Financial report as at 30 June 2023

Board of Directors of 26 July 2023

Solocal Group
Public limited company with a Board of Directors with capital of 131,906,654 euros
Registered office: 204, rond-point du Pont de Sèvres - 92100 Boulogne Billancourt
Trade and Companies Register Nanterre 552 028 425

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1. Business Report as at 30 June 2023

1.1. Overview

The Solocal Group operates in the "Digital" sector, which generated revenue for continued activities of 186 million euros over the first half of 2023. It can be broken down as follows:

- 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 features the Priority Referencing service and represents sales of €106.3m during H1 2023.

- 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 50.5 million euros over the first half of 2023 and is marketed in subscription mode with automatic renewal.

- 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 29.2 million euros over the first half of 2023.

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

1.2. Comments on results as at 30 June 2023

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

Consolidated income statement for periods closed as at 30 June 2023 and as at 30 June 2022

	As at 30 June 2023				As at 30 June 2022				Change Recurring 2023 / 2022
	Consolidated	Continued activities			Consolidated	Continued activities			
Million euros		Total	Recurring	Non recurring		Total	Recurring	Non recurring	
Revenues	**186,0**	**186,0**	**186,0**	**-**	**201,2**	**201,2**	**201,2**	**-**	**-7,5%**
Net external expenses	(60,5)	(60,5)	(59,5)	(1,0)	(55,2)	(55,2)	(55,1)	(0,1)	8,0%
Staff expenses	(92,5)	(92,5)	(92,5)	-	(90,3)	(90,3)	(90,3)	-	2,4%
Restructuring costs	(0,4)	(0,4)	-	(0,4)	0,9	0,9	-	0,9	
EBITDA	**32,6**	**32,6**	**34,0**	**(1,4)**	**56,6**	**56,6**	**55,8**	**0,8**	**-39,1%**
As % of revenues	*17,5%*	*17,5%*	*18,3%*		*28,1%*	*28,1%*	*27,7%*		*-9,5 pts*
Gains and losses from disposals	-	-	-						
Depreciation and amortization	(27,1)	(27,1)	(27,1)	-	(27,8)	(27,8)	(27,8)	-	-2,2%
Operating income	**5,4**	**5,4**	**6,9**	**(1,4)**	**28,8**	**28,8**	**28,0**	**0,8**	**-75,5%**
As % of revenues	*2,9%*	*2,9%*	*3,7%*		*14,3%*	*14,3%*	*13,9%*		*-10,3 pts*
Gain from debt restructuring	-	-	-	-	-	-	-	-	
Financial income	0,4	0,4	0,4	-	0,5	0,5	0,5	-	-34,6%
Financial expenses	(17,2)	(17,2)	(17,2)	-	(14,9)	(14,9)	(14,9)	-	15,3%
Financial income	**(16,8)**	**(16,8)**	**(16,8)**	**-**	**(14,4)**	**(14,4)**	**(14,4)**	**-**	**17,2%**
Income before tax from continued activities	**(11,4)**	**(11,4)**	**(10,0)**	**(1,4)**	**14,5**	**14,5**	**13,7**	**0,8**	**-172,7%**
Corporate income tax	(12,2)	(12,2)	(12,5)	0,4	(3,8)	(3,8)	(3,6)	(0,2)	247,0%
Net Income for the period	**(23,6)**	**(23,6)**	**(22,5)**	**(1,1)**	**10,6**	**10,6**	**10,1**	**0,5**	**-323,2%**

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 mainly include restructuring items, namely costs or income for a programme planned and controlled by management, which significantly changes either the scope of the company’s operations or the way in which these operations are managed, in accordance with the criteria set out in IAS 37.

As at 30 June 2023, non-recurring items amounted to an expense of €1.4m, versus income of €0.8m as at 30 June 2022.

1.2.1. Analysis of the order backlog for continued activities

Revenues

Total revenues at 30 June 2023 amount to €186m, down 7.5% versus revenue for H1 2022.

Order backlog

In million of euros	**As at 30 June 2023**	**As at 31 December 2022**
Total order backlog - end of period	**211,0**	**221,6**

The order backlog total amounts to €211m at 30 June 2023, down -4.8% versus 31 December 2022.

Performance indicators of Solocal

At H1 2023, Solocal's commercial performance, measured by order intake, was €177.5m, versus €197.2m during H1 2022. Order intake from renewals rose from €112.5m during H1 2022 to €106m during H1 2023. Order intake from acquisitions fell by 16% to €71.4m (including more than half from the "field" sales force).

Solocal's customer base changed as follows during Q2 2023:

	Q2 2022	Q1 2023	Q2 2023	*Change*
Customer base - BoP (a)	**304k**	**288k**	**281k**	***-7k***
+ Acquisitions	*9k*	*8k*	*12k*	*3k*
- Churn	*-14k*	*-16k*	*-15k*	*-*
Customer base - EoP (a)	**299k**	**281k**	**278k**	**-4k**
Net change BoP - EoP	**-5k**	**-7k**	**-4k**	**3k**
Churn(b) - *in %*	-14.9%	-17.4%	-18.3%	-0.9pts

(a) BoP = beginning of period / EoP = end of period
(b) Churn rate: Number of customers lost during the previous 12 months, divided by number of customers at start of financial year

The Group's customer base[1] stood at 278k customers at 30 June 2023, down (-1.3%) versus 31 March 2023 owing to:
- A lower-than-expected level of new customers (12k customers);
- A slight increase in the number of customers lost (-15k customers) versus 31 March 2023.

The Group's churn rate(b) was 18.3% at 30 June 2023, versus 14.9% as at 30 June 2022 and up from 17.4% as at 31 March 2023.

Group ARPA[2] was approximately €1,340 at 30 June 2023, stable compared to 31 March 2023 and 30 June 2022 (approx. €1,350).

1.2.2. Analysis of recurring EBITDA

Recurring EBITDA came to €34m during H1 2023, down 39.1% versus H1 2022. The recurring EBITDA margin as a percentage of sales stood at 18.3%, down 9 pts versus H1 2022. The declining EBITDA margin is mainly due to the €5.3m increase in external expenses during H1 2023 versus H1 2022.

Staff costs amounted to €92.5m during H1 2023, up 2,4% versus H1 2022. The reduction in support function headcount was unable to offset the increase in personnel costs due to the rising sales force headcount observed during H1 2023.

