Financial report
as at 31 December 2021

Board of Directors of 22 February 2022

Unofficial translation of the French-language "*Rapport financier au 31 décembre 2021*" of Solocal Group, for information purposes only.

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Solocal Group
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Trade and Companies Register Nanterre 552 028 425

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1. Activity report as at 31 December 2021

1.1. Overview

The Solocal Group operates in the “Digital” sector which generated revenue for continued activities of 428 million euros during the financial year 2021. It can be broken down as follows:

- The Connect offer allows VSEs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, Bing, Tripadvisor, Instagram, etc.) with just a few clicks, in real time and with complete autonomy, via a single mobile application, or a web interface. This offer moreover facilitates the management of interactions among the professionals and their customers thanks to several relational features (instant messaging, quote formulation, appointment scheduling, Click & Collect...). Connect represents revenue of 126.5 million euros during the financial year 2021 and is marketed in subscription mode with automatic renewal.

- The Booster offer allows companies to increase their digital visibility beyond their natural presence over the entire Web, in a logic for developing local market shares. This offer integrates among others the Priority Referencing service launched in the third quarter of 2019 and represents revenue of 238.3 million euros during the financial year 2021.

- With the Website range, Solocal offers customers site creation and referencing, according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenue of 63.2 million euros during the financial year 2021.

  Intended for VSE/SMEs, the Connect and Booster ranges are also available for large network accounts.

1.2. Commentary on the results as at 31 December

In the presentation of its 2021 results and in this activity report, Solocal isolates the momentum of the continued activities from that of the activities that it is disposing of. The comments on the financial performance indicators concern the scope of continued activities.

Consolidated income statement for periods closed as at 31 December 2021 and as at 31 December 2020

	As at 31 December 2021					As at 31 December 2020					
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities			Change Recurring
Million euros			Total	Recurring	Non recurring			Total	Recurring	Non recurring	2021 / 2020
Revenues	**428.0**	**-**	**428.0**	**428.0**	**-**	**437.4**	**4.6**	**432.8**	**432.8**	**-**	**-1.1%**
Net external expenses	(121.2)	-	(121.2)	(121.6)	0.5	(125.0)	(3.8)	(121.2)	(120.7)	(0.5)	0.8%
Staff expenses	(184.3)	-	(184.3)	(184.9)	0.6	(200.8)	(4.7)	(196.0)	(196.3)	0.2	-5.8%
Restructuring costs	8.2	-	8.2	-	8.2	4.5	-	4.5	-	4.5	0.0%
EBITDA	**130.8**	**-**	**130.8**	**121.5**	**9.3**	**116.2**	**(3.9)**	**120.0**	**115.8**	**4.2**	**4.8%**
As % of revenues	*30.6%*	*0.0%*	*30.6%*	*28.4%*		*26.6%*	*0.0%*	*27.7%*	*26.8%*		*1.6 pts*
Gains and losses from disposals	-	-	-	-	-	(2.2)	-	(2.2)	(2.2)	-	0.0%
Depreciation and amortization	(59.5)	-	(59.5)	(59.5)	-	(64.6)	(2.8)	(61.8)	(61.8)	-	-3.7%
Operating income	**71.3**	**-**	**71.3**	**62.0**	**9.3**	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**19.5%**
As % of revenues	*16.7%*	*0.0%*	*16.7%*	*14.5%*		*11.3%*	*0.0%*	*12.9%*	*12.0%*		*2.5 pts*
Gain from debt restructuring	-	-	-	-	-	63.2	-	63.2	63.2	-	0.0%
Financial income	0.2	-	0.2	0.2	-	0.4	0.0	0.4	0.4	-	-35.6%
Financial expenses	(28.7)	-	(28.7)	(28.7)	-	(61.5)	0.1	(61.6)	(61.6)	-	-53.4%
Financial income	**(28.5)**	**-**	**(28.5)**	**(28.5)**	**-**	**2.0**	**0.1**	**1.9**	**1.9**	**-**	**-1591.5%**
Income before tax from continued activities	**42.8**	**-**	**42.8**	**33.5**	**9.3**	**51.3**	**(6.6)**	**57.9**	**53.8**	**4.2**	**-37.7%**
Corporate income tax	(19.3)	-	(19.3)	(16.9)	(2.4)	(6.5)	0.4	(6.9)	(5.6)	(1.3)	201.1%
Net Income from continued activities	**23.5**	**-**	**23.5**	**16.6**	**6.9**	**44.8**	**(6.2)**	**51.0**	**48.2**	**2.8**	**-65.5%**
Net Income from discontinued activities	**-**	**-**	**-**	**-**	**-**	**20.8**	**20.8**	**-**	**-**	**-**	**0.0%**
Net Income for the period	**23.5**	**-**	**23.5**	**16.6**	**6.9**	**65.6**	**14.6**	**51.0**	**48.2**	**2.8**	**-65.5%**

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 primarily correspond to restructuring expenses: these are costs or income 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.

As at 31 December 2021, the amount of non-recurring items stands at income of 9.3 million euros.

1.2.1. Analysis of the order backlog for continued activities

Revenues

Total revenues at 31 December 2021 amounted to 428 million euros, down 1.1% compared to total revenues for 2020.

Revenues already secured for the year 2022 amount to 206.8 million euros.

Order backlog

In million of euros	As at 31 December 2021	As at 31 December 2020
Total order backlog - end of period	**243.5**	**284.2**

The order backlog total amounted to 243.5 million euros at 31 December 2021, down 14.3% compared to 31 December 2020. This decrease is explained by sales lower than the revenue recognized over the same periods.The decrease in the order backlog compared to December 31, 2020 (-14.3%) comes from (i) the expected effect of the change in the date of recording sales when switching to subscription mode, (ii) the change in the product mix with more sales in 12 months than in 24 months compared to the previous year and (iii) lackluster commercial activity not yet benefiting from the expected effects of the actions implemented in the framework of the strategic plan.

Based on management's best estimates, as of December 31, 2021, the sales already recorded before December 31, 2021 make it possible to generate a secure turnover for the year 2022 of 206.8 million euros. It amounts to 235 million euros as of December 31, 2020 for the year 2021.

Solocal performance indicators

Subscription-based products are pivotal for the transformation of the business model, as it allows (i) a decrease in churn, while (ii) more importantly, it should foster an increase in new customer acquisition and cross-selling of existing clients by freeing up some salesforce time historically devoted to renewal.

Solocal's operational perfomance indicators for Q4 2021 and 2021 are as follows:

	Q4 2020	Q4 2021	Change	2020	2021	Change
Subscription-based order intake *as a % of Digital order intake*	82%	89%	+7 pts	81%	89%	+8 pts
Growth KPI	-15%	-8%	-	-	-	-
Traffic : number of searches PagesJaunes - *in million*	469	482	+2.7%	1 670	1 654	-1.0%

In the fourth quarter 2021, 89% of order intake4 were recorded as subscription-based products5, i.e. an increase of +7 points compared to Q4 2020. In total over 2021, 89% of order intake7 were subscription based5, i.e. an increase of +8pts compared to 2020, mainly stemming from Priority Ranking and Connect offers, Websites and Booster Contact. 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. This rate has now been stable since the beginning of 2021.

Since February 2021, Solocal has been disclosing a "growth KPI", which corresponds to the contribution of order intake4 of the quarter to revenue for the next twelve months. This indicator allows the group to monitor its order intake4 conversion into revenue and is -8.1% in Q4 2021 vs. the Q4 20201,2. This means that the fourth quarter of 2021 order intake helped secure -8.1% in revenue over the upcoming 12 months compared to the order intake recorded in the fourth quarter of 2020. This decrease is explained by a lower number of "productive sales representatives" than the previous year, particularly in the SME segment, which is the largest contributor.

Moreover, PagesJaunes traffic is based on :

- Direct traffic from visits made directly by user on pagesjaunes.fr or PagesJaunes App or via search engines using SEO (search for our content);

- Traffic on partner websites on which Solocal display content (indirect traffic). Since April 2021, the "cookies and other tracers" guidelines of the CNIL require the explicit consent of individuals to measure Solocal's traffic on its partners' website. The "visits" indicator is weakened as the traffic of syndicated directories is no longer measurable in a certified manner. The progressive ban of third-party cookies by internet browsers reinforces the weakness of this indicator for the future.

It is therefore necessary to measure Solocal audience in number of « searches ». The total number of searches is almost stable at 1,653.9 million in 2021 vs. 1,670.3 million in 2020, i.e. a decrease of -1.0%.

1.2.2. Analysis of recurring EBITDA

Net external expenses

Recurring external expenses amounted to 121.6 million euros at 31 December 2021, stabilising compared to 2020:
- Variable costs increased by 3.1% mainly due to the additional costs of spend media related to the product mix;
- These effects were partly offset by savings made in 2021, particularly from sales force travel expenses in light of the downsized average sales capacity.

Personnel expenses

Recurring personnel expenses amounted to 184.9 million euros at 31 December 2021, down 5.8% representing 11.4 million euros compared to 2020. 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 full-year effect of the reduction in the number of FTEs;
- An unfavourable base effect. Indeed, the short-time working measures taken in 2020 cut down the wage bill by approximately 9 million euros. The group did not benefit from these measures in 2021. In line with these exceptional cost cuts, personnel expenses for 2021 amounted to 20.4 million euros.

The Group's workforce as at 31 December 2021 is 2,282 people (excluding long-term absence) of which 46% in sales.

Recurring EBITDA

Recurring EBITDA for continued activities stood at 121.5 million euros at 31 December 2021, up by 4.8% representing 5.7 million euros compared to 2020. The recurring EBITDA rate over revenues thus amounted to 28.4%, growing by 1.6 points.

The increase of this rate reflects proper control of fixed costs compared to 2020, which had also been boosted by favourable economic measures related to the health crisis totalling 13 million euros (short-time work and indirect effects such as suspension of travel). Adjusted for this effect, the recurring EBITDA to sales ratio in 2021 was reportedly 4.8 points higher than in 2020.

1.2.3. Analysis of the other items in the income statement

Operating income

The table below shows the Group's operating income for continued activities for 2021 and 2020:

Million euros	As at 31 December 2021 Consolidated	Divested activities	Continued activities Total	Recurring	Non recurring	As at 31 December 2020 Consolidated	Divested activities	Continued activities Total	Recurring	Non recurring	Change Recurring 2021 / 2020
EBITDA	**130.8**	**-**	**130.8**	**121.5**	**9.3**	**116.2**	**(3.9)**	**120.0**	**115.8**	**4.2**	**4.8%**
As % of revenues	*30.6%*	*0.0%*	*30.6%*	*28.4%*		*26.6%*	*0.0%*	*27.7%*	*26.8%*		*1.6 pts*
Gains and losses from disposals	-	-	-	-	-	(2.2)	-	(2.2)	(2.2)	-	0.0%
Depreciation and amortization	(59.5)	-	(59.5)	(59.5)	-	(64.6)	(2.8)	(61.8)	(61.8)	-	-3.7%
Operating income	**71.3**	**-**	**71.3**	**62.0**	**9.3**	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**19.5%**
As % of revenues	*16.7%*	*0.0%*	*16.7%*	*14.5%*		*11.3%*	*0.0%*	*12.9%*	*12.0%*		*2.5 pts*

As at 31 December 2021, the amount of non-recurring items stands at 9.3 million euros and is primarily comprised of reversed provisions booked in the framework of the Group's transformation.

Impairment and amortisation amounted (59.5) million euros at 31 December 2021 and are down compared to 2020 owing to declining investments over several years.

