

Solocal reaches a major step in its financial restructuring thanks to an agreement in principle signed with Ycor and with the Group's main creditors and shareholders

Further to the press release dated 13 March 2024, Solocal announces that it has signed an agreement in principle with Ycor, the main RCF lenders, its main Bonds and Mini Bonds holders and its main shareholders

These discussions have resulted in an agreement in principle which characteristics for Solocal are close to the Ycor offer described in the press release dated 13 March 2024

In addition to meeting the Company's objectives of substantially reducing its indebtedness and securing the Group's liquidity, this agreement opens up new value-creating perspectives thanks to synergies to be implemented shortly

Cédric Dugardin, Solocal's Chief Executive Officer, declares: *"We have reached a major step in the financial restructuring of Solocal. After months of intense discussions, a solution in the interests of the company, its employees, customers and partners has been confirmed.*

I would like to thank all the parties involved for their commitment and sense of responsibility, and for finding a compromise that will enable Solocal to ensure favorable and sustainable perspective. I would also like to thank Solocal's teams and advisors, who were mobilized in these complex and technical discussions.

We have a challenging legal roadmap to finalize this restructuring. This regulatory process will take several weeks, with the aim of moving as quickly as possible.

In the meantime, all Solocal employees remain particularly mobilized to support our customers in their digital projects and help them cope with a difficult economic environment by developing the visibility of their business."



Main characteristics of the Agreement in Principle

An agreement in principle on the terms of the financial restructuring of Solocal Group (the “**Company**”) was entered into on 12 April 2024 between the Company, the company Ycor SCA (“**Ycor**”), a group of lenders representing 78.6%¹ of the principal amount of the RCF (the “**RCF Lenders**”) and a certain number of institutions holding Bonds, the Mini Bonds and Company’s shares, (the “**Bondholder Group**”) representing c. 84% of the total principal amount of the Bonds, 100% of the principal amount of the Mini Bonds and c. 29% of the Company’s share capital (the “**Agreement in Principle**”). Its conclusion was unanimously approved by the members of the Board of Directors of the Company. This Agreement in Principle was concluded within the framework of the conciliation procedure, under the aegis of the SELARL FHB, taken in the person of Me Hélène Bourbouloux, and of the accelerated financial safeguard plan under the aegis of the SELARL C. Basse, taken in the person of Me Christophe Basse, *commissaire à l’exécution du plan*.

In order to implement the agreement in principle that has been entered into, the next steps will be :

- The proposal to amend the Company’s accelerated financial safeguard plan in order to reflect the terms agreed in the Agreement in Principle and to which the members of the Bondholders’ Group have already undertaken to vote in favor will be submitted to the vote of the bondholders at the bondholders’ general meeting on 22 April 2024 (the “**BGM**”);
- The conclusion of a conciliation protocol with the RCF Lenders and the holders of the Mini Bond, which will reflect the agreement of the latter on the terms agreed in the Agreement in Principle (as reminded below); and
- The organization of a shareholders’ general meeting to approve the various key steps of this financial restructuring, involving amendments to the Company’s bylaws (including the contemplated transactions on the share capital), it being specified that the members of the Bondholders’ Group who are also shareholders representing c. 29% of the Company’s capital and voting rights have already undertaken to vote in favor of its implementation at this shareholders’ general meeting.

The Agreement in Principle, the terms of which are detailed below, provides for, in particular:

- a contribution of 43 million euros exclusively in equity, including a maximum amount of 38 million euros from Ycor through share capital increases with or without maintaining shareholders’ preferential subscription rights²;
- the contribution in kind of all shares issued by Regicom Webformance SAS (“**Regicom**”) to the Company;
- at the date of effective completion of the contemplated share capital increases and issuance of securities, a partial repayment of existing RCF debt, in an amount of 20 million euros, with part of the proceeds from the above-mentioned equity contributions;
- a massive reduction in the nominal amount of the Company’s existing gross bond debt (including interests) by approx. 85%, with different amortization or conversion profiles depending on the nature of the reinstated debt.

After the full implementation of this Agreement in Principle, 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)

¹ It being specified that the holder of the remaining portion of the RCF remains subject to internal approval to accede to the Agreement in Principle.

