

A background image of an office with several people. In the center, a woman in a light blue shirt is smiling and looking at a tablet. To her left, a man in a light blue shirt is looking at his phone. To her right, another woman in a light blue shirt is looking at the tablet. In the background, a man in a white shirt is talking on a phone. A large, stylized blue '2022' graphic is overlaid on the right side of the image.

Q2 2022 activity review & H1 2022 results

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Wednesday 27th July 2022

solocal

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All accounting data on an annual or half year basis is presented in the form of audited consolidated information. However, all accounting data on a quarterly basis is presented in the form of unaudited consolidated information. In Solocal results presentation and Solocal press release, Solocal Group isolates continuing operations from discontinued operations. Financial performance indicators are commented on the scope of continuing activities. Financial statement presented for 2021 and H1 2021 are reviewed in the light of the 30th June 2022 scope of continuing operations. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the total provided.

All detailed financial indicators and data are published in the Consolidated Financial Statements Report as of 31st December 2021, available on www.solocal.com (Investors and shareholders).



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H1 2022 Highlights

→ Positive Model switch

- **Renewal** mechanism demonstrated its virtues over the semester
- Transformation process of "Generalists" model well underway on acquisition & upsell / cross-sell (positive effects of new payplan...)

→ H1 2022 revenue decrease by -6.2% vs. H1 2021

- Number of "hunters" lower than expected, negatively impacting business activity
- ARPA stable at €1,350
- Customer base at 300k as at 30th June 2022, vs 304k as at 31st March 2022
- Adjustment of 2022 guidance, revenue & EBITDA expected at c.-5% vs. 2021

→ Stable **recurring EBITDA** in H1 2022 at €55.8 million, i.e. 27.7% EBITDA margin (vs. 26.4% H1 2021)

→ **Cash repayment of the RCF**, €10 million, as at 30th September, 2022



Business update & strategic plan follow up

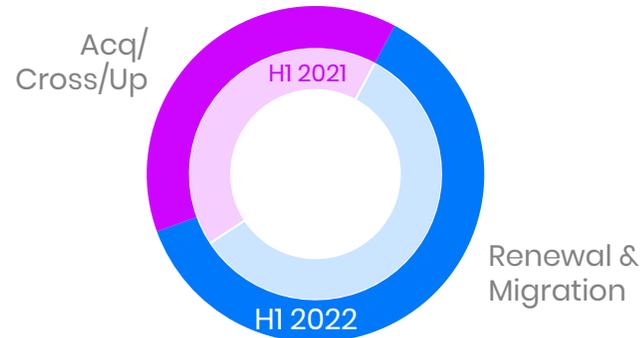
Hervé Milcent

Chief Executive Officer

Autorenewal impact on Solocal business model

Main drivers of the business model

Total Order Intake¹



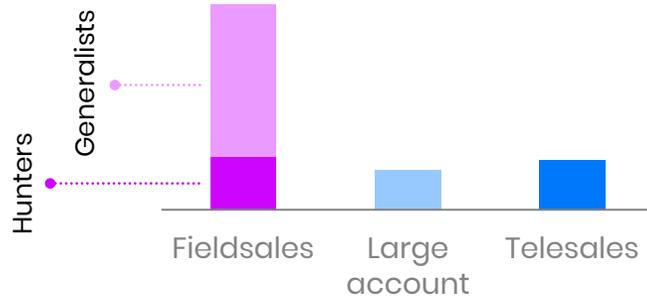
Renew

Majority of order intakes driven from « renewal »:

- Virtuous effects of the subscription model
 - Subject to churn² management control
- An encouraging trend on the renewal allowing a **focus on acquisition**



Acquisition Order Intake



Acquisition

Salesforce's main key driver based on:

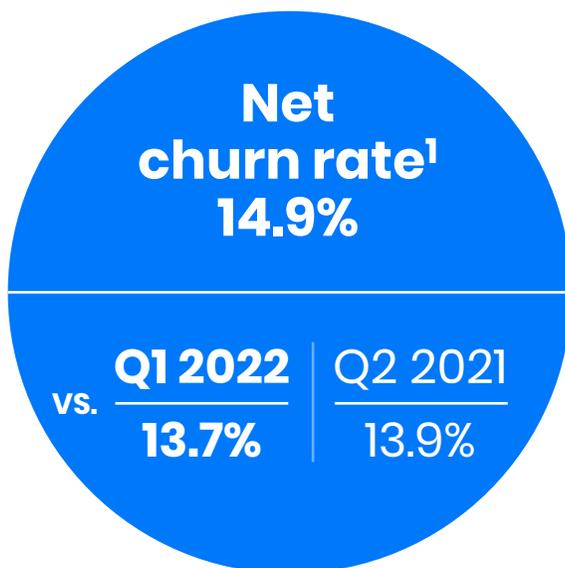
- Ongoing development of hunter salesforce key for acquisition (60% of acquisition generated by field sales)
- Telesales dedicated to lower ARPA is now fully rolled-out and efficient

¹Total Order Intake: orders recorded by the salesforce, that gives rise to a service performed by the Group for its customers
²Churn rate calculation: nb of churned customers on a LTM basis / nb of customers

