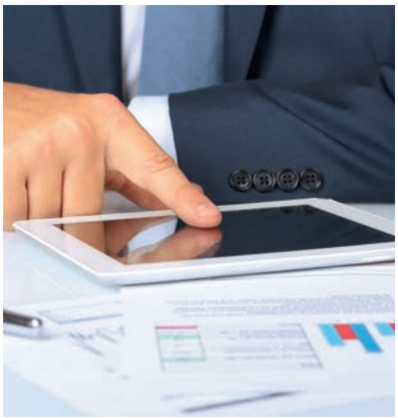
2017
REGISTRATION DOCUMENT









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2017 REGISTRATION DOCUMENT

This Reference Document (Document de référence) was filed with the French financial markets authority (Autorité des marchés financiers — AMF) on 26 April 2018 pursuant to Article 212-13 of its General Regulations. It may be used in connection with an offering of securities if accompanied with a prospectus (note d'opération) approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

This document is a free translation into English of the original French "Document de référence", referred to as the "Registration Document". It is not a binding document. In the event of a conflict of interpretation, reference should be made to the French version, which is the authentic text.

MESSAGE

FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF SOLOCAL GROUP

PIERRE DANON
Chairman of the Board of Directors of SoLocal Group

"At a time French businesses are set to accelerate their digitalization and develop the use of increasingly digitalized solutions to retain and win market shares, SoLocal must evolve even more quickly and effectively in order to fully realize its potential."

DEAR SHAREHOLDER,

2017 was a decisive year for SoLocal, with the completion of the financial restructuring which allowed our Group to reduce its debt burden by two-thirds, and the initiation of a new governance.

In February 2018, thanks to our improved financial position and the arrival of a new management team, the Group presented its new strategy, "SoLocal 2020", a three-year plan that aims to engage the company into a profound transformation and enable it to fully capitalize on its assets.

Following the financial restructuring, and thanks to your commitment and support, the composition of the Board of Directors has been completely overhauled, with the new additions of multi-disciplinary and complementary skills and acknowledged digital expertise. All of our directors are now independent (except for the director representing employees) and 40% are women. We pay particular attention to good corporate governance, which creates the conditions for efficient management, and to taking account of the expectations and interests of all stakeholders.

The composition of the Executive Committee has also changed significantly, and we now have a new management team committed to successfully transforming the company and ensuring it returns to sustainable and profitable growth. The Group's financial performance in 2017 illustrates the effort expended immediately by this new team to contain and reduce costs, as indicated by the decrease in external expenses in the second half of 2017.

SoLocal has all the assets, some of them unique in France, to become the leading local digital partner to French companies and help them accelerate their growth: media with strong audiences, powerful geolocated data, scalable technology platforms, sales force across France, privileged partnerships with GAFAM (Google, Apple, Facebook, Amazon and Microsoft/Bing) and many talents (experts in data, developers, digital marketing, etc.).

"SoLocal has everything it takes to become the leading local digital partner to French businesses: media with strong audiences, powerful geolocated data, scalable technology platforms, sales coverage across France, privileged partnerships with GAFAM and many talents."

ERIC BOUSTOULLER
Chief Executive Officer of SoLocal Group

Throughout 2018, we will accelerate the transformation process of the company by developing around three key pillars to create value:

- **repositioning our product range** to ensure that it meets customer needs. Small and large companies alike need digital visibility on all media. They need to be able to locate new users at all times and target their advertizing messages accurately and in real time. And they all want a universal presence, not just on our media but on all available internet platforms. Our Group will transition from an offering centred on its PagesJaunes proprietary media to a full web offering;
- **reinventing our two media,** PagesJaunes and Mappy, to offer an enhanced user experience. The aim is to strengthen the relevance of local search (traditional search) using data that enables greater customization, and to boost user engagement via new services (opinions, recommendations, appointment scheduling, etc.);
- **adapting our organization** to refocus on customers and users because ensuring their satisfaction is key to our transformation and success. We will thus create a new omni-channel customer journey (field sale, telesales and online sale) and concentrate on a single application to allow customers to monitor their audiences and digital activity directly. To increase agility, the former Business Units will be eliminated, support functions will be centralized, locations streamlined, management lines simplified, and certain activities consolidated. This would entail the reduction of some 1,000 positions in 2018-2019, of which approximately 800 positions in 2018 and 200 positions in 2019, and the implementation of a redundancy plan ("Plan de Sauvegarde de l'Emploi"). In parallel, within the context of our restructuring plan, we plan to create approximately 100 new positions involving new digital skills.

Our Group began its transformation over the last few years. However, at a time French companies are set to accelerate their digitalization and develop the use of increasingly digital solutions to retain and win market shares, SoLocal must evolve even faster and more radically to develop its full potential and impose itself as the main local digital partner for French companies.

You can rely on the commitment of each member of our management team, who all have faith in the company's prospects and are all invested in implementing this new strategy.

We thank you for your commitment and for the trust you placed in us at our recent General Meeting on 9 March 2018.

Éric Boustouller, Chief Executive Officer

Pierre Danon, Chairman of the Board of Directors

OVERVIEW

The local digital partner for all businesses in supporting their growth

2.4 billion
visits [(1)]

€ 756 million
in revenues 2017 [(1)]

> 450,000
websites produced [(2)]

55%
reach [(3)]

469,000
customers

> 50,000
campaigns per year

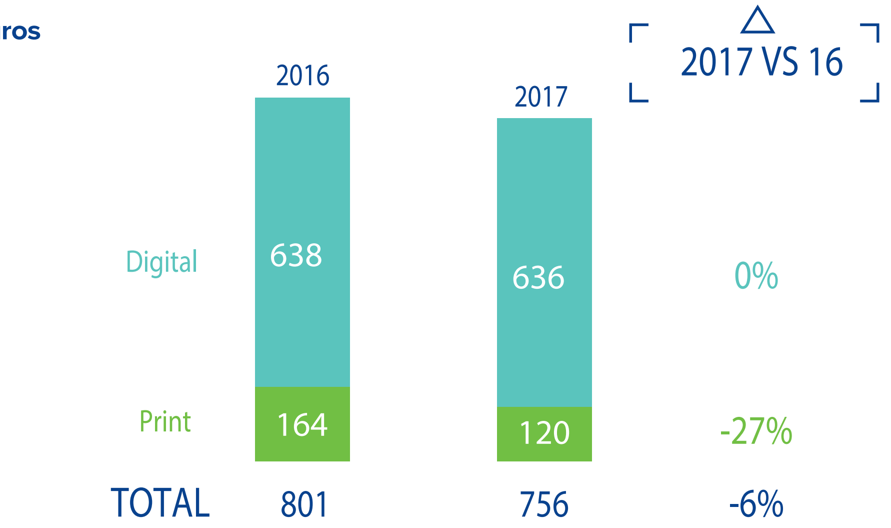
4 million
pros listed

150,000
daily updates

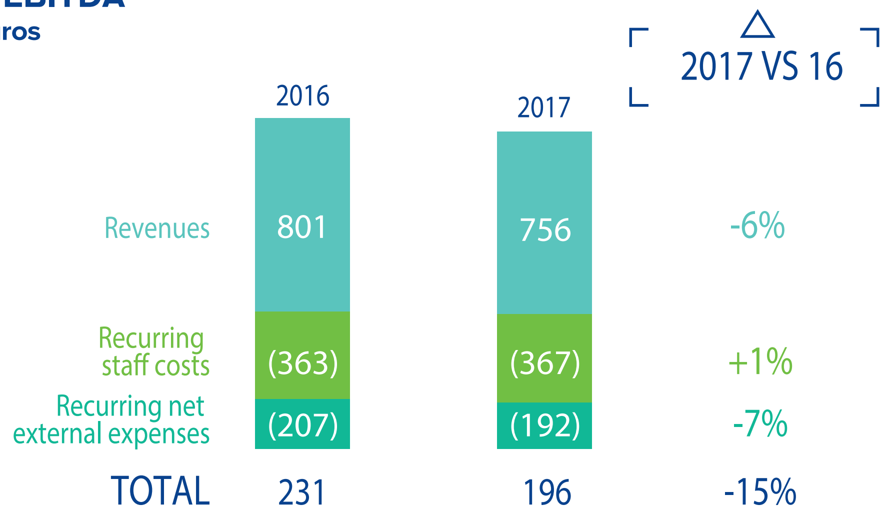
(1) Continued activities.
(2) Including store locators.
(3) Source: Médiamétrie, October 2017, reach is defined as the number of unique visitors of a website expressed as a percentage of a reference population over a given period (scope: France).

2017 KEY FIGURES

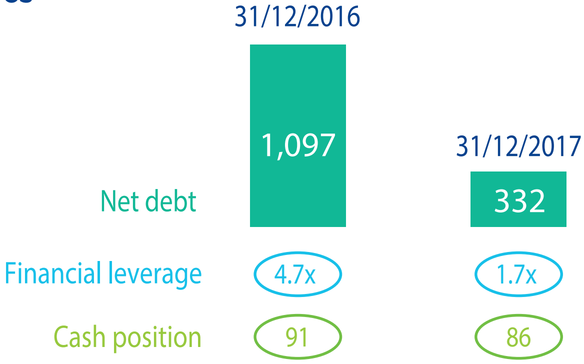
REVENUES [1]
In millions of euros



RECURRING EBITDA [1] [2]
In millions of euros



NET DEBT AND CASH POSITION
In millions of euros



(1) Continued activities.
(2) EBITDA calculated as Group revenues, less staff costs and net external expenses.

A COMPANY IN TRANSFORMATION

2017

A BUSINESS FOCUSED ON PAGESJAUNES COMBINED WITH DIGITAL MARKETING

- Decline in revenues/EBITDA
- Local search/Media
- Sales centric
- SMB focus
- Annual engagement profile
- Significant debt
- Lack of cash flow generation
- Fragmented organization
- Inside out – Silos – Static

TOWARDS...

2018

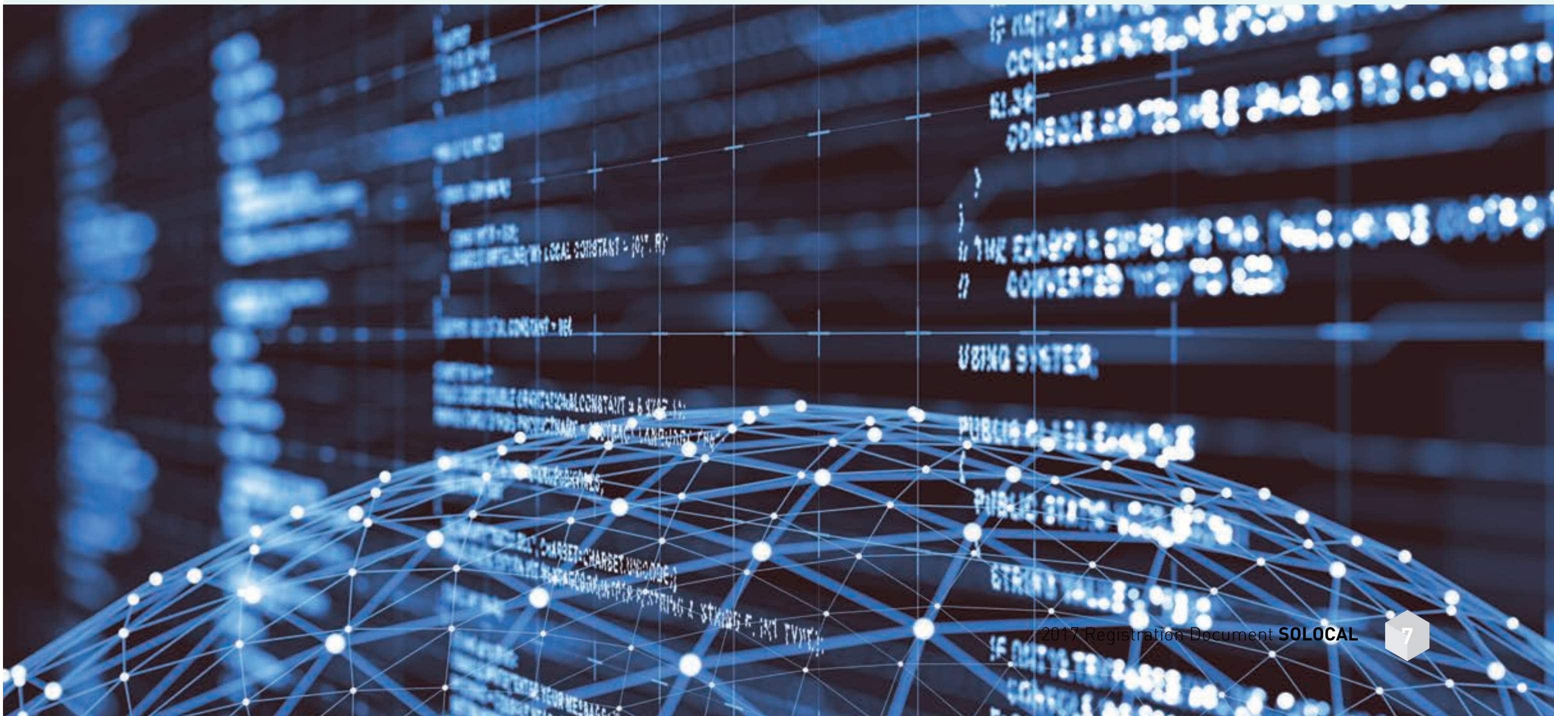
A DIGITAL SERVICES COMPANY LEVERAGING ITS OWNED MEDIA

- Back to profitable growth
- Full web and apps digital services
- User/customer centric
- All customer segments
- Lifetime value/recurring revenues
- Deleveraged balance sheet
- Sustainable cash flow generation
- Integrated, cost efficient, agile organization
- Customers/Users – Team – Entrepreneurial