² Of which (i) 25 million euros via the subscription to a capital increase in cash reserved for Ycor, and (ii) (if this commitment is called), c. 13 million euros via a backstop commitment to a capital increase with shareholders’ preferential subscription rights for a total amount of c. 18 million euros.

Context

On 7 June 2023, 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.

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 (also shareholders for certain of them) (the "**Stand Alone Offer**"), further to several discussions with its bondholders for the past several months.

In its 13 March 2024 press release, the Company indicated that the Ycor Offer had received the unanimous support of the Company's Board of Directors, management team and RCF Lenders³, being at this stage the only one capable of ensuring the Company's sustainable future, both operationally and strategically. The Company also indicated that it wished to encourage its bondholders to support Ycor's Offer, so that it could be implemented on a consensual basis.

This objective, which was in the best interest of Solocal group (the "**Group**"), was achieved by modifying the terms of the Ycor Offer and by reaching an agreement with a majority of creditors of the Group on these terms.

³ Subject to internal approvals.

Evolution and description of the Ycor Offer

	Ycor Offer dated 8 February 2024	Ycor Offer in the Agreement in Principle
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 backstopped by Ycor and RCF lenders: up to €23⁴ million in cash Potential contribution in kind of Regicom to the Company 	<ul style="list-style-type: none"> Share capital increase reserved for Ycor: €25 million in cash Share capital increase with preferential subscription rights backstopped by Ycor and certain members of the Bondholders' Group: €18 million in cash⁵ Contribution in kind of Regicom to the Company
Treatment of RCF debt of 34 million euros	<ul style="list-style-type: none"> Repayment in cash between €20 million and €21 million at closing Remaining amount reinstated with amended terms 	<ul style="list-style-type: none"> €20 million repayment in cash at effective completion of the contemplated share capital increases and issuance of securities Remaining amount (€14m) being reinstated with amended terms: four equal installments of €3.5m to be paid in March 2025, September 2025, March 2026 and September 2026 Unchanged E+850bps cash interest as per existing terms
Treatment of the Bonds (€177 million)	<ul style="list-style-type: none"> €12.5 million reinstated with amended terms (deeply subordination and perpetual term) The balance converted into equity 	<ul style="list-style-type: none"> €5 million reinstated with amended terms (deeply subordination and perpetual term) The balance converted into equity
Treatment of the Mini Bonds (€19 million in principal)	<ul style="list-style-type: none"> Fully reinstated with amended terms 	<ul style="list-style-type: none"> Unchanged as compared to the Ycor Offer dated 8 February 2024
Treatment of the Atout Loan (€6 million in principal)	<ul style="list-style-type: none"> €0.6 million repayed in cash at closing Remaing amount reinstated with amended terms 	<ul style="list-style-type: none"> Unchanged as compared to the Ycor Offer dated 8 February 2024
Pro-forma shareholding structure (after exercise of Warrants)	<ul style="list-style-type: none"> Ycor: ~76%⁶ Bondholders: ~18%⁷ RCF Lenders: ~6%⁶ Existing shareholders: <1% 	<ul style="list-style-type: none"> Ycor: between ~61% and ~72%⁸ Bondholders: between ~22% and ~27%⁸ Potential new shareholders: between 0% and ~17% Existing shareholders: <1%

⁴ Including a 15% greenshoe option.

⁵ Backstopped at the level of €13m by Ycor and at the level of €5m by certain members of the Bondholder Group.

⁶ Including (i) warrants ("**Warrants**") issued and granted in consideration of the backstop commitments of the share capital increase with preferential subscription rights and (ii) the portion of share capital corresponding to the subscription by Ycor/certain RCF Lenders resulting from the call of their backstop commitment of the share capital increase with preferential subscription rights.

⁷ 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.

⁸ Including Warrants issued and granted in consideration of the backstop commitments of the share capital increase with preferential subscription rights.

Governance

The Agreement in Principle provides that the Board of Directors will be composed in accordance with the following principles:

- The Board of Directors will be composed of 8 members:
 - o the Chairman and Chief Executive Officer, appointed by Ycor;
 - o three other members appointed by Ycor;
 - o three independent members within the meaning of the AFEP-MEDEF Code; and
 - o one director representing employees,
- Directors' terms of office: 4 years.