Customer satisfaction is the key pillar to manage churn

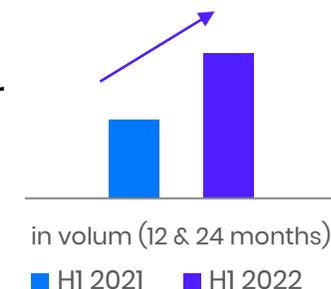
Churn analysis in Q2 2022

Churn¹: +1 pt increase
vs. Q1 2022 as expected



Cohort's effect thanks to the renew

- Renew of the first cohort of 24 months subscription's customer in 2020
- Contract cohort's increase between H1 2021 and H1 2022 : +84%

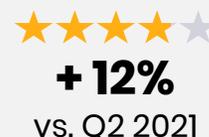


First positive effects of customer satisfaction initiatives

Acquisition



Value development



Support & request



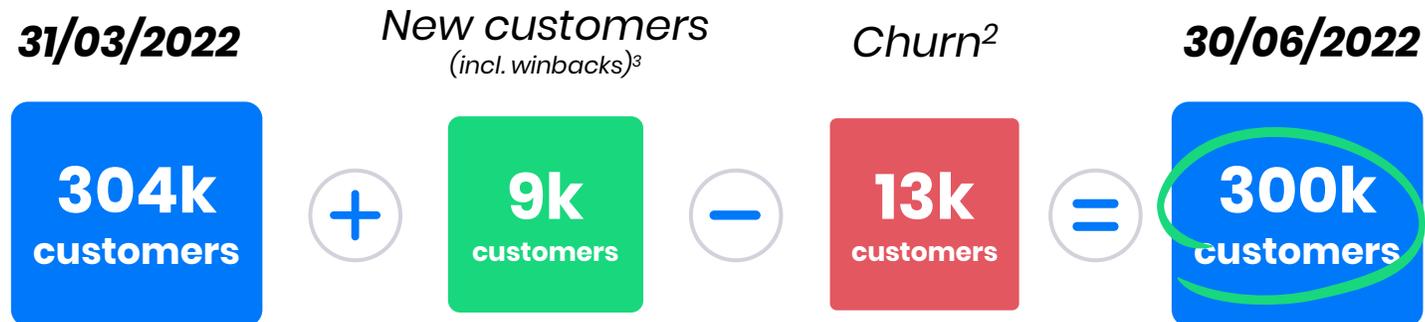
Retention



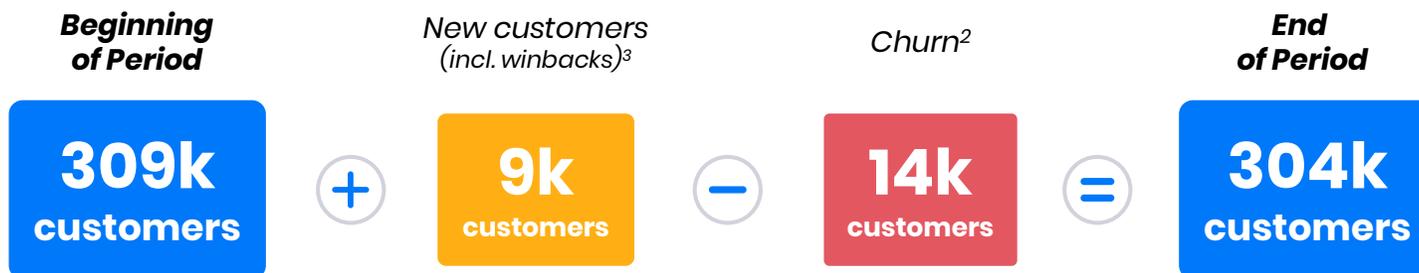
- **Satisfaction survey² sent during the customer's journey**
- **Speech analytics rolled-out** to analyze recorded calls and improve customer's interactions since Q2 2022

