Financial Report
As at 30 June 2021

Board of Directors of 27 July 2021

Unofficial translation of the French-language "*Rapport financier au 30 juin 2021*" of Solocal Group, for information purposes only.

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Solocal Group
Public limited company with a Board of Directors with capital of 129,859,760 euros
Registered office: 204, rond-point du Pont de Sèvres - 92100 Boulogne Billancourt
Nanterre Trade and Companies Register 552 028 425

SUMMARY

1. Activity report as at 30 June 2021

1.1. Overview

The Solocal Group operates in the "Digital" sector, which generated revenue for continued activities of 214.6 million euros over the first half of 2021. It can be broken down as follows:

- The Connect offer allows VSEs and SMEs to control their digital presence over the Web (several tens of medias in total including Google, Facebook, Bing, Tripadvisor, Instagram, etc.) with just a few clicks, in real time and with complete autonomy, via a single mobile application, or a web interface. This offer moreover facilitates the management of interactions among the professionals and their customers thanks to several relational features (instant messaging, quote formulation, appointment scheduling, Click & Collect...). Connect represents revenue of 61.8 million euros over the first half of 2021 and is marketed in subscription mode with automatic renewal.

- The Booster offer allows companies to increase their digital visibility beyond their natural presence over the entire Web, in a logic for developing local market shares. This offer integrates among others the Priority Referencing service launched in the third quarter of 2020 and represents revenue of 121.4 million euros over the first half of 2021.

- With the Website range, Solocal offers customers site creation and referencing, according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenue of 31.3 million euros over the first half of 2021.

  Intended for VSE/SMEs, the Connect and Booster ranges are also available for large network accounts.

1.2. Commentary on the results as at 30 June 2021

In the presentation of its results and in this activity report, Solocal isolates the momentum of the continued activities from that of the activities that it is disposing of. The comments on the financial performance indicators concern the scope of continued activities.

Consolidated income statement for periods closed as at 30 June 2021 and as at 30 June 2020

	As at 30 June 2021					**As at 30 June 2020 (*)**					
	Consolidated	**Divested activities**	**Continued activities**			**Consolidated**	**Divested activities**	**Continued activities**			**Change Recurring 2021 / 2020**
Million euros			**Total**	**Recurring**	**Non recurring**			**Total**	**Recurring**	**Non recurring**	
Revenues	**214.6**	**-**	**214.6**	**214.6**	**-**	**229.9**	**3.8**	**226.1**	**226.1**	**-**	**-5.1%**
Net external expenses	(58.8)	-	(58.8)	(58.6)	(0.1)	(59.0)	(2.8)	(56.3)	(57.3)	1.1	2.3%
Staff expenses	(100.0)	-	(100.0)	(99.4)	(0.6)	(98.1)	(3.5)	(94.7)	(95.0)	0.3	4.6%
Restructuring costs	6.7	-	6.7	-	6.7	0.6	-	0.6	-	0.6	0.0%
EBITDA	**62.5**	**-**	**62.5**	**56.5**	**5.9**	**73.3**	**(2.4)**	**75.7**	**73.8**	**1.9**	**-23.4%**
As % of revenues	*29.1%*	*0.0%*	*29.1%*	*26.3%*		*31.9%*	*0.0%*	*33.5%*	*32.6%*		*-6.3 pts*
Depreciation and amortization	(28.2)	-	(28.2)	(28.2)	-	(28.6)	(1.8)	(26.8)	(26.8)	-	5.4%
Operating income	**34.2**	**-**	**34.2**	**28.3**	**5.9**	**43.3**	**(4.3)**	**47.6**	**45.7**	**1.9**	**-38.0%**
As % of revenues	*16.0%*	*0.0%*	*16.0%*	*13.2%*		*18.8%*	*0.0%*	*21.1%*	*20.2%*		*-7.0 pts*
Financial income	0.2	-	0.2	0.2	-	0.2	-	0.2	0.2	-	10.1%
Financial expenses	(14.2)	-	(14.2)	(14.2)	-	(25.7)	0.1	(25.8)	(25.8)	-	-44.7%
Financial income	**(14.0)**	**-**	**(14.0)**	**(14.0)**	**-**	**(25.5)**	**0.1**	**(25.6)**	**(25.6)**	**-**	**-45.1%**
Income before tax from continued activities	**20.2**	**-**	**20.2**	**14.3**	**5.9**	**17.8**	**(4.2)**	**22.0**	**20.1**	**1.9**	**-28.9%**
Corporate income tax	(8.7)	-	(8.7)	(7.0)	(1.7)	(4.4)	(0.5)	(3.8)	(3.2)	(0.6)	118.1%
Net Income from continued activities	**11.5**	**-**	**11.5**	**7.2**	**4.3**	**13.4**	**(4.7)**	**18.2**	**16.9**	**1.3**	**-57.1%**
Net Income from discontinued activities (*)	**-**	**-**	**-**	**-**	**-**	**14.5**	**14.5**	**-**	**-**	**-**	**0.0%**
Net Income for the period	**11.5**	**-**	**11.5**	**7.2**	**4.3**	**28.0**	**9.8**	**18.2**	**16.9**	**1.3**	**-57.1%**

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

Recurring EBITDA corresponds to EBITDA before taking account of items defined as non-recurring.

These non-recurring items are expenses and income in very small numbers which are unusual, abnormal and infrequent and with amounts that are particularly substantial. They primarily correspond to restructuring expenses: these are costs or income corresponding to a program that is planned and controlled by the management, which significantly modifies either the company's activity scope, or the way in which this activity is managed, according to the criteria provided for in IAS 37.

As at 30 June 2021, the amount of non-recurring items stands at an income of 5.9 million euros.

1.2.1. Analysis of the order backlog for continued activities

Revenues

Total revenues at 30 June 2021 amount to €214.6 million, down 5.1% compared to revenue for the first half of 2020.

Digital revenues already secured for the year 2021 amount to €365.0 million euros.

Order backlog

In million of euros	As at 30 June 2021	As at 31 December 2020
Total order backlog - end of period	**266.0**	**284.2**

The order backlog total amounts to €266 million on 30 June 2021, down 6,4% compared to 31 December 2020. In a difficult health context, the commercial activity generated over the period did not make it possible to offset the effect linked to the decrease in the order backlog, corresponding to the recognition of revenue following the publication of products and the setting up of our services. Our model as subscription products as well as the setting up of a retention unit made it possible to limit this impact during the 1st half of 2021.

Performance indicators of Solocal

	As at 30 June 2021	As at 30 June 2020	Variation
Subscription-based order intake - as a % of Digital order intake	87.0%	78.0%	9.0 points
Growth KPI	26%		
Traffic: number of search PagesJaunes - in million	784	790	-0.8%

In total over the first half 2021, 87% of order intake were subscription – based, i.e. an increase of +9 pts compared to the first half of 2020, mainly stemming from Priority Ranking and Connect offers, Websites and Booster Contact. This subscription-based order intake rate has been experiencing an ongoing ramp-up since the full roll-out of new digital Connect (previously Presence) and Priority Ranking services in July 2019. Subscription-based products are pivotal for the transformation of the business model, as it allows (i) a decrease in churn, while (ii) more importantly, it should foster an increase in new customer acquisition and cross-selling of existing clients by freeing up some salesforce time historically devoted to renewal.

Since February 2021, Solocal has been disclosing a "growth KPI", which corresponds to the contribution of order intake of the quarter to revenue for the next twelve months. This indicator allows the group to monitor its order intake conversion into revenue and is up + 26% in the first half of 2021 vs. the first half of 2020. This means that the first half of 2021 order intake helped secure + 26% in revenue over the upcoming 12 months compared to the order intake recorded in the first half of 2020. This increase is explained in particular by a favourable base effect linked to the negative impact of the crisis and health measures in the second quarter of 2020.

PagesJaunes traffic is based on :

- Direct traffic from visits made directly by user on pagesjaunes.fr or PagesJaunes App or via search engines using SEO (search for our content);

- Traffic on partner websites on which Solocal display content. Since April 2021, the “cookies and other tracers” guidelines of the CNIL require the explicit consent of individuals to measure Solocal’s traffic on its partners’ website. The “visits” indicator is weakened as the traffic of syndicated directories is no longer measurable in a certified manner. The progressive ban of third-party cookies by internet browsers reinforces the weakness of this indicator for the future.

For these reasons, the group no longer communicates its « total traffic » figure but now the number of « searches ». The total number of searches thus stands at 784 million in the first half of 2021 vs. 790 million in the first half of 2020, i.e. a decrease of -0.8%.

1.2.2. Analysis of recurring EBITDA

Net external expenses

Recurring external expenses amount to 58.6 million euros as at 30 June 2021, up 2.3% which is 1.3 million euros compared to the first half of 2020.

Restated from exceptional cost reductions in 2020 (« media spend» down due to the closure of customer businesses in the second quarter of 2020, reduction in travel costs & seminars during the lockdown period), the external expenses for the first half of 2021 would be down almost 3%.

Personnel expenses

Recurring personnel expenses amount to 99.4 million euros as at 30 June 2021, up 4.6% which is 4.5 million euros compared to the first half of 2020, explained by an unfavorable base effect. In fact, in 2020, the implementation of partial or total unemployment measures reduced the cost of the payroll by around €9 million during the first half of the year. As a result of these exceptional cost reductions, personnel costs in the first half of 2021 are down -4.5% compared to those in the first half of 2020.

As at 30th June 2020, the Group’s workforce was composed of 2,813 people (including long term illness), 52,4% of which were salespersons.