The Group's operating income for continued activities stood at 71.3 million euros compared to 56 million euros in 2020.

Net income for the period

The table below shows the Group's net income for continued activities as at 31 December 2021 and 2020:

Million euros	As at 31 December 2021 Consolidated	Divested activities	Continued activities Total	Recurring	Non recurring	As at 31 December 2020 Consolidated	Divested activities	Continued activities Total	Recurring	Non recurring	Change Recurring 2021 / 2020
Operating income	**71.3**	**-**	**71.3**	**62.0**	**9.3**	**49.3**	**(6.7)**	**56.0**	**51.8**	**4.2**	**19.5%**
As % of revenues	*16.7%*	*0.0%*	*16.7%*	*14.5%*		*11.3%*	*0.0%*	*12.9%*	*12.0%*		*2.5 pts*
Gain from debt restructuring	-	-	-	-	-	63.2	-	63.2	63.2	-	0.0%
Financial income	0.2	-	0.2	0.2	-	0.4	0.0	0.4	0.4	-	-35.6%
Financial expenses	(28.7)	-	(28.7)	(28.7)	-	(61.5)	0.1	(61.6)	(61.6)	-	-53.4%
Financial income	**(28.5)**	**-**	**(28.5)**	**(28.5)**	**-**	**2.0**	**0.1**	**1.9**	**1.9**	**-**	**-1591.5%**
Income before tax from continued activities	**42.8**	**-**	**42.8**	**33.5**	**9.3**	**51.3**	**(6.6)**	**57.9**	**53.8**	**4.2**	**-37.7%**
Corporate income tax	(19.3)	-	(19.3)	(16.9)	(2.4)	(6.5)	0.4	(6.9)	(5.6)	(1.3)	201.1%
Net Income from continued activities	**23.5**	**-**	**23.5**	**16.6**	**6.9**	**44.8**	**(6.2)**	**51.0**	**48.2**	**2.8**	**-65.5%**
Net Income from discontinued activities	**-**	**-**	**-**	**-**	**-**	**20.8**	**20.8**	**-**	**-**	**-**	**0.0%**
Net Income for the period	**23.5**	**-**	**23.5**	**16.6**	**6.9**	**65.6**	**14.6**	**51.0**	**48.2**	**2.8**	**-65.5%**

As of December 31, 2021, the non-recurring items amounted to 9.3 million euros. They mainly correspond to the reversals of provisions that had been constituted for the Group's transformation now that the associated risk is extinguished.

The consolidated pretax operating income for continued activities amounts to 42.8 million euros as at 31 December 2021 and 57.9 million euros as at 31 December 2020.

The corporation tax charge recorded as at 31 December 2021 is (19.3) million euros. This expense includes mainly due to the consumption of deficits (€12 million) and the impacts of rate changes (2.1M€).

The Group consolidated net income is positive as at 31 December 2021 and stands at 23.5 million euros compared to 65.6 million euros as at 31 December 2020.

1.2.4. Consolidated cash flow presentation

The Group cashflow statement includes the cashflows generated by Digital and Print Businesses in 2020, i.e. a recurring EBITDA of €132.8 million which includes recurring consolidated EBITDA and the marginal contribution of Print business (revenues and direct costs).

Cash flow statement	As at 31 December 2021	As at 31 December 2020
In million of euros		
Recurring EBITDA	**121.5**	**132.8**
Non monetary items included in EBITDA and other	5.1	(0.6)
Net change in working capital	(20.3)	(89.8)
of which change in receivables	*(10.6)*	*(67.5)*
of which change in payables	*(10.6)*	*(10.0)*
of which change in other WCR items	*0.9*	*(12.3)*
Acquisition of tangible and intangible fixed assets	(34.2)	(43.2)
Recurring operating free cash flow	**72.1**	**(0.8)**
Non recurring items	(8.1)	(67.0)
Disbursed financial result	(13.5)	(5.6)
Corporate income tax paid	(6.0)	(5.5)
Others	(0.6)	
Free Cash flow	**43.9**	**(75.7)**
Increase (decrease) in borrowings	(6.1)	24.1
Capital increase	0.7	89.2
Others	(19.7)	(17.7)
Net cash variation	**18.8**	**19.9**
Net cash and cash equivalents at beginning of period	61.4	41.5
Net cash and cash equivalents at end of period	**80.2**	**61.4**

The change in working capital requirement improved significantly in 2021 from -€90 million in 2020 to -20 million in 2021. The change in customer WCR is -€11 million compared to -68 million in 2020; this improvement comes from:

- The stabilization of commercial activity during 2021 after years of decline and a year 2020 marked by lockdown periods ;

- A reduction in the time between order booking and revenue recognition, mainly thanks to the switch to subscription mode.

The negative change in « Other WCR » corresponds to the reimbursement of part of the tax and social liabilities over the period (€4.6 million), offset by a VAT credit of €4 million received at the beginning of the 2021.

The amount of CAPEX is €34 million in 2021, down -21% compared to 2020, as the group had committed.

Corporate income tax paid in 2021 includes -€5.8 million of corporate tax payment, -€3.8 million of CVAE & CFE, partially offset by tax credit (CIR) of +€3.1 million.

Non-recurring items amounted to -€8 million in 2020. They mainly include the disbursements resulting from the Solocal 2020 transformation project. Only €1 million remains to be paid for this project in 2022.

Disbursed financial expenses amounted to -€13.5 million in 2021, they correspond to the payment of Bond interests in cash (50% of financial interests are paid in cash and 50% are capitalised, until December 31st 2021), the annual interests of the €50 million RCF and the annual interests of the € 16 million BPI loan. In 2020, the disbursed financial expenses amounted to €5.6 million since the Group did not pay its first three quarterly Bond coupons in the context of the health crisis in order to preserve its cash.

The Group's consolidated Free Cash Flow is therefore positive, at €43.9 million in 2021 vs. -€75.7 million in 2020 (which included -€67 million of non recurring items).

The decrease in borrowings for -€6.1 million corresponds to the repayment of bank debts (RCF cash repayment of €3 million and BPI loan for €1 million) as well as the termination of the working capital line (-€2 million).

The change in "Others" of -€19.7 million mainly derives from the cashflow corresponding to the financial amortisation of capitalised use rights related with the application of IFRS 16 (i.e. the rents paid by the group for around €20 million).

The Group's net change in cash is therefore positive at +€18.8 million in 2021. As at 31st December 2021, the Group had a net cash position of €80 million, compared to €61.4 million as at 31st December 2020.

Net financial debt amounts to €175 million at 31st December 2021 (excluding IFRS 16), down -€20 million compared to €195 million at December 31st 2020. It consists in Bonds with a 2025 maturity (two Bonds of respectively €1709 million and €18 million9), the fully drawn RCF for €44 million, the €15 million "Prêt ATOUT" loan, accrued interest for €8 million and a net cash position of €80 million. As a reminder, in accordance with the commitments made during the 2020 financial restructuring, Solocal repaid €6 million of its RCF on September 30th 2021, €3 million in cash and €3 million in shares.

The application of IFRS 16 impact on net financial debt is +€74 million as at 31st December 2021, resulting from the reclassification of rental expenditures in rental obligations as part of the liabilities on the balance sheet.

Net leverage as defined in the documentation pertaining to Solocal's 2025 maturity Bonds is 1.67x as at 31st December 2021 (to which IFRS 16 does not apply). The EBITDA to interest expenses ratio6 (ISCR) amounted to 5.26x for 2021.

The group complies with the financial covenants requested by the Bonds documentation, with respectively 52% and 75% of headroom.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows for continued activities of the Group as at 31 December 2021 and as at 31 December 2020:

In million of euros	As at 31 December 2021	As at 31 December 2020
Net cash from operations	78.7	(16.6)
Net cash used in investing activities	(34.8)	(40.1)
Net cash provided by (used in) financing activities	(25.1)	76.7
Net increase (decrease) in cash position	**18.9**	**19.9**

The net cash flow from operations stood at 78.7 million euros at 31 December 2021 compared to (16.6) million euros at 31 December 2020.

The net cash from operations used in investment activities amounted to (34.8) million euros at 31 December 2021 compared to (40.1) million euros at 31 December 2020, representing a change of 5.3 million euros.

The net cash flow used in financing activities was a disbursement of 25.1 million euros at 31 December 2021 compared to a net collection of 76.7 million euros at 31 December 2020.

The table below shows the changes in the Group's consolidated net cash position and debt at 31 December 2021, and at 31 December 2020:

(in millions of euros)	**As at 31 December 2021**	**As at 31 December 2020**
Cash equivalents	0.4	0.2
Cash	79.8	61.2
Gross cash	**80.2**	**61.4**
Bank overdrafts	-	-
Net cash	**80.2**	**61.4**
Nominal value of bond loans	187.9	186.2
Fair value of hedging instruments	(16.9)	(16.9)
Nominal value of revolving credit facilities drawn	44.0	50.0
Debt issue costs integrated into the effective interest rate of the debts	(4.1)	(4.1)
Amortization of the difference in fair value and costs at the effective interest rate	4.5	1.1
Other loans	15.0	16.0
Accrued interest not yet due on loans	8.3	2.5
Lease liability	-	0.1
Factoring	-	2.1
Others	0.1	0.0
Current and non current financial liabilities	238.8	237.0
Long-term and short-term liabilities	74.3	94.0
Gross financial debt	**313.1**	**331.0**
of which current	*27.2*	*27.7*
of which non-current	*285.9*	*303.3*
Net debt	**232.9**	**269.6**
Net debt of consolidated group	**232.9**	**269.6**

Net financial debt (financial debt, minus cash flow and cash flow equivalents) was 232.9 million euros as at 31 December 2021, down 36.7 million euros compared to 269.6 million euros as at 31 December 2020.

Financial leverage such as defined in the bond documentation on Solocal's 2022 bond was 1.67x at 31 December 2021 (to which IFRS 16 does not apply). The group complies with the financial ratios provided under the bond documentation:

As at 31 December 2021, gross financial debt is primarily comprised:

- of bonds stemming from the financial restructuring operations carried out in October 2020 for a nominal amount of 169.9 million euros, repayable in March 2025,
- of bonds issued for a value of 18 million euros set up in the framework of the Group's financial restructuring of which the maturity is identical to the preceding bonds,
- a revolving credit facility of 50 million euros fully drawn down and reimbursed in the amount of 6 million euros in September 2021 ; payable in cash to the tune for 3 million euros and in shares to the tune of 3 million euros.
- a credit line of 16 million euros (Atout BPI loan), reimbursed to the tune of 1 million euros in November 2021.

1.4 Investment expense

In million of euros	As at 31 December 2021	As at 31 December 2020
Acquisition of tangible and intangible fixed assets	34.3	43.4
Right-of-use assets related to leases	1.0	10.9
Current investments	**35.3**	**54.2**

Rights of use concerning leases posted in the assets amount to 1 million euros.
Intangible and tangible investments amounted to 34.3 million euros during the 2021 financial year.

1.5 Prospects for 2022

Following changes in the management team and in light of 2021 order intake4, Solocal reviewed its roadmap and announced its three-years ambitions on October 21th 2021. 2022 will be a year of consolidation of the overhaul of the commercial approach, mainly for field salesforce, the sales channel that contributes the most to the Group's activity, including:

- the implementation project of a sales compensation plan adapted to the new model from 1st January 2022,
- Strengthening the sales organization and the roll-out of new targeting and performance tools,
- an investment in the training of teams to the digital services offered.

Over the plan, Solocal will capitalize on the efforts made in terms of customer relations efficiency, in order to adopt a much more proactive approach to supporting its customers. The Group will also increase its marketing investments from 2022 in order to promote the added value of Pages Jaunes in the eyes of its customers and the public.