1.2.3. Analysis of the other items in the income statement

<u>Operating income</u>

The following table shows operating income from the Group's operations during H1 2023 and H1 2022:

	As at 30 June 2023				As at 30 June 2022				
	Consolidated	Continued activities			Consolidated	Continued activities			Change Recurring 2023 / 2022
Million euros		Total	Recurring	Non recurring		Total	Recurring	Non recurring	
EBITDA	**32,6**	**32,6**	**34,0**	**(1,4)**	**56,6**	**56,6**	**55,8**	**0,8**	**-39,1%**
As % of revenues	*17,5%*	*17,5%*	*18,3%*		*28,1%*	*28,1%*	*27,7%*		*-9,5 pts*
Gains and losses from disposals	-	-	-						
Depreciation and amortization	(27,1)	(27,1)	(27,1)	-	(27,8)	(27,8)	(27,8)	-	-2,2%
Operating income	**5,4**	**5,4**	**6,9**	**(1,4)**	**28,8**	**28,8**	**28,0**	**0,8**	**-75,5%**
As % of revenues	*2,9%*	*2,9%*	*3,7%*		*14,3%*	*14,3%*	*13,9%*		*-10,3 pts*

At 30 June 2023, non-recurring items amounted to (€1.4)m.

Impairment and amortisation amounted to (€27.1)m at 30 June 2023, down slightly versus H1 2022.

Operating income from Group activities was €5.4m, versus €28.8m during H1 2022.

<u>Net income for the period</u>

The table below shows the Group's net income from operating activities as at 30 June 2023 and 2022:

	As at 30 June 2023				As at 30 June 2022				
	Consolidated	Continued activities			Consolidated	Continued activities			Change Recurring 2023 / 2022
Million euros		Total	Recurring	Non recurring		Total	Recurring	Non recurring	
Operating income	**5,4**	**5,4**	**6,9**	**(1,4)**	**28,8**	**28,8**	**28,0**	**0,8**	**-75,5%**
As % of revenues	*2,9%*	*2,9%*	*3,7%*		*14,3%*	*14,3%*	*13,9%*		*-10,3 pts*
Gain from debt restructuring	-	-	-	-	-	-	-	-	
Financial income	0,4	0,4	0,4	-	0,5	0,5	0,5	-	-34,6%
Financial expenses	(17,2)	(17,2)	(17,2)	-	(14,9)	(14,9)	(14,9)	-	15,3%
Financial income	**(16,8)**	**(16,8)**	**(16,8)**	**-**	**(14,4)**	**(14,4)**	**(14,4)**	**-**	**17,2%**
Income before tax from continued activities	**(11,4)**	**(11,4)**	**(10,0)**	**(1,4)**	**14,5**	**14,5**	**13,7**	**0,8**	**-172,7%**
Corporate income tax	(12,2)	(12,2)	(12,5)	0,4	(3,8)	(3,8)	(3,6)	(0,2)	247,0%
Net Income for the period	**(23,6)**	**(23,6)**	**(22,5)**	**(1,1)**	**10,6**	**10,6**	**10,1**	**0,5**	**-323,2%**

Financial income amounted to (€16.9m) as at 30 June 2023. Financial expenses were higher over the period, falling from (€14.9m) at 30 June 2022 to (€17.2m) at 30 June 2023. This mainly comprises interest on financial debt of €15.7m.

The consolidated pre-tax operating income amounted to (€11.4m) as at 30 June 2023 and €14.5m as at 30 June 2022.

The corporate income tax recognised for H1 2023 was (€12.2)m. This mainly comprises (€11m) in deferred tax, including the total impairment of deferred tax assets for (€13.2m). It also includes a corporate tax expense of (€0.1)m and a CVAE (company value added tax) expense of (€0.5)m.

The Group's consolidated net income amounted to (€23.6m) as at 30 June 2023 versus €10.6m as at 30 June 2022.

1.2.4 Consolidated cash flow presentation

Cash flow statement In million of euros	As at 30 June 2023	As at 30 June 2022
Recurring EBITDA	**34,0**	**55,8**
Non monetary items included in EBITDA and other	(1,4)	0,2
Net change in working capital	(11,3)	(14,9)
of which change in receivables	*(4,3)*	*(2,3)*
of which change in payables	*(8,1)*	*(5,3)*
of which change in other WCR items	*1,2*	*(7,4)*
Acquisition of tangible and intangible fixed assets	(11,6)	(15,4)
Recurring operating free cash flow	**9,8**	**25,6**
Non recurring items	(0,7)	(1,6)
Disbursed financial result	(6,0)	(9,2)
Corporate income tax paid	0,4	(2,2)
Others	0,2	0,1
Free Cash flow	**3,6**	**12,8**
Increase (decrease) in borrowings	(2,0)	(2,0)
Others	(9,1)	(8,6)
Net cash variation	**(7,5)**	**2,1**
Net cash and cash equivalents at beginning of period	70,8	80,2
Net cash and cash equivalents at end of period	**63,3**	**82,3**

The change in working capital was (€11.3)m during H1 2023, versus (€14.9)m during H1 2022. This consumption of working capital requirements stemmed from:

- (€4.3)m decline in customer working capital due to a lower sales performance during H1 2023 and the a churn of customers whose payment terms were more favorable;
- (€8.1)m in payables working capital requirement slightly up compared to H1 2022;
- +€1.2m in "Other" working capital items. As a reminder, H1 2022 was impacted by the repayment of tax and social security liabilities of €4m.

Capital expenditure totalled €11.6m during H1 2023, down 24.7% versus H1 2022.

The Group's recurring operating free cash flow (excluding rents) is positive at €9.8m during H1 2023, versus €25.6m during H1 2022, resulting from a strong decrease inrecurring EBITDA over the period.

Cashed-out financial expenses amounted to (€6m) during H1 2023. They included payment of bond interest in cash for €4.4m (100% of interest is now paid in cash), annual interest on the €1.3m revolving credit facility and annual interest on the €0.3m credit facility with BPI France. During H1 2022, financial expenses paid amounted to (-€9.2)m. By way of reminder, Solocal announced on 13 July 2023 that it had secured the required majority of Bond and Mini Bond holders to defer, to 30

September 2023, the payment of coupons due on 15 June and 15 September 2023.

The Group's free cash flow was therefore positive by +€3.6m during H1 2023, versus +€12.8m during H1 2022.

The (€2)m borrowings reflect the amortization of the BPI loan..

The (€9.1)m change in "Others" mainly derives from the cash-flow corresponding to the financial amortization of capitalised rights of use related to the application of IFRS 16 (i.e. rents paid by the group).