Recurring EBITDA

Recurring EBITDA for continued activities amounts to 56.5 million euros as at 30 June 2021, down 23.4% which is 17.3 million euros compared to the first half of 2020. The recurring EBITDA rate over revenues thus amounts to 26.3%, down 6.3 points.

This decrease mainly results from :
- the decrease in revenue mainly due to the effect order intake decline in 2020 which had little impact on the first half of 2020 revenue,

- the benefit of €13 million in cost relief linked to the Covid-19 health crisis (partial unemployment and indirect effects such as stopping travel). Restated from this sole effect, the EBITDA margin in the first half of 2020 would come out at c. 27%.

1.2.3. Analysis of the other items in the income statement

<u>Operating income</u>

The table below shows the Group's operating income for continued activities in 2021 and 2020:

	As at 30 June 2021					As at 30 June 2020 (*)					
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities			Change Recurring 2021 / 2020
Million euros			Total	Recurring	Non recurring			Total	Recurring	Non recurring	
EBITDA	**62.5**	**-**	**62.5**	**56.5**	**5.9**	**73.3**	**(2.4)**	**75.7**	**73.8**	**1.9**	**-23.4%**
As % of revenues	*29.1%*	*0.0%*	*29.1%*	*26.3%*		*31.9%*	*0.0%*	*33.5%*	*32.6%*		*-6.3 pts*
Gains and losses from disposals	-		-	-							
Depreciation and amortization	(28.2)	-	(28.2)	(28.2)	-	(28.6)	(1.8)	(26.8)	(26.8)	-	5.4%
Operating income	**34.2**	**-**	**34.2**	**28.3**	**5.9**	**43.3**	**(4.3)**	**47.6**	**45.7**	**1.9**	**-38.0%**
As % of revenues	*16.0%*	*0.0%*	*16.0%*	*13.2%*		*18.8%*	*0.0%*	*21.1%*	*20.2%*		*-7.0 pts*

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

As at 30 June 2021, the amount of non-recurring items stands at 5.9 million euros and is primarily comprised of reversed provisions booked in the framework of the Group's transformation.

Impairment and amortisation amounted to (28.2) million euros as at 30 June 2021, and are down slightly by 1% compared to the first half of 2020.

The Group's operating income for continued activities stands at €34.2 million compared to €43.3 million in the first half of 2020.

<u>Net income for the period</u>

The table below shows the Group's net income for continued activities as at 30 June 2021 and 2020:

	As at 30 June 2021					As at 30 June 2020 (*)					
	Consolidated	Divested activities	Continued activities			Consolidated	Divested activities	Continued activities			Change Recurring 2021 / 2020
Million euros			Total	Recurring	Non recurring			Total	Recurring	Non recurring	
Operating income	**34.2**	**-**	**34.2**	**28.3**	**5.9**	**43.3**	**(4.3)**	**47.6**	**45.7**	**1.9**	**-38.0%**
As % of revenues	*16.0%*	*0.0%*	*16.0%*	*13.2%*		*18.8%*	*0.0%*	*21.1%*	*20.2%*		*-7.0 pts*
Financial income	0.2	-	0.2	0.2	-	0.2	-	0.2	0.2	-	10.1%
Financial expenses	(14.2)	-	(14.2)	(14.2)	-	(25.7)	0.1	(25.8)	(25.8)	-	-44.7%
Financial income	**(14.0)**	**-**	**(14.0)**	**(14.0)**	**-**	**(25.5)**	**0.1**	**(25.6)**	**(25.6)**	**-**	**-45.1%**
Income before tax from continued activities	**20.2**	**-**	**20.2**	**14.3**	**5.9**	**17.8**	**(4.2)**	**22.0**	**20.1**	**1.9**	**-28.9%**
Corporate income tax	(8.7)	-	(8.7)	(7.0)	(1.7)	(4.4)	(0.5)	(3.8)	(3.2)	(0.6)	118.1%
Net Income from continued activities	**11.5**	**-**	**11.5**	**7.2**	**4.3**	**13.4**	**(4.7)**	**18.2**	**16.9**	**1.3**	**-57.1%**
Net Income from discontinued activities (*)	**-**	**-**	**-**	**-**	**-**	**14.5**	**14.5**	**-**	**-**	**-**	**0.0%**
Net Income for the period	**11.5**	**-**	**11.5**	**7.2**	**4.3**	**28.0**	**9.8**	**18.2**	**16.9**	**1.3**	**-57.1%**

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

Financial income amounts to (14) million euros as at 30 June 2021. Financial expenses however decreased over the period, decreasing from (25.7) million euros as at 30 June 2020 to (14.2) million euros as at 30 June 2021 due to the debt financial carried out in September 2020.

The consolidated pre-tax operating income for continued activities amounts to 20.2 million euros as at 30 June 2021 and 17.8 million euros as at 30 June 2020.

The corporation tax charge recorded as at 30 June 2021 is (8.7) million euros. This expense included a CVAE (Corporate value added contribution) expense of (1.3) million euros and an income tax expense of (1.4).

The Group consolidated net income is positive as at 30 June 2021 and stands at 11.5 million euros compared to 28 million euros as at 30 June 2020.

1.2.4 Consolidated cash flow presentation

Cash flow statement	As at 30 June 2021	As at 30 June 2020
In million of euros		
Recurring EBITDA	**56.5**	**85.9**
Non monetary items included in EBITDA and other	2.8	(5.0)
Net change in working capital	(8.1)	(41.8)
of which change in receivables	*(0.8)*	*(48.6)*
of which change in payables	*(7.9)*	*(13.0)*
of which change in other WCR items	*0.6*	*19.8*
Acquisition of tangible and intangible fixed assets	(16.9)	(22.0)
Recurring operating free cash flow	**34.3**	**17.1**
Non recurring items	(7.3)	(19.5)
Disbursed financial result	(5.4)	(1.1)
Corporate income tax paid	0.1	(1.6)
Others	(0.6)	
Free Cash flow	**21.1**	**(5.2)**
Increase (decrease) in borrowings	-	-
Capital increase	0.7	3.7
Others	(12.2)	(11.9)
Net cash variation	**9.6**	**(13.4)**
Net cash and cash equivalents at beginning of period	61.4	41.5
Net cash and cash equivalents at end of period	**71.0**	**28.1**

Note: The first half 2020 Group cashflow statement includes the cashflows generated by Digital and Print Businesses, i.e. a recurring EBITDA of 85.9 million euros which includes recurring consolidated EBITDA and the marginal contribution of Print business (revenues and direct costs).

The change in working capital requirements improved significantly in the first half of 2021, going from -41.8 million euros for the first half of 2020 to -8.1 million for the first half of 2021. The change in customer WCR is almost at break-even compared to -48.6 million euros for the first half of 2020. This improvement is due to:

- the stability of the activity in the second quarter of 2021 after many years of decline;

- a reduction in the time between order intake’s booking and its revenue recognition, mainly thanks to the switch to subscription model.

The change in « Other WCR » includes the reimbursement of part of the tax and social liabilities over the semester (-2 million euros), offset by 4 million euros of VAT credit received in the first half of 2021.

The amount of CAPEX is 16.9 million euros in the first half of 2021, down 23% compared to the first half of 2020 as the group had committed to.

Non-recurring items amounted to -7.3 million euros for the first half of 2021. They include the disbursements resulting from the Solocal 2020 transformation project. As indicated below, only 3 million euros remain to be disbursed under this project.

Disbursed financial expenses amount to 5.4 million euros over the first half of 2021, they correspond to the payment of bonds’ interests in cash (50% of interest are paid in cash and 5°% are capitalized until 31st December 2021) and the annual interest on the of RCF of 50 million euros. In the first half of 2020, the financial expenses paid amounted to 1.1 million euros because the group had not paid its quarterly bond coupons in the context of the health crisis to preserve its cash.

The Group's consolidated Free Cash Flow is therefore positive, at +21.1 million euros in the first half of 2021, compared to -5.2 million euros in the first half of 2020.

The change in "Others" of -12.2 million euros mainly derives from the cashflow corresponding to the financial amortisation of capitalised use rights related with the application of IFRS 16 (i.e. the rents paid by the group for 10 million euros) and the termination of the working capital line (-2 million euros repayment).

The Group's net change in cash is therefore positive at +9.6 million euros in the first half of 2021. As at 30th June 2021, the Group had a net cash position of 71.0 million euros, compared to 61.4 million euros as at 31st December 2020.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows for continued activities of the Group as at 30 June 2021 and as at 30 June 2020:

In million of euros	**As at 30 June 2021**	**As at 31 December 2020**	**As at 30 June 2020**
Net cash from operations	38.7	(16.6)	16.8
Net cash used in investing activities	(17.6)	(40.1)	(22.1)
Net cash provided by (used in) financing activities	(11.4)	76.7	(8.1)
Net increase (decrease) in cash position	**9.7**	**19.9**	**(13.4)**

The net cash from operations stood at 38.7 million euros as at 30 June 2021 compared to 16.8 million euros as at 30 June 2020.

The net cash from operations used in investment activities amounted to (17.6) million euros as at 30 June 2021 compared to (22.1) million euros as at 30 June 2020, representing a change of (4.5) million euros.

The net cash used in financing activities represents a disbursement of 11.4 million euros as at 30 June 2021 compared to a net collection of (8.1) million euros as at 30 June 2020.