At Ycor's discretion, some or all of the above appointments may be made by co-optation (subject to the prior resignation of members of the current Board of Directors).

The above governance structure will be effective no later than the date of effective completion of the contemplated share capital increases and issuance of securities, unless the Company and Ycor agree on a different date.

From the date of completion of the contemplated share capital increases and issuance of securities, the Company will continue to comply with the principles of the AFEP-MEDEF Code.

It is also specified that in the context of the financial restructuring and the entering into of the Agreement in Principle, the Board of directors of the Company has decided, during its meeting held on 4 April 2024, that, on the date on which the mandate of CEO of the Company of Mr Cédric Dugardin will cease (i.e. on the date of effective completion of the contemplated share capital increases and issuance of securities or such other termination date agreed with Ycor), he will be requested to comply with a non-compete undertaking vis-à-vis companies operating in the same business domain as that of the Group in France and will receive a non-compete indemnity of a gross amount of EUR 225,000 paid in a single installment.

The payment of this non-compete indemnity will occur on the date on which the mandate of CEO of the Company of Mr Cédric Dugardin will cease.

Conditions precedent

The approval of the amendment to the accelerated financial safeguard plan remains subject to the fulfillment of the main following conditions precedent:

- the approval by the general meeting of the shareholders of the resolutions required to implement the plan no later than 28 June 2024 (except if Ycor agrees on a later date);
- the adoption of all decisions by the Company's board of directors necessary to implement the contemplated governance arrangements at the latest on the date of completion of the contemplated issuances of securities and of all resolutions submitted to the Company's general meeting of shareholders necessary to implement the accelerated financial safeguard plan, and the rejection of any resolution that would be contrary to the implementation of the accelerated financial safeguard plan;

- obtaining, if necessary, an unconditional decision by any competition authority authorising or not opposing (where such non-objection is, under applicable law, construed as an authorisation to carry out the proposed restructuring) the restructuring as contemplated by the accelerated financial safeguard plan;
- obtaining a waiver, valid and in force, from the Autorité des Marchés Financiers (AMF) from the obligation for Ycor to make a public tender offer for the Company's shares (the "**AMF Share Capital Increase Exemption**") on the basis of article 234-9, 2° of the AMF General Regulations;
- as the case may be, obtaining a waiver, valid and in force, from the AMF from the obligation for Ycor to make a public tender offer for the shares of the Company (the "**AMF Contribution Exemption**") in relation to the contribution of Regicom on the basis of Article 234-9, 3 of the valid and current General Regulations of the AMF;
- the delivery of the report of the contribution auditor to be appointed for the purposes of potentially implementing the share capital increase to be subscribed by Ycor in the context of the contribution in kind of Regicom to the Company;
- the delivery of the report of the independent expert to be appointed by the Company's board of directors, pursuant to article 261-3 of the General Regulations of the Autorité des marchés financiers, on the fairness of the financial terms of the restructuring for the existing shareholders;
- obtaining the approval from the Autorité des Marchés Financiers for the prospectus relating to the share capital increases and the issuance of Warrants;
- the agreement of the creditors under the BPI Atout Loan on the extension of this debt (unless otherwise agreed by Ycor);
- the approval of the accelerated financial safeguard plan by the BGM at the required majority on 22 April 2024 at the latest (unless Ycor and the Company agree on a later date);
- the signature of a conciliation protocol on 30 April 2024 at the latest (unless Ycor and the Company agree on a later date) and the acknowledgment or homologation of this conciliation protocol simultaneously with the approval of the accelerated financial safeguard plan (unless Ycor and the Company agree on a later date);
- the signature or the adherence to the Agreement in Principle, at the latest on the BGM date (unless Ycor waives or agrees on a later date) by the holders of Bonds and Mini Bonds represented by White & Case and Lazard (the "**Representative Holders**"), representing all holders of Mini Bonds and and at least 2/3 of the holders of the Bonds;
- obtaining, within 5 business days of the signing of the Agreement in Principle (unless Ycor agrees on a later date) of the backstop commitment of the holders of Bonds in connection with the share capital increase with preferential subscription rights, for a total amount of EUR 5 million.

