



## **PRESS RELEASE**

**Boulogne-Billancourt, October 2<sup>nd</sup>, 2020**

### **Results of the share capital increase with preferential subscription rights amounting to approximately 336 million euros**

#### **Decrease of the indebtedness of the Group by half**

#### **Appointment of Mr. David Eckert and Mr. Paul Russo as new board members**

- ✓ Share capital increase with shareholders' preferential subscription rights for a total amount of €335,957,607.87 (including issuance premium) via the issuance of 11,198,586,929 new shares including around:
  - **€86.64 million subscribed in cash by the market;**
  - **€0.94 million subscribed in cash by certain members of the ad hoc committees of the Bondholders** in accordance with their subscription commitments;
  - **€58.25 million converted by GoldenTree and Financière de la Clarée** by set-off against their receivables by exercising their preferential subscription rights; and
  - **€192.12 million converted by the bondholders by set-off against their receivables**, in accordance with their subscription commitments under the Amended Plan;
  
- ✓ As a result of this transaction, the Group will receive cash proceeds for an amount of **€85 million** (net of the Support Fee) and will **reduce its gross debt by approximately €260 million**, so that it will amount to around €256 million (*before application of the IFRS 16 standard*)
  
- ✓ Delivery of 625,912,878 **free shares**, on the basis of one free share for one existing share as previously announced

- ✓ After all such transactions, GoldenTree becomes the first shareholder of the Company by holding **26.00% of the share capital of the Company**, while the existing shareholders and new investors will hold 31.45% of the Company's share capital and the other bondholders will hold 42.54%<sup>1</sup>.
- ✓ **Appointment** of Mr. David Eckert and Mr. Paul Russo as new board members, in replacement of Mr. Eric Boustouller and Mr. Philippe de Verdalle, resigning from their offices.

Upon the completion of the share capital increase, Pierre Danon, Chairman of the board, declares:

*“Today we are completing the final stage of the plan to strengthen our financial structure. The stakes were decisive for the future of our Group and I am pleased with this outcome which enables us to move forward **with a debt level reduced by more than half**. The restructuring of our share capital with shareholders who share our strategic vision is also a real satisfaction. In this regard, I would like to thank all the investors, whether professionals or individuals, who have placed their trust in us. We can now focus our energy on the performance of the road map that should enable us to make Solocal a French champion in digital marketing. In spite of the still strong uncertainties about the evolution of the health situation, we remain perfectly in line with our objectives to date. It is therefore with a reinforced confidence that we are entering into a new stage of our history which, I am convinced, will create very quickly further value for our customers, our employees and all our shareholders.”*

## **Results of the share capital increase with shareholders' preferential subscription rights**

As part of the strengthening of its financial structure, Solocal Group (the “**Company**”) announces today completion of its share capital increase with preferential subscription rights by the issuance of 11,198,586,929 new shares (the “**New Shares**”) at the subscription price of €0.03 each, including issuance premium, which represents an amount of €335,957,607.87 (including issuance premium) (the “**Capital Increase with Preferential Subscription Rights**”) in accordance with the Amended Plan.

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<sup>1</sup> It being specified that the treasury shares represent 0.01% of the share capital after completion of the share capital increases.

## **Completion of the Capital Increase with Preferential Subscription Rights**

At the end of the subscription period, which ended on September 29<sup>th</sup>, 2020, the number of New Shares subscribed on an irreducible and reducible basis amounted to 4,763,176,572 shares, representing a subscription amount of 142.89 million euros corresponding to (i) 2,821,511,685 shares, representing a subscription of €84,645,350.55 (including issuance premium), subscribed on an irreducible and reducible basis in cash and (ii) 1,941,664,887 shares, representing a subscription of €58,249,946.61 (including issuance premium), subscribed on an irreducible basis by set-off against GoldenTree's and Financière de la Clarée's receivables.

