2019:

	As at 31st December 2020					As at 31st December 2019					
			Continued activities					Continued activities			
(in millions of euros)	Consolidated	Divested activities	Total	Recurring	Non recurring	Consolidated	Divested activities	Total	Recurring	Non recurring	Change Recurring 2020 / 2019
OPERATING INCOME	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**49.8**	**(7.7)**	**57.5**	**80.3**	**(22.8)**	**-35.5%**
as % of revenues	*11.3%*	*0.0%*	*12.9%*	*12.0%*		*9.5%*	*0.0%*	*11.5%*	*16.0%*		*-4.0 pts*
Gain from debt restructuring	63.2	-	63.2	63.2	-	-	-	-	-	-	0.0%
Financial income	0.4	0.0	0.4	0.4	-	(0.2)	0.0	(0.2)	(0.2)	-	0.0%
Financial expenses	(61.5)	0.1	(61.6)	(61.6)	-	(44.6)	(0.1)	(44.5)	(44.5)	-	38.6%
FINANCIAL INCOME	**2.0**	**0.1**	**1.9**	**1.9**	**-**	**(44.8)**	**(0.1)**	**(44.7)**	**(44.7)**	**-**	**0.0%**
INCOME BEFORE TAX FROM CONTINUED ACTIVITIES	**51.3**	**(6.6)**	**57.9**	**53.8**	**4.2**	**5.0**	**(7.8)**	**12.8**	**35.6**	**(22.8)**	**50.9%**
Corporate income tax	(6.5)	0.4	(6.9)	(5.6)	(1.3)	(19.7)	0.0	(19.7)	(27.6)	7.9	-79.7%
NET INCOME FROM CONTINUED ACTIVITIES	**44.8**	**(6.2)**	**51.0**	**48.2**	**2.8**	**-**	**-**	**-**	**(14.7)**	**(7.8)**	**0.0%**
NET INCOME FROM DISCONTINUED ACTIVITIES*	**20.8**	**20.8**	**-**	**-**	**-**	**46.8**	**46.8**	**-**	**-**	**-**	**0.0%**
NET INCOME FOR THE PERIOD	**65.6**	**14.6**	**51.0**	**48.2**	**2.8**	**32.1**	**39.0**	**(6.9)**	**8.1**	**(15.0)**	**498.1%**

* *IFRS 5 was applied to Print activity classified as discontinued in 2020; FY 2019 was therefore restated.*

Financial income amounts to €1.9 million as at 31st December 2020. The increase in the net financial income can be explained primarily by the recognition of the gross gain (excluding fees) from debt restructuring for €63,2 million. Financial expenses however increased over the period, increasing from €44,5 million as at 31st December 2019 to €61,6 million as at 31st December 2020 due to the financial fees linked to the financial restructuring of October 2020 (€14 million).

The consolidated pretax operating income for continued activities amounts to €57.9 million as at 31st December 2020 and €12.8 million as at 31st December 2019.

The corporation tax charge recorded as at 31st December 2020 is -€6.5 million. This expense included a CVAE (Corporate value added contribution) expense of -€5.1 million.

The Group consolidated net income is positive as at 31st December 2020 and stands at €65.6 million compared to a loss of €32.1 million as at 31st December 2019.

1.5.2.4 Consolidated cash flow presentation

Cash flow statement *(in millions of euros)*	As at 31st December 2020	As at 31st December 2019
RECURRING EBITDA	**132.8**	**190.6**
Non monetary items included in EBITDA and other	(0.6)	2.8
Net change in working capital	(89.8)	(48.1)
of which change in receivables	*(67.5)*	*(39.6)*
of which change in payables	*(10.0)*	*(5.7)*
of which change in other WCR items	*(12.3)*	*(2.8)*
Acquisition of tangible and intangible fixed assets	(43.2)	(41.6)
RECURRING OPERATING FREE CASH FLOW	**(0.8)**	**103.7**
Non recurring items	(67.0)	(154.8)
of which restructuration	(67.0)	(144.6)
of which Net change in non recurring working capital	-	(10.2)
Disbursed financial result	(5.6)	(44.0)
Corporate income tax paid	(5.5)	1.8
Others	3.1	
FREE CASH FLOW	**(75.7)**	**(93.2)**
Increase (decrease) in borrowings LT	32.0	58.9
Increase (decrease) in borrowings ST	(7.9)	
Capital increase	89.2	17.1
IFRS 16 impact and Others	(17.7)	(22.9)
NET CASH VARIATION	**19.9**	**(40.1)**
Net cash and cash equivalents at beginning of period	41.5	81.5
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**61.4**	**41.5**

Note: the cash flow statement includes in 2020 the flows of the Mappy subsidiary (10 months) and the 2 months of flows of the Spanish subsidiary QDQ sold, both not significant in 2020.

The change in working capital requirement was -€89.8 million in 2020. The change in customer working capital was negative by nearly -€67.5 million due to a negative volume effect in relation to the fall in turnover but above all with the gap between the impact of the health crisis on customer collections (immediately impacted by the drop in sales linked to the health crisis) and the recognition of turnover. The negative change in "Other WCR" corresponds to the reimbursement of part of the tax and social liabilities over the period (€8 million).

The amount of capital expenditure amounts to €43.2 million in 2020, relatively stable compared to 2019.

Non-recurring items amount to -€67 million in 2020. They include disbursements related to the Solocal 2020 transformation project (€46 million), costs related to the financial restructuring of the Group (€19 million) and €2 million in penalties within the framework of the plan to reimburse tax and social liabilities.

The financial items disbursed are significantly lower than those for 2019 since the group did not pay its first three quarterly bond coupons in 2020 (for around €32 million). They correspond to the payment of bond interest in the fourth quarter of 2020 and the annual interest on the revolving credit line of €50 million.

The Group's free cash flow is therefore negative at -€75.7 million in 2020.

The increase in borrowings corresponds to the drawdown of the ATOUT loan contracted with BPI France (+€16 million) and the issue of a bond loan of €16 million subscribed by certain bond creditors; partially offset by the decrease in the working capital line (-€6 million) and repayments related to the financing of assets.

The €89 million of capital increase correspond to the withdrawals made in January 2020 on the equity line (€3.7 million) as well as the completion in early October 2020 of the capital increase with maintenance of the preferential subscription right which brought €85 million of liquidity to the Group.

The change in "Other" of -€18 million mainly represents the cash outflows made as part of the reduction of the debt balance relating to leases.The Group's net change in cash thus amounts to +€19.9 million in 2020. As of 31st December, 2020, the Group has net cash of €61.4 million, vs. €41.5 million as of 31st December, 2019.

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 31st December 2020 and as at 31st December 2019:

(in millions of euros)	As at 31st December 2020	As at 31st December 2019
Net cash from operations	(16.6)	(74.8)
Net cash used in investing activities	(40.1)	(41.2)
Net cash provided by (used in) financing activities	76.7	76.0
NET INCREASE (DECREASE) IN CASH POSITION	**19.9**	**(40.1)**

The net cash flow generated by the activity amounted to -€16.6 million as of 31st December, 2020 compared to -€74.8 million as of 31st December, 2019 taking into account the delay of certain expenses following the covid crisis in the first half of the year.

Net cash flow allocated to investing operations amounted to -€40.1 million at 31st December, 2020 compared to -€41.2 million at 31st December, 2019, i.e. a variation of €3.7 million.

The net cash flows allocated to financing operations represent a net disbursement of €76.7 million as of 31st December, 2020 against a net inflow of €76 million as of 31st December, 2019.

The following table shows the **evolution of the consolidated Group's cash position** at 31st December, 2020 and 31st December, 2019:

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
Cash equivalents	0.2	0.0
Cash	61.2	41.5
GROSS CASH	**61.4**	**41.6**
Bank overdrafts	-	(0.1)
NET CASH	**61.4**	**41.5**
Nominal value of bond loans	184.5	397.8
Fair value of hedging instruments	(15.2)	-
Nominal value of revolving credit facilities drawn	50.0	50.0
Debt issue costs integrated into the effective interest rate of the debts	(4.1)	-
Amortization of the difference in fair value and costs at the effective interest rate	1.1	-
Other loans	16.0	-
Accrued interest not yet due on loans	2.5	1.4
Lease liability	0.1	3.4
Factoring	2.1	7.9
Price supplements on acquisition of securities	-	0.2
Others	0.0	2.9
CURRENT AND NON CURRENT FINANCIAL LIABILITIES	**237.0**	**463.6**
Long-term and short-term liabilities	94.0	104.1
GROSS FINANCIAL DEBT	**331.0**	**567.7**
of which current	*27.7*	*40.7*
of which non-current	*303.3*	*526.9*
NET DEBT	**269.6**	**526.1**
NET DEBT OF CONSOLIDATED GROUP	**269.6**	**526.1**

Net financial debt (financial debt, minus cash flow and cash flow equivalents) was €272,6 million as at 31st December 2020, down €253.5 million compared to €526.1 million as at 31st December 2019.

Financial leverage such as defined in the bond documentation concerning Solocal's 2022 bond is 1.94x as at 31st December 2020 (to which IFRS 16 does not apply). The group complies with the financial ratios provided under the bond documentation.

As at 31st December 2020, gross financial debt is primarily comprised:

- of bonds stemming from the financial restructuring operations carried out in October 2020 for a nominal amount of €168.4 million, repayable in March 2025;
- of bonds issued for a value of €16 million set up as part of the financial restructuring of the Group, the maturity of which is identical to the previous bonds;
- of a revolving credit line of €50.0 million fully drawn;
- of a financing line of €16 million (with BPI France), of factoring debts of €2 million.

1.5.4 Investment expense

(in millions of euros)	As at 31st December 2020	As at 31st December 2019
Acquisition of tangible and intangible fixed assets	43.4	42.9
Right-of-use assets related to leases*	10.9	24.0
CURRENT INVESTMENTS	**54.2**	**66.9**

* *Rights of use concerning leases posted in the assets amount to €10.9 million.*

Intangible and tangible investments amount to €43.4 million as at 31st December 2020.

1.5.5 Outlook for 2021

Following on from the stabilization observed in the fourth quarter of 2020, Solocal aims for a moderate increase in customer base for 2021, driven by the benefits of the transformation carried out both in terms of customer acquisition and reduction in churn.

Consequently, Solocal is confident in its ability to post moderate growth in its turnover in 2021, in two phases, with a first semester still impacted by the effects of the health crisis and a second semester presenting a growth.

EBITDA is confirmed at €120 million for the year 2021 vs. €112 million achieved in 2020.

1.5.6 Events subsequent to the closing date of 31st December 2020

1.5.6.1 Hervé Milcent appointed Chief Executive Officer of Solocal

Following a selection process conducted over the past few months, the Board of Directors of Solocal has decided to appoint **Hervé Milcent as CEO of Solocal** as of April 6th, 2021. From this date, Solocal will return to a dissociated governance, with Pierre Danon again becoming Chairman of the Board of Directors.

Herve Milcent's experience of successful transformations and strong growth, his attention to operational excellence, his customer focus and innovation and his recognized managerial qualities, will fully contribute to Solocal's challenges of continuing to improve customer satisfaction and accelerating the deployment of new services in order to return to a sustainable growth dynamic.

"*We are very pleased to welcome Hervé Milcent to Solocal. I am convinced that Hervé has all the qualities that Solocal needs to fully reveal its potential and the relevance of the model built over the past few years. He can count on the commitment of all Solocal employees*" *says Pierre Danon, Chairman of Solocal's Board of Directors.*

"*I am honored and very enthusiastic to join the Solocal Group. Beyond its size and history, I am convinced that Solocal has the assets and know-how which are essential to its development and its indisputable leadership in the market. I would like to thank Pierre Danon and the Board of Directors for their confidence in me.*" said Hervé Milcent.

With a master degree in Business Law, Hervé Milcent began his career with the newly created Chronopost in the "operations" teams. He quickly became Director of Operations at **Dynapost** and then at **Médiapost**, where he launched and developed geomarketing and targeted distribution solutions, thus acquiring a great mastery of local communication issues.

In 1998, Hervé Milcent joined the **Arvato Group** (Bertelsmann Group) as Managing Director in charge of operations for the Direct Marketing division, which became the French leader under his leadership. On the strength of this success, driven by the rich portfolio of services launched in France, including subscriptions, Hervé Milcent extended his responsibilities to Southern Europe, before being promoted to the Group's Executive Committee to steer the deployment of the "Group CRM Global" solution.

In 2014, after more than 16 years within the Arvato Group dedicated to the development and deployment of enterprise services, Hervé Milcent is appointed **CEO of the Lyreco Group**. He will implement a category-based marketing strategy, reposition the Group's offering to accelerate growth and lead the overhaul of the technical and IT infrastructures essential to the company's "Phygital" transformation. In 2020, he joined the **Teleperformance Group** as **Managing Director for France, Italy and Germany**.

The Board of Directors warmly thanks Pierre Danon for his daily commitment in assuming the role of Chief Executive Officer during this transition phase and the transformations carried out during this period.

Solocal detected and blocked an intrusion attempt into its information systems

On the night of 17th to 18th February 2021, Solocal's IT department detected an attempt at intruding into the Company's internal network.

In accordance with the Company's information systems security management procedures, the IT teams took the necessary preventive measures to:

- preserve the Group's information systems;
- block the intrusion attempt;
- ensure that no damage has been done to the Group's tools and data;
- protect all sensitive data of the Group and its customers.

At the present stage of the investigations, no customers and users' data have been compromised. The Company's main platforms available for firms and users (PagesJaunes, Solocal Manager, Solocal.com) have not been impacted and have remained safely accessible to all French people.

The implemented actions resulted in a temporary slowdown in the Group's activity between the date of the attempted intrusion and the evening of 23rd February 2021, when the information systems were restored. Normal business activity resumed, with the Group's network accesses remaining under surveillance.

This risk is covered by a specific insurance policy. The slowdown will therefore not have a significant impact on the Group's financial situation, with the 2021 guidance remaining unchanged.

Revenue in line with Group's expectations down -10% for Q1 2021 / Customer base stable / Churn improved by +3 points vs. Q1 2020

Revenue in line with Group's expectations for Q1 2021

- Revenue (now 100% Digital): €106.6 million, i.e. -10.2% vs. Q1 2020(1) impacted by the effect of lockdown periods on order intake
- Digital order backlog unchanged: €282.7 million as at 31st March 2021 (-0.5% vs. 31st December 2020)
- Based on order intake(2) already signed, €310 million of revenue(7) is secured as at 31st March 2021 for the year 2021 vs €235 million as at 31st December 2020 for the year 2021
- Contribution of the quarter's order intake to revenue for the next 12 months: +2.6% in Q1 2021 vs. Q1 2020(6)

Encouraging operational indicators despite the context

- Customer base unchanged(3) as at 31st March 2021 with 314k customers vs 315k customers as at 31st December 2020
- 88% of Digital order intake(2) in subscription mode, i.e. +9pts vs Q1 2020(1)
- Continued churn(4) reduction: 16.7% in Q1 2021 vs 19% over the year 2020(1) and 19.7% in Q1 2020
- Almost stable ARPA(5): c; €1,320, -0.8% vs c. €1,330 in 2020(1)
- PagesJaunes traffic: -3.9% vs. Q1 2020(vs c. -10% in Q1 2020 vs Q1 2019)

Outlook 2021 unchanged

To date and considering the current health restrictions announced so far in relation to the Covid-19 health crisis, Solocal confirms its ambitions for the year 2021, namely:

- Moderate growth in customer base driven by churn reduction and to a lesser extent an improvement in customer acquisition
- 2021 EBITDA at €120 million for a fully digital business

Arrival of Hervé Milcent, CEO, on 6th April 2021

When releasing revenue of the first quarter of 2021, Pierre Danon, Solocal Chairman of the Board, said:

"The year 2021 began in a persistently difficult context, marked by new health restriction measures which logically continued to weigh on our business. However, we remain aligned with our roadmap and in this first quarter we are recording encouraging operational indicators with, namely, a stable customer base and a decrease in our churn. These developments constitute positive steps given the context and reflect the benefits of the transformation that we are pursuing month after month. The arrival of Hervé Milcent at our helm will constitute an additional asset in the management of these changes. It will enable us to come out stronger from the crisis, with a now 100% digital activity backed by a subscription model with better visibility on our business."

Quarterly financial statements have not been audited. Financial items presented in this press release for Q1 2020 are revised in light of the scope of continued activities[1] as at 31st March 2021.

Revenue and order backlog

Reminder: The Print business was discontinued in November 2020 and is restated as discontinued operations under IFRS 5 in the 2020 Income Statement. Solocal's revenue consist only of Digital revenue since the year 2020.

Solocal revenue[1] in the first quarter 2020 are as follows:

(in millions of euros)	Q1 2020	Q1 2021	Change
Digital Revenue	118.8	106.6	-10.2%
TOTAL REVENUE	**118.8**	**106.6**	**-10.2%**

First quarter 2021 revenue amounted to €107 million, down -10% compared to the first quarter 2020[1] revenue. This decrease in revenue is the direct consequence of the conversion into revenue of the previous quarters' drop in Digital order intake[2] linked to the Covid-19 health crisis (more particularly the effect of the first lockdown in the first half of 2020).

The share of revenue for the quarter relating to order intake already carried over by automatic renewal stood at 24% compared to 12% in the first quarter of 2020. The weight of those "automatically renewed order intake" in the total revenue will mechanically keep on growing over the following next quarters. It will enable increased visibility on revenue while mobilizing the Group's salesforces on the development of existing customers and the acquisition of new customers.

In order to illustrate the evolution of new digital services, Digital revenue is presented in three business lines:

(in millions of euros)	Q1 2020	Q1 2021	Change
Connect	26.2	31.1	+18.5%
Booster	71.7	59.9	-16.5%
Websites	20.8	15.7	-24.7%
TOTAL REVENUE	**118.8**	**106.6**	**-10.2%**

The **Booster** activity includes services related to digital advertising and represents 56% of the first quarter of 2021 revenue (Booster Contact, Priority Ranking, etc). The **Connect** activity includes Digital Presence services and represents 29% of the revenue for the first quarter of 2021. **Websites** represent 15% of the revenue of the first quarter 2021 and encompasses all the ranges of websites sold (Essentiel, Premium, Privilège). This decrease mainly derives from a unfavorable basis effect while Q1 websites revenue is line with previous quarters (Q2, Q3 and Q4 2020). In addition to this, this activity has not benefited yet from the refocus performed over the last 6 month (digital audit, optimized production...).

Solocal order backlog as at 31st March 2020 breaks down as follows:

(in millions of euros)	31/12/2020	31/03/2021	Change
Digital order backlog	284.2	282.7	-3.1%

The **order backlog is flat (-0.5%)** as of 31st March 2021 compared to 31st December 2020. This variation can be explained by a slightly lower value of order intake recorded in the first quarter of 2021 compared to the revenue booked over the same period.

The €283 million order backlog is expected to convert into revenue to the tune of **73% over the year 2021** (i.e. over the next nine months of 2021) and 25% in the year 2022.

Based on management's best estimates, as of 31st March 2021, **secured revenue**(7) amounts to €310 million **for the year 2021** thanks to the revenue already booked & the order intake already recorded as at this date.

(in millions of euros)	31/03/2020	31/12/2020*	31/03/2021
Secured Digital revenue for current year	361	235	310

* *Note: for 31/12/2020, secured revenue for the year 2021.*

Operational performance indicators

Solocal's **operational performance indicators** for the first quarter of 2021 are as follows:

	Q1 2020	Q1 2021	Change
Subscription-based order intake *(as a % of Digital order intake)*	79%	88%	+9 pts
"Growth KPI"(6)	-	+2.7%	
Traffic: number of PagesJaunes visits *(in million)*	479	461	-3.9%

In the first quarter of 2021, 88% of order intake(2) were recorded as subscription-based products, i.e. an increase of +9 points compared to the first quarter of 2020. This subscription-based order intake rate has been experiencing an ongoing ramp-up since the full roll-out of new digital Connect (previously Presence) and Priority Ranking services in July 2019. **Subscription-based** products are pivotal for the transformation of the business model, as it enables (i) a decrease in churn, while (ii) more importantly, it fosters the increase in new customer acquisition and cross-selling of existing clients by freeing up some salesforce time historically devoted to renewal.

Since February 2021, Solocal has been disclosing a "growth KPI"(6), which corresponds to the contribution of order intake of the quarter to revenue for the next 12 months. This indicator allows the group to monitor its order intake conversion into revenue and is up +2.6% in the first quarter of 2021 vs. the first quarter of 2020. This means that the first quarter of 2021 order intake helped secure +2.6% in revenue over the upcoming 12 months compared to the order intake recorded in the first quarter of 2020.

PagesJaunes traffic is down -3.9% in the first quarter of 2021 compared to the first quarter of 2020 as it is impacted by the health crisis as well as by the lockdown and curfew measures which penalized the entire French economy. As a reminder, the first effects of investments aimed at strengthening the PagesJaunes platform are expected to take place from the second half of 2021.

Solocal **customer base**[3] evolved as follows in the first quarter of 2021:

	Q1 2020	FY 2020	Q1 2021	Change Q1
Customer base - BoP	**349k**	**349k**	**315k**	
+ Acquisitions	9k	32k	9k	+1k
- Churn	-23k	-82k	-14k	+9k
+ Winbacks	3k	16k	4k	+1k
Customer base - EoP	**338k**	**315k**	**314k**	
Net change	**-11k**	**-34k**	**-1k**	
Churn *(in %)*	-19.7%	-19.0%	-16.7%	+3pts
Digital ARPA	c. 1,380	c. 1,330	c. 1,320	

Note: BoP = Beginning of Period / EoP = End of Period.

The Group's customer base[3] is stable at **314k customers**, with a reduction of c. 1,000 customers as at 31st March 2021 compared to 31st December 2020, i.e. a decrease of approximately -0.3% over the quarter. This quasi-stability constitutes a clear progress with 9,000 fewer customers lost than in the first quarter of 2020. This decrease in the number of lost customers can be explained (i) by the setting-up of a team dedicated to customer retention in spring 2020, (ii) by the first effects of the subscription model, which has been rolled out since summer 2019 and which tends to limit customer attrition, and (iii) by improving the product offer and gradually implementing solutions aimed at placing customer satisfaction at the heart of the Group's strategy.

The Group's **net churn rate**[4] thus stands at **16.7% in the first quarter of 2021**, i.e. a drop of more than 2pts compared to the 19% churn rate in 2020 and a drop of 3pts compared to the first quarter of 2020 (19,7%), thus reflecting the first effects of the retention measures detailed above.

Group ARPA[5] is almost **stable at c.€1,320 as at 31st March 2021** (based on a last 12 months average) compared to c. €1,330 in 2020. This trend can be explained by the adverse health environment and by the measures penalizing the French economic activity this year, offset by an upsell and cross-sell dynamic.

Outlook 2021 unchanged

To date, based on improved operational indicators and the restrictive measures related to the Covid-19 health crisis announced so far, the Solocal Group confirms its 2021 objectives.

Indeed, Solocal aims at a moderate growth in customer base and a €120 million EBITDA for 2021.

Other information

As previously announced, **Hervé Milcent** has been appointed as **Chief Executive Officer** of Solocal on 6th April 2021.

Furthermore, as of 31st March 2021, Solocal had disbursed a cumulative amount of €214 million (out of a total estimated amount of €225 million), in salaries and compensation as provided by the 2018 transformation plan and its extension in 2019; i.e. 98% of the amount planned. There is still **€5 million to be disbursed** over the rest of 2021, under this transformation plan.

Next major dates in the financial calendar

The next financial calendar dates are as follows:

- Combined General Meeting on 3rd June 2021
- Publication of first half 2021 results on 28th July 2021

(1) Comparable scope. 2020 figures are restated from the figures of the QDQ and Mappy, subsidiaries sold on 28th February 2020 and 30th October 2020.

(2) Digital order intake, scope Solocal SA, based on order intake net of cancellations.

(3) The customer base now represents the number of customers recorded at a defined moment (Beginning or End of Period) and no longer the average number of customers over the last 12 months. Group scope (excluding non-significant subsidiaries) and restated from QDQ & Mappy, which were subsidiaries sold during fiscal year 2020.

(4) Churn: Number of lost customers (net of winbacks) over the last 12 months (LTM) divided by number of BoP customers.

(5) ARPA calculated as LTM revenue divided by the average customer base over the past 12 months, scope restated from QdQ and Mappy.

(6) Based on order intake from 15th December in year n to 15th March in year n+1. This KPI does not imply a similar trend in 2021 revenue.

(7) Secured revenue including Vocal and Offline activities but excluding Mappy & QdQ.

Definitions

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

Order backlog: The order backlog corresponds to the outstanding portion of revenue yet to be recognised as at 31st March 2020 from order bookings such as validated and committed by customers. For subscription-based products, only the current commitment period is considered.

Traffic: Indicator of visits and of access to the content over a given period of time.

ARPA: Average Revenue per Advertiser, based on the last 12 months order intake for Solocal SA.

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

Churn: Number of lost customers out of number of customers at Beginning of Period.

Growth KPI: Indicator to monitor the evolution of the contribution of order intake for a given period to revenue for the following 12 months.

1.5.7 Additional information

1.5.7.1 Transactions with related parties

On October 4th, 2020, Eric Boustouller terminated his term of office as Chief Executive Officer and obtained a termination allowance of €1.6 million according to the strict application of the provisions voted by the General Meeting on the departure conditions namely 18 months of the annual lump-sum remuneration (fixed and variable with targets reached) and the payment subject to the performance condition linked to achieving an average of at least 80% of his annual objectives during the period of presence in the company.

On October 2nd, 2020 the Board of Directors decided to release Eric Boustouller of his non-compete obligation, such that no non-compete indemnity is owed to him.

1.5.7.2 Information on the main risks and uncertainties

The main risks and uncertainties are described in section 2 Risk Factors of the 2020 Universal Registration Document.

1.5.7.3 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 to 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 salesforce, that gives rise to a service performed by the Group for its customers.

02 Risk factors

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Solocal has carried out a review of risks, taking into account the impact of the health crisis, that could have a material adverse 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 the table below in descending order of precedence. Non-financial risks are also presented in the Company's Statement on Non-Financial Performance (SNFP) (page 99 of this Universal Regstration Document).

These risks are marked, in "Risk Factors", with the following acronym: CSR.

Solocal has identified 22 major (high) or significant risks within six categories: strategy-related risks, business-related risks, human resources and environmental risks, operational risks, financial risks and legal and compliance risks. Solocal determined this classification as at the date of and for the purposes of this Universal Registration Document.

Summary table of Solocal's 22 major or significant risks

Risk category	Risk name
Solocal strategy	– Dependence on GAFAM giants and non-renewal of partnerships
	– Low or declining awareness of our brands
	– Competition from emerging players on our markets
	– Risk of PagesJaunes falling behind in transactional offerings
Business-related	– Non-compliance with GDPR and the French Data Protection Act
	– Cyber-risks and IT security breaches
	– Decline in direct audience for PagesJaunes
	– Relevance of the user experience
	– Non-availability of IT systems
Human resources and environment	– Psychosocial risk and absenteeism
	– Environmental risk and climate change
Operational	– Failure to achieve commercial objectives
	– Customer dissatisfaction, quality of onboarding and handling of complaints
	– Inability to adapt production tools to order intake
	– Control and management of compensation for sales staff
	– Roll-out and implementation of production, sales and publication tools
	– Delay in implementing new financial processes and obsolescence of IT tools in the Finance scope
	– Commercial fraud
Financial	– Risks related to indebtedness and market risks
	- Liquidity risk
	– Non-compliance with guidance and reliability of financial information
Legaland compliance	– Non-compliance with the Sapin 2 law and risk of fraud and corruption

The Company considers that there are no significant risks apart from the risk factors below. These are supplemented by other information and the Solocal Group's consolidated financial statements presented 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.

In line with the evolving public health emergency and any new restrictions that may be introduced, Solocal will re-assess the potential impacts of these measures on its liquidity position and its objectives.

As soon as the pandemic emerged in March 2020, Solocal implemented a business continuity plan (BCP) to enable it to continue operating while adhering to the various sanitary protocols imposed by the public authorities.

Solocal established a weekly Committee that brings together the Company's various departments (Human Resources, Internal Communications, Procurement, Property, Work Environment, Risk) and appointed a Covid Officer. In the deployment of its BCP, Solocal made efforts to prioritise remote working where possible, ensuring that all employees had the necessary material resources to work remotely in a way that was satisfactory and fully secure for the Company. For those employees who continue to go into their workplaces, Solocal has taken all possible steps to ensure their health and safety.

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 DEPENDENCE ON GAFAM GIANTS AND NON-RENEWAL OF 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.

2.1.2 LOW OR DECLINING BRAND AWARENESS

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

The success of the Company depends partly on the strength of its brands and its reputation (see page 16 of the "Media platforms, users, data" section of the Integrated Report). If it is unable to maintain and enhance the strength of its brands, in particular PagesJaunes, 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.

2.1.3 COMPETITION FROM EMERGING PLAYERS ON OUR MARKETS CSR

Solocal faces an increased level of competition and may not 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.

2.1.4 RISK OF PAGESJAUNES FALLING BEHIND IN TRANSACTIONAL OFFERINGS

Solocal is positioned in a market where its competitors offer users and local businesses transactional solutions (e-commerce, click & collect, marketplaces) to satisfy their need to interact more quickly and effectively.

The global Covid-19 pandemic has affirmed consumers' need to enter into direct contact with retailers and local businesses through transactional solutions or marketplaces. As a digital partner to business, Solocal must retain the capacity, through PagesJaunes, to adapt to this trend and offer these types of solutions to its users and business customers.

If, despite its investments in this area (e-commerce website, online appointment booking, online quotes, instant messaging and click & collect solutions), Solocal were unable to satisfy the new expectations of its users and customers, its services could gradually be abandoned in favour of non-specialist players such as search engines or vertical players positioned in specific market segments (hospitality, healthcare, beauty or home, etc.) around dedicated solutions. The emergence of such players could reduce Solocal's attractiveness among business customers and prospects operating in these markets.

2.2 Business-related risks

2.2.1 NON-COMPLIANCE WITH GDPR AND FRENCH DATA PROTECTION ACT CSR

Since Solocal's activities, both legacy and digital, inherently involve the processing of personal data, the Company must comply with current regulations on the protection of individuals' rights and freedoms and particularly the General Data Protection Regulation ("GDPR") and Article 82 of the French Data Protection Act, which regulates electronic communications. Although the Company has made compliance a priority by establishing a dedicated policy and system, Solocal may, in the event of non-compliance, suffer financial penalties of up to €20 million or 4% of global revenues. The description of the regulatory environment below sets out the various obligations.

The European Framework Directive 95/46/EC of 24th 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 12th 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 15th December 1997. This Directive was itself amended by Directive 2009/136/EC dated 25th November 2009. Finally, a draft European regulation on e-privacy was proposed by the European Commission on 10th January 2017, the text of which has not been approved by the Member States. This text is currently being re-examined under the Portuguese presidency of the Council of the European Commission and will shortly be presented to the European Parliament. 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 27th 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 25th 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 7th October 2016 has created further new rights for people: right to be forgotten for minors, the ability to arrange 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 CNIL's powers, and especially its sanctioning powers, have been strengthened and expanded since the implementation of the 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 imposed without prior notice of the companies when the breach found cannot be made compliant.

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;
- "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 used 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 legislation by Law No. 2004-801 of 6th August 2004 on the protection of individuals with regard to the processing of personal data (Article 32 of the consolidated version of the French Data Protection Act) and by the "Telecom Package" Order of 24th August 2010. A CNIL recommendation dated 5th 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. Following on from this recommendation, in October 2014 the CNIL began to perform remote verifications to check the compliance of website operators. In this regard, a Solocal website was checked on several occasions in 2014 and 2015; the inspection reports covered the use of cookies 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 27th July 2016 subject to compliance with the regulations concerning the prohibition of the storage of cookies prior to any browsing;

- 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 each time they log on or for each transmission of communication. These provisions were transposed into French legislation by Law No. 2004-669 dated 9th 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 French Decree No. 2003-752 of 1st 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 email 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 new 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.

2.2.2 CYBER-RISKS AND IT SECURITY BREACHES CSR

The Company may be subject to information technology failures, security breaches or disruptions in its information, production, sales and distribution systems, especially when the public health situation leads to extensive reliance on remote working by the Company's employees, even though they are all equipped with a multi-factor authentification system.

A major part of Solocal's business depends on the efficient, continuous operation of its information, production, sales 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 and impact the Company's business, financial position, operating income and cash forecasts. In order to protect itself against this type of attack, the Company has taken out cyber-risk insurance.

In this regard, Solocal detected and blocked an attempted intrusion into its internal network during the night of 17th to 18th February 2021. A press release concerning this attempted intrusion was issued on 5th March 2021. In accordance with the Company's IT security management procedures, Solocal's IT teams took the necessary preventative measures to: preserve the Company's information system; block the intrusion attempt; ensure that no damage was done to the Company's tools and data; protect sensitive data of the Company and its customers. As of the publication date of this Universal Registration Document (URD), no customers' or users' data have been compromised. The Company's main platforms for businesses and users (PagesJaunes, Solocal Manager, Solocal.com) were not impacted and have remained safely accessible to everyone in France. The measures taken resulted in a temporary slowdown in the Company's activity between 17th February, the date of the attempted intrusion, and the evening of 23rd February 2021, when the information systems were restored. This risk is covered by a specific insurance policy. The 2021 guidance remains unchanged.

In addition, should its IT 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.

2.2.3 DECLINE IN DIRECT AUDIENCE FOR PAGESJAUNES CSR

PagesJaunes is experiencing a decline in its direct audience in favour of the main search engines which dominate the online search market.

PagesJaunes is among the top 20 in France for online audience numbers and records nearly 2 billion visits a year. The audience for PagesJaunes was consistently rising until the end of 2019, thanks to the quality of its natural SEO, its content and its partnerships. However, the direct audience percentage is in structural decline. 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 appointment booking, instant messaging and click & collect 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 PagesJaunes.

2.2.4 RELEVANCE OF THE USER EXPERIENCE CSR

The success of Solocal's business depends on its ability to provide users with content-rich services and to 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. 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 as well as from open data. 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.

2.2.5 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 try to avoid 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 thus severely impact its business and financial position and could also create dissatisfaction among customers and users, ultimately having an impact 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. As set out in section 2.2.2 of of this chapter, Solocal detected and blocked an attempted intrusion into its internal network during the night of 17th to 18th February 2021. A press release concerning this attempted intrusion was issued on 5th March 2021.

2.3 Human resources and environmental risks

2.3.1 PSYCHOSOCIAL RISK AND ABSENTEEISM CSR

(See page 111 of section 3.2.3.3 "Solocal's social priorities")

Solocal's success relies on all of its staff. Talent and skills management is therefore 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 programme, Solocal takes absenteeism and 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 as part of a dedicated action plan and improve the level of staff commitment, in order to limit any disruption to the Company's business activities.

2.3.2 ENVIRONMENTAL RISK LINKED TO CLIMATE CHANGE CSR

(See page 115 of section 3.2.3.4 "Solocal's environmental priorities")

Solocal is exposed to an inherent risk related to climate change that the Company has incorporated into its risk analysis.

Climate change brings with it an increase in the frequency and intensity of episodes of drought, heatwaves, winter freezes, storms, fires, heavy rainfall and even biological invasions or repeated risks of global pandemics. Such events may affect Solocal's business, assets, human resources and performance. As part of its corporate social responsibility (CSR) policy, which is guided by its statement on non-financial performance, the Company has set itself the goal of optimising its energy consumption and use of resources and reducing its carbon footprint with a view to sustainable digital activity. However, despite these measures, its activities may have an uncontrolled impact on the environment. The presence of the Company's information infrastructures and systems in the Cloud for access by subcontractors could lead to a failure to control actual energy consumption.

In addition, Solocal is subject to environmental laws and regulations involving possible administrative and judicial inquiries and proceedings and investigations on environmental issues. Such 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 pays particular 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 FAILURE TO ACHIEVE COMMERCIAL OBJECTIVES

Owing to the Covid-19 pandemic, it is possible that Solocal will fail to implement and achieve its short- and mid-term financial objectives or its order, revenue growth and cost savings targets, which could impact its results and level of cash flow.

In recent years, Solocal has faced difficult negotiations, particularly in connection with the 2014, 2017 and 2020 financial restructuring processes. It has also suffered from declining revenues and profitability, which could lead 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 and the associated high levels of debt, combined with the Covid-19 crisis, have notably led to three rounds of debt restructuring, the most recent of which was in 2020.

The implementation of Solocal 2020 has been essential to addressing 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 involved the overhaul of the Company's product range, moving from a focus on its service to PagesJaunes users to a comprehensive range of B2B digital services across the entire Web. These new digital services are now primarily marketed on a subscription basis with auto-renewal. The new Relational and Transactional Presence Management, Websites and Digital Advertising offerings were gradually brought onto the market during 2018, 2019 and 2020. 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, the Company's development 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 and therefore its liquidity.

Moreover, the achievement of the Company's objectives is subject to numerous external risks, including the increasingly competitive environment in advertising markets and digital services, rapidly evolving technologies, system failures in its 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 achievement of Solocal's objectives will, to a certain extent, depend on external factors which are beyond the Company's control.

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 revenues could decrease significantly if France's economic conditions were to deteriorate, particularly in the context of Covid-19. 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 targets and forecasts.

(See page 37 of section 1.2.2 "Financial objectives")

2.4.2 CUSTOMER DISSATISFACTION, QUALITY OF ONBOARDING AND HANDLING OF COMPLAINTS

Following the launch of the new subscription-based range of digital solutions and services, the Company is selling new products that 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 its 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 image, business, financial position and operating income.

2.4.3 INABILITY TO ADAPT THE PRODUCTION TOOL TO ACTUAL SALES

In a difficult health and economic environment, poor sales forecasts combined with rigid sales and marketing tools could impact the quality or speed of delivery of certain services and digital solutions or lead to additional costs.

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), and through the use, in 2020, of mainly in-house resources, the quality and speed of website production may be impacted if sales forecasts are not sufficiently reliable.

2.4.4 CONTROL AND MANAGEMENT OF COMPENSATION FOR SALES STAFF

Solocal's system of compensation for sales staff is largely based on variable compensation and cash awards according to services and digital solutions sold that may prove difficult to manage and control.

This model of compensation presents a risk of errors, particularly as a result of subsequently cancelled orders. In order to reduce this risk, Solocal has introduced a specific action plan to not only make the system of compensation for its sales staff easier to understand but also to enhance its system for recognising and validating sales.

2.4.5 ROLL-OUT AND IMPLEMENTATION OF PRODUCTION, SALES AND PUBLICATION TOOLS

Solocal's profound transformation could prove to be more difficult if the Company's IT systems are unsuitable for the issues at stake and for its requirements regarding production, sales and publication platforms.

Each year, Solocal invests tens of millions of euros in order to maintain 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 has also installed a new call center platform and is set to roll out a new BI (business intelligence) system over the next few years in order to improve its efficiency and productiveness.

In addition, the plethora of sales tools and the number of products and services offered to our customers have required numerous adaptations of the Group's information system architecture and make the billing and revenue recognition process particularly complex. Solocal has identified this complexity as a source of risk and a number of controls have been put in place as a result. Nevertheless, given this complexity and the number of customers and offerings that exist within Solocal, these controls may prove insufficient to guarantee the valid and/or complete integration of sales data into the Group's various tools.

2.4.6 DELAY IN IMPLEMENTING NEW FINANCIAL PROCESSES AND OBSOLESCENCE OF IT TOOLS IN THE FINANCE SCOPE

Solocal relies on a number of legacy financial reporting systems. The Company plans to acquire a new ERP (enterprise resource planning) system in order to secure its main financial processes. Any delay in this project could impact the Company's performance and the quality of its financial management and its forecasts.

The Company's financial information systems rely on legacy technological platforms that are themselves interconnected with more modern information systems, which may lead to downtime. In addition, the obsolescent nature of some tools and applications may lead to potential risks of errors or poor data quality and therefore require greater use of human input to verify or even reprocess the data. The Company is working to install a new ERP system to improve the performance and effectiveness of its main financial processes.

2.4.7 COMMERCIAL FRAUD

Most of Solocal's human resources consist of sales staff who do business with local small- and medium-sized businesses across France. Like any commercial enterprise, Solocal may face the risk of commercial fraud, especially with high-risk customers, leading to the subsequent cancellation of invalid sales and therefore potentially impacting the Company's revenues and forecasts. Solocal understands commercial fraud to mean the elements involved in a forced sale, identity theft, misuse of professional titles and/or certifications and circumvention of its rules for publication in PagesJaunes for the purposes of false advertising.

For a number of years, Solocal has identified high-risk customers (in particular emergency call-out and breakdown service providers) with whom relations have historically been governed by a series of dedicated control procedures that are carried out prior to any signing of contracts and onboarding. The editorial rules for PagesJaunes.fr also protect the Company against this risk. In addition, an ethics and anti-corruption clause is included in purchase orders which, if not adhered to (particularly as regards the Company's ethical principles of transparency, trust, respect and integrity) may result in the termination of the business relationship. Despite these arrangements, existing procedures may sometimes be circumvented by people acting with malicious intent and lead to instances of fraud. As part of its compliance with Sapin II, Solocal has introduced a system for assessing its third parties and especially its high-risk customers by sending them a dedicated assessment survey.

2.5 Financial risks

2.5.1 RISKS RELATED TO INDEBTEDNESS AND MARKET RISKS

The covenants contained in the bond documentation could affect the Group's ability to:

- **trade;**
- **respond to market conditions or to seize commercial opportunities that may arise and could restrict its ability to take on additional debt or raise additional capital.**

For example, these restrictions could affect the Company's ability to restructure its organisation, fund operating capital expenditure or obtain finance.

Changes in debt in 2020

Following the completion of the financial restructuring operations in 2016 and 2017, the Group's debt was restructured in the form of a bond issue for a total amount of €398 million.

As at 1st January 2020, Solocal Group's net financial debt stood at €422 million(1).

On 15th March 2020, with the aim of preserving the Group's cash flow, Solocal provisionally suspended the payment of bond coupons in order to assess the impacts of Covid-19 on its business and liquidity position. In addition, on 16th March 2020, the President of the Nanterre Commercial Court opened conciliation proceedings with regard to Solocal Group for an initial period of four months. On 15th June 2020, Solocal requested a trading suspension of its shares, in the context of a pending approval on the strengthening of its financial structure.

On 3rd July 2020, Solocal Group and its debtholders (main bondholders and RCF lenders) reached an agreement to ensure the Group's liquidity and reduce indebtedness. Solocal's Board of Directors unanimously decided to approve this plan and recommended the approval of all resolutions related to this financial restructuring plan to the Group's shareholders.

All resolutions related to the financial structure strengthening plan were largely endorsed, with more than 93% votes in favour, at the Combined General Meeting ("CGM") of the shareholders which was held on Friday 24th July 2020. This plan was based on several capital increases totalling €347 million.

In addition, in accordance with the amended accelerated financial safeguard plan endorsed by the Bondholders' meeting held on 13th July 2020 and approved by a Nanterre Commercial Court judgment of 6th August 2020, the total principal amount of the Bonds was increased on 6th August 2020 from €397,834,585 to €429,329,823 by incorporating accrued interest and unpaid coupons since 15th March into the principal amount (of which approximately €29.8 million of unpaid coupons and accrued interest and approximately €1.7 million of accrued interest between 15th September and 30th September 2020).

The main capital increase with preferential subscription rights for a total amount of €335,957,607.87 (issuance premium included) was completed at the start of October 2020 through the issuance of 11,198,586,929 new shares. The Bondholders had made certain commitments to subscribe in cash and by set-off of receivables for this transaction. In particular, and pursuant to the Amended Safeguard Plan, all Bondholders were required to subscribe for the New Shares not subscribed for by the public and/or pursuant to the cash subscription commitment granted by certain members of the Ad Hoc Committee of the Bondholders, by way of set-off against a portion of receivables under the Bonds.

As a result, following the completion of the various financial restructuring operations, including the Capital Increase with Preferential Subscription Rights, the total principal amount of the Bonds was reduced to **€168,454,208, corresponding to 334,125,321 Bonds**, each with a face value of **€0.5041647472146**.

Overall, the financial structure strengthening plan has led to the following:

- a €117 million liquidity injection;
- a reduction of approximately €260 million in the Group's gross debt. Gross indebtedness has been reduced to around €256 million(2) as at 31st December 2020, which includes:
  - around €168 million in bonds stemming from the financial restructuring operations carried out in October 2020 (maturity: March 2025);
  - around €17.7 million in bonds issued as part of the Group's financial restructuring with the same maturity date as the preceding bonds;
  - €50 million of a fully drawn down revolving credit facility (RCF) (maturity: September 2023);
  - a credit line of €16 million (BPI Atout loan);
  - factoring debt of €2 million.

As at 31st December 2020, Solocal's net debt stood at €195 million (2)**, giving a leverage ratio of 1.9x.**

(1) Excluding IFRS 16.

(2) Excluding IFRS 16 (nominal value).

Main characteristics of and risks associated with the Bonds

SUMMARY:

- **ISIN code FR0013237484**
- **maturity**: extension to 15th March 2025, with 2.5 non-call years;
- **interest (from 1st October 2020):**
  - Euribor with Euribor floor 1% + 7% spread (no less than 8%), half of which will be payable in cash, and the other half will be compounded and capitalised until December 2021,
  - Euribor with Euribor floor 1% + 7% (no less than 8%) payable fully in cash going forward;
- **amount**: €168,454,208 after incorporation of accrued interest, unpaid interest since 15th March and the cancellation and set-off of receivables as part of the various capital increase operations;
- **par value per bond**: adjusted to €0.5041647472146.

Under the Amended Safeguard Plan, the main terms and conditions of the existing Bonds (ISIN code: FR0013237484), applicable as of 6th August 2020, are as follows:

- **interest** (from 1st October 2020)
  - Euribor with Euribor floor 1% + 7% spread (no less than 8%), half of which will be payable in cash, and the other half will be compounded and capitalised until 15th December 2021,
  - Euribor with Euribor floor 1% + 7% (no less than 8%) payable fully in cash going forward;
- **maturity**: extension of the final maturity date of the bonds from 15th March 2022 to 15th March 2025, with 2.5 non-call years (from 6th August 2020 to 6th February 2023);
- Permission to create security rights to guarantee tax and social liabilities;
- Permission for members of the Group to incur certain new financial indebtedness, including state-guaranteed loan(s) (PGE), an Atout loan (Prêt Atout) granted by BPIfrance Financement or bridge loans, for a maximum total cumulative amount of €32 million in cash (excluding the original issue discount);
- Modification of the required majority to pass decisions in Bondholders' general meetings, to reduce such majority to 66.67% for decisions currently requiring a 90% majority.

The other main features of the Bonds remain unchanged, including:

- **listing**: listing on the official list of the Luxembourg Stock Exchange and admission for trading on the Euro MTF market;
- **late payment interest**: 1% increase in the applicable interest rate;
- **early repayment or redemption:**
  - Solocal Group may at any time and in multiple instalments after the non-call period, 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 if the consolidated net leverage ratio on 31st December of the preceding year exceeds 1.5:1, capital expenditure (excluding growth transactions) for Solocal Group and its subsidiaries will be limited to 10% of the consolidated revenue of Solocal Group and its subsidiaries;

- **the terms and conditions of the Bonds** also contain certain undertakings not to conduct certain actions, prohibiting Solocal Group and its subsidiaries, subject to certain exceptions, from, in particular:
- bearing additional financial debt,
- granting security interests,
- paying dividends or making distributions to shareholders; as an exception, the payment of dividends or distributions to shareholders is permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1

The bonds issued on 14th August 2020 (ISIN code FR0013527744) have substantially the same characteristics as the Bonds described above (ISIN code: FR0013237484).

On 14th August 2020, following the adoption of the Amended Safeguard Plan and the approval of a conciliation protocol by the Nanterre Commercial Court, Solocal Group issued a bond for a total principal amount of €17,777,777, carried out with a discount of approximately 10% for a subscription amount of around €16 million.

The new bonds, with a par value of one (1) euro, have substantially the same characteristics as the Bonds.

The restrictions contained in the terms and conditions of the Bonds and described above could affect the Group's ability to carry out its activities, and limit its ability to react to market conditions or seize commercial opportunities that may arise. For example, such restrictions could affect the Group's 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.

Moreover, the Group might not be in a position to refinance its debt at maturity or to obtain additional finance under satisfactory conditions.

The Amended & Restated terms and conditions of the Bonds dated 6th August 2020 adopted pursuant to the Amended Safeguard Plan are available on the investor website.

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 10.

Risks concerning interest rates, liquidity and credit are set out in Note 10 to the 2020 consolidated financial statements.

Ratings

During 2020, the issuer was assigned the following corporate financial ratings:

- **Moody's**: downgraded from Caa1 to Caa3 in March 2020 with a negative outlook following suspension of payment of the bond coupon for the first quarter of 2020, then upgraded from Caa3 to Caa1 with a stable outlook in October 2020 after completion of the capital increases.
- **Fitch Ratings**: downgraded from CCC+ to C in March 2020 with a stable outlook following suspension of payment of the bond coupon for the first quarter of 2020, then upgraded from C to CCC+ with a stable outlook in October 2020 after completion of the capital increases.

During 2020, the issuer's bond debt was assigned the following ratings:

- **Moody's:**
- downgraded from Caa2 to Ca in March 2020 with a negative outlook following suspension of payment of the bond coupon for the first quarter of 2020, then upgraded from Ca to Caa2 with a stable outlook in October 2020 after completion of the capital increases.
- assigned a Caa2 rating with a stable outlook in October 2020.
- **Fitch Ratings:**
- downgraded from B- to CC in March 2020 following suspension of payment of the bond coupon for the first quarter of 2020, then upgraded from CC to B- in October 2020 after completion of the capital increases.
- assigned a B- rating in October 2020.

Changes in ratings are presented below:

		31/12/2020		31/12/2019		31/12/2018	
		Fitch Ratings	Moody's	Fitch Ratings	Moody's	Fitch Ratings	Moody's
Solocal	Corporate rating	CCC+	Caa1	CCC+	Caa1	B-	B3
	Outlook	Stable	Stable	Stable	Negative	Stable	Negative
	Debt rating	B-	Caa2	B-	Caa2	B	B3

2.5.2 LIQUIDITY RISK

Solocal faces a liquidity risk In the context of the Covid-19 crisis, which has heavily impacted its business. In the wake of the suspension of the quarterly coupon payment which occurred on 16th March 2020, Solocal had to engage in discussions with its bondholders to reach an agreement that would allow it to protect its cash position and secure its financial situation.