These actions will gradually bear fruit over 2022 and will be combined with a strict control of fixed costs, which will allow a comparable revenue, EBITDA and operating cash flows in 2022 vs. 2021, as well as a return to growth for these same indicators from 2023.

1.6 Events subsequent to the closing date of 31 December 2021

None

1.7 Assessment of the financial impacts of environmental risks

As indicated in the Extra-Financial Declaration of Performance, the risks related to environmental impacts are minor for Solocal Group in 2021. The main key indicators of 2021 commitments, detailed in the DPEF are to optimize energy consumption, use of resources and reduce the carbon impact of its activity.

The challenges of these commitments did not have any significant financial impact on the consolidated financial statements as of December 31, 2021.

1.8 Additional information

1.8.1 Transactions with related parties

There were no new transactions with related parties during 2021. Key management as related parties as at 31 December 2021 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 its key management and directors.

The departure of Pierre Danon, Chairman of the Board of Directors, did not entail any specific severance arrangements.

1.8.2 Information on the main risks and uncertainties

The main risks and uncertainties are described in section 2 *Risk Factors* of the 2021 Universal Registration Document 2021.

1.8.3 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 by the customers on the closing date. For products in subscription mode, only the current commitment period is considered.

Secured revenues: This is the sum of revenues recognised over the period and the recognition of future revenues from sales or renewed commitments as approved and committed by customers to date (less cancellations already recognised) and expected to give rise to a future service during the current year.

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 primarily include restructuring expenses: These are income or expenses for a program that is planned and controlled by management, which substantially changes either the company's scope of business, or the way its business is managed.

Growth indicator: An indicator for tracking changes in sales contribution to revenues over from given period to the next 12 months.

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

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

2. Consolidated accounts at 31 December 2021

Consolidated income statement

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 31 December 2021**	**As at 31 December 2020**
Revenues	5.1	428,010	437,424
Net external expenses	6.	(121,162)	(124,956)
Personnel expenses	7.	(184,285)	(200,768)
Restructuring costs		8,218	4,452
EBITDA		**130,781**	**116,152**
Depreciation and amortization	4.	(59,495)	(64,594)
Result of loss of control		-	(2,226)
Operating income		**71,286**	**49,332**
Net gain from debt restructuring		-	63,187
Financial income	9.4	234	368
Financial expenses	9.4	(28,713)	(61,548)
Financial income		**(28,479)**	**2,006**
Income before tax from continued activities		**42,807**	**51,339**
Corporate income tax	8.1	(19,290)	(6,548)
Net Income from continued activities		**23,517**	**44,791**
Net Income from discontinued activities		**-**	**20,793**
Net Income for the period		**23,517**	**65,584**
Income from continued activities for the period attributable to:			
- Shareholders of SoLocal Group		23,517	44,791
- Non-controlling interests		-	-
Income from discontinued activities for the period attributable to:			
- Shareholders of SoLocal Group		-	20,793
- Non-controlling interests		-	-
Net earnings from continued 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.	0.18	0.35
- diluted		0.18	0.34
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.	-	0.16
- diluted		-	0.16

Statement of comprehensive income

Consolidated statement of comprehensive income

(Amounts in thousands of euros)	Notes	**As at 31 December 2021**	**As at 31 December 2020**
Income for the period report		**23,517**	**65,584**
ABO reserves :			
- Gross	11.	11,784	(2,315)
- Deferred tax		(3,043)	598
- Net of tax		**8,741**	**(1,717)**
Exchange differences on translation of foreign operations		(19)	(381)
Other comprehensive income		**8,722**	**(2,098)**
Total comprehensive income for the period, net of tax		**32,238**	**63,486**
Total comprehensive income for the period attributable to:			
- Shareholders of SoLocal Group		32,238	63,486
- Non-controlling interests		-	-

Statement of consolidated financial position

(thousand euros)	Notes	As at 31 December 2021	As at 31 December 2020
Assets			
Net goodwill	4.1	86,489	86,489
Other net intangible fixed assets	4.2	70,125	76,823
Net tangible fixed assets	4.3	13,702	16,047
Right-of-use assets related to leases	4.3	51,828	66,571
Non-current financial assets	9.5	7,187	7,711
Net deferred tax assets	8.2	43,134	61,492
Total non-current assets		**272,465**	**315,133**
Net trade accounts receivable	5.2	56,328	69,649
Other current assets	5.3	22,753	44,639
Current tax receivable		5,342	998
Prepaid expenses		1,932	1,941
Current financial assets	9.5	1,363	1,004
Cash and cash equivalents	9.5	80,230	61,379
Total current assets		**167,946**	**179,609**
Total assets		**440,411**	**494,742**
Liabilities			
Share capital	13.1	131,694	129,505
Issue premium		1,039,995	1,038,185
Retained earnings	13.2	(1,382,603)	(1,448,666)
Income for the period attribuable to shareholders of Sc		23,517	65,584
Other comprehensive income	11.	(46,441)	(55,163)
Treasury Shares	13.3	(5,496)	(5,548)
Equity attributable to equity holders of the SoLocal Group	13	**(239,334)**	**(276,104)**
Total equity		**(239,334)**	**(276,104)**
Non-current financial liabilities	9.5	228,958	228,252
Long-term lease liabilities	9.5	56,967	75,080
Employee benefits - non-current	11.	76,646	92,299
Provisions - non-current	11.	1,417	6,842
Total non-current liabilities		**363,988**	**402,472**
Current financial liabilities	9.5	9,821	8,767
Short-term lease liabilities	9.5	17,340	18,886
Provisions - current	11.	26,540	31,602
Contract liabilities	5.4	100,408	108,913
Trade accounts payable	12.	51,209	59,458
Employee benefits - current	11.	41,989	48,017
Other current liabilities		67,261	91,653
Current tax liabilities		1,188	1,076
Total current liabilities		**315,757**	**368,372**
Total liabilities		**440,411**	**494,742**

Statement of changes in consolidated equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(thousand euros)

Number of shares in circulation		Share capital	Issue premium	Income and reserves	Actuarial differences	Translation reserve	Own shares	Group equity	Non-controlling interests	Total equity
6,189,739	**Balance as at 1 January 2020**	**61,954**	**758,392**	**(1,400,864)**	**(52,792)**	**(273)**	**(5,344)**	**(638,926)**	**41**	**(638,885)**
	Comprehensive income for the period			65,584				**65,584**	-	**65,584**
	Other comprehensive income							**(2,098)**	**-**	**(2,098)**
	Total comprehensive income for the period, net of tax							**63,486**	**-**	**63,486**
5,223	Share-based payment	-		185				**185**		**185**
	Distribution de dividendes									
17	Mandatory Convertible Bonds	-	-	-				**-**		**-**
75,000	Equity line financing	750	2,920					**3,670**		**3,670**
(2,143)	Shares of the consolidating company						(204)	**(204)**		**(204)**
	Others			41	(1,717)	(381)		**41**	**(41)**	**-**
129,498,018	**Balance as at 31 December 2020**	**129,505**	**1,038,184**	**(1,383,083)**	**(54,509)**	**(654)**	**(5,548)**	**(276,104)**	**(0)**	**(276,104)**
129,498,018	**Balance as at 1 January 2021**	**129,505**	**1,038,184**	**(1,383,083)**	**(54,509)**	**(654)**	**(5,548)**	**(276,104)**	**(0)**	**(276,104)**
	Comprehensive income for the period			23,517				**23,517**	-	**23,517**
	Other comprehensive income							**8,722**	**-**	**8,722**
	Total comprehensive income for the period, net of tax			**23,517**				**32,238**	**-**	**32,238**
31,255	Share-based payment	31		763				**794**		**794**
2,154,438	Operations concerning capital	2,155	1,534	-				**3,690**		**3,690**
2,938	Mandatory Convertible Bonds	3	276	(279)				**-**		**-**
(302,067)	Shares of the consolidating company net of tax effect						52	**52**		**52**
	Others				-	-		**(4)**	**-**	**(4)**
131,384,582	**Balance as at 30 October 2021**	**131,694**	**1,039,994**	**(1,359,086)**	**(45,768)**	**(673)**	**(5,496)**	**(239,334)**	**(0)**	**(239,334)**

Consolidated cash flow statement

Consolidated cash flow statement	Notes	**As at 31 December 2021**	**As at 31 December 2020**
(thousand euros)			
Net income		**23,517**	**65,584**
Depreciation and amortization of fixed assets		60,798	78,014
Change in provisions		(11,462)	(42,953)
Fair value items		2,924	(67,820)
Share-based payment		789	185
Capital gains or losses on asset disposals		416	(1,312)
Interest income and expenses		22,237	44,970
Tax charge for the period		19,724	7,649
Decrease (increase) in trade accounts receivable		3,286	23,535
Increase (decrease) in liabilities item on contracts		(8,505)	(85,170)
Decrease (increase) in other receivables		18,490	(10,446)
Increase (decrease) in trade accounts payable		(11,492)	(14,646)
Increase (decrease) in other payables		(23,671)	(3,207)
Net change in working capital	2.1.4	**(21,892)**	**(89,934)**
Interest paid		(12,311)	(5,558)
Corporation tax paid		(6,013)	(5,462)
Net cash from operations		**78,727**	**(16,638)**
Acquisition of tangible and intangible fixed assets	2.1.5	(34,912)	(42,056)
Acquisitions / disposals of investment securities and subsidiaries, net of cash		93	2,000
Net cash used in investing activities		**(34,819)**	**(40,056)**
Increase (decrease) in borrowings	9.5	(4,000)	32,000
Movements in own shares		-	350
Other cash from financing activities o/w own shares		700	89,199
Cash outflows as part of the debt reduction on rental obligations	9.5	(19,653)	(18,092)
Other cash from financing activities o/w own shares		(2,110)	(26,793)
Net cash provided by (used in) financing activities		**(25,063)**	**76,664**
Impact of changes in exchange rates on cash		6	(49)
Net increase (decrease) in cash position		**18,851**	**19,921**
Net cash and cash equivalents at beginning of period		61,379	41,458
Net cash and cash equivalents at end of period		**80,230**	**61,379**

In 2020, the Printed Matter business was discontinued. The operating cash flows posted in 2020 include those from this discontinued operation amounting to 20.8 million euros. This discontinued operation did not generate cash flows from financing and investing activities in 2020.

Notes to the consolidated financial statements as at 31 December 2021

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) and is engaged in local digital marketing and communications. 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 at 31 December 2021 and the related notes were drawn up under the responsibility of Hervé Milcent, CEO of Solocal Group, and approved by the Solocal Group Board of Directors on 22 February 2022.

The consolidated financial statements are presented in euros rounded to the nearest million.

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 31 December 2021 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 31 December 2021 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 in preparing the consolidated financial statements at 31 December 2021 are identical to those used in the consolidated financial statements as at 31 December 2020 except for the standards, amendments and interpretations of IFRS that are mandatory for periods opening as from 1 January 2021 (and which had not been applied early by the Group).

As at 31 December 2021, the Group did not apply any new standards or interpretations early.

1.2.1 New mandatory standards, amendments or interpretations at 1 January 2021

IFRS Interpretations Committee (IFRS IC) agenda decision on accounting for configuration and customisation costs of software delivered in the cloud under a Software as a Service" contract

The IFRS IC was asked to consider how to account for configuration and customisation costs in a Software as a Service (SaaS) contract. In April 2021, the Committee considered the request and came up with two options. In the first, the entity recognises an intangible asset for the configuration or customisation of the SaaS, if that economic resource is controlled by the entity and access to same is restricted to third-party users. In the second case, if no intangible asset has been recognised for the configuration or customisation of the SaaS, the service is recognised as an expense in the course of delivery of the services.