Consequently, the Company has decided to implement today the subscription commitments undertaken by the Bondholders in accordance with the terms of the Amended Plan in order to request their subscription to the Capital Increase with Preferential Subscription Rights for the amount of 6,435,410,357 New Shares not subscribed, representing a total subscription amount of €193,062,310.71 to be paid up (i) in cash for an amount of €939,609.78 (i.e. 31,320,326 New Shares) in order to secure a cash contribution of at least €85 million (net of the Support Fee) and (ii) by set-off against receivables under the Bonds for an amount of €192,122,700.93 (i.e. 6,404,090,031 New Shares).

### **Use of proceeds**

The issuance of the New Shares has generated **gross cash proceeds for the Company amounting to approximately 85.58 million euros.**

The proceeds of this cash contribution will be used to cover the Company's operational needs<sup>2</sup> impacted by the health crisis related to the Covid-19 pandemic, the disbursement of allowances under the 2018 employment protection plan (*plan de sauvegarde de l'emploi*) in the last quarter of 2020, the disbursement related to the extension of the mobility leave implemented in 2019 and the payment of the transaction costs, administrative and legal expenses and the Support Fee.

Subscriptions by set-off against receivables, amounting to 250,372,653.47 euros, reduce the amount of the debt of the Company due under the Bonds accordingly.

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<sup>2</sup> The total liquidity needs over the next 18 months amounts to €120 million: €75 million of operational liquidity needs (including €25 million related to the disbursement of allowances under the 2018 employment protection plan (*plan de sauvegarde de l'emploi*) in the last quarter of 2020 and the disbursement related to the extension of the mobility leave implemented in 2019), €20 million in tax and social liabilities recorded pre-Covid, c.€18 million in transaction costs (including remuneration of the global coordinator and joint bookrunner and lead manager and joint bookrunner) and €10 million to address the seasonality of the cash flow. The excess liquidity needs are covered by the €16 million Prêt Atout loan from BPIFrance entered into in August 2020 and the New Bonds of an amount of €17.7 million issued on August 14<sup>th</sup>, 2020.

Following the Capital Increase with Preferential Subscription Rights, the debt due under the Bonds will be reduced to €168,454,208, represented by 334,125,321 Bonds with a face value of €0,5041647472146 each.

### **Settlement and delivery**

The settlement and delivery and the admission to trading of the New Shares are scheduled for **October 6<sup>th</sup>, 2020**. New Shares will carry all rights attached and will be immediately fully assimilated with the existing shares. They will trade on the same listing line under ISIN Code FR0012938884.

It is reminded that the Company has also **allocated free shares** (the “**Free Shares**”), on the basis of one Free Share with a par value of €0.01 each for one existing share, issued as part of the share capital increase with a nominal amount of €6,259,128.78 to the benefit of the shareholders holding registered shares on September 7<sup>th</sup>, 2020 (with a record date on September 9<sup>th</sup>, 2020) after closing of the trading day, it being specified that the Company has waived such an allocation with respect to its treasury shares (cf. press release dated September 10<sup>th</sup>, 2020). The settlement and delivery of the Free Shares, which will immediately be assimilated to the Company’s existing shares and will be traded on the same listing line under ISIN Code FR0012938884, shall occur on October 6<sup>th</sup>, 2020.

The Company will also implement a **reserved share capital increase** amounting to €13,000,000 (including issuance premium) to the benefit of the members of the ad hoc committee of the Bondholders or their affiliates, successors, and assignees (the “**Restructuring Bondholders**”), through the **issuance of 367,231,638 new shares** with a par value of €0.01 each (the “**Restructuring Shares**”) to be subscribed by way of set-off against receivables held against the Company for the following restructuring fees: (i) a total amount of €6.5 million payable to the Restructuring Bondholders who undertook to subscribe in cash to a portion of the New Shares to be issued as part of the share capital increase with preferential subscription rights, and (ii) a total amount of €6.5 million due to all the Restructuring Bondholders in respect of their involvement in the restructuring, with a subscription price of €0.0354 per new share.

The settlement and delivery of the Restructuring Shares shall occur on October 7<sup>th</sup>, 2020.

After completion of the issuance of the New Shares, the Restructuring Shares and the Free Shares, GoldenTree shall become the first shareholder of the Company by holding 26.00% of the share capital of the Company, while the existing shareholders

and new investors will hold 31.45% of the Company's share capital and the other bondholders will hold 42.54%<sup>3</sup>.