Estimated impact of the Covid-19 crisis on 2020 activity

The impact of the health crisis caused by Covid-19 on the Company's business activity is very significant. Accordingly, Solocal's orders fell by around 55% during the period of the first lockdown (average change in Digital sales in weeks 12 to 18 in 2020 vs. 2019) and by 10% in November during the second lockdown. As a result, the Group posted a decline of 16.7% in revenues in 2020 compared with 2019 and a fall of 13.7% in Digital revenues alone. This slowdown was partially offset in 2020 by reductions in fixed costs and the support measures announced by the government, for a total cumulative amount in the order of €40 million. The Group's FY 2020 recurring EBITDA (including the Digital & Print activities) was €132.8 million.

Impact of the crisis on the Group's financing and cash position in 2020 and 2021

The fall in the Company's sales from mid-March had a visible impact on its cash position in 2020, with an estimated liquidity requirement of around €120 million. This liquidity need has been addressed by the financial structure strengthening plan signed with the creditors on 3rd July 2020 and approved by the Combined General Shareholders' Meeting (AGM), with over 90% in favour, on 24th July 2020. The plan was validated on 13th July 2020 with the amended accelerated financial safeguard plan as unanimously endorsed by the Bondholders Meeting of 13th July 2020 and approved by a Nanterre Commercial Court judgment of 6th August 2020. All of the judicial investigations were conducted between September and October 2020. The Company received €117 million in liquidity to meet estimated cash needs.

Following the approval of the financial restructuring plan, which was passed by the General Shareholders' Meeting on 24th July 2020, and the securing of two financing lines that were set up in August 2020 for €32 million and on the basis of forecasts made by the Group for 2021 in the context of the Covid-19 crisis, the Group is able to meet its liquidity needs for the next 12 months.

As at 31st December 2020, the Company had a cash position of €61 million – in line with the targets announced during 2020.

2.5.3 NON-COMPLIANCE WITH GUIDANCE AND RELIABILITY OF FINANCIAL INFORMATION

Owing to the public health situation and the Company's own circumstances, Solocal may fail to achieve its short- and mid-term financial objectives.

In particular, it may fail to meet its targets for orders, revenues and expected cost savings. The reliability of the financial information held by the Company may then be called into question and thus undermine the Company's forecasts.

If Solocal does not reach its operational cash flow target in 2021, 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.

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 21st June 2004, the Hamon Law of 17th March 2014, the Law for a Digital Republic of 7th October 2016 and the regulations on personal data protection. Solocal is also subject to specific laws and regulations covering, among other things, digital advertising (Sapin Law of 29th January 1993), directories (Article 34 of the French Post 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 currently under discussion in France and with EU authorities, including in relation to the protection and use of personal information, privacy and electronic communications, the responsibility of content publishers and online platform operators for content, e-commerce and the taxation of internet advertising. 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 using a dedicated tool. 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.

NON-COMPLIANCE WITH SAPIN II (LAW ON TRANSPARENCY, THE FIGHT AGAINST CORRUPTION AND THE MODERNISATION OF THE ECONOMY) AND RISK OF FRAUD AND CORRUPTION CSR

Article 17 of French Law No. 2016-1691 of 9th 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, have 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 began the roll-out of its compliance programme by mapping the risks of fraud and corruption and appointing an Ethics Officer. In 2019 and 2020, compliance was stepped up with:

- an annual 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 through the introduction of an ethical assessment procedure as part of the contractual framework with a supplier, partner or intermediary and an ethical assessment procedure as part of the contractual framework with a customer.

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 made compliance a priority in terms of corporate governance by setting up a dedicated Ethics function with its own budget, the roll out of this compliance programme has not yet been fully completed, 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.

2.7 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 recognised brokers, 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).

"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 maximum annual cover amount is €15 million (with a sub-limit of €2 million for ransomware).

"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 draws on the discussions that took place as part of the work of the 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.

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 https://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 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 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 manages IT risks with reference to reliability and business continuity objectives, legal and regulatory compliance and operational targets. 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 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.

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 Company'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. This system serves to provide the Company's management and its Board of Directors with reasonable but not absolute assurance that the Company'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

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 31st 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 division 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 Investor Relations, Treasury and Financing 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 has four basic components:

- the three-year strategic plan;
- the budget process;
- monthly review of key metrics;
- business and financial performance reviews.

a. The strategic business plan

Each year, Solocal updates the 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 review of key metrics

The monthly review of key metrics 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.

The monthly review of key metrics 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 reforecasts are reported in a consistent and uniform manner.

d. Financial performance reviews

Monthly financial performance reviews are conducted with all members of the Executive Committee and 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. They are also used to check that budgeted costs are adhered to throughout the year.

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 19th 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.

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 in order to guarantee its quality and reliability prior to its examination by the Board of Directors. This review covers, among other things, press releases containing financial information and presentations to investors.

The Investor Relations department, within 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, acquisitions or disposals, 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 associated with the effects of climate change and the measures taken by Solocal to reduce them are presented in “Risk Factors” and in the statement on non-financial performance.

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

Statement on Non-Financial Performance (SNFP) and Corporate Social Responsibility (CSR)

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Business model

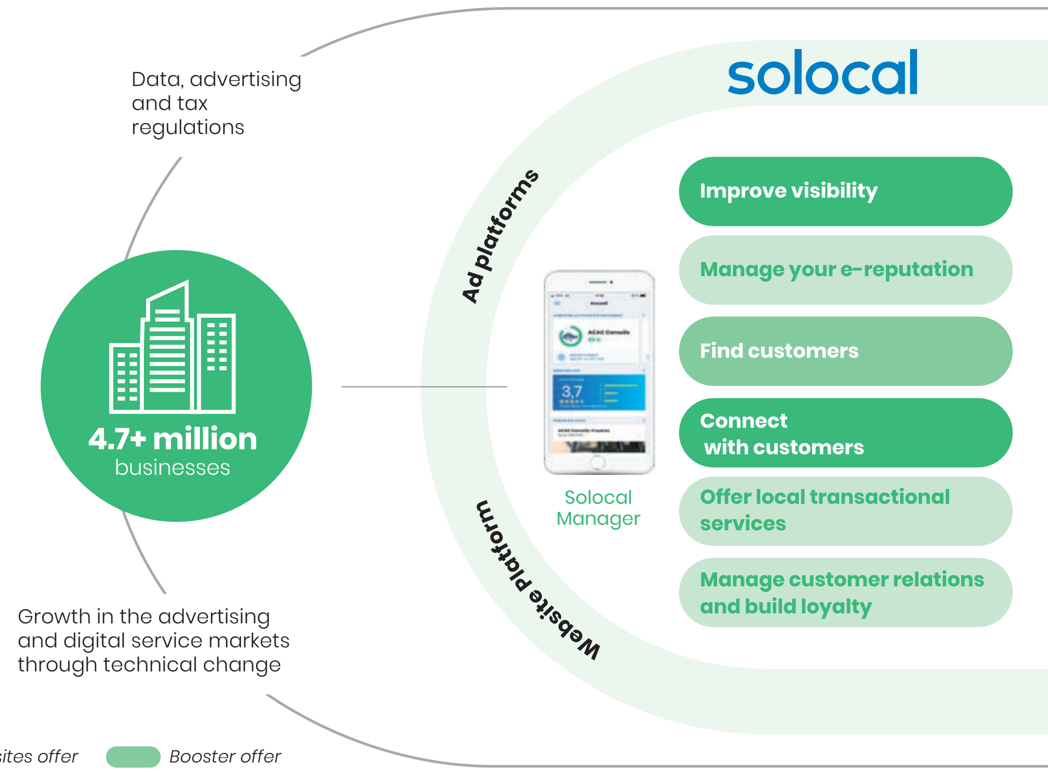
Our mission: Vitalise local life

One integrated app for businesses

Over **150,000 ad campaigns** generated[1]

Low-cost lead generation

Over **6,700 websites produced** in 2020



(1) Includes Priority Ranking.

Towards the sustainable development of businesses

Our values

Team Spirit	Proximity
Talent	**Local**

2,813 employees worldwide[1]

Nearly **2,000 staff** close to our customers[2]

Training provided in ethics, digital accessibility, digital marketing and agile methods

Women in the workforce: **53.75%**

Employee engagement index: **75%** (+4 points)

65.9% of employees surveyed agree that Solocal enables them to develop their skills and employability

6 regional centres

1 webfactory

Digital advisers throughout France

315,000 customers nationwide

Digitisation of **372 businesses** via our digital workshops

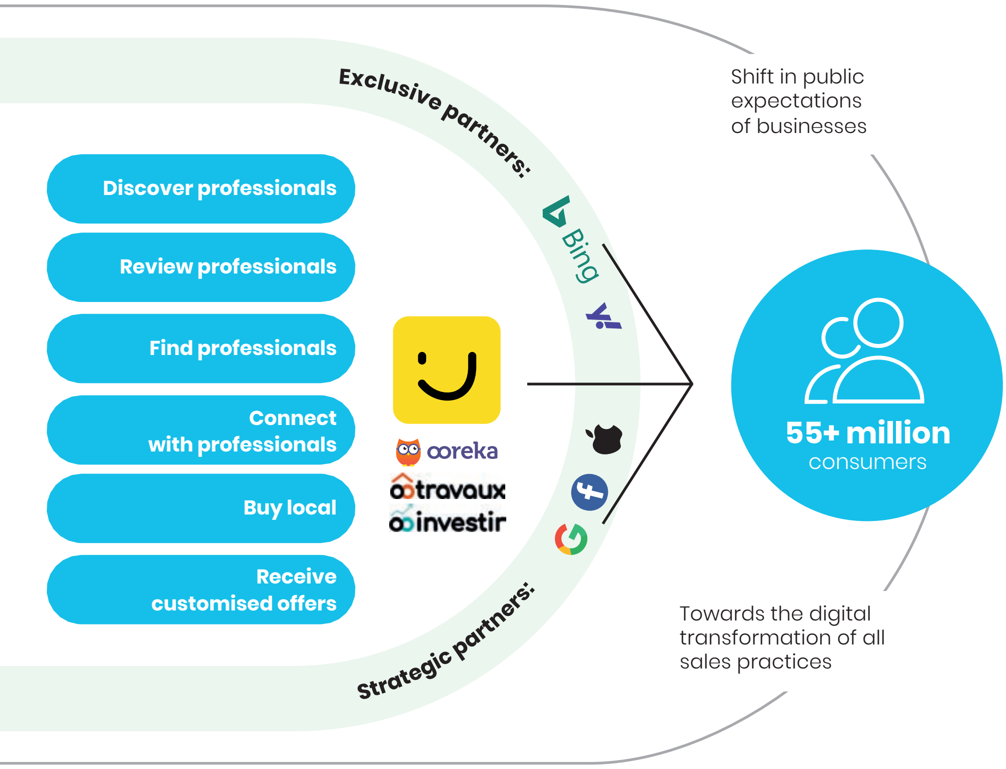
Familiarisation of **64,000 businesses** via our digital audits

Provision of **12 LocalPartner directories** for local institutions

(1) Excluding mobility leave.
(2) Sales, Production and Customer Relations.

Offer digital solutions for local businesses in SaaS mode, operated via a single app

Change in habits and accelerating digitisation of contacts during the Covid-19 health crisis



One service platform for consumers

4.7 million businesses listed

1.9 billion visits to PagesJaunes, our local platform

Nearly **14 million reviews** on PagesJaunes

Strategic partnerships with the **major online giants**

Engagement | Courage

Finance

€344m market capitalisation[(3)]

€195m net debt (excluding IFRS 16)

€43m capital expenditure

Net cash at 31/12/2020: **€61.4 million**

No. 3 in France **in digital marketing** by revenue: **€437 million**[(4)]

Consolidated EBITDA: **€116 million**

Contributory presentation, all businesses:[(5)]

- Revenue: **€464 million**
- Recurring EBITDA: **€132.8 million**

Environment

7.15 tonnes of waste electrical and electronic equipment (WEEE) collected

CO_2 emissions – office premises (kg of CO_2 equivalent): **-28%** (**276,546 kgCO₂** for 2020 vs. 385,987 kgCO₂ for 2019)

CO_2 emissions – vehicle fleet: **-49.65%** (**1,457 tonnes CO_2 equivalent per vehicle** in 2020 vs. 2,894 in 2019)

Technology

Technology platforms developed in-house or integrated in SaaS mode

Ability to **distribute digital solutions on a large scale**

(3) Source: Factset, 31/12/2020.

(4) Includes revenue from the subsidiary Mappy (10 months) and the Spanish subsidiary QDQ (2 months), neither of which was material in 2020 (combined revenue = €4.6m).

(5) Includes Print businesses, which are disclosed under "Income from discontinued activities" in the 2020 income statement.

3.1 CSR governance of Solocal

Solocal set up a CSR department as early as 2011. Since September 2018, the CSR theme has been governed by the Institutional Relations, CSR, Ethics and Risk department within the General Secretariat.

The company 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 in 2018, allow Solocal to deploy CSR policies that mobilise more than twenty CSR Correspondents across the Company.

In 2020, with the health crisis linked to Covid-19, Solocal decided to emphasize its CSR priorities so as to make a greater contribution towards maintaining economic activity in the territories in keeping with its purpose: **to vitalise local life**.

The CSR policies were consolidated by **the signing up in 2020 to the United Nations Global Compact**, allowing the company to contribute to the achievement of the **Sustainable Development Goals** (SDG).

2020 was also marked by the consolidation of the CSR priorities pursued through the identification and monitoring of a greater number of **key performance indicators** (KPIs) and the definition of concrete quantified and measurable objectives, in line with our corporate strategy.

Finally, the Institutional Relations, CSR, Ethics and Risk Department has developed an **internal communication system** for the Company's employees so as to **raise their awareness of CSR issues**.

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 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 Institutional Relations, CSR, Ethics and Risk department has set up qualitative monitoring of the eight priorities defined in the SNFP since 2018 with the ambassadors (members of the management team and operational staff).

In 2016, the CSR audit and advisory firm Cabinet de Saint-Front 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, 2019 and 2020, 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:

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 chapter (pages 8 and 9) 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.

Performance, objectives and policies

A fact sheet describing each non-financial priority is included in paragraph 3.2.3 of the SNFP.

Appendices

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, 2019 and 2020, 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 and to the Audit Committee (for risk mapping) of the Board of Directors.

3.2.2.2 Non-financial risks and priorities for Solocal

Pursuant to the eight governance, social, societal and environmental priorities identified in 2018, and following on from the risk analysis carried out in 2018, 2019 and 2020, the non-financial priorities pursued by Solocal continue to aim at responding to the Company's main CSR risks.

Domains	Non-financial risks 2020	Non-financial priorities 2020
Societal	– Competition from emerging players / risk level: major	**1.** Fighting against the desertification of city centres by promoting short circuits 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	**2.** Ensuring publication of responsible, widely accessible content
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	**3.** Promoting the respect and security of personal data
	– Non-compliance with the Sapin 2 law and risk of fraud and corruption / risk level: major – Insufficient cost-efficiency and Non-compliance with the procurement procedure / risk level: moderate	**4.** 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	**5.** Supporting the transformation of jobs and skills

Domains	Non-financial risks 2020	Non-financial priorities 2020
	– Psychosocial risks and absenteeism / risk level: major	**6.** 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	**7.** Improving employee commitment and making the Company more appealing
Environment	– Risks linked to the environmental impact / risk level: minor	**8.** Optimising energy consumption, use of resources and reducing the carbon impact for sustainable digital

3.2.3 POLICIES AND INITIATIVES IN RESPONSE TO NON-FINANCIAL RISKS

3.2.3.1 Solocal's societal priorities

3.2.3.1.1 Fighting against the desertification of city centres by promoting short circuits and developing digital skills in the regions

Related Sustainable Development Goals (SDGs)

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all by ensuring that women and men have equal access to technical, vocational and tertiary education.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by promoting development-oriented policies that foster productive activities, the creation of decent jobs, entrepreneurship, creativity and innovation and stimulate the growth of micro-, small and medium-sized enterprises and facilitate their integration into the formal sector.

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

Our key performance indicators for 2020

- Number of companies trained via Solocal's Digital Workshops: 372 companies trained (+124% vs. 2019)
- Number of LocalPartner platforms set up with local authorities: 12 local directories made available (+600% vs. 2019)
- Number of digital audits performed: 64,000

Our objectives for 2021

- Train 500 companies/year
- Equip 20 local authorities with the LocalPartner platform
- Diagnose 70,000 companies with online digital audits

Our policy

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. The crisis linked to the Covid-19 pandemic has also revealed the need to accelerate the digitalisation of VSEs/SMEs and has changed consumer habits (click & collect, short circuits, etc.). 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, local authorities) by fighting against the desertification of city centres.

This policy mobilises Solocal's marketing, sales and institutional relations teams, who provide the regions with digital tools and share their expertise with local businesses. Digital advisors travel throughout France to contribute to regional digitalisation and to meet with local businesses.

(1) *AFNIC study on the online presence of VSE/SMEs, 2018.*

1) Helping local businesses to adopt digital technology, contributing to the economic development of city centres and promoting short circuits

In order to contribute to economic development in the regions, to fight against the desertification of city centres and to promote short circuits, Solocal:

- offers all companies in France an online **Digital Audit**, free of charge, to enable them to assess their digital maturity and the quality of their online presence, together with **personalised support by a digital coach**;
- shares its digital expertise free of charge through **Digital Workshops**, educational modules given by its digital coaches in the regions, in partnership with consular chambers (chambers of commerce and industry, chambers of trade and craft industries), professional federations, competitiveness clusters or local authorities;
- is committed to working with the French regions to help companies benefit from digital solutions within the framework of **regional aid (digital vouchers)** for the digitalisation of small businesses;
- provides local authorities free of charge with its **LocalPartner** solution, a local platform that lists all local shops and businesses. This version of PagesJaunes.fr, in the colours of the local authority, enables local businesses to use digital services such as updating their information and news, instant messaging, click & collect and online appointment booking.

During the second lockdown in France, Solocal contributed to supporting local businesses by **making its Connect Accès offer available free of charge, free of engagement, on PagesJaunes and LocalPartner until 28th February 2021.**[1] Solocal was also selected in a call for projects by the Ministry of Economy, Finance and Recovery for its offer to appear on the government's "Clique Mon Commerce" platform dedicated to the digitalisation of small businesses in the context of Covid-19.

2) Support for national solidarity initiatives

In order to help revitalise local life, Solocal makes its digital expertise available to major national causes. As such, Solocal supports:

- **national causes relating to public health** (partnerships with AFM Téléthon, France Alzheimer) through display campaigns on PagesJaunes, targeting the largest possible number of French people;
- **national causes relating to the fight against digital exclusion** through the renewal of a patronage action with Emmaüs Connect involving its customers in the payment of a donation on behalf of Solocal.

In 2020, as part of the fight against Covid-19, Solocal also took action, through several PagesJaunes display campaigns, on:

- communicating about barrier gestures;
- encouraging people to download the "TousAntiCovid" application, working with the Secretary of State for Digital Transition and Electronic Communications.

2020 Commitments	2020 Initiatives
Helping local businesses adopt digital technology	– Digital audits carried out in 64,000 companies – Digital Workshops, free digital awareness workshops in the form of face-to-face meetings or webinars, for 372 companies – Referencing of Solocal's digital offers with four partner regions to help local businesses use regional aid for digitalisation: – Auvergne Rhône Alpes Region – Hauts-de-France Region – Ile-de-France Region – Southern France Region
Enhancing the economic development of city centres and promoting short circuits	– LocalPartner platform made available free of charge to 12 local authorities including: – 3 Regions (Hauts-de-France, Ile-de-France, Southern France), – 1 urban community (Grand-Angoulême) – 8 cities (Apt, Argenteuil, Bordeaux, Issy-les-Moulineaux, Marseille, Massy, Roubaix, Valence)
Supporting national societal initiatives	– Public health: PagesJaunes display campaign for AFM Téléthon, France Alzheimer, TousAntiCovid application – Digital inclusion: patronage with Emmaüs Connect

(1) *The Connect Accès offer includes free access to four digital services on PagesJaunes for local businesses: updating of their information and news, instant messaging, Click & Collect and online appointment booking*

3.2.3.1.2 Ensuring publication of responsible, broadly accessible content

Related Sustainable Development Goal (SDG)

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by promoting development-oriented policies that foster productive activities, the creation of decent jobs, entrepreneurship, creativity and innovation and stimulate the growth of micro-, small and medium-sized enterprises and facilitate their integration into the formal sector.

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 / Impacts in the event of risk occurrence: loss of audience, user dissatisfaction leading to a drop in qualified customer contacts

Our key performance indicators for 2020

- 7.2: the satisfaction rating of PagesJaunes.fr users (-1.4% vs. 2019)
- Annual average of +34 NPS (Net Promoter Score) on a population of 45,671 respondents (initial response)
- 56% digital accessibility of PagesJaunes.fr
- 43% digital accessibility of Solocal.com
- 42% digital accessibility of Solocal Manager
- 29% digital accessibility of Store Locator

Our objectives for 2021

- Improve PagesJaunes user satisfaction rating
- Raise digital accessibility rate of our digital services
- Raise awareness of digital accessibility among 100% of our employees

Our policy

Solocal aims to provide universal access to quality content in order to guarantee users of its digital services 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 is fulfilling its mission to vitalise local life for all, in complete confidence. This commitment covers all the information and advertising content produced and distributed on Solocal's platforms, on its PagesJaunes media, and on partner media, as well as the accessibility of all its public communication services to all persons, whether disabled or not.

To respond as closely as possible to the expectations of users seeking ever greater ease of use and 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. The NPS and the PagesJaunes satisfaction score reflect the quality of the media by measuring both the quality of the customers' experience and how likely they are to recommend it.

As the reference in terms of content on professionals and businesses in France, Solocal focuses on two strategic areas in order to ensure the publication of responsible, broadly accessible content:

1) Enriching sources of content on professionals and businesses and moderation thereof

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, and consular chambers,
  - 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, Avis Vérifiés, OpinionSystem);
- carries out regular monitoring of performance and commitment indicators on the **content quality of its databases.**

In 2020, Solocal reinforced 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.

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 was intensified so as to further improve the reliability of the **4.7 million companies referenced in our digital services.**

A bi-monthly summary is carried out with PagesJaunes to detect alerts and correct them as quickly as possible.

2) Access to content by local businesses and digital accessibility of digital services

Solocal is particularly committed to simplifying its content and making it accessible to all, through a user path designed to contribute to the digital inclusion of all professionals and all people, including those with disabilities. In order to guarantee that its content is accessible, Solocal:

- allows its **clients and all French companies to access their own content, simply and free of charge, via the Solocal Manager application**. 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;
- is committed, in partnership with Urbilog, an expert in digital accessibility, to a **digital accessibility policy for its digital services**, in addition to compliance with Article 106 of the Law for a Digital Republic of 7th October 2016 and its application decree of 25th July 2019 on the obligation of digital accessibility for companies with revenues of more than €250 million. This policy is carried out within the Institutional Relations, CSR, Ethics and Risk department by the **Digital Accessibility Officer appointed in October 2020 under a letter of assignment from the Chief Executive Officer**.

2020 Commitments	2020 Initiatives
Guaranteeing a quality and control process for content on PagesJaunes	– 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 458,000 new companies listed in 2020 out of the 4,713,965 businesses featured – Increase updates of our databases to 3.3 million per month on average (1) – 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 and to 1 minute in 2020 (1) – 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 – Number of moderated reviews searchable on pagesjaunes.fr: 1,874,848 reviews as at 31/12/2020

Ensuring the digital accessibility of Solocal's digital services	– Implementation of a digital accessibility policy, in addition to compliance with the law:
	  – audit of digital services (PagesJaunes, Solocal Manager, Solocal.com, Intranet, Store Locator)
	  – training of 51 employees (project manager, web editor, developer)
	  – appointment of a Digital Accessibility Officer and 9 Digital Accessibility Correspondents in the Product and R&D teams
	  – publication of legal documents (Declaration of Accessibility, Multi-year Accessibility Plan and Annual Accessibility Plan)
	  – advice, within the framework of a dedicated communication, to Large Account customers using Solocal's Store Locator solution

(1) Data as of November 2020.

3.2.3.2 Solocal's governance priorities

3.2.3.2.1 Promoting the respect and security of personal data

Related Sustainable Development Goal (SDG)

Promote peaceful and inclusive societies for sustainable development through the guarantee of public information and the protection of fundamental freedoms, in accordance with national legislation and international agreements.

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, non-compliance with French Data Protection and Civil Liberties Act and GDPR, data compromise, financial losses, damage to reputation

Our key performance indicators for 2020

- Time frame for processing requests for the deletion of personal data: 7.00 days in 2020 (+75% vs. 2019)
- Time frame for processing requests for modifications to personal data: 9.39 days in 2020 (+50% vs. 2019)
- 82% of employees equipped with multi-factor authentication (MFA)

Our objectives for 2021

- 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
- Train 100% of employees on RGPD issues
- Equip 100% of employees with a multi-factor authentication (MFA)

Our policy

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. In order to promote the respect and security of personal data, the Company is developing a policy with a two-fold focus:

1) The protection of personal data as a selling point

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:

- intends to earn its customers' trust. This regulation is an opportunity to enshrine the following principle: ***"Privacy is good for business"***. For this purpose, as early as 2011, Solocal 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 Large Account clients in their compliance by making personal data protection a real selling point;
- wants to play a role in ensuring that its users' personal data is protected. For the second year running, the PagesJaunes and Ooreka media 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;
- actively participates, through membership in various organisations (GESTE, Syndicat des Régies Internet), in the work of the digital ecosystem to promote good practices in terms of personal data protection;
- contributes to sharing expertise on the protection of personal data by organising conferences, seminars and webinars.

2) IT security as everyone's business

In order to contribute to the protection of personal data and to be a trusted third party in the security of personal data, Solocal is piloting an information security management system (ISMS) programme. 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.

Through the company's IT Charter, this policy involves all the company's employees. In this respect, the Information Systems Security Manager (ISSM) has enabled the secure equipment of all employees through the implementation of dual authentication (MFA: Multi Factor Authentication). Support was provided to each employee to ensure optimum security, particularly in the context of the remote work instigated by the health crisis.

2020 Commitments	2020 Initiatives
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	– Training for employees who are more particularly concerned – Two customer awareness sessions

Introducing internal governance that makes information system security everybody's responsibility	– Deployment of MFA equipment to 82% of employees.
	– Operationalisation of the Information Systems Security governance system with:
	  – the implementation of the Group Information Systems Security Policy (GISSP)
	  – the update of the IT Charter presented to the company's SEC and validated by the Executive Committee

Contributes to sharing expertise on the protection of personal data	– Expertise sharing by the Data Protection Officer (DPO) at various events:
	  – Privacy Summit organised by AT Internet on 15th December 2020 (450 people)
	  – Conference at ESSEC business school on business and data protection issues on 5th November 2020 (100 people)
	  – Courses at the University of Paris I and Paris Sud during seminars on data protection for Master 2 students

03

3.2.3.2.2 Consolidating ethical governance and taking CSR aspects into account to ensure the Company's sustainability

Related Sustainable Development Goals (SDGs)

Ensure sustainable consumption and production patterns by encouraging companies, especially large and transnational ones, to adopt sustainable practices and to include sustainability information in their reporting.

Promote peaceful and inclusive societies for sustainable development through the guarantee of public information and the protection of fundamental freedoms, in accordance with national legislation and international agreements.

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;
- Insufficient cost-efficiency and 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 for 2020

- 100% of employees trained in ethical and anti-corruption issues (Sapin 2 law)
- 128 suppliers assessed
- 77 customers considered at risk assessed
- Receipt and handling of four ethical alerts
- 26th company out of 230 SMEs and mid-caps listed on the Paris Stock Exchange in EthiFinance's Gaia Rating (up 21 places from 2019) with a score of 80/100 (vs. 71/100 in 2019)

Our objectives for 2021

- Train all new entrants in ethics
- Raise our clients' awareness of ethical, GDPR and CSR issues through specific motion designs
- Raise employee awareness of CSR

Our policy

Solocal's policy of consolidating ethical governance and taking CSR aspects into account to ensure the Company's sustainability is embodied in four mechanisms:

1) Promoting social dialogue and value sharing

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** for all Company employees. The dialogue on this subject with the Company's trade unions began on 27th November 2020.

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, which:

- facilitates exchanges with shareholders and investors via **bilateral meetings** (investor days, meetings with institutional investors, and conferences) and **dedicated tools** (telephone line, emails, web page, contact form, etc.);
- is developing a dedicated "investors and shareholders" page on the Solocal.com website to **host all the Company's financial information and make it easier for shareholders and investors to understand** (explanatory videos, practical information sheets, etc.).

3) Deployment of a global ethics and anti-corruption policy

In order to support the Company's cultural transformation, Solocal has been deploying a comprehensive Ethics and Anti-Corruption policy since 2018. This policy is led within the Institutional Relations, CSR, Ethics and Risk department by the **Ethics Officer appointed in October 2018 under a letter of assignment from the Chief Executive Officer**.

Concomitantly with the implementation of the Company's compliance with the Sapin 2 law on transparency, the fight against corruption and the modernisation of economic life, **four ethical principles** were affirmed in 2019 in the Company's Code of Conduct:

- Trust
- Transparency
- Integrity
- Respect

As part of this policy, Solocal currently has several active mechanisms:

- a **Code of Conduct** aimed at ensuring compliance with clear, universally-recognised rules, together with a policy of disciplinary sanctions;
- 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 programme for all employees;
- a whistleblowing procedure;
- a gifts and invitations policy;
- a conflict of interest procedure;
- a **system for the assessment of third party integrity** (customers, users, suppliers, partners, etc.);
- accounting control procedures to prevent corruption.

Much more than a legal obligation, fighting corruption and fraud is a priority for Solocal, which has zero tolerance in this area.

As was the case in 2018 and 2019, Solocal benefits from the expertise and support of the economic players' support hub of the French Anti-Corruption Agency (AFA) to challenge the Company's vision and enrich it with expected best practices.

4) Strengthening the transparency of Solocal's non-financial performance

In order to improve the transparency of its non-financial performance, Solocal:

- is committed to responding each year to the **questionnaires of a number of non-financial rating agencies** and in particular to EthiFinance's Gaia Rating index, which is composed each year of French SMEs and mid-caps;
- evaluates its social performance on Ecovadis;
- responds to evaluation questionnaires from its customers and suppliers.

Solocal has also initiated a process to raise awareness of CSR issues among its employees through a bi-monthly article in the in-house newsletter.

2020 Commitments	2020 Initiatives
Establishing a value-sharing system	– Opening of negotiations with the company's trade unions on 27th November 2020
Promoting dialogue with shareholders	– Redesign of "Investors" page on Solocal.com – Creation of a dedicated page on the capital increase on Solocal.com to inform investors and individual shareholders – The dedicated page on the capital increase on Solocal.com hosts various materials (explanatory videos, tutorials to help with subscription procedures, Q&A, etc.) – Creation of a hotline to allow all shareholders to access the same information during the financial restructuring process

Bringing the Company in compliance with the Sapin 2 law	– Deployment of the Ethics programme within Solocal Interactive, a subsidiary of Solocal created in March 2020 in Rodrigues
	– Ethics training for 100% of Solocal Interactive employees
	– 2020 update of fraud and corruption risk mapping
	– Consolidation of Solocal's third-party integrity assessment policy:
	  – Ethics and sustainable development charter
	  – Ethical evaluation procedure as part of a contract with a supplier, partner or intermediary
	  – Assessment of 128 suppliers
	  – Ethical evaluation procedure as part of entering into a contract with a customer
	  – Assessment of 77 customers considered at risk
	  – Ethics and Anti-Bribery Clause included in customer purchase orders
	  – Ethics and Anti-Bribery Clause included in customer framework contracts

Strengthen transparency of Solocal's non-financial performance	– Solocal entered the Gaia Rating index with a ranking of 26th out of 230 French SMEs and mid-caps listed on the Paris Stock Exchange – Awarded the Bronze Ecovadis label (46/100) – Publication of four articles on CSR in Solocal's in-house newsletter

3.2.3.3 Solocal's social priorities

3.2.3.3.1 Supporting the transformation of jobs and skills

Related Sustainable Development Goal (SDG)

Promote sustained, shared and sustainable economic growth, full and productive employment and decent work for all so that by 2030, full and productive employment can be achieved, and all women and men, including young people and persons with disabilities, can be guaranteed decent work and equal pay for work of equal value.

RISKS RELATED TO THIS PRIORITY:

- Lack of key skills / Impacts in the event of risk occurrence: decrease in competitiveness, additional costs
- Recruitment difficulties / Impacts in the event of risk occurrence: decrease in competitiveness, additional costs

Our key performance indicators for 2020

- Level of recommendation within the Company: 56.9% (up 9 points compared to 47.5% in 2019)
- 104 internal transfers within the company
- Percentage change in employees who responded to the internal opinion survey in January 2021 who consider the Company enables them to develop their skills and employability: 65.9% (up 9 points compared with 2019)

Our objectives for 2021

- Increase the percentage of employees who consider the Company enables them to develop their skills and employability
- Increase in the number of internal transfers

Our policy

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 and more specifically the refocusing on digital services, 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.

The Company's policy with regard to supporting employees as jobs and skills change is one of the company's core concerns. This policy is structured around:

1) Forward-looking management of jobs and skills

Formalised in a collective agreement, the policy of forward-looking management of jobs and skills is designed to support the evolution of jobs and skills over three years on the basis of an annual analysis. This planned management agreement 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".
- implement 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.

A new agreement is currently being submitted for signature within the Company.

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.

Despite the health crisis, all the training programmes were maintained thanks to distance learning solutions, by adapting schedules and time slots.

Solocal's ambition is to strengthen these digital training systems and to enhance the training system for managers.

2020 Commitments	2020 Initiatives
Revisit the agreement on the policy of forward-looking management of jobs and skills (GPEC)	– Opening of negotiations for the renewal of the agreement
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.	– Training provided for 698 employees on the new range of digital solutions for the Sales department – Ethics and anti-corruption training (Sapin 2 law) for 100% of employees – Digital accessibility training for 51 employees – Digital marketing training for 356 employees – Agile training - level 1,2,3 for 130 employees **Indicators:** – Average number of hours of training per trained employee: 21.4 – Proportion of payroll for the training budget: 3.81%

3.2.3.3.2 Promoting a pleasant work environment for all

Related Sustainable Development Goal (SDG)

Promote sustained, shared and sustainable economic growth, full and productive employment and decent work for all so that by 2030 full and productive employment can be achieved and all women and men, including young people and persons with disabilities, can be guaranteed decent work and equal pay for work of equal value

RISKS RELATED TO THIS PRIORITY

Psychosocial risks and absenteeism / Impacts in the event of risk occurrence: impact on the health and well-being of employees, increase in provident fund contribution, deterioration in working conditions.

Our key performance indicators for 2020

- Sick absenteeism rate and percentage change in sick absenteeism rate: 11.52% (+52.58% vs. 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: 80.9% (up 5.1 points compared with 2019)

Our objectives for 2021

- Increase rate of Solocal employees who consider themselves satisfied with the respect with which they are treated
- Decrease in the rate of absenteeism

Our policy

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.

The appointment of a Work Environment Director in 2020, reporting to the Director of Human Resources, helped coordinate the installation of employees in new premises (Cesson-Sevigné, Haillan) enabling them to carry out their activities in an optimum working environment.

In 2019 and 2020, 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, which:

- has implemented a process designed to encourage employees to return to work after a long-term absence due to sickness;
- is setting up a system to combat absenteeism. As part of mandatory negotiations on the quality of life at work, absenteeism is the subject of working groups with the social partners. Specific measures have been identified as part of Solocal's absenteeism action plan and new measures will be deployed in 2021.

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 Health, Safety and Working Conditions Committees under the aegis of the quality of life and occupational health** division.

Following on from these actions, Solocal consolidated an action plan at national level to fight PSR.

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.

2020 Commitments	2020 Initiatives
Implementing a policy against absenteeism	– Opening of mandatory negotiations on Quality of Life at Work with the trade unions – Consolidation of an action plan on absenteeism
Preventing risk situations	– Implementation of primary prevention initiatives with local 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 (URD)

3.2.3.3.3 Improving employee commitment and making Solocal more appealing

Related Sustainable Development Goal (SDG)

Achieve gender equality and empower all women and girls by contributing to the worldwide end to all forms of discrimination against women and girls.

Promote peaceful and open societies for sustainable development by ensuring that dynamic, participatory and representative decision-making at all levels is a hallmark of the process.

RISKS RELATED TO THIS PRIORITY

- Recruitment difficulties / Impacts in the event of risk occurrence: decrease in competitiveness, additional costs
- Talent drain / Impacts in the event of risk occurrence: decrease in competitiveness, additional costs, loss of key skills
- Lack of key skills / Impacts in the event of risk occurrence: decrease in competitiveness, additional costs

Our key performance indicators for 2020

- Level of engagement expressed by Solocal employees who responded to the internal opinion survey: 75% (up 4 points compared to 71% in 2019)
- Rate of female representation in top management: 29.70% (-14.85% of female Directors compared with 2019);
- Equal pay index for women and men at Solocal SA: 92 points in 2019 (up 6 points compared to 2018)
- 34 apprentices in 2020

Our objectives for 2021

- Increase the percentage of female representation in top management
- Maintain the level of engagement expressed by employees
- Maintain the level of the Solocal SA index
- Increase in the number of apprentices recruited

Our policy

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, complementary skills, a challenge that is all the more difficult to meet in the competitive field of digital technology. Despite the health crisis and in particular in the context of the recovery plan with the "1 young person, 1 solution" policy initiated by the French government, Solocal is pursuing its policy to make itself more appealing to employees and job applicants.

With the mobilisation of three people within the Human Resources department, Solocal makes employee engagement a priority.

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;
- **shares the expertise** of its employees and managers with students;
- works on strengthening its employer brand;
- is rolling out a programme dedicated to apprenticeship.

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 engagement, 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, as expressed in priority 1 of this SNFP).

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, the equal pay index between women and men stands at 92 points (cf. provisions resulting from the law No. 2018-771 of 5th September 2018 and the decree No. 2019-15 of 8th January 2019 applicable to companies with more than 1,000 employees in terms of transparency on pay differentials between women and men);
- stipulates in its recruitment process 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**.

2020 Commitments	2020 Initiatives
Setting up partnerships with schools	– Creation of the Sales School in partnership with ProActive Academy, the IGS and its partners in the Bordeaux, Boulogne-Billancourt, Cesson-Sévigné and Roubaix branches, for the sedentary sales profession, as part of a collective operational preparation for employment (POEC) – Signing of a partnership with MédiaSchool on the #Supdeweb campus in Angoulême to offer 3rd year students a certified training course accessible through work-study programmes aimed at putting their knowledge of web development and digital marketing into practice. In February 2021, the school will open a class called "Solocal" at its Angoulême site under its own brand name. About twenty young people with a degree equivalent to two years of higher education (including professional experience) will be immersed in a professional environment where they will be able to put their knowledge into practice. The curriculum leads to a Marketing and Communication Manager title, with a level 6 digital option (equivalent to three years of higher education) registered in the National Register of Professional Certifications (RNCP) and the possibility of finding a job at Solocal. The Company will welcome a second class of students in September 2021
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 – Development of a partnership with "*Welcome to the Jungle*" working on an employer branding platform

3.2.3.4 Solocal's environmental priorities

3.2.3.4.1 Optimising energy consumption, use of resources and reducing the carbon impact for sustainable digital

Related Sustainable Development Goals (SDGs)

Establish sustainable consumption and production patterns with the objective of significantly reducing waste generation by 2030 through prevention, reduction, recycling and reuse.

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.

Our key performance indicators for 2020

- Change in emissions from car fleet (in CO_2 tonnes equivalent per vehicle): -49.65% (1,457 tonnes CO_2 equivalent/vehicle in 2020 vs. 2,894 in 2019)
- Change in carbon impact of offices (in kg CO_2 equivalent): -28% (276,546 kg CO_2 in 2020 vs. 385,987 kg CO_2 in 2019)
- Change in carbon impact of data centers (in kWh CO_2 equivalent): -100% (0 kWh of CO_2 equivalent in 2020 vs. 239,365 kWh of CO_2 equivalent in 2019)
- 7,15 tonnes of electrical and electronic equipment waste collected

Our objectives for 2021

- Deploy a new car policy by integrating hybrid electric models
- Maintain the decrease in overall emissions from the car fleet and offices
- Maintain recycling of electrical and electronic equipment waste

Our policy

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. With the end of its printed directories business in 2020, accounting for approximately 5.7% of its revenues[1], Solocal made a strategic choice that is in line with the environmental priority it supports in helping local businesses achieve a sustainable and responsible digital transformation.

Solocal SA's 2018 carbon impact actually 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. With the migration of our data to the cloud, the only emissions generated by the Company's technical infrastructures are monitored by one 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 employee commuting and business travel and the effects of the two lockdown periods linked to the Covid-19 health crisis, Solocal has planned a **gradual transition for its commercial car fleet to hybrid vehicles.**

With the aim of developing a more comprehensive mobility policy in its seven regional centres (Angoulême, Bordeaux, Boulogne-Billancourt, Cesson-Sévigné, Nancy, Roubaix and Villeurbanne), Solocal is also keen to **raise its employees' awareness of eco-driving and soft mobility.**

2) Optimising the Company's real estate portfolio

As a continuation of the policy pursued in 2018 and 2019, Solocal:

- **optimises rental space** to improve the environmental quality of its real estate portfolio;
- leaves premises that are not much used and that have the defects of old buildings (insulation, air circulation, etc.) to move into **high-quality, HQE and RT 2012-certified premises** with the relocation of our sites in Bordeaux and Rennes and the closure of the sites in Angoulême and the branches in Montpellier, Nice and Grenoble;
- 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 technology

2020 is the first year in which the Company's **data will be moved to the cloud** through its partners.

Solocal has adopted 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;
- **pursuing the "Move to Cloud" policy** with the decommissioning of the servers and data centers of Solocal's subsidiaries.

2020 Commitments	2020 Initiatives
Optimising rental space and improving the environmental quality of the Company's real estate portfolio	– Cancellation of leases for 4,560 sq.m of office space – Reduction in average space leased – Relocation of the Bordeaux and Rennes buildings to new HQE and RT 2012 certified premises in Bordeaux and Cesson-Sevigné
Aiming for responsible digital technology	– 100% of the Group's infrastructures and systems migrated to the Cloud – Decommissioning: 7.15 tonnes of equipment (VM, hypervisors, physical servers, etc.)

(1) *€464 million in revenues in 2020.*

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 activity and impact of climate change	
Consequences on climate change of the business activity and of the use of the goods and services it produces	This topic is covered in "Optimising energy consumption, use of resources and reducing 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 the Company's 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 the Company's 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 22nd October 2014, Order No. 2017-1180 of 19th July 2017 and its implementing decree No. 2017-1265 of 9th 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 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 smaller 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.

It should be noted that Solocal Group sold its subsidiary Mappy S.A. to the RATP Group on 2nd November 2020 and that the scope of the 2020 reporting no longer takes this company into account.

Consequently, for the 2020 financial year, the scope taken into consideration is as follows:

Indicator	Scope
Data center power consumption	Solocal SA
Server virtualisation rate	Solocal SA
Energy consumption excluding data centers	Solocal SA + Solocal Marketing Services + "Citylights scope" of the other subsidiaries concerned
CO_2 emissions from energy consumption in tonnes of CO_2 equivalent (offices + data centers)	Solocal SA + Solocal Marketing Services + "Citylights scope" of the other subsidiaries concerned (data centers = PagesJaunes)
Percentage of buildings with environmental certification in the total rental stock of sites	Solocal SA + Solocal Marketing Services + "Citylights scope" of the other subsidiaries concerned
Water consumption	Solocal Citylights
Quantity of electrical and electronic equipment waste disposed of in tonnes	Solocal SA + Solocal Marketing Services
Average number of computers per employee	Solocal SA + Solocal Marketing Services + "Citylights scope" of the other subsidiaries concerned + GIE + Holding
Average number of printers per employee	Solocal SA + Solocal Marketing Services + "Citylights scope" of the other subsidiaries concerned + GIE + Holding

Period and frequency

Solocal's Statement on Non-Financial Performance is published annually in the Registration Document and since 2020 in the Solocal Universal Registration Document. The information required covers the past calendar year in line with Solocal's financial year, from 1st January to 31st December 2020.

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 Institutional Relations, CSR, Ethics and Risk 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 Institutional Relations, CSR, Ethics and Risk department;
- 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 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, 2019 and 2020 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. Specific indicators explain the apprenticeship policy
- 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]*)
- Internal mobility: change of job within the company
- 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 professionalisation contracts) on the total number of theoretical days of work requested (excluding interns, VIEs, temporary workers, apprentices and professionalization 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, based on the Base Carbone of ADEME, the French Environment and Energy Management Agency, were used:

1. for electricity (France): 0.0599 kg CO_2e/kWh (upstream and production excluding line losses);
2. 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);

3. for natural gas (LCV) (France): 0.205 kg CO_2e per kWh LCV;
4. for business trips:

– diesel fuel, mainland France 0.190 kg CO_2e/litre,

– petrol, also mainland France. 0.202 kg CO_2e/litre.

These emissions factors were updated in 2021 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

Year ended 31st December 2020

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 31st December 2020 (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;
- 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 89% 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 September 2020 and February 2021 over a total period of 19 weeks. We conducted 14 interviews with the 17 people responsible for preparing the Statement.

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.

Comments

Without qualifying the conclusion expressed above and in accordance with the provisions of article A. 225-3 of the French Commercial Code, we make the following comments:

Concerning the scope, please refer to the “methodological note” paragraph in appendix.

Toulouse, 23rd February 2021

THE INDEPENDENT THIRD PARTY ORGANISATION

SAS CABINET DE SAINT FRONT

Pauline de Saint Front

Chairwoman

(1) *List of the information we considered most important:*

Key performance indicators and other quantitative results:

- *Pages Jaunes Satisfaction Score*
- *Net Promoter Score (NPS)*
- *Percentage of digital accessibility of PagesJaunes.fr*
- *Percentage of digital accessibility of Solocal.com*
- *Percentage of digital accessibility of Solocal Manager*
- *Percentage of digital accessibility of Store Locator*
- *Percentage of employees equipped with the dual authentication system (MFA)*
- *Percentage of employees trained in ethical and anti-corruption issues*
- *Number of suppliers considered at risk assessed*
- *Number of customers at risk assessed*
- *Level of recommendation within the company*
- *Percentage change in employees who responded to the internal opinion survey who consider the Company enables them to develop their skills and employability*
- *Average number of hours of training per trained employee*
- *Sickness rate*
- *Percentage change in Solocal employees who responded to the internal opinion survey who said they were satisfied with the level of respect with which they were treated:*
- *Level of engagement expressed by Solocal employees who responded to the internal opinion survey*
- *Number of apprentices hired*

3.3 Other non-financial indicators

Indicators	2019	2020	Chg. 2019/2020	Comments
Societal				
All of the societal indicators monitored are directly presented in the Solocal Statement on Non-Financial Performance				
Governance				
Number of requests for the deletion of personal data received by the customer service	32,723	25,622	-21.7%	Decrease in the number of requests for deletion of personal data received by customer service, reflecting the improved quality of the information published
Number of requests for the modification of personal data received by customer service	91,079	73,867	-18.9%	Decrease in the number of requests for changes to personal data received by customer service, reflecting the improved quality of the information published
Number of women on the Board of Directors as at 31st December	5	5	0%	Stabilisation in the number of women on the Board of Directors
Number of women on the Executive Committee as at 31st December	2	1	-50%	Departure of Pascale Furbeyre, Marketing Director, member of the Executive Committee
Employer responsibility				
Registered global workforce	3,546	2,867	-19.1%	Decrease related to the social component of the "Solocal 2020" transformation project and to the disposal of several subsidiaries (QDQ Media, Mappy)
Workforce under indefinite-term contracts	3,532	2,863	-18.9%	Decrease related to the social component of the "Solocal 2020" transformation project and to the disposal of several subsidiaries (QDQ Media, Mappy)
Workforce on definite-term contracts	14	4	-71.4%	Decrease related to the social component of the "Solocal 2020" transformation project and to the disposal of several subsidiaries (QDQ Media, Mappy)
Proportion of the workforce on indefinite-term contracts	99.61	99.86	+0.3%	Stabilisation of the proportion of the workforce on indefinite-term contracts
Number of part-time employees	224	160	-28.6%	Decrease related to the internalisation of resources, in particular production resources within the subsidiary Solocal Marketing Services
Share of part-time employees	6.3	5.58	-5.58%	Decrease in the share of part-time employees
Number of hours of training provided during the year	78,867	51,689	-34.5%	Decrease in the number of hours of training provided in the dual context of the decrease in the number of employees and the health situation
Number of employees trained	2,448	2,412	-1.5%	Decrease in the number of employees trained in the dual context of the decrease in the number of employees and the health situation
Total training expenses	€6,302,246	€5,608,549	-11%	Decrease in total training expenses

Indicators	2019	2020	Chg. 2019/2020	Comments
Participation rate in the internal survey	85.9%	78.2%	-8.9%	Decrease in the participation rate in the internal opinion survey
Number of workplace accidents resulting in absence	31	44	+41.9%	Increase in the number of work stoppages following an accident at work
Work accident frequency rate	7.5%	14.5%	+92.4%	Work accident frequency rate increase
Work accident severity rate	0.74%	1.48%	+100.9%	Increase in work accident severity rate
Total aggregate number of hours worked during the year	4,118,384	3,037,516	-26.2%	Decrease in the number of hours worked in the dual context of the decrease in the number of employees and the health situation (short-time work schemes)
Aggregate number of days of absence during the year	3,043	4,509	+48.2%	Increase due partly to the employer responsibility component of the “Solocal 2020” transformation plan and to the health situation
Number of days of sick leave	76,892	84,594	+10%	Increase in the number of days of sick leave
Number of theoretical working days	1,017,930	225	-27.9%	Decrease related to the social component of the “Solocal 2020” transformation project, to the decrease in the number of employees and to the health situation (short-time work schemes)
Average age of employees	42.3	41.2	-2.5%	
Average years of service of employees	12	11	-5%	
Total payroll	€217,457,340	€147,273,924	-32.3%	Reduction in payroll due to the end of the employer responsibility component of the “Solocal 2020” transformation plan
Overall turnover	38%	32%	-15.7%	Reduction due to the end of the employer responsibility component of the “Solocal 2020” transformation plan
Employees recruited on indefinite-term contracts	776	628	-19.1%	
Departures of employees on indefinite-term contracts at the end of the trial period	253	156	-38.3%	
Voluntary departures of employees on indefinite-term contracts	264	129	-51.1%	
Non-voluntary departures of employees on indefinite-term contracts	1,004	646	-35.7%	Reduction partly due to the end of the employer responsibility component of the “Solocal 2020” transformation plan
Total number of indefinite-term contract departures	1,521	931	-38.8%	Reduction partly due to the end of the employer responsibility component of the “Solocal 2020” transformation plan
Number of senior executives	129	101	-21.7%	Reduction due to the end of the employer responsibility component of the “Solocal 2020” transformation plan

Indicators	2019	2020	Chg. 2019/2020	Comments
Share of senior executives/total workforce	3.65%	3.52%	-3.2%	Decrease in line with the drop in workforce
Number of female senior executives	45	30	-33.3%	Reduction partly due to the employer responsibility component of the Solocal transformation plan
Hiring under work-study programmes (apprenticeship and professional training contract)	30	76	+153%	Sustained increase in volume of work-study hires, supported by a specific policy
Recruitment of interns	66	39	-40.9%	Decrease in the number of interns recruited
Percentage rate of employment of people with disabilities	6%	7.4%	+23.3%	Increase in percentage rate of employment of people with disabilities
Environmental responsibility				
Number of computers per employee	1.63	1.87	+13.5%	Increase due to the health situation and remote working
Number of printers per employee	0.15	0.52	+14.8%	Increase due to the decrease in the number of employees
Electrical and electronic equipment waste collected - in tonnes	8.81	7.15	-18.8%	End of renewal of IT equipment for field salespeople and telemarketers and retirement of obsolete IT equipment
Electricity consumption by offices (excl. data centers) in MWh (1)	3,043	2,784	-8.5%	Decrease due to the reduction in the number of leased sites
Gas consumption in MWh	483	105	-78%	Reduction in rental space and reduction related to lockdown measures and remote work related to the health situation
Energy consumption associated with IDEX urban network (cold/hot)	1,524	918	-39.7%	Reduction in rental space and reduction related to lockdown measures and remote work related to the health situation

(1) Calculation scope: Solocal Group, Solocal SA, Solocal Marketing Services.