Slight erosion of customer base in Q2 2022

Q2 2022 customer base overview¹



Reminder: Q1 2022 customer base overview¹

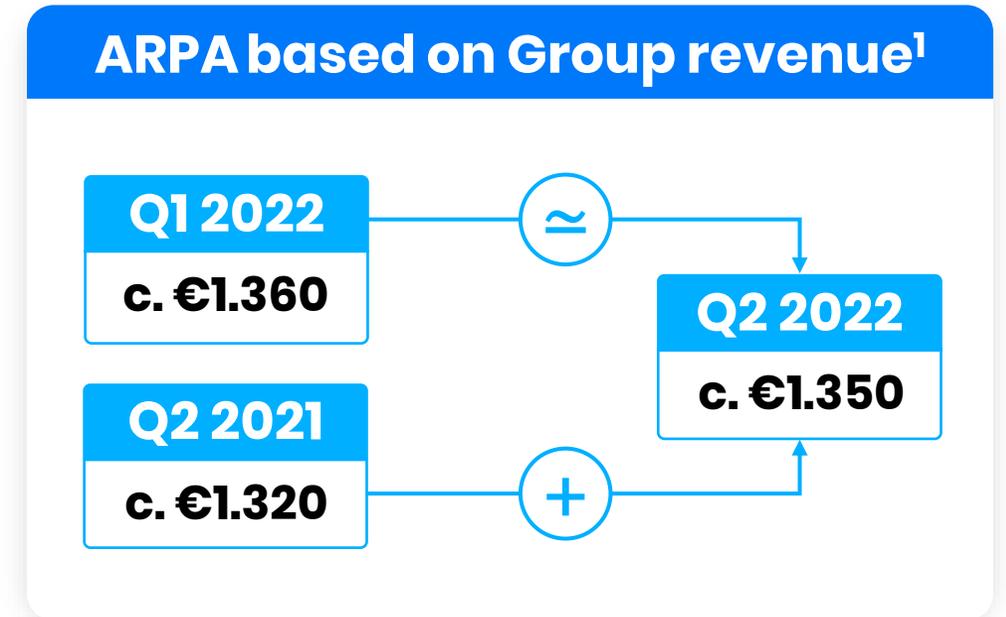
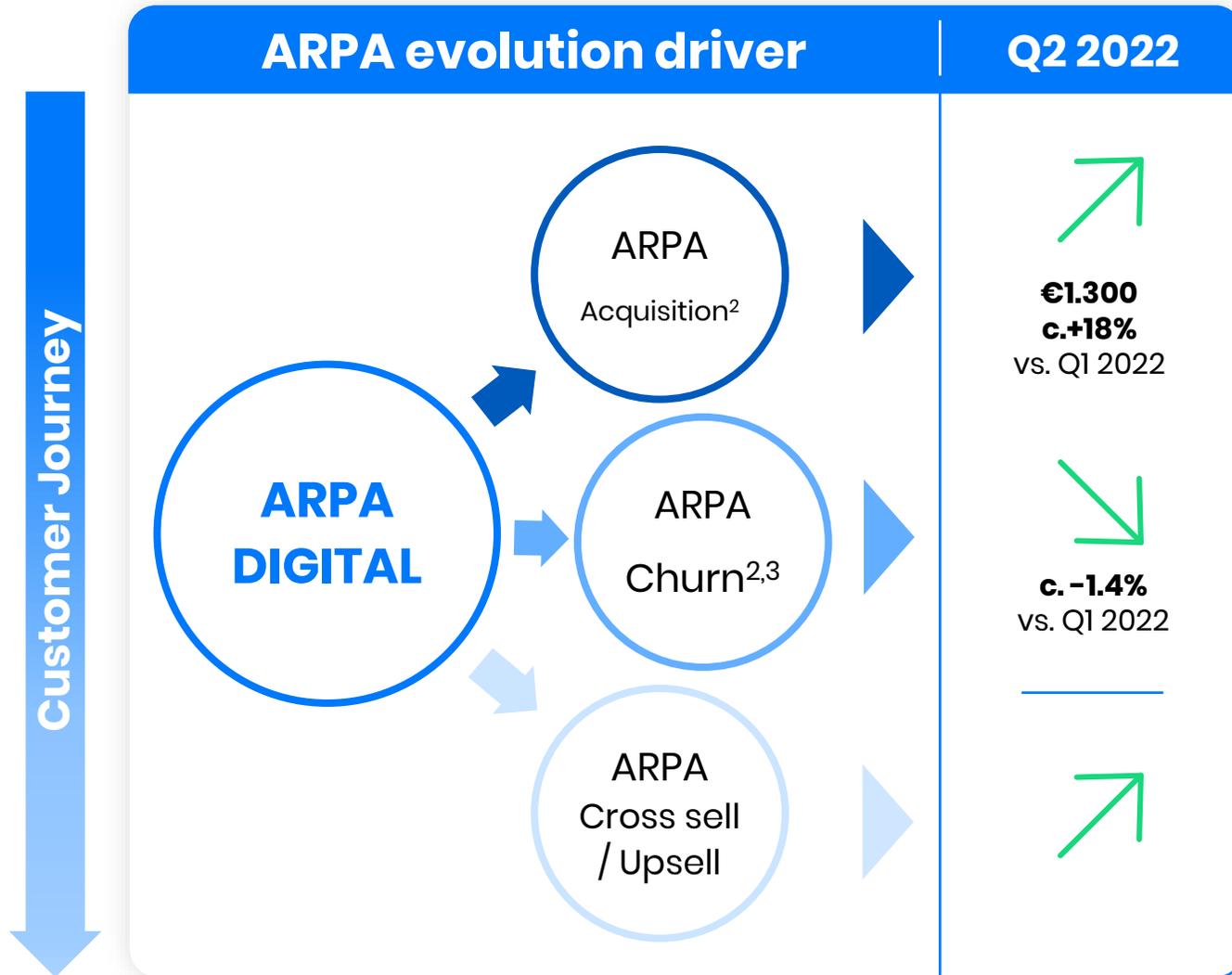


Customer base in Q2 2022

- **300k customers** vs. 304k as at 31st March 2022
- Level of new customers still below expectations (9k customers)