### **Impact of the Restructuring on the shareholding structure of the Company**

Shareholding structure	Share capital ownership before the Restructuring	Share capital ownership after the Restructuring
Existing shareholders & new investors <sup>4</sup>	99.82%	31.45%
Treasury shares	0.18%	0.01%
GoldenTree	-	26.00%
Other identified Bondholders	-	31.75%
- including Crédit Suisse	-	6.34%
- including Melqart	-	6.36%
- including Amiral	-	5.52%
- including DNCA	-	5.29%
- including Robus	-	3.27%
- including B&G	-	2.18%
- including Whitebox	-	1.80%
- including Sculptor	-	0.99%
Unidentified Bondholders	-	10.79%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

NB : the indicated share capital ownership of the "other identified Bondholders" after the Restructuring is composed of new shares subscribed in cash & by way of set-off against receivables pursuant to their subscription commitments, and excludes all new shares subscribed by exercising the preferential subscription rights and the shares held before the Restructuring, which are included in the "Existing shareholders & new investors" category

### **Lockup commitment**

The New Shares subscribed by GoldenTree and Financière de la Clarée are subject to a **nine-month** lockup as from their issuance (subject to customary exceptions).

### **Underwriting**

Pursuant to a placement contract (*contrat de placement*) entered into with Deutsche Bank AG and Louis Capital Markets UK, the Company has undertaken towards the latter, in particular, not to issue, offer or sell, directly or indirectly, shares or other equity securities of the Company, nor to carry out any transaction having a similar economic effect, for a period expiring 180 calendar days after the settlement and delivery date of the Capital Increase with Preferential Subscription Rights, without their prior approval, subject to customary exceptions more detailed in the press release of September 10<sup>th</sup>, 2020.

<sup>3</sup> It being specified that the treasury shares represent 0.01% of the share capital after completion of the share capital increases.

<sup>4</sup> New investors who acquired and exercised preferential subscription rights.

## **Public's information**

The Company reminds that the issuance of the New Shares was described in a prospectus approved by the AMF on September 10<sup>th</sup>, 2020 under number 20-451 (the "**Prospectus**"), which consists of (i) the Company's universal registration document, filed with the French *Autorité des marchés financiers* on April 30<sup>th</sup>, 2020, under number D.20-0429, supplemented by a first amendment filed with the AMF on July 20<sup>th</sup>, 2020 under number D. 20-0429-A01, and by a second amendment filed with the AMF on September 9<sup>th</sup>, 2020 under number D. 20-0429-A02, (ii) the securities note of September 10<sup>th</sup>, 2020 and (iii) the summary of the Prospectus.

The Prospectus is available free of charge at the Company's registered office (204 Rond-Point du Pont de Sèvres - 92649 Boulogne-Billancourt), on the Company's website ([www.solocal.com](http://www.solocal.com)), and on the website of the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)).

The Company draws attention to the risk factors set forth in Chapter 2 of the 2019 universal registration document forming part of the Prospectus, as well as in Chapter 2 of the securities note of September 10<sup>th</sup>, 2020.

## **Reverse stock split**

Pursuant to the delegation granted by the general meeting of the shareholders of July 24<sup>th</sup>, 2020 in its 22<sup>th</sup> resolution, the Company's board of directors held today has decided, as part of the execution of the Amended Plan, to carry out a reverse stock split of the Company's shares by granting **one new share with par value of €1 per share for 100 old shares with par value of €0.01 per share** (see press releases of July 3<sup>rd</sup>, 2020 and of September 10<sup>th</sup>, 2020).

A notice of the reverse stock split will be published in the Gazette of Obligatory Legal Announcements (*Bulletin des Annonces Légales Obligatoires*) on October 7<sup>th</sup>, 2020 in order to announce to the shareholders the launch of the reverse stock split transaction which will begin on October 22<sup>th</sup>, 2020.