04
Corporate governance

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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 and CEO from 5th October 2020 to 5th April 2021;
- Mr David Amar, Vice-Chairman of the Board of Directors;
- Mr David Eckert;
- Ms Delphine Grison;
- Ms Anne-France Laclide;
- Ms Marie-Christine Levet;
- Ms Catherine Robaglia;
- Mr Paul Russo;
- Ms Sophie Sursock.

The Board of Directors has nine members as of the date of this document, including one Director representing employees, one Executive Director (with non-independent status due to his executive office from 5th October 2020 to 5th April 2021), two Directors representing shareholders and five 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
Pierre Danon Born 14th May 1956 Cordial Investments and Consulting 48/50, rue de la Tour 75116 Paris France	French	Chairman of the Board and CEO from 5th October 2020 to 5th April 2021 Chairman of the Customer Satisfaction Committee	5th September 2017	General Meeting to be held in 2023	126,821*	– 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)
David Amar Born 25th May 1981 11, rue du Rhône 1204 Geneva Switzerland	Swiss	Vice-Chairman of the Board of Directors Director Member of the Customer Satisfaction Committee	13th June 2017	General Meeting to be held in 2021	958,585	– 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

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 Eckert Born 8th May 1955 6 Haskell Ridge Road, Rochester, Massachusetts USA	US	Director Member of the Remuneration and Appointments Committee	2nd October 2020	General Meeting to be held in 2024	1,376	– Director and CEO of Yellow Pages Limited (Canada) **Offices no longer held:** – NED of ItaliaOnline S.P.A. (Italy) – NED of Yellow Pages Ltd. (Canada) – NED and Vice-President of SEAT Pagine Gialle S.P.A. (Italy) (later known as ItaliaOnline after the merger with ItaliaOnline)
Delphine Grison Born 10th December 1968 Solocal 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt France	French	Director Chairman of the Remuneration and Appointments Committee	13th June 2017	General Meeting to be held in 2021	5,929	– Chairman of DGTL Conseil (France) – Director of ADL Performance and member of the Audit Committee (listed company – France) **Offices no longer held:** – Member of the Supervisory Board of Asmodée Holding (France)
Anne-France Laclide Born 8th January 1968 6, rue Malar 75007 Paris France	French	Director Member of the Audit Committee	19th June 2019	General Meeting to be held in 2022	897	– 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 company – France) **Offices no longer held:** – Various offices within the Oberthur group (France) – Independent Director of SFR (France)
Marie-Christine Levet Born 28th March 1967 5, rue de l'Échelle 75001 Paris France	French	Director Member of the Remuneration and Appointments Committee	15th December 2017	General Meeting to be held in 2024	839	– Chairman of Educapital (France) – Director of Maisons du Monde (listed company – France) – Director of Econocom (listed company – Belgium) – Director of the AFP (France) **Offices no longer held:** – Director of Iliad (listed company – France) – 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
Catherine Robaglia Born 25th January 1968 Solocal 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt France	French	Director representing employees Member of the Customer Satisfaction Committee	15th October 2020	15th October 2024	54	– None **Offices no longer held:** – None
Paul Russo Born 23rd May 1953 Andromeda Hill, Yefet Street 38, Tel Aviv Jaffa 68130 Israel	US	Director Member of the Audit Committee	2nd October 2020	General Meeting to be held in 2021	1,376	– Director and Chairman of the Human Resources and Compensation Committee of Yellow Pages Limited (Canada) – Business consulting services, independent contractor (Israel) **Offices no longer held:** – Managing Director of Color Spot Holdings (California, United States) – Executive Vice-President in charge of the development of the Hibu Group (United Kingdom)
Sophie Sursock Born 7th November 1979 Move Capital 112 avenue Kleber 75116 Paris France	French	Director Member of the Audit Committee	13th June 2017	General Meeting to be held in 2021	1,678	– 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.A and Italia Online S.p.A) (Italy) – Member of the Strategy Committee of Italia Online (Italy)

* *Pierre Danon Esq: 5,723 shares Cordial Investments. Consulting Ltd: 121,098 shares.*

Governance model

On 5th 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.

In the context of the financial restructuring of the Company and owing to the forced departure of Éric Boustouller from his duties as Chief Executive Officer, the Board of Directors decided on 28th August 2020 to recombine the positions of Chairman and of Chief Executive Officer of Solocal Group and to appoint Pierre Danon as Chairman of the Board and CEO with effect from 5th October 2020, in order to provide the Company with the benefit of his skills, knowledge of the business and experience in the sector during the transitional period in which it searches for a new Chief Executive Officer.

On 8th January 2021, following a selection process launched and managed by the Remuneration and Appointments Committee and with the active participation of Pierre Danon and Paul Russo in the recruitment process for a new Chief Executive Officer, the Solocal Board of Directors decided to appoint Hervé Milcent as Chief Executive Officer of the Company with effect from 6th April 2021. On that date, the Company reverted to a split governance structure, with Pierre Danon becoming Chairman of the Board of Directors again.

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 19th June 2019, to appoint Philippe Besnard as a Non-Voting Director to provide input from individual shareholders to Board meetings.

Mr Besnard having resigned from his duties on 7th July 2020, Jacques-Henri David was appointed as Non-Voting Director at the Board of Directors meeting of 23rd July 2020.

Changes in the composition of the Board of Directors

	Departure	Appointment	Reappointment
Board of Directors	Éric Boustouller 2nd October 2020	David Eckert 2nd October 2020	–
	Philippe de Verdalle 28th August 2020	Paul Russo 2nd October 2020	–
	Jacques-Henri David 24th July 2020		–
Audit Committee	Jacques-Henri David 24th July 2020	Anne-France Laclide 19th June 2019	–
		Paul Russo 2nd October 2020	–
Remuneration and Appointments Committee	David Amar 17th September 2020	Delphine Grison 28th August 2020	–
	Joëlle Obadia 17th September 2020	Marie-Christine Levet 17th September 2020	–
	Philippe de Verdalle 28th August 2020	David Eckert 21st October 2020	–
Strategy and M&A Committee	David Amar 7th July 2020		–
	Delphine Grison 7th July 2020		–
	Marie-Christine Levet 7th July 2020		–
	Sophie Sursock 7th July 2020		–
Customer Satisfaction Committee	Éric Boustouller 17th September 2020	David Amar 17th September 2020	–
	Joëlle Obadia 15th October 2020	Pierre Danon 7th July 2020	–
		Catherine Robaglia 15th October 2020	–

Following consideration and recommendation by the Remuneration and Appointments Committee, the Board of Directors proposed that the next Annual General Shareholders' Meeting, to be held on 3rd June 2021, reappoint Delphine Grison, Sophie Sursock, David Amar and Paul Russo as Directors of the Company.

Accordingly, at the end of the next General Shareholders' Meeting on 3rd June 2021, 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 David Eckert;
- Ms Delphine Grison;
- Ms Anne-France Laclide;
- Ms Marie-Christine Levet;
- Ms Catherine Robaglia;
- Mr Paul Russo;
- Ms Sophie Sursock.

There are nine Directors on the Board, including one Director representing employees, two Directors with non-independent status due to their links with GoldenTree (majority shareholder), one Director with non-independent status due to the executive office he held from 5th October 2020 to 5th April 2021 and five 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 customer, supplier, corporate banker or investment banker that is (i) significant for 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 has not been 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 five of its members meet the independence criteria described above, i.e. 62.5% Independent Directors (excluding the Director representing employees); Pierre Danon and Catherine Robaglia do not qualify as Independent Directors given the positions they hold within the Group. In addition, the Board of Directors, in its decision dated 2nd October 2020 and on the recommendation of the Remuneration and Appointments Committee, considered that, although David Eckert and Paul Russo are not directly employed by GoldenTree, given their links with GoldenTree and GoldenTree's place in Solocal's ownership structure, Messrs Eckert and Russo cannot be classified as independent for the purposes of the AFEP-MEDEF Code.

Summary of Board member independence as at 31st December 2020

Criteria[(1)]	Pierre Danon[(2)]	David Amar	David Eckert	Delphine Grison	Anne-France Laclide	Marie-Christine Levet	Catherine Robaglia[(3)]	Paul Russo	Sophie Sursock
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 Chairman of the Board and CEO from 5th October 2020 to 5th April 2021.
(3) Director representing employees.

Biographies of the members of the Board of Directors

- **Pierre Danon**, a graduate in Civil Engineering from Ponts et Chaussées, and in Law from the Institut supérieur des affaires, Pierre Danon 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.
- **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.
- **David Eckert** has led numerous companies in a variety of industries. He is currently Director and CEO of Yellow Pages Limited (Canada). Previously, he was President & CEO and Director of the Hibu Group and has served on the Board of Directors of X-Rite, Inc. of Safety-Kleen Systems, Inc., of Clean Harbors, Inc. of Italiaonline SpA and of Yellow Pages Limited (Canada). During his career, he has chaired and served on the boards of many companies. In the early 1980s, David was a Vice President and Partner at Bain & Company. David has an MBA from the Harvard Business School.

- **Delphine Grison** has been Chair of DGTL Conseil since 2014, where she works as a consultant. She is also a Director and member of the Audit Committee of ADL Performance. She was Chief Marketing and Data Intelligence Officer at CBRE France between 2015 and 2020. 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. At the same time, she was a Director of Asmodée between 2014 and 2018. 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** is Chief Financial Officer (CFO) of RATP Dev. Before that, she was CFO and a member of the Executive Committee of Consolis group and CFO of the Idemia group (formerly Oberthur Technologies) and of various other 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, where she oversaw the development of its content and services offer before selling it to Neuf Cegetel (now SFR) in 2007. She then took over the management of the Tests group, a leading hi-tech information group, as well as Nextradiotv group's internet activities. In 2009, Ms 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. In 2017, she created the first investment fund dedicated to the Education and Innovative Training sectors. 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.
- **Catherine Robaglia** is a graduate in Engineering from IMAC. She began her career at Gemini Consulting as a consultant in organisation and information systems for seven years. In 1999, she joined the IT department of PagesJaunes and played an active role in the information system renovation projects. In 2004, she joined the new DOSQ (Department of Organisation, Strategy and Quality) as Head of the Organisation and thus accompanied the transformation projects [following the IPO and the Group's change of shareholding] and in particular the implementation of processes. In 2008, she was appointed Head of Internal Audit, reporting to the Chief Executive Officer and the Chairman of the Audit Committee, where she audited all of the Company's subsidiaries and major processes on behalf of the Board of Directors. Catherine currently serves as Project Director within the Customer Operations Department, and together with her teams, she manages the operationalisation of the VSE/SME and key account offers in the areas of Delivery (Production) and Customer Relationship Management.
- **Paul Russo** has been a Board member of Yellow Pages Limited (Canada) since 2017, where he chairs the Human Resources and Compensation Committee and is a member of the Audit Committee. Previously, he served as Managing Director of Color Spot Nurseries and as Executive Vice President in charge of development at Hibu Group. He began his career as a partner of Bain & Company and went on to be a Director of numerous companies. He graduated from the University of California, Berkeley and holds an MBA from Harvard Business School. Prior to graduating, he began his career with Arthur Young and Company and obtained CPA certification.
- **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.

RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Full name (position)	Digital and Innovation	Finance	Restructuring and turnaround	Customer knowledge, salesforce management and customer relations	Technology, Data and Cyber-risks	Compliance, Ethics and CSR
Pierre Danon		✓	✓	✓		
David Amar	✓	✓		✓		
David Eckert		✓	✓	✓		
Delphine Grison	✓				✓	✓
Anne-France Laclide		✓	✓			✓
Marie-Christine Levet	✓			✓	✓	
Catherine Robaglia	✓			✓	✓	
Paul Russo		✓	✓	✓		
Sophie Sursock	✓	✓			✓	

4.1.2 CRIMINAL OFFENCES AND POTENTIAL CONFLICTS OF INTEREST

With the exception of David Eckert and Paul Russo who nominated by GoldenTree Asset Management LP and its affiliated funds ("GoldenTree") according to the agreement entered into on 2nd July 2020 between GoldenTree and the Company in the context of the financial restructuring of the Company, which included the possibility for GoldenTree to propose two nominees as Company Board members, there are no arrangements or agreements of any kind with shareholders, customers, suppliers or others pursuant to which any member of the Board of Directors has been selected as a member of an administrative, management or supervisory body or as a member of the Company's senior management.

The Company is not aware at this time of any other potential conflict of interest between the duties of the members of the administrative, management and supervisory bodies towards 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
Pierre Danon	Chairman of the Board and CEO (5th October 2020 to 5th April 2021)
Hervé Milcent	Chief Executive Officer (since 6th April 2021)
Richard Cuif	Director of Human Resources, also in charge of Internal Communications
Arnaud Defrenne	R&D Director
Nathalie Etzenbach-Huguenin	General Secretary
Éric Klipfel	Joint Chief Executive Officer
Amaury Lelong	Products and Media Director
Olivier Regnard	Chief Financial Officer

- **Pierre Danon** served as Chairman of the Board and CEO during a transitional period from 5th October 2020 to 5th April 2021. He is 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.
- **Hervé Milcent** has been Chief Executive Officer since 6th April 2021. A graduate in Business Law, Hervé Milcent began his career with the newly created Chronopost in the "operations" teams. He quickly became Director of Operations at Dynapost and then at Médiapost, where he launched and developed geomarketing and targeted distribution solutions, thereby gaining extensive knowledge of local communication issues. In 1998, Hervé Milcent joined the Arvato Group (Bertelsmann Group) as Managing Director in charge of operations for the Direct Marketing division, which became the French leader under his leadership. Building on this success story driven by a strong portfolio of services launched in France, including subscription-based services, Hervé Milcent extended his responsibilities to Southern Europe, before being promoted to the Group's Executive Committee to manage the roll-out of the "Group CRM Global" solution. In 2014, after more than 16 years within the Arvato Group spent developing and implementing enterprise services, Hervé Milcent was appointed CEO of the Lyreco Group. He implemented a category-based marketing strategy, repositioned the Group's offering to accelerate growth and led the overhaul of the technical and IT infrastructures essential to the company's "Phygital" transformation. In 2020, he joined the Teleperformance Group as Managing Director for France, Italy and Germany.
- **Richard Cuif** has been Director of Human Resources since 9th 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.
- **Arnaud Defrenne** is Director of R&D (since 25th 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 has been 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 a member of the Executive Committee. 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 6th May 2019.

- **Éric Klipfel** is Deputy CEO. Holder of a master's degree from the Fachhochschule Stuttgart, Eric Klipfel has taken up customer and commercial transformation challenges for 20 years, in strong competitive B2C and B2B universes, marked by regulatory, structural and economic changes (digitisation of commercial channels and customer relations, competition, cost compliance). Whether in telecoms in 2000 at SFR Numericable as executive CEO for eight years, or since 2018 at the world leader in customer relations Teleperformance Knowledge Services, he has led numerous customer relations projects (reduction of complaints and programmes to reduce churn and increase the customer base) and is an expert in analytical/predictive models applied to commercial and customer-related matters (cross-sell, speech analytics, improvement of customer journeys, customer feedback management). On 9th July 2020, he joined Solocal as Deputy CEO in charge of sales & customer operations. He is taking over the reins of the Large Accounts sales, VSE/SME field sales, Telesales, and Customer Success and Management departments, as well as the Customer Operations department.
- **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 2nd 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 around 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, with the exception of the following points:

- The Board of Directors has decided that a Director may sit on one Committee only and wanted to give priority to the employee Director's participation in the Customer Satisfaction Committee.
- In addition, during the brief transition period (six months) in which Pierre Danon was Chairman of the Board and CEO, the Board chose not to appoint a Lead Director, but to put in place various measures to maintain the Board's independence. In this regard, at the end of each Board of Directors' meeting, the Company held sessions without the executive corporate officers, including Pierre Danon, present. The Chair of the Remuneration and Appointments Committee was also available to shareholders and proxy advisors to discuss issues related to governance.

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. 22-10-8 et seq. and 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. 22-10-8 of the French Commercial Code (ex ante vote)

Part II: Compensation paid or awarded to corporate officers for the 2020 fiscal year in accordance with Article L. 22-10-9 of the French Commercial Code (ex post vote)

Part III: Corporate governance (Article L. 22-10-10 of the French Commercial Code)

Part IV: Significant factors in the event of a tender offer or public exchange offer (L. 22-10-11 of the French Commercial Code)

PART I: COMPENSATION POLICY FOR CORPORATE OFFICERS, PURSUANT TO ARTICLE L. 22-10-8 OF THE FRENCH COMMERCIAL CODE (EX ANTE VOTE)

As a preliminary point, it is specified that following the decision of the Board of Directors on 28th August 2020 to recombine, for a transitional period, the positions of Chairman and of Chief Executive Office of Solocal Group and to appoint Pierre Danon as Chairman of the Board and CEO with effect from 5th October 2020, the General Shareholders' Meeting of 27th November 2020 voted on, among other things, the compensation policy of the Chairman of the Board and CEO of Solocal Group.

This compensation policy governed the determination of the compensation attributable to the Chairman of the Board and CEO until Hervé Milcent took office as Chief Executive Officer on 6th April 2021, the date on which the positions of Chairman of the Board of Directors and Chief Executive Officer of Solocal Group were separated again.

In accordance with the law, the compensation policy for all Solocal Group corporate officers will be put to the vote of the shareholders within the scope of the ex ante vote at the General Shareholders' Meeting voting on the financial statements for the year ended 31st December 2020.

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 represent ceilings and the total compensation and benefits of all types granted to the executive corporate officers of Solocal Group may be for lower amounts.

Compensation policy – common aspects

Alignment with the Company's interests

The Board of Directors ensures that the compensation policy for Solocal Group's corporate officers is in line with the Company's interests. Compensation amounts are determined having regard to the size of the Group and the Board sees to it that the performance criteria as well as the intelligibility and proportionality thereof ensure the effectiveness of senior management.

The compensation policy also contributes to the Company's sustainability and 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 that the compensation policy within the Group is competitive, consistent with Solocal's objectives and also fair.

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 the 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. 22-10-8 III of the French Commercial Code.

Compensation policy for executive corporate officers

The conditions of compensation of the executive corporate officers comprise, firstly, annual growth, operational effectiveness, Company progress and personal performance targets and, secondly, long-term targets linked to the economic and financial performance of the Group. They provide a balance between the various items of compensation, taking into account the experience and skills of corporate officers, market practices, including in the digital sector, and the Company's strategic objectives.

During the 2020 financial year, the Board of Directors wanted the objectives set for executive corporate officers to be in line with the Company's strategy: profitable cash-generating growth that supports customer satisfaction.

For the 2021 financial year, the Board of Directors wants the objectives set for the executive corporate officers to be purely quantitative and focused on cash generation, growth, customer and user satisfaction and the mobilisation of Solocal's employees.

Please refer to section 4.1 of the Universal Registration Document on the individual terms of office of the executive corporate officers.

As of the date of this document, the positions of Chairman of the Board of Directors and Chief Executive Officer have been separated again.

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 all-inclusive compensation of €150,000, for his office as Chairman of the Board of Directors.

He does not receive any other compensation or benefit referred to in Article R. 22-10-4 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. Annual compensation

1.1. Structure of the annual compensation

The annual compensation of the Chief Executive Officer comprises a fixed portion and a variable portion.

1.2. Annual fixed compensation

For the 2021 financial year, the Chief Executive Officer will receive fixed compensation of a gross annual amount of €450,000 on a pro rata basis to his service in the Company in 2021, paid monthly

1.3. Annual variable compensation

In general, 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 based on a proposal by the Remuneration and Appointments Committee.

For the 2021 financial year, in accordance with the Company's compensation practices, the parameters of variable compensation were set by the Board of Directors at its meeting of 21st January 2021 based on a proposal by the Remuneration and Appointments Committee. These targets were not reviewed during the year.

The Chief Executive Officer's variable compensation for targets achieved is thus equal to 100% of his fixed compensation. It may range from 0% to 150% of fixed compensation, depending on the achievement of the following seven quantitative criteria:

- 40%: EBITDA – CAPEX
- 20%: FCF
- 15%: Revenues
- 10%: Number of customers
- 5%: Customer NPS/Solocal
- 5%: Direct audience PagesJaunes + LP
- 5%: CSR – absenteeism among salesforces

In the event of the Chief Executive Officer's departure during the year, the variable compensation payable will be calculated on a pro rata basis, and the Board of Directors may decide either to estimate the achievement of targets at the date of the end of the appointment or to carry out an assessment at the end of the financial year.

In any event, it is recalled that payment to the Chief Executive Officer of the variable portion of his compensation will be conditional upon ex post approval by the Company's General Shareholders' Meeting of the fixed, variable and exceptional components of the total compensation and benefits of all types paid or awarded to the Chief Executive Officer for the financial year ended.

1.4. Multi-year variable compensation

N/A.

1.5. Exceptional compensation

N/A.

1.6. Compensation, indemnities or benefits due or that may be due to the Chief Executive Officer on taking up office

N/A.

1.7. Any other item of compensation attributable owing to the office

N/A.

1.8. Benefits in kind

For the 2021 financial year, the Chief Executive Officer will receive the following benefits in kind:

- a retirement savings plan to replace, pursuant to the Pacte Law, the defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) in force at Solocal prior to 1st October 2020 and that resulted in a contribution of 5.5% applied to compensation tranches B and C, 60% of which was paid by the Company, i.e. 3.3%, with the remaining 40% payable by the beneficiary i.e. 2.2%;
- 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, it being specified that the Company intends to opt for the coverage level of 55% over 12 months; 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.

1.9. Compensation for his directorship

In accordance with the Company's compensation practices, the compensation to which the Chief Executive Officer may, if applicable, be entitled during the term of his office as a Director or permanent representative in a Group company (the Company and its subsidiaries) or in an entity in which he may act as a representative of a Group company will be either unpaid (in the case, in particular, of the subsidiaries) or repaid to the Company.

2. Long-term compensation

2.1. Stock option allotments

No stock option allotment is planned for 2021.

2.2. Free performance share allotments

Under the sixth resolution of the General Shareholders' Meeting of 27th November 2020, two free share plans subject to a performance condition were implemented by a resolution of the Board of Directors meeting of 8th January 2021, one referred to as a "classic" LTI and the other a "booster" LTI, the latter being subject to investment by eligible persons.

2.2.1 CLASSIC LTI PLAN

Under the "classic" LTI plan, the Chief Executive Officer will be granted 120,000 free performance shares when he takes up his position on 6th April 2021, subject to the additional allotment described below in the event of outperformance of the share price.

The vesting period (three years) will end on 6th April 2024, and the Board of Directors may set a period in which the shares must be retained by their beneficiaries (the "Retention Period").

The performance condition is assessed over three financial years and is based on two criteria:

- an off-market criterion corresponding to the level of achievement, during the relevant period, of the following annual free cash flow objectives:
  - 30% of the shares would vest on condition that the Company generates €40 million in free cash flow in 2021,
  - 30% of the shares would vest on condition that the Company generates €80 million in free cash flow in 2022,
  - 20% of the shares would vest on condition that the Company generates €80 million in free cash flow in 2023;
- 20% of the shares allotted are based on a market criterion determined by the level of the Company's share price at the end of the plan period (measured using the average share price over the last 20 trading days):
  - 100% of the shares (of this sub-total of 20%) would vest if the Company's share price at the end of the third financial year is €4.41,
  - no shares would vest if the share price in year 3 is €3 or less,
  - linear vesting would be agreed if the share price at the end of the period is between €3 and €4.41.

A catch-up clause was introduced for the performance clause involving cash generated: if the cash generated is below target in 2021 and/or 2022 but the cash generated in 2022 or 2023 exceeds the target by an amount greater than the shortfall, the performance criterion shall be deemed to have been met also for the year in which the shortfall occurred.

A linear overallotment mechanism allowing the Chief Executive Officer to receive up to 10,000 additional free performance shares was agreed for the case in which the share price at the end of the period was between €4.41 and €5.

The Chief Executive Officer will be required to retain at least 30% of the shares vesting to him until the end of his term of office, within the limit of the aggregate amount of his annual fixed compensation over three years (including shares awarded under the "booster" LTI plan described below and shares awarded under subsequent plans).

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.

A so-called "claw-back" clause is applicable throughout the vesting period and during the holding period. Under this clause, if it should appear a posteriori that the shares were vested to the Chief Executive Officer on the basis of information that he knew 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.

In the event of the disability of the Chief Executive Officer under the conditions set forth by law, or in the event of his death, the Board of Directors would remove the continued employment condition for the proportion of the award for which the performance criteria had been achieved as of the date of disability or death and the final allotment of shares would be made before the end of the vesting period; However, this would not be the case in the event of the termination of the Chief Executive Officer's duties for any other reason.

2.2.2 BOOSTER LTI PLAN

Under the "booster" LTI plan, the Chief Executive Officer will be granted the option of receiving 145,000 free performance shares (subject to the additional allotment described below in the event of outperformance of the share price) when he takes up his position on 6th April 2020 provided he decides to invest in the Company.

The award is subject to a general condition of service as a Chief Executive Officer, a performance condition and condition of investment in Company shares.

The vesting period (three years) will end on 6th April 2024, and the Board of Directors may set a period in which the shares must be retained by their beneficiaries (the "Retention Period").

The performance condition and the investment condition would be assessed over three financial years and would be based on two criteria:

- an off-market criterion corresponding to the level of achievement, during the relevant period, of the following annual free cash flow objectives:
  - 15% of the total allotment would vest on condition that the Company generates €40 million in free cash flow in 2021 and that the Chief Executive Officer has invested a certain minimum amount in Company shares before 31st July 2021 and has not liquidated that investment as of the vesting date,
  - 15% of the total allotment would vest on condition that the Company generates €80 million in free cash flow in 2022 and that the Chief Executive Officer has invested a certain minimum amount in Company shares within 15 months of the award (including the amount invested in year 1) and has not liquidated that investment as of the vesting date,
  - 20% of the total allotment would vest on condition that the Company generates €80 million in free cash flow in 2023 and that the Chief Executive Officer has invested a certain minimum amount in Company shares within 27 months of the award (including the amounts invested in years 1 and 2) and has not liquidated these investments in Company shares as of the vesting date;
- a market criterion corresponding to the evolution of the Company's share price at the end of the period of the plan: 50% of the total allotment would be awarded on condition that the Chief Executive Officer has invested a certain minimum amount in Company shares within 27 months of the award (including the amounts invested in years 1 and 2) and has not liquidated the investments in Company shares as of the vesting date – and subject to the following performance conditions;
  - 100% of the shares of this sub-total of 50% would vest if the Company's share price (measured using the average share price over the last 20 trading days) at the end of the third financial year is €4.41,
  - no shares will vest if the share price at the end of the third financial year is €3 or less,
  - linear vesting would be agreed if the share price at the end of the period is between €3 and €4.41.

A catch-up clause was introduced for the performance clause involving cash generated: if the cash generated is below target in 2021 and/or 2022 but the cash generated in 2022 or 2023 exceeds the target by an amount greater than the shortfall, the performance criterion shall be deemed to have been met also for the year in which the shortfall occurred.

A linear overallotment mechanism allowing the Chief Executive Officer to receive up to 25,000 additional free performance shares was agreed for the case in which the share price at the end of the period was between €4.41 and €5.

In the event of the Forced Departure, as defined below, of the Chief Executive Officer before the end of the vesting period, the Board of Directors would remove the continued employment condition for the proportion of the award for which the performance criteria had been achieved as of the date of Forced Departure, subject to compliance with the investment condition as of that date; it being specified that "**Forced Departure**" is understood to mean 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).

The Chief Executive Officer (i) is required not to liquidate the investment in Company shares made under the initial investment condition and (ii) will be required to retain at least 30% of the shares vesting to him until the end of his term of office, within the limit of the aggregate amount of his annual fixed compensation over three years (including shares awarded under the "classic" LTI plan described above and shares awarded under subsequent plans).

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).

A so-called "claw-back" condition is applicable throughout the vesting period and during the holding period. Under this clause, if it should appear a posteriori that the shares were vested to the Chief Executive Officer on the basis of information that he knew 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.

In the event of the disability of the Chief Executive Officer under the conditions set forth by law, or in the event of his death, the Board of Directors would remove the continued employment condition for the proportion of the award for which the performance criteria had been achieved as of the date of disability or death and the final allotment of shares would be made before the end of the vesting period;

3. 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, receive a severance payment as follows:

- the amount of the payment will be equal to 12 months of the Chief Executive Officer's (i) fixed gross annual all-inclusive compensation and (ii) variable gross annual all-inclusive remuneration over the last two full financial years;
- payment of the compensation will be subject to the following performance condition: the Chief Executive Officer must have achieved an average of at least 50% of his annual targets during the last two completed years. If the departure occurs during the first year after taking office, 100% of the bonus will be taken into account for the calculation of the severance payment. If the departure occurs less than two years after taking office, the annual targets taken into account for the performance condition and the calculation of the severance payment will be those which were applicable during the time he was with the Company;
- the severance payment would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition and after approval of the Company's General Shareholders' Meeting within the scope of the ex post vote.

In accordance with the AFEP-MEDEF Corporate Governance Code, the aggregate of both the severance payment and non-competition compensation may not exceed two years of fixed and variable compensation.

No sums are 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.

The severance payment will not be paid if the Chief Executive Officer exercises his pension rights.

The above commitment in favour of the Chief Executive Officer is subject, in the event of payment, to the approval of the General Shareholders' Meeting within the scope of the ex post vote.

The Board of Directors may review this commitment at the end of three years.

4. Non-competition compensation

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;
- pursuant to this non-competition obligation, the Chief Executive Officer agrees not to exercise any professional activity, of any kind whatsoever, in Europe, for a competitor of the Company, which shall include:
  - any competing undertaking providing, as a main activity, an online local search engine service, whether general or vertical, via the internet or a mobile app, and digital marketing services designed to enhance the visibility of advertisers on the same service,
  - any competing undertaking providing, as a main activity, a website construction service for SMEs and mid-caps,
  - any competing undertaking providing, as a main activity, marketing services enabling businesses to enhance their visibility on the internet and to generate contacts and introductions to customers and prospects;

- the corresponding non-competition compensation will be equal, on the basis of a 12-month non-competition period, to six months' fixed and variable compensation calculated on the basis of the monthly average of the gross fixed compensation paid over the 12 months of activity preceding the date of termination of the Chief Executive Officer's duties.

At the Board of Directors' discretion, the Company may, upon the termination of duties, (i) waive the benefit of the non-competition commitment (in which case it would not have to pay the corresponding compensation) or (ii) reduce the duration, the scope of activities and/or the geographical scope of said commitment (in which case the amount of the non-competition compensation would be reduced accordingly).

In accordance with the AFEP-MEDEF Code, the aggregate of both the severance payment and non-competition compensation may not exceed two years of fixed and variable compensation.

In addition, the non-competition compensation shall not be paid if the beneficiary has the possibility of exercising his or her pension rights. In any event, no compensation may be paid beyond the age of 65.

The above commitment in favour of the Chief Executive Officer shall be subject, in the event of payment, to the approval of the General Shareholders' Meeting within the scope of the ex post vote.

C. 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.

1. Decision-making process followed for determining, reviewing and implementing the Directors' compensation policy

The Combined General Shareholders' Meeting of 11th 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.

2. 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 budget, defined to take account of changes in the nature and composition of the Committees and to value the work accomplished in accordance with the practices currently in force within companies in the digital sector, are as follows:

- €150,000 per year for the Chairman;
- equal distribution for Directors, i.e. €37,700 per year per Director taking into account the principle of participation in all meetings of the Board of Directors and the Committees of which they are members;
- an €18,000 annual lump sum for the Chairman of the Audit Committee;
- a €5,800 annual lump sum for the members of the Audit Committee;
- a €16,000 annual lump sum for the Chairman of the Remuneration and Appointments Committee;
- a €4,800 annual lump sum for the members of the Remuneration and Appointments Committee;
- a €16,000 annual lump sum for the Chairman of the Customer Satisfaction Committee or any other Committee that the Board may create;
- a €4,800 annual lump sum for the members of the Customer Satisfaction Committee or any other Committee.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for 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 (in cases where the positions of Chief Executive Officer and Chairman of the Board of Directors are separate)).

3. 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.

4. 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 CORPORATE OFFICERS FOR THE 2020 FINANCIAL YEAR (EX POST VOTE)

In accordance with Article L. 22-10-34 I and II of the French Commercial Code, the following will be submitted to the next Annual General Shareholders' Meeting:

- a specific draft resolution relating to total compensation and the benefits of all types paid during or awarded in respect of the past financial year to the Chairman of the Board of Directors (for the period from 1st January 2020 to 4th October 2020) but also in his capacity as Chairman of the Board and CEO (for the period from 4th October 2020 to 31st December 2020) as set out below, 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. 22-10-9 I of the French Commercial Code including in particular the total compensation and benefits of all types paid or awarded in respect of offices held during the past financial year to all corporate officers, as set out below, and resulting, in the event that the resolution is rejected, in the suspension of the compensation allocated to the Directors (general ex post vote).

Compensation of the executive corporate officers subject to the approval of the General Shareholders' Meeting pursuant to Article L. 22-10-34 II of the French Commercial Code (specific ex post vote)

The items of compensation were paid or awarded for the 2020 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' Meetings of 24th July 2020 and of 27th November 2020 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. 22-10-8 of the French Commercial Code ("2019 Report"). This report appears in the 2019 Universal Registration Document as amended by amendments no. 1, 2 and 3 filed with the AMF. These documents are available from the website www.solocal.com.

It is specified, with regard to the Chief Executive Officer and the Chairman of the Board of Directors, but also with regard to the Chairman of the Board and CEO for the period in which the functions were combined, 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 2020 financial year to the Chairman of the Board of Directors (from 1st January 2020 to 4th October 2020) and the Chairman of the Board and CEO (from 4th October 2020 to 31st December 2020)

Pierre Danon,
Chairman of the Board of Directors (from 1st January 2020 to 4th October 2020)

Items of compensation put to the vote	Amounts awarded for the past financial year or book value	Presentation
Fixed compensation	N/A	No variable 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 2020
Compensation for his office as Chairman of the Board and other terms of office on Committees	€123,517.77	The compensation comprises the following elements for the period from 1st January 2020 to 4th October 2020: – a €107,386 lump sum for his office as Chairman of the Board of Directors (including, for the 2020 financial year, the 25% reduction in this compensation during the lockdown period due to the health crisis) – €4,131.77 for his office as Chairman of the Customer Satisfaction Committee – €12,000 for his office as Chairman of the Ad Hoc Financial Restructuring Committee
Benefits in kind	N/A	No benefits in kind
Severance payment	N/A	None
Non-competition compensation	N/A	None
Supplementary pension scheme	N/A	None

Pierre Danon,
Chairman of the Board and CEO (for the period from 5th October 2020 to 31st December 2021)

Items of compensation put to the vote	Amounts awarded for the past financial year or book value	Presentation
Fixed compensation	€36,364	Fixed compensation of a gross annual amount of €150,000 paid monthly for his office as Chief Executive Officer (pro rata)
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 2020
Compensation for his office as Chairman of the Board and other terms of office on Committees	€40,232.23	The compensation comprises the following elements for the period from 5th October 2020 to 31st December 2020: a €36,364 lump sum for his office as Chairman of the Board of Directors €3,868.23 for his office as Chairman of the Customer Satisfaction Committee
Benefits in kind	N/A	No benefits in kind
Severance payment	N/A	None
Non-competition compensation	N/A	None
Supplementary pension scheme	N/A	None

B. Items of compensation paid during or awarded for the 2020 financial year to the Chief Executive Officer

At its meeting of 28th August 2020, the Board of Directors decided to terminate Éric Boustouller's term of office as Chief Executive Officer of Solocal Group with effect from 4th October 2020. The Board of Directors' Meeting of 2nd October 2020 approved, on the recommendation of the Remuneration and Appointments Committee, the financial conditions of Mr Boustouller's departure.

The items of Éric Boustouller's compensation for the 2020 financial year until the date of termination of his duties as Chief Executive Officer as set out below were approved at the Combined General Shareholders' Meeting of 27th November 2020:

Éric Boustouller,
Chief Executive Officer until 4th October 2020

Items of compensation put to the vote	Amounts awarded for the 2020 financial year or book value	Presentation
2020 fixed compensation	€372,278 (1st January 2020 to 4th October 2020)	Fixed compensation of a gross annual amount of €520,000 paid monthly (pro rata until 4th October 2020, the date of termination of his duties).
2020 annual variable compensation	€256,736	Gross annual variable compensation between 65% and 90% of fixed compensation. As a reminder, the Board of Directors set four targets for the Chief Executive Officer in 2020: (i) Digital sales, (ii) EBITDA, (iii) NPS customer and user satisfaction target and (iv) Individual targets related to the transformation project.
2020 annual variable compensation		The Board of Directors has decided to use the conservative estimate of 65%, in light of the current assessment of the probability of achieving the objectives, without awaiting the end of the 2020 financial year and the Annual Shareholders' Meeting to be held in 2021 (which may decide that the 65% was exceeded).
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)	1,000,000 free shares	At the General Shareholders' Meeting held on 9th March 2018, the Company's shareholders authorised the Board of Directors to implement a free share plan pursuant to which, on 9th March 2018, Éric Boustouller was granted 1,000,000 shares without performance conditions. On the date of the termination of Mr Boustouller's duties as Chief Executive Officer, i.e. 4th October 2020, all 1,000,000 performance shares were vested.
Compensation for his directorship	N/A	The Chief Executive Officer does not receive any compensation for his directorship at Solocal Group.

Éric Boustouller,
Chief Executive Officer until 4th October 2020

Items of compensation put to the vote	Amounts awarded for the 2020 financial year or book value	Presentation
Benefits in kind	€18,346.21 (book value - total benefits in kind excluding civil liability insurance and repayment of expenses incurred during the performance of duties as Chief Executive Officer)	Payment for/provision of: – healthcare and benefits plans on the terms currently applicable to management-level employees of the Company, or a similar plan; – civil liability insurance in his capacity 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 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.
Severance payment if the position is terminated	€1,560,000	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 package 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 payment and non-competition compensation may not exceed two years of fixed and variable compensation. The Board of Directors gave its prior approval to this commitment on 11th July 2017, as did the General Shareholders' Meeting on 9th March 2018. Because Mr Boustouller's departure from his position as Chief Executive Officer occurred less than three years after he took up his duties on 11th October 2017, the annual targets taken into account are those that applied during his time with the Company. For the 2017 financial year, the Chief Executive Officer's variable compensation was deemed to be at least 100% of his fixed compensation. For the 2018 and 2019 financial years, the targets set for the Chief Executive Officer were achieved at rates of 68.77% and 109.62%, respectively. For 2020, the targets were met by 65%. As a result, Éric Boustouller achieved an average of around 81% of his annual targets during his time with Solocal Group and met the conditions required to receive the severance payment, which was a gross amount of €1,560,000.

Éric Boustouller,
Chief Executive Officer until 4th October 2020

Items of compensation put to the vote	Amounts awarded for the 2020 financial year or book value	Presentation
Non-competition compensation	€0	The Chief Executive Officer shall 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 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 aggregate of both the severance payment and non-competition compensation may not exceed two years of fixed and variable compensation. The Company may, upon termination of duties, (i) waive the benefit of the non-competition commitment (in which case it will not be required to pay the corresponding compensation) or (ii) reduce the duration, scope of activities, and/or geographical scope of that commitment (in which case the amount of the non-competition compensation will be reduced proportionally). In addition, the non-competition indemnities shall not be paid if the beneficiary exercises his or her pension rights. The Board of Directors gave its prior approval to this commitment on 11th July 2017, as did the General Shareholders' Meeting on 9th March 2018. The Board of Directors of Solocal Group decided on 2nd October 2020 to release Éric Boustouller from this obligation at the time of his forced departure from his office as Chief Executive Officer on 4th October 2020, so that no non-competition compensation is due to him.
Supplementary pension scheme	€7,229.01 (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 11th July 2017, as did the General Shareholders' Meeting on 9th March 2018.

It is specified that:

- none of the 2,300,000 performance shares (valued at €0) granted to Éric Boustouller on 24th April 2018 following the authorisation given by the Company's shareholders at the General Shareholders' Meeting on 9th March 2018, had yet vested as of the date of Mr Boustouller's departure from his position as Solocal Group's Chief Executive Officer since the performance conditions had not been met;
- none of the 1,500,000 performance shares (valued at €0) granted to Éric Boustouller on 19th June 2019, following the authorisation given by the Company's shareholders at the General Shareholders' Meeting on 11th April 2019, had yet vested as of the date of Mr Boustouller's departure from his position as Solocal Group's Chief Executive Officer since the performance conditions had not been met.

In accordance with Article L. 22-10-8 of the French Commercial Code, the payment of the items of variable and exceptional compensation referred to in this section of Part II of the report is conditional upon 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 that person for the financial year ended 31st December 2020.

Information on the compensation of corporate officers subject to the approval of the General Shareholders' Meeting pursuant to Article L. 22-10-34 I 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. 22-10-9 I of the French Commercial Code relating to their compensation for the 2020 financial year.

In accordance with the provisions of Article L. 22-10-34 I 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 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. 22-10-9 I 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. 22-10-9, I, 8° of the French Commercial Code, it is stipulated that the compensation of each corporate officer of the Company for the 2020 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 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. 22-10-9 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 of all types paid to the Chief Executive Officer, the Chairman of the Board of Directors and the Chairman of the Board and CEO 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 Article L. 22-10-34 II 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. 22-10-34 II 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. 22-10-3 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 2020*	Amounts due in 2019*
David Amar		
Directorship compensation (formerly Directors' fees)	44,875	45,000
Other compensation	–	–
Philippe de Verdalle(1)		
Directorship compensation (formerly Directors' fees)	29,563	42,500
Other compensation	–	–
Jacques-Henri David(2)		
Directorship compensation (formerly Directors' fees)	20,855	45,500
Other compensation (Non-Voting Director)	22,333	–
Delphine Grison		
Directorship compensation (formerly Directors' fees)	48,917	40,000
Other compensation	–	–
Anne-France Laclide(3)		
Directorship compensation (formerly Directors' fees)	46,871	20,750
Other compensation	–	–
Joëlle Obadia		
Directorship compensation (formerly Directors' fees)	–	–
Other compensation(4)	100,797	100,501
Marie Christine Levet		
Directorship compensation (formerly Directors' fees)	38,784	40,000
Other compensation	–	–
Catherine Robaglia(5)		
Directorship compensation (formerly Directors' fees)	–	–
Other compensation	91,266	–
David Eckert(6)		
Directorship compensation (formerly Directors' fees)	10,625	–
Other compensation	–	–
Paul Russo(7)		
Directorship compensation (formerly Directors' fees)	10,875	–
Other compensation	–	–
Sophie Sursock		
Directorship compensation (formerly Directors' fees)	41,230	44,000
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) *Philippe de Verdalle resigned at the Board of Directors meeting of 28th August 2020.*

(2) *Jacques-Henri David was appointed at the General Shareholders' Meeting of 19th October 2016. Jacques-Henri David's term of office expired at the end of the General Shareholders' Meeting of 24th July 2020 and was not renewed.*

(3) *Anne-France Laclide was co-opted at the Board of Directors' meeting of 19th June 2019 and her co-option was ratified at the General Shareholders' Meeting of 24th July 2020.*

(4) *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. Joëlle Obadia was elected as Director representing employees on 7th April 2016 and her term of office ended on 15th October 2020.*

(5) *Catherine Robaglia was elected as Director representing employees on 15th October 2020. 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) *David Eckert was co-opted at the Board of Directors' meeting of 2nd October 2020 and his co-option was ratified at the General Shareholders' Meeting of 27th November 2020.*

(7) *Paul Russo was co-opted at the Board of Directors' meeting of 2nd October 2020 and his co-option was ratified at the General Shareholders' Meeting of 27th November 2020.*

In addition, Philippe Besnard received compensation of €35,000 for his office as Non-Voting Director (reduced by 25% during the two months of lockdown). It should be noted that this amount was not included in the Directors' fees budget.

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:

Table of ratios pursuant to Article L. 22-10-9 I. 6° and 7° of the French Commercial Code

	2015 financial year	2016 financial year	2017 financial year	2018 financial year	2019 financial year	2020 financial year
Change *(as %)* in the compensation of the Chairman of the Board of Directors (Pierre Danon)		**0%**	**0%**	**67%**	**0%**	**0%**
Information concerning the scope of the listed company						
Change *(as %)* in employees' average compensation		1%	3%	2%	-3%	-8%
Ratio to employees' average compensation(1)	168%	166%	161%	263%	271%	294%
Change in the ratio *(as %)* compared to the previous financial year		-1%	-3%	63%	3%	9%
Ratio to employees' median compensation(1)	191%	184%	182%	300%	318%	337%
Change in the ratio *(as %)* compared to the previous financial year		-4%	-1%	65%	6%	6%
Change *(as %)* in the compensation of the Chief Executive Officer(2)		**2%**	**-18%**	**-26%**	**36%**	**24%**
Information concerning the scope of the listed company						
Change *(as %)* in employees' average compensation		2%	-18%	-26%	36%	24%
Ratio to employees' average compensation(1)	1,991%	2,013%	1,601%	1,155%	1,617%	2,183%
Change in the ratio *(as %)* compared to the previous financial year		1%	-20%	-28%	40%	35%
Ratio to employees' median compensation(1)	2,269%	2,237%	1,807%	1,318%	1,903%	2,502%
Change in the ratio *(as %)* compared to the previous financial year		-1%	-19%	-27%	44%	31%
Change (as %) in the compensation of the Chairman of the Board and CEO(3)						
Information concerning the scope of the listed company						
Change *(as %)* in employees' average compensation						
Ratio to employees' average compensation(1)						294%
Change in the ratio *(as %)* compared to the previous financial year						
Ratio to employees' median compensation(1)						337%
Change in the ratio *(as %)* compared to the previous financial year						

(1) Ratios calculated from the compensation paid by French entities.
(2) Jean-Pierre Remy from 25th May 2009 to 30th June 2017.
(2) Éric Boustouller from 11th October 2017 to 4th October 2020.
(3) Pierre Danon from 5th October 2020 to 31st December 2020.

The Company has not put in place any additional specific pension scheme for its corporate officers.

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. 22-10-9, I, 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 2016 to 2020:

	2020	2019	2018	2017	2016
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]	44,875	45,000	37,500	29,498	–
Philippe de Verdalle[2]	29,563	42,500	37,500	29,498	–
Jacques-Henri David[3]	43,188	45,500	37,500	41,244	5,379
Delphine Grison[4]	48,917	40,000	37,500	20,000	–
Sandrine Dufour[5]	–	–	0	37,500	60,771
Anne-France Laclide[6]	46,871	20,750	–	–	–
Arnaud Marion[7]	–	–	37,500	29,498	–
Alexandre Loussert[8]	–	–	37,500	41,746	7,684
Joëlle Obadia[9]	100,797	100,501	108,868	132,492	145,117
Marie Christine Levet[10]	38,784	40,000	37,500	–	–
Lucile Ribot[11]	–	–	37,500	–	–
Sophie Sursock[12]	41,230	44,000	37,500	29,498	–
David Eckert[13]	10,625	–	–	–	–
Paul Russo[14]	10,875	–	–	–	–
Catherine Robaglia[15]	91,266	–	–	–	–
2. Compensation of the Chairman of the Board of Directors – Pierre Danon for the period from 1st January 2020 to 4th October 2020 (Robert de Metz for the 2016 financial year and €45,000 to Pierre Danon and €45,000 to Robert de Metz for the 2017 financial year) *(in euros)*					
Compensation for his directorship	117,689	150,000	150,000	90,000	90,000
3. Compensation for the Chairman of the Board and CEO – Pierre Danon (for the period 5th October 2020 – 31st December 2020) *(in euros)*					
Fixed compensation	36,364	–	–	–	–
4. Compensation of the Chief Executive Officer – Eric Boustouller (Jean-Pierre Remy for the 2016 financial year) *(in euros)* until 4th October 2020					
Fixed compensation	372,278	520,000	520,008	376,218**	520,000
Annual variable compensation	256,736	570,059	353,600	116,214***	468,000
Valuation of free shares	1,224,000	0	339,000	–	–
Benefits in kind	18,346	38,200	21,849	15,026****	414

	2020	2019	2018	2017	2016
5. Average compensation of employees excluding corporate officers					
Average compensation	51,002	55,443	56,958	55,868	54,295
6. Performance of the Company *(in thousands of euros)*					
Consolidated annual net income	65,584	32,100	(81,184)	316,831	48,956

* *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.*

** *Aggregate amount that includes Jean-Pierre Remy's fixed compensation of €260,004 and Éric Boustouller's fixed compensation of €116,214.*

*** *Aggregate amount that includes Jean-Pierre Remy's variable compensation of €0 and Éric Boustouller's variable compensation of €116,214.*

**** *Aggregate amount that includes Jean-Pierre Remy's benefits in kind of €10,207 and Éric Boustouller's benefits in kind of €4,819.*

(1) *David Amar was appointed at the General Shareholders' Meeting of 13th June 2017.*

(2) *Philippe de Verdalle was appointed at the General Shareholders' Meeting of 13th June 2017. Philippe de Verdalle resigned at the Board of Directors meeting of 28th August 2020.*

(3) *Jacques-Henri David was appointed at the General Shareholders' Meeting of 19th October 2016. Jacques-Henri David's term of office expired at the end of the General Shareholders' Meeting of 24th July 2020 and was not renewed.*

(4) *Delphine Grison was appointed at the General Shareholders' Meeting of 13th June 2017*

(5) *Sandrine Dufour resigned at the Board of Directors' meeting of 9th March 2018.*

(6) *Anne-France Laclide was co-opted at the Board of Directors meeting of 19th June 2019 and her co-option was ratified at the General Shareholders' Meeting of 24th July 2020.*

(7) *Arnaud Marion was appointed at the General Shareholders' Meeting of 19th October 2016 and his term of office ended on 14th December 2018. He waived his right to receive Directors' fees until the General Shareholders' Meeting of 13th June 2017.*

(8) *Alexandre Loussert was appointed at the General Shareholders' Meeting of 19th October 2016. He resigned at the Board of Directors meeting of 28th February 2019.*

(9) *Joëlle Obadia was elected as Director representing employees on 7th 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) *Marie-Christine Levet was co-opted at the Board of Directors meeting of 15th December 2017.*

(11) *Lucile Ribot resigned from her office on 12th April 2019 (she had been appointed at the General Shareholders' Meeting of 9th March 2018).*

(12) *Sophie Sursock was appointed at the General Shareholders' Meeting of 13th June 2017.*

(13) *David Eckert was co-opted by the Board on 2nd October 2020 and his co-option was ratified at the General Shareholders' Meeting of 27th November 2020.*

(14) *Paul Russo was co-opted by the Board on 2nd October 2020 and his co-option was ratified at the General Shareholders' Meeting of 27th November 2020.*

(15) *Catherine Robaglia was elected as Director representing employees on 15th October 2020. 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.*

PART III: CORPORATE GOVERNANCE (ARTICLE L. 22-10-10 OF THE FRENCH COMMERCIAL CODE)

1. List of all offices and duties in any company held by each corporate officer during the 2020 financial year

The list of all offices and duties held by each corporate officer in any company during the 2020 financial year is presented in section 4.1.1 of the Universal Registration Document.