The table below shows the changes in the **Group's consolidated net cash position and debt** as at 30 June 2021, and as at 31 December 2020:

(in thousands of euros)	**As at 30 June 2021**	**As at 31 December 2020**
Cash equivalents	0.2	0.2
Cash	70.9	61.2
Gross cash	**71.0**	**61.4**
Bank overdrafts	-	-
Net cash	**71.0**	**61.4**
Nominal value of bond loans	186.2	186.2
Fair value of hedging instruments	(16.9)	(16.9)
Nominal value of revolving credit facilities drawn	50.0	50.0
Debt issue costs integrated into the effective interest rate of the debts	(4.1)	(4.1)
Amortization of the difference in fair value and costs at the effective interest rate	3.6	1.1
Other loans	16.0	16.0
Accrued interest not yet due on loans	6.2	2.5
Lease liability	-	0.1
Factoring	-	2.1
Others	0.0	0.0
Current and non current financial liabilities	241.0	237.0
Long-term and short-term liabilities	84.8	94.0
Gross financial debt	**325.9**	**331.0**
of which current	*27.4*	*27.7*
of which non-current	*298.5*	*303.3*
Net debt	**254.8**	**269.6**
Net debt of consolidated group	**254.8**	**269.6**

Net financial debt (financial debt, minus cash flow and cash flow equivalents) was 254.8 million euros as at 30 June 2021, down 14.8 million euros compared to 269.6 million euros as at 31 December 2020.

Net leverage as defined in the documentation pertaining to Solocal's 2025 maturity Bonds is 2.3x as at 30th June 2021 (to which IFRS 16 does not apply). The EBITDA to interest expenses ratio (ISCR) amounts to 3.3x.

The group complies with the financial covenants requested by the Bonds documentation, with respectively 34% and 9% of headroom.

As at 30 June 2021, gross financial debt is primarily comprised:

- of bonds stemming from the financial restructuring operations carried out in October 2020 for a nominal amount of 168.4 million euros, repayable in March 2025,
- of bonds issued for a value of 16 million euros set up in the framework of the Group's financial restructuring of which the maturity is identical to the preceding bonds,
- of an entirely drawn revolving credit line of 50.0 million euros,
- a 16-million euro financing line (BPI Atout loan).

1.4 Investment expense

In million of euros	As at 30 June 2021	As at 31 December 2020	As at 30 June 2020
Acquisition of tangible and intangible fixed assets	16.9	43.4	21.2
Right-of-use assets related to leases	1.7	10.9	5.5
Current investments	**18.6**	**54.2**	**26.7**

1.5 Perspectives for the year 2021

Solocal confirms a 2021 EBITDA of c. 120 million euros.

As an extension of the commercial momentum over Q2 2021, Solocal will be able to stabilize its customer base in 2021.

The last months have been dedicated to a Group strategic business review with the teams. The work carried out makes it possible to outline the new orientations and the changes to be made. Solocal will present the new roadmap and the group's 3-year financial guidance.

1.6 Events subsequent to the closing date of 30 June 2021

- Increase in the means of the liquidity contract with Natixis ODDO BHF:

SOLOCAL GROUP and Natixis ODDO BHF SCA signed, on 08 July 2021, an amendment to the liquidity contract signed on 4 July 2018 in order to increase the resources of the liquidity contract by 0.5 million euros.

- Partial reimbursement of the RCF on September 30, 2021 up to 6 million euros

In accordance with the terms of a loan agreement entitled "Super Senior Facility Agreement" entered into on March 29, 2019, as amended on July 12, 2019, October 6, 2020 and December 17, 2020 (the "RCF"), Solocal Group (the "Company ») informed the holders of receivables under the RCF that the partial amortization to be carried out on September 30, 2021 under the RCF will be in the amount of six million euros (EUR 6,000,000).

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After consultation with the creditors holding RCF claims, this reimbursement will be made on September 30, 2021, both in cash, up to three million euros (EUR 3,000,000) and by issuance of shares for the benefit of creditors holding RCF receivables who have accepted this partial repayment in shares (and their affiliates, assignees or beneficiaries) (the "Creditors"), up to three million euros (EUR 3,000,000).

1.7 Additional information

1.7.1 Transactions with related parties

There were no new transactions with related parties during the first half of 2021. Key management as related parties as at 30 June 2021 are the members of the Board of directors including the Chief Executive Officer and the members of the Executive Committee. Solocal does not have any related parties other than key management.

The departure of Pierre Danon, Chairman of the Board of Directors, was not subject to any particular departure condition.

1.7.2 Information on the main risks and uncertainties

The main risks and uncertainties are described in section 2 *Risk Factors* of the 2020 Universal Registration Document. At the date of the publication of thus report, this description remains valid and makes it possible to assess the main risks and uncertainties for the remaining six months of the 2021 financial period.

1.7.3 Definitions

Audiences: indicator of visits and of access to the content over a given period of time.

EBITDA: EBITDA is an alternate indicator of performance presented in the income statement in operating income and before taking impairment, amortisation and depreciation into account.
Recurring EBITDA corresponds EBITDA before taking account of items defined as non-recurring. These non-recurring items are expenses and income in very small numbers which are unusual, abnormal and infrequent and with amounts that are particularly substantial. They primarily correspond to restructuring expenses: these are costs corresponding to a program that is planned and controlled by the management, which significantly modifies either the company's activity scope, or the way in which this activity is managed, according to the criteria provided for L in IAS 37.

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

Order backlog: sales orders such as validated and committed by the customers on the closing date. For products in subscription mode, only the current commitment period is considered.

Sales: taking of orders by the sales force, that gives rise to a service performed by the Group for its customers.

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

Secured turnover: This is the sum, on the one hand, of the revenues recognized over the period, and on the other hand, of the recognition of future income from sales or renewal of commitments as validated and committed by customers to date (net of cancellations already recorded) and which should would have led to a future service over the current financial year.

2. Condensed consolidated accounts as at 30 June 2021

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 30 June 2021	As at 30 June 2020 (*)	As at 30 June 2020 (published)
Revenues	5.1	214 572	229 891	248 030
Net external expenses		(58 770)	(59 008)	(62 328)
Personnel expenses		(100 010)	(98 143)	(98 435)
Restructuring costs		6 687	555	555
EBITDA		**62 479**	**73 294**	**87 822**
Depreciation and amortization	4	(28 232)	(28 623)	(28 623)
Result of loss of control		-	(1 350)	(1 350)
Operating income		**34 247**	**43 322**	**57 849**
Financial income		216	196	196
Financial expenses		(14 247)	(25 688)	(25 688)
Financial income	6.1	**(14 031)**	**(25 492)**	**(25 492)**
Income before tax from continued activities		**20 216**	**17 829**	**32 356**
Corporate income tax	9	(8 730)	(4 392)	(4 392)
Net Income from continued activities		**11 487**	**13 438**	**27 965**
Net Income from discontinued activities	3.1	**-**	**14 527**	**-**
Net Income for the period		**11 487**	**27 965**	**27 965**
Income from continued activities for the period attributable to:				
- Shareholders of SoLocal Group		11 487	13 438	27 965
- Non-controlling interests		-	-	-
Income from discontinued activities for the period attributable to:				
- Shareholders of SoLocal Group		-	14 527	-
- Non-controlling interests		-	-	-
Net earnings from continued activities for the period per share to Solocal Group shareholders (in euros)				
Net earnings per share of the consolidated group based on a weighted average number of shares				
- basic	10	0.09	0.10	0.22
- diluted		0.09	0.10	0.21
Net earnings from discontinued activities for the period per share to Solocal Group shareholders (in euros)				
Net earnings per share of the consolidated group based on a weighted average number of shares				
- basic	10	-	0.11	-
- diluted		-	0.11	-

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

Statement of comprehensive income

(Amounts in thousands of euros)	Notes	**As at 30 June 2021**	**As at 30 June 2020 (*)**	**As at 30 June 2020 (published)**
Income for the period report		**11 487**	**27 965**	**27 965**
ABO reserves :				
- Gross	7	5 638	358	358
- Deferred tax		(1 457)	-	-
- Net of tax		**4 181**	**358**	**358**
Exchange differences on translation of foreign operations		(17)	84	84
Other comprehensive income		**4 164**	**442**	**442**
Total comprehensive income for the period, net of tax		**15 651**	**28 407**	**28 407**
Total comprehensive income for the period attributable to:				
- Shareholders of SoLocal Group		15 651	28 407	28 407
- Non-controlling interests		-	-	-

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

Statement of consolidated financial position

(thousand euros)	Notes	As at 30 June 2021	As at 31 December 2020	As at 30 June 2020
Assets				
Net goodwill		86 489	86 489	86 489
Other net intangible fixed assets		74 667	76 823	87 516
Net tangible fixed assets		14 763	16 047	20 313
Right-of-use assets related to leases		59 960	66 571	71 273
Other non-current financial assets		7 860	7 711	4 627
Net deferred tax assets	9	53 964	61 492	59 760
Total non-current assets		**297 703**	**315 133**	**329 978**
Net trade accounts receivable	5.2	61 124	69 649	64 126
Other current assets		26 643	44 639	15 640
Current tax receivable		1 704	998	1 387
Prepaid expenses		5 438	1 941	5 849
Other current financial assets		1 473	1 004	3 228
Cash and cash equivalents	6.2	71 039	61 379	28 082
Total current assets		**167 421**	**179 609**	**118 311**
Total assets		**465 125**	**494 742**	**448 289**
Liabilities				
Share capital		129 860	129 505	62 704
Issue premium		1 038 841	1 038 185	761 313
Reserves		(1 383 155)	(1 448 666)	(1 400 719)
Income for the period attribuable to shareholders of Solocal Group		11 487	65 584	27 965
Other comprehensive income		(50 999)	(55 163)	(52 623)
Own shares		(5 557)	(5 548)	(5 482)
Total equity		**(259 523)**	**(276 104)**	**(606 842)**
Non-current financial liabilities	6.2	231 550	228 252	0
Long-term lease liabilities		66 921	75 080	81 106
Employee benefits - non-current		84 794	92 299	93 598
Provisions - non-current		6 620	6 842	8 590
Deferred tax liabilities		-	-	-
Total non-current liabilities		**389 884**	**402 472**	**183 294**
Current financial liabilities	6.2	9 457	8 767	475 461
Short-term lease liabilities		17 924	18 886	22 394
Provisions - current	7	20 929	31 602	50 447
Contract liabilities		110 246	108 913	135 890
Trade accounts payable	8	56 241	59 458	56 812
Employee benefits - current		41 791	48 017	89 329
Other current liabilities		75 774	91 653	39 011
Corporation tax		2 402	1 076	2 492
Total current liabilities		**334 763**	**368 372**	**871 837**
Total liabilities		**465 125**	**494 742**	**448 289**

