

Update on the restructuring process: Solocal supports Ycor's offer and will consult its financial creditors

- **Solocal Group continues its financial restructuring process with two offers under review, each proposing a massive debt reduction as well as a cash injection:**
 - An offer from its bondholders providing new money in the form of debt
 - An offer from Ycor combining equity contributions and industrial synergies
- **Solocal supports Ycor's offer, being the only one at this stage that could ensure Solocal sustainability and which can be implemented with the support of the senior lenders (RCF)**
- **Solocal Group will consult the General Meeting of Bondholders on the implementation of the Ycor offer by amending the Safeguard Plan**

Cédric Dugardin, Solocal's Chief Executive Officer, declares: *"Since I joined Solocal, my priorities have been the company's general interest, the sustainability of the Group and the protection of its 2,500 employees.*

After several months of continuous discussions with all our stakeholders, we have received two offers that we have studied with the greatest attention: one from our bondholders (and for some of them shareholders) and one from Ycor, an industrial player.

In addition to offering a substantial reduction in the Group's debt, which had become overwhelming, and securing the Group's liquidity, Ycor offer should enable Solocal to benefit from the solutions and expertise developed by Ycor over several years and to generate synergies in the short term.

Thus, Solocal will continue to develop its leadership in local digital services and further improve its service to its 260,000 customers.

For all these reasons, both Board of Directors unanimously and Group Management support Ycor offer. I call on all those involved in this restructuring to act responsibly to safeguard Solocal's future."



Context

On 7 June 2023, Solocal Group (the “**Company**”) announced its intention to initiate discussions with its financial creditors. In order to facilitate these discussions, the Company requested the opening of *mandat ad hoc* proceedings for its benefit and invited its financial creditors to organize themselves to participate in these discussions with the Company.

On 14 June 2023, the President of the Nanterre Commercial Court appointed SELARL FHB, represented by Me Hélène Bourbouloux, as *mandataire ad hoc*.

Expressions of interest

Alongside its discussions with its financial creditors, the Company has initiated a search for an industrial partner and/or a potential buyer.

As part of this competitive process, several industrial players expressed their interest. Among these, Ycor submitted a binding offer on 16 January 2024, revised and improved several times, and most recently on 8 February 2024 (the “**Ycor Offer**”).

On 12 February 2024, the Company also received an improved version of the stand-alone financial restructuring proposal from its bondholders (the “**Stand Alone Offer**”), further to several discussions with its bondholders for the past several months.

Ycor Offer received the unanimous support of the Company’s Board of Directors, management team and senior creditors (RCF creditors)¹ as Solocal considers this offer to be the only one, at this stage, allowing a sustainable future for the Company, from both operational and strategic points of view.

Philippe Mellier, Chairman of the Board of Directors, comments: *“The Board of Directors, perfectly aligned with Management, has voted unanimously in favor of Ycor’s industrial offer. The Board of Directors and I are convinced that this proposal is the only one that offers Solocal a real strategic perspective. Ycor will bring its expertise and in-depth knowledge of our market, at this stage.”*

In order to assist the Company in its further discussions relating to the above-mentioned offers and to facilitate the emergence of a sustainable solution, the Company announces that it obtained the opening of conciliation proceedings in its favor on 1 March 2024. SELARL FHB, represented by Me Hélène Bourbouloux, has been appointed as conciliator.

¹ Subject to internal approvals

Description of the Ycor Offer

The Ycor Offer includes :

- substantial contributions in equity only, including a maximum contribution of 40 million euros in new money from Ycor via share capital increases with or without maintaining shareholders' preferential subscription rights;
- the potential contribution in kind of Regicom to the Company²
- a partial repayment of existing senior debt with part of the proceeds from the above-mentioned equity contributions;
- a massive reduction in the nominal amount of the Group's existing gross debt by approx. 80%, with different amortization profiles depending on the nature of the reinstated debt.

After the full implementation of this offer, the Company would be controlled by Ycor. Solocal Group's current shareholders would be massively diluted (their existing shares would represent less than 1% of the capital). A more detailed presentation of the Ycor Offer is presented in Appendice.

Description of the Stand Alone Offer

The Stand Alone Offer includes:

- a new money financing of up to €20 million in the form of debt, that could potentially be increased);
- a partial repayment in cash of part of the senior debt for an amount lower than the one included in the Industrial Offer, followed by an additional repayment coming from the potential proceeds of a share capital increase with preferential subscription rights;
- a massive reduction in the nominal amount of the Group's existing gross debt, including the entirety of the Bonds, with different amortization profiles depending on the nature of the reinstated debt.

After the full implementation of the Stand Alone Offer, the Company would be controlled by the bondholders. Solocal Group's current shareholders would be massively diluted (their existing shares would represent less than 1% of the capital). A more detailed presentation of the Stand Alone Offer is presented in Appendice.

Next steps in the restructuring process

The Company intends to continue its discussions with its financial creditors (RCF creditors and bondholders) and Ycor, under the supervision of the conciliator, with a view to reach a sustainable solution. Such solution should enable the Company to secure its liquidity and to substantially reduce the debt burden, while ensuring its sustainability via a project which would create value for all stakeholders. The Board will thoroughly examine any revision of these offers.

² Regicom, Ycor and the Company will enter into discussions to define the details of a potential contribution in kind of Regicom to the Company.

To do so, while discussing with the Bondholders, Solocal Group will consult the General Meeting of Bondholders on the implementation of the Ycor offer by amending the Safeguard Plan. Invitations to this General Meeting of Bondholders is intended to be sent out in the next few days.

