Agreement on the financial structure strengthening plan

3rd July 2020

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Positive transformation and path prior to the health crisis

2019 operational successes

> 100,000 Presence / Priority Ranking customers

> 90,000 Digital ad campaigns

> 15,000 websites released

- ✓ **A well advanced transformation plan:** subscription mode, new digital service range, sales organisation revamp
- ✓ **A promising operational path**
  - ✓ **Digital order intake growth in H2 2019 :** 2 consecutive quarters of growth: +5.3% and +7.4% in Q3 and Q4 2019
  - ✓ **79% of Q1 2020 order intake are in subscription mode,** ie +7pts vs. Q4 2019
- ✓ **2019 recurring EBITDA at €175m (pre IFRS 16)[1], ie +2.2%vs. 2018** (same accounting rules)
  - ✓ After 9 consecutive years of decline followed by stabilised EBITDA in 2018
- ✓ **A return to positive net income: + €32m** in 2019
- ✓ **Sufficient liquidity for 2020 with limited leeway** notably due to the last part of cash outflows related to PSE

Note 1 : €191m post IFRS 16

Valuation key points in 2019YE

		2019A
	Share price	€0.55
×	Number of shares	620 millions
=	Equity Value	€342 m
+	Net debt[2]	€422 m
=	Enterprise value	€764 m
	EBITDA[1]	€175 m
→	EV / EBITDA	4.4x

Note 1 : recurring EBITDA pre-IFRS 16
Note 2 : Pre-IFRS 16

Impact of Covid-19 crisis on the Group's business

- **A very significant impact** on the Group's sales activity
  - Decrease of c. **-55% of order intake** during the lockdown period
  - **Estimated order intake decrease of c. €100m** in 2020 vs. 2019
- **Since the end of the lockdown, a gradual upturn of business activity**
  - Digital order intake[2] of first 3 weeks of June 2020 at -6% vs. 2019

- **EBITDA expected at c. €122 m[1]** for 2020 vs. €175 m[1] in 2019
- **Operational liquidity need at €120 m**
  - €75 m liquidity need over the next 12 months
  - €20 m repayment of the tax and social security liabilities [incurred pre-Covid]
  - €15 m restructuring costs (advisors, experts...)
  - €10 m headroom to manage cash seasonality
- **Significant impact of Covid-19 crisis on net debt** (€530 m forecast in 2020E[3])

Note 1 : recurring EBITDA pre-IFRS 16 : €130m in 2020 and €191m in 2019 post-IFRS 16
Note 2 : Scope excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, SoMS and non-significant subsidiaries, i.e. 96% of consolidated revenues

An unbalanced debt/equity ratio

		2019A	2020E
	EBITDA[1]	€175 m	€122 m
×	EV / EBITDA 2019	4.4x	< 4.4x
=	Enterprise Value	€764 m	< €533 m
	Gross Debt	€463 m	€500 m[3]
	Cash	€41 m	€ -30 m
−	Net Debt	€422 m	€530 m[3]
=	Equity Value	€342 m	< €3 m

With regards to the current liquidity situation, the multiple cannot be above the 31/12/2019 multiple

Note 1 : recurring EBITDA pre-IFRS 16
Note 2 : Pre-IFRS 16
Note 3 : 440m€ Bond, 50m€ RCF, 10m€ other financing, excluding 32m€ of tax & social liabilities

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A difficult search for liquidity with the risk of Court resolution

✓ **In bonis solution :** avoids a Court resolution (« règlement judiciaire »)

- A structural priority in favor of the debtholders : any additionnal indebtedness which would not be affected to the Bond repayment, according to the Bond documentation, must be authorized by debtholders
- If debtholders commit to finance (or backstop) the €120 million liquidity needs, they may refuse any solution proposed by an alternative investor

✓ **Redressement judiciaire (Court resolution)**

- **Solocal SA** : **risks on the Company's sustainability on the long run** and its jobs
- **Solocal Group** : could be considered, however debtholders have a pledge on Solocal SA shares and are committed to financing the Group's €120 million liquidity needs. The debtholders would then be authorized by the Court to convert their debt into equity and own 98% of the Group's shares in this scenario

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Only one possible solution

- ✓ **« Amend & extend » -type solutions were not implementable : they require a liquidity injection** through a PGE and/or a rights issue
  - **PGE / FDES of a significant amount** : hardly executable because
    - No historical relationships with banks
    - Already high debt level
    - Need to find an agreement with existing debtholders
  - **No possible backstop** for a **significant rights issue scenario** if the debt level is not reduced