Retention rate⁴ ► c. 53%

Q2 2022: ARPA stable at c. €1,350

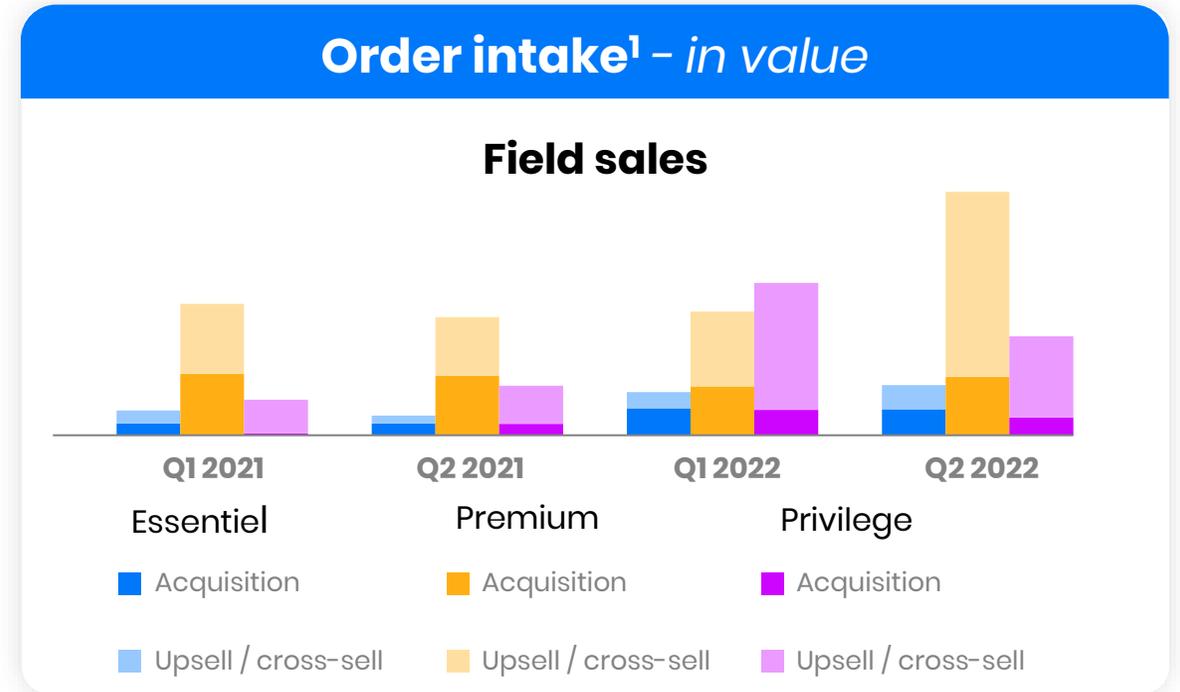
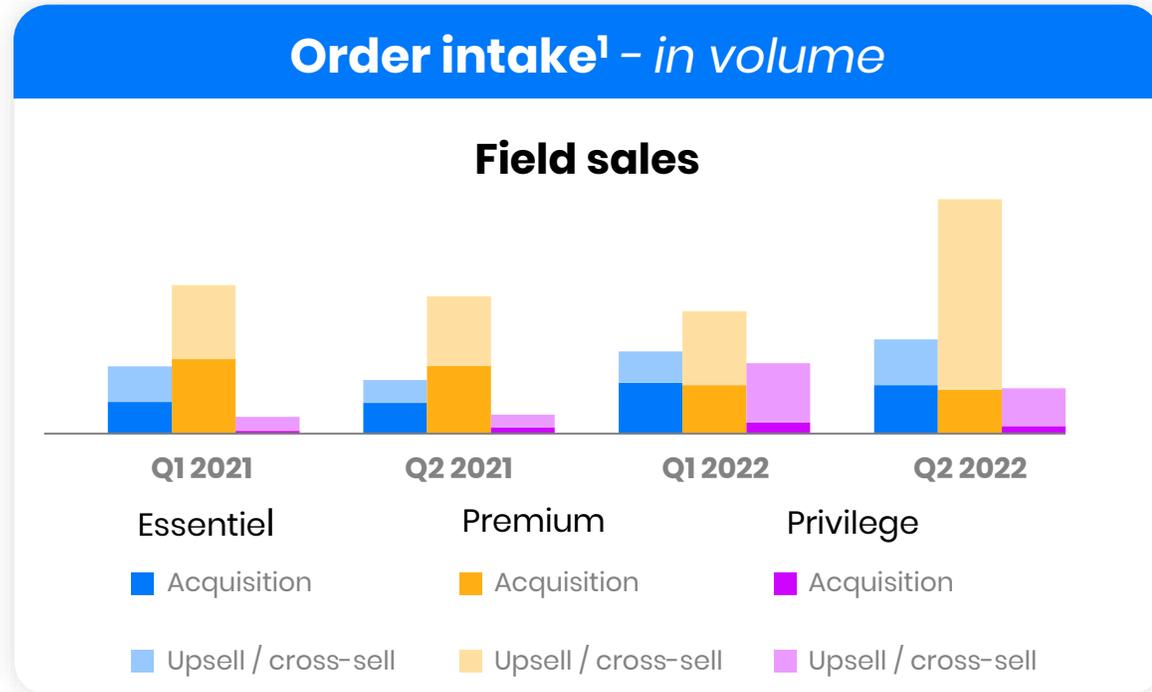