2020

2018-2020 VALUE CREATION LEVERAGES FOR THE NEW SOLOCAL

- A digital services company with high growth potential
- Key competitive advantages: rich local content, powerful data, local and national coverage, strong partnerships and cutting-edge technological platforms
- Recurring revenues with the potential to increase customer retention rate
- EBITDA growth driven by significant potential savings and accelerated increase in revenues in the future
- Sustainable cash flow generation though investment discipline and efficient working capital management
- An experienced management team with strong digital expertise and who are recognized in their field



SOLOCAL, LOCAL DIGITAL PARTNER TRUSTED BY BUSINESSES

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1.1 HISTORY AND DEVELOPMENT

Originally known under the name *Office d'Annonces* **(ODA),** the Group subsequently changed its name to *PagesJaunes Groupe* in 2000, then *SoLocal Group* in 2013. The Group has been offering a diversified range of products and services to its individual and business customers since 1896 and the creation of the ODA, and has adapted its business model and its strategy over time, in an environment, in particular technological, undergoing major change.

In 1946, the French Postal Service, Telegraph and Telephone Ministry awarded the advertizing business of French directories to the ODA. Advertizing in directories had developed continuously since 1946 due to growth in consumption and in the advertizing market in France but also thanks to the increase in directory distribution associated with the increase in the number of phone subscribers. The steady increase in ODA's sales was due in particular to its ability to adapt its economic model and strategy to the emergence of new technologies. The 1980's notably saw the launch of Minitel, the precursor to the advertizing market on the Internet. The first advertizing offers on the Internet were launched in 1996. The Group's Internet media PagesJaunes.fr was created in 1997. In addition, the Group extended its range of advertizing services beyond business directories, integrating a range of digital marketing services.

In 1998, Havas group, which had historically owned all the share capital in ODA since its creation, sold its holding to Cogecom, a subsidiary of France Télécom. The Group has been listed since 2004 on the Euronext market and France Telecom sold its residual stake in the Group in 2006 to KKR and Goldman Sachs through a leveraged buy-out. In 2014, the Group completed a financial restructuring (including a capital increase for a total of €440 million) that enabled it to significantly reduce its debt. In 2015, the Group disposed of certain non-profitable and low-growth Internet businesses. In 2017, SoLocal Group successfully completed a new financial restructuring, reducing by two-thirds the remainder of its debt inherited from the 2006 leveraged buy-out.

Starting in 2010, the Group initiated its digital revolution and acquired several businesses to expand its digital services operations: embauche.com, AVendreALouer.fr, ClicRDV.com, Fine Media, publisher of the ComprendreChoisir.com website (renamed "Ooreka"), Chronoresto, Leadformance. More recently, in 2016, the Group acquired Effilab, an online advertizing agency specializing in the management of campaigns on search engines and social media. As part of the development strategy of the Group, some of these assets were disposed of after 2015 (including AVendreALouer.fr and Chronoresto, both in 2017).

Over the same period, the Group started developing major partnerships with global Internet players, in particular Microsoft, Google, Apple and Facebook.

The Group's internet revenues increased from 48% of total revenues in 2010 (continued activities) to 84% in 2017, moving gradually from the publication, distribution and sale of advertizing space in printed directories (PagesJaunes and PagesBlanches), to digital communication and, from 2018, to a comprehensive range of "full web" digital services for businesses.

1.2 BUSINESS OVERVIEW

SoLocal Group is a leading French local digital advertizing player, providing digital content, advertizing solutions and transactional services that connect consumers with local businesses. The Group operates in two business segments, Internet and Print & Voice, through which it offers a full range of advertizing services and products to businesses in a wide range of sectors, including housing, retail, healthcare and public services, consumer services and business services. In 2017, the Group had approximately 2,428 million visits on its main Internet sites (excluding the audience coming from AVendreALouer.fr). The Group is able to attract customers by capitalizing on its proprietary databases which gather over 4.2 million local professionals, a large audience on its major media and proprietary brands (in particular PagesJaunes and Mappy), but also thanks to strong partnerships with the major search engines on the Internet and social media (including Bing, Google, Yahoo!, Apple and Facebook). Lastly, the Group has a portfolio of over 450,000 sites and store locators created for its customers.

The Group aims to become the local leading digital partner for French businesses to support their growth. To achieve this vision, it has begun reorganizing its product and service ranges into new lines of digital services. The Group intends to develop its digital offerings by covering the entire web and deploying these offerings across all markets. Following this reorganization, the Group's activities will be structured around five complementary service lines: Digital Presence, Digital Advertizing, Websites, Digital Solutions and Print to Digital. Through these five lines of services, the Group intends to meet increasing demand and changing technologies, and remain the preferred partner for its customers' digital growth.

For the year ended 31 December 2017, the Group generated €755.8 million in revenues from continued activities, €196.0 million in Recurring EBITDA and a Recurring EBITDA margin of 25.9%. In 2017, the Group had approximately 469,000 customers (number of average customers of the period considered having subscribed to an Internet product) and recorded an average reach on its media platforms of 55% on all Internet users in France (according to Médiamétrie Nielsen).

1.2.1 THE GROUP'S COMPETITIVE STRENGTHS

We believe that SoLocal Group has the following key strengths:

A LARGE DIGITAL SERVICES GROUP WITH A STRONG MARKET POSITION

SoLocal is a digital services company with high growth potential, which recorded nearly 2.4 billion visits on its main media sites in 2017 (excluding the audience of the AVendreALouer.fr site), which represented an audience growth of around 2.4% versus 2016. Visits via mobile phones (excluding tablets) accounted for 40% of total visits in 2017. The Group's mobile applications (PagesJaunes and Mappy) are used on average by around two million users per day. The Group's product and service offerings benefit from the significant reach of its media, with an average reach in 2017 of 55% of all Internet users in France (according to Médiamétrie Nielsen). In 2017, the Group started to reorganise its business activities in order to offer a full range of digital services to its customers in accordance with the new digital environment and its clients' expectations. For the financial year ended 31 December 2017, the Internet revenues amounted to 84.1% of the Group's total revenues, compared to 79.6% for the financial year ended 31 December 2016.

A UNIQUE POSITIONING COMBINING RICH LOCAL CONTENT, POWERFUL DATA, LOCAL AND NATIONAL COVERAGE AND STRONG PARTNERSHIPS

The Group believes that it is the only player on the French market to offer customers a complete omni-channel range of web-based services, technology services and data (with rich content updated daily, geolocalized and intent data and proprietary programmatic technologies), as well as a widespread local presence.

The Group's ability to deliver value to its customers lies in the richness of its data, which enables it to be highly effective and relevant in its offerings. The Group has significant strengths in local digital communication, with more than 5.5 million points of sale localized via its platforms, images of over 4.2 million businesses and more than 100 million monthly expressions of local needs from its users. Those strengths contribute to increase the visibility of the Group's clients on its media (PagesJaunes, Mappy) but also on other media though retargeting solutions that expand the presence of clients beyond the reach of SoLocal's proprietary media. These rich data assets and the Group's related knowhow allow it to help customers advertize to a specifically targeted audience, increasing the effectiveness of their advertizing actions. In 2017, the number of total leads with local professionals and businesses per user (through the use of the Group's platforms or through its partnerships) increased by 5% versus 2016.

In addition, the data available to the Group enables it to be the reference local content provider of its main partners, global players in the Internet sector, such as Bing (Microsoft), Google, Apple and Facebook. These partnerships have been established and maintained by the Group for seven, four, three and one years respectively. The Group benefits from these partnerships, which contribute to the growth of its audience and the strengthening of the digital presence of its customers.

Lastly, the Group sees its local sales coverage as a key differentiating factor in its relationship with local customers. Its regional presence, through sales and customer support teams, represents a real barrier preventing its competitors from entering the market.

MUTUALLY BENEFICIAL PARTNERSHIPS WITH MAJOR GLOBAL INTERNET PLAYERS

The Group has leveraged its position as the leading French local advertizing and digital marketing company, by developing strong and mutually beneficial partnerships with major global Internet players such as Google, Bing (Microsoft), Apple and Facebook, around local content, local search and campaigns on social media. The Group capitalizes on the relevance and accuracy of its data by developing close relationships with its partners. The Group provides local content (for example, addresses, business descriptions and opening hours) and in return benefits from a deported audience, and therefore enhanced reach, as well as high quality user data.

Moreover, through these partnerships, the Group is able to leverage its partners' technologies, such as Google AdWords or BingAds, in the packages or products offered to its customers. This has enabled the Group to develop turnkey digital solutions tailored to SMEs and large networks. These high added-value offerings which integrate its partners' technologies, generate significant gross margins. They are based on the cutting-edge expertise developed by the Group, particularly in terms of algorithm optimization and real-time selection of optimized key words for Search Engine Optimisation.

These partnerships are mutually beneficial. Indeed, SoLocal is a growth accelerator for its major partners thanks to its wide local sales presence, local customer services and simplified, packaged solutions.

The partnership with Google has just been renewed and extended for two years from 1 April 2018.

SoLocal Group believes that the benefits derived from its partnerships provide it with a distinct advantage competitive in the industry.

HIGHLY SCALABLE TECHNOLOGY PLATFORMS

The Group's digital offerings can be deployed on a large scale to meet the growing needs and complexities of its large and diverse customer base. The Group markets products and services among the five service lines in its range, in order to offer a package of products and services that is fully adapted to customer needs. From the simple updating of information for a business on the Internet to the tailored development of digital presence management solutions for larger customers, the Group believes that its range of products and services can easily be customized to meet the specific needs of each customer, of all sizes and from all industries.

For example, the Group's proprietary media, PagesJaunes and Mappy, give customers access to a very large audience. In addition, the Group offers major network account management solutions for their presence via the BRIDGE platform, which integrates features such as local content management, multi-news distribution, e-reputation management and AdWords and Facebook campaign management. The Group's customers can also benefit from a wide range of programmatic tools used to implement advanced visibility solutions, performance solutions and digital advertizing on the Group's proprietary media, on its partners' websites or on local media. They also have access to a full range of media ranking tools allowing businesses to appear ahead their competitors on the Group's online media and on its partners' websites. Finally, the Group offers tailor-made websites, from the simplest to the most complex, produced industrially, to customers wishing to establish their own independent Internet footprint.

The Group can use each of these platforms for its customers, jointly or independently, to create a single point of contact for them that addresses all their digital needs.

The Group believes that its cloud integration capabilities enable it to further leverage its technology platforms and their scalability.

ACTIVITIES GENERATING RECURRING REVENUES

Since 2017, the Group has developed several product packages based on automatic renewal and upsell strategies. In addition, it has strengthened the productivity and efficiency of its sales force in order to improve average revenue per advertizer (ARPA) and control customer mix. In 2017, approximately 10% of the Group's sales were generated through automatic renewal representing more than 25,000 customers. The Group believes that its new customer-centric approach, based on a lifetime management of the client, is key to developing long-term relationships with customers. It plans to expand this approach across its five service lines in the near future, to strengthen recurring revenues and generate stable cash flows. The Group also focuses on retaining high value accounts through dedicated presence management solutions.