Statement of changes in consolidated equity

(thousand euros)

Number of shares in circulation		Share capital	Issue premium	Income and reserves	Actuarial differences	Translation reserve	Own shares	Group equity	Non-controlling interests	Total equity
6 189 739	**Balance as at 1 January 2020**	**61 954**	**758 392**	**(1 400 864)**	**(52 792)**	**(273)**	**(5 344)**	**(638 926)**	**41**	**(638 885)**
	Total comprehensive income for the period			65 584				**65 584**	-	**65 584**
	Other comprehensive income							**-**	**-**	**-**
	Total comprehensive income for the period, net of tax							**65 584**	**-**	**65 584**
5 223	Share-based payment	-		185				**185**		**185**
	Distribution de dividendes									
17	Mandatory Convertible Bonds	-	-	-				**-**		**-**
75 000	Equity line financing	750	2 921					**3 671**		**3 671**
(2 143)	Shares of the consolidating company net of tax						(204)	**(204)**		**(204)**
	Others			41	(1 717)	(381)		**(2 057)**	**(41)**	**(2 098)**
129 498 018	**Balance as at 31 December 2020**	**129 505**	**1 038 185**	**(1 383 083)**	**(54 509)**	**(654)**	**(5 548)**	**(276 103)**	**(0)**	**(276 103)**
129 498 018	**Balance as at 1 January 2021**	**129 505**	**1 038 185**	**(1 383 083)**	**(54 509)**	**(654)**	**(5 548)**	**(276 103)**	**(0)**	**(276 103)**
	Total comprehensive income for the period			11 487				**11 487**	-	**11 487**
	Other comprehensive income							**-**	**-**	**-**
	Total comprehensive income for the period, net of tax			**11 487**				**11 487**	**-**	**11 487**
31 255	Share-based payment	31		207				**238**		**238**
319 730	Operations concerning capital	319	381	-				**700**		**700**
2 938	Mandatory Convertible Bonds	3	276	(279)				**-**		**-**
(12 865)	Shares of the consolidating company net of tax						(9)	**(9)**		**(9)**
	Others				4 181	(17)		**4 164**	**-**	**4 164**
129 839 076	**Balance as at 30 June 2021**	**129 858**	**1 038 842**	**(1 371 668)**	**(50 328)**	**(671)**	**(5 557)**	**(259 523)**	**(0)**	**(259 523)**

Consolidated cash flow statement

(thousand euros)	Notes	As at 30 June 2021	As at 31 December 2020	As at 30 June 2020
Income for the period attribuable to shareholders of SoLocal Group		**11 487**	**65 584**	**27 965**
Depreciation and amortization of fixed assets		29 144	78 014	27 316
Change in provisions		(10 773)	(42 953)	(20 084)
Fair value items		2 190	(67 820)	-
Share-based payment		238	185	104
Capital gains or losses on asset disposals		141	(1 312)	1 349
Interest income and expenses	6	10 036	44 970	20 227
Tax charge for the period	9	9 258	7 649	4 569
Decrease (increase) in trade accounts receivable		3 712	23 535	23 479
Decrease (increase) in other receivables		14 716	(10 446)	20 725
Increase (decrease) in trade accounts payable		(7 894)	(14 646)	(15 712)
Increase (decrease) in other payables		(19 635)	(3 207)	(12 133)
Net change in working capital	2.1.3	**(7 767)**	**(89 934)**	**(41 858)**
Dividends and interest received		-	-	-
Interest paid and rate effect of net derivatives		(5 383)	(5 558)	(1 119)
Corporation tax paid		142	(5 462)	(1 640)
Net cash from operations		**38 712**	**(16 638)**	**16 828**
Acquisition of tangible and intangible fixed assets	2.1.4	(17 628)	(42 056)	(21 233)
Acquisitions / disposals of investment securities and subsidiaries, net of cash		-	2 000	(869)
Net cash used in investing activities		**(17 628)**	**(40 056)**	**(22 102)**
Increase (decrease) in borrowings		-	32 000	-
Movements in own shares		-	350	-
Other cash from financing activities o/w own shares		700	89 199	-
Cash outflows as part of the debt reduction on rental obligations		(10 048)	(18 092)	(11 769)
Other cash from financing activities o/w own shares		(2 067)	(26 793)	3 671
Net cash provided by (used in) financing activities		**(11 414)**	**76 664**	**(8 098)**
Impact of changes in exchange rates on cash		(9)	(49)	(5)
Net increase (decrease) in cash position		**9 660**	**19 921**	**(13 377)**
Net cash and cash equivalents at beginning of period		61 379	41 458	41 458
Net cash and cash equivalents at end of period	6	**71 039**	**61 379**	**28 082**

Notes to the condensed consolidated financial statements as at 30 June 2021

Note 1 – Basis for the preparation of the consolidated financial statements

Solocal Group is a public limited company with a Board of Directors subject to the provisions of Book II of the French Commercial Code, as well as to all of the other legal provisions that apply to French commercial companies.

The Company's registered office is located at 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt (France). It was formed in 2000 and the securities of Solocal Group have been listed on the Paris Stock Exchange (Euronext) since 2004 (LOCAL).

The Group's condensed consolidated financial statements as at 30 June 2021 as well as the related notes were drawn up under the responsibility of the Chairman and CEO of Solocal Group and were approved by the Board of Directors of Solocal Group on 27 July 2021.

The condensed consolidated financial statements are presented in euros rounded to the nearest million.

1.1 Accounting methods and principles

Pursuant to European regulation 1606/2002 of 19 July 2002, the condensed consolidated financial statements of the Solocal Group as at 30 June 2021 in accordance with the IAS/IFRS international accounting standards adopted in the European Union on the closing data and with mandatory applicable as of that date.

The condensed half-year consolidated financial statements as at 30 June 2021 are drawn up in accordance with IAS 34 "Interim financial reporting" which makes it possible to present a selection of notes. These condensed consolidated financial statements must therefore be read jointly with the consolidated financial statements for 2020.

All of the standards and interpretations adopted by the European Union as at 30 June 2021 are available on the website of the European Commission at the following address:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002

1.2 IFRS standards

The accounting methods and principles applied for the consolidated financial statements as at 30 June 2021 are identical to those used in the consolidated financial statements as at 31 December 2020

As at 30 June 2021, the Group did not apply any new standards or interpretations.

As of June 30, 2021, the Group had not applied any new standard or interpretation in advance.
In addition, the IFRS Interpretation Committee (IFRS IC) published several final decisions during the first half of 2021, in particular on the recognition of the costs of configuring and customizing software in SaaS (Software as a Service) mode and on the allocation to service periods of benefits relating to a specific defined benefit plan for which it should be noted that following the adoption by the IASB of the new method of spreading the debt IAS 19, Solocal does not expect no significant impact in its consolidated financial statements given that the group's pension plans are not capped.

1.3 Other information

Seasonal variations
The Group's activities are not subjected to seasonal effects.

Estimates and judgements
The drawing up of the condensed consolidated financial statements as at 30 June 2021 in accordance with the IFRS standards led the Group's management to conduct estimates and issue judgements, which can affect the amounts booked as assets and liabilities on the date the financial statements were prepared and have an offset in the income state.

Estimates:
Estimates are intended to provide a reasonable assessment of the latest reliable information available on an uncertain elements. This information is revised to reflect changes in circumstances, new information available and the effects of experience. Changes in estimates are booked prospectively. The significant estimates of the General Management concern the following elements:

- Actuarial hypotheses for defined benefit schemes;
- Amortisation methods for tangible and intangible fixed assets;
- Appreciation, in the framework of recognising and estimating provisions, of the probability of settlement and of the amount of the bond, the expected schedule of future payments;
- Determination, in the framework of impairment tests for non-financial assets, of the duration of and of the amount of the future cash flows as well as the discount rates and perpetual growth intervening in the calculation of the value in use of the assets tested;
- Determination of the amount of the forecast cash flows for the next 12 months, in the framework of the assessment of the continuity of operation hypothesis;
- Determination of the amount of the losses available for carry forward in light of the estimate of future taxable profits.
- In the framework of the financial restructuring, determination of the fair value of debts.

Judgements:
Judgements are the result of analysis processes intended to qualify elements, transactions or situations. Revising a judgement constitutes a change in the estimate recognised prospectively, except if this revision is correcting an error. The significant judgements of the General Management are based on the following elements:

- absence of a risk of continuity of operation, in particular in the context of the Covid-19 crisis, in particular regarding the cash flow forecasts examined by the Board of Directors of 27 July 2021 for the next 12 months.
- Appreciation of the criteria provided for by IAS 38 that allow for the recognition of intangible fixed assets resulting from development.
- Allocation of certain transactions by nature in the income statement.

The management established its estimates based on past experience and on a set of other hypotheses deemed reasonable with respect to the circumstances in order to evaluate the values to be retained for the Group's assets and liabilities. The use of different hypotheses could have an significant impact on these evaluations.