At 31 December 2021, the Group's analysis was still ongoing and will be finalised in 2022. The Group does not expect any material impact in its consolidated accounts.

IFRS Interpretations Committee (IFRS IC) agenda decision on service awards in a defined benefit plan

The IFRS IC was asked to review the calculation of defined benefit plans where rights are only vested subject to presence in the Group at the time of retirement (with loss of all rights in the event of early retirement) and where such rights depend on length of service and are capped at a certain number of years of service. For plans reviewed by the IFRS IC, the cap may be applied at a date prior to retirement

In France, the reading of IAS 19 had led to a practice whereby the commitment is valued and recognised on a linear basis over the employee's career in the Group. The commitment thus calculated is a pro rata of the rights acquired by the employee at the time of retirement. As the IFRS IC decision concludes, in this case, that no rights are vested in case of departure before retirement age and that rights are capped after a given number of years of service ("X"). The commitment would only be recognised over the last X years of the employee's career in the company.

Note that following the adoption by the IASB of the new method for spreading debt (IAS 19), Solocal has not recorded any material impact in its consolidated financial statements given that the group's pension schemes are not capped.

Amendment to IFRS 16 –Leases

In May 2020, the IASB published an amendment to IFRS 16 that allows rent reductions not to be considered as lease amendments, provided that such rent reductions are not accompanied by another change such as the lease term or the scope of the lease. Such rent reductions can therefore be treated in the same way as variable payments. In March 2021 the IASB extended the application period of the May 2020 amendment by one year. This extension has not yet been adopted by the European Union. No material impact related to this amendment was recorded by the Group in 2021, as in 2020.

Other mandatory instruments at 1 January 2021

The other mandatory instruments at 1 January 2021 are not applicable or do not have a material impact:

- Amendment to IFRS 4: Extension of temporary exemption from IFRS 9;
- Amendments to IFRS 9, IAS 39, IFRS 7 as part of the benchmark interest rate reform

1.2.2 New standards, amendments or interpretations effective after the balance sheet date

Applicable in 2022:

- Amendments to IAS 16, Property, Plant and Equipment - Amounts received before the asset is put into use. These amendments require the recognition as profit or loss of amounts received from the sale of items produced during the development period of an item of property, plant and equipment, together with their production costs.
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets - Onerous contracts. This instrument restricts, to direct costs only, the scope of performance costs used to measure an onerous contract.
- Amendments to IFRS 3, Business Combinations. This amendment updates the references to the Conceptual Framework in IFRS 3 without changing its provisions.

Applicable in 2023

- Amendment to IAS 1, Classification of liabilities as current or non-current
- Amendments to IAS 1, Disclosure of Accounting Policies
- Amendments to IAS 8, Definition of Accounting Estimates
- Amendment to IAS 12, Deferred Taxes - Deferred tax assets and liabilities arising from a single transaction.

IFRS 17, Insurance Contracts is not applicable to Solocal Group.

1.3 Other information

Seasonal variations
The Group's activities are not subjected to seasonal effects.

Estimates and judgements
The drawing up of the consolidated financial statements at 31 December 2021 in accordance with IFRS led the Group’s management to conduct estimates and issue judgements, which can affect the amounts recorded as assets and liabilities on the date the financial statements were prepared and have a matching entry in the income statement.

Estimates:
Estimates are intended to provide a reasonable assessment of the latest reliable information available on an uncertain elements. This information is revised to reflect changes in circumstances, new information available and the effects of experience. Changes in estimates are booked prospectively. The significant estimates of the General Management concern the following elements:

- Actuarial hypotheses for defined benefit plans;
- Amortisation methods for tangible and intangible fixed assets;
- Appreciation, in the framework of recognising and estimating provisions, of the probability of settlement and of the amount of the bond, the expected schedule of future payments;
- Determination, in the framework of impairment tests for non-financial assets, of the duration of and of the amount of the future cash flows as well as the discount rates and perpetual growth intervening in the calculation of the value in use of the assets tested;
- Determination of the amount of the forecast cash flows for the next 12 months, in the framework of the assessment of the continuity of operation hypothesis;
- Determination of the amount of the losses available for carry forward in light of the estimate of future taxable profits.

Judgements:
Judgements are the result of analysis processes intended to qualify elements, transactions or situations. Revising a judgement constitutes a change in the estimate recognised prospectively, except if this revision is correcting an error. The significant judgements of the General Management are based on the following elements:

- Absence of a risk of continuity of operation, in particular in the context of the COVID-19 crisis, in particular regarding the cash flow forecasts considered by the Board of Directors on 22 February 2022 for the next 12 months.
- Assessment of the criteria provided for by IAS 38 and used for the recognition of intangible assets resulting from development.
- Allocation of certain transactions by kind in the income statement.

The management established its estimates based on past experience and on a set of other hypotheses deemed reasonable with respect to the circumstances in order to evaluate the values to be retained for the Group's assets and liabilities. The use of different hypotheses could have an significant impact on these evaluations.

1.4 Key events during the year

1.4.1 Covid-19 crisis

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 into account. These plans expect the current health crisis to continue without any significant aggravation or improvement throughout the entire financial year 2022.

1.4.2 Chairmanship of the Solocal Group Board of Directors and General Management

Following the departure of Eric Boustouller in 2020 and at the end of a selection process, the Solocal Board of Directors has decided to appoint Hervé Milcent as CEO of Solocal Group effective 6 April 2021.

After four years as Chairman of the Solocal Group Board of Directors and six months as Chairman and CEO between 4 October 2020 and 6 April 2021, Pierre Danon informed the Solocal Group Board of Directors of his intention to resign as Chairman of the Board and as a director. This resignation took place with an effective date of 30 June 2021.

The Board of directors announced the co-optation of Philippe Mellier as director on 30 June 2021 and his designation as Chairman of the Board on that date, which Mr Mellier has accepted.

1.4.3 Penetration attempt of the information systems

In the night between 17 and 18 February 2021, Solocal's IT departments detected a penetration attempt on the company's internal network. In accordance with the company's information systems security management procedures, the IT teams took the required prevention measures in order to:

- preserve the Group's information system;
- block the penetration attempt;
- ensure that no damage was done to the Group's tools and data;
- protect all the sensitive data of the Group and of its customers.

None of our customers' or users' data was compromised. The company's main platforms (PagesJaunes, Solocal Manager, Solocal.com) for companies and users were not affected and remained accessible in complete safety for all of the French.

The measures taken gave rise to a temporary slowdown in the Group's activity between the penetration attempt and the evening of 23 February, date on which the information systems were re-established. The activity resumed normally, with the group's network access remaining under surveillance.

It should be noted that the Group is insured for this type of risk. Discussions are still ongoing with the insurance company with regards to the business interruption. In this context, no item relating to this compensation has been included in the financial statements as of December 31, 2021.

1.4.4 Partial repayment of the RCF on 30 September 2021 amounting to 6 million euros

Solocal Group allocated 6 million euros as partial amortisation of the loan agreement codenamed Super Senior Facility Agreement signed on 29 March 2019, and amended on 12 July 2019, 6 October 2020 and 17 December 2020 (referred to as the "RCF"), by disbursing 3 million euros in cash and issuing shares worth 3 million euros to creditors with RCF-related claims, who agreed to receive partial reimbursement in the form of shares (and their affiliates, assigns or successors).

1.4.5 Increase in the means of the liquidity contract with Natixis ODDO BHF

On 8 July 2021, Solocal Group and Natixis ODDO BHF SCA signed an addendum to the liquidity contract signed on 4 July 2018 to increase the means of the liquidity contract by 0.5 million euros.

1.5 Continuity of operation

At 31 December 2021, the Group's cash position stood at 80.2 million euros, which exceeds the internal targets the Group had set for itself.

Additionally, the Group routinely reviews its cash flow projections in light of its year-to-date sales performance and the latest order intake expectations. This review is based on sales as at 31 December 2021, the cash position at that date and the latest operating forecasts. On this basis, the Group has not identified any items that may compromise its ability to continue as going concern.

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 corresponding to 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 different product ranges, 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 by the customers on the closing date. For in subscription mode, only the current commitment period is considered.

For sales, this is the taking of orders by the sales force, and that gives rise to a service performed by the Group for its customers. Sales are net of cancellations.

In million of euros	**As at 31 December 2021**	**As at 31 December 2020**
Digital	284.2	340.3
Print	n/a	19.5
Total order backlog - beginning of period	**284.2**	**359.9**
Digital	385.8	389.8
Print	n/a	10.0
Total order intake	**385.8**	**399.8**
Digital	6.0	(9.9)
Non recurring	(4.7)	(1.4)
Cancellation	**1.3**	**(11.3)**
Digital	(428.0)	(434.5)
Print	n/a	(29.5)
Total revenues	**(428.0)**	**(464.0)**
Digital	243.5	284.2
Print	n/a	0.0
Total order backlog - end of period	**243.5**	**284.2**

The order backlog as at 31 December 2021 will roll into revenue according to the following schedule:

Digital Backlog 31/12/2021

In million of euros	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Total
Conversion into revenues	**78.5**	**61.0**	**42.4**	**24.9**	**14.4**	**10.7**	**7.0**	**3.1**	**1.1**	**0.3**	**0.1**	**0.0**	**243.5**
	32.2%	25.0%	17.4%	10.2%	5.9%	4.4%	2.9%	1.3%	0.4%	0.1%	0.0%	0.0%	100.0%

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 primarily include restructuring expenses or income: These are items for a programme that is planned and controlled by management, which substantially changes either the company’s scope of business, or the way its business is managed.

For the management of the Group, the management dissociates the divested activities which are the subsidiaries or business lines that have been sold or abandoned.

At 31 December 2021, the Group’s recurring EBITDA stood at 121.5 million euros and represented 28.4% of the Group's revenue. At 31 December 2020, the Group’s recurring EBITDA stood at 115.8 million euros (26.8% of revenue), representing a 4.8% increase over the period.

On 2020, the Group withdrew from the Spanish subsidiaries QDQ – Optimizaclick – Trazada and from the French subsidiary Mappy. In addition, the group stopped its Print business in November 2020.

2.1.3 Gross margin from continuing operations

In million of euros	As at 31 December 2021	As at 31 December 2020	Change
Revenues	428.0	432.8	-1.1%
Staff expenses	(13)	(9)	39.1%
External expenses	(33)	(32)	3.1%
Total variable cost	(46)	(41)	11.2%
Gross margin	**382.3**	**391.7**	**-2.4%**
	89.3%	90.5%	

2.1.4 Working capital requirement

In million of euros	As at 31 December 2021	As at 31 December 2020
+ Net trade accounts receivable	56.3	69.6
+ Other current assets	22.8	44.2
+ Prepaid expenses	1.9	1.9
- Contract liabilities	(100.4)	(108.9)
- Trade accounts payable	(51.2)	(59.5)
- Other current liabilities	(107.8)	(138.4)
Working capital	**(178.4)**	**(190.9)**

2.1 5 Investments

In million of euros	As at 31 December 2021	As at 31 December 2020
Acquisition of tangible and intangible fixed assets	34.3	43.4
Right-of-use assets related to leases	1.0	10.9
Current investments	**35.3**	**54.2**

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.