¹ ARPA: Average Revenue per Advertiser, based on the last twelve months order intake for Solocal SA

² Based on order intake, Solocal SA customer base

³ 12 months equivalent

Increasing ARPA: illustration of field sales strategy on websites



- Field sales succeed in increasing ARPA thanks to upsell & cross-sell especially on “Premium” & “Privilege” websites
- Field sales benefit from dedicated onboarding to assist customers

Strategic plan follow-up over H1 2022

1 Performance management

A strengthened management at a local level



Compensation plan project



HR partnership



3 Sales Campus

Welcome process & targeted training



2 Execution regions

Business performance



Staffing *ON GOING*

*Goal at c. 190 hunters
As at end of July: 154 hunters in the salesforce*



4 Methods & tools

New methods & tools to support acquisition activity

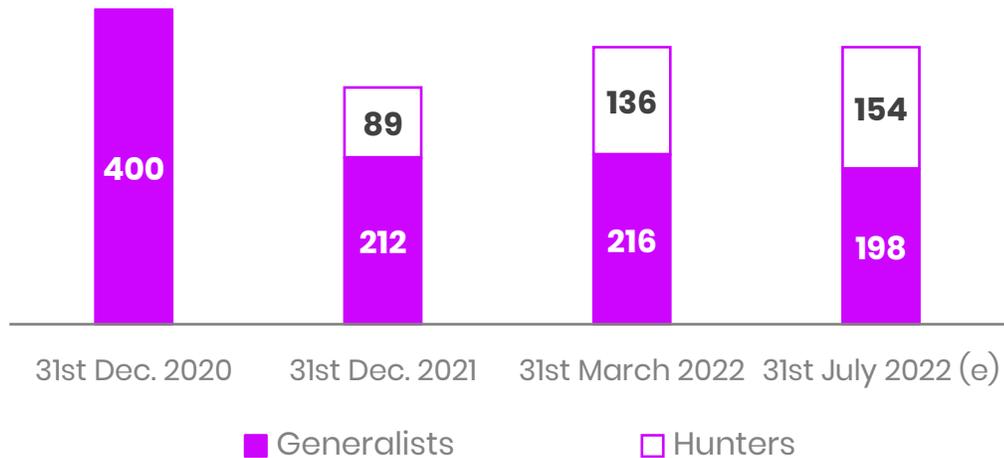


Ongoing salesforce transformation program (1/2)

Focus on Hunters field sales

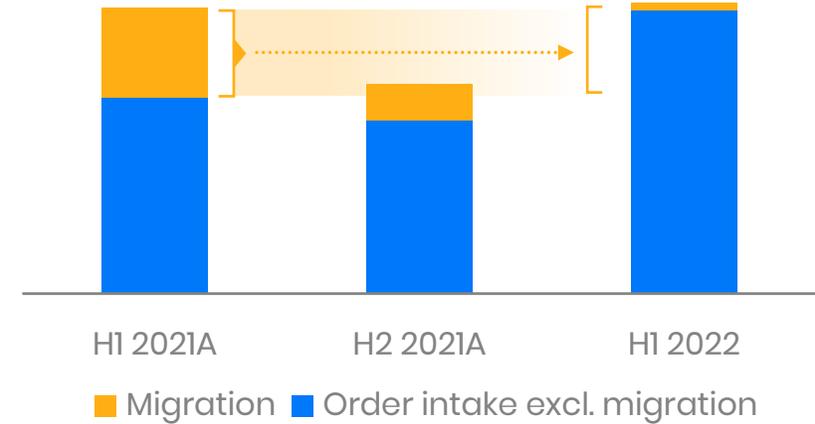
Field Salesforce (number of FTEs)

Goal : 190 hunters



- Hunters (number of FTEs): not yet up to expectations
- Salesforce impacted by turnover due to a tough market context

Focus on Generalists field sales



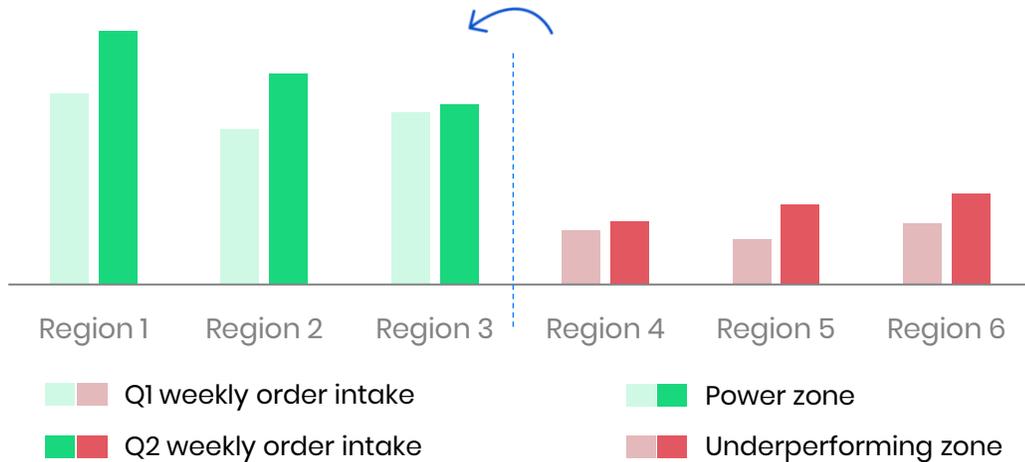
- First positive effects of the new payplan roll-out
- Business developpement (acquisition/upsell/cross-sell) fully offsetting renewal
- Pure acquisition increasing but still below expectations
- Encouraging trend of the shift to the new business model

