

Boulogne-Billancourt, 27th April 2022

Continued roll-out of the strategic plan and confirmed outlook for 2022

despite Q1 2022 revenue and commercial activity slightly below expectations

First quarter 2022 : Revenue down -4.8%, a performance slightly below expected decrease

- Revenue of €101.5 million, i.e. -4.8% vs. Q1 2021 and -3.6% vs. Q4 2021
- Slight erosion of customer base¹ at **304 000 customers** vs. 309 000 customers as at 31st December 2021, as forecasted
- **Flat ARPA²** at c. €1,360 vs. €1,370 as at 31st December 2021
- **Churn** controlled at **13.7%** vs. 12.8% in 2021

- **Flat order backlog** at **€242.6 million** as at 31st March 2022 (vs. €243.5 million as at 31st December 2021)
- **Secured revenue** for 2022 of **€286.2 million** as at 31st March 2022

2022 Ambitions

- Continued roll-out of the strategic plan in line with announced roadmap:
 - o Significant strengthening of the field salesforce (140 “hunters” at the end of March 2022 vs. 89 at the end of December 2021, i.e. +57% in one quarter) and training of new comers,
 - o All field sales management positions filled,
 - o Deployment of the new payplan for field salesforce since January 1st 2022,
 - o Launch of the new PagesJaunes App...
- **Confirmation of 2022 objectives** taking into account a level of commercial activity below expectations, an uncertain economic context while keeping on controlling costs.



When releasing revenue of the first quarter 2022, Hervé Milcent, Solocal Chief Executive Officer, said:

« Revenue is slightly down for the first quarter in consistency with the order intake booked at end of 2021. It is nevertheless balanced by several encouraging developments that confirm our roadmap. Stability of ARPA and of the order backlog, churn control, secured revenue: all these indicators have remained well-managed and allow us to confirm our annual objective which is stabilizing our financial performance compared to 2021. Above all, this start of the year has allowed us to move forward in the execution of our strategic plan with the aim of strengthening our commercial conquest while maintaining solid management discipline. We have only recently embarked on this new strategic orientation, so the benefits of these actions will logically be progressive.»

Quarterly financial information in this press release has not been audited. Financial performance indicators are commented on the scope of continuing operations. The non-audited financial elements presented in this press release for the first quarter of 2021 are revised in light of the scope of activity as at 31st March 2022.

1. Revenue and order backlog analysis

First quarter 2022 consolidated revenue amount to **€101.5 million**, down -€5.2 million (-4.8%) compared to the first quarter 2021 revenue and down -€3.7 million (-3.6%) compared to the previous quarter (fourth quarter 2021).

Given the order intake³ booked over the previous quarters, Solocal had anticipated a very slight decrease in revenue in the first quarter 2022. This slight decrease of c. €5 million compared to 2021 first quarter results from:

- the -1.6% decrease in customer base¹ in connection with the slight increase in churn rate over the quarter,
- an unfavourable product mix (with more *Essential* websites and fewer *Booster Contact* products)
- a non recurring item booking of revenue cancellation from websites (-€0.7 million).

The **order backlog** is flat at €242.6 million as of 31st March 2022, i.e. -0.4% compared to the 31st December 2021. This stability is explained by the order intake³ recorded in Q1 2022 comparable with revenue booked over the same period.

<i>In million euros</i>	31/12/2021	31/03/2022	Change
Digital order backlog	243.5	242.6	-0.4%

Approximately 76% of the €242.6 million order backlog will flow into revenue for the rest in 2022, approximately 15% over the first half of 2023 and approximately 9% thereafter.

2022 first quarter revenue is presented in three business lines:

<i>In € million</i>	2020	2021	Q1 2021	Q1 2022	Change	Allocation
<i>Connect</i>	108.5	126.5	31.1	36.2	+16.6%	29.7%
<i>Booster</i>	258.5	238.3	59.9	50.1	-16.4%	55.0%
<i>Websites</i>	65.8	63.2	15.7	15.2	-3.2%	15.3%
Total revenue	432.8	428.0	106.6	101.5	-4.8%	100%

Connect activity which includes Digital Presence activities represent 30% of Q1 2022 revenue. It was up +16.6% compared to Q1 2021, driven by the retention offer proposed to customers and a slight price increase.

