

Q3 and 9M 2023 Revenue

Q3 & 9M 2023

- €87 million **revenue in Q3 2023**, i.e -12.7% vs. Q3 2022
- €273 million **revenue in 9M 2023**, i.e -9.2% vs. 9M 2022
- **Order backlog** at 203.1 million € as at 30 September 2023 (vs. €211 million as at 30 June 2023)
- Customer base¹ stood at 270k customers vs. 278k as at 30 June 2023
- Increase in churn² rate by 1 pt to 19% as at 30 June 2023
- **ARPA³ slightly down** (c. 1,320 €) vs 30 June 2023
- **Secured revenue for current year of €341 million** as at 30 September 2023 vs. €379 million as at 30 September 2022

2023 outlook

- **Q4 2023 revenue expected slightly lower than Q3 2023 revenue**, well below 2022
- Thanks to continued cost control efforts, **2023 EBITDA margin is expected in line with H1 2023 EBITDA margin**

Recent financial developments

- **Obtention of the required majority of Bond and Mini Bond holders** to defer to 15 December 2023 the payment of Bonds and Mini Bonds coupons initially due on 15 June and 15 September 2023
- Launch of discussions with financial creditors with the aim of finalizing the discussions before the end of the year
- **Extension of mandat ad hoc proceedings** in order to facilitate discussions with financial creditors

¹ The customer base represents the number of customers with whom the Group has generated at least one euro in revenue over the past 12 months

² Churn rate: number of churned customers on a LTM basis divided by the number of customers BoP

³ ARPA calculated as LTM revenue divided by the average customer base over the past 12 months



1. Revenue and backlog analysis

<i>In million euros</i>	9M 2022	9M 2023	Change	Q3 2022	Q3 2023	Change
Total revenue	300.8	273.0	-9.2%	99.6	87.0	-12.7%

9M 2023 consolidated revenue amounts to €273 million, down -9.2% compared to 9M 2022. Q3 2023 amounts to **€87 million** (-12.7% compared to Q3 2022).

In 9M 2023, revenue from renewal of existing contracts contributes to €153.9 million, **i.e. 56% of the revenue**, up +€8.7 million compared to 9M 2022. In Q3 2023, this contribution amounts to **56% of the revenue**, compared to 52% in Q3 2022.

Revenue from acquisition (new customers, development and migration of old contracts into subscription mode) amounts to €119.1 million and **represents 44% of the revenue**, down -€32 million compared to 9M 2022. In Q3 2023, this contribution amounts to **44% of the revenue**, compared to 48% in Q3 2022.

These trends are mainly driven by:

- a low acquisition sales performance since the beginning of the year impacted by difficulties in retaining fieldsales force ;
- an increase in churn rate mainly on Priority Ranking products, linked to PagesJaunes traffic decrease observed in recent years, and Websites (in particular Premium).

Order backlog amounts to €203.1 million as at 30 September 2023, down -3.7% compared to 30 June 2023.

<i>In million euros</i>	30/09/2022	31/12/2022	31/03/2023	30/06/2023	30/09/2023	Change
Digital order backlog	234.5	221.6	221.7	211.0	203.1	-3.7%

To date, the Group estimates that approximately 33% of this order backlog should flow into Q4 2023 revenue, 61% in 2024 and 6% in 2025.

Solocal revenue for Q3 2023 and 9M 2023 is presented below:

<i>In € million</i>	Q3 2022	Q3 2023	Change	9M 2022	9M 2023	Change	Allocation
Connect	25.1	24.0	-4.3%	72.7	74.4	2.5%	27%
Booster	58.6	49.7	-15.2%	181.7	156.0	-14.2%	57%
Websites	15.8	13.3	-15.8%	46.3	42.5	-8.2%	16%
Total revenue	99.6	87.0	-12.7%	300.8	273.0	-9.2%	100%

NB: Solocal group has modified the presentation of its revenue break-down. The full contribution of the "Priority Ranking" offer is now included in the "Booster offers" range (formerly split between Connect & Booster).

Booster activity (57% of revenue) which includes advertising activities is down -14.2% compared to 9M 2022 due to:

- a strong decline in the contribution of Priority Ranking offer,
- a decrease in Booster Contact revenue,
- an expected fall in revenue of our legacy products range, which are now being discontinued,
- a sector that is less dynamic than anticipated, and in which competition continues to strengthen.