Since “Printed Matter” operations were discontinued in November 2020, the Group has only one operating segment which is the reportable segment. This is the “Digital” sector which generated revenue for continued activities amounting to 428 million euros during 2021. It is broken down into several offers:

- The Connect offer allows VSEs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, Bing, Tripadvisor, Instagram, etc.) with just a few clicks, in real time and with complete autonomy, via a single mobile application, or a web interface. This offer moreover facilitates the management of interactions among the professionals and their customers thanks to several relational features (instant messaging, quote formulation, appointment scheduling, Click & Collect...). Connect represents revenue of 126.5 million euros during the financial year 2021 and is marketed in subscription mode with automatic renewal.

- The Booster offer allows companies to increase their digital visibility beyond their natural presence over the entire Web, in a logic for developing local market shares. This offer integrates among others the Priority Referencing service launched in the third quarter of 2019 and represents revenue of 238.3 million euros during the financial year 2021.

- With the Website range, Solocal offers customers site creation and referencing, according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenue of 63.2 million euros during the financial year 2021.

  The Connect and Booster ranges are also available for large network accounts.

2.2.1 By ranges of products

The table below presents a breakdown of the main aggregates by ranges of products:

Revenues according to product ranges

In million of euros	**As at 31 December 2021**	**As at 31 December 2020**	**Change**
Connect range	126.5	109.8	15.2%
Booster range	238.3	258.5	-7.8%
Websites	63.2	69.1	-8.5%
Total sales	**428.0**	**437.4**	**-2.1%**

As part of the communication of the sales, the breakdown by product range as an axis of analysis of the activity, has been retained by the Management.

2.2.2 By geographic region

Revenue is presented based on the geographical location of the customers. Employee assets, the gross tangible and intangible investments are presented by zone:

Amounts in million of euros	**As at 31 December 2021**	**As at 31 December 2020**
Revenues	**428.0**	**437.4**
- France	427.8	433.9
- Others	0.2	3.5
Assets	**440.4**	**494.7**
- France	434.6	490.4
- Others	5.8	4.4

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 2021 on which a significant influence is exercised.

Material inter-company transactions and balances are eliminated in consolidation.

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 material, 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.

At 31 December 2020, the Group had reported Print Matter as a discontinued operation, in accordance with IFRS 5.

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.

2021
None

2020

- The Spanish companies of QDQ Media, Trazada and Optimizaclick and the French company Mappy were sold during fiscal 2020. The British company Digital To Store was liquidated on 13 October 2020. These companies were taken out of the consolidation scope during the 2020 financial year.
- Solocal Interactive, a company set up in Rodrigues, was included in the consolidation scope as of 30 June 2020. The latter does not contribute significantly to the financial statements.
- Finemedia and ClicRDV were merged into Solocal SA as at 1st January 2020.

Note 4 – Fixed 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. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

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.

4.1 Net goodwill

At 31 December 2021, all goodwill was allocated to the "Digital" sector.

Movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	As at 31 December 2021	As at 31 December 2020
Balance at start of year	**86,489**	**88,870**
Acquisitions / disposals	-	(2,381)
Impairments	-	-
Impairments	-	-
Reclassifications and others	-	-
Balance at end of year	**86,489**	**86,489**

Goodwill values were examined at the close of the consolidated financial statements, based on business plans, a perpetual growth rate of 2% and an after-tax discount rate of 9.9%.

The assumptions used to determine the recoverable amounts are:
- 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.

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 future cash flows, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by Group management as follows over five years of cash flow:

  - ✓ The cash flows are those of the 2022 budget and the 2023-2024 plans,
  - ✓ 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 the activity,
  - ✓ The terminal flow is determined on the basis of the 2026 flow extrapolated by applying a perpetual growth rate,
  - ✓ The cash flow is discounted at a rate appropriate to the nature of the Group’s activities.

In terms of sensitivity, a 1% increase in the discount rate applied to the CGU, a 1% decrease in the perpetual growth rate or a 1% decrease 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 assets are mainly composed of trademarks, licences and patents, 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.

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.

Intangible assets in respect of developments Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible 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 in due time;
- The capacity to put to use or sell the intangible asset;
- How the intangible asset will deliver expected future economic benefits;
- Availability of technical, financial and other resources needed to complete the development and put into use or sell the intangible asset;
- Ability to reliably measure the expenditure to be recorded for the intangible asset during its development.

It must be noted that determining the costs that meet these criteria requires judgements and estimates. 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 capitalised development costs at 31 December 2021 is 68.8 million euros.

Software and internally generated intangible assets
Software is amortised on a straight-line basis over its useful life, not exceeding five years.

(in thousands of euros)	**As at 31 December 2021**			**As at 31 December 2020**		
	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and internally generated intangible assets	476,827	(407,997)	68,829	444,475	(369,561)	74,915
Other intangible fixed assets	6,894	(5,599)	1,295	7,506	(5,598)	1,908
Total	**483,721**	**(413,596)**	**70,125**	**451,982**	**(375,159)**	**76,823**

No impairment was recorded in 2021 and 2020.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	**As at 31 December 2021**	**As at 31 December 2020**
Opening balance	**76,823**	**90,482**
Acquisitions	14	29
Internally generated assets (1)	32,742	40,178
Effect of changes in the scope of consolidation	-	(8,317)
Reclassifications	1	(9)
Disposals and accelerated amortisation	-	33
Depreciation charge	(39,456)	(45,575)
Closing balance	**70,125**	**76,823**

(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.

Leases
Leases are recorded in accordance with IFRS 16. This standard requires recording a liability on the balance sheet that corresponds to future discounted rental payments, offsetting a right of use for the asset depreciated over the duration of the lease.

The scope of contracts is systematically reviewed, reassessing the existence of leases in each contract according to the criteria of the standard and excluding leases with a term of 12 months or less and low-value assets (below 5 k€) in line with the exemption set out in the standard. Fees for such leases are recognized in expenses.

The amount of the liability is thus substantially dependent on the hypotheses retained in terms of duration of commitments and discount rate. The duration of the contract retained for the calculation of the liability is that of the initially negotiated contract, without taking account of the early termination or extension options according to the types of contracts, except for particular cases for which the Group is reasonably certain that the extension or termination options will be exercised.

The discount rate is determined as the sum of the risk-free rate, in reference to its duration, and of the credit risk of the entity related to the one of the Group for this same duration reference. The calculation of discount rates was based on the residual duration of each contract.

Depreciation
Fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 5 to 10 years for rights of use (lease term), 3 years for computer equipment and 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

(in thousands of euros)	**As at 31 December 2021**			**As at 31 December 2020**		
	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
Right-of-use assets related to leases	86,348	(34,520)	51,828	85,336	(18,765)	66,571
IT and terminals	47,387	(45,465)	1,922	52,634	(51,116)	1,518
Others	72,334	(60,553)	11,781	72,397	(57,867)	14,530
Total	**206,068**	**(140,538)**	**65,530**	**210,367**	**(127,748)**	**82,618**

The rights of use relating to rental contracts mainly cover the Citylights (Group headquarters) lease. Other rights of use are composed of leases for other Solocal sites and the car fleet.

No significant impairment was recognised for the periods ending 31 December 2021 and 31 December 2020.

Movements in the net value of property, plant and equipment can be analysed as follows:

(in thousands of euros)	**As at 31 December 2021**	**As at 31 December 2020**
Opening balance	**82,618**	**90,256**
Acquisitions (*)	3,702	14,023
Subvention	-	-
Effect of changes in the scope of consolidation	-	(1,355)
Exchange differences	(4)	(10)
Reclassifications	-	1,634
Disposals and accelerated amortisation	(4,802)	(84)
Depreciation charge	(15,984)	(21,845)
Closing balance	**65,530**	**82,618**

* includes Right-of-use assets related to leases

Note 5 – Sales

5.1 Revenues

The Solocal Group markets products and local communication services in digital form. The Digital activity includes different types of offers grouped into three product ranges: Connect (formerly Présence), Booster (formerly Digital Advertising) and Websites.

The revenue stemming from the Group's operations is recognised in a differentiated manner according to the type of service and hence to the kind of product. Revenues as at 31 December 2021 amounted to 428 million euros compared to 432.8 million euros as at 31 December 2020.

Revenues are recognised according to the IFRS 15 standard that the Solocal Group has been applying since 1 January 2018.

The Solocal Group's offers are grouped into two broad service categories:
- Products related to digital services (Presence, digital advertising and new services) proposed over a renewable period of 12 or 24 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 category

- "Digital services (non-Site)" category:

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" category:

Two separate service obligations are retained for the sites offer:
1. Technical costs: 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 starting from the date of sale (recognition based on progress).
2. Hosting & maintenance (called space fees): The site is made available and updated during the contractual hosting period with a real duration of between 12 and 24 months. Revenues from this obligation are recognised over the duration of the contractual hosting period starting from the date of delivery of the site to the customer.

5.2 Trade debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

(in thousands of euros)	As at 31 December 2021	As at 31 December 2020
Gross trade debtors	72,885	83,403
Provisions for impairment	(16,557)	(13,754)
Net trade debtors	**56,328**	**69,649**

Additionally, a provision for credit notes to be issued was recognised under other operating liabilities, amounting to 2.8 million at 31 December 2021 compared to 9.9 million at 31 December 2020.

Trade debtors were due as follows:

(in thousands of euros)	Total	Not due	Overdue					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
Gross trade debtors	**72,885**	35,183	2,910	3,317	2,091	2,018	4,760	22,606
Provisions for impairment	**(16,557)**	(407)	(35)	(40)	(237)	(1,533)	(2,740)	(11,564)
Net trade debtors as at 30 June 2021	**56,328**	34,776	2,875	3,277	1,854	485	2,020	11,042

(in thousands of euros)	Total	Not due	Overdue					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
Gross trade debtors	**83,403**	46,339	1,903	1,808	2,688	9,885	3,894	16,886
Provisions for impairment	**(13,754)**	(362)	(20)	(19)	(28)	(6,262)	(2,643)	(4,420)
Net trade debtors as at 31 December 2020	**69,649**	45,977	1,883	1,789	2,660	3,623	1,251	12,466

The Group’s portfolio of trade receivables does not present a significant risk of concentration (about 311,000 advertisers).

In accordance with the Group's accounting rules and methods, a trade receivables review was carried out to identify those that show a risk of non-recovery. On a case by case basis, depreciation for bad debt was recorded in the accounts according to the age of the receivables, statistics history, or information communicated by the credit agencies.

Impairment of trade receivables remains very low, with a 1% net impairment rate relative to revenues in 2021 and in 2020.

5.3 Other current assets

Other current assets mainly include VAT receivable at 31 December 2021. The movements in the item compared to 31 December 2020 are mainly due to reimbursement of VAT credits received during the period.

(in thousands of euros)	As at 31 December 2019	As at 31 December 2018
VAT receivable	16,731	24,093
Sundry accounts receivable	3,911	15,889
Trade payables - Advances and instalments	1,458	1,109
Other current assets	653	3,547
Total	**22,753**	**44,639**

5.4 Liabilities on contracts

Liabilities are primarily comprised on the balance sheet of net advances received from the customer in the case where the related service has not yet been rendered but has already been billed. Thus it entails sales of products that recognised later as revenue according to the duration on line ("Digital" Services).

The liabilities on contracts amounted to 100.4 million euros as at 31 December 2021 compared to 108.9 million euros as at 31 December 2020.

The drop in the liabilities item on contracts compared to 31 December 2020 largely stemmed from declining sales owing to the health crisis which had an unfavourable effect on the level of sales but also significantly reduced the period between the act of sale and the beginning of the service.

Note 6 – External expenses

6.1 Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are recognised fully under expenses for the current financial year to which they relate.