## Appointment of Mr. David Eckert and Mr. Paul Russo as new board members

Mr. Eric Boustouller, who will leave his functions of Managing Director on October 4<sup>th</sup>, 2020, informed the Company's board of directors of his resignation as director, with effect today. The Company reminds that Mr. Philippe de Verdalle resigned from his positions as director and chairman of the appointment and compensation committee on August 28<sup>th</sup>, 2020 (see press release from August 31<sup>st</sup>, 2020).

Consequently, the board of directors of the Company has unanimously decided, on a proposal from GoldenTree and on the recommendation of the appointment and compensation committee, to appoint to this day **Mr. David Eckert** and **Mr. Paul Russo** as board members of the Company, respectively replacing Mr. Eric Boustouller and Mr. Philippe de Verdalle who resign.

Mr. David Eckert and Mr. Paul Russo are appointed for the remaining term of the offices of Mr. Eric Boustouller and Mr. Philippe de Verdalle, i.e. until the end of the 2024 annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31<sup>st</sup>, 2023 and until the end of the 2021 annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31<sup>st</sup>, 2020 respectively.

In accordance with Article L. 225-24 of the French Commercial Code, the appointments of Mr. David Eckert and Mr. Paul Russo are subject to ratification by the next ordinary shareholders' meeting.

The experience of Mr. Eckert and Mr. Russo, as company officers & board members of Pages Jaunes Canada and Hibu will be relevant for Solocal and their sound judgment is indisputable. They will bring to the Board their knowledge in terms of strategy, operational efficiency and transformation.

**David Eckert is President and CEO of Yellow Pages Limited (Canada).** Under his leadership since late 2017, YP Canada has reduced its net debt from C\$350 million to none, increased EBITDA profitability from 25% to 40% for the full year 2019, and, during the Covid- 19 crisis, retained full employment, maintained the business, and improved cash balances to over C\$100 million.

Previously, David served as President and CEO of the Hibu Group, operating in 8 countries on 4 continents. As a result of a revised business strategy and thanks to the relevance of the execution, Hibu doubled its enterprise value, ultimately creating over €1 billion in new value, over David's tenure. David has sat on or chaired several boards of directors around the globe, both public and private. Among the

boards he has served on are those of X-Rite, Inc., Safety-Kleen Systems, Inc., the Hibu Group, Clean Harbors, Inc., Italiaonline S.p.A., and Yellow Pages Limited (Canada). In the early 1980s, David was a Vice President and Partner at Bain & Company. He is an economics and engineering graduate of Northwestern University and earned an MBA from the Harvard Business School.

**Paul Russo** is Board member of **Yellow Pages Canada**, Chairman of the Human Resources and Compensation Committee and member of the Audit Committee.

Paul Russo previously served as Chief Executive Officer of Color Spot Holdings, Inc., the largest grower of potted plants and shrubs in the United States.

Based in London from 2014-16, Paul was Executive Vice-President of Business Development of the Hibu Group and member of operating boards in the US, UK, Spain, Latin America, India, and the Philippines.

Paul began his post-MBA career as a Partner at Bain and Company, where he specialized in helping large US, Canadian, and European companies improve their competitive position and financial results.

He received a Bachelor of Science in Business from the University of California at Berkeley and an MBA from The Harvard Business School. Prior to graduate school, he began his career at Arthur Young and Company and achieved CPA certification.

In accordance with the recommendation of the appointment and compensation committee, the Company's Board of Directors has considered that Mr. David Eckert and Mr. Paul Russo do not satisfy the criteria provided by the Afep-Medef Code to be qualified as independent. The Company's Board of Directors is therefore composed of 9 members, including 5 independent directors and one director representing employees.

As announced by the Company in its press release dated August 31<sup>st</sup>, 2020, Mr. Pierre Danon, Chairman of the Board of Directors, will assume the management of the company as from October 5<sup>th</sup>, 2020. The financial terms of Mr Eric Boustouller's departure will be published in a separate press release.