The assets and liabilities that are subject to estimates at the 1st half year of 2021 are of the same nature as those described as at 31 December 2020 in the 2020 Universal Registration Document. The Management revises these estimates when it identifies new events to be taken into account or in case of a change in the circumstances on which these hypotheses were based.

1.4 Key events during the year

1.4.1 Covid-19 crisis

The assumptions and business plans retained in the establishing of the financial statements was approved by the Management and take the incidence of the health crisis into account. These plans expect the current health crisis to continue without any significant aggravation or improvement throughout the entire financial year 2021.

1.4.2 Chairmanship of the Board of Directors and General Management

Following the departure of Eric Boustouller in 2020 and at the end of a selection process carried out over the last few months, the Board of Directors of Solocal has decided to appoint Hervé Milcent CEO of Solocal effective 6 April 2021.

After 4 years as Chairman of the Board of Directors of Solocal and 6 months as Chairman and CEO between 4 October 2020 and 6 April 2021, Pierre Danon informed the Board of Directors of Solocal of his intention to resign from the Chairmanship of the Board and his mandate as a director. This resignation took place with an effective date of 30 June 2021.

The Board of directors announced the co-optation of Philippe Mellier as director on 30 June 2021 and his designation as Chairman of the Board on that date, which Mr Mellier has already accepted. This appointment will be submitted for approval at the very next Annual General company Meeting.

1.4.3 Penetration attempt of the information systems

In the night between 17 and 18 February 2021, Solocal's IT departments detected a penetration attempt on the company's internal network. In accordance with the company's information systems security management procedures, the IT teams took the required prevention measures in order to:

- preserve the Group's information system;
- block the penetration attempt;
- ensure that no damage was done to the Group's tools and data;
- protect all the sensitive data of the Group and of its customers.

None of our customers' or users' data was compromised. The company's main platforms (PagesJaunes, Solocal Manager, Solocal.com) for companies and users were not affected and remained accessible in complete safety for all of the French.

The measures taken gave rise to a temporary slowdown in the Group's activity between the penetration attempt and the evening of 23 February, date on which the information systems were re-established. The activity resumed normally, with the group's network access remaining under surveillance.

This risk is covered by a specific insurance policy. The slowdown therefore will not have any significant impact on the Group's financial situation.

1.5 Continuity of operation

As of June 30, 2021, the Group's cash position stood at 71 million euros, an amount higher than the internal objectives set by the Group. In addition, the Group regularly reviews its cash flow forecasts in order to take into account up-to-date sales performance and the latest order intake expectations. This review was made on the basis of sales made up to June 30, 2021, the cash position at that date and the latest operating forecasts. On this basis, the Group has not identified any elements likely to compromise the continuity of operations.

1.6 Presentation of consolidated financial statements

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

EBITDA is an alternate indicator of performance corresponding to operating income and before taking impairment, amortisation and depreciation into account.

Note 2 – Notes to the consolidated financial statements

2.1 Alternative performance indicators

In order to monitor and analyse the Group's financial performance and that of different product ranges, the management of the Group uses alternative performance indicators, financial indicators that are defined in IFRS. A reconciliation with the aggregates of the IFRS consolidated financial statements is presented in this note.

2.1.1 Order backlog and sales

The order backlog corresponds to the sales such as validated and committed by the customers on the closing date. For in subscription mode, only the current commitment period is considered.

For sales, this is the taking of orders by the sales force, and that gives rise to a service performed by the Group for its customers. Sales are net of cancellations.

In million of euros	**As at 30 June 2021**	**As at 31 December 2020**	**As at 30 June 2020**
Digital	284.2	340.3	340.3
Print	n/a	19.5	19.5
Total order backlog - beginning of period	**284.2**	**359.9**	**359.9**
Digital	197.4	389.8	208.0
Print	n/a	10.0	5.2
Total order intake	**197.4**	**399.8**	**213.2**
Digital (*)	2.1	(9.9)	(8.0)
Non recurring	(3.2)	(1.4)	(0.1)
Cancellation	**(1.1)**	**(11.3)**	**(8.2)**
Digital	(214.6)	(434.5)	(229.9)
Print	n/a	(29.5)	(18.1)
Total revenues	**(214.6)**	**(464.0)**	**(248.0)**
Digital	266.0	284.2	310.4
Print	n/a	0.0	6.5
Total order backlog - end of period	**266.0**	**284.2**	**316.9**

* IFRS 15 impact

The order backlog as at 30 June 2021 will roll into revenue according to the following schedule:

Digital Backlog 30/06/2021

In million of euros	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total
Conversion into revenues	**83.2**	**67.2**	**47.2**	**28.9**	**16.8**	**10.9**	**6.8**	**3.4**	**1.2**	**0.3**	**266.0**
	31.3%	25.3%	17.7%	10.9%	6.3%	4.1%	2.6%	1.3%	0.5%	0.1%	100.0%

2.1.2 Recurring EBITDA

Recurring EBITDA corresponds to EBITDA before taking account of items defined as non-recurring.

These non-recurring items are expenses and income in very small numbers which are unusual, abnormal and infrequent and with amounts that are particularly substantial. They primarily correspond to restructuring expenses or income: these are elements corresponding to a program that is planned and controlled by the management, which significantly modifies either the company's activity scope, or the way in which this activity is managed, according to the criteria provided for in IAS 37.

For the management of the Group, the management dissociates the divested activities which are the subsidiaries or business lines that have been sold or abandoned.

As at 30 June 2021, the group's recurring EBITDA stands at €56.5m and represents 26.3% of the group's revenue. As at 30 June 2020, the group's recurring EBITDA stood at €73.8m (32.6% of revenue) which is 23% drop over the period.

2.1.3 Gross Margin

In million of euros	As at 30 June 2021	As at 30 June 2020	Change
Revenues	214.6	229.9	-6.7%
Staff expenses	-6.5	-4.1	58.5%
External expenses	-17.8	-14.4	23.6%
Total variable cost	-24.3	-18.5	31.4%
Gross margin	**190.3**	**211.4**	**-10.0%**
	88.7%	92.0%	

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

2.1.4 Working capital requirement

In million of euros	As at 30 June 2021	As at 31 December 2020	As at 30 June 2020
+ Net trade accounts receivable	61.1	69.6	64.1
+ Other current assets	26.6	44.2	15.1
+ Prepaid expenses	5.4	1.9	5.8
- Contract liabilities	(110.2)	(108.9)	(135.9)
- Trade accounts payable	(56.2)	(59.5)	(56.8)
- Other current liabilities	(115.5)	(138.4)	(130.2)
Working capital	**(188.8)**	**(190.9)**	**(237.9)**

2.1.5 Current investment

In million of euros	As at 30 June 2021	As at 31 December 2020	As at 30 June 2020
Acquisition of tangible and intangible fixed assets	16.9	43.4	21.2
Right-of-use assets related to leases	1.7	10.9	5.5
Current investments	**18.6**	**54.2**	**26.7**

2.2 Information by segment

In application of IFRS 8 "Operating segments", segment information is presented in accordance with the Group's internal reporting used by the general management to measure the financial performance of the segments and allocate resources.

The Solocal Group has only one operational, the "Digital" sector, the activity of which generated revenue for continued activities of 214.6 million euros over the first half of 2021. It can be broken down into several offers:

- The Connect offer allows VSEs and SMEs to control their digital presence over the entire Web (several tens of medias in total including Google, Facebook, Bing, Tripadvisor, Instagram, etc.) with just a few clicks, in real time and with complete autonomy, via a single mobile application, or a web interface. This offer moreover facilitates the management of interactions among the professionals and their customers thanks to several relational features (instant messaging, quote formulation, appointment scheduling, Click & Collect...). Connect represents revenue of 61.8 million euros over the first half of 2021 and is marketed in subscription mode with automatic renewal.

- The Booster offer allows companies to increase their digital visibility beyond their natural presence over the entire Web, in a logic for developing local market shares. This offer integrates among others the Priority Referencing service launched in the third quarter of 2020 and represents revenue of 121.4 million euros over the first half of 2021.

- With the Website range, Solocal offers customers site creation and referencing, according to different budget levels, always in subscription mode with automatic renewal. This offer represents revenue of 31.3 million euros over the first half of 2021.

  Intended for VSE/SMEs, the Connect and Booster ranges are also available for large network accounts.

2.2.1 By ranges of products

The table below presents a breakdown of the main aggregates by ranges of products:

Revenues according to product ranges

In million of euros	As at 30 June 2021	As at 30 June 2020	Change
Connect range	61.8	52.6	17.5%
Booster range	121.4	138.6	-12.4%
Websites	31.3	38.7	-19.0%
Total sales	**214.6**	**229.9**	**-6.7%**

2.2.2 By geographic region

Revenue is presented based on the geographical location of the customers. Employee assets, the gross tangible and intangible investments are presented by zone:

Amounts in million of euros	As at 30 June 2021	As at 30 June 2020 (*)	As at 30 June 2020 (published)
Revenues	**214.6**	**229.9**	**244.7**
- France	214.5	226.5	244.7
- Others	0.1	3.4	0.1
Assets	**465.1**	**448.3**	**448.3**
- France	458.9	444.5	444.5
- Others	6.2	3.8	3.8

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

Note 3 – Consolidation principles

3.1 – Changes to the consolidation scope

When taking over a de jure or de facto company, the assets, liabilities and contingent liabilities of the company acquired are valued on a mark-to-market basis on the date they are acquired; the difference between the cost of taking control and Group's share in the market value of these assets, liabilities and contingent liabilities is posted as goodwill. The cost of taking control is the price paid by the Group for an acquisition, excluding transaction costs, or an estimate of this price if the operation does not involve cash disbursements.