2. Regulated agreements and current agreements

2.1. Regulated agreements

The list of agreements and/or commitments referred to in Article L. 225-38 of the French Commercial Code and entered into in 2020 is presented below:

- the amounts due in respect of the newly issued bonds (€17.7 million) were secured by a fifth-rank pledge over the securities account relating to the securities issued by Solocal SA and held by Solocal Group. The Company's Board of Directors gave its prior approval to this pledge agreement at its meeting of 7th August 2020.

No other agreement referred to in Article L. 225-38 of the French Commercial Code was entered into in 2020 or was entered into in a previous year and was still in effect in 2020.

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 11th April 2019 and (ii) AMF recommendation No. 2012-05 of 2nd July 2012, as amended on 5th 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 24th July 2020 (1 to 3) and 27th November 2020 (4), 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. Purchase or transfer of shares within the limit of 10% of the share capital (fourteenth resolution)	18 months	–	Repurchase programme ceiling: €62,704,116
2. Share capital increase, with cancellation of shareholders' preferential subscription rights, reserved for members of a group savings plan (twenty-first resolution)	26 months 24th September 2022		€2,950,000
3. Capital increase in cash by issuance of new ordinary shares, with cancellation of shareholders' preferential subscription rights, in favour of a category of persons that meet specified characteristics (Restricted Capital Increase no. 3) (twenty-third resolution)	18 months 24th January 2022		€10,000,000
4. Free allotment of Company shares to employees or corporate officers of Solocal Group, with a waiver by the shareholders of their preferential subscription rights (sixth resolution)	38 months 27th January 2024		1% of the share capital of which a maximum of 0.33% in favour of the corporate officers

4. Composition, preparation and organisation of the Board of Directors' work

4.1. Internal regulations

At its meeting of 23rd September 2004, the Board drew up internal regulations based on those recommended in the AFEP/MEDEF Corporate Governance Code. These internal regulations were amended at the Board of Directors meeting of 2nd October 2020. These 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 24 times in 2020. On average, 95% of Directors attended each Board of Directors meeting during the financial year. The average meeting lasted three hours and thirty 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. It was also involved in the oversight of the financial restructuring undertaken (capital increase, debt restructuring, etc.) by examining all of the related documentation;
- 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 at stake including those of the Company's environmental and social responsibility.

Two Board of Directors meetings were held without the executive corporate officers after the date the 2019 Universal Registration Document was filed. Since December 2020, each meeting of the Board of Directors has been followed by a session held in the absence of the executive corporate officers.

4.3. Evaluation of the Board of Directors

The Board of Directors regularly performs a self-assessment of its work, reviews a summary of the assessments and draws conclusions from it. In 2018 each member of the Board completed a questionnaire for the purposes of this assessment, the results of which were summarised and commented upon at the Board of Directors' meeting of 30th January 2019. No formal assessment was conducted in 2020, but at the end of a non-executive meeting, a number of Board members made suggestions for improvements in the operation of the Board. A more formal assessment will be conducted in 2021.

4.4. Board of Directors Committees

Upon the recommendation of the Remuneration and Appointments Committee, the Board of Directors convened on 17th September 2020 and decided to change the composition of the Committees following the departure of Éric Boustouller and the co-option of two new members, David Eckert and Paul Russo, to the Board of Directors.

The Board of Directors has created three Committees within the Company, namely an Audit Committee, a Remuneration and Appointments Committee, and a Customer Satisfaction Committee, the latter of which was created by the Board of Directors at its meeting of 23rd July 2020.

At the same meeting, the Board of Directors also decided to abolish the Strategy and M&A Committee, which had become obsolete.

In addition, an ad hoc Board Committee has been regularly monitoring the work on financial restructuring. This Committee was set up on 13th March 2020 and dissolved at the end of the General Shareholders' Meeting of 24th July 2020. After a more informal consultation phase, the Committee met six times between 22nd June 2020 and 3rd July 2020 with 100% attendance.

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 report, the Audit Committee was composed of the following members:

- Ms Anne-France Laclide, Chairman;
- Ms Sophie Sursock;
- Mr Paul Russo.

Hence, more than 66% 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;
- monitoring compliance with the accounting standards adopted for the preparation of the Company and consolidated financial statements;
- 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 six times in 2020. On average, 83% 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 2020 in particular:

- the annual Company and consolidated financial statements for the period ended 31st December 2019;
- quarterly condensed consolidated financial statements for 2019;
- the 2020 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

The 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:

- Ms Delphine Grison, Chairman;
- Ms Marie-Christine Levet;
- Mr David Eckert.

Hence, 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 2020, the Remuneration and Appointments Committee met 12 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 free share plan for all Group employees. In 2021, the Committee will also begin work on (i) the establishment of a succession plan with a view to ensuring continuity of senior management and (ii) a Conflict of Interest Charter.

In the second half of the year, the Committee launched and managed the process for selecting the new Chief Executive Officer. Pierre Danon and Paul Russo also participated in its work.

The Committee also approved the possibility of Paul Russo participating in all Committee meetings as a guest (without voting rights) to facilitate interaction with the Audit Committee.

4.4.3. Strategy and M&A Committee

In July 2020, as the Strategy and M&A Committee had become obsolete, it was abolished and the Customer Satisfaction Committee was set up instead.

In the first half of 2020, the Committee was comprised of at least three members who were appointed by the Board of Directors on the Chairman's proposal.

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.

Hence, 100% of its members were Independent Directors.

The Committee was 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 once in the first half of 2020. 100% of members attended each Committee meeting during the financial year.

During this period, the Committee examined the initiatives undertaken for PagesJaunes to urgently address the health crisis and the related communication.

4.4.4. Customer Satisfaction Committee

The Committee is comprised of at least three members who are appointed by the Board of Directors on the Chairman's proposal. The Board appoints the Chairman of the Committee

As of the date of this report, the Customer Satisfaction Committee was composed of the following members:

- Mr Pierre Danon, Chairman;
- Mr David Amar;
- Ms Catherine Robaglia.

Hence, 50% of its members are Independent Directors, with Catherine Robaglia, the Director representing employees, not being taken into account for the purposes of this calculation.

The Customer Satisfaction and Operational Excellence Committee is tasked with managing programmes aimed at improving the Company's customer satisfaction and quality of operations. To this end, the Committee holds meetings to:

- track key performance indicators (KPIs) for our customer operations (sales, production, customer relations) and monitor the results of satisfaction surveys;
- decide upon action plans to correct identified weaknesses;
- prioritise cross-departmental projects aimed at improving customer satisfaction.

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 decided, at its meeting of 19th June 2019, to appoint Philippe Besnard as a Non-Voting Director to provide input from individual shareholders to Board meetings. Mr Besnard received compensation of €35,000 per annum for his office as Non-Voting Director.

Mr Besnard resigned from his duties on 7th July 2020.

The Board of Directors meeting of 23rd July 2020 resolved to appoint Mr Jacques-Henri David as Non-Voting Director, since his directorship was due to expire at the General Shareholders' Meeting of 24th July and he was not seeking its renewal. The Board of Directors meeting of 23rd July 2020 resolved to award Mr Jacques-Henri David for his duties as a Non-Voting Director annual compensation of €37,700, equivalent to that of the Directors. It should be noted that compensation for Non-Voting Directors' duties is not included in the Directors' fees budget.

4.6. Presence of members of the Board of Directors

Presence of members of the Board of Directors at Board and Committee meetings in 2020:

Full name (position)	Function	Attendance
Pierre Danon	Chairman of the Board of Directors	100%
	Chairman of the Customer Satisfaction Committee (since 7th July 2020)	100%
	Chairman of the Ad Hoc Financial Restructuring Committee (from 22nd June to 3rd July 2020)	100%
Éric Boustouller	Director (until 2nd October 2020)	100%
	Member of the Customer Satisfaction Committee (until 17th September 2020)	100%
David Amar	Vice-Chairman and Director	100%
	Member of the Ad Hoc Financial Restructuring Committee (from 22nd June to 3rd July 2020)	100%
	Member of the Remuneration and Appointments Committee (until 17th September 2020)	100%
	Member of the Strategy and M&A Committee (until 7th July 2020)	100%
	Member of the Customer Satisfaction Committee	100%
Jacques-Henri David	Director (until 24th July 2020)	84%
	Member of the Ad Hoc Financial Restructuring Committee (from 22nd June to 3rd July 2020)	100%
	Chairman of the Audit Committee (until 24th July 2020)	67%
	Non-Voting Director since 23rd July 2020	100%
Delphine Grison	Director	100%
	Chair of the Remuneration and Appointments Committee (since 28th August 2020)	100%
	Member of the Strategy and M&A Committee (until 7th July 2020)	100%
	Member of the Ad Hoc Financial Restructuring Committee (from 22nd June to 3rd July 2020)	100%
Anne-France Laclide	Director	92%
	Chair of the Audit Committee (since 19th June 2020)	100%
Marie-Christine Levet	Director	88%
	Member of the Remuneration and Appointments Committee (since 17th September 2020)	100%
	Member of the Strategy and M&A Committee (until 7th July 2020)	100%
Joëlle Obadia	Director representing employees (until 15th October 2020)	100%
	Member of the Customer Satisfaction Committee (until 15th October 2020)	100%
	Member of the Remuneration and Appointments Committee (until 17th September 2020)	80%
Sophie Sursock	Director	88%
	Member of the Audit Committee	67%
	Member of the Strategy and M&A Committee (until 7th July 2020)	100%

Full name (position)	Function	Attendance
Philippe de Verdalle	Director (until 28th August 2020)	100%
	Member of the Ad Hoc Financial Restructuring Committee (from 22nd June to 3rd July 2020)	100%
	Chairman of the Remuneration and Appointments Committee (until 28th August 2020)	100%
Paul Russo	Director (since 2nd October 2020)	100%
	Chairman of the Audit Committee (since 2nd October 2020)	100%
David Eckert	Director (since 2nd October 2020)	100%
	Member of the Remuneration and Appointments Committee (since 2nd October 2020)	100%

5. Description of the diversity policy applied to the members of the Board of Directors

As of the date of this document, the Board of Directors (excluding the Director representing employees) comprises four women: Delphine Grison, Marie-Christine Levet, Anne-France Laclide and Sophie Sursock, and four men: David Amar, David Eckert, Pierre Danon and Paul Russo, i.e. 50% women and 50% men.

Pursuant to Article L. 22-10-3 of the French Commercial Code, the proportion of Directors of each gender on the Board of Directors must not be less than 40%. [A étoffer en intégrant les obligations légales]

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 within 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, with the exception of the rule requiring the employee Director to be a member of the Remuneration Committee on the basis that the Remuneration and Appointments Committee is a single Committee. At this stage, the Board of Directors has decided that a Director may be a member of only one Committee and wanted to give preference to the employee Director's participation in the Customer Satisfaction Committee.

In addition, during the brief transition period (six months) in which Pierre Danon was Chairman of the Board and CEO, the Board chose not to appoint a Lead Director, but to put in place various measures to maintain the Board's independence. In this regard, at the end of each Board of Directors' meeting, the Company held sessions without the executive corporate officers, including Pierre Danon, present. The Chair of the Remuneration and Appointments Committee was also available to shareholders and proxy advisors to discuss issues related to governance.

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 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.

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 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.

Shareholders' Meetings are held at the registered office or at any other place stated in the Notice of Meeting.

Except where provided for legally, notices are issued at least 15 clear days before the scheduled date of a General Shareholders' Meeting and 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 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.

One or more shareholders representing at least the percentage of capital provided for by law, or any association of shareholders meeting the required conditions and acting in accordance with legal conditions and time limits may request that proposed resolutions be added to the agenda. Requests for items to be added to the agenda must include the reasons for the request.

8.3. 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.

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, the General Shareholders' Meeting 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 7th June 2011, became effective on 1st 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. 22-10-11 OF THE FRENCH COMMERCIAL CODE)

1. Structure of the Company's share capital at 31st December 2020

	Number of shares	% of share capital	Voting rights	% of share capital
GoldenTree Asset Management, L.P. (U.S.)	30,319,100	23.41%	30,319,100	23.41%
DNCA Finance S.A.	15,204,000	11.74%	15,204,000	11.74%
Melqart Asset Management (UK), LTD	8,332,300	6.43%	8,332,300	6.43%
Credit Suisse Asset Management	8,205,847	6.34%	8,205,847	6.34%
Public	67,410,081	52.05%	67,434,076	52.06%
Solocal Group employees(1)	26,691	0.02%	26,691	0.02%
Treasury shares held(2)	7,818	0.01%	–	–
TOTAL	**129,505,837**	**100.00%**	**129,522,014**	**100.00%**

(1) Under the Solocal Group SAvings plan (PEG).

(2) 7,818 treasury shares are held under a liquidity agreement implemented on 2nd December 2012.

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.

2. Structure of the Company's share capital at 31st December 2020

The following table shows Solocal's shareholders and the number of shares held at 31st December 2020:

3. 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.

4. 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)

The list of direct or indirect interests in the Company's capital, of which it is aware, pursuant to Articles L. 233-7 and L. 233-12 will be presented in section 6.4 of the Universal Registration Document.

5. List of holders of all securities including special controlling rights, with the description of these rights

N/A.

6. Control mechanisms provided in the employee shareholding system (2)

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 31st December 2020, the FCPE held 0.021% of the Company's share capital and 0.021% of voting rights at General Shareholders' Meetings.

(1) Crossing of statutory thresholds.

(2) Under the assumption that the controlling rights are not exercised by the Company's employees.

7. 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.

8. 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.

9. Powers of the Board of Directors (particularly concerning the issue or redemption of shares)

The main delegations of authority in favour of the Board of Directors are listed in the Summary table of the currently valid delegations granted to the Board of Directors in Part II of this document.

10. 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.

11. 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 in favour of 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.

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 during the year ended 31st December 2020 within Solocal Group is summarised in the tables below:

Summary table of compensation and options and shares granted to each executive corporate officer

	2020 financial year	2019
Pierre Danon, Chairman of the Board of Directors (1st January 2020 to 4th October 2020)		
Compensation owed for the year (detailed in the table below)	117,689	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	–	–
Pierre Danon, Chairman of the Board and CEO (5th October to 31st December 2020)		
Compensation owed for the year (detailed in the table below)	82,425	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, Chief Executive Officer (1st January to 4th October 2020)		
Compensation owed for the year (detailed in the table below)	2,777,419	896,559
Valuation of the options awarded during the year	–	–
Valuation of the performance shares awarded during the year	–	0
Valuation of other long-term compensation plans	–	–
TOTAL	**2,977,533**	**1,196,559**

Summary table of the compensation of each executive corporate officer

	2020 financial year		2019 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Pierre Danon, Chairman of the Board of Directors (1st January 2020 to 4th October 2020)				
Compensation for his duties as Director, Chairman of the Board of Directors and Committee member (formerly Directors' fees)	117,689	117,689	150,000	150,000
Benefits in kind(1)	–	–	–	–
TOTAL	**117,689**	**117,689**	**150,000**	**150,000**
Pierre Danon, Chairman of the Board and CEO (5th October to 31st December 2020)				
Fixed compensation	36,364	36,364	–	–
Annual variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Compensation for his directorship and duties as Chairman of the Board of Directors and member of Committees (formerly Directors' fees)	46,061	46,061		
Benefits in kind(1)	–	–	–	–
TOTAL	**82,425**	**82,425**	**–**	**–**
Éric Boustouller, Chief Executive Officer (1st January to 4th October 2020)				
Fixed compensation	372,278	372,278	520,008	520,008
Annual variable compensation	256,736	826,795	570,059	353,600
Exceptional compensation	–	–	–	–
Severance payment	1,560,000	1,560,000	–	–
Compensation for his duties as Director (formerly Directors' fees)	–	–	–	–
Benefits in kind(1)	18,346	18,346	22,951	22,951
TOTAL	**2,207,360**	**2,777,419**	**1,113,018**	**896,559**
TOTAL	**2,407,474**	**2,977,533**	**1,263,018**	**1,046,559**

(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 (1st January 2020 to 4th October 2020)		X		X		X		X
Pierre Danon Chairman of the Board and CEO (5th October 2020 to 5th April 2021)		X		X		X		X
Éric Boustouller Chief Executive Officer		X	Defined contribution supplementary pension scheme (Article 83 of the French 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 2020*	Amounts due in 2019*
David Amar		
Directorship compensation (formerly Directors' fees)	44,875	45,000
Other compensation	–	–
Philippe de Verdalle(1)		
Directorship compensation (formerly Directors' fees)	29,563	42,500
Other compensation	–	–
Jacques-Henri David(2)		
Directorship compensation (formerly Directors' fees)	20,855	45,500
Other compensation (Non-Voting Director)	22,333	–
Delphine Grison		
Directorship compensation (formerly Directors' fees)	48,917	40,000
Other compensation	–	–
Anne-France Laclide(3)		
Directorship compensation (formerly Directors' fees)	46,871	20,750
Other compensation	–	–
Joëlle Obadia		
Directorship compensation (formerly Directors' fees)	–	–
Other compensation(4)	100,797.08	100,501

Non-executive officers	Amounts due in 2020*	Amounts due in 2019*
Marie Christine Levet		
Directorship compensation (formerly Directors' fees)	38,784	40,000
Other compensation	–	–
Catherine Robaglia(5)		
Directorship compensation (formerly Directors' fees)	–	–
Other compensation	91,266.52	–
David Eckert(6)		
Directorship compensation (formerly Directors' fees)	10,625	–
Other compensation	–	–
Paul Russo(7)		
Directorship compensation (formerly Directors' fees)	10,875	–
Other compensation	–	–
Sophie Sursock		
Directorship compensation (formerly Directors' fees)	41,230	44,000
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) *Philippe de Verdalle resigned at the Board of Directors meeting of 28th August 2020.*

(2) *Jacques-Henri David was appointed at the General Shareholders' Meeting of 19th October 2016. Jacques-Henri David's term of office expired at the end of the General Shareholders' Meeting of 24th July 2020 and was not renewed.*

(3) *Anne-France Laclide was co-opted at the Board of Directors' meeting of 19th June 2019 and her co-option was ratified at the General Shareholders' Meeting of 24th July 2020.*

(4) *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. Joëlle Obadia was elected as Director representing employees on 7th April 2016. Her term of office ended on 15th October 2020.*

(5) *Catherine Robaglia was elected as Director representing employees on 15th October 2020. 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) *David Eckert was co-opted at the Board of Directors' meeting of 2nd October 2020 and his co-option was ratified at the General Shareholders' Meeting of 27th November 2020.*

(7) *Paul Russo was co-opted at the Board of Directors' meeting of 2nd October 2020 and his co-option was ratified at the General Shareholders' Meeting of 27th November 2020.*

The Company has not put in place any additional specific pension scheme for its corporate officers.

The Combined General Shareholders' Meeting of 11th 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 Directors, i.e. €37,700 per year per Director taking into account the principle of participation in all meetings of the Board of Directors and the Committees of which they are members;
- an €18,000 annual lump sum for the Chairman of the Audit Committee;
- a €5,800 annual lump sum for the members of the Audit Committee;
- a €16,000 annual lump sum for the Chairman of the Remuneration and Appointments Committee;
- a €4,800 annual lump sum for the members of the Remuneration and Appointments Committee;
- a €16,000 annual lump sum for the Chairman of the Customer Satisfaction Committee or any other Committee that the Board may create;
- a €4,800 annual lump sum for the members of the Customer Satisfaction Committee or any other Committee.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for 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 Éric Boustouller: €0;
- for Joëlle Obadia: €0;
- for Pierre Danon: €0;
- for Hervé Milcent: €0;
- for Catherine Robaglia : €108,506.

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5.1 Consolidated accounts as at 31st December 2020

5.1.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros, except data relating to shares)	Notes	As at 31st December 2020*	As at 31st December 2019*	As at 31st December 2019 (published)
Revenues	5.1	437,424	525,407	584,116
Net external expenses	6	(124,956)	(133,152)	(143,421)
Personnel expenses	7	(200,768)	(247,983)	(249,593)
Restructuring costs		4,452	(23,455)	(23,455)
EBITDA		**116,152**	**120,817**	**167,647**
Depreciation and amortization	4	(64,594)	(71,018)	(71,018)
Result of loss of control		(2,226)	-	-
OPERATING INCOME		**49,332**	**49,799**	**96,629**
Net gain from debt restructuring		63,187	-	-
Financial income	9.4	368	(352)	(352)
Financial expenses	9.4	(61,548)	(44,468)	(44,468)
FINANCIAL INCOME		**2,006**	**(44,820)**	**(44,820)**
INCOME BEFORE TAX FROM CONTINUED ACTIVITIES		**51,339**	**4,979**	**51,809**
Corporate income tax	8.1	(6,548)	(19,698)	(19,698)
NET INCOME FROM CONTINUED ACTIVITIES		**44,791**	**(14,719)**	**32,111**
NET INCOME FROM DISCONTINUED ACTIVITIES	**2.2**	**20,793**	**46,830**	**-**
NET INCOME FOR THE PERIOD		**65,584**	**32,111**	**32,111**
Income from continued activities for the period attributable to:				
– Shareholders of Solocal Group		44,791	(14,719)	32,111
– Non-controlling interests		-	-	-
Income from discontinued activities for the period attributable to:				
– Shareholders of Solocal Group		20,793	46,830	-
– Non-controlling interests		-	-	-

(in thousands of euros, except data relating to shares)	Notes	As at 31st December 2020*	As at 31st December 2019*	As at 31st December 2019 (published)
Net earnings from continued activities for the period per share to Solocal Group shareholder *(in euros)*				
Net earnings per share of the consolidated group				
based on a weighted average number of shares				
– basic	13	3.40	(0.03)	0.05
– diluted		3.35	(0.02)	0.05
Net earnings per share of the consolidated group				
based on a year end number of existing shares (as at 30th June)				
– basic	13	1.27	(0.03)	0.05
– diluted		1.26	(0.02)	0.05
Net earnings from discontinued activities for the period per share to Solocal Group shareholders *(in euros)*				
Net earnings per share of the consolidated group				
based on a weighted average number of shares				
– basic	13	1.58	0.08	-
– diluted		1.56	0.08	-
Net earnings per share of the consolidated group				
based on a year end number of existing shares (as at 30th June)				
– basic	13	0.59	0.08	-
– diluted		0.59	0.08	-

* *IFRS 5 was applied to Print activity classified as discontinued in 2020; FY 2019 was therefore restated.*

5.1.2 STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	As at 31st December 2020*	As at 31st December 2019*	As at 31st December 2019 (published)
Income for the period report		**65,584**	**32,111**	**32,111**
ABO reserves:				
– Gross	11	(2,315)	(8,740)	(8,740)
– Deferred tax		598	-	-
– **Net of tax**		**(1,717)**	**(8,740)**	**(8,740)**
Exchange differences on translation of foreign operations		(381)	317	317
OTHER COMPREHENSIVE INCOME		**(2,098)**	**(8,423)**	**(8,423)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**63,486**	**23,688**	**23,688**
Total comprehensive income for the period attributable to:				
– Shareholders of Solocal Group		63,486	23,688	23,688
– Non-controlling interests		-	-	-

* *IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2019 was therefore restated.*

5.1.3 STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(in thousands of euros)	Notes	As at 31st December 2020	As at 31st December 2019
Assets			
Net goodwill	4.1	86,489	88,870
Other net intangible fixed assets	4.2	76,823	90,482
Net tangible fixed assets	4.3	16,047	20,977
Right-of-use assets related to leases	4.3	66,571	69,279
Other non-current financial assets	9.2	7,711	7,067
Net deferred tax assets	8.2	61,492	60,928
TOTAL NON-CURRENT ASSETS		**315,133**	**337,603**
Net trade accounts receivable	5.2	69,649	90,223
Other current assets	5.3	44,639	39,065
Current tax receivable		998	2,333
Prepaid expenses		1,941	2,676
Other current financial assets	9.2	1,004	3,416
Cash and cash equivalents	9.6	61,379	41,551
TOTAL CURRENT ASSETS		**179,609**	**179,264**
TOTAL ASSETS		**494,742**	**516,867**
Liabilities			
Share capital		129,505	61,954
Issue premium		1,038,185	758,392
Reserves		(1,448,666)	(1,432,975)
Income for the period attributable to shareholders of Solocal Group		65,584	32,111
Other comprehensive income		(55,163)	(53,065)
Own shares		(5,548)	(5,344)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE SOLOCAL GROUP	**13**	**(276,104)**	**(638,927)**
Non-controlling interests		-	41
TOTAL EQUITY		**(276,104)**	**(638,886)**
Non-current financial liabilities	9	228,252	448,488
Long-term lease liabilities		75,080	78,450
Employee benefits - non-current	11	92,299	93,960
Provisions - non-current	11	6,842	11,025
Deferred tax liabilities	8.2	-	-
TOTAL NON-CURRENT LIABILITIES		**402,472**	**631,923**
Current financial liabilities	9	8,767	15,068
Short-term lease liabilities		18,886	25,654
Provisions - current	11	31,602	71,105
Contract liabilities	5	108,913	194,113
Trade accounts payable	12	59,458	73,495
Employee benefits - current	11	48,017	42,353
Other current liabilities	11	91,653	101,226
Corporation tax		1,076	816
TOTAL CURRENT LIABILITIES		**368,372**	**523,830**
TOTAL LIABILITIES		**494,742**	**516,867**

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
583,137,724	**BALANCE AS AT 1st 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 31st DECEMBER 2019**	**61,954**	**758,392**	**(1,400,864)**	**(52,792)**	**(273)**	**(5,344)**	**(638,926)**	**41**	**(638,885)**
6,189,739	**BALANCE AS AT 1st JANUARY 2020**	**61,954**	**758,392**	**(1,400,864)**	**(52,792)**	**(273)**	**(5,344)**	**(638,926)**	**41**	**(638,885)**
	Total comprehensive income for the period			65,584				65,584	-	65,584
	Other comprehensive income							-	-	-
	Total comprehensive income for the period, net of tax			**65,584**				**65,584**	**-**	**65,584**
5,223	Share-based payment			185				185		185
123,230,183	Operations concerning capital	66,801	276,872	(48,029)				295,644		295,644
17	Mandatory Convertible Bonds	-	-					-		-
75,000	Equity line financing	750	2,921					3,671		3,671
(2,143)	Shares of the consolidating company net of tax effect			-			(204)	(204)		(204)
	Others			41	(1,717)	(381)		(2,057)	(41)	(2,098)
129,498,018	**BALANCE AS AT 31st DECEMBER 2020**	**129,505**	**1,038,185**	**(1,383,083)**	**(54,509)**	**(654)**	**(5,548)**	**(276,103)**	**(0)**	**(276,103)**

(1) A reverse stock split on an exchange basis of one new share for one hundred existing shares was implemented on 24th November 2020. 1st January 2020 of the above consolidated statement of changes in equity was consequently restated.

5.1.5 CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
Income for the period attribuable to shareholders of Solocal Group	**65,584**	**32,111**
Depreciation and amortization of fixed assets	78,014	47,302
Change in provisions	(42,953)	(124,204)
Fair value items	(67,820)	
Share-based payment	185	(643)
Capital gains or losses on asset disposals	(1,312)	530
Interest income and expenses	44,970	44,820
Tax charge for the period	7,649	19,698
Decrease (increase) in inventories	-	212
Decrease (increase) in trade accounts receivable	(61,635)	(16,435)
Decrease (increase) in other receivables	(10,446)	7,756
Increase (decrease) in trade accounts payable	(14,646)	(10,306)
Increase (decrease) in other payables	(3,207)	(33,541)
Net change in working capital	**(89,934)**	**(52,314)**
Dividends and interest received		(346)
Interest paid and rate effect of net derivatives	(5,558)	(43,610)
Corporation tax paid	(5,462)	1,829
NET CASH FROM OPERATIONS	**(16,638)**	**(74,827)**
Acquisition of tangible and intangible fixed assets	(42,056)	(41,594)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets	2,000	385
NET CASH USED IN INVESTING ACTIVITIES	**(40,056)**	**(41,209)**
Increase (decrease) in borrowings	32,000	58,946
Movements in own shares	350	(74)
Other cash from financing activities o/w own shares	89,199	17,087
Cash outflows as part of the debt reduction on rental obligations	(18,092)	
Other cash from financing activities o/w own shares	(26,793)	(4)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**76,664**	**75,959**
Impact of changes in exchange rates on cash	(49)	16
NET INCREASE (DECREASE) IN CASH POSITION	**19,921**	**(40,061)**
Net cash and cash equivalents at beginning of period	41,458	81,523
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**61,379**	**41,462**

Operating cash flow is made up of the Print activity for €20.8 million in 2020 and € 46.8 million in 2019. There is no cash flow from financing and investing activities for the Print activity in both 2020 and 2019.

5.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2020

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NOTE 1. Basis for the 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 consolidated financial statements as at 31st December 2020 were drawn up under the responsibility of the Chief Executive Officer of Solocal Group and were approved by the Board of Directors of Solocal Group on 17th February 2021.

1.1 Accounting methods and principles

Pursuant to European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Solocal Group as at 31st December 2020 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.

All of the standards and interpretations adopted by the European Union as at 31st December 2020 are available on the website of the European Commission at the following address:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ecno-1606-2002

1.2 IFRS standards

The accounting methods and principles applied for the consolidated financial statements as at 31st December 2020 are identical to those used in the consolidated financial statements as at 31st December 2019 except for the standards, amendments and interpretations of IFRS of mandatory application for periods opens starting on 1 January 2020 (and which had not been applied early by the Group).

Amendment to IFRS 3, Business Combinations

This amendment clarifies the notion of activity by defining its three main components: inputs and substantial processes allowing the generation of outputs. This amendment has no impact on the Group since no business combination took place during the year.

Amendment to IAS 1 and IAS 8, Definition of materiality

By revising the notion of materiality, this amendment defines that information is material when its omission, inaccuracy or concealment would be likely to influence the users of the financial statements .

Amendment to IFRS 16, Leases

On May 28, 2020, the IASB published an amendment to IFRS 16, Covid-19 Rental Relief, offering lessees an optional practical exemption to recognize benefits obtained from lessors in the context of the Covid-19 crisis, such as rent reductions and deductibles. The lessees can exempt themselves from analyzing whether the benefit granted constitutes a modification of the contract and thus credit the benefit received as variable rent as a result. This amendment does not apply to the Group.

1.3 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.

Estimates and Judgments

The establishment of the consolidated accounts at 31st December, 2020 in accordance with IFRS leads the Group's management to make estimates and issue judgments, which may have an impact on the amounts recognized for assets and liabilities at the date of preparation of the financial statements and have a counterpart in the income statement.

ESTIMATES

The estimates are intended to give a reasonable appreciation of the latest reliable information available on an uncertain item. They are revised to reflect changes in circumstances, new information available and the effects of experience. Changes in estimates are accounted for prospectively. Significant estimates by General Management relate to the following items:

- actuarial assumptions for defined benefit plans;
- method of amortization of intangible and tangible fixed assets;
- assessment, in the context of the recognition and estimation of provisions, of the probability of settlement and of the amount of the obligation, of the expected schedule of future payments;
- determination, within the framework of impairment tests of non-financial assets, of the duration and amount of future cash flows as well as of the discount and perpetual growth rates involved in the calculation of the value in use of the assets tested;
- determination of the amount of forecast cash flows for the next 12 months, as part of the assessment of the going concern assumption;

- determination of the amount of losses carried forward that can be activated with regard to the estimate of future taxable profits;
- in the context of financial restructuring, determination of the fair value of debts.

JUDGMENTS

Judgments are the result of analytical processes intended to qualify items, transactions or situations. The revision of a judgment constitutes a change in estimate accounted for prospectively, unless this revision constitutes a correction of error. The significant judgments of the General Management are based on the following elements:

- absence of a going concern risk, in particular in the context of the Covid-19 crisis, in particular with regard to the cash flow forecasts adopted by the board of directors on 17th February 2021 for the next 12 months;
- assessment of the criteria provided for by IAS 38 allowing the recognition of intangible assets resulting from development;
- allocation of certain transactions by level in the income statement;
- as part of the financial restructuring, allocations of costs relating to this operation.

Management has made its estimates based on past experience and taking into account the various factors considered reasonable for the valuation of assets and liabilities. The use of different assumptions could have a significant impact on these valuations. The information provided in respect of contingent assets and liabilities and off-balance sheet commitments existing at the date of preparation of the consolidated financial statements is also relevant. subject to estimates.

1.4 2020 highlights

1.4.1 Covid-19 crisis

The impact of the health crisis linked to Covid-19 is significant on the Group's commercial activity, with a drop of about - 25% in orders placed since 15th March 2020.

Because of the health crisis, Solocal deemed prudent to suspend payment of its March 2020 and June 2020 bond coupon and to initiate discussions with its bond creditors in order to preserve its cash flow and secure its financial situation. A conciliation procedure for Solocal Group was opened on 16th March 2020 under the aegis of the Tribunal de commerce of Nanterre in order to best coordinate the discussions with the company's creditors.

On 3rd July 2020, Solocal and its financial creditors agreed on the terms of an agreement in order to secure the Group's liquidity and reduce its indebtedness. This agreement was voted at the General Meeting of 24th July 2020 (cf. Note 12.).

Moreover, in order to handle the Group's working capital requirement during the health crisis, Solocal Group benefited from the partial business system during the first half of the year and benefited from a postponement of rent payments for the second and third quarters of Citylights 2. The debts constituted in terms of Citylights 2 rents were full paid back as at 31st December 2020.

The assumptions and business plans retained in the establishing of the financial statements was approved by the Management and take the incidence of the health crisis repercussions into account. These plans are based on the assumption that the current health crisis will be going on without either worsening nor significant improvement during 2021 fiscal year. This assumption is essential for the 2020 closing especially for financing current activities and maintening a satisfactory level of liquidity.

1.4.2 Sale of the subsidiaries QDQ & Mappy

On 28th February 2020, Solocal sold its subsidiary QDQ Media, a digital marketing agency operating in Spain, to AS Equity Partners. QDQ Media recorded revenue of €22.5 million in 2019 and has about 300 employees. The company's recurring EBITDA margin was significantly less than that of Solocal Group. QdQ's turnover between January 1st and the date of disposal amounted to €3.3 million.

On 1st November 2020, Solocal sold its subsidiary Mappy, the third biggest player in France in daily mobility, to the RATP group. Mappy recorded revenue of €1.6 million in 2019 and the recurring EBITDA contribution of the company was significantly lower than that of Solocal Group.

At the time of the sale, the Group undertook to continue to purchase mapping services from Mappy for a period of 3 years.

The income from the sales did not have a significant impact on Solocal's cash position and level of debt.

These disposals took place within the framework of the Solocal 2020 strategic plan, and allowed Solocal to focus on its strategic activities and its new digital services offering for SMEs and large accounts in France.

1.4.3 Change in management

On August 31st, 2020, Solocal announced in a press release the departure of Eric Boustouller from the Group's General Management on October 4th, 2020. This decision follows on from discussions conducted with the creditors in the framework of the project to strengthen the Group's financial structure approved at the Combined General Meeting of 24th July 2020.

Without calling into question the principle of segregation of duties between Chairman of the Board of Directors and Chief Executive Officer, Pierre Danon, Chairman of the Board of Directors, provides general management for the company as of October 5th, 2020.

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.

Following the approval of the financial restructuring plan voted at the general meeting of July 24, 2020 and the obtention of two financing lines that were put in place in August 2020 for € 32 million and on the basis of forecasts made by the Group for 2021 in the context of the Covid-19 crisis described in section 1.4.1, the Group is able to meet its liquidity needs for the next 12 months.

Moreover, the Group will continue to diversify its means of financing in order to obtain additional margins for manoeuvring for the upcoming years (financing of assets, financing of websites, etc.).

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.

2.1.1 Order backlog and sales

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

With regard to sales, these are orders taken by the salesforce, which must give rise to a service provided by the Group for its customers. Sales are net of cancellations.

(in millions of euros)	As at 31st December 2020	As at 31st December 2019
Digital	340.3	347.1
Print	19.5	38.3
TOTAL ORDER BACKLOG – BEGINNING OF PERIOD*	**359.9**	**385.4**
Digital	389.8	519.5
Print	10.0	44.9
Total order intake	**399.8**	**564.3**
Digital*	(9.9)	(5.7)
Non recurring	(1.4)	(0.0)
Cancellation	**(11.3)**	**(5.7)**
Digital	(434.5)	(520.5)
Print	(29.5)	(63.6)
Total revenues	**(464.0)**	**(584.1)**
Digital	284.2	340.3
Print	0.0	19.5
TOTAL ORDER BACKLOG – END OF PERIOD	**284.2**	**359.9**

* *IFRS 15 impact.*

2.1.2 Recurring EBITDA

Recurring EBITDA corresponds to 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 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 by IAS 37.

For the management of the Group, the divested activities which are the subsidiaries or business lines that have been sold are separated from the discontinued operations.

During the year 2020, the Group divested from the Spanish subsidiary QDQ – Optimizaclick – Trazada and the French subsidiary Mappy. Moreover, the group stopped its Print business in November 2020.

2.1.3 Working capital requirement

(in millions of euros)	As at 31st December 2020	As at 31st December 2019
+ Net trade accounts receivable	69.6	90.2
+ Other current assets	44.2	38.9
+ Prepaid expenses	1.9	2.7
- Contract liabilities	(108.9)	(194.1)
- Trade accounts payable	(59.5)	(73.5)
- Other current liabilities	(138.4)	(168.7)
WORKING CAPITAL	**(190.9)**	**(304.5)**

2.1.4 Current investment

(in millions of euros)	As at 31st December 2020	As at 31st December 2019
Acquisition of tangible and intangible fixed assets	43.4	42.9
Right-of-use assets related to leases*	10.9	24.0
CURRENT INVESTMENTS	**54.2**	**66.9**

* *The increase in rights of use concerning leases corresponds to the new rights of use for the year 2020 (mainly from Rennes & Econocom leases).*

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.

Till November 2020 Solocal Group operated two segments:

- "Digital" activity; and
- "Print" activity.

The "Print" activity was discontinued in November 2020 after last books were issued. This activity is recognized and accounted for as discontinued operations under IFRS 5.

The group now has only one operational, the "Digital" sector corresponds to the sector to be presented.

The Digital activity generated revenue from continued activities of €432.8 million as at 31st December 2020. The Digital activity can be broken down as follows:

- the Connect offer allows VSEs and SMEs to manage their digital presence on PagesJaunes and the entire Web (several dozen media in total including Google, Facebook, Bing, Tripadvisor, Instagram, etc.) in a few clicks, in time real and in complete autonomy, via a single mobile application, or a web interface. This offer also facilitates the management of interactions between professionals and their customers thanks to several relational functions (instant messaging, formulation of quotes, appointment setting, Click & Collect, etc.). Connect represents a turnover of €108.5 million for fiscal year 2020 and is marketed in subscription mode with automatic renewal;

- the Booster offer allows companies to increase their digital visibility beyond their natural presence on the entire Web, with a view to developing local market shares. This offer includes, among other things, the Priority Referencing service launched in the third quarter of 2019 and represents sales of €258.5 million in fiscal year 2020;
- regarding the Sites range, Solocal offers its clients the possibility of creating and referencing their site, according to different budget levels, always in subscription mode with automatic renewal. This offer represents a turnover of €65.8 million for the financial year 2020.

Intended for VSEs / SMEs, the Connect and Booster ranges are also available for Major Network Accounts.

The Print activity was discontinued in November 2020 and is restated as discontinued operations.

The Print activity breaks down as follows:

(in millions of euros)	As at 31st December 2020	As at 31st December 2019	Change 2020/2019
Revenues	26.6	58.7	-54.7%
External expenses	(5.2)	(10.3)	-49.5%
Personnel expenses	(0.6)	(1.6)	-62.5%
Restructuring costs	0.0	0.0	n.a
EBITDA	**20.8**	**46.8**	**-55.6%**
Depreciation and amortization	0.0	0.0	n.a
Operating income	**20.8**	**46.8**	**-55.6%**
Financial income	**0.0**	**0.0**	**n.a**
Corporate income tax	0.0	0.0	n.a
NET INCOME	**20.8**	**46.8**	**-55.6%**

There are no significant intersectoral transactions.

2.2.1 By business sector

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

Revenues by product lines

(in millions of euros)	As at 31st December 2020	As at 31st December 2019	Change
Connect range	109.8	101.2	8.5%
Booster range	258.5	319.5	-19.1%
Websites	69.1	104.6	-34.0%
TOTAL SALES	**437.4**	**525.4**	**-16.7%**

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 31st December 2020*	As at 31st December 2019*	As at 31st December 2019 (published)
Revenues	**437.4**	**525.4**	**584.1**
– France	433.9	502.9	561.6
– Others	3.5	22.5	22.5
Assets	**494.7**	**516.9**	**516.9**
– France	490.4	504.3	504.3
– Others	4.4	12.5	12.5

* *IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2019 was therefore restated.*

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 2020 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 is presenting the Print business in terms of the IFRS 5 standard as at 31st December 2020.

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.

2020

- The Spanish companies of QdQ and the French company Mappy were sold in 2020. DTS was liquidated on 13 October 2020. These companies were taken out of the consolidation scope over the period.
- Solocal Interactive, a company in Rodrigues, was included in the consolidation scope as of 31st December 2020. The latter does not yet contribute significantly to the financial statements.
- Finemedia & ClicRDV were merged into Solocal SA as at January 1st, 2020.

2019

- EuroDirectory was liquidated on October 2nd, 2019.

NOTE 4. Fixed assets

4.1 Net 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 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.

As of 31st December, 2020, there is only one sector determined in accordance with IFRS 8 - "Operating sectors": Digital. As of 31st December, 2020, all of the unamortized goodwill is allocated to this segment.

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
Balance at start of year	**88,870**	**88,870**
Acquisitions / disposals	(2,381)	-
Impairments	-	-
Impairments	-	-
Reclassifications and others	-	-
BALANCE AT END OF YEAR	**86,489**	**88,870**

The variation identified as at 31st December 2020 can be explained by the disposals during the year 2020.

The value of goodwill was reviewed as part of the closing of the consolidated financial statements on the basis of business plans, a perpetual growth rate of 0.5% and an after-tax discount rate of 10.5%.

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 to complete the development project;
- the capacity to implement or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of appropriate technical, financial and other resources to complete the development and commission or sell the intangible asset;
- the ability to reliably assess the expenses attributable to the intangible asset during its asset development.

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.

The net book value of capitalized development costs at 31st December, 2020 represents €75 million.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

	As at 31st December 2020			As at 31st December 2019		
(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	444,475	(369,561)	74,915	446,542	(360,569)	85,973
Other intangible fixed assets	7,506	(5,598)	1,908	10,385	(5,876)	4,509
TOTAL	**451,982**	**(375,159)**	**76,823**	**456,927**	**(366,445)**	**90,482**

No impairment was recorded in 2020 and 2019.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
Opening balance	**90,482**	**100,139**
Acquisitions	29	228
Internally generated assets[1]	40,178	39,629
Effect of changes in the scope of consolidation	(8,317)	-
Exchange differences	-	-
Reclassifications	(9)	(208)
Disposals and accelerated amortisation	33	(534)
Depreciation charge	(45,575)	(48,772)
CLOSING BALANCE	**76,823**	**90,482**

(1) 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.

Lease contracts

Leases are recognized in accordance with IFRS 16. The standard requires that a liability be recorded on the balance sheet corresponding to discounted future rental payments, in return for a right of use on the asset amortized over the term of the contract. .

The scope of the contracts is systematically reviewed by reassessing, for each of them, the existence of a lease according to the criteria of the standard and by excluding, in application of the options provided for by the standard, rentals of less than twelve months that do not include a purchase option and leases of low-value assets (less than € 5k), the fees for the latter being recognized as expenses.

The amount of the liability is thus significantly dependent on the assumptions made in terms of the duration of the commitments and the discount rate. The term of the contract used to calculate the liability is that of the contract initially negotiated, without taking into account the early termination or extension options depending on the type of contract, except in a specific case where the Group has reasonable certainty that the option of extension or termination will be exercised.

The discount rate is determined as the sum of the risk-free rate, by reference to its duration, and the credit risk of the entity corresponding to that of the Group for this same duration reference. The discount rates have been calculated on the residual duration of each contract.

Amortisation

Fixed assets are amortised 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 amortisation 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 31st December 2020			As at 31st December 2019		
(in thousands of euros)	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	52,634	(51,116)	1,518	59,303	(56,043)	3,260
Right-of-use assets related to leases	102,100	(35,529)	66,571	91,243	(21,964)	69,279
Others	72,397	(57,867)	14,530	70,568	(52,851)	17,717
TOTAL	**227,131**	**(144,512)**	**82,618**	**221,114**	**(130,858)**	**90,256**

No significant impairment was recognised for the periods ending 31st December 2020 and 31st December 2019.

Movements in the net value of property, plant and equipment can be analysed as follows:

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
Opening balance	**90,256**	**105,134**
Acquisitions*	14,023	25,773
Subvention	-	354
Effect of changes in the scope of consolidation	(1,355)	-
Exchange differences	(10)	0
Reclassifications	1,634	208
Disposals and accelerated amortisation	(84)	(10,881)
Depreciation charge	(21,845)	(30,332)
CLOSING BALANCE	**82,619**	**90,256**

* *Includes Right-of-use assets related to leases.*

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, reviewed at each closing.

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

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

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

NOTE 5. Sales

5.1 Revenues

Solocal Group markets products and local communication services in digital form. The Digital business includes different types of offers grouped together within three product lines: Connect (formerly Presence), Booster (formerly Digital Advertising) and Websites.

The revenue stemming from the Group's activities is recognised in a differentiated manner according to the type of products. Revenues as at 31st December 2020 amounted to €437.4 million compared to €525.4 million as at 31st December 2019.

Revenues are recognised according to the IFRS 15 standard that the Solocal Group has been applying since 1 January 2018.

Solocal Group's offers are grouped into two major product lines:

- 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;
- sites which are developed to be made available to customers for a contractual period of 12 or 24 months.

Recognition of revenues per service range

"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.

"SITES" RANGE

Two separate service obligations are retained for the sites offer:

a. 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;

b. the site is made available and updated during the contractual hosting period with a real duration of between 12 and 24 months. The income from this obligation is recognized over the duration of the contractual accommodation period.

5.2 Trade debtors

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

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
Gross trade debtors	83,403	114,816
Provisions for impairment	(13,754)	(24,593)
NET TRADE DEBTORS	**69,649**	**90,223**

Trade debtors were due as follows:

			Overdue					
(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
31st December 2020	**69,649**	**51,627**	**1,850**	**1,861**	**2,688**	**8,550**	**520**	**2,553**
31st December 2019	90,223	24,501	12,135	45,461	1,415	2,759	1,392	2,560

The Group's portfolio of trade receivables does not present a significant risk of concentration (about 315,000 advertisers).

Provisions for bad debts remain at a very low level, with net provisions amounting to 1% of revenues in 2020 compared to 0.9% in 2019. The provision rate is applied according to the age of the receivables based on the collection history. Factoring debt represented 2.1 million as of 31st December, 2020, compared with €7.9 million as of 31st December, 2019.

5.3 Other current assets

The other current assets are made up as follows:

(in thousands of euros)	As at 31st December 2020	As at 31st December 2019
VAT receivable	24,093	30,343
Sundry accounts receivable	15,889	212
Trade payables - Advances and instalments	1,109	4,031
Other current assets	3,547	4,480
TOTAL	**44,639**	**39,065**

The change to the VAT receivable item must be seen in the light of changes to trade payables.

The change in the Sundry accounts receivable item can be explained primarily by the VAT credit repayment not received as at 31st December 2020 as well as income receivable from URSSAF.

5.4 Contract liabilities

Contract 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).

Contract liabilities amounted to €108.9 million as of 31st December, 2020 compared to €194.1 million as of 31st December, 2019.

The decrease in the liability item on contracts results mainly from the discontinuation of the print business on the one hand and on the other hand from the sharp drop in sales in connection with the health crisis which had an unfavorable effect on the level of sales but also significantly reduced the period between the act of sale and the start of the service (and therefore the start of revenue recognition). Finally, the sequenced invoicing that had been implemented in 2019 had the effect of automatically reducing the prepaid income item symmetrically to the drop in trade receivables. As a reminder, order intake was reduced by €164.5 million in 2020 compared to 2019.