Ongoing salesforce transformation program (2/2)

H1 2022 Productivity geographical coverage¹

Hunters

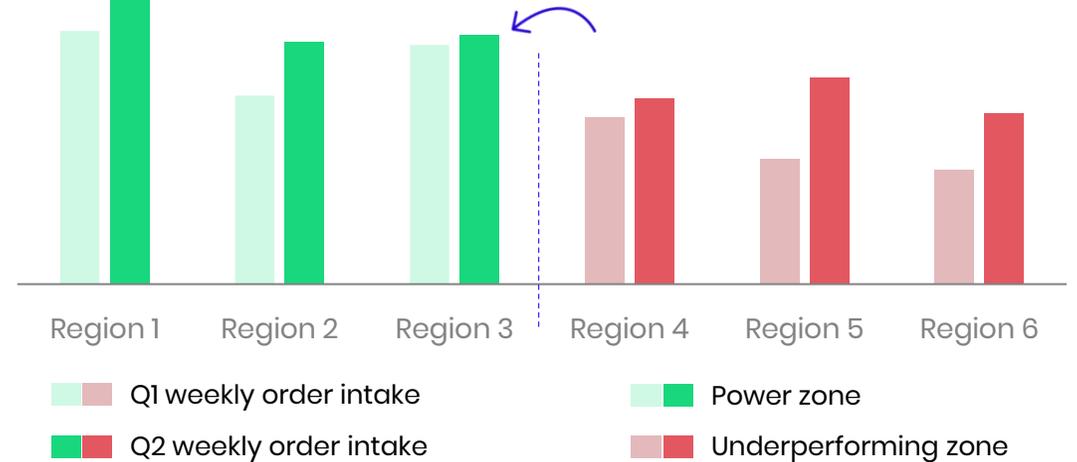
Productivity x 3



H1 2022 Productivity geographical coverage¹

Generalists

Productivity x 1.5



Hunters performance:

- Improved productivity across all regions (« power zone » & « underperforming zone »)
- Strong disconnect between the « Power zone » & « Underperforming zone »

Generalists performance:

- Appropriation of the current model: strong performance on upsell & cross-sell but still below expect on acquisition
- Historical local footprint performance

H1 2022 Strategic plan follow up

PHYSICAL SUPPORT

For new customers

Customer Success Manager

- **Systematic customer onboarding** & more regular **training**
- A **unique interlocutor**, with steps from beginning to end of customer journey

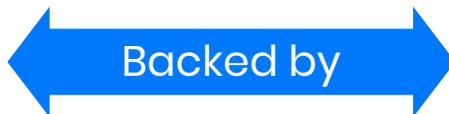
✓
In progress

For existing customers

Customer Care Manager

- Handle customer **questions, requests** & **complaints** according to Solocal standards

In progress



phygital approach



300k +
customers &
prospects

TRUST



PageJaunes
end users

DIGITAL SUPPORT

For all customers

- Easy access to performance in terms of digital exposure
- More impactful & comprehensible **KPIs**



New dashboards rolled-out



RELEVANCE & ACCURACY

Enhanced performance

- **Optimized search engine** for best results
- Quality scoring
- User generated content

✓
In progress
In progress

USER EXPERIENCE

More transparency

- Brand **new app**
- Professionals badges displayed
- PagesJaunes label to distinguish best professionals



✓
In progress
✓



H1 Financial Results

Olivier Regnard

Chief Financial Officer

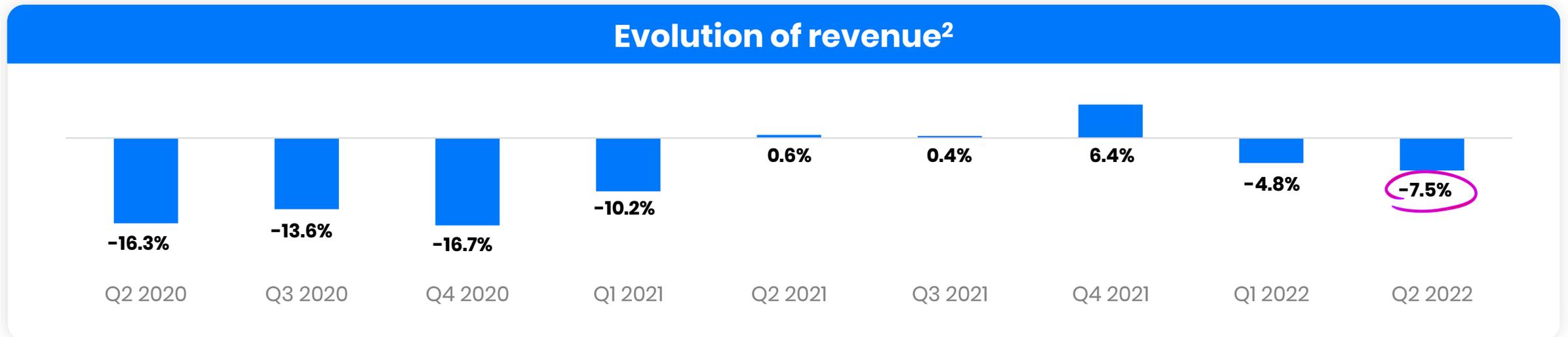
Q2 2022 revenue decrease by -1.7% quarter on quarter