The Group's net change in cash and cash equivalents therefore amounted to (€7.5)m during H1 2023. As at 30 June 2023, Group cash position amounted to €63.3m, versus €70.8m as at 31 December 2022.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows for continued activities of the Group as at 30 June 2023 and as at 30 June 2022:

In million of euros	**As at 30 June 2023**	**As at 31 December 2022**	**As at 30 June 2022**
Net cash from operations	15,0	53,6	28,0
Net cash used in investing activities	(11,4)	(31,2)	(15,3)
Net cash provided by (used in) financing activities	(11,1)	(31,9)	(10,6)
Net increase (decrease) in cash position	**(7,5)**	**(9,4)**	**2,1**

The net cash flow from operations stood at 15.0 million euros at 30 June 2023 compared to 28.0 million euros at 30 June 2022.

Net cash used in investment activities amounted to (€11.4)m at 30 June 2023, versus (€15.3)m at 30 June 2022, representing a change of (€3.8) million.

The net cash flow used in financing activities represented a net cash outflow of (€11.1)m at 30 June 2023 versus a net outflow of €10.6m at 30 June 2022.

The table below shows the changes in the Group's consolidated net cash position and debt at 30 June 2023, and at 31 December 2022:

(in thousands of euros)	**As at 30 June 2023**	**As at 31 December 2022**
Cash equivalents	0	20 023
Cash	63 267	50 763
Net cash	**63 267**	**70 786**
Nominal value of bond loans	195 432	195 432
Fair value of hedging instruments	(16 937)	(16 937)
Nominal value of revolving credit facilities drawn	34 000	34 000
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	11 453	8 474
Other loans	9 000	11 000
Accrued interest not yet due on loans	5 958	858
Others	80	80
Current and non current financial liabilities	234 912	228 833
Long-term and short-term liabilities	56 205	60 036
Gross financial debt	**291 117**	**288 869**
of which current	*249 009*	*63 848*
of which non-current	*42 109*	*225 020*
Net debt	**227 850**	**218 083**
Net debt of consolidated group	**227 850**	**218 083**

Net financial debt stood at €171.6m at 30 June 2023 (excluding IFRS 16 application), up on 31 December 2022 (€158m), due particularly to the valuation of the 3-month Euribor rate, which tripled over FY2023. This comprised bonds (amortized cost of €192.0m), the fully-drawn revolving credit facility (amortized cost of €33.8m), the ATOUT loan (€9m),as well as cash (€63.3m).

Net financial debt under Solocal bonds maturing in 2025 amounted to €181m as at 30 June 2023.

The impact of applying IFRS 16 on net financial debt was €56.2m as at 30 June 2023, due to reclassification of rental commitments as lease obligations on the liabilities side of the balance sheet.

1.4 Investment expense

In million of euros	**As at 30 June 2023**	**As at 31 December 2022**	**As at 30 June 2022**
Software and internally generated intangible assets	11,4	29,9	
Acquisition of tangible and intangible fixed assets	0,0	1,9	15,3
Right-of-use assets related to leases	5,7	4,2	3,1
Current investments	**17,2**	**36,0**	**18,5**

1.5 Outlook for 2023

With the start of 2023 impacted by inflationary pressures and difficulties in retaining VSE/SME customers in an uncertain environment, the Group expects H2 2023 revenue slightly below H1 2023 revenue (€186 million), below 2022.

Despite a continued cost control effort, EBITDA margin is expected to be in line with H1 2023 level.

1.6 Events after the 30 June 2023 balance sheet date

On 7 June 2023, Solocal Group announced its intention to initiate discussions with its financial creditors and solicitate a consent to defer to 30 September 2023 the payment of the coupons, of its Bonds and Mini Bonds due 15 June and 15 September 2023.

The postponement has been obtained on 13 July 2023 (cf. press release on the same date), i.e during the cure period which ran from 15 June to 15 July 2023.

However, as this agreement has not been obtained by 30 June 2023, and in accordance with the IAS1 accounting standard, the whole bond debt has been presented as "current" in the Group's consolidated financial statements. The same treatment was applied to the RCF due to a cross-default clause.

Having obtained the agreement after 30 June 2023, the debt maturity has been readjusted to their contractual maturity, i.e 31 March 2025 for Bond debt. Accordingly to the RCF documentation, Solocal Group notified the RCF lenders its intention to repay them in shares in September 2023, it being specified that if they refuse, the maturity of the RCF debt is automatically extended by a further year. The RCF lenders are contesting this extension of maturity considering that this option could not be offered, especifically due to the price of Solocal Group shares. Under the terms of the contractual documentation, Solocal Group considers that in these circumstances, the maturity of the RCF debt is deferred to the 30 September 2024.

Discussions with financial creditors are scheduled to begin in September 2023 on the basis of a strategic plan currently in progress.

1.7 Additional information

1.7.1 Transactions with related parties

There were no new related party transactions during H1 2023. Key management as related parties as at 30 June 2023 are the members of the Board of directors including the Chief Executive Officer and the members of the Executive Committee. Solocal has no related parties other than its managers and directors.

1.7.2 Information on the main risks and uncertainties

The main risks and uncertainties are described in section 2 *Risk Factors* of the 2022 Universal Registration Document. At the date of the publication of thus report, this description remains valid and makes it possible to assess the main risks and uncertainties for the remaining six months of the 2023 financial period.

1.7.3 Definitions

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

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

Order backlog: The order backlog corresponds to the outstanding portion of revenue yet to be recognised as at 30 June 2022 from order bookings such as validated and committed by customers. For subscription-based products, only the current commitment period is considered

Secured revenues: This is the recognition of future revenue from past order intake as validated and committed by customers to date (net of cancellations already noted) and which should give rise to a future service

Churn: Number of churned customers on a LTM basis divided by the number of customers BoP

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.

Winback: Acquisition of a customer lost during the previous 12 months

2. Condensed consolidated accounts as at 30 June 2023

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 30 June 2023	As at 30 June 2022
Revenues	5.1	186 018	201 204
Net external expenses		(60 492)	(55 170)
Personnel expenses		(92 536)	(90 345)
Restructuring costs		(422)	883
EBITDA		**32 568**	**56 572**
Depreciation and amortization	4	(27 140)	(27 760)
Operating income		**5 428**	**28 812**
Financial income		350	535
Financial expenses		(17 166)	(14 888)
Financial income	6.1	**(16 816)**	**(14 353)**
Income before tax from continued activities		**(11 389)**	**14 459**
Corporate income tax	9	(12 172)	(3 832)
Net Income for the period		**(23 560)**	**10 627**
Income from continued activities for the period attributable to:			
- Shareholders of SoLocal Group		(23 560)	10 627
- Non-controlling interests		-	-
Income from discontinued activities for the period attributable to:			
- Shareholders of SoLocal Group		-	-
- 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	10	(0,18)	0,08
- diluted		(0,18)	0,08
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	10	-	-
- diluted		-	-