Note 7 – Personnel expenses

7.1 Personnel expenses

Personnel expenses amounted to 184.3 million euros in 2021 and are broken down as follows:

(In thousands of euros, except staff count)	**As at 31 December 2021**	**As at 31 December 2020**
Average staff count (full-time equivalent)	2,282	2,410
Salaries and charges	**181,185**	**197,273**
of which: - Wages and salaries	118,369	125,433
- Social charges	52,982	57,293
- Taxes on salaries and other items	9,834	14,547
Share-based payment	**864**	**185**
Employee profit-sharing [(1)]	**2,236**	**3,310**
	-	-
Total staff expenses	**184,285**	**200,768**

(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 31 December 2021**	**As at 31 December 2020**
Short-term benefits (1)	3,872	6,407
of which employer charges	1,217	2,290
Post-employment benefits (2)	195	212
Other long term benefits (3)	12	12
End-of-contract benefits (4)	1,032	2,619
Equity benefits (5)	446	0
Non-current provisions	**5,557**	**9,250**

(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

There were no new transactions with related parties during the period. Key management as related parties as at 31 December 2021 are the members of the Board of directors including the Chief Executive Officer and the members of the Executive Committee. Solocal Group does not have any related parties other than its key management and directors.

The departure of Pierre Danon, Chairman of the Board of Directors, did not entail any specific severance arrangements.

Note 8 – Corporation tax

8.1 Group tax proof

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pre-tax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

(thousand euros)	**As at 31 December 2021**	**As at 31 December 2020**
Pretax net income from business	**42,807**	**72,131**
Statutory tax rate	28.41%	32.02%
Theoretical tax	**(12,161)**	**(23,096)**
Earnings from not integrated companies & Foreign subsidiaries	(395)	(81)
Foreign subsidiairies - differences in tax rates	155	122
Share-based payment	864	185
Corporate value added contribution (after tax)	(2,382)	(5,124)
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
Other non-taxable / non-deductible items [1]	(5,394)	(5,502)
Effective tax	**(19,290)**	**(6,548)**
of which current tax (CVAE excluded)	*(1,845)*	*(309)*
of which CVAE	*(2,382)*	*(5,124)*
of which deferred tax	*(15,063)*	*(1,114)*
Effective tax rate (deferred tax excluded)	**9.9%**	**7.5%**
Effective tax rate (excluding the effect of financial restructuring for 2020)	**45.1%**	**34.2%**

(1) Includes CIR (research tax credit) and rate differences on deferred tax items

* Effect of financial restructuring excluded as at 31 December 2020

Net deferred tax assets in the balance sheet stood at 43.1 million euros as at 31 December 2021 compared to 61.4 million euros as at 31 December 2020.

Recall that the effective tax rate for fiscal 2020 (12 months) was 34.2%.

8.2 Taxes in the balance sheet

(thousand euros)	As at 31 December 2021	As at 31 December 2020
Retirement benefits	18,367	21,775
Legal employee profit-sharing	351	961
Non-deductible provisions	0	(232)
Tax loss carryforward	29,824	41,582
Financial expenses	13,218	18,942
Other differences	489	952
Subtotal deferred tax assets	**62,249**	**83,980**
Other differences	(3,672)	(4,628)
Depreciations accounted for tax purposes	(15,443)	(17,860)
Subtotal deferred tax liabilities	**(19,115)**	**(22,488)**
Total net deferred tax assets / (liabilities)	**43,134**	**61,492**

Net deferred tax assets in the balance sheet stood at 43.1 million euros as at 31 December 2021 compared to 61.4 million euros as at 31 December 2020. Deferred taxes are mainly composed of deferred taxes in respect of tax loss carryforwards, which amounted to 114.6 million euros at 31 December, deferred taxes related to retirement benefits and deferred taxes related to financial expenses.

Deferred taxes are reviewed at each balance sheet date to account for the impact of changes in tax legislation and the recovery outlook over the next five years. Deferred tax assets on deductible temporary differences and tax loss carryforwards are recognised insofar as it is probable that they will be offset against future taxable profits. At 31 December 2021, 4.9 million euros in deferred tax assets relating to tax loss carryforwards had been utilised.

The tax disbursed during the 2021 financial year was 6 million euros as against 5.5 million euros in 2020.

Note 9 – Cash, debt and financial instruments

9.1 Financial assets and liabilities

Financial assets include 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 from invoiced revenues. Their amortised cost is their par value unless the application of an implicit interest rate has a material effect.

- Cash and cash equivalents: i.e. cash and demand deposits, and cash equivalents. The latter are highly liquid investments indexed to a money market rate, the amount of which is known or subject to negligible uncertainty.

Financial assets and short-term investments with a maturity generally of three months or less at the date of acquisition are measured at amortised cost and are monitored for objective evidence of impairment. A financial asset or a short-term investment is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests.

Measurement at fair value through the income statement: Holding of the financial asset is part of a business model aimed whereby the objective is achieved by selling financial assets (the "business model criterion").
These are financial assets held for investment purposes, recognised as assets between the dates of purchase and sale, with movements in fair value recognised in the financial result based on market prices published at the balance sheet date. The "fair value through profit or loss" category also includes investments in unlisted entities over which the Group has neither control, joint control, material influence nor intention to dispose of in the near term.

9.3 Measurement and recognition of financial liabilities

Borrowings and other financial liabilities are initially measured at fair value less transaction costs and subsequently at amortised cost using the effective interest rate 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:

(Amounts in thousands of euros)	As at 31 December 2021	As at 31 December 2020
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	234	368
Dividends received	-	-
Financial income	**234**	**368**
Interest on financial liabilities	(26,214)	(44,421)
Other financial expenses & fees excluding financial restructuring (1)	(2,175)	(16,472)
Accretion cost (2)	(324)	(656)
Financial expenses	**(28,713)**	**(61,548)**
Gain (loss) on exchange	-	-
Financial income	**(28,479)**	**2,006**

(1) Mainly composed of ongoing costs related to debt management

(2) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments

9.5 Cash and cash equivalents and net debt

Financial Net debt corresponds to the total gross financial debt, and minus cash flow and cash flow equivalents.

(in thousands of euros)	**As at 31 December 2021**	**As at 31 December 2020**
Cash equivalents	397	197
Cash	79,833	61,182
Gross cash	**80,230**	**61,379**
Bank overdrafts	-	-
Net cash	**80,230**	**61,379**
Nominal value of bond loans	187,880	186,231
Fair value of hedging instruments	(16,937)	(16,937)
Nominal value of revolving credit facilities drawn	44,000	50,000
Debt issue costs integrated into the effective interest rate of the debts	(4,074)	(4,074)
Amortization of the difference in fair value and costs at the effective interest rate	4,533	1,079
Other loans	15,000	16,000
Accrued interest not yet due on loans	8,297	2,516
Lease liability	0	110
Factoring	0	2,064
Others	80	30
Current and non current financial liabilities	238,779	237,019
Long-term and short-term liabilities	74,307	93,966
Gross financial debt	**313,086**	**330,985**
of which current	*27,161*	*27,653*
of which non-current	*285,925*	*303,332*
Net debt	**232,856**	**269,606**
Net debt of consolidated group	**232,856**	**269,606**

Cash and cash equivalents

As at 31 December 2021, the amount of cash and cash equivalents amounted to 80.2 million euros, primarily comprised of non-blocked, remunerated, fixed-deposit accounts.

Change in the liabilities stemming from financing activities

(in thousand euros)		Cash flows		Non cash variations						
	As at 31 December 2020	In	Out	Capital increase by offsetting	Other Variations	Interests	Var. of change	IFRS 16	Reclass & changes in scope	As at 31 December 2021
Bond loans	168,467	-	(7,465)	-	-	18,887	-	-	-	179,889
Revolving credit	50,318	-	(7,158)	(3,000)	-	3,644	-	-	-	43,804
Other bank borrowing	16,060	-	(1,773)	-	-	769	-	-	-	15,056
Capital lease	110	-	(110)	-	-	-	-	-	-	-
Factoring	2,064	-	(2,064)	-	-	-	-	-	-	-
Lease liabilities	93,966	-	(19,659)	-	-	-	-	-	-	74,307
Bank overdrafts	-	-	-	-	-	-	-	-	-	-
Others	30	-	-	-	-	-	-	-	-	30
Total Liabilities fron financing activities	331,015	0	(38,229)	(3,000)	0	23,300	0	0	0	313,086

(in thousand euros)		Cash flows		Variations "non cash"						
	As at 31 December 2019	In	Out	Capital increase by offsetting receivables	Other Variations	Interests	Var. of change	IFRS 16	Reclass & changes in scope	As at 31 December 2020
Bond loans (*)	397,835	16,000		(260,876)	31,495		(15,160)	-	(4,074)	168,467
Revolving credit	50,000	-		-	-		-	-	-	50,318
Other bank borrowing	-	16,000		-	-		-	-	-	16,060
Capital lease	3,359	-		-	-		-	-	-	110
Earn-Out	170	-		-	(170)		-	-	-	-
Factoring	7,890	-		-	-		-	-	-	2,064
Lease liabilities										
Bank overdrafts	93	(93)		-	-		-	-	-	-
Others	2,915	-		-	-		-	-	-	30
Total Liabilities fron financing activities	566,366	31,907		(260,876)	31,325		(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 nominal value of the Group's residual gross debt was reduced to 168.4 million euros, redeveloped in the form of an issue of 334,125,321 bonds with a face value of 0.5041647472146 euros each for which the settlement-delivery took place on 5 October 2020, reserved for creditors under the Credit Agreement, and of which the main details are as follows and remain unchanged over 2021:

Interests:

- Euribor with Euribor 3-month rate floored at 1% + 7% spread payable in arrears on a quarterly basis on 15 March, 15 June, 15 September and 15 December, according to the following terms: half is payable in cash, and the other half via capitalisation at the principle amount until 15 December 2021;
- Euribor with Euribor floor 1% + 7% fully payable in cash afterwards
- Late payment interest: 1% increase in interest rate applicable

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 30 June 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

Covenants had been honoured at 31 December 2021.

Maturity date: 15 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 can at any time and in several times, reimburse all or a portion of the Bonds at a reimbursement price equal to 100% of the principal amount plus, during a period of 2.5 years, an early repayment penalty referred to as non-call corresponding to the interest due ranging from 6 August 2020 to 6 February 2023).

Moreover, the Bonds must be the object of a mandatory early reimbursement (subject to certain exceptions) entirely or in part, in the case of the occurrence of certain events, such as a Change of Control, Assets Sale or Net Debt Proceeds or Net Receivables Proceeds. Compulsory early repayments are equally foreseen via funds from a percentage of excess cash flows, in relation to the Consolidated Net Leverage Ratio of the Company.

The Terms & Conditions of the Notes moreover contain certain prohibitions, which prohibit Solocal Group and its Subsidiaries, apart from certain exceptions, in particular to:

- Take on additional financial debt;
- Give pledges;
- Proceed with payment of dividends or carry out distributions to shareholders; by derogation the payment of dividends or distributions to shareholders are permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

The bond loan is indirectly guaranteed by a pledge of the securities of Solocal SA 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 14 August 2020 issued a bond loan for a total amount in principle of 17,777,777 euros, carried out with a discount of 10% for a subscription amount of about 16 million euros.