NOTE 6. External expenses

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 €203.0 million in 2020 and are broken down as follows:

(in thousands of euros, except staff count)		As at 31st December 2020*	As at 31st December 2019*	As at 31st December 2019 (published)
Average staff count (full-time equivalent)		2,410	2,562	2,583
Salaries and charges		**197,273**	**244,265**	**245,875**
of which:	- Wages and salaries	125,433	156,096	157,169
	- Social charges	57,293	70,163	70,700
	- Taxes on salaries and other items	14,547	18,006	18,006
Share-based payment		**185**	**1,335**	**1,335**
Employee profit-sharing[1]		**3,310**	**2,383**	**2,383**
TOTAL STAFF EXPENSES		**200,768**	**247,983**	**249,593**

* *IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2019 was therefore restated.*

(1) Incl. Coporate contribution.

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 31st December 2020	As at 31st December 2019
Short-term benefits(1)	6,407	6,880
of which employer charges	*2,290*	*2,258*
Post-employment benefits(2)	212	298
Other long term benefits(3)	12	5
End-of-contract benefits(4)	2,619	1,157
Equity benefits(5)	0	231
NON-CURRENT PROVISIONS	**9,250**	**8,571**

(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

On 4th October 2020, Eric Boustouller terminated his term of office as Chief Executive Officer and obtained a termination allowance of €1.6 million according to the strict application of the provisions voted by the General Meeting on the departure conditions namely 18 months of the annual lump-sum remuneration (fixed and variable with targets reached) and the payment subject to the performance condition linked to achieving an average of at least 80% of his annual objectives during the period of presence in the company.

On 2nd October 2020 the Board of Directors decided to release Eric Boustouller of his non-compete obligation, such that no non-compete compensation is owed to the latter.

NOTE 8. Corporate income 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 31st December 2020	As at 31st December 2019
Pretax net income from business	72,131	51,809
Statutory tax rate	32.02%	34.43%
THEORETICAL TAX	**(23,096)**	**(17,838)**
Earnings from not integrated companies & Foreign subsidiaries	(81)	5,617
Foreign subsidiairies - differences in tax rates	122	2,291
Share-based payment	185	1,335
Corporate value added contribution (after tax)	(5,124)	(4,832)
Difference between the carrying amount of the financial liability extinguished and the amount of the fair value of the equity instruments issued	18,151	-
Ceiling of interest expense deductibility	8,848	10,094
Adjustment corporation tax of prior years	-	(23)
Other non-taxable / non-deductible items (1)	(5,502)	(16,342)
EFFECTIVE TAX	**(6,548)**	**(19,698)**
of which current tax (CVAE excluded)	*(309)*	*(570)*
of which CVAE	*(5,124)*	*(4,832)*
of which deferred tax	*(1,114)*	*(14,296)*
Effective tax rate (deferred tax excluded)	7.5%	-10.4%
EFFECTIVE TAX RATE (EXCLUDING THE EFFECT OF FINANCIAL RESTRUCTURING FOR 2020)	**34.2%**	**38.0%**

(1) *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 €61.5 million as at 31st December 2020 compared to €60.9 million as at 31st December 2019.

As a reminder, the effective tax rate for fiscal year 2019 (12 months) was 38.0%.

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.

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:

a. the Group is able to control the timing of the reversal of the temporary difference (distribution of dividends for example); and
b. 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 thousand of euros)	As at 31st December 2020	As at 31st December 2019
Retirement benefits	21,775	20,016
Legal employee profit-sharing	961	728
Non-deductible provisions	(232)	3,513
Tax loss carryforward	41,582	37,345
Other differences	19,894	19,275
SUBTOTAL DEFERRED TAX ASSETS	**83,980**	**80,877**
Other differences	(4,628)	0
Depreciations accounted for tax purposes	(17,860)	(19,949)
SUBTOTAL DEFERRED TAX LIABILITIES	**(22,488)**	**(19,949)**
TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)	**61,492**	**60,928**

Net deferred tax assets in the balance sheet stood at €61.5 million as at 31st December 2020 compared to €60.9 million as at 31st December 2019. 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 the 2018 restructuring plans 2018;
- the loss carry forwards generated in French tax consolidation.

The tax disbursed during the 2020 financial year was €5.5 million as against €5.9 million in 2019.

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:

- trade receivables resulting from invoiced turnover. Their amortized cost equal to their face value unless the application of an implicit interest rate has a significant effect;
- cash: i.e. cash and sight deposits and cash equivalents. These are very liquid investments indexed to a money market rate and the amount of which is known or subject to negligible uncertainty.

Financial assets and short-term investments whose maturity is generally less than or equal to three months from the acquisition date are measured at amortized cost and are subject to monitoring for objective evidence of impairment. A financial asset or a short-term investment is impaired if its book value is greater than its recoverable value estimated during 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:

These are financial assets held for investment purposes, recognized as an asset between the dates of purchase and sale and whose changes in fair value are recognized in financial income according to the market prices published on the date. Closing. The category of fair value through profit or loss also includes investments in unlisted entities over which the Group has no control, joint control, significant influence, or intention to sell in the short term.

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 31st December 2020	As at 31st December 2019
Gain on debt restructuring through the issuance of equity instruments(1)	63,187	
GAIN FROM DEBT RESTRUCTURING	**63,187**	**-**
Interest and similar items on financial assets	368	-
Dividends received	-	4
FINANCIAL INCOME	**368**	**4**
Interest on financial liabilities	(44,421)	(38,504)
Other financial expenses & fees excluding financial restructuring(2)	(16,472)	(4,971)
Accretion cost(3)	(656)	(1,349)
FINANCIAL EXPENSES	**(61,548)**	**(44,824)**
Gain (loss) on exchange	-	-
FINANCIAL INCOME	**2,006**	**(44,820)**

(1) *This amount, before fees related to financial restructuring, is the difference between the book value of the debt converted into equity instruments and the fair value of these same instruments which revealed non-monetary financial income of €63.2 million.*

(2) *Mainly composed of ongoing costs related to debt management and €13.6 million of costs related to financial restructuring after deduction of costs charged directly to reduce the capital increase in cash and costs integrated into interest rates effective interest on new debts.*

(3) *The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments.*

9.5 Financial restructuring

The Extraordinary General Meeting of shareholders on 24th July 2020 approved the implementation of the following financial restructuring plan:

Description of the operation carried out

In accordance with the agreement signed with its creditors and following the approval by the General meeting of shareholders of the restructuring project, the Group launched a capital increase of €359.5 million fully guaranteed by the bond creditors. The latter allowed for a reduction in the debt by an amount between €261.5 million and a cash contribution of €85 million.

The capital increase of €359.5 million was broken down as follows:

- a first reserved capital increase in the amount of €10.5 million for the benefit of Golden Tree Asset Management LP and SARL Financière de la Clarée. This capital increase was carried out at a price of 8 cents per share and carried out by converting debt into capital;
- a capital increase with maintenance of preferential subscription rights for an amount of €336 million, which was carried out at a price of 3 cents per share. This capital increase, open to all shareholders, was fully guaranteed by bond creditors, providing liquidity for €85 million and debt conversion for the remainder;
- a capital increase of €13 million with elimination of preferential subscription rights carried out by offsetting a debt. This receivable resulted from the commission remunerating the subscription guarantee in the amount of €85 million by the bondholders for €6.5 million and from the commission paid in shares to all the bondholders for their participation in the restructuring for €6.5 million as well.

This capital increase was preceded by an allocation of free shares for the benefit of all existing shareholders, at the rate of one free share for one share held on August 31, 2020 on the basis of the shareholding of the company immediately before the completion of the reserved capital increase, ie an issue of 626 million shares. This allocation of free shares was carried out by incorporating premiums into the capital.

To this capital increase is added the securing of additional financing of €32 million.

- an ATOUT loan of €16 million taken out by Solocal SA with BPI France Financement;
- a "mini-bond" issuing of €17.7 million (associated with an issue premium of €1.7 million) by certain bond creditors. The issue was carried out with a discount of 10%, the amount received in cash by the company therefore amounts to €16 million.

These financing lines were obtained and exercised in August 2020.

The terms of the RCF which had been signed on 29th March 2019 for €15 million, then on 12th July 2019 for €25 million and finally on 6th December 2019 for €10 million, have been substantially modified in order to take into account a new maturity, a modification of the amortization plan and methods and the possibility of repaying in cash or in shares (see Note 9.6).

All of these transactions resulted in an increase in the nominal value of the Group's gross financial debt of around €227 million.

The impact of these transactions on the Group's consolidated shareholders' equity amounts to €295 million and is detailed as follows:

- capital increases: €359 million;
- costs recorded as a reduction of shareholders' equity: €(15.8) million;
- counterpart of the gain recorded in financial income corresponding to the difference between the book value of the original debt and the fair value of the shares issued: €(48) million.

Accounting treatment of capital increases, the issuance of new debts and costs incurred in connection with these operations

The original debt that has been the subject of the restructuring has been derecognized in its entirety (€429.3 million) due to the substantial modification of the latter in application of IFRS 9 (substantially future cash flows). different from those of the old debt).

The fair value of equity instruments issued was determined on the date of issue in accordance with IFRIC 19 and amounts to €212.8 million.

The new debt is recognized at its fair value, i.e. €153.3 million on the date of issue, knowing that the incremental costs directly attributable to the new debt, i.e. €3.8 million, were then charged against view to determine the amortized cost of the new debt.

The difference between the book value of the original debt and the sum of the fair value of the shares issued and the new debt amounts to €63.2 million (excluding the impact of costs) and is recognized as an offsetting entry. of the result on the line "Gain from debt restructuring".

As part of the financial restructuring, the Group incurred approximately €32 million in costs. All costs incurred in connection with the restructuring were recorded in profit or loss for €13.6 million, with the exception of:

- costs directly attributable to the issuance of equity instruments which were recorded as a reduction in equity, for €15.8 million;
- costs relating to the new debt which were charged in the calculation of the amortized cost of the new debt for €4.1 million and which will be amortized using the effective interest rate method over the term of the loan bond.

The amortization of the new debt using the effective interest rate method over the term of the loan also includes the difference of €15.1 million between the nominal value of this debt (€168.4 million) and its fair value recognized in the balance sheet at the date of the modification (€153.3 million).

9.6 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 31st December 2020	As at 31st December 2019
Cash equivalents	197	46
Cash	61,182	41,505
Gross cash	**61,379**	**41,551**
Bank overdrafts	-	(93)
Net cash	**61,379**	**41,458**
Nominal value of bond loans	184,454	397,835
Fair value of hedging instruments	(15,160)	-
Nominal value of revolving credit facilities drawn	50,000	50,000
Debt issue costs integrated into the effective interest rate of the debts	(4,074)	-
Amortization of the difference in fair value and costs at the effective interest rate	1,079	-
Other loans	16,000	-
Accrued interest not yet due on loans	2,516	1,387
Lease liability	110	3,359
Factoring	2,064	7,890
Price supplements on acquisition of securities	-	170
Others	30	2,915
Current and non current financial liabilities	**237,019**	**463,556**
Long-term and short-term liabilities	93,966	104,104
Gross financial debt	**330,985**	**567,660**
of which current	*27,653*	*40,722*
of which non-current	*303,332*	*526,938*
Net debt	**269,606**	**526,109**
NET DEBT OF CONSOLIDATED GROUP	**269,606**	**526,109**

Following the financial restructuring voted by the general meeting of 24th July 2020, the bond loan in nominal value amounts to €168.4 million as at 31st December 2020, the latter amounted to €397.8 million as at 31st December 2019.

During the month of august 2020, two financing lines were obtained and exercised for an amount of €32 million (€16 million for a mini-bond and €16 million for an ATOUT loan).

Cash and cash equivalents

As at 31st December 2020, the amount of cash and cash equivalents amounted to €61.4 million, primarily comprised of non-blocked, remunerated, fixed-deposit accounts.

Change in the liabilities stemming from financing activities

		Cash flows		Variations "non cash"						
(in thousands of euros)	As at 31st December 2019	In	Out	Capital increase by offsetting receivables	Other Variations	Interests	Var. of change	IFRS 16	Reclass & changes in scope	As at 31st December 2020
Bond loans*	397,835	16,000	(1,625)	(260,876)	31,495	4,872	(15,160)		(4,074)	168,467
Revolving credit	50,000		(3,689)			4,007				50,318
Other bank borrowing	-	16,000	(200)			260				16,060
Capital lease	3,359		(3,249)							110
Earn-Out	170				(170)					-
Factoring	7,890		(5,826)							2,064
Lease liabilities	104,104		(18,092)					7,954		93,966
Bank overdrafts	93	(93)								-
Others	2,915		(2,885)							30
TOTAL LIABILITIES FRON FINANCING ACTIVITIES	**566,366**	**31,907**	**(35,566)**	**(260,876)**	**31,325**	**9,139**	**(15,160)**	**7,954**	**(4,074)**	**331,015**

* *Other changes in bond issues correspond to the interest on the original bond debt which has been incorporated into the principal.*

Issuing of bonds

Following the realisation of the financial restructuring in 2020, the Group's residual gross debt was reduced to €168.4 million, redeveloped in the form of issuing bonds for €334,125,321 of a face value of €0.5041647472146 each for which the settlement-delivery took place on 5th October 2020, reserved for creditors under the Credit Agreement, and of which the main details are as follows (starting on 1st October 2020):

Interests:

- Euribor with 3-month Euribor rate floored at 1% +7% spread payable quarterly in arrears on 15th March, 15th June, 15th September and 15th December, as follows: one half is payable in cash, and the other half by capitalization at the principal amount until 15th December 2021;
- Euribor with Euribor floor 1% +7% payable in full in cash thereafter;
- Late payment interest: 1% increase in the applicable interest rate.

Financial commitments:

- the Consolidated Net Leverage Ratio (Consolidated Leverage / Consolidated EBITDA) must be less than 3.5:1;
- the interest hedging ratio (Consolidated EBITDA/ Consolidated Net Interest Expense), must be greater than 3.0:1;
- and if the Consolidated Net Leverage Ratio exceeds, on 31st December of the preceding year, 1.5:1 , investment expense (excluding growth operations) (Capital Expenditure) concerning Solocal Group and its Subsidiaries are limited to 10% of consolidated revenue of Solocal Group and its Subsidiaries.

Maturity date: 15th March 2025.

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 may at any time and in several installments, redeem all or part of the Bonds at a redemption price equal to 100% of the principal amount plus, during a period of 2.5 years, an early redemption penalty known as no. -call corresponding to interest due from 6th August 2020 to 6th February 2023).

In addition, the Bonds must be subject to mandatory early redemption (subject to certain exceptions) in whole or in part, in the event of the occurrence of certain events, such as a Change of Control, a disposal of assets (Assets Sale), or the receipt of net debt proceeds (Net Debt Proceeds) or net receivables proceeds (Net Receivables Proceeds). Mandatory prepayments are also provided with funds from a percentage of excess cash flow, depending on the level of the Company's Consolidated Net Leverage Ratio.

The terms of the Bonds also contain certain covenants not to make, prohibiting Solocal Group and its Subsidiaries, subject to certain exceptions, in particular:

- support additional financial debt;
- grant collateral;
- pay dividends or make distributions to shareholders; as an exception, the payment of dividends or distributions to shareholders is permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

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

Mini Bond:

Following the adoption of the Amended Safeguard Plan and of the approval of a conciliation protocol by the Tribunal de commerce of Nanterre, Solocal Group on 14th August 2020 issued a bond loan for a total amount in principle of €17,777,777, carried out with a discount of 10% for a subscription amount of about €16 million.

The new bonds, with a nominal value of one (1) euro, have essentially the same characteristics as the Bonds. The main terms include in particular:

Interest:

- Euribor with 3-month Euribor rate floored at 1% + 7% spread (not less than 8%) payable quarterly in arrears on March 15, 15th June, 15th September and 15th December, as follows: half is payable in cash, and the other half by capitalization in the principal amount until 15th December 2021;
- Euribor with Euribor floor 1% + 7% (not less than 8%) fully payable in cash afterwards.

Maturity: 15th March 2025.

Quotation: quotation on euronext.

The amounts owed in terms of these bonds are guaranteed by a fifth-rank securities account pledge concerning the securities issued by Solocal SA held by Solocal Group.

RCF:

A revolving credit facility of fifteen million was signed in February 2019 with two banking partners. The company worked on increasing this credit facility, which was increased by 25 million on July 12, 2019, and then by 10 million on December 6, 2019 to reach 50 million. This revolving credit facility has been fully drawn.

This RCF remains identical in amount, however its particulars are modified:

- **Interest:** Euribor floor 1% + margin
- **Facility fee:** 3.5% annual payable on 15th September 2021, 30th September 2022, 30th September 2023
- **Margin:**

– Until 15th September 2021:
  – tranche of €15 million: 4.5%,
  – tranches at 25 million and €10 million: 5%.
– Starting on 15th September 2021:
  – 5% for all the tranches.

- **Maturity:** 29th September 2023
- **Amortization:**

– September 2021: 5 to €10 million payable in cash or in shares for a variable number of equity instruments in the hand of Solocal. Solocal obtained at the extraordinary general meeting of shareholders of 24th July 2020, authorization for 2021 to issue these shares;
– September 2022: 5 to €10 million payable in cash or in shares for a variable number of equity instruments in the hand of Solocal;
– September 2023: Repayment of residual debt in cash or in shares for a variable number of equity instruments in Solocal's hand. If Solocal were to reimburse the residual balance of the RCF in shares, each creditor may choose to extend the maturity of one year in order to be reimbursed in cash in September 2024. In this case, Solocal would amortize the RCF for an amount between €5 million and €10 million in cash or shares in his hand.

Price supplements on acquisition of securities

As part of the sale of Mappy, a price supplement of one million euros has been recognized and will be paid over the next three years.

Financial instruments in the balance sheet

	Breakdown according to IFRS 9			Breakdown by level in IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Amortised cost	Level 1 and Treasury	Level 2	Level 3
Other non-current financial assets	7,711	1,293	6,418		7,711	
Derivative financial instruments						
Net trade accounts receivable	69,649		69,649		69,649	
Other current financial assets	1,004		-		1,004	
Cash equivalents	197		197	197		
Cash	61,182		61,182	61,182		
FINANCIAL ASSETS	**139,742**	**1,293**	**137,445**	**61,379**	**78,363**	**-**
Non-current financial liabilities and derivatives	228,252		228,252	228,252		
Current financial liabilities and derivatives	8,767		8,767		8,767	
Trade accounts payable	59,458		59,458		59,458	
FINANCIAL LIABILITIES	**296,476**	**-**	**296,476**	**228,252**	**68,225**	**-**

As at 31st December 2020, the fair value of the bond loan and of the mini-bond represent €169.2 million, compared to a carrying value of €184.4 million.

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);
- level 3: data relating to assets or liabilities not based on observable market data (non-observable data).

In the 2020 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 EBITDA), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

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's covenant on financial leverage stands at 1.91 times consolidated EBITDA such as defined in the bond contract. Consequently, the Group complies with the financial leverage covenant as at 31st December 2020.

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 31st December 2020, the total amount of trade receivables, net of write-downs, amounted to €69.6 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 2020.

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 31st December 2020	As at 31st December 2019
Post-employment benefits	84,498	86,149
Other long-term benefits	7,801	7,811
NON-CURRENT PERSONNEL BENEFITS (1)	**92,299**	**93,960**
Other Provision for risks	0	0
Provisions for social or fiscal disputes	6,842	11,025
NON-CURRENT PROVISIONS	**6,842**	**11,025**

(1) *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 thousand 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)	18,645			(12,121)		6,524
Restructuring provisions (2018)	39,834			(29,997)		9,837
Restructuring provisions (2014)	11,024		(3,780)	(404)		6,840
Provisions for social and fiscal risks	9,632	8,639	(5,132)	(969)		12,170
Other provisions for risks	2,995	221	(145)			3,071
TOTAL PROVISIONS	**82,130**	**8,860**	**(9,057)**	**(43,491)**	**-**	**38,442**
of which non current	*11,025*		*(3,780)*	*(404)*		*6,841*
of which current	*71,106*	*8,860*	*(5,277)*	*(43,087)*		*31,602*

Retirement benefits and similar commitments

In France, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, using demographic hypotheses (turnover of the personnel, mortality, retirement age, etc.) and financial hypotheses (future increase in salary by category).

This final obligation is then discounted with a rate determined in reference to the yield on first-category long-term private bonds (or State bonds if there is no liquid market).

Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income which is net positive impact of €1.7 million as at 31st December 2020.

In order to have up-to-date data, the turnover tables were recalculated in 2020 based on observations from 2015 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.

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31st December 2020	Post-employment benefits	Other long-term benefits	Total 31st December 2019
Change in value of commitments						
Total value of commitments at start of period	**86,533**	**8,273**	**94,806**	**85,512**	**9,036**	**94,549**
Adjustment of the opening periode (change of method)						
Total value of commitments at start of period (adjusted)	**86,533**	**8,273**	**94,806**	**85,512**	**9,036**	**94,549**
Cost of services rendered	5,559	566	6,125	5,756	734	6,490
Discounting cost	639	60	699	1,227	124	1,351
Reductions/liquidations	(3,920)	(368)	(4,287)	(9,169)	(812)	(9,982)
Actuarial (gains) or losses	2,315	271	2,586	8,739	15	8,754
Benefits paid	(598)	(226)	(824)	(159)	(252)	(410)
Changes in scope	(567)	-	(567)	-	-	-
Others	(4,924)	(392)	(5,316)	(5,372)	(573)	(5,946)
Total value of commitments at end of period	**85,039**	**8,183**	**93,222**	**86,533**	**8,273**	**94,806**

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31st December 2020	Post-employment benefits	Other long-term benefits	Total 31st December 2019
Commitments at end of period relating to non-financed schemes	*85,039*	*8,183*	*93,222*	*86,533*	*8,273*	*94,806*
of which short term	*541*	*383*	*924*	*384*	*460*	*844*
of which long term	*84,497*	*7,800*	*92,298*	*86,149*	*7,813*	*93,963*
Pension charge						
Cost of services rendered	5,559	566	6,125	5,756	734	6,490
Discounting costs	639	60	699	1,227	124	1,351
Effect of reductions/liquidations	(3,920)	(368)	(4,287)	(9,169)	(812)	(9,982)
TOTAL PENSION CHARGE	**2,279**	**258**	**2,537**	**(2,187)**	**46**	**(2,141)**
Movements in the provision / (asset)						
Provision / (assets) at start of period	**86,533**	**8,273**	**94,806**	**85,512**	**9,036**	**94,549**
Pension charge	2,279	258	2,537	(2,187)	46	(2,141)
Pension charge from divested businesses						
Contributions paid by the employer						
Benefits paid directly by the employer	(598)	(226)	(824)	(159)	(252)	(410)
Change of scope						
Actuarial gains or (losses)	2,315	271	2,586	8,739	15	8,754
Others	(4,924)	(392)	(5,316)	(5,372)	(573)	(5,946)
Provision / (assets) at end of period	**85,606**	**8,183**	**93,789**	**86,533**	**8,273**	**94,806**
Assumptions						
Discount rate (%)	0.35%	0.35%	0.35%	0.75%	0.75%	0.75%
Expected long-term inflation rate (%)	1.50%		1.50%	1.5%		1.5%
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	**(1,681)**	**(31)**	**(1,712)**	**(2,345)**	**(206)**	**(2,551)**

As at 31st December 2020, the expense stated in respect of defined contribution pension plans amounted to €1.7 million.

The discount rate retained in the assessment of the commitments as at 31st December 2020 compared to 31st December, amounts to 0.35% in accordance with actual market conditions (iBoxx AA10+ rate).

The total amount of the provision in the balance sheet stood at €93.2 million as at 31st December 2020 compared to €94.8 million as at 31st December 2019.

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 €3.0 million, while a decrease of 0.25% in the discount rate leads to an increase in the commitment of about 3.6%, i.e. around €3.2 million.

Sensitivity of the discount rate on other long-term benefits (long-service awards)

A 0.25% increase in the discount rate leads to a decrease in the commitment of about -2.6%, or around €0.2 million, while a decrease of 0.25% in the discount rate leads to an increase in the commitment of about 2.7%, i.e. around €0.2 million.

NOTE 12. Trade payables

As of 31st December, 2020, trade payables are due within one year. Trade payables do not bear interest and are in principle payable between 30 days and 60 days.

NOTE 13. Equity and earnings per share

13.1 Share capital

The social capital of Solocal Group is comprised of 129,505,837 shares each with a par value of 1 euro, which is a total amount of €129,505,837 (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 €1,492.7 million as at 31st December 2020, compared to a negative amount of €1,454.2 million as at 31st December 2019, 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 €54.5 million;
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in a negative amount of €65.3 million;
- fair value items of the bond loan following the financial restructuring in the amount of €48 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 7,818 treasury shares as at 31st December 2020, for a value of 21 thousand euros, compared to 5,676 treasury shares (which is 567,596 treasury shares before the consolidation of shares that occurred in November 2020) as at 31st December 2019, recognised as a decrease in equity for the amount of their acquisition cost.

13.4 Dividends

Solocal Group did not distribute any dividends in 2020 or in 2019.

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, PACEO...). 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 31st December 2020	As at 31st December 2019
Share capital (weighted average)	13,173,478	584,689,263
Treasury shares from liquidity contract (weighted average)	(8,229)	(365,739)
Number of basic shares	13,165,249	584,323,524
Number diluted Equity (weighted average)	13,362,549	592,461,273
Additional information (average)		
Number of existing basic shares as of 31st December 2020	35,304,320	586,905,558
NUMBER OF EXISTING DILUTED SHARES AS OF 31ST DECEMBER 2020	**35,461,739**	**594,778,441**

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 a reminder, a consolidation of shares by means of an exchange of one hundred old shares for one new share was carried out on November 24, 2020. In addition, the number of new shares to be issued was adjusted. of each free share allocation right on the basis of 2,109 new shares. For the 2018 and 2019 plans, all of the elements mentioned below are understood to be before consolidation.

2019 Plan

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 400,000. 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.

2018 Plan

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.

There was no new plan in 2020.

14.3 Changes to stock option and free share allocation plans

	Closing balance as at 31st December 2019	Granted	Cancelled/ lapsed before reverse stock split	Sub-total before reverse stock split	Sub-total after reverse stock split(1)	Cancelled/ lapsed after reverse stock split	Closing balance as at 31st December 2020	Exercise price
Subscription share plans	**30,095**		**(30,095)**				-	
– December 2010	2,248		(2,248)				-	€105.10
– July 2010	27,847		(27,847)				-	€127.20
Free share plans	**12,983,000**	**-**	**(1,899,500)**	**11,083,500**	**233,751**	**(88,988)**	**144,763**	**Final vesting date**
– November 2019(2)	321,500		(321,500)	-	-	-	-	03/11/2020
– June 2019	5,100,000		(565,000)	4,535,000	95,643	(36,948)	58,695	18/06/2022
– April 2018	7,561,500		(1,013,000)	6,548,500	138,108	(52,040)	86,068	24/04/2021

(1) A reverse stock split on an exchange basis of one new share for one hundred existing shares was implemented on 24th November 2020.

(2) 2.109 new free shares were granted to one old free share.

(3) This plan does not have any performance condition.

The share issue options can be exercised for 10 years. As at 31st December 2020, the options in the 2010 plans have elapsed.

14.4 Expenses relating to stock option and free share allocation plans

The impact on profit and loss for fiscal 2020 represents an expense of €0.2m compared to expense of €1.3 million in 2019.

NOTE 15. Information on related parties

During fiscal 2020, the amounts owed in terms of these bonds of the mini-bond for an amount of €17.7 million were guaranteed by a fifth-rank securities account pledge concerning the securities issued by Solocal SA held by Solocal Group. The agreement was concluded between Solocal Group and Solocal SA of which the common director was Eric Boustouller. The boards of administration of Solocal Group and Solocal SA authorised the signing of the pledge agreement during the meetings that were held on 7 August 2020.

There are no other related party agreements concluded in 2020 by the group.

Key management as related parties as at 31st December 2020 are the members of the Board of directors including the Chief Executive Officer and the 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 20th 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 salesforce, 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 2nd 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 22nd October 2014 notified on 5 November, cancelled the validation by the DIRECCTE. On 22nd 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 2021 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 2021.

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 31st 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 31st December 2020, the remaining provision on the statements is €6.8 million compared to €11.0 million as at 31st December 2019.

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.

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 18th April 2017, the provision initially allocated was reversed in the statements as at 31st 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.

On 30 March 2020 the company received an expert report from the Ministry of Research and Innovation that recognises the eligibility for the research tax credit for several projects from 2010 and 2011 rejected by the administration. Income receivable of €2.8 million was recognised, corresponding to the best estimation.

16.2 Contractual commitments not recognised / contractual commitments and off-balance-sheet commitments

There were no new significant commitments during fiscal 2020.

Significant off-balance-sheet commitments are as follows:

	As at 31st December 2020				
		Payments due per period			As at 31st December 2019
Contractual obligations *(in thousands of euros)*	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases	**1,000**	**315**	**685**	**0**	**3,960**
Paper, printing, distribution	12	12	0	0	3,292
Other services	9,635	8,098	1,537	0	13,656
Commitments for purchases of goods and services	**9,647**	**8,110**	**1,537**	**0**	**16,948**
TOTAL	**10,647**	**8,425**	**2,222**	**0**	**20,908**

The "Other services" section includes all firm orders placed as at 31st December 2020 for goods and services deliverable from 1st January 2021.

Leases

Leases with a duration of over one year are restated in line with IFRS 16.

Other commitments given

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

As part of the sale agreement, Solocal is committed to continuing its business relationship with mappy for three years.

Other commitments received

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations *(in thousands of euros)*	As at 31st December 2020				As at 31st December 2019
		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	175,224	175,224	0	0	176,803
TOTAL	**175,224**	**175,224**	**0**	**0**	**176,803**

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 31st December 2020

The annual consolidated financial statements as of December 31, 2020 were approved by the Board of Directors at its meeting of February 17, 2021. No significant event is to be reported between the closing date and that of the Board of Directors.

NOTE 18. Scope of consolidation

		As at 31st December 2020		As at 31st December 2019	
Entities	**Country**	Interest	Voting rights	**Interest**	**Voting rights**
Solocal Group (consolidante)	France	100%	100%	100%	100%
Solocal S.A.	France	100%	100%	100%	100%
SOMS	France	100%	100%	100%	100%
Mappy(1)	France	0%	0%	100%	100%
Leadformance	France	100%	100%	100%	100%
ClicRDV(2)	France	0%	0%	100%	100%
Fine Media(2)	France	0%	0%	100%	100%
Effilab	France	100%	100%	100%	100%
PagesJaunes Outremer	France	100%	100%	100%	100%
GIE	France	100%	100%	100%	100%
QDQ Media(3)	Spain	0%	0%	100%	100%
Optimizaclick(3)	Spain	0%	0%	100%	100%
Trazada(3)	Spain	0%	0%	100%	100%
PagesJaunes Finance & Co	Luxemburg	100%	100%	100%	100%
Digital To Store(4)	United Kingdom	0%	0%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
Solocal Interactive	Rodrigues	100%	100%	0%	0%

(1) Mappy sold on 31st October 2020.
(2) ClicRDV et Fine Media absorbed by Solocal S.A. on 31st May 2020 retroactively on 1st January 2020.
(3) QDQ Media, Optimizaclick and Trazada sold on 28th February 2020.
(4) Digital To Store sold off on 13th October 2020.

NOTE 19. Auditors' fees

(amounts in thousand of euros)	Beas / Deloitte et Associés				Auditex / Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
	2020	2019	2020	2019	2020	2019	2020	2019
Certification of individual and consolidated accounts and limited review	371	423	46%	81%	323	389	69%	90%
– Including Solocal Group	175	200	22%	38%	150	140	32%	33%
– Including fully consolidated subsidiaries	196	223	25%	43%	173	248	37%	58%
Other services excluding certification of accounts	427	100	54%	19%	146	41	31%	10%
– Including Solocal Group	427	97	54%	19%	146	41	31%	10%
– Including fully consolidated subsidiaries	-	3	0%	1%	-	-	0%	0%
TOTAL	**798**	**523**	**100%**	**100%**	**469**	**430**	**100%**	**100%**

Other services excluding certification of accounts are related, as for BEAS/Deloitte, to services rendered in the framework of the plan to dispose of the subsidiary Mappy and to services rendered in the framework of issuing certification for the issuing of a report on the capital increase of a subsidiary. As for Auditex/Ernst&Young, it is related to a cash forecast review.

5.1.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – YEAR ENDED 31ST DECEMBER 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the Annual General Meeting of Solocal Group

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Solocal Group for the year ended 31st December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31st December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee

BASIS FOR OPINION

Audit Framework

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 *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from 1st January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed 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, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting impacts of the financial restructuring

Risk identified

The health crisis related to the Covid-19 pandemic and the lock down measures announced on 12th March 2020 in France generated a significant decrease in the commercial activity of the Group. In order to preserve its cash, Solocal Group announced the suspension of its quarterly interest payments on its bond and begun discussions with its creditors. A conciliation procedure was opened with the Nanterre commercial court on 16 March 2020. On 3 July 2020, Solocal group and its creditors signed an agreement enabling notably:

- a reduction in the Group's gross debt by €227 million;
- a cash contribution of €85 million via a share capital increase in cash and of €32 million via the grant of two additional financings.

These operations led to an increase in the Group's equity of around €295 million.

This agreement was approved by the Extraordinary General Shareholders' Meeting of July 24, 2020.

The number of operations constituting the financial restructuring, the accounting consequences described in Note 9.5 of the notes to the financial statements and the evaluation of the accounting consequences required important judgement by Management, notably with regard to the fair value of the new instruments issued/delivered as part of the restructuring.

Considering the amounts involved, the complexity of the refinancing operations, and the analyses and judgements required by Management to determine the applicable accounting treatment according to IFRS, we considered the financial restructuring accounting as a whole to be a key audit matter.

Treatment of the key audit matter during the audit

We obtained an understanding of the detailed terms and conditions of each financial restructuring operation approved by the Shareholders' Meeting of July 24, 2020.

Our procedures mainly consisted in:

- analyzing all the legal documentation relating to each operation: share capital increases, partial extinguishment of the pre-existing bond debt, restructuring of unconverted bonds and the Revolving Credit Facility ("RCF") and issue of new debt instruments;
- examining the appropriate recognition of the operations in the consolidated financial statements and the extinguishing of the original bond and the RCF with regard to IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments and IFRS 9 – Financial Instruments, and analyzing the determination of the fair value of the equity instruments against the extinguishing of the original bond, the bond and the RCF after restructuring;
- examining the costs incurred for these operations and their nature and reviewing their accounting treatment.

We also examined the appropriateness of the disclosures in the notes to the consolidated financial statements (particularly Note 9.5).

Accounting of "digital" revenue

Risk Identified

"Digital" activities of the Solocal Group regroup numerous commercial offerings which evolve regularly and a large volume of data to be processed. These "Digital" offerings are grouped into 2 main classes:

- sales of websites that are designed and made available to customers for a contractual period of 12 or 24 months;
- products related to digital services, such as digital presence or advertising proposed for a renewable period of 12 or 24 months and digital advertising products which refer to one-off services or campaigns.

The revenue recognition principles related to these products, disclosed in Note 5.1 "Revenue" of the footnotes of the consolidated financial statements, are different depending on the nature of the products or services sold. This accounting, in particular the correct cut-off, depends on complex IT systems.

Depending on the class of product proposed by Solocal Group, one or two performance obligations are identified for which revenue is recognized on a straight-line basis over the period during which the performance obligation is satisfied. For the class "Digital services excluding websites" the application of IFRS15 leads to revenue being recorded on a straight-line basis as the transfer of control of the services is continuous. Two separate performance obligations are observed for the websites class:

- website conception over the conception period (between 30 and 120 days depending on the product). Revenue is recognized over the duration of the conception;
- hosting and updating of the site over the contractual hosting period comprised between 12 and 24 months. Revenue is recognized over the duration of the contractual hosting period.

Considering the high volume of transactions processed and the importance of automated processing in accounting for revenue recognition, we considered revenue recognition for "digital" activities as a key audit matter.

Treatment of the key audit matter during the audit

We have examined the revenue recognition process, from ordering to invoicing and reception of payments and closing entries.

Considering the complexity of the IT systems involved in the revenue recognition process and the high volume of transactions, we have involved in our team specialists with data analysis skills.

Our main procedures performed were:

- to analyze, for the main offers, the consistency between the contractual data and the configuration of revenue recognition in the information systems;
- with the involvement of our specialists with particular skills on data analytics:
  – to perform a reconciliation between data from ordering systems and data from billing systems in order to assess the completeness of revenue billed,
  – to perform a recalculation of revenue recognised from the billing systems based on accounting rules configured in the systems.

Intangible assets arising from internal development

Risk identified

The net book value of capitalized development costs as of 31st December, 2020 amounts to €75 million, i.e. 15% of the group total assets.

Development costs are to be recognized as an intangible asset when all of the 6 criteria defined by IAS 38 – Intangible assets are demonstrated, as described in note 4.2 to the consolidated financial statements.

Intangible assets resulting from internal developments are amortized 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.

Treatment of the key audit matter during the audit

We reviewed the process implemented by the Group to determine if the criteria for capitalizing development costs are met.

Our work consisted of:

- regarding material cost items associated with internal developments recognized as intangible assets during the period:
  – analyzing and testing compliance with the IAS 38 criteria for a sampling of development projects capitalized during the period in particular by meeting with project managers with respect to the perspective to generate probable future economic benefits,
  – comparing the amounts recorded in the accounts with data extracted from the operational time monitoring systems on time charged to development projects from operational monitoring systems;
- for a sampling of development projects commissioned during the year, comparing the accounting commissioning's date with the commissioning minutes' reports and analyzing the reasonableness of the amortization duration with the explanations given by the operational teams.

Going Concern

Risk identified

As of 31st December, 2020, the Group has negative equity of €276 million, €368 million of current liabilities and €180 million of current assets. On the same date, available cash amounts to €61 million.

As disclosed in Note 1.5 "Going concern" in the consolidated financial statements, following the approval of the financial restructuring plan voted at the general meeting of July 24, 2020 and following the contracting of two financing lines that were set up and exercised in August 2020 for €32 million, and on the basis of the 2021 forecast made by the Group in the context of Covid-19 crisis set out in section 1.4.1, Solocal considers it is able to meet its financial commitments for the next 12 months.

As a consequence, we consider that the assessment of the going concern, on the basis of which the consolidated accounts were prepared, is subject to the judgment of management, in particular with regard to:

- the perspectives of future operational activity underlying the budget adopted by the board, give that, as indicated in note 1.4.1 "Covid-19 Crisis" to the notes, the health crisis related to Covid-19 has had a significant impact on the Group's commercia activity, with a decrease of approximately -25% of order intake since 15 March 2020;

- the related estimates of future cash flows.

For these reasons, we considered the assessment of the going concern as a key audit matter.

Treatment of the key audit matter during the audit

We have obtained an understanding of the process implemented by management to assess the Group's ability to continue operating over a period of 12 months from the closing date. Our work mainly consisted in:

- examining the budget and cash flow forecasting process;
- examining the operational assumptions underlying the budget and including managements assumptions of the impact of the Covid 19 crisis on the Group's commercial activity;
- examining the correct implementation of budgetary data into the cash flow forecast model;
- reconciling the starting point of the cash flow forecast model with the cash position disclosed in the financial statements as at 31st December 2020;
- analyzing the correct configuration of the cash flow simulation file underlying the monthly cash flow forecasts for the next 12 months and in particular:
  - examining the consistency of conversion from sales to cash rates by type of product according to their payment terms,
  - examining the main formulas of the files involved in the modeling of monthly cash receipts;
- inquiring of management about its knowledge of events or circumstances subsequent to the close which could impact these forecasts, notably in the context of the Covid-19 crisis.

We have also assessed the appropriateness of the information relating to the going concern disclosed in Note 1.5 on the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Directors' Report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after 1st January 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier).

Appointment of statutory auditors

We were appointed as statutory auditors of Solocal Group by the annual general meeting of 19th October 2016 for BEAS, an entity of the Deloitte network and for AUDITEX, a member of the ERNST & Young Global Limited network. As at 31st December 2020, BEAS and AUDITEX were in their fifth year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Deloitte & Associés and ERNST & YOUNG Audit served as statutory auditors for Solocal Group from 2003 to 2015 and from 2004 to 2015 respectively, including twelve years for each firm since securities of the Company 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 the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives 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 when it exists. 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 of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit 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 his 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, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these 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 these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that 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 such as they are set in particular by 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 that may reasonably be thought to bear on our independence, and the related safeguards.

French language original signed at Paris-La Défense, on 26th February 2021

By the Statutory Auditors

AUDITEX	**BEAS**
Jeremy THURBIN	Jean-François VIAT

5.2 Company financial statements as at 31st December 2020

5.2.1 BALANCE SHEET

(in thousands of euros)	Notes	2020 Gross	2020 Depreciation, amortisation and provisions	2020 Net	2019 Net	Change
ASSETS						
Intangible fixed assets	5.1	424	(424)	0	-	-
Tangible fixed assets	5.1	17,369	(7,943)	9,426	10,994	(1,568)
Equity interests and other securities	5.2	3,005,592	(2,331,270)	674,322	1,193,695	(519,374)
Other long-term investments		5,793	-	5,793	5,971	(178)
TOTAL FIXED ASSETS		**3,029,178**	**(2,339,637)**	**689,541**	**1,210,660**	**(521,119)**
Advances and prepayments		19		19	23	(4)
Trade debtors	5.3	1,747		1,747	185	1,562
Tax and social security receivables		9,233		9,233	6,516	2,717
Receivables from subsidiaries (tax consolidation)	5.10	1,716		1,716	5,967	(4,251)
Current accounts with subsidiaries	5.4	196,539	(1,864)	194,674	131,222	63,453
Sundry receivables		915		915	2,281	(1,367)
Marketable securities and treasury shares	5.4	20	-	20	304	(284)
Cash and cash equivalents	5.4	48,622		48,622	29,649	18,973
Prepaid expenses		101		101	117	(16)
TOTAL CURRENT ASSETS		**258,911**	**(1,864)**	**257,047**	**176,264**	**80,783**
Bond redemption premium		1,636		1,636	-	1,636
TOTAL ASSETS		**3,289,725**	**(2,341,501)**	**948,224**	**1,386,923**	**(438,700)**
LIABILITIES						
Capital				129,506	61,954	67,552
Issue premium				1,022,459	742,667	279,792
Legal reserve				5,824	5,824	-
Other reserves				38,075	38,075	-
Retained earnings				(37,297)	15,056	(52,353)
Profit/loss for the year				(566,473)	(52,353)	(514,120)
Regulated provisions				1,211	1,154	58
EQUITY	**5.5**			**593,305**	**812,377**	**(219,072)**
Provision for risks and contingencies				594	1,969	(1,375)

(in thousands of euros)	Notes	2020 Gross	2020 Depreciation, amortisation and provisions	2020 Net	2019 Net	Change
PROVISIONS FOR RISKS AND CONTINGENCIES	**5.7**			**594**	**1,969**	**(1,375)**
Financial debt	**5.8**			**296,883**	**508,965**	**(212,082)**
Loans and financial debts from credit institutions				54,054	51,389	2,664
Sundry loans and financial debts				186,775	402,243	(215,468)
Current accounts with subsidiaries				56,054	55,332	722
Operating debts				**36,655**	**40,083**	**(3,429)**
Trade creditors and related accounts				32,628	35,362	(2,734)
Tax and social security debts	5.9			4,026	4,721	(695)
Other debts				**20,787**	**23,530**	**(2,743)**
Subsidiary debts (tax consolidation)	5.10			20,683	22,093	(1,410)
Sundry debts				104	1,437	(1,333)
TOTAL DEBT				**354,325**	**572,578**	**(218,253)**
TOTAL LIABILITIES				**948,224**	**1,386,923**	**(438,700)**

5.2.2 INCOME STATEMENT

(in thousands of euros)	Notes	2020	2019	Change
Provision of services	5.11	-	1,340	(1,340)
Related revenues	5.11	19,027	17,079	1,948
Other proceeds		179	706	(527)
Operating income		**19,206**	**19,125**	**81**
Purchases and provision of services		2,072	2,334	(262)
Purchases of materials and supplies not stocked		54	35	18
External services		15,216	14,902	314
Other external services		24,162	7,569	16,593
Duties and taxes and similar payments		1,116	1,087	28
Salaries		715	936	(221)
Social security contributions		315	390	(75)
Other expenses		764	364	400
Depreciation and amortisation and provisions on current assets		1,704	1,714	(10)
Additions to provisions for risks and expenses		36	-	36
Operating expenses		**46,154**	**29,332**	**16,822**
OPERATING INCOME		**(26,948)**	**(10,207)**	**(16,741)**
Income from equity interests – dividend		15,359	15,971	(612)
Financial revenues on marketable securities and fixed asset receivables		8,087	10,917	(2,830)
Amounts released from provisions		130,071	13,251	116,820
Financial income		**153,516**	**40,139**	**113,378**
Interest and similar expenses		43,826	45,164	(1,338)
Other financial expenses		399	222	177
Additions to provisions		516,154	32,541	483,614
Financial expenses		**560,380**	**77,927**	**482,453**
NET FINANCIAL INCOME/EXPENSES	**5.13**	**(406,864)**	**(37,788)**	**(369,075)**
CURRENT INCOME/EXPENSES		**(433,812)**	**(47,995)**	**(385,817)**
Exceptional income on capital transactions		1,394	-	1,394
Writeback of provisions and transfer of expenses		1,411	6,842	(5,430)
Exceptional income		**2,806**	**6,842**	**(4,036)**
Exceptional expenses on management transactions		3,803	7,465	(3,662)
Exceptional expenses on capital transactions		143,264	13,251	130,013
Depreciation, amortisation and provisions		58	2,030	(1,972)
Exceptional expenses		**147,125**	**22,746**	**124,379**
EXCEPTIONAL INCOME/EXPENSES	**5.14**	**(144,320)**	**(15,904)**	**(128,415)**
Tax on profits (+ income/- expense)	5.10	11,659	11,547	112
NET INCOME		**(566,473)**	**(52,353)**	**(514,120)**

5.2.3 NOTES

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NOTE 1. Business activities

Solocal Group 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 1st January 2020 to 31st December 2020.

NOTE 2. Highlights

The year 2020 was marked by the following events:

Covid-19 crisis

Due to the growing health crisis and in particular the traffic restriction measures announced on 12th March 2020, Solocal has decided to suspend the payment of its March 2020 and June 2020 bond coupons and to initiate discussions with its bond creditors in order to preserve its cash flow and secure its financial situation. A conciliation procedure for Solocal Group was opened on 16th March 2020 under the aegis of the Commercial Court of Nanterre in order to best frame the discussions with the company's creditors.

On 3rd July 2020, Solocal and its financial creditors reached the terms of an agreement to ensure the group's liquidity and reduce its level of indebtedness. This agreement was voted on at the General Assembly on 24th July 2020.

In addition, in order to meet the group's cash flow requirements during the health crisis, Solocal Group benefited from the deferral of rent payment for the second and third quarters of Citylights 2 (Group headquarters). The debts incurred in respect of Citylights 2 rents were fully reimbursed as of 31st December, 2020.

The assumptions and business plans used in preparing the accounts have been validated by management and take into account the impact of the health crisis. These plans assume that the current health crisis will continue without worsening or significantly improving during the whole of 2021. This assumption is important for the 2020 closing, in particular for the financing of current operations and the maintaining of a satisfactory level of liquidity.

Financial restructuring

The Shareholders' Extraordinary General Meeting on 24th July 2020 approved the implementation of the financial restructuring plan:

Description of the transaction carried out

In accordance with the agreement signed with its creditors and following the approval by the General Meeting of shareholders of the restructuring project, the Group launched a capital increase of €359.5 million fully guaranteed by the bondholders. This enabled a debt reduction of between €261 million and a cash contribution of €85 million.

The €359.5 million capital increase occurred as follows:

- an initial capital increase reserved for an amount of €10.5 million for Golden Tree Asset Management LP and SARL Financière de la Clarée. This capital increase was carried out at the price of 8 cents per share and carried out by converting debt into capital;
- a capital increase with preferential subscription rights retained for €336 million that was carried out at a price of 3 cents per share. This capital increase, open to all shareholders, was fully guaranteed by the bond creditors, as a contribution of liquidities of €85 million and as debt conversion for the balance;
- a capital increase of €13 million with elimination of preferential subscription rights carried out by offsetting debt. This resulted from the commission remunerating the subscription guarantee in the amount of €85 million by the bondholders for €6.5 million and from the commission paid in shares to all the bondholders for their participation in the bond restructuring for €6.5 million as well.

This capital increase was preceded by an allocation of free shares for the benefit of all existing shareholders, at the rate of one free share for one share held on August 31, 2020 on the basis of the shareholding of the company immediately before the completion of the reserved capital increase, i.e. an issue of 626 million shares. This allocation of free shares was carried out by incorporating bonuses into the capital.

To this capital increase is added the obtaining of additional financing through a bond issue "mini-bond" of €17.7 million (accompanied by an issue premium of €1.7 million) subscribed by certain bondholders. The issue was carried out at a discount of 10%, the amount received in cash by Solocal therefore amounts to €16 million. This line of financing was obtained and released in August 2020.

The terms of the RCF, which was signed on 29th March 2019 for €15 million, then on 12th July 2019 for €25 million and lastly on 6th December 2019 for €10 million, were substantially modified to take into account a new maturity, a change in the plan and amortisation terms, and the possibility of repayment in cash or shares.

Accounting treatment of related costs

In the context of the financial restructuring, the Group incurred approximately €18.9 million in costs. All costs incurred in connection with the restructuring have been recognised in the income statement except for costs directly related to the issuance of equity instruments which have been deducted from shareholders' equity for €15.8 million.

Sale of the Spanish subsidiary QdQ

On 28th February 2020, Solocal sold its subsidiary QDQ Media, a digital marketing agency operating in Spain, to AS Equity Partners. This sale took place in the framework of the Solocal 2020 strategic plan, and allowed Solocal to focus on its strategic activities and its new digital services offer for SMEs and key accounts in France.

QDQ Media recorded revenue of €22.5 million in 2019 and has about 300 employees. The company's recurring EBITDA margin was significantly less than that of Solocal Group.

The income from the sale did not have a significant impact on Solocal's cash position and level of debt.

Sale of the French subsidiary Mappy

On 1st November 2020, Solocal announced the sale of its subsidiary, Mappy, France's third player in day-to-day mobility, to RATP Group. This sale took place in the framework of the Solocal 2020 strategic plan, and allowed Solocal to focus on its strategic activities and its new digital services offer for SMEs and key accounts in France.

Mappy recorded revenue of €5.5 million in 2019 and the recurring EBITDA margin of the company was significantly lower than that of Solocal Group in 2019.

The income from the sale did not have a significant impact on Solocal's cash position and level of debt.