The difference between the carrying amount of minority interests acquired after taking control and the price paid for their acquisition is recognised in consideration of equity.

2021
None

2020

- The Spanish companies of QDQ Media, Trazada and Optimizaclick and the French company Mappy were sold during fiscal 2020. The British company Digital To Store was liquidated on 13 October 2020. These companies were taken out of the consolidation scope over the period.
- Solocal Interactive, a company set up in Rodrigues, was included in the consolidation scope as of 30 June 2020. The latter does not contribute significantly to the financial statements.
- Finemedia and ClicRDV were merged into Solocal SA as at 1st January 2020.

Note 4 – Depreciation of fixed assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets is tested when there is an indication of impairment, reviewed at each closing.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of the assets is most often determined based on the value in use. The latter corresponds to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

As at 30 June 2021, there has been no impairment on tangible and intangible fixed assets.

Note 5 – Revenues and trade debtors

5.1 Revenues

The Solocal Group markets products and local communication services in digital form. The Digital activity includes different types of offers grouped into three product ranges: Connect, Booster and the internet Sites.

The turnover from the Group's activities is recognized in a differentiated manner depending on the nature of the service and therefore the type of products. Revenues as at 30 June 2021 amounted to 214.6 million euros compared to 229.9 million euros as at 30 June 2020.

Revenues are recognised according to the IFRS 15 standard that the Solocal Group has been applying since 1 January 2018.

The offers from the Solocal Group are grouped into two major families:

- Products related to digital services (Presence, digital advertising and new services) proposed over a renewable period of 12 or 24 months and digital advertising offers corresponding to one-off services and campaigns.
- Sites which are developed to be made available to customers for a contractual period of 12 or 24 months.

Recognition of revenues per service range

- "Digital services (non-Site)" range:

Applying IFRS 15 leads to all these offers being recognised in a straight-line manner over the lifetime of the contracts in line with the transfer of control of the services which is performed continuously.

- "Sites" range:

Two separate service obligations are retained for the sites offer:
1. Technical costs: Designing the intellectual content over the design duration (between 30 days and 120 days depending on the products). Revenues from this obligation are recognised over the duration of the design starting from the date of sale (recognition based on progress).
2. Hosting & maintenance (called space fees): The site is made available and updated during the contractual hosting period with a real duration of between 12 and 24 months. Revenues from this obligation are recognised over the duration of the contractual hosting period starting from the date of delivery of the site to the customer.

5.2 Trade debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

(in thousands of euros)	As at 31 December 2021	As at 31 December 2020
Gross trade debtors	77 583	83 403
Provisions for impairment	(16 459)	(13 754)
Net trade debtors	**61 124**	**69 649**

Trade debtors were due as follows:

(in thousands of euros)	Total	Not due	Overdue					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
Gross trade debtors	**77 583**	36 007	3 175	4 186	2 060	8 734	6 862	16 559
Provisions for impairment	**-16 459**	-221	-33	-43	-21	-2 719	-4 750	-8 673
Net trade debtors as at 30 June 2021	**61 124**	35 787	3 142	4 143	2 039	6 015	2 112	7 886

(in thousands of euros)	Total	Not due	Overdue					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
Gross trade debtors	**83 403**	46 339	1 903	1 808	2 688	9 885	3 894	16 886
Provisions for impairment	**-13 754**	-362	-20	-19	-28	-6 262	-2 643	-4 420
Net trade debtors as at 31 December 2020	**69 649**	45 977	1 883	1 789	2 660	3 623	1 251	12 466

In addition, a provision for accrued credit notes was recognized in other current debts amounting to 7.7 million as of June 30, 2021 compared to 9.9 million as of December 31, 2020.

The Group's portfolio of trade receivables does not present a significant risk of concentration (about 314,000 advertisers).

In accordance with the Group's accounting rules and methods, a trade receivables review was carried out to identify those that show a risk of non-recovery. On a case by case basis, depreciation for bad debt was booked in the half-year accounts according to the age of the receivables, statistics history, or information communicated by the credit agencies.

Provisions for bad debts remain at a low level, with net provisions amounting to 1% of revenues in 2021 and in 2020.

5.3 Other current assets

Other current assets mainly consist of VAT receivable as of June 30, 2021. The change in the item compared to December 31, 2020 is mainly explained by the reimbursement of VAT credits and a product receivable from URSSAF received over the period.

5.4 Liabilities on contract

Liabilities are primarily comprised on the balance sheet of net advances received from the customer in the case where the related service has not yet been rendered but has already been billed. Thus it entails sales of products that recognised later as revenue according to the duration on line ("Digital" Services).

The liabilities on contracts amounted to 110.3 million euros as at 30 June 2021 compared to 135.9 million euros as at 30 June 2020.

The drop in the liabilities item on contracts is primarily the result of the stoppage of the Print activity on the one hand, and on the other hand, the sharp drop in sales in line with the health crisis which had an unfavourable effect on the level of sales but also significantly reduced the period between the act of sale and the beginning of the service (and therefore the beginning of the recognition of the revenue).

Note 6 – Cash, debt and financial instruments

6.1 Net financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	As at 30 June 2021	As at 30 June 2020
Interest and similar items on financial assets	216	196
Dividends received	-	-
Financial income	**216**	**196**
Interest on financial liabilities	(13 952)	(24 151)
Other financial expenses & fees excluding financial restructuring [1]	(133)	(1 231)
Accretion cost [2]	(162)	(306)
Financial expenses	**(14 247)**	**(25 688)**
Gain (loss) on exchange	-	-
Financial income	**(14 031)**	**(25 492)**

[1] Mainly composed of ongoing costs related to debt management

[2] The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments

6.2 Cash and cash equivalents and net debt

Financial Net debt corresponds to the total gross financial debt, and minus cash flow and cash flow equivalents.

(in thousands of euros)	**As at 30 June 2021**	**As at 31 December 2020**
Cash equivalents	184	197
Cash	70 855	61 182
Gross cash	**71 039**	**61 379**
Bank overdrafts	-	-
Net cash	**71 039**	**61 379**
Nominal value of bond loans	186 231	186 231
Fair value of hedging instruments	(16 937)	(16 937)
Nominal value of revolving credit facilities drawn	50 000	50 000
Debt issue costs integrated into the effective interest rate of the debts	(4 074)	(4 074)
Amortization of the difference in fair value and costs at the effective interest rate	3 604	1 079
Other loans	16 000	16 000
Accrued interest not yet due on loans	6 151	2 516
Lease liability	0	110
Factoring	0	2 064
Others	32	30
Current and non current financial liabilities	241 007	237 019
Long-term and short-term liabilities	84 845	93 966
Gross financial debt	**325 852**	**330 985**
of which current	*27 381*	*27 653*
of which non-current	*298 471*	*303 332*
Net debt	**254 813**	**269 606**
Net debt of consolidated group	**254 813**	**269 606**

Cash and cash equivalents

As at 30 June 2021, the amount of cash and cash equivalents amounted to 71 million euros, primarily comprised of non-blocked, remunerated, fixed-deposit accounts.

Change in the liabilities stemming from financing activities

(in thousand euros)	As at 31 December 2020	Cash flows		Non cash variations				As at 30 June 2021
		In	Out	Other Variations	Interests	IFRS 16	Reclass & changes in scope	
Bond loans	168 467	-	(3 714)	-	9 149	-	-	173 902
Revolving credit	50 318	-	(1 178)	-	1 871	-	-	51 011
Other bank borrowing	16 060	-	(386)	-	390	-	-	16 064
Capital lease	110	-	(110)	-	-	-	-	-
Factoring	2 064	-	(2 064)	-	-	-	-	-
Lease liabilities	93 966	-	(10 048)	-	-	927	-	84 845
Bank overdrafts	-	-	-	-	-	-	-	-
Others	30	-	-	-	-	-	-	30
Total Liabilities fron financing activities	331 015	0	(17 500)	0	11 410	927	0	325 852

Issuing of bonds

Following the realisation of the financial restructuring in 2020, the nominal value of the Group's residual gross debt was reduced to 168.4 million euros, redeveloped in the form of issuing bonds for

334,125,321 euros of a face value of €0.5041647472146 each for which the settlement-delivery took place on 5 October 2020, reserved for creditors under the Credit Agreement, and of which the main details are as follows and remain unchanged over 2021:

Interests:

- Euribor with Euribor 3-month rate floored at 1% + 7% spread payable in arrears on a quarterly basis on 15 March, 15 June, 15 September and 15 December, according to the following terms: half is payable in cash, and the other half via capitalisation at the principle amount until 15 December 2021;
- Euribor with Euribor floor 1% + 7% fully payable in cash afterwards
- Late payment interest: 1% increase in interest rate applicable

Financial commitments:

- the Consolidated Net Leverage Ratio (Consolidated Leverage / Consolidated EBITDA) must be less than 3.5:1
- the interest hedging ratio (Consolidated EBITDA/ Consolidated Net Interest Expense), must be greater than 3.0:1;
- and if the Consolidated Net Leverage Ratio exceeds, on 30 June of the preceding year, 1.5:1 , investment expense (excluding growth operations) (Capital Expenditure) concerning Solocal Group and its Subsidiaries are limited to 10% of consolidated revenue of Solocal Group and its Subsidiaries

The covenants are respected as of June 30, 2021.

Maturity date: 15 March 2025

Listing: listing on the official listing of the Luxembourg Stock Exchange and admission for trading on the Euro MTF market.

Early repayment or repurchasing:
Solocal Group can at any time and in several times, reimburse all or a portion of the Bonds at a reimbursement price equal to 100% of the principal amount plus, during a period of 2.5 years, an early repayment penalty referred to as non-call corresponding to the interest due ranging from 6 August 2020 to 6 February 2023).