Statement of comprehensive income

(Amounts in thousands of euros)	Notes	**As at 30 June 2023**	**As at 30 June 2022**
Income for the period report		**(23 560)**	**10 627**
ABO reserves :			
- Gross	7	(520)	16 713
- Deferred tax		134	(4 358)
- Net of tax		**(386)**	**12 355**
Exchange differences on translation of foreign operations		-	-
Other comprehensive income		**(386)**	**12 355**
Total comprehensive income for the period, net of tax		**(23 946)**	**22 982**
Total comprehensive income for the period attributable to:			
- Shareholders of SoLocal Group		(23 946)	22 982
- Non-controlling interests		-	-

Statement of consolidated financial position

(thousand euros)	Notes	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Assets				
Net goodwill		86 489	86 489	86 489
Net intangible fixed assets		54 777	61 480	65 669
Net tangible fixed assets		10 097	11 625	12 926
Right-of-use assets related to leases		40 026	41 642	47 742
Other non-current financial assets		8 653	7 977	8 324
Net deferred tax assets	9	0	11 336	38 897
Total non-current assets		**200 042**	**220 549**	**260 046**
Net trade accounts receivable	5.2	50 791	55 388	58 589
Other current assets		17 386	20 673	24 996
Current tax receivable		2 379	3 118	4 699
Prepaid expenses		4 922	3 140	5 372
Other current financial assets		-	185	-
Cash and cash equivalents	6.2	63 267	70 786	82 344
Total current assets		**138 744**	**153 291**	**175 999**
Total assets		**338 787**	**373 840**	**436 047**
Liabilities				
Share capital		131 907	131 907	131 716
Issue premium		1 042 010	1 042 010	1 042 010
Reserves		(1 365 093)	(1 361 855)	(1 361 669)
Income for the period attribuable to shareholders of Solocal Group		(23 560)	(3 251)	10 627
Other comprehensive income		(34 318)	(33 896)	(34 068)
Own shares		(5 316)	(5 474)	(5 454)
Equity attributable to equity holders of the SoLocal Group	10	**(254 371)**	**(230 559)**	**(216 838)**
Non-controlling interests		-	-	-
Total equity		**(254 371)**	**(230 559)**	**(216 838)**
Non-current financial liabilities	6.2	5 000	181 521	224 789
Long-term lease liabilities		37 109	43 499	50 781
Employee benefits - non-current		53 973	54 378	57 626
Provisions - non-current		196	189	1 105
Deferred tax liabilities		-	-	-
Total non-current liabilities		**96 278**	**279 588**	**334 301**
Current financial liabilities	6.2	229 913	47 311	14 831
Short-term lease liabilities		19 096	16 537	17 606
Provisions - current	7	25 563	26 277	25 830
Contract liabilities		83 751	88 893	101 375
Trade accounts payable	8	46 038	50 132	51 537
Employee benefits - current		33 948	36 499	36 129
Other current liabilities		58 295	59 009	70 171
Corporation tax		276	154	1 106
Total current liabilities		**496 880**	**324 812**	**318 584**
Total liabilities		**338 787**	**373 840**	**436 047**

Statement of changes in consolidated equity

Number of shares in circulation		Number of shares in circulation	Share capital	Issue premium	Income and reserves	Actuarial differences	Translation reserve	Own shares	Group equity
131 384 582	**Balance as at 1 January 2022**		**131 694**	**1 039 994**	**(1 359 734)**	**(45 768)**	**(673)**	**(5 496)**	**(239 982)**
	Total comprehensive income for the period (*)				(3 251)				**(3 251)**
	Other comprehensive income					12 483	62		**12 545**
	Total comprehensive income for the period, net of tax				**(3 251)**	**12 483**	**62**		**9 294**
190 800	Share-based payment		192		(85)				**107**
	Distribution de dividendes								
21 389	Mandatory Convertible Bonds		20	2 016	(2 036)				**(0)**
(131 055)	Shares of the consolidating company net of tax effect							22	**22**
	Others								
131 465 716	**Balance as at 31 December 2022**		**131 907**	**1 042 010**	**(1 365 106)**	**(33 285)**	**(611)**	**(5 474)**	**(230 559)**
131 465 716	**Balance as at 1 January 2023**	**131 465 716**	**131 907**	**1 042 010**	**(1 365 106)**	**(33 285)**	**(611)**	**(5 474)**	**(230 559)**
	Total comprehensive income for the period				(23 560)				**(23 560)**
	Other comprehensive income					(386)	(36)		**(422)**
	Total comprehensive income for the period, net of tax				**(23 560)**	**(386)**	**(36)**		**(23 982)**
-	Share-based payment				13				**13**
-	Operations concerning capital								
-	Mandatory Convertible Bonds								
(25 645)	Shares of the consolidating company net of tax effect	(25 645)						158	**158**
	Others								
131 440 071	**Balance as at 30 June 2023**	**131 440 071**	**131 907**	**1 042 010**	**(1 388 654)**	**(33 671)**	**(647)**	**(5 316)**	**(254 370)**

CONSOLIDATED CASH FLOW STATEMENT

(thousand euros)	Notes	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Net income		**(23 560)**	**(3 251)**	**10 626**
Depreciation and amortization of fixed assets		23 001	54 858	26 485
Change in provisions		1 168	(326)	(1 686)
Fair value items		2 785	3 553	2 661
Share-based payment		13	107	101
Capital gains or losses on asset disposals		129	254	418
Interest income and expenses	6	16 363	23 482	10 836
Tax charge for the period	9	12 007	33 355	3 939
Decrease (increase) in trade accounts receivable		796	(2 616)	(3 223)
Increase (decrease) in liabilities item on contracts		(5 141)	(11 515)	968
Decrease (increase) in other receivables		3 661	3 228	(2 814)
Increase (decrease) in trade accounts payable		(8 123)	(6 461)	(5 271)
Increase (decrease) in other payables		(2 453)	(17 066)	(3 783)
Net change in working capital	2.1.4	**(11 260)**	**(34 430)**	**(14 122)**
Interest paid and rate effect of net derivatives		(5 965)	(19 525)	(9 062)
Corporation tax paid		360	(4 465)	(2 166)
Net cash from operations		**15 040**	**53 612**	**28 032**
Acquisition of tangible and intangible fixed assets	2.1.5	(11 391)	(31 347)	(15 269)
Acquisitions / disposals of investment securities and subsidiaries, net of cash		-	136	(14)
Net cash used in investing activities		**(11 391)**	**(31 211)**	**(15 283)**
Increase (decrease) in borrowings		(2 000)	(14 000)	(2 000)
Movements in own shares		-	-	-
Other cash from financing activities o/w own shares		-	-	-
Cash outflows as part of the debt reduction on rental obligations		(9 132)	(17 914)	(8 694)
Other cash from financing activities o/w own shares		-	50	50
Net cash provided by (used in) financing activities		**(11 132)**	**(31 864)**	**(10 644)**
Impact of changes in exchange rates on cash		(33)	21	12
Net increase (decrease) in cash position		**(7 516)**	**(9 443)**	**2 117**
Net cash and cash equivalents at beginning of period		70 786	80 230	80 229
Net cash and cash equivalents at end of period	6	**63 269**	**70 786**	**82 345**

Notes to the condensed financial statements at 30 June 2023

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 condensed consolidated financial statements at 30 June 2023 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 26 July 2023.