Change in management

On 31st August 2020, Solocal announced, via a press release, the departure of Mr Eric Boustouller from the Group's Senior Management on 4th October 2020. This decision stems from the discussions between the debtholders and Solocal in the context of the financial structure strengthening plan approved at the Combined General Meeting of 24th July 2020.

While maintaining the separation of duties between the chairman of the board of directors and the chief executive officer, Pierre Danon, the current Chairman of the Board of Directors, will take over the leadership of the Group as CEO from 5 October 2020.

NOTE 3. Continuity of operations

The Company has not identified any items likely to compromise the continuity of operations.

Indeed, following the approval of the financial restructuring plan voted at the General Meeting of 24th July 2020 and the financing line that was set up and exercised in August 2020 for €16 million and on the basis of the forecasts made by the Group for 2021 in the context of the health crisis (cf. highlights of the financial year), Solocal Group is in a position to meet its liquidity needs for the next 12 months.

Moreover, the Group will still continue to diversify its means of financing so that additional leeway may be recovered for the years to come (asset financing, web site financing, etc.).

NOTE 4. Accounting principles and methods

The annual financial statements of Solocal Group were prepared under the responsibility of the Chairman and Chief Executive Officer and were approved by the Board of Directors on 17th February 2021.

The annual financial statements of Solocal Group 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 pro rata 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 change in intangible and tangible fixed assets breaks down as follows:

Gross	31st December 2019	Acquisition	Reduction	31st December 2020
Software	424	-	-	424
Fittings	12,986	59	-	13,046
IT equipment	158	-	-	158
Furniture	4,087	-	-	4,087
Fixed assets under construction	-	77		77
GROSS TOTAL	**17,656**	**136**	**-**	**17,793**

Depreciation	31st December 2019	Additions	Amounts released	31st December 2020
Software	424	-	-	424
Fittings	4,614	1,296	-	5,909
IT equipment	147	2	-	149
Furniture	1,478	407	-	1,884
TOTAL AMORTISATION	**6,663**	**1,704**	**-**	**8,367**

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'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.

When the value in use is determined by discounting expected cash flows adjusted to account for net debt, the latter 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 deemed appropriate given the nature of the business activity and the country.

The table below shows the change in equity interests and related receivables:

	2020				2019
(in thousands of euros)	% of interest	Gross value	Provision	Net book value	Net book value
Equity interests					
Solocal SA	100%	2,937,063	(2,286,458)	650,605	1,135,318
Mappy	100%	-	-	-	13,118
Solocal Marketing Services	100%	7,275	-	7,275	7,275
Yelster Digital	100%	14,997	(14,100)	897	897
Solocal Outre-mer	100%	76	-	76	76
Cristallerie 5	100%	20	-	20	6
Fine Média	100%	-	-	-	4,286
ClicRDV	100%	-	-	-	6,485
Effilab	100%	20,532	(7,832)	12,700	20,532
Leadformance	100%	25,301	(22,880)	2,422	5,300
Orbit Interactive	100%	76	-	76	76
GIE Solocal (economic interest group)	15.75%	2	-	2	2
Alliance Gravity	11%	250	-	250	250
TOTAL		**3,005,592**	**(2,331,270)**	**674,322**	**1,193,620**
Other non-current securities					
Idenum	5%	-	-	-	75
TOTAL		**-**	**-**	**-**	**75**
TOTAL EQUITY INTERESTS AND OTHER SECURITIES		**3,005,592**	**(2,331,270)**	**674,322**	**1,193,695**

In 2020, impairments were recognised on the following securities:

- the shares of Solocal SA were depreciated in the amount of €495.5 million in order to align the value of Solocal SA shares with the enterprise value retained by Finexsi as part of the financial restructuring in July 2020. Solocal SA's cash and borrowings have been restated to this enterprise value. The net book value of the shares amounts to €650.6 million, taking into account the merger with ClicRDV and Fine Média which took place on 1 June 2020 with retroactive effect to 1st January 2020;
- the Leadformance shares were depreciated by €10.9 million following a capital increase by capitalising a receivable amounting to €8 million carried out in December 2020, bringing the net book value of the shares to €2.4 million;
- Effilab shares were depreciated by €7.8 million, bringing their net book value to €12.7 million.

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 €91.7 million impairment provision on the shareholding in QDQ Media, which had been written down to zero as at 31st December 2019, was fully reversed following the sale of the company in February 2020.

The €51.2 million impairment provision on the shareholding in Mappy, which had been written down to €38.2 million as at 31st December 2019, was fully reversed following the sale of the company in October 2020.

The impairment provision on the shareholding in Digital To Store, which had been written down to €188 thousand at the end of 2019, was reversed when the company was liquidated in October 2020.

The shareholding in Cristallerie 5 amounted to €20 thousand at 31st December 2020 following a capital increase of €14 thousand.

5.3 Trade receivables, impairment of receivables and other receivables

	Year ended 31st December	
(in thousands of euros)	2020	2019
Gross trade debtors	1,747	185
Impairment	-	-
NET TRADE DEBTORS	**1,747**	**185**

The above receivables include the services that Solocal Group 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 financial debt

Cash and cash equivalents at 31st December 2020 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)	Year ended 31st December 2020	2019
Current accounts (net debtor positions)	**194,674**	**131,222**
Treasury shares	20	350
Treasury shares – provision	–	(47)
Cash and cash equivalents	48,622	29,649
Cash and cash equivalents, marketable securities and current accounts	**243,316**	**161,174**
Revolving credit facility (RCF) drawn down	50,000	50,000
LOANS AND FINANCIAL DEBTS FROM CREDIT INSTITUTIONS SUBTOTAL	**50,000**	**50,000**
Mandatory convertible bonds	2,317	2,318
Non-convertible bond borrowings	186,232	397,835
Accrued interest not yet due on non-convertible bond borrowings	2,276	1,389
Debt relating to assignment of future CICE receivables	–	2,086
Accrued interest not yet due on CICE debt	4	4
LOANS AND FINANCIAL DEBTS SUBTOTAL	**190,829**	**403,632**
Current accounts with subsidiaries (creditor positions)	**56,054**	**55,332**
GROSS FINANCIAL DEBT	**296,883**	**508,965**
Portion due in less than one year	*60,112*	*58,812*
Portion due after more than one year	*236,771*	*450,153*
NET CASH (DEBT)	**(53,567)**	**(347,791)**
Financial debt	**296,883**	**508,965**
Loans and financial debts from credit institutions	54,054	51,389
Sundry loans and financial debts	186,775	402,243
Current accounts with subsidiaries	56,054	55,332
Current accounts with subsidiaries	**(194,674)**	**(131,222)**
Marketable securities and treasury shares	**(20)**	**(304)**
Cash and cash equivalents	**(48,622)**	**(29,649)**
NET CASH ON BALANCE SHEET	**(53,567)**	**(347,791)**

Non-convertible bond borrowings

Following the implementation of the financial restructuring in 2020, the Group's residual gross debt was reduced to €168.4 million, restructured in the form of a bond issue of 334,125,321 bonds with a face value of €0.5041647472146 each, for which the settlement-delivery took place on 5th October 2020, reserved to creditors under the Credit Agreement, and of which the main details are as follows (from 1 October 2020):

Interest:

- Euribor with Euribor floor 1% + 7% spread (no less than 8%) payable quarterly in arrears on 15th March, 15th June, 15th September and 15th December, as follows: half of which will be payable in cash, and the other half will be compounded and capitalised until 15 December 2021;
- Euribor with Euribor floor 1% + 7% (no less than 8%) payable fully in cash thereafter;
- Late payment interest: 1% increase in interest rate applicable.

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 if the consolidated net leverage ratio on 31st December of the preceding year exceeds 1.5:1, capital expenditure (excluding growth transactions) for Solocal Group and its subsidiaries will be limited to 10% of the consolidated revenue of Solocal Group and its subsidiaries.

Maturity date: 15th March 2025.

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 Group can at any time and in several times, redeem all or some of the Bonds at a redemption price equal to 100% of the principal plus unpaid accrued interest penalty, during a period of 2.5 years, called non-call corresponding to the interest due from 6th August 2020 to 6th February 2023).

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.

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 bonds are indirectly secured by a pledge of the securities of Solocal SA held by Solocal Group.

Mini Bond:

Following the adoption of the Modified Safeguard Plan and the approval of a conciliation protocol by Nanterre Commercial Court, on 14th August 2020 Solocal Group issued a bond for a total principal amount of €17,777,777, carried out with a discount of approximately 10% for a subscription amount of approximately €16 million.

The new bonds, with a nominal value of one (1) euro, have substantially the same characteristics as the Bonds. The main terms include:

Interest:

- Euribor with Euribor floor 1% + 7% spread (no less than 8%) payable quarterly in arrears on 15th March, 15th June, 15th September and 15th December, as follows: half of which will be payable in cash, and the other half will be compounded and capitalised until 15th December 2021;
- Euribor with Euribor floor 1% + 7% (no less than 8%) payable fully in cash going forward;

Maturity: 15th March 2025.

Listing: listed on Euronext.

The amounts due in respect of such bonds are secured by a fifth-rank pledge over the securities account relating to the securities issued by Solocal SA and 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 was increased by 25 million on 12th July 2019, then 10 million on 6th December 2019 reaching 50 million. This revolving credit facility has been fully drawn.

This RCF remains identical in its amount, however its terms have been amended:

- **Interest:** Euribor floor 1% + margin
- **Facility fee:** 3.5% annual payment on 15th September 2021, 30th September 2022, 30th September 2023.
- **Margin:**
  - until 15th September 2021:
    - tranche of €15 million: 4.5%,
    - tranches of €25 million and €10 million: 5%;
  - from 15th September 2021:
    - 5% for all tranches.
- **Maturity:** 29th September 2023
- **Amortisation:**
  - September 2021: 5-10 million euros payable in cash or in shares for a varying number of equity instruments in Solocal's hand. Solocal has obtained the 2021 authorization for payment in shares.
  - September 2022: 5 to 10 million euros payable in cash or in shares for a variable number of equity instruments in the hand of Solocal
  - September 2023: Repayment of residual debt in cash or in shares for a variable number of equity instruments in Solocal's hand. If Solocal were to reimburse the residual balance of the RCF in shares, each creditor may choose to extend the maturity of one year in order to be reimbursed in cash in September 2024. In this case, Solocal would amortize the RCF for an amount between €5 million and €10 million in cash or shares in hand.

Mandatory convertible bonds

Bonds of €1.6 thousand were converted to shares in 2020, leaving a residual amount of €2.3 million on 31st December 2020.

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 (€194.7 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 is composed of 129,505,837 shares with a par value of €1 each, i.e. a total sum of €129,505,837.

Date	Description	Number of shares	Unit value	Capital in €
31st December 2020	**Share capital at year-end**	**129,505,837**	**1.00**	**129,505,837**
31st December 2019	Share capital at year-end	619,541,466	0.10	61,954,147

Change in shareholders' equity

The table below shows the breakdown of the increase in the shareholders' equity of Solocal Group in 2020:

(in thousands of euros)	Number of shares	Share Capital	Issue Premium	Legal reserve	Other reserves	Retained earnings	Profit/ Loss	Regulated provisions	Equity
As at 31st December 2019	**619,541,466**	**61,954**	**742,667**	**5,824**	**38,075**	**15,056**	**(52,353)**	**1,154**	**812,377**
Capital reduction		(56,434)	56,434	-	-	-	-	-	-
Capital increase	12,323,018,395	123,235	236,218	-	-	-	-	-	359,453
Fees related to capital increase	-	-	(15,783)	-	-	-	-	-	(15,783)
Conversion of mandatory convertible bonds	1,651	0	2	-	-	-	-	-	2
Equity line financing	7,500,000	750	2,921	-	-	-	-	-	3,671
Free shares	522,270	5	(5)	-	-	-	-	-	
Appropriation of net income	-	-	-	-	-	(52,353)	52,353	-	-
2020 Profit/Loss	-	-	-	-	-	-	(566,473)	-	(566,473)
Allocation to regulated provisions	-	-	-	-	-	-	-	58	58
Share consolidation	(12,821,077,944)								
AS AT 31ST DECEMBER 2020	**129,505,837**	**129,511**	**1,022,453**	**5,824**	**38,075**	**(37,297)**	**(566,473)**	**1,211**	**593,305**

During the financial year, the share capital of Solocal Group increased from €61.9 million in 2019 (i.e. 619,541,466 shares) to €129.5 million (i.e. 129,505,837 shares) following the reverse stock split by exchange of 100 old shares for 1 new share on 24th November 2020).

This capital increase follows the various financial restructuring operations carried out in 2020 and the reverse stock split by exchanging 100 old shares for 1 new share (see Highlights).

5.6 Stock options and bonus shares

Stock options

No stock option plans have been granted by Solocal Group or by any of its subsidiaries over the last two years.

BONUS SHARES

As the performance obligations were not met, the right of grantees to receive these bonus shares under the 2014 and 2015 plans was forfeited.

In 2019, the shareholders of Solocal Group, in a Combined General Meeting on 11 April 2019, authorised the Board of Directors to grant bonus shares to all employees in the French entities of 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. Under this plan for all, the allocation of bonus shares is restricted to employees who have been with the company for at least one year. No retention period is imposed on the beneficiaries.

Furthermore, in the Combined 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 et seq. of the French 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, 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.

In 2018, the shareholders of Solocal Group, in an Extraordinary General Meeting on 9 March 2018, authorised the Board of Directors to implement a performance shares plan within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code, in favour of certain executives and employees of the Company and those companies linked to it.

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 24th 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.

There was no new plan for the 2020 financial year. A reverse stock split by exchanging one hundred old shares for one new share was carried out on 24th November 2020. In addition, the number of new shares to be issued in respect of each right to receive bonus shares was adjusted by 2.109 new shares.

5.7 Provision for risks and contingencies

In 2020, retirement benefits and long-service awards were not 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 is exposed.

A provision of €6.7 million was established as at 31st December 2018 to cover rent expenses for the unoccupied Citylights premises, following the establishment of the Employment Protection Plan by Solocal Group. 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 at 31st December 2019 to cover the rent for the remaining floor area, of which €1.4 million was reversed in 2020, bringing the balance of this provision to €0.6 million at 31st December 2020.

05

5.8 Debt maturity schedule

	Financial year ended 31st December 2020		
(in thousands of euros)	Gross amount	Due within one year	Due more than one year
Loans and financial debts from credit institutions*	52,276	5,376	46,900
Debt relating to assignment of future CICE receivables	4	4	-
Convertible bond borrowings MCB (mandatory convertible bonds)	2,317	-	2,317
Non-convertible bond borrowings	186,232	1,778	184,454
LOANS AND FINANCIAL DEBTS SUBTOTAL	**240,829**	**7,158**	**233,671**
Current accounts with subsidiaries	**56,054**	**56,054**	**-**
Trade creditors and related accounts	32,628	15,528	17,100
Tax and social security debts	4,026	4,026	-
Subsidiary debts (tax consolidation)	20,683	20,683	-
Sundry debts	104	104	-
TOTAL	**354,325**	**103,554**	**250,771**

* *Loans and financial debts from credit institutions within one year mainly consist of debt related to the RCF for €5 million. This debt is payable in cash or in shares.*

Trade accounts payable at more than one year are essentially composed of the impact of smoothing the rent exemptions obtained for the Citylights premises in Boulogne-Billancourt as well as settlement agreements with OPCO Mobilités relating to City 3.

5.9 Accrued income and expenses

Income receivable *(in thousands of euros)*	Year ended 31st December 2020	2019
Trade debtors – Invoices to be drawn up	-	160
Tax and social security receivables – Corporate income tax	245	1,053
Tax and social security receivables – VAT	8,591	5,281
Sundry receivables – Financial income receivable	-	85
TOTAL	**8,836**	**6,579**

Expenses payable *(in thousands of euros)*	Year ended 31st December 2020	2019
Financial debts – Accrued interest not yet due	4,054	1,389
Trade creditors and related accounts	30,312	35,004
Tax and social security debts – VAT, taxes, salaries and social security contributions	1,202	1,251
Sundry debts	-	1,238
TOTAL	**35,567**	**38,883**

At 31st December 2020, the change in accrued income corresponds mainly to the VAT credit pending reimbursement amounting to €4.1 million.The change in sundry debts corresponds to the settlement of an invoice issued by the GIE (economic interest group) in 2017 relating to the acquired social rights of SLG employees as at 31st December 2016 taken over by the GIE.

5.10 Corporate income tax

Tax consolidation

On 3 December 2004, Solocal Group 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 1st January 2005. In doing so, Solocal Group 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 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 31st December 2020, the tax group included six companies in addition to Solocal Group, the company which heads the tax group. The subsidiaries included in the tax consolidation group are Solocal SA, SoMS, Solocal Outre-mer, Leadformance, Cristallerie 5 and Effilab.

Under the tax consolidation agreement between Solocal Group and the subsidiaries belonging to the tax consolidation group, Solocal Group, as the lead entity of the group, recognises any tax savings as income for the year.

The net corporate income tax debt for 2020, after the application of tax credits, is €245 thousand.

Balance sheet position

(in thousands of euros)	Year ended 31st December 2020	2019
Tax consolidation current accounts (receivables)	1,716	5,967
State – Corporate income tax receivable	245	1,053
Tax consolidation current accounts (payables)	(20,683)	(22,093)
NET BALANCE SHEET POSITION – RECEIVABLE/(PAYABLE)	**(18,722)**	**(15,073)**
Group corporate income tax due after tax credit	245	1,053
NET GROUP CORPORATE INCOME TAX PAYABLE/RECEIVABLE	**245**	**1,053**

Tax consolidation current accounts with subsidiaries show a net amount payable of €18.7 million at 31st December 2020. This balance consists of the share of 2020 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
Special depreciation allowances	1,211
Loss carry forwards	148,719
TOTAL	**149,930**

5.11 Breakdown of revenues

Revenues totalled €19.0 million in 2020, versus €18.4 million in 2019, and consisted of:

(in thousands of euros)	Year ended 31st December 2020	2019
Assistance for subsidiaries	1,646	1,340
Recharging of property services	17,381	17,079
TOTAL REVENUES	**19,027**	**18,419**

Revenues primarily include real estate services invoiced to the subsidiaries.

5.12 Operating expenses

Operating expenses were €47.2 million in 2020, against €29.3 million in 2019, representing an increase of €17.8 million. The rise is mainly attributable to the fees incurred under the 2020 financial restructuring.

Personnel expenses were €1 million in 2020, against €1.3 million in 2019, for an average workforce of 0.92 persons in 2020 and one person in 2019. This fall is mainly attributable to the departure of Eric Boustouller on 4 October 2020.

Other operating expenses rose from €28.0 million in 2019 to €46.1 million in 2020. This rise of €18.1 million is mainly due to the increase in financial fees concerning the restructuring.

Solocal Group posted an operating loss of €28.0 million in 2020, having posted a loss of €10.2 million in 2019.

5.13 Net financial income

(in thousands of euros)	2020	2019
Dividends	15,359	15,971
Other financial income	8,087	10,917
Amounts released from provisions	130,071	13,251
FINANCIAL INCOME	**153,516**	**40,139**
Interest on loans and sundry financial debts	36,509	32,699
Other financial expenses	399	222
Increases to financial provisions	516,154	32,541
Gross value of receivables transferred	7,317	12,465
FINANCIAL EXPENSES	**560,380**	**77,926**
NET FINANCIAL INCOME/EXPENSES	**(406,864)**	**(37,787)**

Financial income and expenses for 2020 includes dividends received from its subsidiary SoMS of €15.4 million, reversals of provisions for impairment of shares, including €91.7 million relating to QDQ (company sold in February 2020), €188 thousand relating to the liquidation of DTS and €38.2 million relating to the sale of Mappy in October 2020.

It also includes interest of €36.5 million on borrowings (including €31.4 of interest capitalised in the bond issue), compared with €32.7 million in 2019. It also comprises impairment of the shares of Solocal SA for €495.5 million, Leadformance for €10.9 million and Effilab for €7.8 million, as well as impairment of the ORBIT current account for €1.9 million and a loss on receivables of €7.3 million related to the Mappy (€5.9 million) and DTS (€1.4 million) current accounts.

5.14 Exceptional income

	Year ended 31st December	
(in thousands of euros)	2020	2019
Proceeds of disposals	1,394	-
Reversals of provisions and impairments	1,411	6,700
Other proceeds	-	142
Transfer of expenses	-	-
EXCEPTIONAL INCOME	**2,806**	**6,842**
Net book value of asset items sold	143,264	13,251
Special depreciation allowances	58	61
Additions to exceptional provisions	-	1,969
Other expenses	3,803	7,465
EXCEPTIONAL EXPENSES	**147,125**	**22,746**
EXCEPTIONAL INCOME/EXPENSES	**(144,320)**	**(15,904)**

Exceptional items produced a net expense of €144.3 million in 2020, as compared with a net expense of €15.9 million in 2019.

Exceptional income amounting to €2.8 million comprised the reversal of the €1.4 million provision for costs relating to unoccupied premises and income from the sale of the companies Mappy and QDQ for €1.4.

Exceptional expenses in 2020 were €147.1 million. These mainly comprised the net book value (€143.2 million) of the shareholding in Mappy, DTS and QDQ, the impacts related to the restructuring plan put in place in 2018, which resulted, for the Company, in the classification of €1.4 million in property expenses as an exceptional expense, and a settlement agreement of €1.9 million relating to the departure of Eric Boustouller.

NOTE 6. Other

6.1 Off-balance-sheet commitments

Securities pledged

The bonds are directly secured by a pledge of the securities of Solocal SA held by Solocal Group.

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 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 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 31st December 2019, Solocal Group 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 for group entities cover a floor area of 30,489 m², with the total lease commitments amounting to €60.7 million (excluding expenses and rent indexing) as at 31st December 2020. Almost all of this floor area is re-invoiced as part of the real estate services provided to the Company's subsidiaries.

Lease deposits of €3.6 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 €0.5 million for 2020, and €0.5 million in 2019.

Gross compensation paid to the corporate officer was €1 million in 2020 and €1.3 million in 2019.

6.3 Workforce

Average full-time equivalent	2020	2019
Executives	0.9	1.0
Employees	–	–
TOTAL	**0.9**	**1.0**

6.4 Events subsequent to the closing date

On 18th January 2021, Solocal Group received notice of an accounting audit by the French General Directorate of Public Finance (DGFIP) for financial years 2017, 2018 and 2019.

6.5 Table of subsidiaries and holdings

Subsidiaries and holdings *(in thousands of euros)*	Capital	Equity excluding capital and before appro-priation of income	Share of capital held in %	Book value of securities held		Loans and advances granted by the company not yet repaid (excluding current accounts)	Amount of sureties or endorsements given by the company	Revenues for the last financial year	Net income for the last financial year	Dividends received by the company during the year	Obser-vations
				Gross	Net						
Detailed information on subsidiaries and holdings											
1/ Subsidiarie : more than 50 % held by the company											
Solocal SA 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 444 212 955	881,108	8,611	100%	2,937,063	650,605	-	-	404,381	(472,928)	-	
SoMS SA 25 quai Gallieni 92150 Suresnes SIREN : 422 041 426	7,275	2,292	100%	7,275	7,275	-	-	78,191	13,007	-	
Solocal Outre-mer SA 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN: 420 423 477	75	763	100%	76	76	-	-	2,592	(253)	-	
Yelster digital GmbH Linke Wienzeile 8, Top 9 1060 Vienna - Autriche RCS Vienne: FN 298562 m	44	6,676	100%	14,997	897	-	-	6,310	1,597	-	
Orbit Interactive Nearchore Park - 1100 boulevard El Qods 11000 Casablanca Sidi Maarouf RC Casablanca: 268969	78	149	100%	76	76	-	-	0	(440)	-	
Leadformance SAS 19 rue du Lac St André 73375 Le Bourget-du-Lac SIREN : 440 743 763	8,250	(4,122)	100%	25,301	2,422	-	-	2,026	(6,695)	-	
EFFILAB 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 531 205 565	2	338	100%	20,532	12,700	-	-	10,106	(309)	-	

Subsidiaries and holdings *(in thousands of euros)*	Capital	Equity excluding capital and before appro-priation of income	Share of capital held in %	Book value of securities held		Loans and advances granted by the company not yet repaid (excluding current accounts)	Amount of sureties or endorsements given by the company	Revenues for the last financial year	Net income for the last financial year	Dividends received by the company during the year	Obser-vations
				Gross	Net						
Cristallerie 5 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 809 343 734	20	8	100%	20	20	-	-	0	(1)	-	
Solocal Interactive Ltd 62, ICT Avenue 1st Floor The Core Cybercity Ebene - MAURITIUS Business Registration Number C20170476	1	(3)	100%	0	0	-	-	566	34	-	
2/ Holdings (between 10% and 50 %)											
GIE Solocal 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 809 343 734	10	0	16%	2	2	-	-	0	(38)	-	

5.2.4 Management report on the annual financial statements

Board of Directors' Report to the Solocal Group Annual General Meeting

Annual financial statements for the financial year ended 31st December 2020

Ladies and gentlemen,

In accordance with the provisions of the law and the articles of association of our Company, we have invited you to attend a General Shareholders Meeting to report to you on the Company's activity during the financial year beginning on 1st January 2020 and ending on 31st December 2020 and to submit the annual and consolidated financial statements for this financial year to you for approval.

I. Highlights of the financial year

Covid-19 crisis

Due to the growing health crisis and, in particular, the restrictions on movement announced on 12th March 2020, Solocal decided to suspend payment of its March 2020 and June 2020 bond coupons and to enter into talks with its bond creditors in order to preserve its cash flow and secure its financial situation. A conciliation procedure for Solocal Group was launched on 16th March 2020 under the authority of the Nanterre Commercial Court to provide a framework for discussions with the Company's creditors.

On 3rd July 2020, Solocal and its financial creditors reached an agreement to secure the Group's liquidity and reduce its level of indebtness. The General Shareholders' Meeting of 24th July 2020 approved this agreement.

In addition, in order to meet its cash needs during the Covid-19 pandemic, Solocal benefited from the deferment of the second and third quarter rent payments for Citylights 2 (the Group's head office). The amounts owed in respect of rent for Citylights 2 were paid in full as at 31st December 2020. The assumptions and business plans used in the preparation of the financial statements were approved by Management and take account of the impact of Covid-19. These plans anticipate that the current health crisis will continue without significantly worsening or improving throughout 2021. This is a key assumption used in the preparation of the 2020 financial statements, particularly as regards the financing of current operations and the maintenance of a satisfactory level of liquidity.

Financial restructuring

The Extraordinary General Meeting of the shareholders held on 24th July 2020 approved the implementation of the following financial restructuring plan:

Description of the operation carried out

In accordance with the agreement signed with its creditors and further to the approval for the planned restructuring given by the General Meeting of the shareholders, the Group launched a €346.5 million share capital increase, wholly secured by the bondholders. This enabled the debt to be reduced by an amount of between €261 million and a cash contribution of €85 million.

The share capital increase of €359.5 million is broken down as follows:

- an allocation of free shares granted to all existing shareholders, on the basis of one free share for each share held as at 31st August 2020 on the basis of the shareholding structure of the company immediately prior to the completion of the reserved share capital increase, i.e. an issue of 627 million shares.
- an initial €10.5 million share capital increase reserved for Golden Tree Asset Management LP and SARL Financière de la Clarée. This share capital increase was completed at a price of 8 centimes per share and completed via the conversion of debt into capital;
- a share capital increase with preferential subscription rights maintained, for a total of €336 million, completed at a price of 3 centimes per share. This share capital increase, open to all of the shareholders, was wholly secured by the bondholders, with a contribution of liquidity for €85 million and the conversion into debt for the outstanding balance;
- a €13 million share capital increase, with cancellation of preferential subscription rights, carried out by offsetting amounts owed in respect of the fee of €6.5 million paid to bondholders for their commitment to underwrite up to €85 million of the share capital increase, and the share-based fee, also in the amount of €6.5 million, paid to all bondholders for their participation in the restructuring.

This share capital increase was accompanied by the provision of supplemental financing via a €17.7 million "mini bond" issue (together with a €1.7 million issue bonus), subscribed for by certain bondholders. The issue was completed at a discount of 10% with the amount received in cash by Solocal therefore totalling €16 million. This financing line was obtained and released in August 2020.

The terms of the RCF which had been signed on 29th March 2019 for €15 million, then on 12th July 2019 for €25 million and, finally, on 6th December 2019 for €10 million, were the subject of substantial modifications in order to take into account a new maturity, a modification of the plan and the detailed depreciation methods and the possibility of repayment in cash or in shares.

Recording of the corresponding fees in the accounts

In the context of the financial restructuring, the Group incurred fees of approximately €18.9 million. All of the fees incurred in the context of the restructuring have been recorded as income with the exception of those fees which can be attached directly to the issue of equity capital instruments which have been recorded as a reduction of the equity capital, for €15.8 million.

Disposal of the Spanish subsidiary QdQ Media

On 28th February 2020, Solocal Group completed the disposal of its subsidiary QdQ Media, a digital marketing agency operating in Spain, to AS Equity Partners. This disposal was completed in the context of the Solocal 2020 strategy plan and allowed Solocal to focus on its strategic business activities and its new offer of digital services targeting SMEs and key customer accounts in France.

QdQ Media recorded revenue of €22.5 million in 2019 and has approximately 300 employees. The company's recurrent EBITDA margin was significantly lower than Solocal Group's.

The amount generated by the sale has had no material impact on Solocal's cash flow position and level of indebtedness.

Disposal of the French subsidiary Mappy

On 1st November 2020, Solocal Group completed the disposal of its subsidiary Mappy, ranked third in the daily mobility sector in France, to the RATP group. This disposal was completed in the context of the Solocal 2020 strategy plan and allowed Solocal to focus on its strategic business activities and its new offer of digital services targeting SMEs and key customer accounts in France.

Mappy recorded revenue of €5.5 million in 2019 and has approximately 45 employees. In addition to significant investment requirements in order to develop the Mobility As A Service or Maas offer, the company's recurrent EBITDA contribution was significantly lower than Solocal Group's.

The amount generated by the sale has had no material impact on Solocal's cash flow position and level of indebtedness.

A change of Direction

In a press release dated 31st August 2020, Solocal Group announced the departure of Eric Boustouller from the Group's General Management to take place on 4th October 2020. This decision formed part of the on-going discussions held with creditors in the context of the plan for the reinforcement of the financial structure approved at the Combined General Meeting held on 24th July 2020.

Without calling into question the principle of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, Pierre Danon, Chairman of the Board of Directors, took on the general management of the business from 5th October 2020.

II. Activity of Solocal Group/income/presentation of financial statements

Solocal Group is a holding company and, as such, owns subsidiaries the assignment of which is "to discover local know-how everywhere and to stimulate local activity" The Group offers its customers digital services and solutions to increase their visibility and local contacts and creates and updates the best local professional and personalised content for users.

Operating income

Solocal Group's 2020 revenue stood at €19 million, compared with €18.4 million in 2019. This revenue consists mainly of invoicing to subsidiaries for real estate services.

Operating expenses

Payroll costs totalled €1 million in 2020 compared with €1.3 million in 2019, for an average workforce of 0.92 people in 2020 and one person in 2019.

Other operating costs increased from €28 million in 2019 to €45.1 million in 2020. This increase of €17.1 million is mainly due to the increase in financial fees related to the restructuring. Solocal Group recorded operating losses of €27 million in 2020 and also showed a deficit of €10.2 million in 2019.

Financial income

Financial income stood at €153.5 million in 2020 compared with €40.1 million in 2019.

In 2020, financial income consisted mainly of:

- dividends received from Solocal Marketing Services SA of €15.4 million;
- provision reversals for €91.7 million for the disposal of QDQ and €38.2 million following the disposal of Mappy.

Financial expenses totalled €560.4 million in 2020 compared with €77.9 million in 2019. They consist mainly of:

- the interest burden recorded on bank lending for €36.5 million in 2020 compared with €32.7 million in 2019;
- the impairment of securities for €514.2 million concerning in particular Solocal SA for €495.5 million, Leadformance for €10.9 million and Effilab for €7.8 million;
- the impairment of the Orbit current account for €1.9 million;
- the loss on receivables of €7.3 million relating to Mappy current accounts (€5.9 million) and DTS (€1.4 million).

The financial income is negative by €406.9 million in 2020 compared with negative income of €37.8 million in 2019.

Non-recurrent income

Non-recurrent losses totalled €144.3 million in 2020 compared with losses of €15.9 million in 2019.

Non-recurrent income totalling €2.8 million is comprised of the recovery of the provision relating to the cost of unoccupied premises for €1.4 million and the amount generated by the disposal of Mappy and QdQ for €1.4 million.

Non-recurrent costs totalled €147.1 million in 2020. These are mainly comprised of the net book value of the shares of Mappy, DTS and QdQ for €143.2 million, the impact linked to the restructuring plan put in place in 2018 which for the company took the form of the recording of part of the real estate costs as non-recurrent income for €1.4 million and a transactional indemnity of €1.9 million for the departure of Eric Boustouller.

Corporation tax

By an option dated 3 December 2004, Solocal Group placed itself for a renewable period of five years under the tax regime for the corporate groups set out in Articles 223 A et seq. of the French General Tax Code. Through this option, Solocal Group accepted sole liability for corporation tax on all income of the Group formed of itself and the other companies in which it directly or indirectly owns at least 95% of the capital and which gave their consent to becoming members of this Group.

The subsidiaries consolidated for tax purposes at 31st December 2020 are Solocal SA, Solocal Marketing Services, Solocal Outre-mer, Cristallerie 5, Leadformance and Effilab.

Solocal Group therefore recorded tax income of €11.7 million in 2020 mainly in respect of the tax consolidation gain. In 2019, this tax income totalled €11.5 million.

Net income

Solocal Group's net income showed a loss of a deficit of 566.5 million in 2020 compared with a loss of 52.4 million in 2019.

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, a table showing the income recorded by our Company over the last five completed financial years is attached to this report.

III. Share capital - Breakdown

The table below details the breakdown of Solocal Group's share capital at 31st December 2020:

	Number of securities	As a % of the capital	Available voting rights	As a % of the voting rights
GoldenTree Asset Management, L.P. (U.S.)	30,319,100	23.41%	30,319,100	23.41%
DNCA Finance S.A.	15,204,000	11.74%	15,204,000	11.74%
Melqart Asset Management (UK), LTD	8,332,300	6.43%	8,332,300	6.43%
Credit Suisse Asset Management, LTD	8,205,847	6.34%	8,205,847	6.34%
Public	67,410,081	52.05%	67,434,076	52.06%
Solocal Group employees(1)	26,691	0.02%	26,691	0.02%
Treasury shares held(2)	7,818	0.01%	-	-
TOTAL	**129,505,837**	**100.00%**	**129,522,014**	**100.00%**

(1) As part of Solocal Group Savings Plan (PEG).

(2) 7,818 treasury shares are held under the liquidity contract implemented on 2nd December 2012.

No subsidiary of Solocal Group owns any interests in Solocal Group.

IV. Corporate governance report

In accordance with Article L. 225-37 of the French Commercial Code, the corporate governance report is attached as an Appendix to this report.

V. Remuneration and benefits of any kind allocated to Solocal Group corporate officers by Solocal Group

For executive corporate officers

	2020 financial year		2019 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Pierre Danon, Chairman of the Board of Directors (between 1st January 2020 and 4th October 2020)				
Remuneration for his duties as Director, Chairman of the Board of Directors, member of committees (previously, the "attendance fees")	117,689	117,689	150,000	150,000
Benefits in kind(1)	-	-	-	-
TOTAL	**117,689**	**117,689**	**150,000**	**150,000**
Pierre Danon, Chairman & Chief Executive Officer (between 5th October and 31st December 2020)				
Fixed remuneration	36,364	36,364	-	-
Annual variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration for his duties as Director and Chairman of the Board of Directors (previously, the "attendance fees")	46,061	46,061		
Benefits in kind(1)	-	-	-	-
TOTAL	**82,425**	**82,425**	**-**	**-**
Eric Boustouller, Chief Executive Officer (between 1st January and 4th October 2020)				
Fixed remuneration	372,278	372,278	520,008	520,008
Annual variable remuneration	256,736	826,795	570,059	353,600
Exceptional remuneration	1,560,000	1,560,000	-	-
Remuneration for his duties as Director (previously, the "attendance fees")	-	-	-	-
Benefits in kind(1)	18,346	18,346	22,951	22,951
TOTAL	**2,207,360**	**2,777,419**	**1,113,018**	**896,559**
TOTAL	**2,407,474**	**2,977,533**	**1,263,018**	**1,046,559**

(1) Provision of a company car and payment of unemployment benefit contributions.

Information on the terms and conditions for applying the variable portion of the Chief Executive Officer's remuneration is described in the corporate governance report.

For non-executive corporate officers

All of the remuneration received by non-executive corporate officers* on the basis of their duties during the past financial year is set out in the table below:

Non-executive corporate officers	Amounts due in 2020*	Amounts due in 2019*
David Amar		
Remuneration for his duties as Director (previously, the "attendance fees")	44,875	45,000
Other remuneration	-	-
Philippe de Verdalle(1)		
Remuneration for his duties as Director (previously, the "attendance fees")	29,563	42,500
Other remuneration	-	-
Jacques Henri David(2)		
Remuneration for his duties as Director (previously, the "attendance fees")	20,855	45,500
Other remuneration (Censor)	22,333	-
Delphine Grison		
Remuneration for her duties as Director (previously, the "attendance fees")	48,917	40,000
Other remuneration	-	-
Anne-France Laclide(3)		
Remuneration for her duties as Director (previously, the attendance fees")	46,871	20,750
Other remuneration	-	-
Joëlle Obadia		
Remuneration for her duties as Director (previously, the attendance fees")	-	-
Other remuneration(4)	100,797.08	100,501
Marie Christine Levet		
Remuneration for her duties as Director (previously, the "attendance fees")	38,784	40,000
Other remuneration	-	-
Catherine Robaglia(5)		
Remuneration for his duties as Director (previously, the "attendance fees")	-	-
Other remuneration	91,266.52	-
David Eckert(6)		
Remuneration for his duties as Director (previously, the "attendance fees")	10,625	-
Other remuneration	-	-
Paul Russo(7)		
Remuneration for his duties as Director (previously, the "attendance fees")	10,875	-
Other remuneration	-	-
Sophie Sursock		
Remuneration for her duties as Director (previously, the "attendance fees")	41,230	44,000
Other remuneration	-	-

* *The amounts shown do not take into account the withholding tax of 30% for foreign tax residents and 21% for French tax residents.*

(1) *Philippe de Verdalle resigned at the meeting of the Board of Directors held on 28th August 2020.*

(2) *Jacques-Henri David was appointed at the General Meeting of shareholders held on 19th October 2016. Jacques-Henri David's appointment expired at the General Meeting held on 24th July 2020 and he was not reappointed.*

(3) *Anne-France Laclide was co-opted at the meeting of the Board of Directors held on 19th June 2020 and his appointment was ratified at the General Meeting of Shareholders on 24th July 2020.*

(4) *Remuneration due by a company within the Solocal Group scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code. Joëlle Obadia was elected as Director representing employees on 7th April 2016 and her appointment came to an end on 15th October 2020.*

(5) *Catherine Robaglia was elected as Director representing employees on 15th October 2020. Remuneration due by a company within the Solocal Group scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code.*

(6) *David Eckert was co-opted at the meeting of the Board of Directors held on 2nd October 2020 and his appointment was ratified at the General Meeting of Shareholders on 27th November 2020.*

(7) *Paul Russo was co-opted at the meeting of the Board of Directors held on 2nd October 2020 and his appointment was ratified at the General Meeting of Shareholders on 27th November 2020.*

The Company has not put in place any specific supplementary pension plans for corporate officers.

The Combined General Meeting of 11th June 2015 fixed at €490,000 the remuneration due for the appointments as Director allocated to the members of the Board of Directors for the current and subsequent financial years until otherwise decided by the General Meeting .

The rules for allocating this amount between the Directors are adopted, revised and implemented by decision of the Board of Directors on the basis of the recommendations made by the Remuneration and Appointments Committee.

In accordance with the rules adopted by the Board of Directors on the basis of the recommendations of the Remuneration and Appointments Committee, the rules for allocating the budget of €490,000, defined in order to take into account changes in the nature and composition of the Committees and to reward the work carried out in accordance with the practices currently in force within companies in the digital sector, are as follows:

- €150,000 per year for the Chairman;
- equal distribution for the Directors, i.e. €37,700 per year, per Director, taking into account the principle of participating in all meetings of the Board of Directors and of the Committees of which they are members;
- €18,000 annual lump-sum fixed amount for the Chairman of the Audit Committee;
- €5,800 annual lump-sum fixed amount for members of the Audit Committee;
- €16,000 annual lump-sum fixed amount for the Chairman of the Remuneration and Appointments Committee;
- €4,800 annual lump-sum fixed amount for the members of the Remuneration and Appointments Committee;
- €18,000 annual lump-sum fixed amount for the Chairman of the Ad Hoc Financial Restructuring Committee;
- €3,000 annual lump-sum fixed amount for the members of the Ad Hoc Financial Restructuring Committee;
- €16,000 annual lump-sum fixed amount for the Chairman of the Customer Satisfaction Committee;
- €4,800 annual lump-sum fixed amount for members of the Customer Satisfaction Committee.

Stipulating 3 exceptions thereto:

- allocation on a pro rata basis for Directors having resigned during the financial year;
- reduction of the amount paid for Directors who have been absent in a significant proportion, taking into account the principle of participation in all meetings of the Board of Directors and the Committees of which they are members;
- no remuneration for internal Directors (Director representing employees, Chief Executive Officer (if the duties of the Chief Executive Officer and the Chairman of the Board of Directors are separated).

As in previous years, the payment of remuneration due in respect of the Director 2020 mandate was made in two instalments: the first to take into account the meetings of the Board of Directors and Committees until 30th June 2020, the second for meetings held between 1st July 2020 and 31st December 2020.

VI. Solocal Group share subscription or purchase options and performance share awards

Allocation of share subscription or purchase options

2005 plan

The Company implemented a stock option plan on 28th June 2005 which expired on 28th June 2015 and was cancelled.

2007 plan

Similarly, the Company implemented a share subscription plan on 20th December 2007 which expired on 19th December 2017 and was cancelled.

2009 plan

In 2009, the Company implemented share subscription plans on 23rd July 2009, 29th October 2009 and 17th December 2009. These 3 plans, which expired on 22nd July 2019, 28th October 2019 and 16th December 2019, were cancelled.

2010 plan

In 2010, the Company implemented two share subscription plans on 27th July 2010 and on 16th December 2010 which expired on 26th July 2020 and 15th December 2020 and were cancelled.

In accordance with Article L. 225-184 of the French Commercial Code, the allocations and exercise of options on the Company's shares during financial year 2020 are as follows:

Stock options granted during the financial year 2020 to each executive corporate officer by the issuer and by any Group company

Name of the 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 financial year	Strike price	Period of exercise
Pierre Danon(1)	-	-	-	-	-	-
Eric Boustouller(2)	-	-	-	-	-	-

(1) Chairman of the Board of Directors and Chief Executive Officer since 5th October 2020.
(2) Until 4th October 2020.

Stock options exercised during the financial year 2020 by each executive corporate officer

Name of the executive corporate officer	Plan no. and date	Number of options exercised during the financial year	Strike price
Pierre Danon(1)	-	-	-
Eric Boustouller(2)	-	-	-

(1) Chairman of the Board of Directors and Chief Executive Officer since 5th October 2020.
(2) Until 4th October 2020.

Performance share awards

2006 and 2008 plans

The Board of Directors was authorised by the Extraordinary General Meeting of 19th April 2006 to implement a performance share award plan for certain Group executives and employees, as defined in Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, in order to associate them with the Company's development. This authorisation was granted for a period of 38 months and the total number of shares awarded at no cost under this resolution may not represent more than 0.5% of the Company's share capital as of the date of this General Meeting, or 1,393,948 shares.

The Board of Directors approved the conditions for an initial share allocation plan on 30th May 2006. This plan gave rise to the initial allocation of 602,361 shares to 591 Group employees on 30th May 2006. As the performance conditions were not met, the right for beneficiaries to receive these shares free of charge has been lost.

A second share allocation plan was approved on 20th November 2006, and led to the allocation of 778,638 shares to 611 Group employees. Given the failure to meet the performance conditions over one of the two years concerned, only 50% of these shares were vested by the beneficiaries on 20th November 2008.

A third plan was approved on 14th February 2008, leading to the allocation of 12,940 shares to 15 Group employees. As the performance conditions were not met, the right for beneficiaries to receive these shares free of charge has been lost.

2011, 2012 and 2013 plans

The Solocal Group shareholders, meeting in a Combined General Meeting on 7th June 2011, authorised the Board of Directors to implement a performance share plan for the benefit of certain corporate officers and employees of Solocal Group and related companies, as defined in Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan gave rise to the initial allocation of 1,226,000 shares to 41 Group employees on 26th October 2011. A second share allocation plan was approved on 16th December 2011 and led to the allocation of 84,000 shares to three Group employees. Given the partial fulfilment of the performance conditions on these two plans, approximately 45% of these shares were vested on 31st March 2014 by the beneficiaries.

A third allocation plan was adopted on 11th December 2012, and led to the allocation of 2,624,000 shares to 47 beneficiaries. A new allocation plan was adopted on 11th December 2013, and led the allocation of 280,000 shares to 10 beneficiaries.

For performance shares awarded under the plans of 11th December 2012 and 11th December 2013, the Board of Directors decided on 19th June 2014 to make adjustments to take into account the impact of the capital increase in cash with preferential subscription rights maintained. Given the partial fulfilment of the performance conditions on these two plans, approximately 70.7% of these shares were vested by the beneficiaries. This rate corresponds to the fulfilment of 74.6% of the performance conditions on the change in revenue (weighted at 2/3) and 63.0% of the performance conditions on the development of the MBO (weighted at 1/3).

2014 and 2015 plans

The Solocal Group shareholders, meeting in an Extraordinary General Meeting on 29th April 2014, authorised the Board of Directors to implement a performance share plan for the benefit of certain corporate officers and employees of Solocal Group and related companies, as defined in Articles L. 225-197-1 et seq. of the French Commercial Code.

This plan led on 19th June 2014 to the allocation of 45,221,000 shares to 112 beneficiaries. A second share allocation plan was approved on 9th February 2015 and led to the allocation of 2,305,000 shares to 12 Group employees.

Adjustments were made to these plans in 2015 and 2017 in order to take into account the reverse stock split completed in 2015 and the share capital increase completed on 14th March 2017.

As the performance conditions were not met, the right for beneficiaries to receive these shares free of charge has been lost.

2018 plan

The Solocal Group shareholders, meeting in an Extraordinary General Meeting on 9th March 2018, authorised the Board of Directors to implement a performance share plan for the benefit of certain corporate officers and employees of the Company and the related companies, as defined in Articles L. 225-197-1 et seq. of the French Commercial Code.

Under this authorisation, the maximum number of performance shares that can be awarded free of charge is 9,200,000 Company shares, including a maximum of 2,300,000 shares for the Company's corporate officers.

This plan led on 24th April 2018 to the allocation of 9,050,000 performance shares to 73 beneficiaries, including 2,300,000 performance shares to the Chief Executive Officer.

Under this plan, the allocation of performance shares will only become final after a three-year so-called vesting period. No retention period is imposed on the beneficiaries.

The final vesting of shares is subject to a condition of presence and a performance condition, which is based on the level of achievement of an objective concerning EBITDA minus CAPEX and on changes 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 vested shares awarded to them for so long as they continue to hold office.

Adjustments were made to this plan further to the Company's financial restructuring and reverse stock split completed respectively in October and November 2020:

- the Chief Executive Officer, making use of the powers granted to him by the Company's Board of Directors, resolved via resolutions dated 9th October 2020 to proceed with the adjustment of the number of performance shares allocated as follows: one performance share will grant the right to receive 2.109 new shares in the Company (if fractional shares are created, the number of new shares will be rounded down to the nearest whole number of shares);
- the Chief Executive Officer, making use of the powers granted to him by the Company's Board of Directors, resolved via resolutions dated 27th November 2020 to proceed with the adjustment of the number of performance shares allocated as follows: one performance share will grant the right to receive 0.021 new shares in the Company (if fractional shares are created, the number of new shares will be rounded down to the nearest whole number of shares).

Moreover, for the 2,300,000 performance shares (valued at €0) allocated to Eric Boustouller on 24th April 2018 following the authorisation granted by the Company's shareholders at the General Meeting on 9th March 2018, none of the 2,300,000 free shares awarded had vested as of the date on which Eric Boustouller stood down from his duties as Chief Executive Officer of Solocal Group due to the performance conditions not having been met.

2019 plan

The Solocal Group shareholders, meeting in a Combined General Meeting on 11th April 2019, authorised the Board of Directors to implement a performance share plan for the benefit of certain corporate officers and employees of the Company and the related companies, as defined in Articles L. 225-197-1 et seq. of the French Commercial Code.

Under this authorisation, the maximum number of performance shares that can be awarded free of charge is 5,500,000 Company shares, including a maximum of 1,500,000 shares for the Company's corporate officers.

This plan led on 19th June 2019 to the allocation of 5,435,000 performance shares to 53 beneficiaries, including 1,500,000 performance shares to the Chief Executive Officer of the Company.

The performance condition is assessed over three years and based on two criteria:

- an off-market criterion: the level of achievement during the period concerned of the annual free cash flow targets set by the Board of Directors; and
- a market criterion: the change in the Company's share price, with as reference the trading price of the shares at period end being equal to at least two Euros.

Both criteria are applied as follows:

(i) first criterion: the final vesting rate (before application of the coefficient related to the second criterion), calculated at the end of the plan period, will depend for 85% on the achievement of the annual free cash flow targets over the three years of the plan period and for 15% of an assessment of the achievement of this free cash flow target over the period of the plan;

(ii) second criterion: changes in the share price: the final vesting rate will also depend on the Solocal Group share price at the end of the period of the plan with a target price of two Euros.

The following coefficient will therefore be applied to the number of shares awarded in application of the first criterion:

- if the share price is greater than or equal to two Euros at the end of 2021 (based on an average of twenty trading days), the number of shares awarded in application of the first criterion will be multiplied by 1;
- if the share price is less than two Euros at the end of 2021 (based on an average twenty trading days), the number of shares awarded in 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 all other eligible beneficiaries;
- if the share price is less than one Euro at the end of 2021 (based on an average of twenty trading days), no shares will be allocated to the Chief Executive Officer and the other members of the Executive Committee, and the number of shares allocated awarded in application of the first criterion will be multiplied by 0.70 for other eligible beneficiaries.

The Board of Directors may provide for the procedures under which the aforementioned criteria will be adapted in the event of an event affecting their relevance (particularly the market criterion), for example in the event of the de-listing of the Company.