The 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 Euribor 3-month rate floored at 1% + 7% spread payable in arrears on a quarterly basis on 15 March, 15 June, 15 September and 15 December, according to the following terms: half is payable in cash, and the other half via capitalisation at the principle amount until 15 December 2021;

- Euribor with Euribor floor 1% + 7% fully payable in cash afterwards

Maturity: 15 March 2025

Listing: listing 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 euros was signed in February 2020 with two banking partners. The company worked on increasing this credit facility, which increased by 25 million on 12 July 2020, then 10 million on 6 December 2020 reaching 50 million. This revolving credit facility was fully drawn down and repaid in the amount of 6 million euros.

This RCF remains identical in amount, however its particulars are modified:

- **Interest**: Euribor floor 1% + margin

- **Facility fee**: 3.5% annual payable on 15 September 2021, 30 September 2022, 30 September 2023

- **Margin**:
  - Until 15 September 2021:
    - Tranche of 15 million euros: 4.5%
    - Tranches at 25 million and 10 million euros: 5%
  - Starting on 15 September 2021: 5% for all the tranches
- **Maturity**: 29 September 2023
- **Amortization:**
  - September 2021: 6 million euros payable in cash to the tune of 3 million euros and in shares to the tune of 3 million euros.
  - September 2022: 5 to 10 million euros payable in cash or shares for a variable number of equity instruments for Solocal.
  - September 2023: Reimbursement of the residual debt in cash or shares for a variable number of equity instruments for Solocal. If Solocal were to reimburse the residual balance of the RCF in shares, each creditor can choose to extend the maturity by one year in order to be reimbursed in cash in September 2024. In this case, Solocal would depreciate the RCF for an amount between 5 million euros and 10 million euros in cash or in shares for it.

Price supplements on acquisition or transfer of securities

Following the sale of Mappy in October 2020, Solocal received a price supplement of €0.1m in June 2021.

Financial instruments in the balance sheet

Position of financial instruments in 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	7,187	1,293	5,894	-	7,187	-
Net trade accounts receivable	56,328	-	56,328	-	56,328	-
Other current financial assets	1,363	-	1,363	-	1,363	-
Cash equivalents	397	-	397	397	-	-
Cash	79,833	-	79,833	79,833	-	-
Financial assets	**145,107**	**1,293**	**143,814**	**80,230**	**64,877**	**-**
				-	-	-
Non-current financial liabilities and derivatives	228,958	-	228,958	187,880	41,078	-
Current financial liabilities and derivatives	9,821	-	9,821	-	9,821	-
Trade accounts payable	51,209	-	51,209	-	51,209	-
Financial liabilities	**289,988**	**-**	**289,988**	**187,880**	**102,108**	**-**

Position of financial instruments in balance sheet

(in thousands of euros)	Carrying amount in balance sheet	Breakdown according to IFRS 9: Fair value recognised in profit or loss	Breakdown according to IFRS 9: Amortised cost	Breakdown by level in IFRS 13: Level 1 and Treasury	Breakdown by level in IFRS 13: Level 2	Breakdown by level in IFRS 13: 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**	**-**

On the date of issue, the fair value of the bond loan and of the mini-bond represented 186.2 million euros, compared to a nominal value of 187.9 million euros:

(in thousands of euros)	Nominal value	Quotes as at 31/12/2021	Market value	Current	Non-current						
				-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years	Total Non-current	Total
Bond loan	169,858	88.00%	149,475	-	-	-	169,858	-	-	169,858	169,858
Mini Bond	18,022	0.00%	-	-	-	-	18,022	-	-	18,022	18,022
Atout Bank borrowing	15,000			4,000	4,000	4,000	3,000	-	-	11,000	15,000
Revolving credit - facility (RCF) *	44,000			5,000	39,000	-	-	-	-	39,000	44,000
Loans	**246,880**		**149,475**	**9,000**	**43,000**	**4,000**	**190,880**	**-**	**-**	**237,880**	**246,880**
Accrued interest not yet due on loans	8,297	NA		743	7,554	-	-	-	-	7,554	8,297
Others	80	NA		-	-	-	-	-	80	80	80
Lease liabilities	74,307	NA		17,340	15,591	15,732	16,127	6,763	2,754	56,967	74,307
Current financial liabilities and derivatives	**329,564**	**-**	**149,475**	**27,083**	**66,145**	**19,732**	**207,007**	**6,763**	**2,834**	**302,481**	**329,564**

* Payable in shares

RCF Maturities of September 2022 and September 2023 will be partially paid in cash and shares.

(in thousands of euros)	Nominal value	Quotes as at 31/12/2020	Market value	Current	Non-current						
				-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years	Total Non-current	Total
Bond loan	168,454	91.00%	153,293	-	-	-	168,454	-	-	168,454	168,454
Mini Bond	17,777	0.00%	-	-	-	-	17,777	-	-	17,777	17,777
Atout Bank borrowing	16,000			1,000	4,000	4,000	4,000	3,000	-	15,000	16,000
Revolving credit - facility (RCF) *	50,000			5,000	45,000	-	-		-	45,000	50,000
Loans	**252,231**		**153,293**	**6,000**	**49,000**	**4,000**	**190,231**	**3,000**	**-**	**246,231**	**252,231**
Accrued interest not yet due on loans	2,516			562	1,954	-	-	-	-	1,954	2,516
Others	2,204			2,204	-	-	-	-	-	-	2,204
Lease liabilities	93,966			18,886	15,492	14,880	15,413	16,190	13,105	75,080	93,966
Current financial liabilities and derivatives	**350,917**	**-**	**153,293**	**27,652**	**66,446**	**18,880**	**205,644**	**19,190**	**13,105**	**323,265**	**350,917**

* Payable in shares

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)

Over financial period 2021, the amounts of financial debt related to the RCF, BPI loan and elements of the fair value of the financing were transferred from level 1 to level 2 of the hierarchy.

Note 10 – Financial risk objectives, policy and management, capital management

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The 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 stood at 1.67 times consolidated EBITDA as defined in the bond contract. Consequently, the Group complies with the financial leverage covenant as at 31 December 2021.

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 and bond debts are 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 bank and bond debt are outlined in note 9.6.

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 from operating activities of its various subsidiaries and thus to optimise investments in case of cash surpluses.

Credit risk
The Solocal Group has relations with a large number of counterparties including a majority of customers. As at 31 December 2021, the total amount of trade receivables, net of write-downs, amounted to 56.3 million euros. 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 2021.

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.

Provisions are discounted when the discounting adjustment is material.

Changes in provisions for risks and litigation were as follows:

(in thousands of euros)	**As at 31 December 2021**	**As at 31 December 2020**
Post-employment benefits	70,610	84,498
Other long-term benefits	6,036	7,801
Non-current personnel benefits (1)	**76,646**	**92,299**
Other Provision for risks	0	0
Provisions for social or fiscal disputes	1,417	6,842
Non-current provisions	**1,417**	**6,842**

(1) Cf. details in the folloing note. Non-current personnel benefits concern the French companies.

(thousand 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)	6,524	-	-	(5,180)	-	1,344
Restructuring provisions (2018)	9,837	(42)	(5,919)	(1,456)	-	2,420
Restructuring provisions (2014)	6,840	-	(5,054)	(370)	-	1,417
Provisions for social and fiscal risks (*)	12,170	9,416	(1,038)	(839)	-	19,709
Other provisions for risks	3,071	2,527	(2,059)	(472)	-	3,067
Total provisions	**38,442**	**11,901**	**(14,070)**	**(8,317)**	**-**	**27,957**
- of which non current	*6,841*	*-*	*(5,054)*	*(370)*	-	*1,417*
- of which current	*31,602*	*11,901*	*(9,016)*	*(7,947)*	-	*26,540*

(*) Charge of the financial year is related to various social and tax litigation. Individual analysis had been made by the company and its advisers. Coverage had been booked, commensurate with the risk assessment.

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).

Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income, which was a net positive deferred tax impact of 8.8 million euros at 31 December 2021.

In order to have up-to-date data, the turnover tables are recalculated every three years, only retaining, in accordance with the IAS 19 standard, motives for resignation in the turnover rate.

Other retirement schemes

The expense reflecting paid contributions is recognised in the income statement during the financial year.

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.

At 31 December 2021, an income of 0.4 million euros was recognised as severance benefits.

The total amount of the provision in the balance sheet stood at 77.9 million euros as at 31 December 2021 compared to 93.2 million euros as at 31 December 2020.

The discount rate retained in the assessment of the commitments as at 31 December 2021 compared to 31 December 2020, amounts to 1% in accordance with actual market conditions (iBoxx AA10+ rate).

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).

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	**Total 31 December 2021**	Post-employment benefits	Other long-term benefits	**Total 31 December 2020**
Change in value of commitments						
Total value of commitments at start of period	**85,039**	**8,183**	**93,222**	**86,533**	**8,273**	**94,806**
Total value of commitments at start of period (adjusted)	**85,039**	**8,183**	**93,222**	**86,533**	**8,273**	**94,806**
Cost of services rendered	6,352	588	6,940	5,559	566	6,125
Discounting cost	295	28	323	639	60	699
Reductions/liquidations	(6,500)	(622)	(7,122)	(3,920)	(368)	(4,287)
Actuarial (gains) or losses	(11,783)	(1,393)	(13,176)	2,315	271	2,586
Benefits paid	(292)	(227)	(519)	(598)	(226)	(824)
Changes in scope	-	-	-	(567)	-	(567)
Others	(1,625)	(121)	(1,746)	(4,924)	(392)	(5,316)
Total value of commitments at end of period (A)	**71,486**	**6,436**	**77,922**	**85,037**	**8,184**	**93,222**
Commitments at end of period relating to non-financed schemes	*71,486*	*6,436*	*77,922*	*85,037*	*8,184*	*93,222*
of which short term	*877*	*400*	*1,276*	*541*	*383*	*924*
of which long term	*70,609*	*6,036*	*76,646*	*84,496*	*7,801*	*92,298*
Pension charge						
Cost of services rendered	6,352	588	6,940	5,559	566	6,125
Discounting costs	295	28	323	639	60	699
Effect of reductions/liquidations	(6,500)	(622)	(7,122)	(3,920)	(368)	(4,287)
Total pension charge	**147**	**(6)**	**141**	**2,278**	**258**	**2,537**
Movements in the provision / (asset)						
Provision / (assets) at start of period	**85,039**	**8,183**	**93,222**	**86,533**	**8,273**	**94,806**
Pension charge	147	(6)	141	2,278	258	2,537
Benefits paid directly by the employer	(292)	(227)	(519)	(598)	(226)	(824)
Change of scope	-	-	-	(567)	-	(567)
Actuarial gains or (losses)	(11,783)	(1,393)	(13,176)	2,315	271	2,586
Others	(1,625)	(121)	(1,746)	(4,924)	(392)	(5,316)
Provision / (assets) at end of period	**71,486**	**6,436**	**77,922**	**85,037**	**8,184**	**93,222**
Assumptions						
Discount rate (%)	1.00%	1.00%	1.00%	0.35%	0.35%	0.35%
Expected long-term inflation rate (%)	1.75%		1.75%	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	**145**	**233**	**378**	**(1,680)**	**(32)**	**(1,713)**

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 3.3%, or around 2.3 million euros, while a decrease of 0.25% in the discount rate leads to an increase in the commitment of about 3.3%, i.e. around 2.4 million euros.

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 2.3%, or around 0.1 million euros, while a decrease of 0.25% in the discount rate leads to an increase in the commitment of roughly 2.4%, i.e. around 0.2 million euros.