Moreover, its large and diverse customer base combined with recurring revenues mean that future revenues and cash flow generation can be forecast with a high degree of predictability.

ATTRACTIVE FINANCIAL PROFILE THANKS TO SIGNIFICANT POTENTIAL SAVINGS AND SCALABILITY OF ITS PLATFORMS

The Group has a strong financial profile, combining high EBITDA margins with strong cash flow generation. As at 31 December 2017, the Group's EBITDA margin reached 25.9%, a rate which reflects the Group's ability to monetize its audience.

The transformation project should allow the Group to operate with significantly reduced fixed costs, become more agile and return to profitable growth from 2019 onwards. The cost saving is estimated at around €120 million (full year) from 2020 compared with the 2017 baseline.

Thanks to its technology platforms and their scalability, the Group believes that it can further improve its range of products and services, enabling it to maximize return on investment. The Group's business model is highly scalable and allows it to serve new customers with a limited increase in costs, which translates into strong operational leverage and the potential for further margin improvement.

SEASONED MANAGEMENT TEAM WITH RECOGNIZED EXPERIENCE AND DIGITAL EXPERTISE

The management of the Group is underpinned by a completely new Board of Directors, new governance and also a recently renewed management team whose interests are fully aligned with those of stakeholders. In addition to the expertise of the new members having recently joined the team, the Executive Management benefits from the experience of members who have been in the Group for a number of years.

Éric Boustouller, SoLocal's Chief Executive Officer, joined the Group in October 2017. He has developed a solid experience in the digital field thanks to his positions as Chairman and Chief Executive Officer of Microsoft France, Vice-Chairman of Microsoft International and Vice-Chairman of both Microsoft Corporation and Microsoft Western Europe in charge of sales, marketing and services in 14 countries.

The Group believes that the leadership of its existing management team, combined with the recent contribution of new hires, such as Jean-Jacques Bancel, the new Chief Financial Officer (formerly CFO at SGD Pharma, Ethypharm and ASF), Arnaud Defrenne, the new Chief Technology Officer (previously Digital Chief Technology Officer at L'Oréal) and Pascale Furbeyre, Chief Marketing Officer (formerly at Lesfurets and BforBank), will help further improve its results, its commercial offering and its competitive position on its markets.

1.2.2 EXISTING PRODUCT LINE AND ORGANIZATION

The Group has historically organized its activities into two main activities: Internet and Print & Voice.

Internet. The Group's Internet activities are structured around two business lines, which accounted for 84.1% of the Group's revenues in 2017:

- in the Local Search business line, the Group offers digital solutions and services to its customers enabling them to enhance their visibility and develop their local customer contacts, mainly through online listings, which the Group offers via its own media, like PagesJaunes and Mappy, and via partnerships, in particular with Google, Bing (Microsoft), Apple, Facebook and Yahoo!. Local Search activity generated revenues of €489.9 million (76.8% of Internet revenues) for the year ended 31 December 2016 and €461.3 million (72.6% of Internet revenues) for the year ended 31 December 2017;
- in the Digital Marketing business line, the Group offers all businesses, from VSEs and SMEs to the largest corporations and the opportunity to develop their Internet presence through its own media and its partners' media. This highly scalable, rapidly growing activity is focused around three product lines: (i) websites and content; (ii) transactional services; and (iii) local programmatic. Digital Marketing activity represented revenues of €147.8 million (23.2% of Internet revenues) for the year ended 31 December 2016 and €174.5 million (27.4% of Internet revenues) for the year ended 31 December 2017. The highly differentiating technologies of the Group's Digital Marketing business line have been created over the last five years and have experienced rapid growth (revenue increased by 18.1% in 2017 compared to 2016).

Print & Voice. The Print & Voice activities include the publication, distribution and sale of advertizing space in printed directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", which include telephone directory enquiry and reverse directory services. The Print & Voice activities generated €163.5 million or 20% of the Group's revenues for the year ended 31 December 2016 and €120.0 million or 15.9% of the Group's revenues for the year ended 31 December 2017.

Until 2017, the Group's products were marketed through six vertical business units: *Retail, Services, Home, BtoB, Health & Public,* as well as through an International business unit.

1.2.3 NEW STRUCTURING OF THE SOLOCAL PRODUCT OFFERING

The Group has recently announced a new "go-to-market" market access approach focusing on digital services and is currently redefining the scope of its activities. SoLocal aims to become the preferred local digital services partner for French businesses in supporting their growth. In order to achieve this objective, the Group has begun to restructure its activities such that the organization described in two business lines in paragraph 1.2.2 will evolve in 2018 into five new digital service lines. The Group aims to ensure that its digital services now cover the entire Web and are deployed across all market segments, from the smallest to the largest business. Its digital services offering will draw on the Group's main assets and expertise.

It will use and continue to benefit from:

(i) its large customer base (approximately 469,000 customers at 31 December 2017 – average number of customers of the reporting period who subscribed to an Internet product) and a database of approximately 4.2 million professionals;

(ii) its strong local presence in France (with 1,249 local sales representatives in and 762 telesales dedicated to the French market at 31 December 2017);

(iii) its strong audience generated by the wide reach of its proprietary brands and media (in particular PagesJaunes and Mappy);

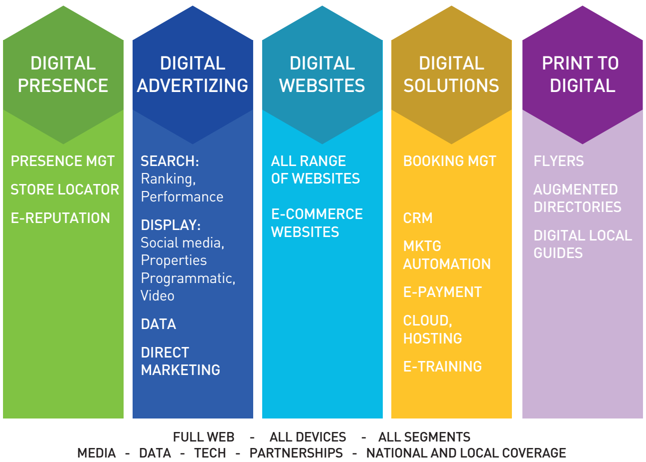
(iv) its technology platforms (including the Group's proprietary media – PagesJaunes and Mappy – its programmatic tools – found in the Digital Advertizing service line – its presence management solutions – found in the Digital Presence service line – and its Website platforms – found in the Websites service line), leveraging the scalability of the Group's activities;

(v) its robust partnerships with major search engines on the Internet and social media (including Bing, Google, Yahoo!, Apple and Facebook); and

(vi) its unique local data, which includes rich data on the local purchasing intentions of more than 25 million Internet users, geo-localizing data from almost 5 million mobile users and about 5.5 million geolocated sales points.

The Group's activities will now be structured around the following five complementary lines of digital services: Digital Presence, Digital Advertizing, Digital Websites, Digital Solutions and Print to Digital. Through these five lines of services, which it will adapt to the development of demand and technologies, the Group aims to remain the trusted partner of its customers' digital growth.

DIGITAL SERVICES GATEWAY FOR ALL COMPANIES



DIGITAL PRESENCE

The Group's Digital Presence service line includes managing its customers' digital presence, and enriching and continuously updating this content throughout the Web, via its proprietary media (PagesJaunes and Mappy) and through a solid network of third-party partners. The Digital Presence range is offered to the Group's customers via an intuitive application, targeting professionals of all sizes. It is complemented by management services dedicated to the e-reputation of customers and a store locator module for large accounts and retail networks.

With the Digital Presence offering, the Group offers businesses an easy turnkey solution to manage their visibility through their preferred media. From the Prolive mobile app, they can manage their content and put it on the major search engines (such as PagesJaunes, Google, Bing, and Yahoo!), social media (such as Facebook, Instagram, LinkedIn and Twitter), GPS and mapping websites (like Mappy, Waze, TomTom, Navmii or Here), as well as on national search media (such as 118 008).

The Group also develops specific web pages for its customers, publishes those pages across the web, and allows customers to promote themselves their news (for example, special offers, the menu of the day or photos of their achievements) and their basic information (for example, business hours, addresses and phone numbers), as well as manage their e-reputation (for example, receiving feedback from customers and being able to respond in real time via the Prolive application).

With its Digital Presence range, the Group aims to progressively garner loyalty with all its current customers and gain a large number of new customers among the millions of VSEs and SMEs whose presence on the Internet is still limited, especially those that do not plan to invest in a complete website.

As at 31 December 2017, its Digital Presence offerings had approximately 23,000 customers and have been gaining approximately 1,500 new customers per week since the start of 2018. The 2017 ARPA of the Group's Digital Presence customers was €290, and its Digital Presence offerings generate a significant gross margin. In, the Group's target is to reach over 100,000 customers by the end of 2018.

DIGITAL ADVERTIZING

The digital advertizing service product line offers advanced digital advertizing services throughout the web: the Group's proprietary media (PagesJaunes, Mappy), partner media (such as Bing or Apple), major integrated advertizing platforms (such as Google or Facebook) and, more generally, all media on the market (through open advertizing platforms referred to as "programmatic"). They are supplemented by a wide direct marketing offer such as mass mailing, email campaigns and text messages. These digital advertizing solutions take three forms: ranking products (exclusively for the Group's media, SoLocal committing to the ranking of a given advertizer within a group of advertizers), visibility products (in this case the focus is the volume of individuals reached, how long the ad was viewed for and the repetition of the ad message), and performance products (in this case SoLocal guarantees the volumes of leads, which materializes in additional traffic on the client's website, online appointments, telephone calls or even store visits).

Certain of these Digital Advertizing solutions leverage the Group's own data as well as data acquired from third parties to achieve in real time the targeting of the desired audience on behalf of customers. The Group's data include 100 million monthly expressions of local needs from PagesJaunes users and around 5.5 million points of sale. In addition, the Group also has access to the data segments offered by the Gravity Alliance, cofounded in July 2017 by SoLocal with a number of publishers within the market such as M6, Les Échos, Darty/FNAC etc.

By way of illustration, to date the Group's main digital advertizing offerings aimed at local businesses include: Pole Position, a ranking offering guaranteeing the advertizer the top place in the PagesJaunes search results; Booster Contact, a performance offering promizing the advertizer a certain number of leads (online appointments, telephone calls etc.) as a result of ads published on Google or Bing; ADhesive, a visibility offering based on repeated retargeting of users having passed by PagesJaunes; or Tract Digital, an offering targeting Facebook users identified as living or working in the advertizer's catchment area. SoLocal also offers products specifically aimed at large network accounts such as Booster Réseaux which adapts the functionality of Booster Contact to the specific needs of this profile of customer.

With this range of digital advertizing the Group helps businesses attract new customers through "full web" visibility i.e. covering the vast majority of Internet media in ways that are customized to the advertizer's objectives: whether a fixed rate or a subscription, performance engagement or visibility engagement etc. This full web visibility is the result of an approach based on multiple levers. Optimizing an advertizer's visibility on Google alone requires the activation of three levers: the Google partnership which enables SoLocal to update a business listing on Google My Business, the strength of SoLocal's SEO, which enables a PagesJaunes customer or the owner of a SoLocal website to increase the opportunities for listing in the SEO (search engine optimization) section of Google and the SEA (search engine advertizing) capabilities of SoLocal which enable the Group to make its customers effectively visible at the top of Google's search results. Taken together, these levers enable the advertizer to be visible in all sections of Google results.

In general terms, thanks to its partnerships with Google, Bing, Yahoo! and Apple, and through the solutions developed for these advertizing platforms, the Group improves the visibility of its customers across all the sections – SEO, SEA and listings – of the main Internet players. Add to this the ranking solutions enabling businesses to appear ahead of their competitors on the Group proprietary media (PagesJaunes, Mappy and Ooreka) and the Group ultimately enables its customers to capture most local business searches carried out by internet users in France.

The SoLocal approach is based not just on multiple levers but on multiple formats. In addition to the Search format, SoLocal also optimizes the visibility of its customers on the Display and Video formats, through social media or programmatic platforms (platforms that enable the publishers to automate the sale of their advertizing space and on which the Group uses real time auction strategies optimized thanks to the data the Group holds). The aforementioned Tract Digital and ADhesive offerings but also Local Impact (an offer allowing large accounts, particularly large network accounts, to target millions of profiles based on where they live, their life moment and their spending intentions), are three illustrations of this type of solution.