The condensed consolidated financial statements are denominated in euros and rounded to the nearest thousand.

1.1 Accounting methods and principles

Pursuant to European regulation 1606/2002 of 19 July 2002, the condensed consolidated financial statements of the Solocal Group as at 30 June 2023 in accordance with the IAS/IFRS international accounting standards adopted in the European Union on the closing data and with mandatory applicable as of that date.

The condensed half-year consolidated financial statements as at 30 June 2023 are drawn up in accordance with IAS 34 "Interim financial reporting" which makes it possible to present a selection of notes. These condensed consolidated financial statements must therefore be read jointly with the consolidated financial statements for 2022.

All of the standards and interpretations adopted by the European Union as at 30 June 2023 are available on the website of the European Commission at the following address:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002

1.2 IFRS standards

The accounting policies applied in preparing the consolidated financial statements as at 30 June 2023 are identical to those used in the consolidated financial statements as at 31 December 2022.

New standards, amendments and interpretations for mandatory application from 1 January 2023

The new standards and/or amendments to the IFRS adopted by the European Union, which are mandatory as of 1 January 2023, are as follows:

- Amendments to IAS 1 and the Guide to the Practical Application of Materiality: Disclosures on Accounting Policies;

- Amendments to IAS 8: Definition of an accounting estimate;

- Amendments to IAS 12: Deferred taxes on assets and liabilities resulting from the same transaction.

The above texts as well as the other texts of mandatory application in the European Union on 1 January 2023 have no impact on the Group's accounts.

Furthermore, the Group has not opted for an early application of the following texts, adopted by the European Union but whose entry into force is after the 2023 financial year:

- Amendments to IAS 1: Classification of current and non-current liabilities and non-current liabilities with restrictive covenants;

- Amendment to IFRS 16: Lease-back debt.

1.3 Other information

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

Estimates and judgements
The drawing up of the condensed consolidated financial statements as at 30 June 2023 in accordance with the IFRS standards led the Group's management to conduct estimates and issue judgements, which can affect the amounts booked as assets and liabilities on the date the financial statements were prepared and have an offset in the income state.

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 accounted for 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:

- 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.

The items estimated during H1 2023 are of the same nature as those described at 31 December 2022 in the consolidated financial statements. The Management revises these estimates when it identifies new events to be taken into account or in case of a change in the circumstances on which these hypotheses were based.

1.4 Key events during the year

On 7 June 2023, Solocal Group announced its intention to initiate discussions with its financial creditors and solicitate a consent to defer to 30 September 2023 the payment of the coupons, of its Bonds and Mini Bonds due 15 June and 15 September 2023.

The postponement has been obtained on 13 July 2023 (cf. press release on the same date), i.e during the cure period which ran from 15 June to 15 July 2023.

However, as this agreement has not been obtained by 30 June 2023, and in accordance with the IAS1 accounting standard, the whole bond debt has been presented as "current" in the Group's consolidated financial statements. The same treatment was applied to the RCF due to a cross-default clause.

Having obtained the agreement after 30 June 2023, the debt maturity has been readjusted to their contractual maturity, i.e 31 March 2025 for Bond debt. Accordingly to the RCF documentation, Solocal Group notified the RCF lenders its intention to repay them in shares in September 2023, it being specified that if they refuse, the maturity of the RCF debt is automatically extended by a further year. The RCF lenders are contesting this extension of maturity considering that this option could not be offered, especifically due to the price of Solocal Group shares. Under the terms of the contractual documentation, Solocal Group considers that in these circumstances, the maturity of the RCF debt is deferred to the 30 September 2024.

Discussions with financial creditors are scheduled to begin in September 2023 on the basis of a strategic plan currently in progress.

1.5 Continuity of operation

The condensed half-year consolidated financial statements as at 30 June 2023 have been prepared on a going concern basis, based on the company cash flow forecast for the next twelve months. This forecast takes into account the fact that the maturities of the RCF and the bonds are later than this date.
However, Solocal calls attention to the maturity of its debt and the risks associated with its refinancing. Indeed, the debt has two main maturities: €34m at the end of September 2024 for the RCF and €195m at March 2025 for the bonds. Solocal therefore considers that the refinancing risk factor has increased. This situation creates a material uncertainty regarding the going concern status. In this context, the Group is working on various options.

This situation creates significant going concern uncertainty. If the Group were unable to meet or, if necessary, renegotiate the maturities of the RCF and bonds, it might no longer be able to realise its assets and settle its liabilities in the normal course of business. In that context , The Group is working on different options.

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 30 June 2023	As at 31 December 2022	As at 30 June 2022
Digital	221,6	243,5	243,5
Total order backlog - beginning of period	**221,6**	**243,5**	**243,5**
Digital	177,5	380,4	197,3
Total order intake	**177,5**	**380,4**	**197,3**
Digital	(2,1)	(2,4)	0,4
Cancellation	**(2,1)**	**(2,4)**	**0,4**
Digital	(186,0)	(400,0)	(201,2)
Total revenues	**(186,0)**	**(400,0)**	**(201,2)**
Digital	211,0	221,6	239,9
Total order backlog - end of period	**211,0**	**221,6**	**239,9**

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 mainly include restructuring expenses or income, namely items for a programme planned and controlled by management, which significantly changes either the scope of the company's operations or the way in which these operations are managed. For H1 2023, non-recurring items amounted to a net expense of (€1.4)m versus income of €0.8m for H1 2022;

For Group management purposes, management segregates discontinued operations, which are subsidiaries or business lines that have been sold or discontinued.

During H1 2023, the Group's recurring EBITDA amounted to €34m, representing 18.3% of Group sales, versus €55.8m (27.7% of sales) during H1 2022.