Note 12 – Trade creditors

As at 31 December 2021, trade creditors are due in less than one year. Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

Note 13 - Equity and earnings per share

13.1 Share capital

Solocal Group’s share capital is composed of 131,694,468 shares with a par value of 1 euro each, giving a total amount of 131,694,468 euros (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 1,467.0 million euros as at 31 December 2021, compared to a negative amount of 1,492.7 million euros as at 31 December 2020, 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 euros in November 2006 by Solocal Group (formerly PagesJaunes Group);
- Actuarial differences relating to retirement benefits (IAS 19) for a negative amount of 45.8 million euros;
- The matching entry for the share-based payment expense corresponding to the portion settled in equity instruments in a negative amount of 66 million euros;
- The matching entry of the gain representing the difference between the net book value in the balance sheet of the derecognised original bond debt and the fair value of shares issued on the day of the debt restructuring amounting to 48 million euros.

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 309,885 treasury shares at 31 December 2021, valued at 0.4 million euros, compared to 7,818 treasury shares (giving 567,596 treasury shares before the share consolidation performed in November 2020) at 31 December 2020, and recognised as an equity decrease for the amount of their acquisition cost.

13.4 Dividends

Solocal Group did not distributed any dividends in 2021 or in 2020.

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). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

	As at 31 December 2021	**As at 31 December 2020**
Weighted average		
Share capital	129,754,826	13,173,478
Treasury shares from liquidity contract	(36,298)	(8,229)
Number of basic shares	**129,718,528**	**13,165,249**
Number diluted Equity	**130,785,735**	**13,362,549**
Additional information (average)		
Number of existing basic shares as of 31 December	130,097,851	35,304,320
Number of existing diluted shares as of 31 December	131,175,158	35,461,739

	As at 31 December 2021	**As at 31 December 2020**
Net earnings from continued activities for the period per share to Solocal Group shareholders (in euros)		
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 31 December)		
- basic	0.18	1.27
- diluted	0.18	1.26
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 year end number of existing shares (as at 31 December)		
- basic	-	0.59
- diluted	-	0.59

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 share consolidation by exchanging one hundred old shares for one new share was carried out on 24 November 2020. In addition, the number of new shares to be issued was adjusted in terms of each free allocation of shares right for 2,109 new shares. For the 2019 plan, all the items mentioned hereunder are 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.

2021 plan

In 2021, the shareholders of Solocal Group, in a Combined General Meeting on 27 November 2020, 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 1,295 087 company shares, of which a maximum of 431,695 shares for the Company’s corporate officers.

Under this plan, 1,066,000 performance shares were granted to 64 beneficiaries on 2 June 2021, including 275,000 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 for the CEO, and by tranches of one, two and three years for the other beneficiaries. These shares must be kept for a minimum of 4 years (including the vesting period) except for the CEO, who must keep part of these shares as long as he performs his duties within the company.

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.

14.3 Changes to stock option and free share allocation plans

	Total 31 December 2020	Granted	Cancelled/ lapsed	Total 31 December 2021	Exercise price
Free share plans	**144,763**	**969,000**	**(144,763)**	**969,000**	**Final vesting date**
June 2021	-	969,000	-	969,000	3/31/2024
June 2019	58,695	-	(58,695)	-	6/18/2022
April 2018	86,068	-	(86,068)	-	4/24/2021

At 31 December 2021, the options in the 2018 plan had lapsed. The shares in the 2019 plan had all been cancelled, as the performance requirements had not been fulfilled.

14.4 Expenses relating to stock option and free share allocation plans

The impact on the income statement for financial year 2021 represented an expense of 0.9 million euros compared to an expense of 0.2 million euros in 2020.

Note 15 – Information on related parties

There were no new transactions with related parties during 2021. Hervé Milcent will apparently be subjected to a non-competition obligation in the event of termination of his term of office as Chief Executive Officer for any reason and in any form whatsoever in the conditions mentioned hereinafter: competition prohibition shall be limited to a period of 12 months commencing on the day on which his duties actually come to an end; the corresponding compensation shall amount, based on a non-competition period of 12 months, to 6 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior preceding the termination of his duties.

On termination of the term of office, the Company may, (i) renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation) or (ii) reduce the duration, the field of activities and/or the geographical scope of said commitment (in which case the amount of the non-competition compensation will be reduced accordingly).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable. Moreover, the payment of a non-competition compensation is excluded if the beneficiary has the possibility to exercise their retirement rights. In any case, no indemnity can be paid after the age of 65 years. These arrangements were approved by the Shareholders' Meeting of 3 June 2021.

Key management as related parties as at 31 December 2021 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 its key management and directors.

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

In 2013, Solocal undertook a further reorganisation - a majority agreement on accompanying social measures was signed on 20 November 2013 and approved by the French Regional Department of Enterprise, Competition, Consumer Affairs, Labour and Employment (DIRECCTE) on 2 January 2014. However, 311 employees declined to have their employment contracts amended as a result of the reorganisation undertaken at the end of 2013, and 280 of them were laid off.

One employee of the company decided to dispute the validation of the collective agreement relating to the job safeguarding plan before the administrative courts. The Versailles Administrative Court of

Appeal, in a judgement of 22 October 2014 notified on 5 November, cancelled the validation by the DIRECCTE. On 22 July 2015, the Conseil d'Etat rejected the recourse of Solocal and the Minister of Labour. Consequently, multiple proceedings were initiated with the administrative as well as judicial courts. The proceedings brought before the administrative courts are now terminated.

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 2020 accepting the company's position with respect to the one-year limitation. The cases pending before the Cour de Cassation on this matter were adjudicated in 2021 and the decision not to convict was upheld.

Finally, a few dossiers are also pending before the Cour de Cassation at the initiative of Solocal for questions other than limitation. Some of the decisions have been rendered, confirming decisions concerning additional conventional compensation and applying Article L.1235-16 systematically in all the dossiers. Moreover, a series of decision from the Cour de cassation quashed the decisions that had retained management misconduct. The time limits for bringing matters to the referral courts are still running.

As at 31 December 2021, the remaining provision on the statements is 1.4 million euros compared to 6.8 million euros as at 31 December 2020.

16.2 Contractual commitments not recognised / contractual commitments and off-balance-sheet commitments

There were no new significant commitments during fiscal 2021.

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	**As at 31 December 2021**				**As at 31 December 2020**
	Total	Payments due per period			Total
		Less than 1	In 1 to 5	In more than 5	
Operating leases	**755**	**21**	**734**	**0**	**1,000**
Other services	11,106	10,055	1,051	0	9,647
Commitments for purchases of goods and services	**11,106**	**10,055**	**1,051**	**0**	**9,647**
	11,861	**10,076**	**1,785**	**0**	**10,647**

The "Other services" section includes all firm orders placed as at 31 December 2021 for goods and services deliverable from 1 January 2022.

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.

Solocal is committed to continuing its business relations with Mappy over three years as from 2020.

Other commitments received

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations (in thousands of euros)	As at 31 December 2021				As at 31 December 2020
	Total	Payments due per period			Total
		Less than 1	In 1 to 5	In more than 5	
Operation leases - lessor	923	744	179	0	0
Other services	156,173	141,655	14,518	0	175,224
Total	**157,096**	**142,399**	**14,697**	**0**	**175,224**

The other services correspond to the share of the order backlog yet to be recognised in sales and not yet billed (see Note 1.3.1.2)

Note 17 – Events subsequent to the closing date of 31 December 2021

The annual consolidated financial statements at 31 December 2021 were approved by the Board of Directors during its meeting on 22 February 2022. There are no material events to report between the balance sheet date and the Board of Directors meeting date.

Note 18 – Scope of consolidation

		As at 31 December 2021		As at 31 December 2020	
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%
Leadformance	France	100%	100%	100%	100%
Effilab	France	100%	100%	100%	100%
PagesJaunes Outremer	France	100%	100%	100%	100%
GIE	France	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxemburg	100%	100%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
Solocal Interactive	Rodrigues	100%	100%	100%	100%

Note 19 – Auditors' fees

(amounts in thousand of euros)	Beas / Deloitte et Associés				Auditex / Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
	2021	2020	2021	2020	2021	2020	2021	2020
Certification of individual and consolidated	**456**	**371**	**99%**	**46%**	**412**	**323**	**99%**	**69%**
- Including Solocal Group	176	175	38%	22%	168	150	40%	32%
- Including fully consolidated subsidiaries	280	196	61%	25%	244	173	59%	37%
Other services excluding certification of	**7**	**427**	**1%**	**54%**	**3**	**146**	**1%**	**31%**
- Including Solocal Group	7	427	1%	54%	3	146	1%	31%
- Including fully consolidated subsidiaries	-	-	0%	0%	-	-	0%	0%
TOTAL	**463**	**798**	**100%**	**100%**	**415**	**469**	**100%**	**100%**

Services other than the certification of accounts, with respect to BEAS/Deloitte and Auditex/Ernst & Young, are services delivered as part of the preparation of an attestation and report provided for by the legal and regulatory texts

3 Statutory Auditor's Report on the 2021 financial report

This is a translation into English of the statutory auditors' report on the 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.

Year ended 31 December 2021

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 31 December 2021.

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 of 31 December 2021 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

<u>Audit Framework</u>

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 1 January 2021 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.

Revenue recognition

Identified risk

The Group's activities regroup numerous commercial products which evolve regularly and a large volume of data to be processed. These products 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.

Depending on the class of product proposed by Solocal Group, one or two performance obligations are identified:

- 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:
  - o website conception over the conception period (between 30 and 120 days depending on the product). Revenue is recognized over the duration of the conception, i.e. from the start of the creation of the site (recognition on a percentage of completion basis);

- o 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 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.

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 and the revenue recognition rules according to IFRS 15;
- reconcile data from order entry modules with source documents for a sample of transactions;
- reconcile the data from the order modules with the data from the invoicing modules in order to assess the completeness of the revenue recorded;

recalculate the turnover for the year from the invoicing module according to the accounting rules set up in the systems.

Going Concern

Identified risk

As of December 31, 2021, the Group has negative equity of 239 million euros, 315 million euros of current liabilities and 168 million euros of current assets. On the same date, available cash amounts up to 80 million euros.

As disclosed in Notes 1.3 "Other information" and 1.5 "Going concern" in the consolidated financial statements, the Group has not identified any items that would compromise its ability to continue as a going concern with regard to the cash flow forecasts examined by the Board of Directors on 22 February 2022 for the next 12 months in the context of the Covid-19 crisis described in the notes 1.4.1 of the financial statements.

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 will continue without any significant worsening or improvement throughout the entire 2022 financial year;
- 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 December 31, 2021;
- analyzing the correct configuration of the cash flow simulation file underlying the monthly cash flow forecasts for the next 12 months and in particular by examining the consistency of conversion from sales to cash rates by type of product according to their payment terms;
- 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 the professional standards applicable in France on the due diligence of statutory auditors about the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified compliance with this format defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in I of Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier), which have been prepared under the supervision of the Managing Director. As these are consolidated financial statements, our work includes verifying that the mark-up of these financial statements complies with the format defined by the above-mentioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the consolidated financial statements that will be effectively included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of statutory auditors

We were appointed as statutory auditors of Solocal Group by the annual general meeting of 19 October 2016 for BEAS, an entity of the DELOITTE network and for AUDITEX, a member of the ERNST & YOUNG Global Limited network.

Following a partial contribution of assets by B.E.A.S. the Solocal Group mandate continues within DELOITTE & ASSOCIÉS until its expiry date.

As of 31 December 2021, the mandate of B.E.A.S. within DELOITTE & ASSOCIÉS and that of AUDITEX were in their sixth year without interruption.

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 1 March 2022

By the Statutory Auditors

Deloitte & Associés	AUDITEX *Member of the Ernst & Young Global Limited network*
Stéphane Rimbeuf	Jeremy Thurbin