2018 will see a stronger, simpler Digital Advertizing offering from SoLocal.

In particular, the Group intends to increase its revenues from Booster Site and Booster Contact offerings by 60% in 2018. These "performance offerings" are turnkey solutions that enable professionals to purchase a fixed number of leads at a set price and include the creation of ads on Google and Bing's search engines, the creation of landing pages offering various means of introducing the Internet user to the professionals and the continuous optimization of this visibility by a traffic management team, using algorithmic solutions that allow the best key words to be purchased at the best price. Relaunched in late 2017 and early 2018 through the strengthening of the Group's partnerships with Google and Bing, these offerings based on the search engine advertizing (SEA) of the two partners have already attracted some 3,000 customers per month, with an ARPA of €260 per month and a significant gross margin.

More broadly, the Group intends on widening its range of performance offerings by extending them to include social media. A number of performance choices are on offer, ranging from simply generating additional fans on Facebook (in order to develop the customer's Facebook page) to more sophisticated advertizing campaigns tailored to the customer's business sector, to generate leads using Facebook's click-to-call or click-to-form products which will directly support the customer's activity. A video-specific product will also be offered.

In terms of programmatic display, the Group's Local Impact offering, launched in a beta version in September 2017, should be rolled out to all large customers. Gradually all performance generation functionalities will be brought together on a single platform, thus enabling the Group to offer its customers leads at an extremely competitive price thanks to continuous determinations on the main market platforms, PagesJaunes, Google and Bing, before gradually extending to all programmatic platforms and social media. As a result, the Group intends to strengthen its role as digital adviser for its customers, enabling businesses to benefit from the most efficient and cost-optimized visibility in real time.

Finally, access to all of these offerings will be simplified through the introduction of a new range which will include four service packs for customers starting in 2018.

The first two packs will be based on the Group's expertise, developed around online presence management. The second pack will also enable businesses to manage their e-reputation (recovering all reviews posted by consumers and giving the customer the ability to respond in real time via the Prolive application). The third pack will enable businesses to choose bundles including a number of key words associated with their business and location (or region where they operate), enabling them to achieve priority ranking on the Group's proprietary media (PagesJaunes, Apple), combining it with visibility on the Group's partner's media (Bing, Yahoo!, Apple) and a major integrated advertizing platforms (Google). This pack will include digital presence and e-reputation solutions. The fourth pack will enable businesses to boost their visibility with performance offerings.

All of the service packs will include support from SoLocal (customer onboarding, continuous assistance etc.) with access to a digital coach, a mobile app and an Internet platform. As such, SoLocal is set to redefine the whole customer experience for each customer segment so that the Group can guide its customers at each stage of their activity, offering them the best possible level of service.

DIGITAL WEBSITES

The Group offers a full range of websites across all type of devices (computers, tablets, smartphones, etc.) and across all the major social media, covering various market segments: namely "Premium" websites, "Privilege" websites and "Visibility" entry-level websites. These offers will soon be complemented by basic, entry-level websites integrating e-commerce solutions.

The effectiveness of this offer is based on solid industrial platforms, on the Group's expertise in the digital field (in particular concerning website design or SEO (search engine optimisation)), with a highly industrialized website development process and listing synergies with PagesJaunes.fr (through direct links on PagesJaunes.fr which redirect traffic between PagesJaunes.fr and the customers' websites). These elements enhance the visibility of websites on search engines and the integration with the Group's main digital services. All the websites developed are designed for fixed and mobile devices, although a shift to a "mobile first" logic is envisaged.

While the Group's "Privilege" websites (approximately 4,000 customers since the launch of the product at the end of 2015) target more mature customers with strict differentiation requirements (ex., exclusive design and enhanced SEO) and a need for advanced transactional solutions and tools, the "Premium" sites (approximately 4,500 customers since the launch of the product in 2017) target the core of the market. As a result of the Group's "Premium" websites offering, the number of websites produced by its "Privilege" and "Premium" website offerings tripled in 2017 over 2016. The "Visibility" entry-level websites offering (approximately 60,000 customers since the launch of the product in late 2000) is the Group's basic offer, mainly targeted at first-time buyers. Each has access to standard transactional features (quote request and appointment booking), with the exception of the e-commerce feature on the "Privilege" websites, which will be launched this year.

The Group's near-term priorities are: (i) to simplify the integration process and the user experience for appointment booking and presence management; and (ii) to incorporate advanced commercial transactional tools, including price simulators, more complex e-commerce solutions and payments by invoice.

In the long term, the Group intends to incorporate all the digital features added to the websites (for example, catalogues, calendars, customer relationship management (CRM), payments, content, special offers and chats) on a single platform connected to all customers (including the main websites, social media, marketplaces, PagesJaunes.fr and e-mailing) to propose an integrated and differentiated product offer. The Group renews market platforms (internal and external) to identify the most appropriate platforms to implement its strategy. It also intends to develop an entry-level model, to increase customer loyalty (via a subscription and enhanced customer support). The changes in the sector have led the Group to review its positioning on its entry-level sites, the market being impacted by free alternatives to websites, such as presence solutions (pages on social media – Facebook, Instagram), as well as the emergence of new alternative self-made website models (known as "Do-It-With-Me" solutions).

Thus, the Group aims to equip its customers with a digital library and to introduce an entry-level "Do-It-With-Me" type approach in order to increase its customer base and create additional sales opportunities for its products and services in the future. The Group's goal is to increase its Websites revenues by more than 15% in 2018 over 2017.

DIGITAL SOLUTIONS

The Group offers transactional services, such as online appointments and booking for doctors, restaurants or stores, digital support services and digital coaching with regard to digital content, search engine optimization and customer relationship management (CRM). The aim is to help the Group's customers build relationships with their own customers through the use of the Group's Digital Services and to simplify the management of their business activity so that they can devote more time to their day-to-day business operations.

The phenomenon of digitalization represents a major growth driver for VSEs and SMEs and goes beyond digital presence. For VSEs and SMEs schedule appointments, existing and potential customers, document exchanges, inventories, billing and payments are all functions that are key to growing their businesses, which the Group can assist and simplify through its Digital Solutions offering.

The Group has developed an initial Digital Solutions offering, which it intends to supplement with a more complete and structured offer. It offers transactional solutions enabling strong interactions between professionals and consumers. These solutions take the form of appointments, scheduling services or bookings, in each case through proprietary technologies (ClicRDV) or partner technologies (LaFourchette, Expedia). These services enable users to:

- schedule appointments online with a health professional directly from PagesJaunes.fr;
- make restaurant reservations directly from PagesJaunes.fr and take advantage of any promotions offered by the restaurants; and
- book hotel rooms directly from PagesJaunes.fr.

The Group has also developed a first customer relationship management (CRM) offering that enables businesses to manage their e-mailing campaigns, manage prospects and loyalty programs through the use of simple digital tools. The Group aims to extend this offering to a larger number of businesses by enabling them to manage and optimize their day-to-day activities through a single platform comprising a CRM component and bringing together the major digital services (for example, presence, content distribution, special offers, loyalty programs, e-mailing campaigns, scheduling assistant, chat, invoice and payments).

In addition to CRM, the Group will explore and implement a complete range of new digital solutions dedicated to small and medium-sized businesses and adapted to their daily needs, such as e-payment, online training, marketing automation services (for example, e-mail loyalty programs) and hosting, in order to integrate these new services to the Group's offerings.

PRINT TO DIGITAL

The Group's "Print and Voice" offer has historically included the publication, distribution and sale of advertizing space in printed directories (PagesJaunes and PagesBlanches), as well as telephone directory enquiry services and the reverse directory.

Paper directories are assessed each year in terms of the benefit to advertizers and users and in terms of profitability, and publications that are not profitable are discontinued. As such, PagesBlanches directories have gradually been discontinued in urban areas; PagesBlanches no longer exist in thirty-three French departments in 2018. With regard to PagesJaunes, decisions have been taken for the departments of Île-de-France and a number of larger departments (Rhône, Bouche-du-Rhône, Nord) to discontinue these publications after 2018 given that they no longer meet the eligibility criteria. Each year the Group will assess, on a department-by-department basis, whether or not to continue to publish the Pages Blanches and PagesJaunes directories.

The Group is exploring new "Print to Digital" solutions based on the use of digital innovations such as augmented reality to offer the option of accessing the digital content of the PagesJaunes media through print media.

In late 2017, the Group launched a new offer that uses augmented reality features to create flyers with animations and information accessible via an augmented reality player included in a mobile application (Expérience by PagesJaunes). This offer is based on a technical platform developed by a French start-up, which received an award at the Hub Forum Awards in 2017.

This initial project has confirmed the Group's ability to harness this technology for use in other more ambitious projects. This building block has indeed been used in local guides, which present businesses through an article showcasing their skills. Additional information is available, in the form of videos and slideshows, via the augmented reality mobile app: videos, slideshows. It is also possible to access the business's website, view their location on a map and call them using the content in the PagesJaunes media. These guides, the only ones of their kind on the market, are likely to be trialled in the spring of 2018 in the Paris region and may, in time, replace the printed directories. If these new offerings do not improve the financial outlook and performance of Print to Digital activities the Group may decide to completely phase out from the print business after 2020.

1.2.4 DIGITAL SERVICES PACKAGES

The Group's new digital services will be marketed in the form of packages.

The objective is to simplify the global offering of the Group's solutions and to make them easier for the Group's customers to understand and purchase. In particular, for the Digital presence and Digital advertizing lines, combining the creation of content, promotion, ranking and traffic acquisition with the creation of customised campaigns for the Group's customers, the packs will feature as follows:

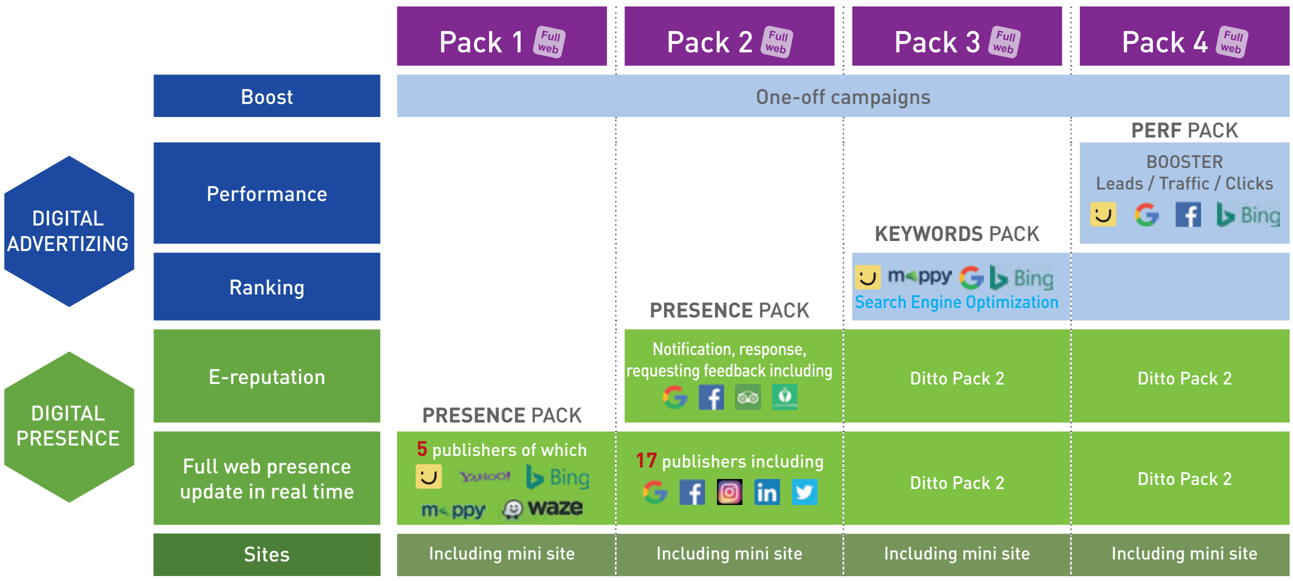
The digital services will include, depending on the package subscribed, one or a combination of the following:

- creation of basic mini-websites and creation and distribution of digital content by the Group on behalf of its customers;
- management of the e-reputation and possibility for the customer to easily update its content in real time and distribute it via a simple application;
- enhancing the online presence to improve sales and coverage of its own customers;
- identification of prospects; and
- designing customized campaigns tailored to the Group's customers.