⇒ **Only one possible solution :**

- ✓ **€347 million rights issue backstopped by the Bondholders**
  - €85 million cash injection in the Group
  - €262 million in debt repayment
- ✓ **Completed by a €32 million PGE** or equivalent

Debtholders : critical stakeholders providing crucial support

- ✓ **Only executable offer at this date, and unanimously recommended by the Board of Solocal**

- ✓ **In the contemplated transaction, debtholders commit sufficient ressources in order to secure the long-term existence of the Group**
  - **Full backstop of the €347 million capital increase**, thus **securing a €85 million cash injection…**
  - … and agree upon a **debt to equity conversion** for a maximal amount of **€262 million**
  - They also commit **to fund €32 million** through additionnal financing if the PGE is not granted

  - Additionnally, they commit to financing Solocal SA for €120 million in a « redressement judiciaire » scenario

The agreement with the debtholders will support the development of the Group

✓ **The agreement with the debtholders aims at securing the company's interests.**

✓ **It helps pursue the development strategy initiated in 2018**

- Debtholders committed to support the development strategy (fully digital, in subscription mode)
- Focus on **customer satisfaction**, **operational efficiency** & delivering the budgeted FCF
- **Jobs will be safe**

✓ **The governance will reflect the reference shareholder' stance of the debtholders**

- **Debtholders will support the Group's governance and an unchanged Chairmanship**
- **GoldenTree will benefit from 2 seats at the Board of Directors** (>15% capital) : no veto rights on major decisions
- Board Members will keep unchanged compensation for the next two years, with no exceptional bonus nor incentive

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A large capital increase with shareholders' preferential subscription rights

% of owned capital for existing shareholders who will not participate in the transaction

Solocal 2020 :	**9.8%**
Solocal 2017 :	**[6.3% - 11.1%]**
Recent benchmarks :	**5% - 15%**

- ✓ If no existing shareholder participates in the transaction, they will own **9.8% of the total capital**
- ✓ This is a **similar figure** compared to other recent transactions

Existing shareholders : Shares before restructuring	**626.2 m shares[1]**
	+
Existing shareholders : Free shares	**626.2 m shares**
	=
Ownership of the existing shareholders	**1 252.4 m shares**
Total number of shares after the transaction amounting to 330m€	**12 816.3 m shares**
Issue price of the capital increase with shareholders' preferential subscription rights	**0.03 €**

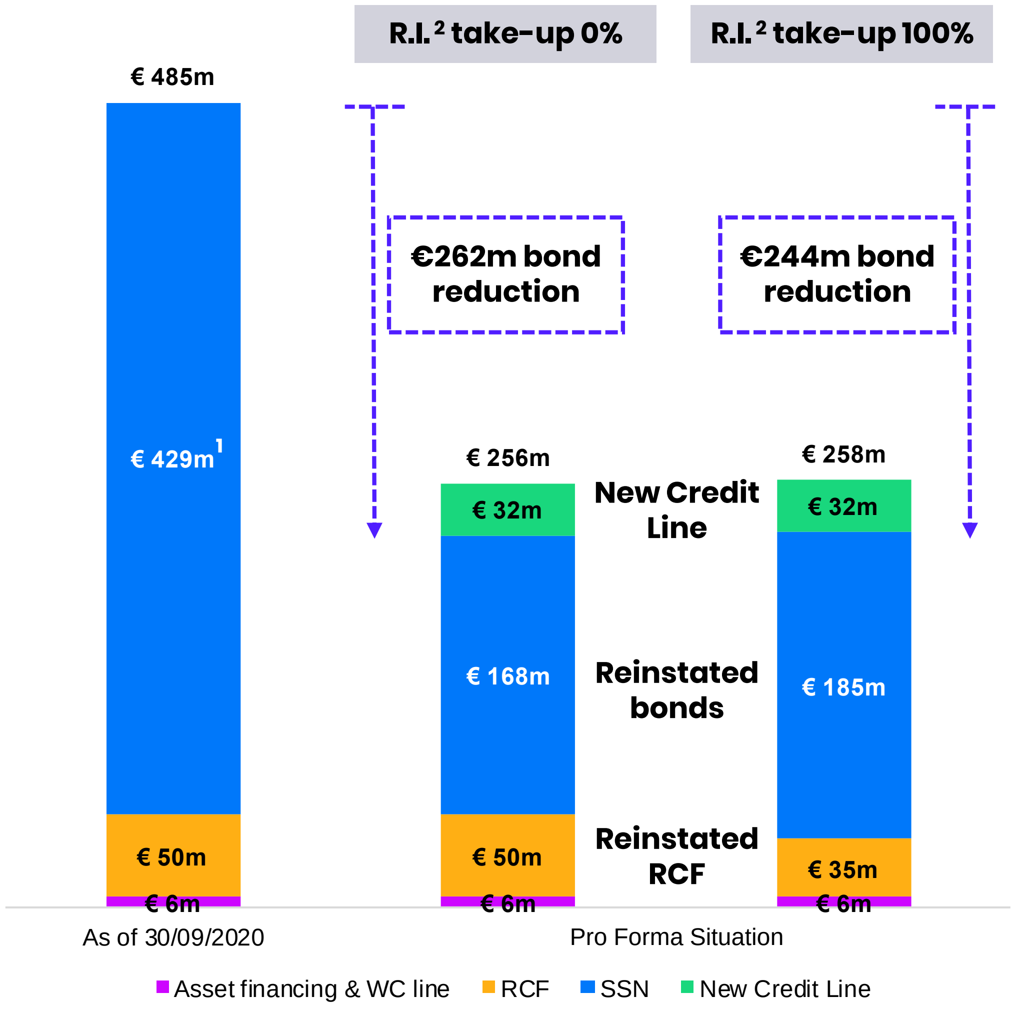
- ✓ All existing shareholders will receive a **free share** for every share owned : all of that will represent a 9,8% of the post-transaction capital in a no-subscription scenario.
- ✓ The capital increase is largely open (subscription rights) to give the means for exisiting shareholders to support the Group and exercise its **preferential subscription rights**