Ycor Offer assumes that it will be implemented within a consensual framework with the various stakeholders. In case of disagreement from the bondholders to amend the Safeguard Plan, according to the terms proposed by the Company, the Company will consider the implementation of Ycor Offer within an appropriate legal framework, whose terms and conditions will be modified to take into account additional deadlines and constraints.

The Company will keep the market informed of the progress of these discussions.

Since 29 February 2024, the Company no longer benefits from a waiver with respect to the postponement of payment of interests on Bonds and Mini-Bonds. Interests due to date amounts to €15.6m. The company has not paid these interests.

Estimated financial data

In order to provide information on its 2023 financial performance, the Company discloses below some estimated financial data. These key performance indicators have been prepared on the basis of consolidated financial statements prepared on a going concern basis. It should be noted that these financial statements could not be approved by the Board of Directors due to the progress of the negotiations with the creditors described above and that they are currently being audited:

<i>In € million</i>	FY 2022	FY 2023	Change	Allocation
<i>Connect</i>	96.9	98.6	1.7%	27%
<i>Booster</i>	241.6	204.3	-15.4%	57%
<i>Websites</i>	61.4	56.8	-7,4%	16%
Total revenue	400.0	359.7	-10.1%	100%

Recurring EBITDA margin as a percentage of revenue amounts to approx. 18%, significantly down compared to 2022.

Group cash position amounts to €55.7 million compared to €70.8 million as at 31 December 2022.

2024 Outlook

The level of “acquisition” order intakes in 2024 should be comparable with 2023. This stabilization should be made possible by the new strategic orientation aimed at streamlining the field sales force into a unique sales force in charge of both acquiring new customers and developing the current customer portfolio.

However, as a result of difficult sales activity in 2023, a high churn rate despite substantial investment in the customer experience, and difficulties in building loyalty among VSE/SME customers facing an uncertain economic environment, the Group expects revenue to be down c.10% compared to 2023.

In 2024, the company will pursue its efforts to control costs in order to maintain an EBITDA margin of around 15%. The company will focus on sales force productivity, investments with a direct short-term impact on its products and PagesJaunes media, and customer experience improvement to limit the increase in churn.

“**Bonds**” means the €176,689,747.06 aggregate principal amount (as of 31 December 2023) of the bonds bearing interests at Euribor rate (three-month Euribor rate floored at 1%) + 7% spread and with maturity date at 15 March 2025 (ISIN: FR0013237484) issued by Solocal Group.

“**Mini Bonds**” means the €18,743,702.88 aggregate principal amount (as of 31 December 2023) of the bonds bearing interests at Euribor rate (three-month Euribor rate floored at 1%) + 7% spread and with maturity date at 15 March 2025 (ISIN: FR0013527744) issued by Solocal Group.

“**RCF**” refers to the revolving credit facility in a principal amount of €34,000,000 bearing interest at Euribor (with Euribor rate floored at 0%) + 5% margin.

Appendice

	Ycor Offer	Bondholders Offer
Equity contributions/ New financing	<ul style="list-style-type: none"> • Share capital increase reserved for Ycor: €25 million in cash • Share capital increase with preferential subscription rights guaranteed by Ycor and senior creditors: up to €23³ million in cash • Potential contribution in kind of Regicom to the Company 	<ul style="list-style-type: none"> • New money debt : €[10] million + €[10] million (that could potentially be increased based on further discussions) that can be drawn within 24 months after the closing date of the financial restructuring, with the following terms: <ul style="list-style-type: none"> o Margin: Euribor + 6% (pay if you can (PIYC) option) o Maturity: December 2027 (bullet repayment) o Ranking: subordinated to the RCF and the Mini Bonds o Availability period: 24 months after the restructuring completion date o Upfront fees: penny warrants giving access to [20]% of Solocal Group's pro-forma share capital on a fully diluted basis. o Commitment fee: 35% on the undrawn portion (i.e. €[10] million). • Share capital increase with preferential subscription rights, without backstop up to €[10] million

³ Including 15% greenshoe option

Treatment of senior debt (RCF) of 34 million euros	<ul style="list-style-type: none"> • Repayment in cash between €20 and 21³ million at closing • Remaining amount reinstated with amended terms⁴ 	<ul style="list-style-type: none"> • Minimum €5 million repayment at closing • Potential additional repayment up to €[10] million depending of the success of the share capital increase with preferential subscription rights without backstop • Remaining amount reinstated until December 2026
Treatment of the Bonds (€177 million)	<ul style="list-style-type: none"> • €12.5 million restated with amended terms (TSDI) • The balance converted into equity 	<ul style="list-style-type: none"> • Fully converted into equity to be determined
Treatment of the Mini Bonds (€19 million)	<ul style="list-style-type: none"> • Fully reinstated with amended terms 	<ul style="list-style-type: none"> • Fully reinstated with amended terms
Treatment of the Prêt'Atout (€6 million)	<ul style="list-style-type: none"> • €0.6 million repayed in cash at closing • Remaining amount reinstated with amended terms 	<ul style="list-style-type: none"> • Fully reinstated
Pro-forma shareholding structure	<ul style="list-style-type: none"> • Ycor : ~76%⁵ • Bondholders : ~18%⁶ • RCF : ~6% • Existing shareholders : <1% 	<ul style="list-style-type: none"> • Bondholders : >79% • New money penny warrants : [20]% • Existing shareholders : <1%

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⁴ Regicom, Ycor et la Société will enter into discussions to define the details of a potential contribution in kind of Regicom to the Company

⁵ If the backstop of the share capital increase with preferential subscription rights is exercised

⁶ Including 3 series of warrants, each representing 2.06% of the capital, with an exercise price of 3x, 5x and 7x respectively the subscription price of the rights issue

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