In addition, the implementation of the financial restructuring of the Company remains subject to the fulfillment of the following conditions precedent:

- the finalization of the implementation documents required to implement the accelerated financial safeguard plan;
- the purge of all appeals against the AMF Share Capital Increase Exemption⁹;

⁹ This condition precedent will be deemed to have been fulfilled upon the granting of the AMF Share Capital Increase Exemption only if all the Representative Holders sign or adhere to the Agreement in Principle no later than the date of the BGM (unless Ycor agrees to a later date).

Failing this, the condition will be deemed to have been fulfilled on the later of (i) the confirmation by the Paris Court of Appeal that no appeal has been lodged against the AMF's decision (certificate of non-appeal) shortly after the expiry of the appeal period and (ii) in the event of an appeal being lodged with the Paris Court of Appeal against the AMF's decision, upon obtaining the decision of the Paris Court of Appeal confirming the decision of the AMF (unless waived by Ycor).

- the purge of all appeals against the AMF Contribution Exemption¹⁰.

In the event that (i) the BGM votes in favor of the financial restructuring but the Company's shareholders reject it, or (ii) the BGM votes against the financial restructuring, the Company will implement the financial restructuring under a new collective proceeding that will follow the termination of the Company's restructuring plan adopted in 2020, subject to the legal conditions for such termination and the opening of such new collective proceeding being met.

Appointment of an independent expert

Given the significant dilution expected from the capital increases provided for in the Agreement in Principle, the board of directors has set up an ad hoc committee of independent directors, composed of Mr. Philippe Mellier, Mrs. Ghislaine Mattlinger and Mrs. Delphine Grison, with the mission to propose an independent expert who will be appointed by the board of directors of the Company on a voluntary basis in accordance with article 261-3 of the AMF General Regulations, for the purpose of ruling on the fairness of the financial restructuring of the Company for the shareholders.

The independent expert will deliver a report containing a fairness opinion which will be made available to the shareholders at least 10 trading days before the date of the the general meeting of shareholders of the Company convened to decide on the key steps of the financial restructuring involving amendments to the Company's bylaws (including the contemplated transactions on the share capital and issuance of securities).

Appointment of a contribution auditor

The Company will request from the President of the Nanterre Commercial Court the appointment of a contribution auditor (*commissaire aux apports*) to issue a report on the contribution in kind of Regicom to the Company.

In accordance with the provisions of articles L. 225-147, R. 225-136 and R. 22-10-8 of the French Commercial Code, this contribution auditor will assess the value of Regicom and confirm that this value corresponds at least to the nominal value of the shares to be issued, increased if any by the issue premium.

His/her report will be made available to the shareholders prior to the general meeting of the shareholders, in accordance with the conditions provided for by laws and regulations.

Indicative timeline

The effective completion of the share capital increases and contemplated issuance of securities should take place during the third quarter of 2024.

¹⁰ This condition precedent will be deemed to have been fulfilled upon the granting of the AMF Contribution Exemption only if all the Representative Holders sign or adhere to the Agreement in Principle no later than the date of the BGM (unless Ycor agrees to a later date).

Failing this, the condition will be deemed to have been fulfilled on the later of (i) the confirmation by the Paris Court of Appeal that no appeal has been lodged against the AMF's decision (certificate of non-appeal) shortly after the expiry of the appeal period and (ii) in the event of an appeal being lodged with the Paris Court of Appeal against the AMF's decision, upon obtaining the decision of the Paris Court of Appeal confirming the decision of the AMF (unless waived by Ycor).

"Bonds" means the bonds in an aggregate principal amount of €176,689,747.06 (as of 31 December 2023) 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 bonds in an aggregate principal amount of €18,743,702.88 (as of 31 December 2023) 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 senior revolving credit facility in a principal amount of €34,000,000 bearing interest at Euribor (with Euribor rate floored at 0%) + 5% margin.

Public information

Solocal confirms that information that could be qualified as inside information within the meaning of Regulation No. 596/2014 of 16 April 2014 on market abuse and that may have been given on a confidential basis to certain financial creditors has been published to the market in the context of this press release with the aim of re-establishing equal access to information relating to Solocal between investors.

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