Note 1 : excluding shares held in treasury

Key transaction principles

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

Gross debt evolution as of 30/09/2020



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

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Implementation – transactions description and key terms

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

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

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

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

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Pro forma shareholding

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

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

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

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

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

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

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Considerations on existing bond

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

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

Considerations on other debts

Amendments to the existing Revolving Credit Facility

	Current		Amended
Amount	• €50m	▷	• €35-50m depending on take-up on the rights issue and the subsequent prepayment of the RCF
Pricing	• RCF: Euribor + 4.5% • Ancillary: Euribor + 5.0%, and 3.5% annual facility fees	▷	• No change in current remuneration until September 2021 • From September 2021: alignment of the RCF remuneration to that of the ancillary

Maturity / amortization	• September 2021 (if existing notes are not refinanced by this date)	▷	• Maturity: September 2023, with a 1-year extension option at the hand of the RCF lenders
			• Amortization:
			  • September 2021: €5m to €10m to be paid in cash or in shares at the option of Solocal
			  • September 2022: €5m to €10m to be paid in cash or in shares at the option of Solocal
			  • September 2023: repayment of the outstanding amounts in cash or in shares at option of Solocal, it being understood that if Solocal proposes to make this final repayment in shares, each lender could elect to extend their portion of the RCF by 1-year with a view to get a final repayment in cash in September 2024. In that case, Solocal would still be required to make a €5m to €10m amortization in September 2023 in cash or in shares at its option

New Credit Line

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

Note 1: Bondholders Committee Members which participated to the negotiations

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Available possibilities given to the Shareholders

✓ **Shareholders will be given the possibility to reinvest in the interest of the Company :**

- **For every share owned :**

Steps	Investment	Number of additional shares[2]
No investment	-	1 existing share + 1 new share
Investment to cover the €85 m cash injection	€0.12	4 new shares
Investment to reduce the Company's debt of €245 m	€0.27 additional	9 new additional shares
Total	**€0.39**	**15 shares**

✓ **The return on investment per share will depend on what extent the announced perspectives are reached (18th May 2020 press release) :** average annual revenue growth of 8% over the 2020-2023 period and 2023 EBITDA of €190 m[1], eventually leading to the evolution of the value linked to the firm's performance

✓ The independent expert, Finexsi will render a fairness opinion on the contemplated transaction on July the 10th

Note 1 : Post IFRS 16
Note 2 : On the basis of €17m reserved capital increase and an implied parity of 13 new shares for 1 old share

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Solocal's future

- ✓ **The contemplated transaction serves the Company's interests and ensures the long-term existence of Solocal :**

  - ✓ **Strong debt reduction** (1.5x post-closing leverage)
  - ✓ **Financial costs significantly reduced :** €19 m par annum (vs. €44 m in 2019)
  - ✓ **Transformation largely accomplished**
  - ✓ **Secured jobs**
  - ✓ **Secured liquidity for 2020 / 2021 and structural cash generation profile**

→ **Profitable growth path momentum**