Moreover, the Bonds must be the object of a mandatory early reimbursement (subject to certain exceptions) entirely or in part, in the case of the occurrence of certain events, such as a Change of Control, Assets Sale or Net Debt Proceeds or Net Receivables Proceeds. Mandatory prepayments are also provided with funds from a percentage of excess cash flow, depending on the level of the Company's Consolidated Net Leverage Ratio.

The Terms & Conditions of the Notes moreover contain certain prohibitions, which prohibit Solocal Group and its Subsidiaries, apart from certain exceptions, in particular to:

- Take on additional financial debt;
- Give pledges;
- Proceed with payment of dividends or carry out distributions to shareholders; by derogation the payment of dividends or distributions to shareholders are permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

The bond loan is indirectly guaranteed by a pledge of the securities of Solocal SA held by Solocal Group.

Mini Bond:

Following the adoption of the Amended Safeguard Plan and of the approval of a conciliation protocol by the Tribunal de commerce of Nanterre, Solocal Group on 14 August 2020 issued a bond loan for a total amount in principle of 17,777,777 euros, carried out with a discount of 10% for a subscription amount of about 16 million euros.

The new bonds, with a nominal value of one (1) euro, have essentially the same characteristics as the Bonds. The main terms include in particular:

Interest:

- Euribor with Euribor 3-month rate floored at 1% + 7% spread payable in arrears on a quarterly basis on 15 March, 15 June, 15 September and 15 December, according to the following terms: half is payable in cash, and the other half via capitalisation at the principle amount until 15 December 2021;

- Euribor with Euribor floor 1% + 7% fully payable in cash afterwards

Maturity: 15 March 2025

Listing: listing on Euronext.

The amounts owed in terms of these bonds are guaranteed by a fifth-rank securities account pledge concerning the securities issued by Solocal SA held by Solocal Group.

RCF:

A revolving credit facility of fifteen million euros was signed in February 2020 with two banking partners. The company worked on increasing this credit facility, which increased by 25 million on 12 July 2020, then 10 million on 06 December 2020 reaching 50 million. This revolving credit facility was fully drawn.

This RCF remains identical in amount, however its particulars are modified:

- **Interest**: Euribor floor 1% + margin
- **Facility fee**: 3.5% annual payable on 15 September 2021, 30 September 2022, 30 September 2023
- **Margin**:
  - Until 15 September 2021:
    - Tranche of 15 million euros: 4.5%
    - Tranches at 25 million and 10 million euros: 5%
  - Starting on 15 September 2021: 5% for all the tranches
- **Maturity**: 29 September 2023
- **Depreciation:**
  - September 2021: 6 millions d'euros payables à la fois en espèces à hauteur de 3 millions d'euros et en actions à hauteur de 3 millions d'euros.

- September 2022: 5 to 10 million euros payable in cash or shares for a variable number of equity instruments for Solocal.
- September 2023: Reimbursement of the residual debt in cash or shares for a variable number of equity instruments for Solocal. If Solocal were to reimburse the residual balance of the RCF in shares, each creditor can choose to extend the maturity by one year in order to be reimbursed in cash in September 2024. In this case, Solocal would depreciate the RCF for an amount between 5 million euros and 10 million euros in cash or in shares for it.

Price supplements on acquisition or transfer of securities

Following the sale of Mappy in October 2020, Solocal received a price supplement of €0.1m in June 2021.

Financial instruments in the balance sheet

		Breakdown according to IFRS 9		Breakdown by level in IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Amortised cost	Level 1 and Treasury	Level 2	Level 3
Other non-current financial assets	7 860	1 293	6 567	-	7 860	-
Net trade accounts receivable	61 124	-	61 124	-	61 124	-
Other current financial assets	1 473	-	1 473	-	1 473	-
Cash equivalents	184	-	184	184	-	-
Cash	70 855	-	70 855	70 855	-	-
Financial assets	**141 496**	**1 293**	**140 203**	**71 039**	**70 457**	**-**
				-	-	-
Non-current financial liabilities and derivatives	231 550	-	231 550	231 550	-	-
Current financial liabilities and derivatives	9 457	-	9 457	-	9 457	-
Trade accounts payable	56 241	-	56 241	-	56 241	-
Financial liabilities	**297 247**	**-**	**297 247**	**231 550**	**65 698**	**-**

On the date of issue, the fair value of the bond loan and of the mini-bond represent 169.4 million euros, compared to a nominal value of 186.3 million euros:

(in thousands of euros)	Nominal value	Quotes as at 30/06/2021	Market value	Current	Non-current						
				-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years	Total Non-current	Total
Bond loan	168 454	89.95%	151 517	0	0	0	168 454	0	0	168 454	168 454
Mini Bond	17 778	0.00%	-	0	0	0	17 778	0	0	17 778	17 778
Atout Bank borrowing	16 000			3 000	4 000	4 000	4 000	1 000	0	13 000	16 000
Revolving credit - facility (RCF) *	50 000			6 000	5 000	39 000	0	0	0	44 000	50 000
Loans	**252 232**		**151 517**	**9 000**	**9 000**	**43 000**	**190 232**	**1 000**	**-**	**243 232**	**252 232**
Accrued interest not yet due on loans	6 151	NA		425	0	0	5 726	0	0	5 726	6 151
Others	32	NA		0	0	0	0	0	32	32	32
Lease liabilities	84 845	NA		17 924	16 159	15 786	15 978	14 198	4 800	66 921	84 845
Current financial liabilities and derivatives	**308 545**			**18 349**	**16 159**	**15 786**	**21 704**	**14 198**	**4 832**	**72 679**	**91 028**

* Payable in shares

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- Level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities;
- Level 2: data other than the listed prices referred to in Level 1, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data);
- Level 3: data relating to assets or liabilities not based on observable market data (non-

observable data)

During the first half of 2021, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

Note 7 – Provisions and other liabilities

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

This obligation may be legal, regulatory or contractual. It may also derive from the Group's practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. They are disclosed in a note in the appendix.

Provisions for restructuring costs are recognised only when the restructuring has been announced and a detailed plan has been drawn up or implemented before the period end-date.

Provisions are discounted when the discounting adjustment is material.

Changes in provisions for risks and litigation were as follows:

(thousand euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Restructuring provisions (2019)	6 524	-	-	(4 631)	-	1 893
Restructuring provisions (2018)	9 837	(144)	(4 874)	(1 232)	-	3 586
Restructuring provisions (2014)	6 840	-	-	(220)	-	6 620
Provisions for social and fiscal risks	12 170	2 847	(272)	(419)	-	14 326
Other provisions for risks	3 071	175	(1 788)	(335)	-	1 123
Total provisions	**38 442**	**2 877**	**(6 935)**	**(6 836)**	**-**	**27 549**
- of which non current	*6 841*	*-*	*-*	*(220)*	-	*6 621*
- of which current	*31 602*	*2 877*	*(6 935)*	*(6 616)*	-	*20 928*

<u>Retirement benefits and similar commitments</u>

In France, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, using demographic hypotheses (turnover of the personnel, mortality, retirement age, etc.) and financial hypotheses (future increase in salary by category).

This final obligation is then discounted with a rate determined in reference to the yield on first-category long-term private bonds (or State bonds if there is no liquid market).

Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income which is net positive deferred tax impact of 4.2 million euros as at 30 June 2021.

In order to have up-to-date data, the turnover tables are recalculated every three years, only retaining, in accordance with the IAS 19 standard, motives for resignation in the turnover rate.

Other retirement schemes

The charge corresponding to the contributions paid is recognised in the income statement for the period.

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

As at 30 June 2021, the expense stated in respect of defined contribution pension plans is income of 1.9 million euros.

The total amount of the provision in the balance sheet stood at 85.6 million euros as at 30 June 2021 compared to 93.2 million euros as at 31 December 2020.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies (having a rating of at least AA or Aa) having a maturity equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

Note 8 – Trade creditors

As at 30 June 2021, trade creditors are due in less than one year. Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

Note 9 – Corporation tax

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pre-tax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

(thousand euros)	As at 30 June 2021	As at 31 December 2020	As at 30 June 2020
Pretax net income from business	**20 216**	**72 131**	**32 356**
Statutory tax rate	28.41%	32.02%	32.02%
Theoretical tax	**(5 743)**	**(23 096)**	**(10 361)**
Earnings from not integrated companies & Foreign subsidiaries	(562)	(81)	(30)
Foreign subsidiairies - differences in tax rates	(26)	122	104
Share-based payment	268	185	165
Corporate value added contribution (after tax)	(1 294)	(5 124)	(2 780)
Difference between the carrying amount of the financial liability extinguished and the amount of the fair value of the equity instruments issued	-	18 151	-
Ceiling of interest expense deductibility	-	8 848	3 731
Other non-taxable / non-deductible items (1)	(1 346)	(5 502)	4 756
Effective tax	**(8 730)**	**(6 548)**	**(4 392)**
of which current tax (CVAE excluded)	*(1 362)*	*(309)*	*(444)*
of which CVAE	*(1 294)*	*(5 124)*	*(2 780)*
of which deferred tax	*(6 074)*	*(1 114)*	*(1 168)*
			0
Effective tax rate (deferred tax excluded)	**13.1%**	**7.5%**	**10.0%**
Effective tax rate (excluding the effect of financial restructuring for 2020)	**43.2%**	**34.2%**	**13.6%**

(1) Includes CIR (research tax credit) and rate differences on deferred tax items

* Effect of financial restructuring excluded as at 31 December 2020

Net deferred tax assets in the balance sheet stood at 53.9 million euros as at 30 June 2021 compared to 61.5 million euros as at 31 December 2020. Deferred taxes mainly consist of deferred taxes in respect of tax loss carryforwards, which amounted to 144.8 million euros as of June 30, and deferred taxes related to retirement indemnities.