2.1.3 Gross margin from continuing operations

In million of euros	As at 30 June 2023	As at 30 June 2022	Change
Revenues	186,0	201,2	-7,5%
Staff expenses	-7,9	-6,8	16,2%
External expenses	-15,1	-14,2	6,3%
Total variable cost	-23,0	-20,9	10,0%
Gross margin	**163,0**	**180,3**	**-9,6%**

2.1.4 Working capital requirement

In million of euros	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
+ Net trade accounts receivable	50,8	55,4	58,6
+ Other current assets	17,4	20,7	25,0
+ Prepaid expenses	4,9	3,1	5,4
- Contract liabilities	(83,8)	(88,9)	(101,4)
- Trade accounts payable	(46,0)	(50,1)	(51,5)
- Other current liabilities	(91,3)	(93,5)	(103,5)
Working capital	**(148,0)**	**(153,3)**	**(167,4)**

2.1.5 Current investment

In million of euros	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Software and internally generated intangible assets	11,4	29,9	
Acquisition of tangible and intangible fixed assets	0,0	1,9	15,3
Right-of-use assets related to leases	5,7	4,2	3,1
Current investments	**17,2**	**36,0**	**18,5**

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. This is the “Digital” segment which generated revenue for continued activities amounting to €186m during H1 2023. It is broken down into several offers:

- The Connect range 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 50.5 million euros over H1 2023 and is marketed in subscription mode with automatic renewal.

- The Booster range 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 features the Priority Ranking offer launched during Q3 2019 and represents sales of €106.3m during H1 2023.

- With the Website range offer, Solocal offers customers site creation and referencing, according to different budget levels, always in subscription mode with automatic renewal. This offer represents turnover of €29.2m during H1 2023.

  The Connect and Booster ranges are also available for key accounts with networks

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 30 June 2023**	**As at 30 June 2022**	**Change**
Connect range	50,5	47,5	6,2%
Booster range	106,3	123,2	-13,7%
Websites	29,2	30,5	-4,2%
Total sales	**186,0**	**201,2**	**-7,5%**

In reporting turnover, management has opted for a breakdown by product range as a means of analysing business operations.

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 30 June 2023**	**As at 30 June 2022**
Revenues	**186,0**	**201,2**
- France	186,0	201,2
- Others	0,0	0,0
Assets	**338,8**	**433,8**
- France	334,3	428,3
- Others	4,4	5,4

Note 3 – Consolidation principles

3.1 Control analysis

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

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.

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.

2023
None

2022
Page Jaunes Finance & Co was deconsolidated during the year (liquidation).

Note 4 – Depreciation of fixed assets

In accordance with IAS 36 "Impairment of Assets", the value in use of property, plant and equipment and intangible assets is tested as soon as there is an indication that they may be impaired.

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.

As at 30 June 2023, there has been no impairment on tangible and intangible fixed assets.

Note 5 – Turnover and trade receivables

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, Booster and the internet Sites.

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 30 June 2023 amounted to 186 million euros compared to 201.2 million euros as at 30 June 2022.

Revenues are recognised according to the IFRS 15 standard that the Solocal Group has been applying since 1 January 2018. With the exception of our range of sites, on which we identify two performance obligations, all other products are covered by only one obligation.

The offers from the Solocal Group are grouped into two major families:

- 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.

<u>Recognition of revenues per service range</u>

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

Applying IFRS 15 leads to all these offers being recognised in a straight-line manner over the lifetime of the contracts in line with the transfer of control of the services which is performed continuously.

- "Sites" range:

Two separate service obligations are retained for the sites offer:

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 30 June 2022**	**As at 31 December 2022**
Gross trade debtors	76 320	77 120
Provisions for impairment	(25 529)	(21 732)
Net trade debtors	**50 791**	**55 388**

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	**76 320**	27 117	4 215	3 055	2 105	4 438	4 866	30 524
Provisions for impairment	**-25 529**	-394	-61	-44	-12	-1 524	-2 981	-20 513
Net trade debtors as at 30 June 2023	**50 791**	**26 723**	**4 154**	**3 011**	**2 093**	**2 914**	**1 885**	**10 011**

(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	**77 120**	32 025	5 387	3 023	2 495	3 458	6 536	24 196
Provisions for impairment	**-21 732**	-357	-60	-34	-28	-1 153	-4 357	-15 743
Net trade debtors as at 31 December 2022	**55 388**	31 668	5 327	2 989	2 467	2 305	2 179	8 453

The Group’s trade receivables portfolio does not pose any significant concentration risk.

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, impairments of trade receivables have been recognised in the half-yearly accounts based on the age of the receivables, historical statistics or information provided by credit agencies.

5.3 Other current assets

Other current assets mainly include VAT receivable at 30 June 2023. The change in this item compared with 31 December 2022 is mainly due to the repayment of VAT credits over the period and the surplus from social security bodies.

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 83.7 million euros as at 30 June 2023 compared to 101.4 million euros as at 31 December 2022.

Note 6 – Cash, debt and financial instruments

6.1 Net financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	As at 30 June 2023	As at 30 June 2022
Interest and similar items on financial assets	350	535
Dividends received	-	-
Financial income	**350**	**535**
Interest on financial liabilities	(15 717)	(13 878)
Other financial expenses & fees excluding financial restructuring (1)	(416)	(627)
Accretion cost (2)	(1 034)	(383)
Financial expenses	**(17 167)**	**(14 888)**
Gain (loss) on exchange	(0)	-
Financial income	**(16 817)**	**(14 353)**

(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

6.2 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 30 June 2023	As at 31 December 2022
Cash equivalents	0	20 023
Cash	63 267	50 763
Net cash	**63 267**	**70 786**
Nominal value of bond loans	195 432	195 432
Fair value of hedging instruments	(16 937)	(16 937)
Nominal value of revolving credit facilities drawn	34 000	34 000
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	11 453	8 474
Other loans	9 000	11 000
Accrued interest not yet due on loans	5 958	858
Others	80	80
Current and non current financial liabilities	234 912	228 833
Long-term and short-term liabilities	56 205	60 036
Gross financial debt	**291 117**	**288 869**
of which current	*249 009*	*63 848*
of which non-current	*42 109*	*225 020*
Net debt	**227 850**	**218 083**
Net debt of consolidated group	**227 850**	**218 083**

The change in amortisation of the fair value reserve and expenses at the effective interest rate takes into account the impact of changes in the E3M rate over FY2023.

On 7 June 2023, Solocal Group announced its intention to initiate discussions with its financial creditors and solicitate a consent to defer to 30 September 2023 the payment of the coupons, of its Bonds and Mini Bonds due 15 June and 15 September 2023.