One of the objectives of the digital service packages is to reinforce the Group's recurring business activity thanks to automatic subscription renewal. In 2017, 10% of the Group's sales were generated through automatic renewals, with more than 25,000 customers.

The Group intends to increasingly sell its digital services through subscription-based contracts, which are one-year contracts automatically renewed upon expiration, unless the renewal is canceled by the customer with a two month notice. Certain Group offers are already associated with this type of contract. However, the Group will begin implementing such contracts more widely from late 2018 with a total phase-in being completed in late 2019.

The Group also offers presence management solutions for major network accounts (local data management, news multicasting and e-reputation). These solutions are based on the BRIDGE platform, marketed by Leadformance, a Group subsidiary, which includes other features such as store locator pages (mainly in the form of mini-websites dedicated to each local store of a major network account) and AdWords and Facebook campaign management. All of these features can be managed nationally and locally at the level of each store or location. Through the BRIDGE platform, the Group markets a SaaS (Software as a Service) platform designed to meet the specific needs of its major network accounts. This is a priority objective for the Group's future growth. This offering will be progressively improved as the Group continues to add new product features to it. This offering has already achieved sales of approximately €130 million in 2017, and the Group is targeting annual sales of over €200 million from 2020.



1.2.5 CUSTOMERS

In 2017, out of the more than 4.2 million local businesses listed in the Group's databases in France, an average of nearly 469,000 (annual average number of customers in the reference period who subscribed to an Internet product) were Group customers. The Group's customers break down as follows:

- Home: businesses in the construction, renovation, maintenance and emergency repair industries for whom advertizing is of great importance. Print retains a significant share in this market segment;
- Retail: merchants with transaction potential (e.g. restaurants, beauty salons and accommodation businesses), local businesses located in city centres (e.g. florists, wine shops, dry cleaners and neighbourhood grocery stores), sports clubs, cultural institutions and chains (e.g. supermarkets, clothing stores and DIY stores); A segment that is already active in digital advertizing;
- Health & Public: public authorities (e.g. public institutions, social assistance, local administration and chambers of commerce), education (e.g. driving schools, professional training institutions, primary, secondary and higher education, individual tutoring), liberal professions (e.g. lawyers, accountants, architects, Statutory Auditors, surveyors, veterinarians) and health professionals (e.g. doctors, pharmacies, health institutions and services). This market segment is characterized by sectors that engage in little advertizing, in some cases due to regulatory restrictions; nonetheless, it is a market of significant potential with respect to appointment scheduling and website development;
- Services: automobile/motorcycle sales and maintenance (e.g. dealers, mechanics, technical control, body shops, auto centers and specialists), services to individuals (taxis, undertakers, services to individuals, fortune telling), real estate (real estate agents, notaries, inspectors) and banks and insurance companies (banks, insurance companies, private health insurance, brokers). This market is currently transitioning from print advertizing to digital advertizing;
- BtoB: services to businesses (e.g. photocopying and logistics services, polling organizations), wholesale (e.g. construction materials and office furniture), industry (e.g. printing and dental prosthetics), construction and public works (e.g. public works and plumbing equipment), agriculture (e.g. farmers) and crafts (e.g. furniture manufacturers, upholsterers and decorators). This market segment focuses in particular on local digital communication;
- International: international customers (such as, French groups with international networks). This market segment focuses on large accounts using presence management solutions (using the BRIDGE platform).

One of the key strengths of the Group is its local presence in the Digital Services market. It takes advantage of its local teams who are close to customers. The Group intends to adapt its level of services and its customer experience more systematically to the various profiles of its customers across all segments. It aims to reinvent its "go-to-market" strategy by developing a multi-channel approach based on a more heavily digitalized sales force. Large accounts already benefit from the expertise of an extensive field sales force, which counted 1,249 field sales representatives (including field sales representatives dedicated to the Group's international customers) as of 31 December 2017. Relationships with small and medium-sized businesses and the acquisition of new customers in this segment will be handled through telemarketing teams, which comprise 762 telemarketing representatives (including those dedicated to the Group's international customers) as of 31 December 2017. VSEs will be managed through a self-service platform directly on the Group's websites. In 2018, the Group will focus in particular on telesales in a bid to increase its sales through improved commercial relationships and coaching. In addition, the Group has established nine premium telesales teams to target high ARPA customers. This first initiative proved successful as the sales performance of the members of these teams has improved significantly.

1.2.6 AUDIENCE

The Group's business is based on very large audiences, with steady growth in business leads, thanks to its proprietary media (PagesJaunes, Mappy, Ooreka), which represent a constant source of intent-driven data, as well as privileged partnerships with key global Internet players who recognize the quality and richness of the Group's local content.

Audiences include (1) direct audiences on the PagesJaunes digital media from the users' direct access to PagesJaunes digital media (direct access and brand research on a search engine), audience from search engines thanks to search engine optimization and from affiliate partners (such as Free and l'Internaute), (2) indirect audiences to PagesJaunes deported content hosted by other platforms (such as Bing and Apple).

In order to continue to grow its audience, the Group wants to improve the user experience (UX) and the user interface (UI) on its media. It plans to invest €11 million in capital expenditure in 2018. The Group's target is to increase its total audience (both direct and through partnerships) by 6% in 2018 over 2017 and to double the number of accounts over this period.

INDIRECT AUDIENCE

The indirect audience comes mainly from the various partnerships that the Group has established with major global Internet players, such as Google, Bing (Microsoft), Apple and Facebook. As part of these partnerships, the Group provides free local content to some of its partners (namely Bing and Apple), which contribute directly to directing traffic to the Group's customers and business prospects. Moreover, the Group can also occasionally develop its audience by buying, managing, optimizing and providing leads to its customers through the purchase of advertizing (namely Google, Bing and Facebook) or other advertizing media from its partners. A significant portion of the total audience is now obtained through the Group's partners' platforms such as Bing (Microsoft) and Apple. Its partnership with Apple notably allows its partner to easily access the Group's content database. In return, the Group receives accurate data on its customers' audience. Through these partnerships, the Group has leveraged the relevancy and accuracy of its database.

The key thrusts of its main partnerships in this domain are set out below.

Bing: the Group's partnership with Bing was set up in 2010 and renewed in 2015 for three years. The further extension is currently in advanced negotiations. The Group is a Bing Elite SMB Partner and PagesJaunes is currently the only local content provider to Bing and Cortana. As such, Bing is a source of direct traffic for the Group's customers. PagesJaunes' content database, with thousands of items of data updated every day, is provided to Bing in exchange for visibility and the provision of high-quality traffic statistics. In addition, the Bing Ads service is included in the Group's "Booster Site" and "Booster Contact" offerings. The Group and Bing are working in close collaboration on future technological projects (such as voice recognition and interpretation of local search to maximize its relevance) to further enhance the search experience of its users.

Apple: the Group's partnership with Apple was set up in 2015 for five years. This partnership agreement with Apple was entered into on a non-profit basis. The Group's content database, with thousands of items of data updated every day, is provided to Apple in exchange for visibility and the provision of high-quality traffic statistics. The content is used on Spotlight, Siri, Safari, CarPlay and Apple Plans search functions. This partnership is also a source of indirect traffic. Apple boosts the number of downloads of the PagesJaunes app.

Yahoo!: the partnership was signed in 2010 and is renewed automatically unless terminated by either of the parties. Yahoo! uses the PagesJaunes business databases for their local responses in France. The presence of PagesJaunes businesses on Yahoo! services has a visible PagesJaunes brand attribution.

DIRECT AUDIENCE

Direct audience is the Group's audience on its two principal media:

- PagesJaunes. The French leader in local digital advertizing and communication, PagesJaunes is the Group's most-visited media, with approximately 1.7 billion visits in 2017 - an increase of 2.0% over 2016 - (of which approximately 40% were from mobile users (excluding tablets)), approximately 2 million daily uses of the mobile application, overall accounting for over 69% of all visits to SoLocal online media. PagesJaunes encompasses a number of sites and products, including the PagesJaunes.fr website, a mobile app and syndicated content that appears on the Group's partners' sites. PagesJaunes uses a database of over 4.2 million detailed entries providing regularly-updated information on individuals and businesses. It provides users with the ability to search for businesses and professionals, view listings and post reviews, make reservations and schedule appointments and offers a host of services to businesses to increase their visibility and online presence;
- Mappy. Acquired by the Group in 2004 and available on the Internet or as a mobile application, Mappy provides geographic services, including maps, travel planners, geographic representations, local searches and GPS navigation. Mappy acquires the raw geographical data from third parties, restructures, aggregates and enriches it, and then incorporates it in its own technical platform. Mappy was the Group's second most-visited platform in 2017, with nearly 364 million visits (of which approximately 49% were from mobile users).

With a view to boosting the Group's audience and as a result of the renewed effort to increase the number of sources the Group relies on to provide data, the content of its online media was significantly updated in 2017. In particular, the details of more than 3 million businesses were verified or updated on the Group's proprietary media, approximately 985,000 professionals had their business hours integrated (representing an increase of approximately 14% versus 2016), approximately 428,000 businesses had a picture uploaded (an increase of approximately 57% versus 2016). More than 1.2 million businesses have provided their website address (an increase of approximately 9% compared to 2016). This information undergoes nearly 150,000 updates daily.

In 2017, the Group recorded over 2.4 billion visits on its fixed and mobile Internet platforms, an increase of 2.4% compared to 2016. Mobile Internet (excluding tablets) represents a growing share of visits to the Group's media and accounted for 40% of all Internet visits to its media in 2017 (compared to 37% of all Internet visits to its platforms in 2016). Since their creation, the Group's mobile applications (mainly PagesJaunes and Mappy) have been downloaded over 48.5 million times onto smartphones and tablets in France.

Bolstered by the performance of its media (PagesJaunes, Mappy and Ooreka have been ranked respectively among the top 12, 50 and 78 most visited Internet sites in France in 2017 by Médiamétrie Nielsen), the Group reached, on average, 55% of Internet users in France in 2017 ("Reach"). The Group's media continue to generate significant audiences, with an average of 26.3 million unique visitors on fixed and mobile websites in 2017 (monthly average of audiences in 2017, Source Médiamétrie Nielsen). Together, the Group's platforms rank ninth among the most visited fixed and mobile sites in France (SoLocal Group average position on Médiamétrie Nielsen from January to December 2017).

The table below sets out audience levels for the Group's main platforms for 2016 and 2017 (both years exclude the audience deriving from AVendreALouer.fr).

Audiences *(in millions of visits)*	**2016**	**2017**	**Variation**
PagesJaunes	1,769	1,804	2.0%
of which mobile	*651*	*721*	*10.9%*
Mappy	373	364	-2.4%
of which mobile	*142*	*150*	*5.9%*
Ooreka	183	207	13.1%
of which mobile	*70*	*92*	*32.2%*
Other	46	53	15.1%
of which mobile	*17*	*19*	*11.7%*
TOTAL	**2,371**	**2,428**	**2.4%**
of which mobile	*879*	*983*	*11.8%*
of which fixed & tablet	*1,492*	*1,445*	*-3.1%*

1.2.7 PARTNERSHIPS AND ALLIANCES

PARTNERSHIPS AND ALLIANCES

PARTNERSHIPS

The Group has managed to capitalize on its position as French leader in local digital advertizing and marketing by developing strong, mutually beneficial partnerships with the major global internet players such as Google, Bing (Microsoft), Apple and Facebook.

These partnerships hinge on the quality of local content produced by SoLocal (unique database and creation of digital content for local businesses) and its ultra-local network of sales and customer service teams. The richness and relevance of content, populated by over 200 professionals who update over 150,000 entries daily, enable the platforms to offer a top quality user experience for local search, and the Group to boost the visibility of business content, making it easier to connect with consumers who browse on these high-traffic platforms. SoLocal has developed content agreements with Bing, Apple, Facebook and Google My Business.

Moreover, the Group is integrating the advertizing products offered by its partners into comprehensive, turnkey digital solutions, making them accessible and effective for VSEs, SMEs and large accounts thanks to the technologies and expertise developed by SoLocal, particularly in terms of optimizing algorithms and selecting optimized key words in real time. With its partners, the Group is developing presence management and advertizing performance solutions via its Booster solutions: Google, Bing and Facebook.