As regards the Company's corporate officers only, a "claw back" condition applies for allocations starting in 2019, throughout the vesting period and, for shares subject to a retention obligation, during the retention period. So, if it subsequently appears that the shares were allocated on the basis of information that the beneficiary knew to be inaccurate and having led to an inaccurate assessment by the Board of Directors of the aggregates used to assess the performance condition, the right to the performance shares concerned would be automatically lost. This clause will be assessed in accordance with French law.

The vesting period is three years and there is no retention period applicable to the beneficiaries. As an exception, members of the Executive Committee (or any body by which it may be replaced) of the Company (on the date of final allocation) shall be obliged to retain 30% of the vested shares awarded to them for so long as they remain members of the Executive Committee.

In the event of the death or disability (under the conditions defined by law) of the beneficiary, the performance and attendance conditions are considered to be fulfilled and the shares vest before the end of the vesting period.

Adjustments were made to this plan further to the Company's financial restructuring and reverse stock split completed respectively in October and November 2020:

- the Chief Executive Officer, making use of the powers granted to him by the Company's Board of Directors, resolved via resolutions dated 9th October 2020 to proceed with the adjustment of the number of performance shares allocated as follows: one performance share will grant the right to receive 2.109 new shares in the Company (if fractional shares are created, the number of new shares will be rounded down to the nearest whole number of shares);
- the Chief Executive Officer, making use of the powers granted to him by the Company's Board of Directors, resolved via resolutions dated 27th November 2020 to proceed with the adjustment of the number of performance shares allocated as follows: one performance share will grant the right to receive 0.021 new shares in the Company (if fractional shares are created, the number of new shares will be rounded down to the nearest whole number of shares).

Moreover, for the 1,500,000 performance shares (valued at €0) allocated to Eric Boustouller on 19th June 2019 following the authorisation granted by the Company's shareholders at the General Meeting on 11th April 2019, none of the 1,500,000 free shares awarded had vested as of the date on which Eric Boustouller stood down from his duties as Chief Executive Officer of Solocal Group due to the performance conditions not having been met.

Performance shares awarded to each executive corporate officer during the financial year 2020

Performance shares awarded by the General Shareholders Meeting during the financial year to each executive corporate officer by the issuer and by any Group company (list of names)	Plan no. and date	Number of shares allocated during the financial year	Valuation of shares according to the method used for the consolidated financial statements	Acquisition date	Availability date	Performance conditions
Pierre Danon(1)	-	-	-	-	-	-
Eric Boustouller(2)	-	-	-	-	-	-

(1) Chairman of the Board of Directors and Chief Executive Officer since 5th October 2020.
(2) Until 4th October 2020.

Performance shares having vested the financial year 2020 for each executive corporate officer

Performance shares having vested for each executive corporate officer	Plan date	Number of shares having vested during the financial year	Acquisition conditions
Pierre Danon(1)	-	-	-
Eric Boustouller(2)	-	-	-

(1) Chairman of the Board of Directors and Chief Executive Officer since 5th October 2020.
(2) Until 4th October 2020.

	Solocal Group plan
Number of performance shares allocated during the financial year 2020 to the top ten non-corporate officer Group beneficiaries	0

VII. List of transactions involving Solocal Group shares carried out by corporate officers

The table below shows all transactions involving Solocal Group shares declared to the French Financial Markets Authority (AMF) and carried out during the financial year 2020 by the corporate officers[(1)] and the individuals or entities related to them[(2)], in accordance with Article 223-26 of the *AMF* General Regulation.

Relevant individual	Financial instrument	Transaction type	Transaction date	Number of transactions	Number of securities	Average unit price	Transaction value
Cordial Investments and Consulting Ltd Legal entity linked to Pierre Danon Chairman, Chief Executive Officer	Shares	Subscription	6th October 2020	1	10,667,320	€0.0300	€320,019.60
Pierre Danon Chief Executive Officer, Director	Shares	Subscription	6th October 2020	1	504,114	€0.0300	€15,123.42
Eric Boustouller Chief Executive Officer, Director	PSR	Disposal	14th September 2020	1	189,620	€0.0037	€701.594
Eric Boustouller Chief Executive Officer, Director	PSR	Disposal	23rd September 2020	1	616,846	€0.0001	€61.68
David Amar Amar Family Office related person Director	Shares	Disposal	18th September 2020	1	13,538	€0.0384	€519.85
David Amar Amar Family Office related person Director	Shares	Disposal	17th September 2020	1	251,380	€0.0382	€9,602.71
Delphine Grison Director	Shares	Disposal	21st September 2020	1	31,559	€0.0010	€31.55
Delphine Grison Director	Shares	Subscription	21st September 2020	1	466,741	€0.0300	€14,002.23
Jacques-Henri David Acxior Cf related person Censor	Shares	Subscription	16th September 2020	1	6,004,689	€0.0300	€180,140.67
Jacques-Henri David Censor	Shares	Subscription	16th September 2020	1	17,069,345	€0.0300	€512,080.35
David Amar Amar Family Office related person Director	Shares	Disposal	16th September 2020	1	1,043,233	€0.0387	€40,373.11
David Amar Amar Family Office related person Director	Shares	Disposal	15th September 2020	1	3,259,244	€0.0405	€131,999.38

(1) Entities defined in accordance with Article L. 621-18-2 of the French Monetary and Financial Code.

(2) Related entities within the meaning of Article R. 621-43-1 of the French Monetary and Financial Code.

Relevant individual	Financial instrument	Transaction type	Transaction date	Number of transactions	Number of securities	Average unit price	Transaction value
David Amar Amar Family Office related person Director	Shares	Disposal	14th September 2020	2	3,305,836	€0.0450	€148,762.62
David Amar Amar Family Office related person Director	Shares	Disposal	10th September 2020	1	2,893,503	€0.0621	€179,686.53
David Amar Amar Family Office related person Director	Shares	Disposal	9th September 2020	1	1,614,462	€0.0628	€101,388,214
David Amar Amar Family Office related person Director	Shares	Disposal	8th September 2020	2	2,181,949	€0.0658	€143,572,244
Philippe de Verdalle Nobel Fund SAS related person Director	Shares	Disposal	5th August 2020	1	1,223,231	€0.0998	€122,078,454
Philippe de Verdalle Nobel Fund related person Director	Shares	Disposal	3rd August 2020		2,578,991	0.0983	€253,514.815
Philippe de Verdalle Nobel Fund related person Director	Shares	Disposal	4th August 2020	1	3,000,000	€0.1004	€301,200
Philippe de Verdalle Nobel Fund related person Director	Shares	Disposal	31st July 2020	1	1,380,378	€0.1003	€138,451,913
Philippe de Verdalle Nobel Fund related person Director	Shares	Disposal	30th July 2020	1	1,730,656	€0.1031	€178,430,634
Amar Family Office Legal entity linked to David Amar Director	Shares	Acquisition	10th March 2020	2	2,000,000	€0.3262	€652,400
Cordial Investments and Consulting Ltd Legal entity linked to Pierre Danon Chairman of the Board of Directors	Shares	Acquisition	28th February 2020	1	244,750	€0.4702	€115,081.45
Pierre Danon Chairman of the Board of Directors	Shares	Acquisition	28th February 2020	1	137,662	€0.4621	€63,613.61

VIII. Transactions carried out by Solocal Group in relation to its own securities during the financial year

Summary of the transactions carried out as part of the programme approved by the General Shareholders Meeting

Number of shares forming the share capital of Solocal Group as at 31/12/2019	**619,541,466**
Treasury shares held directly or indirectly as at 01/01/2020	**567,596**
Number of shares purchased up to 23/11/2020	5,137,807
Average weighted price of purchases up to 23/11/2020	**0.1562**
Number of shares sold up to 23/11/2020	4,191,696
Average weighted price of sales up to 23/11/2020	**0.1701**
Treasury shares held directly or indirectly as at 23/11/2020 post-market	**1,513,707**
Book value as at 23/11/2020	50,548
Market value as at 23/11/2020	51,829
Treasury shares held directly or indirectly as at 24/11/2020 pre-market*	**15,136**
Number of shares purchased from 24/11/2020 to 31/12/2020	3,316
Average weighted price of purchases from 24/11/2020 to 31/12/2020	**2.6476**
Number of shares sold from 24/11/2020 to 31/12/2020	10,634
Average weighted price of sales from 24/11/2020 to 31/12/2020	**2.7452**
Treasury shares held directly or indirectly as at 31/12/2020	**7,818**
Book value (valued at cost) as at 31/12/2020	53,412
Market value of the portfolio as at 31/12/2020	**53,449**
Performance shares transferred	0
Performance shares eliminated	128,005

* *Post-reverse stock split and elimination of 82 shares.*

At 31st December 2020, all of the 7,818 treasury shares held by the Company were allocated to the liquidity objective.

IX. Significant post-closing events

None.

X. Employment report

At 31st December 2020, Solocal Group had no employees. All Solocal Group employees were transferred in 2017 to an economic interest group called "GIE Solocal" whose purpose is in particular to pool the human and material resources of certain general services and support functions between the members of the EIG in order to divide the corresponding costs. At 31st December 2020, the GIE had 6 members including Solocal Group and 5 Group subsidiaries. At the end of December 2020, GIE Solocal had 16 employees.

All of Solocal Group's employment information is set out in the 2020 Non-Financial Performance Report attached as an appendix to this report.

XI. Employee profit-sharing

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we are reporting to you on the status of employee profit-sharing, which consists of 26,691 shares held by Group employees out of the 129,505,837 shares making up the share capital at 31st December 2020.

XII. Research and development

At the forefront of its industry, Solocal Group is involved in high-performance research and innovation activities through its teams and numerous partnerships. These teams are made up of the best specialists in their respective areas of expertise in order to foster innovation and excellence.

XIII. Environmental impacts of the company's business - Sustainable development commitments

All information is included in the Company's social and environmental responsibility information set out in an appendix to this report.

XIV. Information in favour of combating discrimination and promoting diversity

All information is included in the Company's social and environmental responsibility information set out in an appendix to this report.

XV. Internal control and risk management procedures

1. Internal control and risk management frame of reference, objectives and scope

1.1. Internal control and risk management frame of reference

In order to achieve each of its objectives, Solocal has defined and implemented the general principles of internal control, which are largely based on the COSO (Committee of Sponsoring Organisation Of The Treadway Commission) frame of reference published in 1992 as well as the frame of reference for internal controls and recommendations published by the *AMF*. The following description of the internal control and risk management procedures in force within the company is based on this frame of reference. The analysis was carried out in accordance in particular with the various points of attention of this frame of reference and its application guidelines. It was also carried out with regard to the discussions led out by the IFACI (French Institute of Internal Audit and Control).

1.2. Definition and objectives of the internal control function

Solocal considers internal control as a set of processes and systems defined by General Management and implemented by employees, aimed at ensuring that the following objectives are achieved:

- compliance with all applicable laws and regulations, both external and internal within the company;
- the application of the instructions and guidelines set by the Board of Directors;
- the prevention and management of operational risks, financial risks and risks of error or fraud;
- optimising internal processes by ensuring efficient operations and efficient use of resources;
- the quality and accuracy of all accounting, financial and management information.

These principles are based on:

- a policy that contributes to the development of the internal control culture;
- the identification and analysis of all risk factors likely to affect the achievement of the company's objectives;
- an organisation and procedures aimed at ensuring the implementation of the guidelines defined by General Management;
- the periodic review of the control activities and the ongoing search for areas for improvement;
- the process used for the circulation of information regarding internal controls.

However, like any control system, the principles put in place cannot provide an absolute guarantee as to the elimination or total control of all risk.

1.3. Definition of the control scope

The procedures described below apply to all subsidiaries.

The internal control mechanisms specific to each entity (Management/subsidiary) include both the application of the company's procedures and the definition and application of procedures specific to each business line depending on their organisation, culture, risk factors and operational specificity.

2. Control environment

2.1. Code of conduct and ethics applicable to all employees

Solocal bases its development on a set of values and principles of action and behaviour, taken mainly from its Code of Conduct, for the benefit of its customers, shareholders, employees, suppliers, communities and he countries in which it is active, and in accordance with respect for the environment and the needs of future generations.

The Code of Conduct (with its Moral values and principles) provides a set of individual and/or collective rules of conduct to be followed, which are essential to the responsible and sustainable development of Solocal.

These values and principles are part of fundamental principles, such as those of the Universal Declaration of Human Rights and those set out by the International Labour Organisation (particularly with regard to the prohibition of child labour and forced labour) and the OECD (particularly to combat corruption), and the commitments to which Solocal subscribes, in particular, by adhering to the 10 fundamental principles of the Global Compact on the protection of human rights, working conditions, the fight against corruption and the protection of the environment, for sustainable development.

These values and principles guide Solocal and its various entities and constitute all benchmarks for each individual within the company, regardless of their duties and responsibilities. It is therefore up to everyone, especially the company's directors and the entities of which it is composed, to comply with and promote these values and to implement these principles.

The Code of Conduct is available from Solocal's institutional website https://www.solocal.com/ and its Intranet, and is structured around the following points:

- Solocal's values;
- the company's ethical actions and principles (respect, integrity, trust and transparency) with respect to its employees and stakeholders (customers, users, shareholders, suppliers, competitors) and the environment;
- the principles of individual behaviour (relations with customers and suppliers, protection of the company's assets, primacy of company principles and values, protection of company assets, primacy of company principles and values [sic], protection of whistleblowers, fight against all forms of corruption (in particular, management of gifts, sponsorship, conflicts of interest and representation of interests, stock market ethics).

A "Principles and rules of stock market ethics" document supplements the company's Code of Conduct on specific issues relating to stock market ethics.

This involves drawing the attention of the employees and directors of companies which form part of Solocal to the principles and rules in force in this area and the need for strict compliance therewith, as well as the preventive measures applicable within the company, in particular to enable each person to make an investment in the company's listed securities within a secure framework.

In this context, and in order to limit risks, Solocal has a disclosure letter signed by all employees called to work on sensitive topics, in particular with persons outside the company who may not already be bound by their own codes of conduct.

Any permanent or occasional insider who has doubts or questions about any transaction that he plans to carry out involving securities issued by Solocal companies, or the content of the information which may be disclosed, must refer to his or her line manager or the Legal Department or, if he is a Director, to the Chairman of the Board of Directors.

2.2. General Management's responsibilities and commitments

A risk management policy has been put in place within the company, under the supervision of the General Management. Half-yearly reviews are carried out with the various subsidiaries and Divisions of the company. The updating of risk factors and the monitoring of the associated actions are consolidated and then presented to the Executive Committee (General Management) at least once a year.

A "Risk" Officer is appointed in each subsidiary and Division of Solocal. These officers (around fifty within the company) are coordinated by the Institutional Relations, CSR, Ethics and Risk Management Division attached to the General Secretariat.

2.3. Human resources management policy and skills management

Solocal's performance is directly linked to the skills of its employees and the adaptation of its resources. The Human Resources Department is a local partner serving operational staff. It develops, proposes and implements a human resources management policy intended to promote the deployment of the company's strategy. To better meet the needs of employees and managers, the HR Department is organised around 4 divisions: HR Operations, HR Development, Compensation & Benefits (personnel management) and Employee Relations.

The main role of the HR Operations division is to support the management of the core businesses and departments for which it is responsible for HR and to manage the employees in these areas. Its expertise focuses both on their knowledge of the division (organisation, constitution, mission) and the company's business lines.

The HR Development division is focused on defining HR policies and improving processes. It deploys the company's HR policy as well as its resources for action to the HR Operations division and in particular to regional and local HR managers, and provides them with genuine resources and support for the optimal performance of their assignments.

As Solocal affirms its ambition to make quality of life at work a priority in a context of supporting employees in the development of their business lines and the acquisition of new ways of working, priority has been given since 2015 to actions related to the situations experienced as part of its transformation. A full description of these actions can be found in Chapter 3 of the registration document.

2.4. Information systems

The company's various information systems are composed of:

- tools related to the company's activity, and in particular tools for sales, the creation and storage of digital content and tools dedicated to websites;
- tools for managing activities, in particular, accounting and financial activities;
- communication tools such as messaging or collaborative tools (Intranet).

3. Risk monitoring and management

3.1. Organisational framework

Like any company, the company is exposed to a set of risks in the performance of its activities. The main areas of exposure to risk identified are described in the "Risk Factors" chapter of this Single Registration Document (DEU). Particular attention is paid to risk management within the company. This is conducted both at the subsidiary level and at the level of the parent entity, which provides a summary.

The objectives of the risk management process are as follows:

- to develop a comprehensive, systematic, integrated and flexible method of identifying, assessing, analysing and managing risks and supporting their management;
- to develop risk management best practice;
- to ensure the reduction of the risks weighing on the company and control their consequences.

The risk management policy applies to all Solocal entities. Solocal has set up risk governance focused on a Risk Division which reports to the Institutional Relations, CSR, Ethics and Risk Division within the General Secretariat and a network of around fifty risk officers.

3.2. Risk identification and analysis process

A number of company procedures help with the identification of risks. In particular, they cover the following elements:

- a risk assessment and classification methodology has been implemented and rolled out since 2005. This method is based on a risk mapping approach aimed at prioritising the main risks to which the company may be exposed, in terms of severity, probability of occurrence and assessing its degree of coverage;
- risk reviews are carried out on a regular basis (at least twice a year). They are presented to the Executive Committee and the Audit Committee;
- a network of correspondents responsible for the operational implementation of the risk management policy has been established and is coordinated via dedicated governance;
- a risk management system is in place and is deployed in particular through the description and monitoring of the associated hedging actions. This system also includes a dashboard with action plan monitoring to minimise risks.

4. Control activities

Solocal continuously deploys three lines of oversight/control through operational management, risk management and internal control, as well as the internal audit function. This involves, through the creation of these three lines of control, combining regulatory (instructions and directives), organisational (organisation chart and processes) and technical measures (particularly IT and communication), based on certain fundamental concepts.

The Group's internal audit and controls mechanism is monitored continuously by the Audit and Internal Control Department within General Management and which reports in operational terms to the Audit Committee. It should be noted that this mechanism provides management and the Board of Directors with reasonable assurance and not an absolute guarantee of the Group's risk management.

The Statutory Auditors, as part of their work relating to the review of the internal control mechanism and the certification of the annual and consolidated financial statements, describe any significant weaknesses in the internal controls relating to procedures relating to the preparation and processing of accounting and financial information, thereby also contributing to strengthening the Group's control systems.

4.1. Internal Audit

Group Internal Audit reports to the Audit and Internal Control Division and ensures the maturity of the internal controls by assessing its effectiveness and efficiency while encouraging its continuous improvement. Based on the results of the risk assessment, the Internal Audit assesses the relevance and effectiveness of the internal control mechanism by measuring, in particular, the quality of the control environment within the company, the quality of the functioning of internal governance bodies, the reliability and integrity of all financial and operational information, the effectiveness and performance of operations, the protection of assets and compliance with laws, regulations and contracts. The Internal Audit Charter, approved by the Chief Executive Officer and the Audit Committee, sets the reference framework in terms of the internal audit for all Solocal entities.

The Group Internal Audit is responsible for carrying out the assignments defined at the beginning of the year in the internal audit plan based on the Group risk assessment. This plan is presented to the Executive Committee and approved annually by the Audit Committee.

Three types of audits can be carried out by Internal Audit:

- audits relating to the compliance and effectiveness of processes and activities;
- audits relating to the maturity of the internal controls;
- compliance or performance audits on matters decided by the Audit Committee.

4.2. Internal controls

The internal control mechanism consists of all the policies and procedures implemented by the Management of an entity in order to ensure the rigorous and effective management of its activities. This is carried out in the first instance by the functional and operations Divisions, based on the processes and frames of reference of the existing procedures.

The internal control mechanism involves the entire company, from the management bodies to all Solocal employees.

The Internal Control Charter sets out the frame of reference within which Solocal's internal control mechanism is incorporated and makes it possible to define the internal control frame of reference applicable to all Group entities.

4.3. Consideration of the work of the Statutory Auditors

As part of their legal mission, the Statutory Auditors are involved at the end of the first half of the year, in the form of a limited review at the Group level, and for the annual closing, via a pre-closing review to anticipate certain audit tasks, followed by an audit of the financial statements at 31st December. They also carry out work on reviewing the internal control system of Solocal's main subsidiaries, according to an audit plan presented to Internal Audit and the Audit Committee. The main recommendations are presented to the Finance Divisions and the Audit Committee.

In general, continuous improvement in processes and standards addresses a threefold concern, both in terms of control, efficiency and operational performance.

5. Internal control procedures relating to the preparation and processing of accounting and financial information

The Finance Department prepares the financial and accounting information.

The reliability of the published accounting and financial information is supported by a set of bodies, rules, procedures and controls, a skills management policy and a dynamic for the continuous improvement of procedures.

Internal control procedures specific to this subject have therefore been put in place within the following elements:

- the accounting and management organisation of the company;
- unified accounting and management reporting;
- the common accounting standards and methods within the company;
- the planning of period-end work at the company level;
- financial communication.

5.1. The accounting and management function

Under the authority of the Group Chief Financial Officer, the Accounting and Consolidation Department, the Management Control Department and the Corporate Finance Department are responsible for ensuring the consistency of Solocal's financial data.

They therefore

- produce Solocal's individual and consolidated financial statements within deadlines meeting the requirements of the financial markets and legal and contractual obligations;
- oversee the budget and forecast process and produce monthly management reports as soon as possible, ensuring all data remains consistent;
- produce the documentation necessary for the financial disclosure of income and the summary of management reporting for Solocal management;
- design and implement Solocal's accounting and management methods, procedures and standards;
- identify and manage the necessary changes to Solocal's accounting and management information systems.

5.2. Unified accounting and management reporting

The company's management and steering cycle has four basic components:

- the three-year strategy plan;
- the budget process;
- monthly reporting;
- business reviews and financial reviews.

A. THE BUSINESS PLAN

Each year, a business plan is established by Solocal for the next three years. This business plan is developed on the basis of Solocal's strategic choices with regard to changing markets, its business sectors and the competitive environment.

B. THE BUDGET PROCESS

The budget process is adapted for Solocal and its subsidiaries. Its main steps are as follows:

- autumn: updating the budget for the current year and preparation by entity prepares of an annual and monthly budget for the following year;
- spring: update of the initial forecast for the current year, which serves as the basis for the development of the strategy plan;
- summer: update of the second half of the year based on the results of the first half-year period.

In addition, a permanent review process is in place to improve the management and monitoring of the company's performance.

C. MONTHLY REPORTING

Monthly reporting is a major component of the control and financial reporting mechanism. This is Solocal Management's preferred tool for monitoring, oversight and steering. It consists of several documents prepared by the Management Control Department and the Accounting and Consolidation Department which are disclosed to Solocal management.

Monthly reporting includes quantified data, comments on changes, as well as performance measurement indicators.

Solocal's Management Control department and the Accounting and Consolidation Department use a unified consolidation tool to produce reports on results recorded, the budget and amended forecasting.

D. BUSINESS REVIEWS AND FINANCIAL REVIEWS

Quarterly business reviews involving General Management from all subsidiaries and monthly financial reviews involving all Finance Divisions are a key element of Solocal's steering and control mechanism. Their main objective is to ensure that the actions undertaken are aligned with the company's priorities and ambitions.

5.3. Common accounting standards and methods within the company

For the process of preparing the provisional and completed consolidated financial statements, the company has adopted the principle of unification, resulting in:

- uniform standards, accounting methods and consolidation rules;
- standardisation of reporting formats;
- the use of an IT consolidation tool shared across the company.

Solocal has a single frame of reference that standardises all consolidated reporting categories, including for off-balance sheet statement commitments. All consolidated entities have adopted this frame of reference. Solocal prepares consolidated financial statements in accordance with IFRS (EU Regulation 1606/2002 of 19th July 2002).

Consolidation packages are prepared according to local accounting principles and include homogeneity restatements to comply with company standards as well as IFRS as adopted by the European Union and IASB. Guidance notes from the Finance Department specifying the process and the closing schedule for each closing date are distributed within the company. Each subsidiary adapts these processes and timetables to its organisation.

5.4. Planning of period-end work within the company

In order to comply with tight accounting period end schedules which make it possible to publish the consolidated financial statements as approved by the Board of Directors as early as February, the company has put in place a precise planning programme for its period-end work. This programme is based on:

- budget monitoring processes;
- the completion of pre-accounting period end processes;
- increased formalisation of period-end processes;
- anticipating the processing of complex accounting transactions and estimates.

The planning of coordination actions between the various divisions and departments of the company, the improvement of the quality of the statistical forecasts and the increasing control of financial processes, as well as the anticipation and acceleration of the accounting reporting process are all key factors in Solocal's progress in the closing of its financial statements.

5.5. Financial Communication

Financial information and its management are organised in a manner consistent with the company's managerial and management organisation in order to ensure integrity, accuracy, compliance with all applicable laws and regulations and recognised practices, consistency and quality of information.

In order to ensure the quality and reliability of the financial information, the Chief Executive Officer and the Chief Financial Officer systematically participate in the preparation, review and validation of all financial information to be communicated to the public prior to review by the Board of Directors. This review focuses in particular on periodic press releases containing financial information and periodic presentations to investors.

The Investor Relations Department, within the Finance Division, in collaboration with Management Control and the Legal Department, is responsible for drafting and distributing the following periodic and permanent information documents to target audiences and the regulatory and market authorities (French Financial Markets Authority):

- financial press releases both periodic (quarterly, half-yearly and annual results) and occasional (conversion and restructuring projects, external growth transactions, divestments, financing transactions, governance changes, strategic partnerships, etc.);
- presentations used as supports for analyst meetings and for investors;
- registration document;
- presentation to the General Meeting.

Solocal is committed to providing intelligible, relevant, stable and reliable information. The company ensures compliance with stock market regulations and corporate governance principles.

6. Financial risks related to climate change

The risks linked to the effects of climate change and the measures taken by Solocal to reduce these are presented in the Non-Financial Performance Report (DPEF).

7. Information and announcements

All of the company's press releases and the main reference documents are available from the Solocal Intranet which is accessible to all employees.

In addition, a set of applications, including collaborative tools available from the Solocal Intranet, allow the information necessary to each individual to be circulated within the company.

XVI. Description of key risks and uncertainties

- Exchange rate risks
  See Note 10 to the consolidated financial statements.
- Liquidity risks
  See Note 10 to the consolidated financial statements.
- Interest rate risks
  See Note 10 to the consolidated financial statements.
- Counterparty (credit) risks
  See Note 10 to the consolidated financial statements.
- Equity risks
  See Note 10 to the consolidated financial statements.

XVII. Non-tax-deductible expenses

In accordance with the provisions of Article 223 quater of the French General Tax Code, we hereby inform you that the expenses and costs referred to in part 4 of Article 39 of he said Code for the financial year 2019 totalled €14,997.

XVIII. Information on supplier payment deadlines

All supplier receivables recorded on the balance sheet statement for the period ending 31st December 2020 for an amount of €447,000 (excluding accrued expenses); client receivables now due totalled €1,747,000.

	Article D. 441I.1: Invoices received but not paid on the year-end date which are now due						Article D. 441I.2: Invoices issued but not paid on the year-end date which are now due					
	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment tranches												
Number of invoices concerned						135						2
Total amount of invoices concerned (including tax)	1,016,116	43,613	918,631	2,064	(517,233)	1,463,191		1,721,742			25,000	1,746,742
Percentage of total purchases for the year (including tax)	1.99%	0.09%	1.80%	0.00%	-1.01%	2.87%						
Percentage of revenue for the year (including tax)								9.05%			0.13%	
(B) Invoices excluded from (A) relating to disputed or unrecognised debts and receivables												
Number of invoices excluded												
Total amount of invoices excluded												
(C) Reference payment deadlines used												
	Legal deadlines						Legal deadlines					

This table only includes invoices received but not settled at the year-end date and does not take into account miscellaneous transactions recorded in the accounts (FNP, etc.).

XIX. Growth prospects

Solocal's goal for 2021 is to expand its customer base by increasing customer acquisition and reducing churn. The Group also confirms that it is aiming to generate EBITDA of €120 million in 2021.

XX. Loans granted for terms of less than two years by Solocal Group

In accordance with Article L. 511-6 (3) bis of the French Monetary and Financial Code, we inform you that Solocal Group has not granted, on an ancillary basis to its main activity, any loans with terms of less than two years to any micro-enterprises, SMEs or intermediate-sized companies with which it has economic ties justifying this.

XXI. Branch

Solocal Group had no branches as at 1st January 2021.

XXII. Conduct of business of the primary subsidiaries

The Solocal group is active in the Digital sector, its only sector of operations since the discontinuation of the Print sector in November 2020. This business is recognised and recorded in the accounts as discontinued activities in accordance with IFRS 5. The Digital business generated revenue of €431.4 million from the activities continued as at 31st December 2020.

As at 31st December 2020, the Digital business consists of:

The Digital Presence offer enables VSEs and SMEs to manage their digital presence throughout the web (several dozen media in total, including Google, Facebook, PagesJaunes, Bing, Tripadvisor, Instagram, etc.) in just a few clicks, in real time and autonomously, via a single mobile app, or a web interface. This offer represents revenue of €117.7 million at 31st December 2020. The Presence offer is marketed in subscription mode with automatic renewal.

The Digital Advertising offer enables companies to increase their digital visibility beyond their natural presence across the web, with a view to developing local market share. This offer includes the SEO service launched in the third quarter of 2019 and represents revenue of €242.7 million at 31st December 2020.

With regard to the Websites range, Solocal offers to create and list its customers websites (shop window and e-commerce), on the basis of various budget options, again in subscription mode with automatic renewal. This offer represents revenue of €69.1 million at 31st December 2020.

Designed originally for VSEs/SMEs, the Digital Presence and Digital Advertising ranges are also available for large network accounts.

Solocal also offers new services to facilitate the day-to-day lives of businesses, such as a Customer Relationship Management (CRM) solution developed in 2019. This offer represents revenue of €5 million at 31st December 2020.

The financial statements published by the Group at 31st December 2020 break down as follows:

(in millions of euros)	Financial year ended 31st December 2020					Financial year ended 31st December 2019					
			Continuing operations					Continuing operations			Recurrent change 2020/2019
	Consolidated	Discontinued activities	Total	Recurrent	Non-recur.	Consolidated	Discontinued activities	Total	Recurrent	Non-recur.	
Revenue	**437.4**	**4.6**	**432.8**	**432.8**	**-**	**525.4**	**24.1**	**501.3**	**501.3**	**-**	**-13.7%**
Net external costs	(125.0)	(3.8)	(121.2)	(120.7)	(0.5)	(133.2)	(16.0)	(117.1)	(117.5)	0.4	2.7 %
Payroll costs	(200.8)	(4.7)	(196.0)	(196.3)	0.2	(248.0)	(12.6)	(235.4)	(235.6)	0.2	-16.7 %
Restructuring costs	4.5	-	4.5	-	4.5	(23.5)	-	(23.5)	-	(23.5)	
EBITDA	**116.2**	**(3.9)**	**120.0**	**115.8**	**4.2**	**120.8**	**(4.5)**	**125.3**	**148.1**	**(22.8)**	**-21.8 %**
as a % of revenue	*26.6%*		*27.7%*	*26.8%*		*23.0%*		*25.0%*	*29.5%*		*-2.8 pts*
Gains and losses from disposals	(2.2)		(2.2)	(2.2)							
Impairment and amortisations	(64.6)	(2.8)	(61.8)	(61.8)	-	(71.0)	(3.2)	(67.8)	(67.8)	-	-8.9%
Operating income	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**49.8**	**(7.7)**	**57.5**	**80.3**	**(22.8)**	**-35.5%**
as a % of revenue	*11.3%*		*12.9%*	*12.0%*		*9.5%*		*11.5%*	*16.0%*		*- 4.0 pts*
Net gains from the debt restructuring	63.2	-	63.2	63.2	-	-	-	-	-	-	
Financial income	0.4	0.0	0.4	0.4	-	(0.2)	0.0	(0.2)	(0.2)	-	
Financial expenses	(61.5)	0.1	(61.6)	(61.6)	-	(44.6)	(0.1)	(44.5)	(44.5)	-	38.6%
Financial income	**2.0**	**0.1**	**1.9**	**1.9**	**-**	**(44.8)**	**(0.1)**	**(44.7)**	**(44.7)**	**-**	
Pre-tax income from continued activities	**51.3**	**(6.6)**	**57.9**	**53.8**	**4.2**	**5.0**	**(7.8)**	**12.8**	**35.6**	**(22.8)**	**50.9%**
Corporation tax	(6.5)	0.4	(6.9)	(5.6)	(1.3)	(19.7)	0.0	(19.7)	(27.6)	7.9	-79.7%
Net income from continued activities	44.8	(6.2)	51.0	48.2	2.8	-	-	-	(14.7)	(7.8)	
Pre-tax income from discontinued activities*	20.8	20.8	-	-	-	46.8	46.8	-	-	-	
Income for the period	**65.6**	**14.6**	**51.0**	**48.2**	**2.8**	**32.1**	**39.0**	**(6.9)**	**8.1**	**(15.0)**	**498.1%**

* *The application of IFRS 5 to the Printed business in 2020 led to the presentation of a 2019 pro forma.*

Signed in Boulogne-Billancourt, on 17th February 2021

The Board of Directors

Financial income over the last five financial years (articles R. 225-81 (3) and R. 225-83 (6) of the French Commercial Code)

Nature of the information *(excluding capital, amounts in thousands of euros)*	2016 financial year	2017 financial year	2018 financial year	2019 financial year	2020 financial year
1 - Financial position at year-end					
a) Share capital	233,259,384	58,244,480	58,363,037	61,954,147[3]	129,505,837
b) Number of existing ordinary shares	38,876,565	582,444,800	583,630,365	619,541,466[3]	129,505,837
2 - Comprehensive income from transactions carried out					
a) Revenue excluding tax[2]	24,080	24,709	20,312	18,419	19,027
b) Profit before tax, profit-sharing, amortisation and provisions	(98,531)	(4,788)	(5,167)	(47,565)	(191,661)
c) Income tax	(51,474)	(54,667)	(5,665)	(11,547)	(11,659)
d) Employee profit-sharing due for the financial year	-	-	-	-	-
e) Income after tax, amortisation and provisions	8,640	21,002	(14,381)	(52,353)	(566,473)
f) Profits distributed in n+1[1]	-	-	-	-	-
3 - Operating revenue for the equivalent of one share *(in euros)*					
a) Profit after tax and profit-sharing but before depreciation, provisions	(1.21)	0.09	(0.02)	0.05	0.00
b) Income after tax, profit-sharing, amortisation and provisions	0.22	0.04	0.00	0.00	0.00
c) Dividend paid to each share in n+1[1]	0.00	0.00	0.00	0.00	0.00
4 - Employees					
a) Average headcount of employees during the financial year	38	2	1	1	1
b) Payroll	7,986	805	977	936	715
c) Amounts paid as employee benefits	3,833	328	589	389	315

(1) Or proposed to the General Shareholders Meeting for the last financial year (treasury shares not deducted).
(2) The amounts recorded as Revenue excluding tax include all operating income.
(3) Amount taking into account the ordinary shares, of the ten Euro centimes (0.10) each, issued following the exercise by Kepler Cheuvreux of warrants as part of the implementation by Solocal Group with Kepler Cheuvreux of an equity capital financing facility an equity line.

Table of subsidiaries and equity interests

Subsidiaries and equity interests *(in thousands of euros)*	Capital	Shareholders' equity excluding capital and before allocation of income	Share of capital held as a %	Book value of securities held		Loans and advances granted by the company, not yet repaid (excluding current accounts)	Value of any guarantees or endorsements given by the company	Revenue for the last completed inancial year	Net income for the latest financial year ended	Dividends received by the Company during the financial year	Observations
				Gross	Net						
Detailed information on subsidiaries and equity interests											
1/ Subsidiary: over 50% held by the company											
Solocal SA 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt, France SIREN: 444 212 955	881,108	8,611	100%	2,937,063	650,605	-	-	404,381	(472,928)	-	
SoMS SA 25 quai Gallieni 92150 Suresnes SIREN: 422 041 426	7,275	2,292	100%	7,275	7,275	-	-	78,191	13,007	-	
Solocal Outre-mer SA 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt, France SIREN: 420 423 477	75	763	100%	76	76	-	-	2,592	(253)	-	
Yelster digital GmbH Linke Wienzeile 8, Top 9 1060 Vienna - Austria Vienna Trade and Companies Register: FN 298562 m	44	6,676	100%	14,997	897	-	-	6,310	1,597	-	
Orbit Interactive Nearchore Park - 1100 boulevard El Qods 11000 Casablanca Sidi Maarouf Casablanca Commercial Register: 268969	78	149	100%	76	76	-	-	0	(440)	-	
Leadformance SARL 19 rue du Lac St-André 73375 Le Bourget du Lac SIREN: 440 743 763	8,250	(4,122)	100%	25,301	2,422	-	-	2,026	(6,695)	-	
EFFILAB 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt, France SIREN: 531 205 565	2	338	100%	20,532	12,700	-	-	10,106	(309)	-	
Cristallerie 5 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt, France SIREN: 809 343 734	20	8	100%	20	20	-	-	0	(1)	-	
Solocal Interactive Ltd 62, ICT Avenue 1st Floor The Core Cybercity Ebene - Mauritius Business Registration Number C20170476	1	(3)	100%	0	0	-	-	566	34	-	
2/ Equity investments (between 10% and 50%)											
GIE Solocal 204 RPT du Pont de Sèvres 92100 Boulogne-Billancourt, France SIREN: 809 343 734	10	0	16%	2	2	-	-	0	(38)	-	

5.2.5 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31st December 2020

To the Annual General Meeting of Solocal Group SA

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the financial statements of Solocal Group SA for the year ended 31st December 2020, 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 section of our report headed "Responsibilities of the Statutory Auditors for the audit of the financial statements".

Independence

We conducted our audit in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors for the period from 1st January 2020 to the issue date of our report, and, in particular, we did not provide any services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

As a result of the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under specific conditions. This crisis and the exceptional measures taken in the context of the public health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainty regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organisation and the way audits are conducted.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code 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 31st December 2020, the Company reported a net loss of €566 million, along with equity of €593 million, current liabilities of €354 million and current assets of €257 million. As at the same date, available cash was €49 million.

It is stated in note 3 to the financial statements "Continuity of operations" that the Company is in a position to meet its liquidity needs and those of its subsidiaries for the next 12 months, following the approval of the financial restructuring plan passed by the General Meeting of 24th July 2020 and the securing of a financing line of €16 million that was set up in August 2020 and on the basis of forecasts made by the Group for 2021 in the context of the Covid-19 crisis described in note 2 "Highlights – Covid-19 crisis".

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 assumptions and business plans used by management in the preparation of the accounts underpinning the budget adopted by the Board of Directors in the context referred to in Note 2 to the financial statements "Highlights – Covid-19 crisis";
- the related estimates of future cash flow.

For these reasons, we considered assessment of the going concern assumption to be a key audit matter.

Treatment of the key audit matters during the audit

We reviewed the process implemented by management to assess the Company's ability to meet its liquidity needs and those of its subsidiaries for the next 12 months.

Our work consisted in particular in:

- reviewing the process for preparing the budget and cash flow forecasts;
- reviewing the operational assumptions underlying the budget and including management's assumptions regarding the impact of the Covid-19 crisis on the Group's commercial activity;
- checking that the budget data flowed through effectively into the cash flow forecasting spreadsheet;
- comparing the starting point of the cash flow forecasting spreadsheet with the cash position as recorded in the accounts as at 31st December 2020;
- examining the parameters of the cash receipts simulation file underpinning the monthly cash flow forecasts for the next 12 months by, in particular:
  - testing the consistency of the cash flow rate by product type according to their payment terms,
  - 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 that occurred subsequent to the year-end that might cast doubt on those estimates, particularly in the context of the Covid-19 pandemic.

We also verified the appropriateness of the information relating to going concern presented in note 3 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 financial statements provided to the shareholders.

We attest that the information on payment terms referred to in Article D. 441-6 of the French Commercial Code is fairly presented and consistent with the financial statements.

Information on corporate governance

We attest that the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code is set out in the Board of Directors' corporate governance report.

We have verified that the information provided pursuant to Article L. 22-10-9 of the French Commercial Code on the remuneration and benefits paid or awarded to 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. 22-10-11 of the French Commercial Code 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.

OTHER VERIFICATIONS OR INFORMATION REQUIRED BY LAWS AND REGULATIONS

Format for the presentation of financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the General Regulation of the AMF, the management of your Company has informed us of its decision to defer the application of the single electronic reporting format as defined in Commission Delegated Regulation (EU) 2019/815 of 17th December 2018 to financial years beginning on or after 1st January 2021. As a result, this report does not include any conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report referred to in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier).

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 SA by the General Meeting held on 19th October 2016.

As at 31st December 2020, B.E.A.S. and Auditex were in their fifth 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 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 in Article L. 823-10-1 of the French Commercial Code, 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 and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks affecting our independence and the related safeguards.

Paris-La Défense, 26th February 2021

The Statutory Auditors

AUDITEX	**B.E.A.S.**
Jeremy THURBIN	Jean-François VIAT

06

Information **on the Company and its capital**

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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 12th January 1897 and registered on 21st February 1955. Based on Article 5 of its Articles of Association, the Company has a term of 99 years, which began on 31st December 1954 and will run until 31st 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 nine 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 (within the meaning of 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

Internal regulations based on those recommended in the AFEP/MEDEF Corporate Governance Code were adopted by the Board of Directors at its meeting of 23rd September 2004 and amended on 2nd October 2020. 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 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 Customer Satisfaction Committee, the latter having been created by the Board of Directors at its meeting on 23rd July 2020. 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.

At the same meeting, the Board of Directors also decided to abolish the Strategy and M&A Committee, which had become obsolete, and to create a Customer Satisfaction Committee.

In addition, an Ad Hoc Committee of the Board has been regularly monitoring the financial restructuring process. This Committee was created on 13th March 2020 and was dissolved at the end of the General Shareholders' Meeting of 24th July 2020. After a more informal consultation phase, the Committee met six times between 22nd June 2020 and 3rd July 2002 with 100% attendance.

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.

Directors' 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 must any shares they acquire during their term of office.

Directors are prohibited 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 of 23rd September 2004, the Board of Directors adopted a Professional Ethics Charter.

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:

- shall exercise 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.

David Amar was elected Vice-Chairman by the Board of Directors at its meeting of 14th February 2018.

On 5th 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.

In the context of the financial restructuring of the Company and owing to the forced departure of Éric Boustouller from his duties as Chief Executive Officer, the Board of Directors decided on 28th August 2020 to recombine the positions of Chairman of the Board and Chief Executive Officer of Solocal Group and to appoint Pierre Danon as Chairman of the Board and CEO with effect from 5th October 2020, so that the Company could benefit from his skills, knowledge of the business and experience in the sector during the transitional period of seeking a new Chief Executive Officer.

On 8th January 2021, following a selection process launched and managed by the Remuneration and Appointments Committee and with the active participation of Pierre Danon and Paul Russo in the recruitment process for a new Chief Executive Officer, the Solocal Board of Directors decided to appoint Hervé Milcent as Chief Executive Officer of the Company with effect from 6th April 2021. On that date, the Company reverted to a split governance structure, with Pierre Danon becoming Chairman of the Board of Directors again.

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 19th June 2019, to appoint Philippe Besnard as a Non-Voting Director to provide input from individual shareholders to Board meetings. Mr Besnard resigned from his post on 7th July 2020.

The Board of Directors resolved, at its meeting of 23rd July 2020, to appoint Jacques-Henri David as a Non-Voting Director, since his directorship was due to expire at the General Shareholders' Meeting of 24th July and he was not seeking its renewal.

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 reason 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 relating either to his or her 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 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 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 SHAREHOLDING DISCLOSURE 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

As 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 7th June 2011, became effective on 1st 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 allotted to a shareholder on the basis of existing shares for which he or she 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 1st May 2013.

6.3.1 SHARE CAPITAL

As of the date of this document, the share capital amounts to €129,508,700 divided into 129,508,700 fully paid-up shares, each with a par value of €1, all of the same class.

Authorised but unissued capital (currently valid delegations of authority granted to the Company's Board of Directors)

The Combined General Shareholders' Meetings of the Company held on 24th July 2020 (points 1 to 3 in the table below) and 27th November 2020 (point 4 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. Purchase or transfer of shares within the limit of 10% of the share capital (fourteenth resolution)	18 months	-	Repurchase programme ceiling: €62,704,116
2. Share capital increase, with cancellation of shareholders' preferential subscription rights, reserved for members of a group savings plan (twenty-first resolution)	26 months 24th September 2022	-	€2,950,000
3. Capital increase in cash by issuance of new ordinary shares, with cancellation of shareholders' preferential subscription rights, in favour of a category of persons that meet specified characteristics (Restricted Capital Increase no. 3) (twenty-third resolution)	18 months 24th January 2022	-	€10,000,000
4. Free allotment of Company shares to employees or corporate officers of Solocal Group, with a waiver by the shareholders of their preferential subscription rights (sixth resolution)	38 months 27th January 2024	-	1% of the share capital of which a maximum of 0.33% in favour of the corporate officers

In addition, it is recalled that the Board of Directors, at its meeting of 7th August 2020, made use of the authorisation granted by the Combined General Shareholders' Meeting of 24th July 2020, under the terms of its fifteenth resolution, which authorised capital reductions for reasons other than losses of a total of €56,433,731.94 by way of a reduction in the par value of each share from €0.10 (its current amount) to €0.01, i.e. a decrease of €0.09 per share.

It is also recalled (i) that the operations to reduce the Company's share capital were fully completed on 31st August 2020, in accordance with the authorisation granted under the fifteenth resolution of the General Shareholders' Meeting and that (ii) at its meeting of 8th September 2020, the Board decided to carry out a capital increase with cancellation of preferential subscription rights for a total nominal amount (issue premium not included) of €1,312,869.50, through the issuance of 131,286,950 new shares (the "Creditor Shares"), for a subscription price per share of eight euro cents (€0.08), corresponding to a par value of one euro cent (€0.01) each, and an issue premium of seven euro cents (€0.07) for each new ordinary share, representing a total capital increase of €10,502,956 (issue premium included) ("Restricted Capital Increase no. 1"). This capital increase was fully completed on 9th September 2020.

It is also recalled that the Board, at its meetings of 8th September and 9th September 2020, decided to make use of the delegations of authority granted to it by the shareholders at the Combined General Shareholders' Meeting of 24th July 2020 under the terms of the sixteenth to twentieth resolutions and, in particular:

- decided to apply the delegation of authority granted by the General Shareholders' Meeting, under the terms of its sixteen resolution, to carry out the allotment and issuance, free of charge, of 625,912,878 new shares (the "Free Shares");
- decided to apply the delegation of authority granted by the General Shareholders' Meeting, under the terms of its eighteenth resolution, to carry out, subject to the condition precedent of approval by the French Financial Markets Authority (the "AMF") of the prospectus for the capital increase with shareholders' preferential subscription rights (the "Prospectus"), a capital increase with preferential subscription rights of a total nominal amount of €111,985,869.29, through the issuance of 11,198,586,929 new ordinary shares, each with a par value of €0.01 and an issue premium of €0.02 for each new ordinary share ("the New Shares"), representing a total capital increase of €335,957,607.87, issue premium included (the "Capital Increase with Preferential Subscription Rights");

- decided to apply the delegation of authority granted by the General Shareholders' Meeting under the terms of its twentieth resolution, to carry out a capital increase in cash through the issuance of new ordinary shares, with cancellation of shareholders' preferential subscription rights in favour of a category of persons who meet specified characteristics, for a total nominal amount (issue premium not included) of €3,672,316.38, through the issuance of 367,231,638 new ordinary shares, each with a par value of €0.01, for a subscription price per share of 3.54 euro cents, corresponding to a par value of €0.01 each and an issue premium of €0.0254 for each new ordinary share (the "Restructuring Shares"), representing a total capital increase of €13,000,000, issue premium included, to be subscribed and fully paid up by set-off of claims that are certain, of a fixed amount and due against the Company ("Restricted Capital Increase no. 2").

The Company's Board of Directors, at its meeting of 2nd October 2020, made use of the authorisation granted by the Combined General Shareholders' Meeting of 24th July 2020, under the terms of its twenty-first resolution, and decided:

- to carry out a reverse split of the shares comprising the Company's share capital such that one hundred (100) ordinary shares, each with a par value of €0.01, will be exchanged for one (1) new share, each with a par value of one euro (€1);
- that the number of shares subject to the reverse split will correspond to the amount of the share capital following the completion of the Company Restructuring, i.e. 12,950,059,861 shares;
- that the start date of the reverse split transactions will occur from 22nd October 2020, i.e. after the settlement-delivery of the Restructuring Shares.

In accordance with Article L. 225-135 paragraph 4 of the French Commercial Code, the additional reports of the Board of Directors and the Statutory Auditors on the final terms and conditions of the capital increases carried out pursuant to the delegations of authority granted by the Combined General Shareholders' Meeting of 24th July 2020 are available on the Company's website www.solocal.com.

Other securities giving rights to capital

On 13th March 2017, the Company issued to the creditors, as part of its first financial restructuring plan, 9,067,200 mandatory convertible bonds (MCBs) for a nominal amount of €18.13 million, granting entitlement 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 18th January 2021, 1,022,066 MCBs were still outstanding, taking into account the repayment of 8,049,206 MCBs since March 2017.

On 27th November 2019, the Company decided to authorise the setting up of an equity line financing arrangement and, in connection therewith, the issuance in favour of Kepler Cheuvreux of a maximum of 58,000,000 ordinary share warrants ("Warrants"). Kepler Cheuvreux has exercised, up to 31st January 2020, 41,915,190 Warrants giving rise to the issuance of 41,915,190 shares.