The postponement has been obtained on 13 July 2023 (cf. press release on the same date), i.e during the cure period which ran from 15 June to 15 July 2023.

However, as this agreement has not been obtained by 30 June 2023, and in accordance with the IAS1 accounting standard, the whole bond debt has been presented as "current" in the Group's consolidated financial statements. The same treatment was applied to the RCF due to a cross-default clause.

Having obtained the agreement after 30 June 2023, the debt maturity has been readjusted to their contractual maturity, i.e 31 March 2025 for Bond debt. Accordingly to the RCF documentation, Solocal Group notified the RCF lenders its intention to repay them in shares in September 2023, it being specified that if they refuse, the maturity of the RCF debt is automatically extended by a further year. The RCF lenders are contesting this extension of maturity considering that this option could not be offered, especifically due to the price of Solocal Group shares. Under the terms of the contractual documentation, Solocal Group considers that in these circumstances, the maturity of the RCF debt is deferred to the 30 September 2024.

Discussions with financial creditors are scheduled to begin in September 2023 on the basis of a strategic plan currently in progress.

Cash and cash equivalents

As at 30 June 2023, the amount of cash amounted to 63.3 million euros.

Change in the liabilities stemming from financing activities

(in thousand euros)	As at 31 December 2022	Cash flows		Non cash variations due to amortized cost	As at 30 June 2023
		In	Out		
Bond Loans	184 430		-4 419	12 066	192 077
Revolving credit	33 373		-1 308	1 690	33 755
Other bank borrowing	11 044		-2 254	290	9 081
Total Liabilities fron financing activities (without IFRS 16)	**228 847**	**0**	**-7 980**	**14 046**	**234 913**

Issuing of bonds

Following completion of the financial restructuring in 2020, the face value of the Group's residual gross debt was reduced to €168.4m, restructured in the form of a bond issue of 334,125,321 bonds with a face value of €0.5041647472146 each, for which settlement-delivery took place on 5 October 2021, reserved for creditors under the Credit Agreement, and for which the main terms are described below and remain unchanged over 2023.

Interests:

- Euribor with 3-month Euribor rate floored at 1% + 7% spread payable quarterly at due date on 15 March, 15 June, 15 September and 15 December, in cash in full from 1 January 2022
- 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 30 June 2023.

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 new bonds, with a nominal value of one (1) euro, have essentially the same characteristics as the Bonds. The main terms include in particular:

Interest:

- Euribor with 3-month Euribor rate floored at 1% + 7% spread payable quarterly at due date on 15 March, 15 June, 15 September and 15 December, in cash in full from 1 January 2022

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 15 million revolving credit facility 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.

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 2022, 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 2024 (§1.4 key events during the year)
- **Depreciation:**
  - September 2021: €6m paid in cash to the tune of €3m and in shares to the tune of €3m.
  - September 2022: €10M paid in cash or shares for a variable number of equity instruments held by Solocal.
  - September 2024: Repayment of residual debt in cash. Solocal Group notified the RCF lenders pursuant to the contractual documentation to offer them repayment of their debt in shares in September 2023. The RCF lenders considered that this option could not be offered to them, particularly in view of the Solocal Group share price. In accordance with the contractual documentation, Solocal Group considers that, in these circumstances, the maturity of the RCF debt has been extended to 30 September 2024, which the RCF lenders dispute.

Financial instruments in the balance sheet

As at 30 June 2023		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	8 653	293	8 360	-	8 653	-
Net trade accounts receivable	50 791	-	50 791	-	50 791	-
Other current financial assets	-	-	-	-	-	-
Cash equivalents	0	-	0	0	-	-
Cash	63 267	-	63 267	63 267	-	-
Financial assets	**122 711**	**293**	**122 418**	**63 267**	**59 444**	**-**
				-	-	-
Non-current financial liabilities	5 000	-	5 000	-	5 000	-
Current financial liabilities	229 913	-	229 913	195 432	34 481	-
Trade accounts payable	46 038	-	46 038	-	46 038	-
Financial liabilities	**280 951**	**-**	**280 951**	**195 432**	**85 519**	**-**

As at 30 June 2022		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	8 324	1 293	7 031	-	8 324	-
Net trade accounts receivable	58 589	-	58 589	-	58 589	-
Other current financial assets	-	-	-	-	-	-
Cash equivalents	20 390	-	20 390	20 390	-	-
Cash	61 954	-	61 954	61 954	-	-
Financial assets	**149 257**	**1 293**	**147 964**	**82 344**	**66 913**	**-**
				-	-	-
Non-current financial liabilities	224 789	-	224 789	224 789	-	-
Current financial liabilities	14 831	-	14 831	-	14 831	-
Trade accounts payable	51 537	-	51 537	-	51 537	-
Financial liabilities	**291 156**	**-**	**291 156**	**224 789**	**66 367**	**-**

At the issue date, the fair value of the bond issue and the mini-bond represented an amount of €191.7m for a face value of €195.4m:

(in thousands of euros)	Nominal value	Quotes as at 30/06/2023	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	176 690	37,00%	65 375	176 690	0	0	0	0	0	0	176 690
Mini Bond	18 742		-	18 742	0	0	0	0	0	0	18 742
Atout Bank borrowing	9 000			4 000	4 000	1 000	0	0	0	5 000	9 000
Revolving credit - facility (RCF) *	34 000			34 000	0	0	0	0	0	0	34 000
Loans	**238 432**		**65 375**	**233 432**	**4 000**	**1 000**	**-**	**-**	**-**	**5 000**	**238 432**
Accrued interest not yet due on loans	5 958	NA		5 958	0	0	0	0	0	0	5 958
Others	80	NA		0	0	0	0	0	80	80	80
Lease liabilities	56 205	NA		19 096	18 125	15 673	1 689	1 154	468	37 109	56 205
Current financial liabilities	**62 243**			**25 054**	**18 125**	**15 673**	**1 689**	**1 154**	**548**	**37 189**	**62 243**

* Payable in shares

(*) Accordingly to the RCF documentation, Solocal Group notified the RCF lenders its intention to repay them in shares in September 2023, it being specified that if they refuse, the maturity of the RCF debt is automatically extended by a further year.