Its priviledged partnerships enable the Group to position its solutions in a way that is unique from its competitors on the French market and to benefit from exceptional support, both internally for training in the most innovative digital products, and externally to raise awareness among companies of the opportunities offered by digital technology for promoting their activities locally.

As such, SoLocal has positioned itself as the trusted interface between major platforms and local businesses.

These partnerships are, therefore, mutually beneficial, as they contribute for accelarating the growth of major Internet platforms on markets where they have no direct foothold, and also help SoLocal position itself alongside the global players that capture most of the growth of the digital advertizing market.

The main partnerships are presented in the table below:

Key partnerships	
Google	• Signed in 2013 • Contract renewed for a further two year period in March 2018 • An ambitious partnership based on the development of Adwords campaigns, with the aim of generating annual growth of over 50% during the 2017-2020 period • SoLocal is the first partner to be approved by Google to access Google My Business's updating API
Microsoft Bing	• Signed in 2010, renewed in 2015 for a further three year period • The primary source of indirect traffic for SoLocal customers via a dedicated API which allows businesses to boost their visibility and track their audience with detailed statistics • A partnership aimed at developing BingAds campaigns through packaged solutions for businesses • Close collaboration on technological projects: voice recognition and interpretation of local searches • Co-development of an MVP (minimum viable product) based on the reinvention of the PagesJaunes media: enhanced user experience and new functionalities

Key partnerships	
Apple	• Signed in 2015 • Partnerships based on the supply of local content on Apple Plans, Siri, Spotlight and Safari • Source of indirect and direct traffic; also increasing downloads of the Pages Jaunes application
Facebook	• Signed in 2016 • A partnership focused on the resale of advertizing campaigns on Facebook • Use of an API to manage pages and automatically update content

ALLIANCE GRAVITY

Launched in June 2017 by Lagardère Active, Les Échos, SFR and SoLocal, Gravity is now an alliance of some 25 French media companies representing a large, qualified and competitive audience of major platforms. This alliance enables its members to bundle and market their media and data together exclusively through a proprietary and innovative platform. With the recent arrival of Orange, the alliance now reaches more than 50% of French internet users daily. The aim of these media companies is to become the third biggest player in the French digital advertizing market. The factors that set them apart include the power of the media, the granularity of the media (with specialist and generalist players), the security of the brand (in particular trust and reputation) and the diversity of data.

1.3 OVERVIEW OF THE SECTOR

SoLocal is one of the leading players in local and digital advertizing in France. The Group provides digital content, advertizing solutions and transactional services that help connect local businesses with consumers. It also connects advertizers with ad networks and other online media.

The Group believes that the diversity and flexibility of its digital offerings enable it to leverage a large number of favourable market trends that are key drivers of demand for its target customers.

1.3.1 LEADING PLAYERS IN THE INTERNET ADVERTIZING MARKET

There are three main types of players in the Internet advertizing market:

- **ad publishers,** namely any website or online media that attracts Internet users. These include online portals (such as Bing (Microsoft) and Facebook), newspaper sites (such as Le Figaro or Le Monde) and blogs (such as La Blogotheque or le Blog Auto). These digital publishers reserve the right to display advertisements on the pages they show their visitors. Collectively, these pages are known as "inventory", and the displaying of an ad to a user on one of them is known as an "impression". Video ads work in much the same way, except that advertisements associated with the video are shown either inside the video frame or in its surrounding area;
- **ad networks,** i.e. companies or groups of companies that together control advertizing inventory across multiple digital publishers, and display ads in this inventory, as part of a revenue sharing agreement or at fixed prices with ad publishers. Ad networks exist because they can aggregate advertizing inventory across hundreds or even thousands of online destinations and are thereby able to offer a breadth and depth of inventory to suit different advertizers' needs;
- **advertizers:** the end-advertizer is the ecosystem's payer entity, and the fees paid by the advertizer to run the campaign are split between the ad network and the ad publisher. The advertizer who is promoting a product or service is often represented by a third party agency that works with ad networks to select advertisement inventory and set parameters to match the needs of an advertizing campaign.

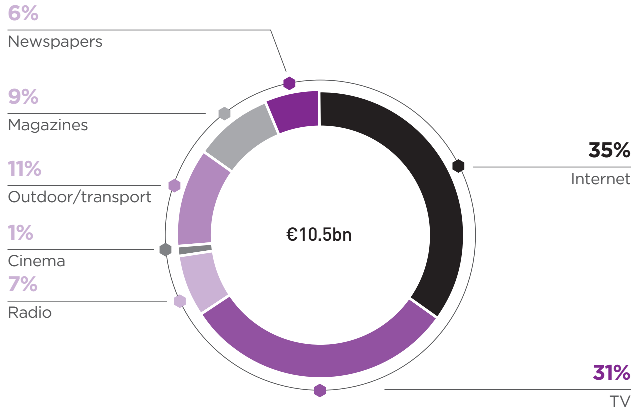
Advertizers pay for online and web advertizing in a variety of forms, the most common being cost-per-click **(CPC)** and cost-per-thousand **(CPM)**, whereby advertizers pay a set price for each ad, click or impression, and cost per action **(CPA)**, whereby advertizers only pay if the user interacts with the ad, for instance by clicking on it and being directed to the advertizer's website.

The cost of reaching an audience via online media measured in CPM or CPA is out of line with classic media such as television and print. Over time, advertizers are becoming more familiar with the value of online ads. CPM and CPA rates are expected to increase over time as consumers increasingly turn to the Internet to consume media.

1.3.2 THE ADVERTIZING MARKET IN FRANCE

Total advertizing expenditure in France is estimated at approximately €10.5 billion in 2017. The market can be segmented by expenditure with publishers of print media (for example: newspapers, magazines, and outdoor/transport display), traditional audiovisual media (TV, radio and cinema) and the Internet. In 2017, advertizing expenditure with Internet publishers is expected to account for approximately 35.1% of total advertizing expenditure in France.

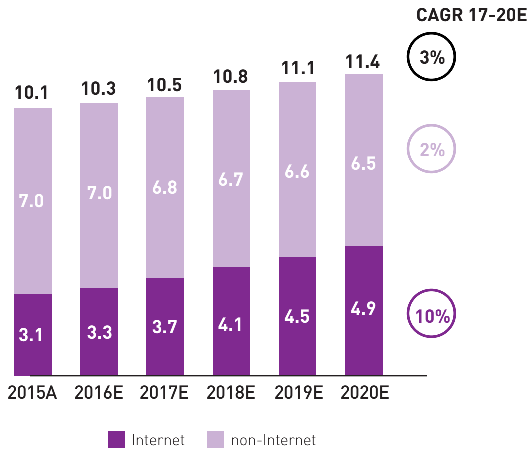
The diagram below shows an estimate of the size and segmentation of advertizing spending in France in 2017.



Source: Zenith, Ad Expenditure Forecasts, December 2017.

The French advertizing market as a whole is expected to grow at an average of roughly 3% per annum between 2017 and 2020, reaching nearly €11.4 billion by 2020. Forecasts are underpinned by an expectation of continued economic recovery in France and increased demand for programmatic advertizing on the Internet. The Internet is the primary driver of advertizing expenditure growth in France, having overtaken TV in 2016 to become the country's largest advertizing media. In particular, it is estimated that major accounts spent approximately €1.5 billion on digital advertizing in France in 2016. The market is projected to grow at an average rate of approximately 10% per annum between 2017 and 2020.

The chart below shows the forecasted advertizing expenditure in billions of euros in France for the years indicated.



Sources: Zenith, Ad Expenditure Forecasts, December 2017; IMF, 2017.

1.3.3 THE FRENCH INTERNET ADVERTIZING MARKET

The Internet advertizing market is projected to grow at an average of approximately 10% per annum between 2017 and 2020, with growth driven mainly by increasing consumption of video, mobile and social media content. In addition to the underlying growth in online media, advertizers are attracted to the Internet as a promotional space, as it helps them overcome key limitations of traditional media, with benefits including:

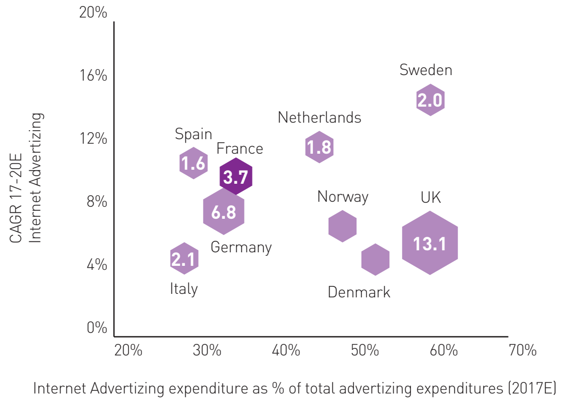
- access to desired audiences that can be accurately targeted through the selection of advertizing inventory for the campaign and additional parameters, such as the location of website visitors, demographics and length of visit;
- ability to use the latest in web analytics software, which allows advertizers to measure the exposure of their campaign and how it is perceived in real time; and
- ability of advertizers to engage in promotions across a variety of formats from basic text to graphically rich, interactive advertisements.

Advertizing on the Internet is expected to account for nearly 35% of total advertizing spending in France, an under-exploited market compared with other countries, making France an attractive market with significant growth potential for companies active in this area, such as SoLocal.

The chart below shows the Internet's (estimated) share of the advertizing market in billions of euros in the United Kingdom, Australia, Canada, the Netherlands and France for the years indicated.

Sources: Zenith, Ad Expenditure Forecasts, December 2017; IMF, 2017.

The chart below shows the estimated penetration rate and growth rate of Internet advertizing spending in the European countries mentioned between 2017 and 2020.



Note: the hexagons represent the volume of total Internet advertizing spending (in billions of euros).

Source: Zenith, Ad Expenditure Forecasts, December 2017.

1.3.4 MARKET SEGMENTS

The Internet advertizing market can be split into three main segments by format: Display, Search, and Internet classifieds. The French advertizing market can also be segmented in accordance with the media through which a consumer is reached by an advertisement.

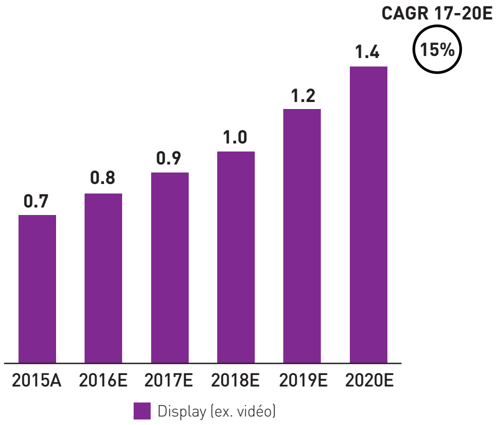
SEGMENTATION BY FORMAT

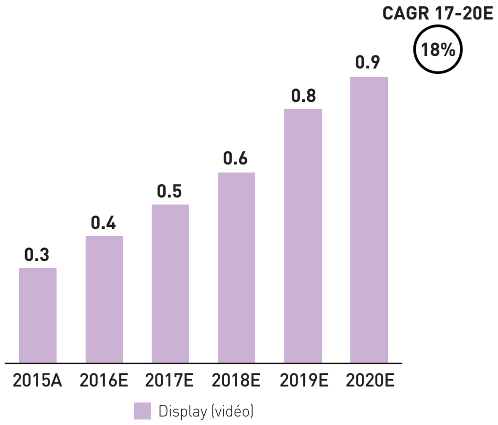
Display

Display is the fastest-growing segment. It includes banners, online videos and social media promotions. All three categories within Display have benefited from the transition to programmatic buying, which allows agencies to target audiences more efficiently and more effectively, with personalized creative content. Online video and social media are currently the driving forces of display advertizing, with online video advertizing in France expected to grow by an average of approximately 18% per annum between 2017 and 2020.

Online video is benefiting from increased availability of high-quality content, as well as improvements in the mobile viewing experience, with ever-improving displays and faster connections. For many consumers, checking their mobile devices for social media has become a regular, ingrained habit, while social media ads blend seamlessly into their mobile app newsfeeds. They are not mutually exclusive categories: online video ads have become a key component of the revenues for social media platforms.