	Q1 2022	Q2 2022	Change QoQ	Q2 2021	Change YoY
Revenue (in million euro)	101.5	99.7	-1.7%	107.9	-7.5%



Revenue¹ down by -7.5%, as a result of:

- Salesforce performance below expectations for H1 2022;
- Unfavourable product mix (websites vs booster contact, low performance of large account)



Overview of Solocal revenue

	 Connect¹	 Websites²	 Booster³	TOTAL
H1 2022	€72.4m	€30.5m	€98.3m	€201.2m
H1 2021	€61.8m	€31.3m	€121.4m	€214.6m
Change	+17.1%	-2.6%	-19.0%	-6.2%

¹ Connect = Access, Essentiel, Premium, Marketing Digital, Vocal, MDOOffline

² Websites = Essentiel, Premium, Privilège, Websites DIY Websites

³ Booster = Display / Adhesive, Booster Contact, Booster Site, Social, Local impact, Ranking

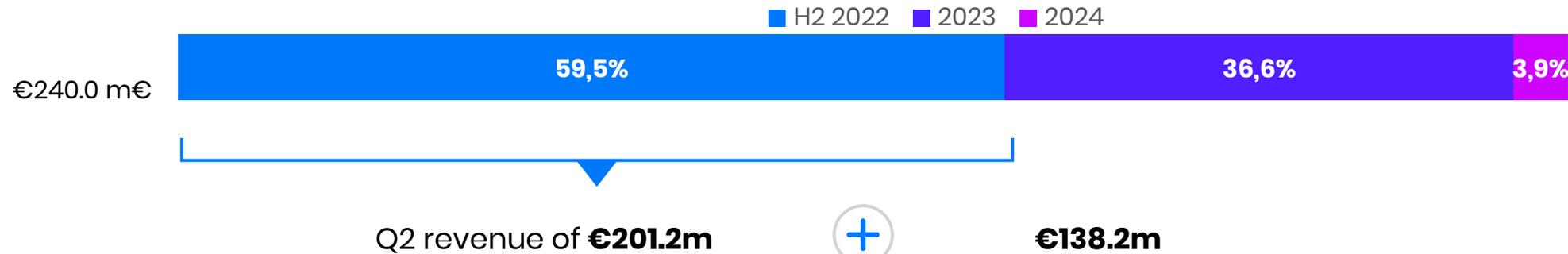
Stable order backlog¹ at €240 m and €339 m of secured revenue for 2022

	March 2022	June 2022	Change
Order backlog ¹ (in € million)	242.6	240.0	-1.1%



Order backlog¹ stable,
-(1.1%) vs. 31st March 2022

Conversion of order backlog into revenue



Secured revenue² for 2022 of €339.4 m as at 30.06.2022

(vs €364.9 m as at 30.06.2021 still not fully comparable due to the change in business model)

€56m recurring EBITDA in H1 2022

In € million	H1 2021	H1 2022	Change	Change
Total Revenue	214.6	201.2	(13.4)	-6.2%
External expenses	(58.6)	(55.1)	(3.5)	-6.1%
Personnel expenses	(99.4)	(90.3)	(9.1)	-9.1%
Recurring EBITDA	56.6	55.8	(0.8)	-1.3%
Non-recurring items	5.9	0.8	(5.1)	n.a.
Consolidated EBITDA	62.5	56.6	(5.9)	-9.5%
Depreciation and amortisation	(28.2)	(27.8)	0.5	-1.7%
Operating income	34.1	28.8	(5.3)	-15.6%
Financial income	(14.0)	(14.4)	(0.3)	+2.3%
Income before tax	20.1	14.5	(5.7)	-28.1%
Corporate income tax	(8.7)	(3.8)	4.9	n.a.
Consolidated Net income Group	11.5	10.6	(0.7)	-5.7%