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)

Note 7 – 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:

(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)	-	-	-	-	-	-
Restructuring provisions (2018)	1 545	-	-	-	-	1 545
Restructuring provisions (2014)	191	-	-	(57)	-	134
Provisions for social (*)	21 410	1 900	(1 788)	(652)	-	20 870
Other provisions for risks	3 383	28	(134)	(5)	-	3 272
Total provisions	**26 529**	**1 928**	**(1 922)**	**(714)**	**-**	**25 821**
- of which non current	*190*	-	-	*6*	-	*196*
- of which current	*26 338*	*1 928*	*(1 922)*	*(720)*	-	*25 624*

(*) The charge for the year comprises various social and tax disputes which have been individually analysed by the company and its advisers and covered to the extent of 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).

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. This rate was updated in 2021.

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.

Impact on financial statements of 30 June 2023

Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income, which was a net negative deferred tax impact of 0.3 million euros at 30 June 2023. The discount rate retained in the assessment of the commitments as at 30 June 2023 amounts 3.60% in accordance with actual market conditions (iBoxx AA10+ rate). It stood at 3.75% in December 2022.

At 30 June 2023, income of €4m was recognised in respect of defined contribution pension plans, including €1.6m related to the impact of the pension reform.

The total amount of the provision in the balance sheet stood at 54.7 million euros as at 30 June 2023 compared to 56.1 million euros as at 31 December 2022.

From 1 September 2023, the statutory retirement age will be gradually raised to 64 in 2030 from the current age of 62. The main effect of the reform is therefore to increase the minimum retirement age, which will have implications for long-term and post-employment commitments.

This effect of adjusting the retirement age, mandated by the law, must be recognised in the income statement from the enactment date (change in scheme, CNCC consensus). As the law was enacted during H1 2023, the impact has been taken into account for the year and amount to 1.6 millions euros (staff expenses).

The total balance sheet provision amount to 54.7 million euros at 30 June 2023 compared to 56.1 million euros at 31 December 2022.

Note 8 – Trade creditors

As at 30 June 2023, 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 9 – Corporation tax

Corporate income tax for H1 2023 was calculated by applying the projected effective tax rate at the end of the 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 30 June 2023**	**As at 31 December 2022**	**As at 30 June 2022**
Pretax net income from business	**(11 391)**	**30 080**	**14 458**
Statutory tax rate	25,83%	25,83%	25,83%
Theoretical tax	**2 942**	**(7 768)**	**(3 734)**
Earnings from not integrated companies & Foreign subsidiaries	(325)	(410)	68
Foreign subsidiairies - differences in tax rates	(23)	6	2
Share-based payment	13	114	110
Corporate value added contribution (after tax)	(545)	(2 218)	(1 101)
Difference between the carrying amount of the financial liability extinguished and the amount of the fair value of the equity instruments issued	-	-	-
Ceiling of interest expense deductibility	-	-	-
Other non-taxable / non-deductible items	(14 234)	(23 063)	823
Effective tax	**(12 172)**	**(33 330)**	**(3 832)**
of which current tax (CVAE excluded)	*(138)*	*(3 413)*	*(2 627)*
of which CVAE	*(545)*	*(2 218)*	*(1 101)*
of which deferred tax	*(11 489)*	*(27 700)*	*(104)*
Effective tax rate (deferred tax excluded)	**-6,0%**	**18,7%**	**25,8%**
Effective tax rate	**-106,9%**	**110,8%**	**26,5%**

The net deferred tax asset on the balance sheet was fully impaired at 30 June 2023 for an additional amount of -€13.2m to reflect the reduction in the amount of tax loss carryforwards recoverable over the next five years in line with the downward revision of the outlook. Deferred tax mainly comprises deferred tax relating to tax loss carryforwards, which amounted to €108m at 30 June, financial charges for €11.7m deferred taxes and deferred tax relating to retirement benefits.

Deferred taxes are reviewed at each balance sheet date to take into account the impact of changes in tax laws and the recovery outlook. 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.

Note 10 - Equity and earnings per share

10.1 Share capital

Solocal Group's share capital is composed of 131,906,654 shares with a par value of €1 each, giving a total amount of €131,906,654 (before deduction of treasury shares).

10.2 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 takes into account the conversion into ordinary shares of dilutive instruments outstanding at the end of the period (options not yet exercised, 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 30 June 2023	**As at 30 June 2022**
Weighted average		
Share capital	131 792 365	131 707 374
Treasury shares from liquidity contract	(341 360)	(242 224)
Number of basic shares	**131 451 005**	**131 465 150**
Free share plans	1 374 893	1 259 801
Mandatory Convertible Bonds	4 206	8 483
Number diluted Equity	**132 830 105**	**132 733 434**
Additional information (average)		
Number of existing basic shares as of 30 June	131 412 328	131 381 238
Number of existing diluted shares as of 30 June	132 525 672	132 759 682

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	10	(0,18)	0,08
- diluted		(0,18)	0,08

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	10	-	-
- diluted		-	-

Note 11 – Information on related parties

There were no new related party transactions during H1 2023. 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 2 June 2022.

Key management as related parties as at 30 June 2023 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 12 – Disputes, contingent assets and liabilities

12.1 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.

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

There were no new significant commitments during the first half of 2023.

Note 13-Events after the 30 June 2023 balance sheet date

On 7 June 2023, Solocal Group announced its intention to initiate discussions with its financial creditors and solicitate a consent to defer to 30 September 2023 the payment of the coupons, of its Bonds and Mini Bonds due 15 June and 15 September 2023.

The postponement has been obtained on 13 July 2023 (cf. press release on the same date), i.e during the cure period which ran from 15 June to 15 July 2023.

However, as this agreement has not been obtained by 30 June 2023, and in accordance with the IAS1 accounting standard, the whole bond debt has been presented as "current" in the Group's consolidated financial statements. The same treatment was applied to the RCF due to a cross-default clause.

Having obtained the agreement after 30 June 2023, the debt maturity has been readjusted to their contractual maturity, i.e 31 March 2025 for Bond debt. Accordingly to the RCF documentation, Solocal Group notified the RCF lenders its intention to repay them in shares in September 2023, it being specified that if they refuse, the maturity of the RCF debt is automatically extended by a further year. The RCF lenders are contesting this extension of maturity considering that this option could not be offered, especifically due to the price of Solocal Group shares. Under the terms of the contractual documentation, Solocal Group considers that in these circumstances, the maturity of the RCF debt is deferred to the 30 September 2024.

Discussions with financial creditors are scheduled to begin in September 2023 on the basis of a strategic plan currently in progress.

3 Declaration of the person responsible for the report

"I certify that, to the best of my knowledge, the condensed consolidated financial statements for the half year ended have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the management report included in Part 1 of the report is a true reflection of the major events that have occurred during the period, of their impact on the accounts and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the remaining six months in the financial period. "

Boulogne-Billancourt, 28 July 2023
Hervé Milcent
Chief Executive Officer