The charts below show the historical and estimated future expenditure in billions of euros in the Display segment in France (including and excluding video) for the years indicated.



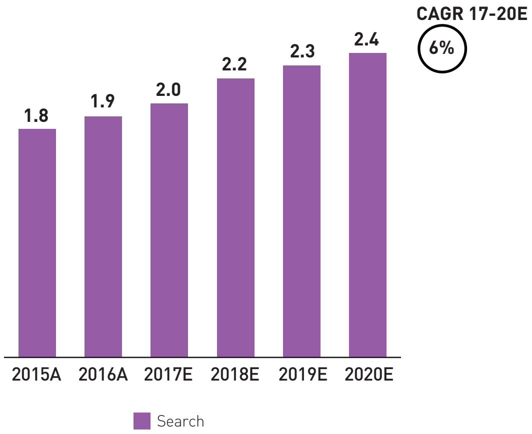


Sources: Zenith, Ad Expenditure Forecasts, December 2017.

Search

Search advertizing is the influence that can be exerted so that an advertizer's web page appears in the results of the searches carried out by surfers using search engines, by associating it with terms, phrases or keywords used in Internet searches. Products in the Search segment include paid listing (payments made to ensure that a web page is indexed by a search engine), search engine optimization (improving the attributes of a web page to increase its visibility in the free search engine results) and sponsored links (payments made for clicks and text links appearing in the search results of specific keywords). According to a Zenith report published in December 2017, Search Advertizing accounted for nearly 55% of the Internet market in France in 2017, and is expected to achieve a CAGR of roughly 6% by 2020.

The chart below shows the historical and estimated future expenditure in billions of euros in the Search segment in France for the years indicated.



Sources: Zenith, Ad Expenditure Forecasts, December 2017.

Internet classifieds

Internet classifieds relate to the payment of commissions for the listing of particular products or services on directories and portals on the Internet, for example job offer websites, real estate portals, automotive referencing and directories of general classifieds. There are two business models for Internet classifieds:

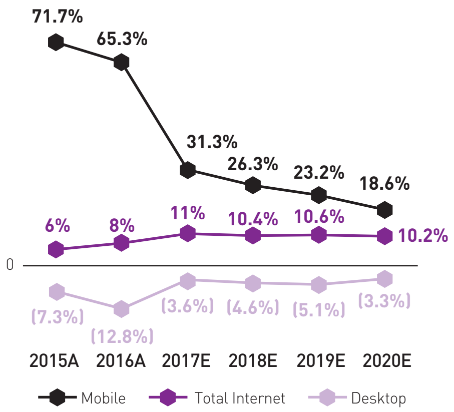
- horizontal, where a directory has no particular specialization and may include a variety of services (e.g. mobile devices, furniture, books and accessories); and
- vertical, where a directory specializes in a particular category or group of categories (automotive or real estate, for example).

In 2017, Internet classifieds accounted for an estimated 14% of Internet advertizing spending in France. This proportion is expected to remain stable until 2020.

SEGMENTATION BY MEDIA

The segmentation of Internet advertizing spending by media points to an increasing place for advertizing on mobile devices (Internet ads displayed on smartphones and tablets). Mobile advertizing in France grew by approximately 65% in 2016, and is expected to grow at an average of approximately 23% per annum between 2017 and 2020, driven by the rapid spread of devices and improvements in user experience. Over the same period, Internet advertizing on computers is expected to fall by about 4% per annum; advertizers are following consumers and are also turning to mobile devices. In France, mobile advertizing spending accounted for roughly 12% of total advertizing spending in 2016, and is expected to increase to around 27% in 2020.

The chart opposite shows the past and future growth rates (estimates) of Internet advertizing per device in France for the years indicated.



Sources: Zenith, Ad Expenditure Forecasts, December 2017.

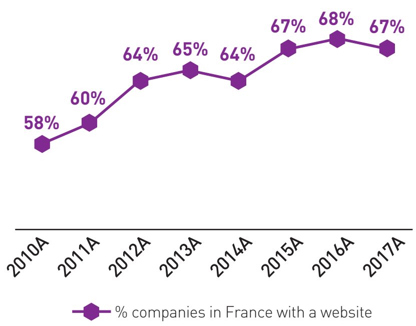
1.3.5 KEY DRIVERS OF DEMAND

The Group believes that its digital offerings allow it to leverage a large number of positive trends in e-commerce.

WEBSITE PENETRATION RATES

The Group believes that its Website offering puts it in first position in the French website creation market, with some 450,000 websites to its credit. The Group plans to expand not only its entry-level offering, but also its high-end website offering by adding new options such as bookings, an e-commerce module and the Click & Collect function. The Group benefits from a favourable level of website take-up in France, the percentage of companies with a website having increased from roughly 58% in 2010 to approximately 67% in 2017 according to third-party market estimates.

The chart below shows the penetration level of websites for companies in France from 2010 through 2017.



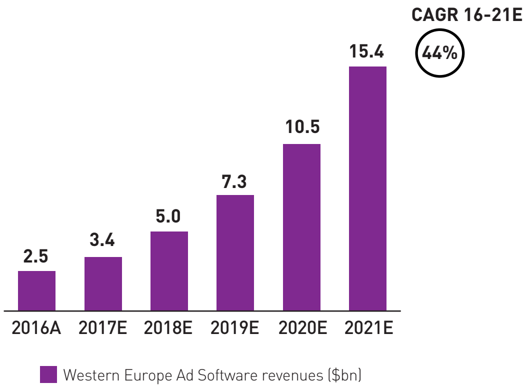
Source: Eurostat website stats

DEVELOPMENT OF ADTECH

Advertizing technology (AdTech) generally refers to the various types of analytical and digital tools used in advertizing. Through its programmatic platform offering, the Group integrates optimized and real-time bidding strategies into its Digital Advertizing products, making the AdTech market a reference market for its business.

The advertizing software market, which includes media or advertizing campaign planning, media buying and selling, and ad operations, is expected to show significant growth. In particular, the Western European market is forecast by third-party market analyses to increase sixfold by 2021, growing at a CAGR of 44%. Key market drivers include the continued transition of media buying from legacy channels to programmatic channels, as well as increased adoption of workflow and data automation.

The chart below shows advertizing software revenues in Western Europe, in billions of euros, on a historical basis in 2016 and 2017 and projected future revenues from 2018 to 2021, according to a third-party market study.

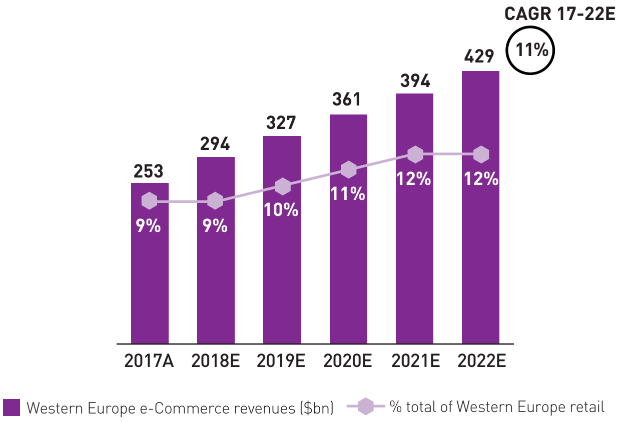


Source: IDC-Worldwide Advertising Software

THE RISE IN E-COMMERCE AND ONLINE PAYMENTS

The Group believes that its offers of online transactions will enable it to benefit from favourable trends in e-commerce in Western Europe. According to a recent report by an independent market research firm, e-commerce revenues in Western Europe are set to reach a CAGR of roughly 11% between 2017 and 2022, reaching $429 billion, or about 12% of the overall size of the retail market in this geography.

The chart below shows the projected growth in Western European e-commerce revenues from 2017 to 2022, expressed in billions of US dollars, as well as Western Europe's projected market share of the total market.



Source: Euromonitor

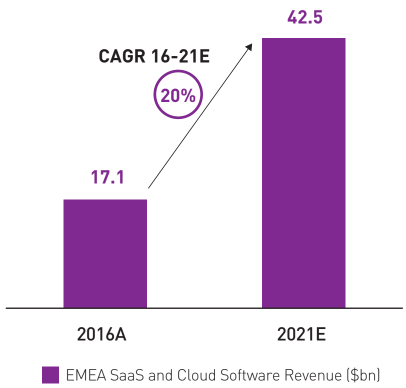
Moreover, third-party market estimates suggest that the payment market will develop across Europe, driven by higher payment volumes in general and new payment methods, such as account-to-account payments (A2A). The European payments market is estimated to have generated around €38 billion in 2016, with transactions totalling €190,000 billion made via several payment methods. It is expected to grow to approximately €55 billion by 2020.

INCREASED DEMAND FOR CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SOLUTIONS

The expansion of the Group's digital offerings to companies in adjacent areas, such as CRM solutions, is increasing the size of its addressable market to include the growing market for CRM applications. In Western Europe, SaaS solutions are expected to dominate the CRM software market, continually enhancing the user experience, including the user experience of smartphone and consumer web applications. VSEs and SMEs will invest more strongly in CRM applications as applications become more flexible, affordable and easier to use. According to a third-party market data provider, the French CRM applications market is among the largest in Western Europe, and is set to grow at a CAGR of approximately 6% between 2016 and 2021, bringing revenues to approximately $1.1 billion.

THE MOVE TO SAAS AND THE CLOUD

The Group's overall shift to a subscription-based revenue model and the increasing mix of software within its digital offering aligns its proposition with the fast-growing SaaS and cloud software market. A recent third-party market study forecasts that this market will grow at a CAGR of 20% in Europe, the Middle East and Africa (EMEA) between 2016 and 2021 as a result of increasingly cloud-first strategies across all IT buyers.



Source: IDC – Worldwide SaaS and Cloud Software Market

1.3.6 COMPETITIVE ENVIRONMENT

The Group believes it has a leading position in the local advertizing market in France among both traditional and digital players. Its proprietary websites are also among the seven most visited platforms in France in terms of audience, based on the number of visits in October 2017.

From a media perspective, the competitive landscape can be split into three categories of market participants:

- platforms, namely global search engines operating in all sectors, such as Google, Bing and Yahoo! These groups do not focus on the local search market and generally choose to partner with players, such as SoLocal, which provide a comprehensive set of information on local businesses in return for increased traffic to the proprietary media and websites of their customers;

- verticals, or operators with a strong focus on a specific industry (such as home or retail). These players also offer transactional services, such as the ability to purchase or book services online directly from their websites, and aggregate professional and personal advice on specific topics, such as health or travel. This category in France includes LaFourchette, Doctissimo, Travaux.com, Kompass, Companeo and Quotatis. Vertical operators often do not have agreements with platforms and mostly do not have the same purpose or provide the same service to end-customers. For example, Doctissimo provides medical advice, while PagesJaunes provides doctors' contact details and addresses;
- multi-verticals, including operators such as SoLocal, which address several industries. SoLocal's main competitor in France is Leboncoin, following Yelp's withdrawal from the French market in 2016. Leboncoin is a digital classifieds platform that, to a certain extent, is in competition with the online directory market. Yelp had previously acted as a provider of crowdsourced reviews of local businesses and also owned the online reservation service SeatMe. Based on 2016 local digital search revenue, SoLocal is the largest player in this category, generating over twice the revenue of its nearest competitor, Leboncoin.

The Group also benefits from a multi-specialist positioning relative to its competitors, which enables it to compete with (i) multi-vertical platforms and players, through its user-oriented websites and mobile applications enhanced by the use of artificial intelligence, and (ii) actors operating on a vertical, through its transactional functionalities (with the booking function, for example).

Partnerships negotiated with certain Group competitors (such as Google, Facebook or smaller actors like LaFourchette) enable the Group to offset some of the negative effects of the competition and to take advantage of the specific strengths of certain competitors.

For B2B service providers, the competitive environment can be broken down into three categories of players:

- the so-called "GAFAM", such as Google and Facebook, which provide specific communication solutions based on their media. The Group believes that its local presence, and in particular its local sales teams, as well as its customer base of VSEs and SMEs, enable it to compete effectively with GAFAM;
- web agencies, such as Geolid or Net Booster, which provide a large range of communication solutions, such as websites or AdWords campaigns. The Group believes that the large audience of its own media, its geolocalized intent data and its proprietary products and services allow it to address the competition of these players;
- pure AdTech players, such as YEXT and Criteo, which provide specific technology-based communication solutions, such as presence management or retargeting. The Group believes that its local presence and audiences on its own media allow it to deal with the competition from these players.