Booster activity which includes activities related to advertising represent 55% of Q1 2022 revenue. It showed a -16.4% decrease over the quarter coming from (i) weaker activity in the large accounts segment, for which a new offer will be deployed from Q3 2022 and (ii) relatively higher churn.

Websites activity, which includes all the ranges of websites sold (Essentiel, Premium, Privilège) represents 15% of Q1 2022 revenue. It is down -3.2% compared to Q1 2021, in particular following commercial discounts granted on creation costs.

2. Customer base, churn and ARPA

Solocal **customer base**¹ evolved as follows in Q1 2022:

	Q1 2021	Q4 2022	Change	FY 2021
Customer base - BoP ^(a)	315k	309k	-6k	315k
+ Acquisitions	13k	9k	-4k	43k
- Churn	-14k	-14k	+0k	-49k
Customer base - EoP ^(a)	314k	304k	-10k	309k
Net change BoP - EoP	-1k	-5k	-	-6k
Churn ^(b) - in %	16,7%	13,7%	-	12,8%
Digital ARPA ^(c)	1 321	1 362	3,1%	1 369

(a) BoP = beginning of period / EoP = End of Period

(b) Churn : number of churned customers on a LTM basis divided by the number of customers BoP ;

(c) ARPA calculated as revenue divided by the average customer base over the past 12 months,

The group customer base¹ is slightly down (-1.6%) at 304 000 customers as at 31st March 2022. This trend is linked to:

- A level of new customers' acquisition below expectations in Q1 2021 (- 4 000 customers) while the first positive effects of the overhaul of the commercial approach are yet to come,
- A loss of customers (-14 000 customers) similar to the number in Q1 2021.

The **Group's churn rate**^(b), is slightly up at **13.7%** as at 31st March 2022 compared to 12.8% as at 31st December 2021, but still controlled and significantly lower than the churn rate as at 31st March 2021 (16.7%). Churn control mainly comes from the drop in churn on the Connect offer and improvements in customer retention.

Group ARPA² reaches €1,362 in Q1 2022, i.e. stable compared to ARPA² in 2021 (€1,369) and up +3.1% compared to Q1 2021 (€1,321). This slight increase in ARPA² is due to the slight price increase on the Connect offer during 2021 and a higher acquisition ARPA (ARPA relating to new customers).

3. Other operational key performance indicators

Solocal's other operational performance indicators for Q1 2022 are as follows:

	Q1 2021	Q12022	Change	2020	2021
Subscription-based order intake <i>as a % of Digital order intake</i>	89%	96%	+7 pts	81%	89%
% order intake generated by autorenewal	23%	42%	+18 pts	11%	32%
Growth KPI	3%	7%	+5 pts	-	-
Traffic : number of searches PagesJaunes - <i>in million</i>	408	385	-5.9%	1 670	1 654

The « % subscription based order intake⁴ » indicator will no longer be communicated as of Q2 2022 , given the loss of relevance of this indicator.

The revenue is now composed of first-year engagement order intake³ (58% in Q1 2022) and order intake³ generated by **autorenewal** (42% in Q1 2022). These figures were respectively at 68% and 32% in 2021.

Solocal traffic is now measured in number of searches. The total number of searches is down -5.9% and reaches 385 million in Q1 2022 vs. 408 million in Q1 2021. Solocal launched the new « PagesJaunes App » in December 2021 and is going to increase its marketing investments in order to promote the added value of PagesJaunes for the customers and to increase traffic.

4. 2022 Outlook and other information

Secured revenue for 2022 already amount to €286.2 million. As announced by the Group on 21st October 2021 during the 3-year roadmap presentation, 2022 is a year of consolidation marked more particularly by the overhaul of the commercial approach and the return to the trust of all stakeholders.