6.3.2 NON-EQUITY SHARES

As 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 24th July 2020 authorised the Board of Directors to purchase Company shares, up to a maximum of 10% of the existing share capital as of the date when the delegation takes effect, under the following conditions:

- the maximum purchase price should not exceed €1 per share, it being specified that in the event of any transactions involving the 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 €62,704,116;
- 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 2021 financial statements, the shareholders will be asked to vote on the renewal of 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 6.4.3 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 in connection with 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 at the registration date of this Universal 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 27th 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
15th January 2007	Recognition of the 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
15th January 2008	Recognition of the 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
25th February 2009	Recognition of the capital increase resulting from allotments of performance shares in 2008	340,304	€68,060.80	–	–	€56,196,950.80	280,984,754	€0.20
6th June 2014	Capital increase with preferential 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
29th April 2015	Capital increase reserved for current 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
26th October 2015	Reverse stock split by allotment of one (1) new ordinary share with a par value of €6 for thirty (30) existing ordinary shares, each with a par value of €0.20	–	–	–	–	€233,259,384	38,876,564	€6
2nd February 2017	Capital reduction by way of a reduction in the par value of each share	–	–	–	–	€3,887,656.40	38,876,564	€0.10
13th March 2017	Free share allotments at a ratio of 3 free shares for 2 shares held at 10th March 2017	58,314,846	€5,831,484.60	–	–	€9,719,141	97,191,410	€0.10
13th March 2017	Capital increase with preferential subscription rights	398,484,781	€39,848,478.10	€0.90	€358,636,303	€49,567,619.10	495,676,191	€0.10
13th 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
7th April 2017	Recognition of the capital increase resulting from the redemption of MCBs	619,504	€61,950.40	€1.90	€1,177,057.60	€57,683,778.20	576,837,782	€0.10
4th May 2017	Recognition of the capital increase resulting from the redemption of MCBs	2,552,365	€255,236.50	€1.90	€4,849,493.50	€57,939,014.70	579,390,147	€0.10
9th June 2017	Recognition of the capital increase resulting from the redemption of MCBs	2,140,432	€214,043.20	€1.90	€4,066,820.80	€58,153,057.90	581,530,579	€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
10th July 2017	Recognition of the capital increase resulting from the redemption of MCBs	441,771	€44,177.10	€1.90	€839,364.90	€58,197,235	581,972,350	€0.10
2nd August 2017	Recognition of the capital increase resulting from the redemption of MCBs	68,127	€6,812.70	€1.90	€129,441.30	€58,204,047.70	582,040,477	€0.10
7th September 2017	Recognition of the capital increase resulting from the redemption of MCBs	4,307	€430.70	€1.90	€8,183.30	€58,204,478.40	582,044,784	€0.10
6th October 2017	Recognition of the capital increase resulting from the redemption of MCBs	160,014	€16,001.40	€1.90	€304,026.60	€58,220,479.80	582,204,798	€0.10
6th November 2017	Recognition of the capital increase resulting from the redemption of MCBs	75,528	€7,552.80	€1.90	€143,503.20	€58,228,032.60	582,280,326	€0.10
4th December 2017	Recognition of the capital increase resulting from the redemption of MCBs	164,474	€16,447.40	€1.90	€312,500.60	€58,244,480	582,444,800	€0.10
8th February 2018	Recognition of the capital increase resulting from the redemption of MCBs	239,640	€23,964	€1.90	€455,316	€58,268,444	582,684,440	€0.10
6th April 2018	Recognition of the capital increase resulting from the redemption of MCBs	634,564	€63,456.40	€1.90	€1,205,671.60	€58,331,900.40	583,319,004	€0.10
7th May 2018	Recognition of the capital increase resulting from the redemption of MCBs	22,873	€2,287.30	€1.90	€43,758.70	€58,334,187.70	583,341,877	€0.10
6th July 2018	Recognition of the capital increase resulting from the redemption of MCBs	31,687	€3,168.70	€1.90	60,205.30	€58,337,356.40	583,373,564	€0.10
28th January 2019	Recognition of the capital increase resulting from the redemption of MCBs	256,801	€25,680.10	€1.90	€487,921.90	€58,363,036.50	583,630,365	€0.10
7th March 2019	Recognition of the capital increase resulting from the redemption of MCBs	157	€15.70	€1.90	€298.30	€58,363,052.20	583,630,522	€0.10
9th May 2019	Recognition of the capital increase resulting from the redemption of MCBs	491,368	€49,136.80	€1.90	€933,599.20	€58,512,189	585,121,890	€0.10
2nd October 2019	Recognition of the capital increase resulting from the redemption of MCBs	4,386	€438.60	€1.90	€8,333.40	€58,512,627.60	585,126,276	€0.10
At 31st December 2019	Capital increase resulting from issuances of shares in connection with the "equity line"	34,415,190	€3,441,519	€0.41233	€14,190,415.30	€61,954,146.60	619,541,466	€0.10
At 31st January 2020	Capital increase resulting from issuances of shares in connection with the "equity line"	7,500,000	€750,000	€0.4021	€3,015,750	€62,704,146.60	627,041,466	€0.10
7th August 2020	Capital reduction for reasons other than losses	–	–	–	–	€6,270,414.66	627,041,466	€0.01
9th September 2020	Capital increase with cancellation of shareholders' preferential subscription rights in favour of GoldenTree and Financière de la Clarée	131,286,950	1,312,869.50	€0.07	€9,190,086.50	€7,583,284.16	758,328,416	€0.01
6th October 2020	Capital increase by issuance of free shares in favour of shareholders who have proof that their shares are registered in an account	625,912,878	€6,259,128.78	-	–	€13,842,412.94	1,384,241,294	€0.01

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
6th October 2020	Capital increase with shareholders' preferential subscription rights	11,198,586,929	€111,985,869.29	€ 0.02	€ 223,971,738.58	€125,828,282.23	12,582,828,223	€ 0.01
6th October 2020	Restricted capital increase with cancellation of shareholders' preferential subscription rights in favour of members of the Ad Hoc Committee of Bondholders or their affiliates, successors or assigns	367,231,638	€ 3,672,316.38	€ 0.0254	€9,327,683.60	€129,500,598.61	12,950,059,861	€ 0.01
16th October 2020	Recognition of the capital increase resulting from the redemption of MCBs	1,651	€16.51	€0.94	€1,549.50	€129,500,615.12	12,950,061,512	€0.01
5th November 2020	Free allotment of shares under the Universal Plan	522,270	€5,222.70	–	–	€129,505,837.82	12,950,583,782	€0.01
27th November 2020	Reverse split of Company shares at a parity of one hundred (100) ordinary shares, each with a par value of €0.01 exchanged for one (1) new share, each with a par value of one euro (€1)	–	–	–	–	€129,505,837*	129,505,837	€1
18th January 2021	Recognition of the capital increase resulting from the redemption of MCBs	2,863	€2,863	€94.25	€269,843	€129,508,700	129,508,700	€1

* *The Company waived the reverse split of 82 existing treasury shares forming fractional shares.*

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-20	0.4310	0.5830	0.4380	70,000,491	35,516,240
Feb-20	0.3908	0.5135	0.4612	76,638,795	34,876,266
Mar-20	0.0870	0.4860	0.2292	230,758,654	52,234,736
Apr-20	0.1490	0.2216	0.1560	145,443,472	25,360,898
May-20	0.1010	0.1760	0.1350	175,057,851	24,734,669
Jun-20	0.1365	0.2042	0.1609	166,726,555	27,572,079
Jul-20	0.0903	0.1386	0.0950	199,683,777	22,193,265
Aug-20	0.0815	0.1066	0.0840	87,053,065	7,975,499
Sept-20	0.0290	0.1016	0.0307	338,070,553	16,892,247
Oct-20	0.0173	0.0313	0.0191	1,088,914,427	24,655,435
Nov-20	0.0186	3.5000	2.4900	759,036,073	26,404,875
Dec-20	2.4900	3.2000	2.6600	13,596,824	38,898,033

All markets (EU)	Low *(in euros)*	High *(in euros)*	Last price *(in euros)*	Volume traded	Capital
Jan-20	0.4164	0.583	0.4380	106,878,839	54,306,449
Feb-20	0.3604	0.5135	0.4703	112,853,525	51,409,226
Mar-20	0.0870	0.4860	0.2448	330,808,482	77,000,422
Apr-20	0.1215	0.2256	0.1531	227,456,142	39,013,071
May-20	0.0801	0.1856	0.1455	253,986,174	35,746,009
Jun-20	0.1081	0.2042	0.1283	230,651,756	37,267,642
Jul-20	0.0614	0.1404	0.0999	280,306,934	31,939,662
Aug-20	0.0526	0.1300	0.0849	123,306,440	11,454,972
Sept-20	0.0026	0.1016	0.0312	469,148,881	23,883,717
Oct-20	0.0078	0.0328	0.0181	1,461,344,461	33,257,859
Nov-20	0.0087	3.500	2.5381	1,099,283,369	35,888,440
Dec-20	2.4010	3.200	2.6600	17,811,713	50,754,281

6.3.6 RELATIONS WITH SHAREHOLDERS

See section "Shareholder structure" of the Integrated Report.

6.4 Main shareholders

6.4.1 HISTORY OF THE OWNERSHIP STRUCTURE

Breakdown of the Company's share capital

At 31st December 2020, and on the basis of information known to the Company, the shareholdings in the Company were distributed as follows:

	31st December 2020			
	Number of shares	% of share capital	Voting rights	% of voting rights
GoldenTree Asset Management, L.P. (U.S.)	30,319,100	23.41%	30,319,100	23.41%
DNCA Finance S.A.	15,204,000	11.74%	15,204,000	11.74%
Melqart Asset Management (UK), LTD	8,332,300	6.43%	8,332,300	6.43%
Credit Suisse Asset Management	8,205,847	6.34%	8,205,847	6.34%
Public	67,410,081	52.05%	67,434,076	52.06%
Solocal Group employees(1)	26,691	0.02%	26,691	0.02%
Treasury shares held(2)	7,818	0.01%	–	–
TOTAL	**129,505,837**	**100.00%**	**129,522,014**	**100.00%**

(1) Under the Solocal Group Savings Plan.

(2) 7,818 treasury shares are held under a liquidity agreement implemented on 2nd December 2012.

Previously, 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 31st December 2019 and at 31st December 2018

	31st December 2019				31st December 2018			
	Number of shares	% of share capital	Voting rights	% of share capital	Number of shares	% of share capital	Voting rights	% of voting rights
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%
DNCA Finance S.A.	53,481,000	8.6%	53,481,000	8.4%	40,750,000	7.0%	40,750,000	7.0%
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%
Edmond de Rothschild AM	30,460,928	4.9%	30,460,928	4.8%	30,491,989	5.2%	30,491,989	5.2%
Public	433,707,697	70.0%	452,299,201	71.2%	406,521,630	69.7%	410,717,811	70.1%
Solocal Group employees(1)	647,677	0.1%	654,933	0.1%	654,933	0.1%	654,933	0.1%
Treasury shares held(2)	567,596	0.1%	–	–	492,641	0.1%	–	–
TOTAL	**619,541,466**	**100.0%**	**635,476,344**	**100.0%**	**583,630,365**	**100.0%**	**585,736,010**	**100.0%**

Shareholding disclosure thresholds

- In a letter received on 14th 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 10th January 2020, it had crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP 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.
- In a letter received on 10th July 2020, River and Mercantile Asset Management LLP (30 Coleman Street, EC2R 5AL London, United Kingdom), acting on behalf of funds under its management, reported that on 6th July 2020, it had crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held 30,167,894 SOLOCAL GROUP shares and the same proportion of voting rights on behalf of said funds, or 4.81% of the share capital and 4.69% of the voting rights in the Company. These thresholds were crossed as a result of an on-market sale of SOLOCAL GOUP shares.
- In a letter received on 14th August 2020, J O Hambro CapitalManagement Limited1 (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 13th August 2020, it had crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held 29,644,471 SOLOCAL GROUP shares and the same proportion of voting rights on behalf of said clients and funds, or 4.73% of the share capital and 4.61% of the voting rights in the Company. These thresholds were crossed as a result of an on-market sale of SOLOCAL GROUP shares.
- In a letter received on 16th September 2020, followed by a letter received on 17th September 2020, Amar Family Office (11 rue du Rhône, 1204 Geneva, Switzerland) reported: - for the purposes of regularisation, that on 5th December 2019, following an off-market purchase of SOLOCAL GROUP shares, it had exceeded the threshold of 5% of the voting rights in SOLOCAL GROUP and that it held, as of that date, 40,000,264 Solocal Group shares and the same proportion of voting rights, or 6.84% of the share capital and 6.65% of the voting rights in the Company; and that on 10th September 2020, following an on-market sale of SOLOCAL GROUP shares, it had crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held 35,310,350 SOLOCAL GROUP shares and the same proportion of voting rights, or 4.66% of the share capital and 4.61% of the voting rights in the Company.
- In a letter received on 8th October 2020, Amiral Gestion(1) (103 rue de Grenelle, 75007 Paris), acting on behalf of the funds under its management, reported that on 6th October 2020, it had exceeded the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held, on behalf of the said funds, 666,804,046 SOLOCAL GROUP shares and the same proportion of voting rights, or 5.15% of the share capital and voting rights in the Company(2).

  These thresholds were crossed as the result of a subscription to a SOLOCAL GROUP capital increase(3).
- In a letter received on 12th October 2020, Crédit Suisse Group AG (Paradeplatz, Zurich 08001, Switzerland) reported that on 6th October 2020, it had exceeded the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP indirectly through the companies its controls(4), and that it held 820,887,998 SOLOCAL GROUP shares and the same proportion of voting rights, or 6.34% of the share capital and voting rights in the Company(5), as listed below:

06

	Shares and voting rights	% share capital and voting rights
Credit Suisse Asset Management Limited	649,608,274	5.02
Credit Suisse Asset Management LLC	170,977,187	1.32
Credit Suisse Securities (Europe) Limited	265,005	ns
Credit Suisse Funds AG	37,532	ns
TOTAL CREDIT SUISSE GROUP AG	**820,887,998**	**6.34**

(1) Controlled by François Badelon. Amiral Gestion SAS declares that it acts independently of the person who controls it, under the terms set out in Articles L. 233-9 II of the French Commercial Code and 223-12 and 223-12-1 of the General Regulation. 3 See in particular the press release issued by Solocal Group on 2nd October 2020.

(2) Based on an estimated capital of 12,950,059,861 shares representing the same proportion of voting rights (the company has not yet published the new data relating to the number of shares and voting rights).

(3) See in particular the press release issued by Solocal Group on 2nd October 2020.

(4) Acting on behalf of funds under management.

(5) Based on an estimated capital of 12,950,059,861 shares representing the same proportion of voting rights (the company has not yet published the new data relating to the number of shares and voting rights).

These thresholds were crossed as a result of subscription to a SOLOCAL GROUP capital increase as part of the Group's restructuring(1). On this occasion, Crédit Suisse Asset Management Limited, acting on behalf of funds under its management, directly exceeded the same thresholds.

- In letters received on 12th October 2020, GoldenTree Asset Management LP (300 Park Avenue, 21st Floor, New York, NY 100225, United States), acting on behalf of funds under its management, reported that it had (i) on 6th October 2020, exceeded the thresholds of 20% of the share capital and voting rights of SOLOCAL GROUP, and then (ii) on 7th October 2020, exceeded the thresholds of 25% of the share capital and voting rights of SOLOCAL GROUP, and that it held, as of 7th October 2020, 3,366,387,705 SOLOCAL GROUP shares and the same proportion of voting rights, or 26% of the share capital and voting rights in the Company(2). These thresholds were crossed as the result of the subscription by GoldenTree Asset Management LP to a SOLOCAL GROUP capital increase as part of SOLOCAL GROUP's restructuring(3).

  In the same letters, the following declaration of intent was made: "In accordance with Article L. 233-7 VII of the French Commercial Code and Article 223-17 of the AMF General Regulation, GoldenTree Asset Management LP, acting as management company on behalf of the funds (i) CenturyLink, Inc. Defined Benefit Master Trust, (ii) FS Credit Income Fund, (iii) GoldenTree Asset Management Lux Sarl, (iv) GoldenTree Loan Management EUR CLO2 Designated Activity Company, (v) GoldenTree Loan Management EUR CLO 3 Designated Activity Company, (vi) Healthcare Employee's Pension Plan – Manitoba, (vii) Internationale Kapitalanlagegesellschaft mbH acting for SDF 2, (viii) Kapitalforeningen MP Invest, High Yield obligationer and (ix) Laurelin 2016-1 Designated Activity Company, reported that:

- the thresholds were crossed as the result of the implementation of the restructuring agreement between, notably, SOLOCAL GROUP and its main bondholders as reflected in the amended accelerated financial safeguard plan and as approved by the SOLOCAL GROUP General Shareholders' Meeting of 24th July 2020 (the "restructuring agreement"). In this context, the AMF granted GoldenTree Asset Management LP an exemption from the obligation to file a mandatory tender offer in relation to the restructuring (No. 220C2751). The shares were subscribed as part of (i) a capital increase with preferential subscription rights by way of set-off of existing SOLOCAL GROUP SA bonds held by certain funds managed by GoldenTree Asset Management LP, including following the implementation of guarantee commitments by SOLOCAL GROUP's Board of Directors on 2nd October 2020, with settlement-delivery on 6th October 2020 and (ii) a restricted capital increase by way of set-off of the claims of certain funds managed by GoldenTree Asset Management LP against Solocal Group SA, with settlement-delivery on 7th October 2020. In accordance with the restructuring agreement, the shares subscribed by GoldenTree Asset Management LP are subject to a nine-month retention commitment from the date of their issuance, except for (i) any transfer between affiliates and (ii) any other transfer within the limit of 10% of SOLOCAL GROUP shares held by all the funds managed by GoldenTree Asset Management LP following the restructuring of SOLOCAL GROUP, and provided that GoldenTree Asset Management LP, together with its affiliates, continues to hold, directly or indirectly, at least 15% of SOLOCAL GROUP's share capital following the said transfer. GoldenTree Asset Management LP plans to use this exception to its retention commitment (in all or in part) in the near future;
- GoldenTree Asset Management LP is not acting in concert with other individuals/shareholders, within the meaning of Article L. 233-10 of the French Commercial Code;
- depending on market conditions, other available investment opportunities and the possibility to purchase SOLOCAL GROUP securities at a price that would make such acquisitions attractive, GoldenTree Asset Management LP (through its affiliates) intends to acquire additional SOLOCAL GROUP shares by purchasing securities on the market or over-the-counter;
- GoldenTree Asset Management LP does not intend to acquire control of Solocal Group;
- GoldenTree Asset Management LP intends to participate in the governance of SOLOCAL GROUP as a main shareholder, without exercising control over the Company. In consideration of its position as main shareholder, GoldenTree Asset Management LP has requested, in accordance with the restructuring plan, the appointment of two new Directors (on a Board of Directors composed of eight members), with effect from the date of completion of SOLOCAL GROUP's restructuring. On 2nd October 2020, the SOLOCAL GROUP Board of Directors co-opted two Directors nominated by GoldenTree Asset Management LP, with effect from 7th October 2020;
- GoldenTree Asset Management LP is not party to any agreement as referred to in 4° and 4° bis of Article L. 233-9 of the French Commercial Code; and
- GoldenTree Asset Management LP has not entered into any reverse repurchase agreement involving the shares and/or voting rights of Solocal Group. "

(1) *See in particular the prospectus approved by the AMF under visa No. 20-0366 on 20th July 2020 and Solocal Group press releases dated 10th September and 2nd October 2020.*

(2) *Based on an estimated capital of 12,950,059,861 shares representing the same proportion of voting rights (the company has not yet published the new data relating to the number of shares and voting rights).*

(3) *See in particular D&I 220C2751 of 29th July 2020, prospectus approved by the AMF under visa No. 20-0366 on 20th July 2020 and Solocal Group press releases dated 10th September and 2nd October 2020.*

The crossing of thresholds covered by this declaration (as well as the previous one published under D&I 220C3629 of 16th September 2020) is part of a series of transactions for which a decision to waive the obligation to file a tender offer, reproduced in D&I 220C2751 of 29th July 2020, had been granted to the company making the declaration; GoldenTree Asset Management LP specified that it had not exceeded the thresholds of 30% of the share capital and voting rights of SOLOCAL GROUP, which makes the above-mentioned decision to waive the obligation to file a tender office null and void.

- In a letter received on 12th October 2020, Melqart Asset Management (UK) Limited (5 St James's Square, SW1Y 4JU, London) acting on behalf of the fund Melqart Opportunities Master Fund Limited, under its management, reported that on 6th October 2020, it had exceeded the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held 765,793,298 SOLOCAL GROUP shares and the same proportion of voting rights, or 5.91% of the share capital and voting rights in the Company[1]. These thresholds were crossed as a result of subscription to a SOLOCAL GROUP capital increase as part of SOLOCAL GROUP's restructuring[2].
- In a letter received on 13th October 2020, JP Morgan Chase & Co. (C/o CT Corporation, 1209 Orange Street, Wilmington, United States) reported that on 7th October 2020, it had indirectly exceeded the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held 840,848,374 SOLOCAL GROUP shares and the same proportion of voting rights, or 6.49% of the share capital and voting rights in the Company[3], as listed below:

	Shares and voting rights	% share capital and voting rights
JP Morgan Securities LLC	1,000,000	0.01
JP Morgan Securities plc	839,848,374	6.48
TOTAL JP MORGAN CHASE & CO.	**840,848,374**	**6.49**

These thresholds were crossed as the result of an off-market purchase of SOLOCAL GROUP shares, which means that the trading exemption no longer applies to the company making the declaration (see Article 223-13 I, 2° of the General Regulation). On this occasion, JP Morgan Securities plc directly exceeded the same thresholds. JP Morgan Securities plc also specified that it holds:

- pursuant to Article L. 233-9 I, 6° of the French Commercial Code and Article 223-14 IV of the General Regulation, 823,231,801 SOLOCAL GROUP shares (as referred to in the first paragraph) resulting from the conclusion of an agreement with a third party (the owner of the said shares) granting JP Morgan Securities plc the right to use the said shares at any time; and
- pursuant to Article L. 233-9 I, 4° bis of the French Commercial Code and Article 223-14 V of the General Regulation, 1,393,662 SOLOCAL GROUP shares (as referred in the first paragraph) under nine cash-settled equity swap agreements, which may be exercised between 25th November 2020 and 27th May 2022.

- In a letter received on 12th October 2020, the limited partnership DNCA Finance[4] (19 place Vendôme, 75001 Paris), acting on behalf of funds under its management, reported that on 6th October 2020, it had exceeded the thresholds of 10% of the share capital and voting rights of SOLOCAL GROUP and that it held, on behalf of the said funds, 1,517,832,728 SOLOCAL GROUP shares and the same proportion of voting rights, or 11.72% of the share capital and voting rights in the Company[5].

(1) *Based on an estimated capital of 12,950,059,861 shares representing the same proportion of voting rights (the company has not yet published the new data relating to the number of shares and voting rights).*

(2) *See in particular the prospectus approved by the AMF under visa No. 20-0366 on 20th July 2020 and Solocal Group press releases dated 10th September and 2nd October 2020.*

(3) *Based on an estimated capital of 12,950,059,861 shares representing the same proportion of voting rights (the company has not yet published the new data relating to the number of shares and voting rights).*

(4) *Controlled by the limited company Natixis Investment Managers (NIM). DNCA Finance declares that it acts independently of the person who controls it, under the terms set out in Articles L. 233-9 II of the French Commercial Code and 223-12 and 223-12-1 of the General Regulation. DNCA Finance acts on behalf of funds governed by French law as well as on behalf of the SICAV DNCA INVEST, a fund governed by Luxembourg law, which it manages.*

(5) *Based on an estimated capital of 12,950,059,861 shares representing the same proportion of voting rights (the company has not yet published the new data relating to the number of shares and voting rights).*

These thresholds were crossed as a result of subscription to a SOLOCAL GROUP capital increase as part of the Group's restructuring[1].

In the same letter, the following declaration of intent was issued: The limited partnership, DNCA Finance declares that: "DNCA Finance purchased the SOLOCAL GROUP shares in the normal course of its activity as a portfolio management company and it does not intend to pursue any particular strategy towards SOLOCAL GROUP or to exercise any specific influence over its management in this regard. DNCA Finance is not acting in concert with any third party and does not intend to obtain control of SOLOCAL GROUP or to request its appointment or the appointment of one or more persons as a Director or member of the Management Board or of the Supervisory Board. "

- In a letter received on 16th November 2020, GoldenTree Asset Management LP (300 Park Avenue, 21st Floor, New York, NY 100225, United States), acting on behalf of funds under its management, reported that on 10th November 2020 it had crossed below the thresholds of 25% of the share capital and voting rights of SOLOCAL GROUP and that it held 3,166,180,080 SOLOCAL GROUP shares and the same proportion of voting rights, or 24.45% of the share capital and 24.44% of the voting rights in the Company.

  These thresholds were crossed as a result of an on-market sale of SOLOCAL GROUP shares.
- In a letter received on 23rd November 2020, Amiral Gestion (103 rue de Grenelle, 75007 Paris), acting on behalf of the funds under its management, reported that on 19th November 2020, it had crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held, on behalf of the said funds, 642,804,849 SOLOCAL GROUP shares and the same proportion of voting rights, or 4.96% of the share capital and voting rights in the Company.
- In a letter received on 1st December 2020, JP Morgan Chase & Co. (C/o CT Corporation, 1209 Orange Street, Wilmington, United States) reported that on 25th November 2020, it had indirectly crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP. These thresholds were crossed as the result of an off-market sale of SOLOCAL GROUP shares, which means that the trading exemption applies to the company making the declaration, which no longer holds any SOLOCAL GROUP security for the purposes of the aforementioned article.
- In a letter received on 2nd March 2021, Amiral Gestion (103 rue de Grenelle, 75007 Paris), acting on behalf of the funds under its management, reported that on 25th February 2021, it had exceeded the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held, on behalf of the said funds, 6,549,819 SOLOCAL GROUP shares and the same proportion of voting rights, or 5.06% of the share capital and voting rights in the Company. These thresholds were crossed as a result of an on-market purchase of SOLOCAL GROUP shares.
- In a letter received on 19th March 2021, Amiral Gestion (103 rue de Grenelle, 75007 Paris), acting on behalf of the funds under its management, reported that on 17th March 2021, it had crossed below the thresholds of 5% of the share capital and voting rights of SOLOCAL GROUP and that it held, on behalf of the said funds, 6,473,325 SOLOCAL GROUP shares and the same proportion of voting rights in the Company, or 4.998% of the share capital and 4.997% of the voting rights in the Company.

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.

(1) *See in particular the prospectus approved by the AMF under visa No. 20-0366 on 20th July 2020 and Solocal Group press releases dated 10th September and 2nd October 2020.*

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	126,821(1)
Mr David Amar and related persons	958,585
Ms Delphine Grison	5,929
Ms Marie-Christine Levet	839
Ms Catherine Robaglia	54
Ms Anne-France Laclide	897
Ms Sophie Sursock	1,678
Mr David Eckert	1,376
Mr Paul Russo	1,376

(1) Pierre Danon Esq: 5,723 shares Cordial Investments.
Consulting Ltd: 121,098 shares.

Ordinary share warrants issued in connection with the equity line

At its meeting of 27th November 2019, the Company's Board of Directors made use of the delegation of authority granted by the Combined General Shareholders' meeting of 9th March 2018, under the terms of its fifteenth resolution, and decided to authorise the setting up of an equity financing line and, in connection therewith, the issuance by the Company of a maximum of 58,000,000 ordinary share warrants ("Warrants").

Kepler Cheuvreux exercised, up to 31st January 2020, 41,915,190 Warrants giving rise to the issuance of 4,191,519 shares (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 28th June 2005 which, having matured on 28th June 2015, was cancelled.

2007 Plan

Similarly, the Company implemented a second share subscription plan on 20th December 2007 which, having matured on 19th December 2017, was cancelled.

2009 Plan

In 2009, the Company set up three share subscription plans, on 23rd July 2009, 29th October 2009 and 17th December 2009. These three plans, having matured on 22nd July 2019, 28th October 2019 and 16th December 2019 respectively, were cancelled.

2010 Plan

In 2010, the Company set up two share subscription plans, on 27th July 2010 and 16th December 2010, which, having matured on 26th July 2020 and 15th December 2020 respectively, were cancelled.

In accordance with Article L. 225-184 of the French Commercial Code, information on the granting and exercise of Company stock options in 2020 is provided below:

Share subscription or purchase options granted during the 2020 financial year 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[1]	–	–	–	–	–	–
Éric Boustouller[2]	–	–	–	–	–	–

(1) Chairman of the Board of Directors and Chief Executive Officer for the period from 5th October 2020 to 5th April 2021.
(2) Until 4th October 2020.

Share subscription or purchase options exercised during the 2020 financial year 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[1]	–	–	–
Éric Boustouller[2]	–	–	–

(1) Chairman of the Board of Directors and Chief Executive Officer for the period from 5th October 2020 to 5th April 2021.
(2) Until 4th October 2020.

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 2020	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 highest number of 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 purchased or subscribed the highest number of options (general information)	None	–

History of share subscription or purchase option grants

Information on share subscription or purchase options(1)

Shareholder Meeting	11th June 2009	11th June 2009	11th June 2009	11th June 2009	11th June 2009
Board meeting and name of plan	23rd July 2009	29th Oct. 2009	17th Dec. 2009	27th July 2010	16th Dec. 2010
Total number of shares that could be subscribed or purchased at 31st December 2019	0	0	0	27,847	2,248
Of which the number available for subscription by corporate officers:					
– Éric Boustouller(2)	–	–	–	–	–
– Joëlle Obadia(3)	–	–	–	–	–
Start date for option exercise/share vesting	23rd July 2012	29th Oct. 2012	17th Dec. 2012	27th July 2013	16th Dec. 2013
Expiry date	23rd July 2019	29th Oct. 2019	17th Dec. 2019	27th July 2020	16th 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	0	0	0	27,847	2,248
Number of share subscription or purchase options remaining at the end of FY 2020	0	0	0	0	0

(1) *After adjustment decided by the Board of Directors in its meeting on 24th April 2017 (taking into account the capital increase that was completed on 13th 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' preferential subscription rights and (ii) the allotment of free shares, the Board of Directors resolved, at its meeting of 24th April 2017, to adjust the terms of the subscription option plans in force with respect to both the strike price of the options and the number of options held by each option holder).*

(2) *Éric Boustouller was appointed Chief Executive Officer on 11th October 2017 and left office on 4th October 2020.*

(3) *Joëlle Obadia left office on 15th October 2020.*

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 19th 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 free shares allotted under this resolution may not represent more than 0.5% of the Company's share capital as at the date of that General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors approved the terms of an initial share allotment plan on 30th May 2006. This plan gave rise to the initial allotment of 602,361 shares to 591 Company employees on 30th 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 20th 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 met for one of the two years concerned, only 50% of these shares were fully vested to the beneficiaries on 20th November 2008.

A third plan was approved on 14th 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, meeting at the Combined General Shareholders' Meeting of 7th 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 Group employees on 26th October 2011. A second share allotment plan was approved on 16th 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 fully vested to the beneficiaries on 31st March 2014.

A third allotment plan was approved on 11th December 2012 and gave rise to the allotment of 2,624,000 shares to 47 beneficiaries. A new allotment plan was approved on 11th December 2013 and gave rise to the allotment of 280,000 shares to 10 beneficiaries.

For the performance shares allotted under the plans of 11th December 2012 and 11th December 2013, the Board of Directors resolved, at its meeting of 19th June 2014, to apply an adjustment to reflect the impact of the capital increase in cash with preferential subscription rights. Given the partial fulfilment of the performance conditions of these two plans, approximately 70.7% of these shares were fully vested to 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

The shareholders of Solocal Group, meeting at the Extraordinary General Shareholders' Meeting of 29th April 2014, 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 et seq. of the French Commercial Code.

This plan gave rise to the allotment of 45,221,000 shares to 112 beneficiaries on 19th June 2014. A second share allotment plan was approved on 9th February 2015 and gave rise to the allotment of 2,305,000 shares to 12 Group employees.

Adjustments were made to these plans in 2015 and 2017 to take account of the reverse stock split carried out in 2015 and the capital increase completed on 14th March 2017.

Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

2018 Plan

The shareholders of Solocal Group, meeting at the Extraordinary General Shareholders' Meeting of 9th March 2018, 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 free performance shares that may be allotted is capped at 9,200,000 Company shares, including a maximum of 2,300,000 shares for the Company's corporate officers.

On 24th April 2018, this plan gave rise to the allotment of 9,050,000 performance shares to 73 beneficiaries, including 2,300,000 performance shares 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 concerning the EBITDA less CAPEX aggregate and the evolution of 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.

Adjustments were made to this plan following the financial restructuring and the Company's reverse stock split carried out in October and November 2020 respectively:

- the Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company, decided on 9th October 2020 to adjust the number of performance shares allotted as follows: one performance share shall grant entitlement to 2.109 new Company shares (in the event of fractional shares, the number of new shares shall be rounded down to the nearest whole number of new shares);
- the Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company, decided on 27th November 2020 to adjust the number of performance shares allotted as follows: one performance share shall grant entitlement to 0.021 new Company shares (in the case of fractional shares, the number of new shares shall be rounded down to the nearest whole number of new shares).

In addition, it is specified that none of the 2,300,000 performance shares (valued at €0) allotted to Éric Boustouller on 24th April 2018 following the authorisation given by the Company's shareholders at the General Shareholders' Meeting of 9th March 2018 had yet vested as of the date of Mr Boustouller's departure from his position as Solocal Group's Chief Executive Officer, due to the failure to achieve the performance conditions. The Board of Directors' meeting of 15th April 2021 approved the adjustment of the target price of the share from €1.98 to €198 to take account of the reverse stock split associated with the financial restructuring but also the delivery of 31,255 shares.

2019 Plan

The shareholders of Solocal Group, meeting at the Combined General Shareholders' Meeting of 11th 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 free performance shares that may be allotted is capped at 5,500,000 Company shares, including a maximum of 1,500,000 shares for the Company's corporate officers.

On 19th June 2019, this plan gave rise to the allotment of 5,435,000 performance shares to 53 beneficiaries, including 1,500,000 performance shares to the Company's Chief Executive Officer.

The performance condition is assessed over three years and 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 evolution of the Company's share price, with reference to a share price at the end of the period of at least €2.

The two criteria are applied as follows:

(i) first criterion: the vesting rate (before application of the coefficient linked to the second criterion), determined at the end of the plan period, will be 85% conditional on the achievement of the annual free cash flow objectives during the three years of the plan period and 15% on an appraisal of the achievement of that free cash flow objective over the plan period;

(ii) second criterion: the evolution of the share price: the vesting rate will also depend on the price of the Solocal Group share at the end of the plan period with a target of €2.

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 €2 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 €2 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 €1 at the end of 2021 (based on an average of twenty trading days), there will be no allotment of shares 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 allotted 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 (as of the vesting date) will be obliged to retain 30% of the shares that have vested to them until such time as they are no longer members of 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 will be deemed to have been satisfied and the shares will vest before the end of the vesting period.

Adjustments were made to this plan following the financial restructuring and the Company's reverse stock split carried out in October and November 2020 respectively:

- the Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company, decided on 9th October 2020 to adjust the number of performance shares allotted as follows: one performance share shall grant entitlement to 2.109 new Company shares (in the case of fractional shares, the number of new shares shall be rounded down to the nearest whole number of new shares);

- the Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company, decided on 27th November 2020 to adjust the number of performance shares allotted as follows: one performance share shall grant entitlement to 0.021 new Company shares (in the case of fractional shares, the number of new shares shall be rounded down to the nearest whole number of new shares).

In addition, it is specified that none of the 1,500,000 performance shares (valued at €0) allotted to Éric Boustouller on 19th June 2019 following the authorisation given by the Company's shareholders at the General Shareholders' Meeting on 11th April 2019 had yet vested as of the date of Mr Boustouller's departure from his position as Solocal Group's Chief Executive Officer, due to the failure to achieve the performance conditions.

Performance shares allotted to each executive corporate officer during the 2020 financial year

Performance shares allotted during the financial year by the General Shareholders' Meeting to each executive corporate officer by the issuer or a Group company (nominative list)	Plan No. and date	Number of shares allotted 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
Pierre Danon(1)	–	–	–	–	-	-
Éric Boustouller(2)	–	–	–	–	-	-

(1) Chairman of the Board of Directors and Chief Executive Officer for the period from 5th October 2020 to 5th April 2021.

(2) Until 4th October 2020.

Performance shares made available during the 2020 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
Pierre Danon(1)	–	–	–
Éric Boustouller(2)	–	–	–

(1) Chairman of the Board of Directors and Chief Executive Officer for the period from 5th October 2020 to 5th April 2021.

(2) Until 4th October 2020.

	Solocal Plan
Number of performance shares allotted during financial year 2020 to the 10 largest beneficiaries of the Company, excluding corporate officers	0

History of performance share awards[1]

Information on performance shares

Shareholder Meeting	29th April 2014	29th April 2014	9th March 2018	11th April 2019
Board meeting	19th June 2014	9th February 2015	24th April 2018	19th June 2019
Total number of shares allotted	0[2]	0[2]	158,634[2][3]	114,135[2][3]
of which number allotted to corporate officers				
Joëlle Obadia[4]			*630*[3]	–
Éric Boustouller[5]			*48,300*[3]	*31,500*[3]
Share vesting date	19th June 2016	9th February 2017	24th April 2021	19th June 2022
	19th June 2017	9th February 2018		
	19th June 2018	9th February 2019		
Retention period end date	19th June 2018	9th February 2019	–	
	19th June 2019	9th February 2020		
	19th June 2020	9th February 2021		
Performance conditions	Organic annual revenue growth	Organic annual revenue growth	EBITDA less CAPEX and change in share price	Free cash flow and Solocal Group share performance
Number of shares vested	0	0	–	
Number of shares cancelled or lapsed during the financial year	0	0	72,566	55,400
Performance shares remaining at year end	0	0	86,068	58,695

(1) *Plans still in vesting period in 2020.*

(2) *Balance as at 31st December 2019.*

(3) *Adjustments were made to this plan following the financial restructuring and the Company's reverse stock split carried out in October and November 2020 respectively:*

- *the Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company, decided on 9th October 2020 to adjust the number of performance shares allotted as follows: one performance share shall grant entitlement to 2.109 new Company shares (in the event of fractional shares, the number of new shares shall be rounded down to the nearest whole number of new shares).*
- *the Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company, decided on 27th November 2020 to adjust the number of performance shares allotted as follows: one performance share shall grant entitlement to 0.021 new Company shares (in the case of fractional shares, the number of new shares shall be rounded down to the nearest whole number of new shares).*

(4) *Joëlle Obadia left office on 15th October 2020.*

(5) *Éric Boustouller was appointed Chief Executive Officer on 11th October 2017 and left office on 4th October 2020.*

The exercise of all 1,158,419 share subscription options granted and of all 144,763 free shares allotted may potentially lead to the creation of 169,090 new shares (after adjustments following financial restructuring and the reverse split of Company shares carried out in October and November 2020 respectively). The total number of shares forming the share capital would thus increase from 129,505,837 shares to 129,674,927 shares, i.e. a maximum potential dilution of 0.13%. It should be noted that stock options are out of the money. As at 31st December 2020, there were 0 unallocated options and free shares authorised by the Solocal Group General Shareholders' Meeting.

6.4.4 VOLUNTARY AND MANDATORY PROFIT-SHARING AGREEMENTS

Mandatory profit-sharing

The Group signed a mandatory profit-sharing agreement on 26th 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
2020	2.045
2019	2.0
2018	1.2

Voluntary profit-sharing

There are no longer any voluntary profit-sharing agreements within the Group:

(in thousands of euros)	Voluntary profit-sharing in 2019 paid in 2020	Voluntary profit-sharing in 2018 paid in 2019	Voluntary profit-sharing in 2017 paid in 2018
Voluntary profit-sharing paid in the Group	0	0	0

Company Savings Plan

On 12th February 2007, Management and trade unions signed an agreement to set up a Group Savings Plan. On 17th 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 4th November 2019, made use of the authorisation granted by the Combined General Shareholders' Meeting of 11th April 2019, under the terms of its thirteenth resolution, and decided to allocate 100 free shares for each employee of the Group's French companies, i.e. a total award of 321,600 shares. These shares vested on 4th November 2020 (one year from the date on which they were awarded), subject to the continued employment condition. In connection with the Company's financial restructuring and the capital increase, on 9th October 2020, in accordance with the subdelegation of authority granted by the Board of Directors on 2nd October 2020, an adjustment was made to the number of new shares to be issued in respect of each entitlement to the free allotment of shares under the "Universal Plan" at a ratio of 2.109 new shares for each "Universal Plan" share. On 5th November 2020, this plan gave rise to the allotment of 522,270 shares (after adjustments related to restructuring operations).

Supplementary retirement scheme

On 22nd 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 1st January 2008. Membership of this plan is compulsory and requires a contribution of 5.50% of the employee's tranche B and C compensation (i.e. above the maximum

tranche A compensation 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 29th 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 31st March 2015 to change the management of the Article 83 scheme.

The PERCO is no longer part of the Group agreement signed on 22nd November 2007. It is covered by a new agreement signed on 17th 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 9.6 to the consolidated financial statements and Note 5.4 to the Company annual 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 7th 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 held to approve the 2020 financial statements that a dividend not be paid for the 2020 financial year.

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 any 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 reasons justifying the appropriateness for the Company of the agreements that have been disclosed to us or which were brought to light as a result of our engagement, 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. These duties consisted of verifying the consistency of the information given to us with the contents of the source documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

Agreements authorised and signed during the past financial year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been notified of the following agreement, entered into in the past financial year, which received prior approval from your Board of Directors.

Securities account pledge agreement relating to the shares issued by Solocal SA entered into between Solocal Group, Solocal SA and Aether Financial Services.

Person concerned

Éric Boustouller, Chief Executive Officer and Director of Solocal Group and Chairman of the Board and CEO of Solocal SA until 4th October 2020.

Nature and purpose

The Board of Directors, at its meeting of 7th August 2020, gave prior approval to the fifth-rank securities account pledge agreement relating to the Solocal SA shares held by Solocal Group, as security for the bond issue of a principal amount of €17.8 million (the "Secured Bonds") issued by Solocal Group on 14th August 2020. This pledge agreement was signed on 13th August 2020.

Terms and conditions

The amounts due in respect of such bonds are secured by a fifth-rank securities account pledge, documented by a securities account pledge agreement governed by French law, drafted in English and entitled "Financial Account Pledge Agreement", between Solocal Group, as Pledgor, Solocal SA, as Financial Securities Account Holder, and Aether Financial Services, as (i) Security Agent and (ii) Representative of the holders of the Secured Bonds (Representative).

This agreement shall remain in force until the expiry date of the Security Period, i.e. the date on which the Secured Bonds have been fully repaid.

Reasons justifying the appropriateness of the agreement for the Company

Your Board of Directors has justified this agreement by acknowledging, given in particular Solocal Group's economic situation and the difficulties that it faces, the necessity of implementing the restructuring operations provided for by (i) the accelerated financial safeguard plan, approved by a Nanterre Commercial Court judgment dated 6th August 2020, and (ii) the conciliation protocol approved by a Nanterre Commercial Court judgment dated 6th August 2020, including the issuance of Secured Bonds and the securing thereof by the pledge of Solocal SA securities.

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, 26th February 2021

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 Notes 2 and 5 to the annual financial statements presented in chapter 5 of this document.

As at 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.

6.8 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.

In 2013, Solocal had to undertake further reorganisation to ensure its sustainability in the face of a constantly changing and highly competitive business environment. Proposed changes to Solocal's business model and organisation were presented to the staff representation bodies beginning in September 2013. At the same time, Management negotiated with the trade unions to reach a majority agreement on employee support measures. This agreement was signed on 20th 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 entire salesforce, and a plan without compulsory redundancies which would ultimately create 48 additional jobs within the Company. This agreement received validation via a ruling of the DIRECCTE on 2nd 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 Versailles Administrative Court of Appeal, in a judgment dated 22nd October 2014 and notified on 5th November 2014, annulled the validation decision by DIRECCTE. On 22nd 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.

As of 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 the claims for the invalidity of the redundancies and the implications for compensation arising therefrom, deeming that the redundancies had a real and serious basis and rejected claims challenging the economic basis (but handed down payment orders based on Article L. 1235-16 of the French 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 claimants. In September 2019, the Court of Cassation issued two rulings which upheld the Company's arguments regarding the one-year time bar. The same reasoning was applied to the other cases pending before the Court of Cassation on the same matter.

Furthermore, certain decisions covered ancillary claims: some relating to particular situations (dispute over the duration or conditions of implementation of redeployment leave, claims for retroactive commissions covering periods prior to the plan), and others concerning the payment of a supplement to the contractual 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. The rulings handed down in these cases have been favourable to the Company.

In the consolidated financial statements for 2015, Solocal recognised the exceptional impact of the court decisions that cancelled 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 31st December 2020, the remaining provision in the financial statements was €6.8 million compared to €11 million as at 31st December 2019.

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 loss caused by the state to Solocal due to incorrect validation of its PSE is underway. Solocal initially requested compensation from the state for the loss arising from the payment of compensation following the cancellation of the DIRECCTE decision, then sought an order from the Cergy-Pontoise Administrative Court in July 2017 to have the state pay this sum to the Company. On 16th June 2020, the Cergy-Pontoise Administrative Court refused the application submitted by Solocal, which has appealed this decision.

Solocal has been sued by a former distributor for the sudden termination of commercial relations. All of the distributors' claims were dismissed at first instance and the Paris Court of Appeal upheld this decision at the end of 2020. The provision initially recognised in the 2016 financial statements was not maintained.

In 2016, Solocal underwent 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 28th March 2017 on an interim basis, on the assumption that the priority questions on constitutionality (nos. 2017-627 QPC and 2017-628 QPC) concerning the employer contribution paid in respect 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 French Social Security Code in respect of the free shares awarded in 2014 and 2015.

Urssaf has reimbursed 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 meet the performance targets (including the €6.6 million in relation to the adjustments). The affected companies received the expected reimbursements.

Solocal SA underwent a tax audit concerning financial years 2010 to 2013 and has received proposals for an adjustment concerning the Research Tax Credit. The Company has disputed the reasons for the adjustments with the tax authorities 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 18th April 2017, the provision that had previously been recorded was reversed in the financial statements for the year ended 31st December 2017. In pursuing the case, the tax authorities 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 tax authorities granted a rebate of €0.6 million in a decision dated 29th November 2019. This amount was recognised as income in the financial statements.

Following the receipt of a MESRI report on the Research Tax Credits for 2010 and 2011, the tax authorities granted a rebate of €2.8 million in a decision dated 7th August 2020. This amount was recognised as income in the financial statements.

Solocal strengthened its procedures and systems for 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 31st December 2020, 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.

07 **Additional** information

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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 Hervé Milcent, 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 Universal Registration Document is, to the best of our knowledge, accurate and contains no omissions which could limit the scope of its relevance.

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, 29 April 2021

Mr Pierre Danon
Chairman of the Solocal Group Board of Directors

Mr Hervé Milcent
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 et du Centre

Appointed Co-Statutory Auditor of the Company by decision of the Combined General Shareholders' Meeting on 19th October 2016 for a term of six years expiring at the end of the General Shareholders' Meeting to be held in 2022 to approve the financial statements for the financial year ending 31st 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 et du Centre

Appointed Co-Statutory Auditor of the Company by decision of the Combined General Shareholders' Meeting on 19th October 2016 for a term of six years expiring at the end of the General Shareholders' Meeting to be held in 2022 to approve the financial statements for the financial year ending 31st December 2021.

The Statutory Auditors' fees are presented in Note 19 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 Regulation 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
3rd June 2021	Annual General Shareholders' Meeting
28th July 2021	Communication on the 2021 half-yearly results

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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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 14th June 2017, the following information is included in this Registration Document for reference purposes:

- in respect of the financial year ended 31st December 2019, the consolidated financial statements and the annual financial statements, the related Statutory Auditors' Reports as well as the Statutory Auditors' Special Report on Regulated Agreements and the Management Report presented on pages 172 to 216, 217 to 260 and 234 to 255, respectively, of the Universal Registration Document filed on 30th April 2020 under No. D.20-0429 and available in the Investors section of the Company's website www.solocal.com;
- in respect of the financial year ended 31st December 2018, the consolidated financial statements, the annual financial statements, the related Statutory Auditors' Reports as well as the Statutory Auditors' Special Report on Regulated Agreements and the Management Report presented on pages 168 to 209, 210 to 249 and 229 to 249, respectively, of the Universal Registration Document filed on 21st March 2019 under No. D.19-0183 and available in the Investors section of the Company's website www.solocal.com.

Chapters of the 2018 and 2019 Registration Documents that are not referred to above are either irrelevant to investors or covered elsewhere in this Universal Registration Document.

7.6 Glossary

Display: display is the online advertising market segment that is showing the fastest growth. It includes banners, online videos and social media promotions.

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.).

Order backlog: outstanding portion of revenue still to be recognised as at 31st December 2020 from order intake validated and committed by customers. For income from subscriptions, only the current commitment period is considered.

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.

Digital revenues: the sum of revenues from the Presence, Digital Advertising, Websites and New Solutions activities.

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.

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.

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.

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.

Print revenues: revenues from the Printed Directories activities related to the publication, distribution and sale of advertising space in the printed directories (PagesJaunes).

Group consolidated revenues: Group revenues taking into account continued and divested activities as of the reporting date.

Churn: number of lost customers compared to the total number of customers at the beginning of period.

Cookie: a small text file stored on an internet user's computer when the user visits a web page.

SNFP (statement of non-financial performance): includes social and environmental information, replacing CSR reporting measures.

EBITDA: (earnings before interest, taxes, depreciation and amortisation): an alternative performance indicator presented in the income statement with regard to operating income before depreciation and amortisation.

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.

Publisher: the individual or legal entity that assumes responsibility for the content it publishes.

Net financial debt: total gross financial debt, less cash and cash equivalents.

Group: refers to Solocal Group SA and its entities.

Consolidated Group: the consolidated Group refers to the group of companies formed by the Company, all of its subsidiaries and the Solocal EIG.

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.

Sponsored links: payment made for the clicks and text links that appear in the search results for specific keywords.

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.

MarTech (marketing technology): marketing companies whose services are connected mainly to marketing software technology or developments.

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/mobile/tablet users who have visited a site over a given month.

NPS (Net Promoter Score): index that measures satisfaction with a brand, product or service.

PagesJaunes: PagesJaunes is the company's proprietary media with the highest volume of traffic, with nearly 1.9 billion visits in 2020. PagesJaunes comprises several sites and products, including the website PagesJaunes.fr, a mobile app and syndicated content that is posted on its partners' websites.

PagesJaunes SA: former name of the current company Solocal SA. The company name was changed on 18th March 2019.

Order intake: orders booked by the salesforce that give rise to a service performed by the Group for its customers.

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.

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 visitors using search engines, by associating it with terms, phrases or keywords used in internet searches.

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.

GDPR (General Data Protection Regulation): European Union legal framework that governs the collection and processing of users' personal data.

ROI (Return on Investment): a financial ratio that measures the money gained on an investment relative to money invested. It can represent the return on a past or current investment or the estimated return on a future investment.

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.

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.

Company: refers to the holding company Solocal Group SA.

Solocal: refers to Solocal Group SA and its entities.

Solocal SA: refers to Solocal SA, a subsidiary controlled by Solocal Group SA.

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

Development rate: increase in customer budget on the new range vs. budget for the equivalent old range.

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

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solocal

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