In 9M 2023, **Connect activity** which includes digital presence grew by 2.5% compared with 9M 2022, driven in particular by the Connect Essentiel offer which confirms its resilience and the interest of our customers in their visibility. It represents 27% of 9M 2023 revenue.

Websites activity represents 16% of 9M 2023 revenue, down 8.2% compared to 9M 2022. The Premium offering was the most severely hit, due in particular to the non-renewal of websites sold in Q4 2020 (launch of the Premium range of Websites).

2. Sales performance, customer base, churn and ARPA

9M 2023 sales performance measured by order intakes amounts to €257.8 million euros compared to €288.7 million in 9M 2022. Renewal order intakes decreased from €172.8 million in 9M 2022 to €166 million in 9M 2023. This decrease results from the increase in churn rate on Websites and Ranking offers. Order intakes from acquisition decreased by -31% and amount to €91.9 million (more than half of which comes from the enterprise segment).

Solocal **customer base**¹ evolved as follows in Q3 2023 :

	Q2 2023	Q3 2023	Change
Customer base - BoP ^(a)	281k	278k	-4k
+ Acquisitions	12k	7k	-5k
- Churn	-15k	-15k	1k
Customer base - EoP ^(a)	278k	270k	-8k
Net change BoP - EoP	-4k	-8k	-4k
Churn ^(b) - in %	-18.3%	-19.4%	-1.1 pts

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

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

Customer base¹ stood at 270k customers as at 30 September 2023, down -2.9% compared to 30 June 2023, resulting from:

- a level of new customers acquisition below expectations (7k customers) and lower to Q2 2023 due to a seasonality effect (summer holidays);
- a loss in customers (- 15k customers) flat compared with Q2 2023.

Churn rate², stands at 19.4% as at 30 September 2023, vs 18.3% as at 30 June 2023.

Group ARPA³ stands at €1,320 as at 30 September 2023, slightly down compared to 30 June 2023 (approx. €1,340) and to 30 September 2022 (approx. €1,350).

3. 2023 Outlook

Secured revenue for **2023 already amounts to €341 million.**

Following the start of 2023 impacted by inflationary pressures and difficulties in retaining VSE/SME customers, the Group expects **Q4 2023 revenue slightly below Q3 2023 revenue (€87 million)**, well below 2022. Thanks to ongoing cost control effort, **2023 EBITDA margin is expected to be in line with H1 2023 level (c.18%).**

4. Recent financial developments

Solocal Group announced on July 13, 2023 having received the agreement of the required majority of the holders of the Bonds and Mini Bonds to defer the payment of the coupons due by the Company in June 2023 and September 2023 until September 30, 2023.

On September 29, 2023, the Company announced that it has obtained to defer the payment of these coupons until December 15, 2023

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, specifically 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 have begun in September 2023. The company hopes to finalize them before year end.

5. Detail on the nominal value of Solocal Bonds

As at 15 September 2023, the value of Bonds with ISIN code is FR0013237484 amounts to €176,689,747.06 euros (amount of €334,125,321 adjusted with a pool factor of 0,5288128015230).

As at 15 September 2023, the value of Bonds with ISIN code is FR0013527744 amounts to €18,743,702.88 euros (amount of €17,777,777 adjusted with a pool factor of 1,054333333333).

Next date in the financial calendar

- 2023 Full Year results on 29 February 2024

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 third quarter of 2023 are revised in light of the scope of activity as at 30th September 2023.

Due to rounding, numbers presented throughout this, and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Notes

¹ The customer base represents the number of customers with whom the Group has generated at least one euro in revenue over the past 12 months

² Churn rate: number of churned customers on a LTM basis divided by the number of customers BoP

³ ARPA calculated as LTM revenue divided by the average customer base over the past 12 months

⁴ Calculation based on documentation of Solocal Bonds (with a 2025 maturity)

Definitions

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 September 2023 from order bookings such as validated and committed by customers. For subscription-based products, only the current commitment period is considered

Secured revenue: Total of revenue at September 30, 2023 added to estimated revenue to be recognized in the fourth quarter of 2023 relating to sales for which the service start date is prior to September 30, 2023

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

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