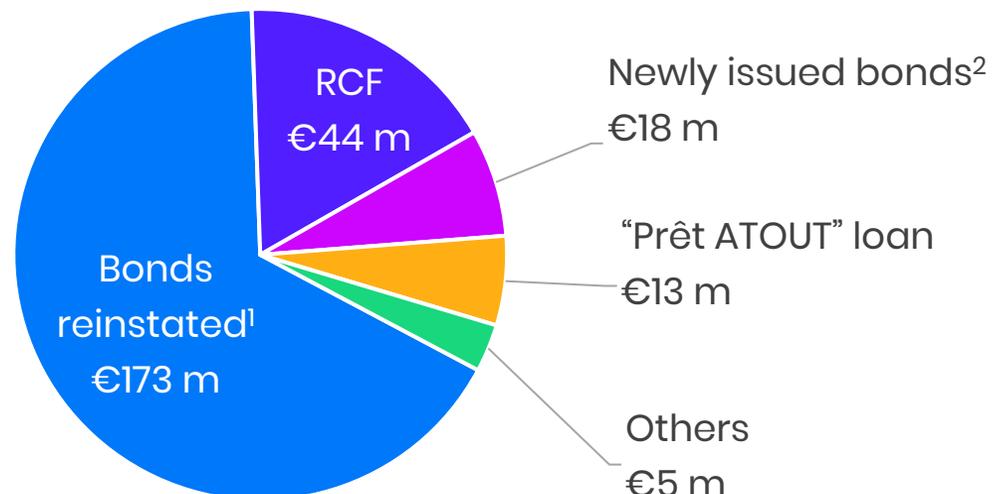
- **€(13) m revenue decrease in H1 2022 vs. H1 2021, offset by costs reduction by €13 m coming from:**
 - €(9)m significant savings in staff costs
 - c.€(4)m of external expenses, driven by spend media and a strict cost monitoring
- **€55.8 m flat recurring EBITDA**
- **27.7% recurring EBITDA margin at** in H1 2022
- **c.€28.8m operating Income**
- **Financial Income:**
 - €(9)m financial interest on RCF, Bonds and other loans
 - €(2)m IFRS 16 impact (rents)
 - €(2.8)m of non-cash amortisation of borrowings
- **Corporate income tax** includes IS & CVAE

€15m Recurring Operating Cash Flow in H1 2022

In € million	H1 2021	H1 2022	Change
Recurring EBITDA¹	56.6	55.8	(0.7)
Non-monetary items included in EBITDA	2.8	0.2	(2.6)
Net change in working capital	(8.1)	(14.9)	(6.8)
- Of which change in receivables	(0.8)	(2.3)	(1.5)
- Of which change in payables	(7.9)	(5.3)	2.6
- Of which change in other WCR items	0.6	(7.4)	(8.0)
Acquisitions of tangible and intangible fixed assets	(16.9)	(15.4)	1.5
Recurring operating free cash flow	34.3	25.6	(8.7)
Non-recurring items	(7.3)	(1.6)	5.7
Disbursed financial result	(5.4)	(9.2)	(3.8)
Corporate income tax paid	0.1	(2.2)	(2.3)
Others	(0.6)	0.1	0.7
Free cash flow	21.1	12.8	(8.3)
Increase (decrease) in borrowings	-	(2.0)	(2.0)
Capital increase	0.7	-	(0.7)
Others	(12.2)	(8.6)	3.6
Net change in cash	9.6	2.1	(7.5)
Net cash & cash equivalents BoP	61.4	80.2	18.8
Net cash & cash equivalents EoP	71.0	82.3	11.3
Operating free cash flows (including IFRS 16)³	17.0	15.4	(1.6)

- **Negative net change in WCR of €(15)m**
 - €(3)m **change in customers receivables**;
 - Change in other WCR items includes €(4)m from social & fiscal liabilities repayment (French State) vs €(2)m in H1 2021
- **Capital expenditure**: €15 m
- **Cash out interest**: Bonds €(7.6)m, RCF €(1.1)m and BPI loan €(0.4)m
- **Decrease in borrowings**: BPI repayment €(2)m
- “Others” corresponds to rents (IFRS 16 impact)
- **€82.3m of cash** position end of June 2022

Focus on debt structure



<i>In million euros</i>	31 st Dec 2021	30 th June 2022
Gross debt	255	253
Cash	80	82
Net debt	175	171
Covenant EBITDA ³	105	107
Financial leverage	1.7x	1.6x
ISCR	5.3x	5.2x

Headroom

30th June 2022

- **Consolidated Net Leverage ratio³** (Consolidated net debt / Consolidated EBITDA) **< 3.5x** **54%**
- **Interest Service Coverage ratio³** (Consolidated EBITDA / Consolidated Net Interest Expense) **> 3.0x** **75%**

€10 m full cash repayment of the RCF (max. mandatory repayment)



Conclusion

Hervé Milcent

Chief Executive Officer

Conclusion

→ 2022, a consolidation year

- Transition completed (renewal/ subscription mode)
- Subscription mode mechanism confirmed and stabilized
- Ramp-up of « hunters » model slower than expected (retention issues)
⇒ **Adjustment of Solocal revenue 2022 outlook, at -5% vs 2021 revenue**
- **2022 Recurring EBITDA c. -5%** vs 2021 thanks to strict cost monitoring
- Operating free cash flows¹ expected at c. €30m, for 2022
- Solid **cash position of €82** m as at 30th June 2022 & net leverage ratio² of 1.6x

→ Outlook

- Solocal's **mid-term strategic plan remains unchanged**. Mid term objectives will be updated at year-end



Q&A