Deferred taxes are reviewed at each closing to take into account, in particular, the impact of changes in tax legislation and the prospects for recovery. Deferred tax assets on deductible temporary differences and tax loss carryforwards are recognized to the extent that their allocation to future taxable profits is probable.

Recall that the effective tax rate for fiscal 2020 (12 months) was 34.2% and 13.6% for 30 June 2020.

Note 10 - Equity and earnings per share

10.1 Share capital

The social capital of Solocal Group is comprised of 129,859,760 shares each with a par value of 1 euro, which is a total amount of 129,859,760 euros (before deduction of treasury shares).

10.2 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, PACEO…). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

	As at 30 June 2021	As at 30 June 2020
Weighted average		
Share capital	129 521 868	624 778 360
Treasury shares from liquidity contract	(11 321)	(666 039)
Number of basic shares	**129 510 547**	**624 112 322**
Free share plans	980 082	7 707 210
Mandatory Convertible Bonds	21 463	0
Equity line program	0	16 084 810
Number diluted Equity	**130 512 091**	**647 904 341**
Additional information (average)		
Number of existing basic shares as of 30 June	129 562 181	625 094 546
Number of existing diluted shares as of 30 June	130 667 240	648 973 978

	As at 30 June 2021	As at 30 June 2020 (*)	As at 30 June 2020 (published)
Net earnings from continued activities for the period per share to Solocal Group shareholders (in euros)			
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 June)			
- basic	0.09	0.10	0.22
- diluted	0.09	0.10	0.21
Net earnings from discontinued activities for the period per share to Solocal Group shareholders (in euros)			
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 June)			
- basic	-	0.11	-
- diluted	-	0.11	-

(*) IFRS 5 was applied to Print activity classified as discontinued in 2020 ; FY 2020 was therefore restated

Note 11 – Information on related parties

There were no new transactions with related parties during the first half of 2021. Hervé Milcent will apparently be subjected to a non-competition obligation in the event of termination of his term of office as Chief Executive Officer for any reason and in any form whatsoever in the conditions mentioned hereinafter: competition prohibition shall be limited to a period of 12 months commencing on the day on which his duties actually come to an end; the corresponding compensation shall amount, based on a non-competition period of 12 months, to 6 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior preceding the termination of his duties.

On termination of the term of office, the Company may, (i) renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation) or (ii) reduce the duration, the field of activities and/or the geographical scope of said commitment (in which case the amount of the non-competition compensation will be reduced accordingly).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable. Moreover, the payment of a non-competition compensation is excluded if the beneficiary has the possibility to exercise their retirement rights. In any case, no indemnity can be paid after the age of 65 years. These items were approved by the general meeting of June 3, 2021.

Key management as related parties as at 30 June 2021 are the members of the Board of directors including the Chief Executive Officer and the members of the Executive committee.

Solocal does not have any related parties other than key management.

Note 12 – Disputes, contingent assets and liabilities

12.1 Disputes – significant changes for the period

In the ordinary course of business, the Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only constituted for expenses that may result from such proceedings where they are considered likely and their amount can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, the Group does not consider itself party to any legal or arbitration proceedings whose likely outcome could have a materially negative impact on its results, activities or consolidated financial position.

Job safeguarding plan 2014

During 2013, Solocal had to be reorganised again in order to guarantee its sustainability faced with a constantly changing and highly competitive professional environment. A project on changes in the model and the organisation of Solocal was presented to the staff representation bodies concerned beginning in September 2013. In parallel, Management negotiated with the representative trade unions, a majority agreement concerning the social support measures. This agreement was signed on 20 November 2013. At the end of this work with the staff representatives, this plan called for reorganisation along with modifications in the employment contracts of the sales force, a project without direct lay-offs for which the net global balance, however, is the creation of 48 additional jobs within the company. This agreement received validation via a ruling of the DIRECCTE on 2 January 2014.

As 311 employees refused the amendment to their employment contract linked to this reorganisation implemented at the end of 2013, 280 of them were made redundant. One employee of the company decided to dispute the validation of the collective agreement relating to the job safeguarding plan before the administrative courts. The Versailles Administrative Court of Appeal, in a judgement of 22 October 2014 notified on 5 November, cancelled the validation by the DIRECCTE. On 22 July 2015, the Conseil d'Etat rejected the recourse of Solocal and the Minister of Labour. Consequently, multiple proceedings were initiated with the administrative as well as judicial courts. The proceedings brought before the administrative courts are now terminated.

As to legal proceedings, more than 200 legal proceedings have been brought before industrial tribunals by employees in regard to the consequences of the setting aside of the administrative decision to validate the collective agreement relating to the job safeguarding plan by the Versailles Court of Appeal, which permits them to claim a fixed compensation.

On the date of this document, all cases have received a first instance judgement.

Nearly 200 decisions have been rendered based on merit, as a first-instance or appeal. For a very large majority, these decisions reject the requests concerning the nullity of the redundancy and the fixed compensation consequences that stem from this, observing that the redundancy is based on a real and serious cause and rejecting the requests concerning the challenging of the economic reason, (but pronouncing sentences for payment based on article L1235-16 of the Labour Code at a level close to the compensation floor provided by this text, i.e. between six and seven months wages). One court of appeal in particular accepted the application of the statute of limitations claimed by the company and fully dismissed the claimants (35 dossiers). These decisions were referred to the Cour de Cassation by the claimants. The Cour de Cassation handed down two initial rulings in September 2020 accepting the company's position with respect to the one-year limitation. Consequently, this jurisprudence should be applied to the cases pending before the Cour de Cassation in 2021 and no first instance rulings should be confirmed.

Furthermore, certain decisions gave rights to related requests: some relating to particular situations, (dispute over duration or conditions, holiday and rehabilitation periods, requests for commissions prior to the plan) others concern the payment of a supplement to the conventional redundancy compensation paid in the final settlement for all accounts and some different positions.

Finally, a few dossiers are also pending before the Cour de Cassation at the initiative of Solocal for questions other than limitation. Some of the decisions have been rendered, confirming decisions concerning additional conventional compensation and applying Article L.1235-16 systematically in all the dossiers. Moreover, a series of decision from the Cour de cassation quashed the decisions that had retained management misconduct. The time limits to refer to the referring courts are still in progress.

Solocal recognised in the consolidated financial statements 2015 the exceptional impact linked to the court decisions that cancelled the validation by the DIRECCTE of the job safeguarding plan. This additional provision is 35 million euros and is recognised in the consolidated financial statements as at 30 June 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of employee claims courts.

As at 30 June 2021, the remaining provision on the statements is 6.6 million euros compared to 6.8 million euros as at 31 December 2020. This provision was considered as non-current since the company does not have any elements to apportion it by term.

Solocal continued with the deployment of its reorganisation and therefore launched a new PSE Job Safeguard Procedure in 2016 for the employees that were not able to be made redundant due to this invalidation.

Solocal initially claimed from the State reparation for its prejudice, resulting from the payment of indemnities following the cancellation of the decision of DIRECCTE, then took the case before the Tribunal Administratif of Cergy-Pontoise in July 2017 in order to obtain a sentence from the State to pay it this amount.

12.2 Contractual commitments not recognised / contractual commitments and off-balance-sheet commitments

There were no new significant commitments during the first half of 2021.

Note 13 - Events subsequent to the closing date of 30 June 2021

The condensed consolidated financial statements as at 30 June 2021 were approved by the Board of Directors at its meeting on 27 July 2021.

- Increase in the means of the liquidity contract with Natixis ODDO BHF:

SOLOCAL GROUP and Natixis ODDO BHF SCA signed, on 08 July 2021, an amendment to the liquidity contract signed on 4 July 2018 in order to increase the resources of the liquidity contract by 0.5 million euros.

- Partial reimbursement of the RCF on September 30, 2021 up to 6 million euros

In accordance with the terms of a loan agreement entitled "Super Senior Facility Agreement" entered into on March 29, 2019, as amended on July 12, 2019, October 6, 2020 and December 17, 2020 (the "RCF"), Solocal Group (the "Company ») informed the holders of receivables under the RCF that the partial amortization to be carried out on September 30, 2021 under the RCF will be in the amount of six million euros (EUR 6,000,000).

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After consultation with the creditors holding RCF claims, this reimbursement will be made on September 30, 2021, both in cash, up to three million euros (EUR 3,000,000) and by issuance of shares for the benefit of creditors holding RCF receivables who have accepted this partial repayment in shares (and their affiliates, assignees or beneficiaries) (the "Creditors"), up to three million euros (EUR 3,000,000).

3 Declaration of the person responsible for the report

"I certify that, to the best of my knowledge, the condensed consolidated financial statements for the half year ended have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the management report included in Part 1 of the report is a true reflection of the major events that have occurred during the period, of their impact on the accounts and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the remaining six months in the financial period. "

Boulogne-Billancourt, 27 July 2021
Hervé Milcent
Chief Executive Officer

4 Statutory Auditors' Report on the half-year financial information 2021

For the period from January 1, 2021 to June 30, 2021

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the general meeting,

In compliance with the assignment entrusted to us by General meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("code monétaire et financier"), we hereby report to you on:

the review of the accompanying condensed half-yearly consolidated financial statements of Solocal Group for the period from January 1, 2021 to June 30, 2021,

the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of your Board of directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France

and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris - La Défense, July 29, 2021

The Statutory Auditors

French original signed by

AUDITEX	B.E.A.S.
Jeremy THURBIN	Stéphane RIMBEUF