Over the plan horizon, Solocal will capitalize on the efforts made in terms of customer relations efficiency, more particularly with a much more proactive customer support.

Several steps have been made over the past six months, in line with the ambitions of the 2022-2024 strategic plan.

- Implementation of the new compensation plan for sales representatives,
- Strengthening of the management team, particularly at the local level,
- Strong recruitment dynamic (140 « hunters »),
- Staff training,
- Launch of the new PagesJaunes App.

These actions will gradually bear fruit over 2022 and will be combined with a strict control of fixed costs, which will allow a **comparable revenue, EBITDA and operating cash flows in 2022** vs. 2021.

Geopolitical Context

In reaction to the invasion of Ukraine led by Russia since 24th February 2022, a large part of the international community has imposed economic and trade sanctions against the Russian State and some of its nationals.

The Solocal group does not have a presence in the conflict zone. Solocal makes all its order intake in France; consequently, its revenue is not directly impacted by the conflict and the sanctions targeting Russia.

At the date of publication of this press release, it is not possible to measure all the future impacts on the French economy and therefore the indirect impact on Solocal's customers, revenue, and net income.

Solocal is therefore monitoring the development of this conflict with the greatest attention as well as the human, geopolitical and macro-economic consequences (factors of uncertainty, slowdown in growth, inflationary context, etc.) that could occur in the upcoming months.

Details on the nominal value of Solocal Bonds

As at 15th March 2022, the value of Bonds which ISIN code is FR0013237484 amounts to €171,542,535.15 (amount of €334,125,321 adjusted with a pool factor of 0.5134077675803) following the capitalization of Q1 2021 PIK interests.

As at 15th March 2022, the value of Bonds which ISIN code is FR13527744 amounts to €18,200,493.03 (amount of €17,777,777 adjusted with a pool factor of 1.023777777778) following the capitalization of Q1 2021 PIK interests.

Next major dates in the financial calendar

The next financial calendar dates are as follows:

- Combined General Meeting on 2nd June 2022, *at Solocal headquarters*
- 2022 First half results on 27th July 2022

Notes :

² The customer base now represents the number of customers recorded at a defined moment (Beginning or End of Period) and no longer the average number of customers over the last twelve months)

² ARPA calculated as LTM revenue divided by the average customer base over the past 12 months, scope restated from QdQ and Mappy

³ Digital order intake, scope Solocal SA, based on order intake net of cancellations.

⁴ customers who subscribed to at least one product in subscription mode

Definitions

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

Order backlog: The order backlog corresponds to the outstanding portion of revenue yet to be recognised as at 31st December 2021 from order bookings such as validated and committed by customers. For subscription-based products, only the current commitment period is considered

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

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

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

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

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

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

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Solocal is the digital partner for all local companies in France, from VSEs, to SMBs or Large Companies with networks. Our job; vitalize local life. We strive every day to unveil the full potential of all companies by connecting them to their customers thanks to our innovative digital services. We advise over 304 000 companies all over France and support them to boost their activity thanks to our digital services (Relational Presence, Websites and Digital advertising). We also bring users the best possible digital experience with PagesJaunes, and Ooreka, and our GAFAM* partners. We provide professionals and the public with our high audience services (21M views for PagesJaunes), geolocalised data, scalable technology platforms, unparalleled commercial coverage across France, our privileged partnerships with digital companies and our talents in terms of data, development and digital marketing. Solocal moreover benefits from the "Digital Ad Trust" label. To know more about Solocal (Euronext Paris "LOCAL"): let's keep in touch @solocal *GAFAM : Google, Microsoft/Bing,, Facebook, Apple, Amazon.

Committed to a CRS strategy since 2013, Solocal fully endorses the United Nations Sustainable Development Goals. The company is certified to Ecovadis and Gaia Ethifinance with a score of 80/100.

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