### **Definitions:**

**“Support Fee”** : means the subscription fee representing 2.5% of the amount of the issuance of New Shares respectively subscribed and paid up in cash representing a maximum total amount of €584,960.33 (with a total amount of commitments of



€23,398,413) due to the shareholders who committed, during the period from July 8<sup>th</sup>, 2020 to August 17<sup>th</sup>, 2020, to subscribe, on an irreducible basis, for the Capital Increase with preferential subscription rights, for all or part of their preferential subscription rights (see press releases dated July 8<sup>th</sup> and 22<sup>nd</sup>, 2020 and September 10<sup>th</sup>, 2020);

**“Preferential Subscription Right”**: means the shareholders’ preferential subscription right in the share capital increase;

**“Golden Tree”**: means GoldenTree Asset Management LP, acting in the name and on behalf of certain funds and/or accounts under its management;

**“Bonds”**: means the bonds bearing interest at the margin interest rate plus 3-month EURIBOR, issued by the Company on March 14<sup>th</sup>, 2017, the terms and conditions of which were modified by virtue of the Amended Plan;

**“Amended Plan”**: means the amended accelerated financial safeguard plan, as unanimously approved on July 13<sup>th</sup>, 2020 by the Bondholders’ meeting and approved by judgement of the Nanterre Commercial Court on August 6<sup>th</sup>, 2020.

### **Disclaimer**

This press release and the information it includes, do not constitute an offer to sell or subscribe for, or a solicitation of an order to buy or subscribe for Solocal Group securities in Australia, Canada, Japan, or the United States of America or in any other country in which such offer or solicitation would be unlawful.

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This announcement is an advertisement and not a prospectus within the meaning of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing the Prospectus Directive 2003/71/EC (the **“Prospectus Regulation”**). Information in this press release are presented for informational purposes only and do not purport to be exhaustive and no person shall rely in any manner whatsoever on the information contained herein or its

accuracy, precision or completeness. Any purchase of securities must be made only on the basis of the information contained in the Prospectus approved by the AMF, which is available on the Company's and the AMF's website. Approval of the Prospectus should not be considered as a favorable opinion from the AMF on the securities offered.

Potential investors are recommended to read the Prospectus before making any investment decision in order to fully understand the potential risks and benefits associated with the decision to invest in the securities.

### ***European Economic Area***

Concerning the countries that are members of the European Economic Area other than France, no action has been taken and none will be taken that, to enable an offering to the public of the Company's shares, would require the publication of a prospectus in any member State. As a result, any offer of securities of Solocal Group may be realized in the member States only (i) to qualified investors, as defined by the Prospectus Regulation, (ii) to fewer than 150 individuals or entities (other than qualified investors, as defined in the Prospectus Regulations) per Member State, (iii) under circumstances falling within the scope of Article 1(4) of the Prospectus Regulation.

### ***United States of America***

Concerning the United States, the securities of Solocal Group have not been and will not be registered under the U.S. Securities Act of 1933, as amended (hereinafter, the "Securities Act"). The securities may not be offered, sold, subscribed, resold, exercised, secured, delivered, transferred or delivered at any time except by virtue of an exemption under a transaction that is not subject to the registration requirements of the Securities Act and of regulations applicable in the various states or any other law or stock market regulation applicable in the United States of America.

### ***United Kingdom***

The Prospectus is distributed and intended only for qualified investors (as defined in the Prospectus Regulation) who are (i) persons with investment experience and fall under the definition of "investment professionals" in accordance with Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**Order**"), or (ii) persons who are high net worth entities within the scope of Article 49(2) (a) to (d) of the Order or (iii) any other person to whom the prospectus may lawfully be communicated (persons mentioned in (i), (ii), (iii), hereinafter, together mentioned as the "**Concerned Persons**"). Any person other than a Concerned Person may not act or rely on the Prospectus in the United Kingdom. Any investment or investment activity described in the Prospectus is only aimed at the Concerned Person and may only be realized by Concerned Persons.

## ***Australia, Japan and Canada***

The securities may not be offered, subscribed or sold in Australia, Japan, or Canada.

## **Forward-looking statements**

This press release contains certain statements that constitute "forward-looking statements", including statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and all statements which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements ; for a more complete list and description of such risks and uncertainties, refer to Solocal Group's filings with the French Autorité des marchés financiers, and, in particular the Prospectus.

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