In addition, the development of the Websites segment offering has forced the Group to revisit its positioning on the entry-level market, which is affected by the influx of free alternatives for websites, such as presence solutions, especially on social media, as well as the emergence of new alternative self-made website models (known as "Do-It-With-Me" solutions).

	SoLocal GROUP	GAFAM (Facebook, Google)	WEB AGENCIES (Geolid, NetBooster)	PURE AD TECH (yext, criteo)
AUDIENCE • Owned media • Massive Audience	✓	✓	✗	✗
DATA & TECH • Rich daily updated local content • Purchase-driven & geolocated data • Proprietary programmatic technology	✓	✓	✗	✓
LOCAL PRESENCE • 1,800 sales reps • SMB field approach • Local contacts with large accounts	✓	✗	✓	✗

1.4 STRATEGY

The Group recently announced its strategic "SoLocal 2020" project, based on an expanded offer of digital services for businesses, a reinvented PagesJaunes media platform and a more streamlined organization. This plan reflects SoLocal's new ambition: to become one of the digital services champions in France. SoLocal 2020 is focused on the following strategic objectives:

OFFERING A NEW DIGITAL RANGE THAT IS BOTH EFFECTIVE AND SIMPLE

The growing demand from VSEs and SMEs and major account chains for support in building their digital presence, finding new customers and improving performance is a development opportunity for SoLocal. To meet these new needs, SoLocal aims to become the digital partner of choice for companies in France, offering a wide range of digital services and a digital coaching service tailored to each market segment. This will require fundamental changes in the current value offer:

- from a PagesJaunes-focused offer to a "Full Web & Apps" strategy on all devices (including computers, mobile telephones, tablets and PDAs);
- from a range of products offered each year to publishers to the widespread rollout of a range of digital services marketed in Software as a Service (SaaS) mode;
- from offers that overlap to a packaged and progressive product offer;
- from customers "left to fend for themselves" after a sale, to a digital coaching approach that provides tailored support based on a new customer journey; and
- from 18 customer interfaces to a single "All-In-One" mobile and customer application.

SoLocal now offers five new service lines:

- Digital Presence, with the Full Web & Apps Presence Pack (information on professionals updated across the web, on all media and devices: addresses, schedules, photos, videos, news, etc.);
- Digital Advertizing, with the Booster Contact Pack (a guaranteed number of contacts for businesses, measurable on the basis of calls, forms completed, etc.);
- Website, under which, as the leader in the French website creation market with approximately 450,000 sites to SoLocal's credit, the Group plans to expand its entry-level offer, as well as its high-end range, by adding new options (bookings, e-commerce, click and collect, etc.) for Premium and Privilege sites;
- Digital Solutions, in which booking services already generate solid results and where the Group plans to launch new digital services: CRM, e-training, e-payment, marketing automation, etc.;
- Print to Digital, which is based on innovations tested in "test & learn" mode to give print content a new dimension, with an emphasis on augmented reality flyers and digital local guides.

For major account chains, of which SoLocal already has more than 200 as clients, the value offering will be based on a single integrated "Bridge" platform, in SaaS mode, whereby customers can manage their Full Web & Apps presence and their digital advertizing campaigns. This enables chains to ensure consistency between the headquarters and local outlets and to optimize their communication actions.

All of these developments are underpinned by the redesigned customer experience, the basis for any customer acquisition and loyalty building strategy. Every stage at which customers are in contact with SoLocal has been reinvented to create value throughout the customer experience. To maximize the business impact on the ground, the Group will be offering a totally redesigned customer experience: omni-channel (field, telesales and online) and focused on a single application that enables the customer to monitor its audiences in real time, contact its digital coach, etc.

REINVENTING THE PAGESJAUNES AND MAPPY MEDIA FOR A NEW USER EXPERIENCE

As web and mobile users develop new needs and new ways of using data, PagesJaunes is reinventing itself. It is offering a new user experience via a richer and more finely differentiated customer journey that promotes lasting commitment to the brand. This is the goal of the transformation project built around a significant corporate culture change within the Company, which now puts the user at the core of its media strategy: "User First".

The reinvention of PagesJaunes has two aims:

- making PagesJaunes searches more relevant through a complete revamping of user interfaces and of the customization and relevance of search results. In particular, PagesJaunes will rely on artificial intelligence, augmented reality and other technologies, in partnership with the leaders in the tech market. By developing cognitive services (e.g. machine learning) with Microsoft/Bing, PagesJaunes' search function will evolve towards more personalized responses, thereby better meeting users' demand for customized services; and
- developing communities and involvement:
  - strengthening the PagesJaunes community culture by developing "opinions and comments" functionalities and creating business communities,
  - deploying new uses on major vertical platforms (health, housing, convenience stores, etc.) to develop a unique user experience (transactional, bookings, etc.) in partnership with market leaders,
  - launching a loyalty program, and
  - developing new content that offers higher quality, is more comprehensive and more closely aligned with its users' needs, in particular video content.

The first concrete results of this project should be visible over the next few months:

- April 2018: the gradual transition from the dual-field search of PagesJaunes.fr to a single-field search will simplify Internet users' search input, reflect market trends and meet the expectations of today's Internet users;
- second-half 2018: conversational and transactional search functionality will provide users with a new channel for exchanges. Using natural language processing and artificial intelligence technologies developed in partnership with Microsoft, the PagesJaunes chatbot will be a key tool for transforming the relationship between PagesJaunes and its users; and
- November 2018: syndication will offer increasingly rich content.

By encouraging repeated use on PagesJaunes the Group will boost audience growth and be better able to monetize it. The Group will also develop audiences adapted to each customer profile, which will turn into business leads. Mappy will support the changes in French travelling behaviour by adding a multimodal comparison tool to its route-planning and mapping services.

SETTING UP AN AGILE ORGANIZATION AND REINVENTING OUR CORPORATE CULTURE FOCUSING ON DIGITAL SERVICES

To achieve these business and service transformations, the Company organization must be redesigned on the basis of three guiding principles:

- A "Customer & User-centric" corporate culture, with agile working methods and vectors of operational efficiency, based on structured and optimized processes

  Each measure of the organization's transformation project has an absolute priority: to be customer- and user-centric in order to respond to their changing expectations and needs. To meet this challenge, SoLocal's transformation will require industrialization of its tools and processes throughout the chain. Removing barriers to interactions between departments and fostering co-construction within the Company is the bedrock of the new corporate culture: more agile, more cross-disciplinary, more open. Thus, for example, significant synergies will be developed between the Product and Technology departments, aimed at designing high-performance digital services and strengthening the time-to-market of offers (in Agile and Scrum mode);

- A new technological dynamic

  To position itself at the forefront of market practices, the Group intends to adopt an R&D and IT policy consistent with its ambition. SoLocal's technology, which is the growth driver for businesses, must encourage the design of innovative services for the benefit of customers and users and be adaptable to all market segments, in France and abroad, applying a powerful and scalable business model.

  For the first time, SoLocal has opted for cloud solutions, both for its internal IT service in order to provide an agile, modern and secure working environment with business applications (ERP, CRM, etc.) that are even more efficient in software as a service (SaaS) mode, and for the Groups's R&D teams in the field of media and digital services for Internet users and customers in Platform as a Service (PaaS) mode, enabling IT and development teams to focus on the areas where they can add most value;

- A simple, agile and efficient organization that enables each person to flourish and manage his/her daily activities

  One of the main aims of redesigning the organization is to better share digital opportunities within teams. The working environment, both the physical space and the collaboration methods, must develop based on the principles of efficiency, co-operation and flexibility. The goal is to promote employees' personal development and facilitate their daily work.

  Simplifying the hierarchy is also a way of improving efficiency. It will be streamlined, with fewer hierarchical levels, and with increased responsibilities. Subsidiaries will also be progressively integrated, with the aim of building more agile and cross-disciplinary teams to serve our customers.

  Improving operational efficiency will require removing the business units, gathering the telesales, customer support and production activities in regional hubs, and consolidating marketing and operations activities within a centralized organisation. By 2020, our sites in France will maintain a sales presence throughout the country, but the 23 existing sites will be reconfigured into four regional hubs (telesales, customer support, production, R&D/IT) in Lille/Roubaix, Rennes, Bordeaux and Lyon, two Web factory production/development subsidiaries in Angoulême and Chambéry and one telesales hub in Boulogne, with the head office in Boulogne-Billancourt. This streamlining of locations aims to strengthen the sales and support teams' proximity to customers. Front-line sales teams will get a top-quality working framework by being based in business centers, where they will have all the latest equipment for delivering personalized services at their fingertips. For customers, the aim is to guarantee and maintain an excellent national and local presence – unique in the French market – through exceptional coverage in these business centers.

  This will entail the loss of some 1,000 positions in 2018-2019, of which approximately 800 will go in 2018, out of a total headcount of 4,627 as at 31 December 2017, with the implementation of a redundancy plan. In parallel, under the transformation plan, the Group expects to create approximately 100 positions in 2018 involving new digital skills. Accordingly, on 21 February 2018, the Group initiated the process of informing and consulting the employee representative bodies, which should be completed no later than the end of June 2018.

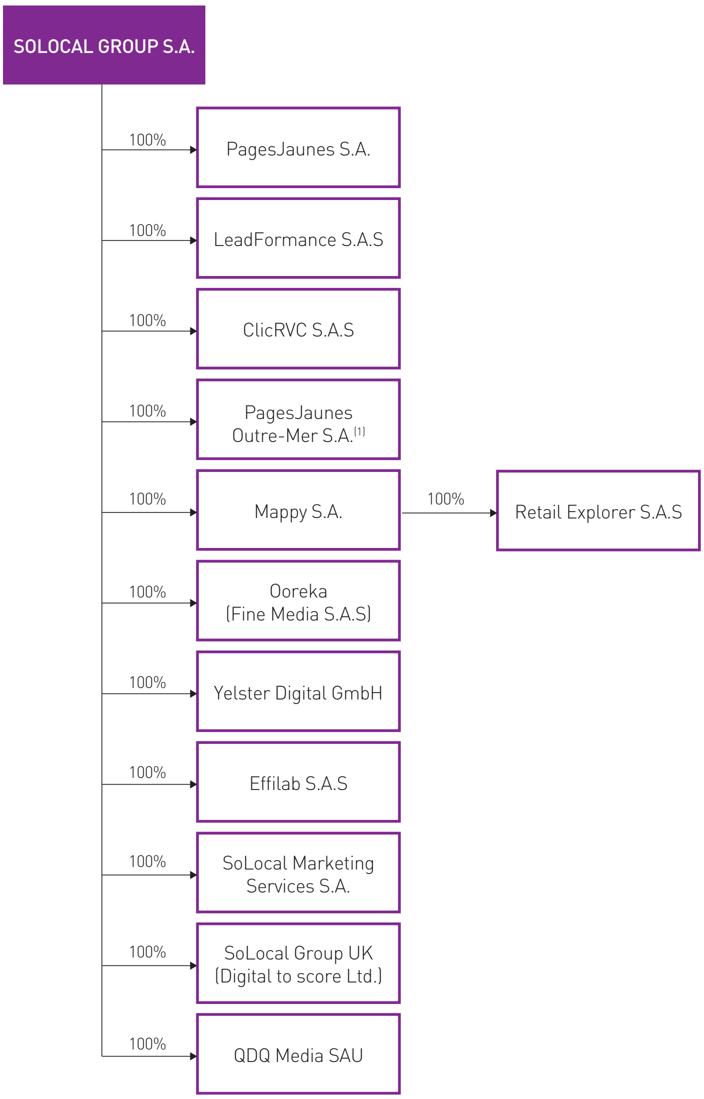
  The Group's aim is to reach an agreement on high-quality individual support measures to be offered to each employee concerned by the project. At this stage, the project would include a phase of voluntary departures aimed at limiting the number of redundancies. It would be implemented with the utmost respect, providing all employees with the opportunity to be heard, and offering personalized and responsible support.

The overall cost of the transformation project, of approximately €180 million, will be fully or partially provisioned as of 2018. The associated cash outflows between 2018 and 2020 will be financed from available cash and the excess of cash flow generated over the period.

This transformation project should allow SoLocal to operate with significantly reduced fixed costs, to become more agile and to return to profitable growth from 2019. The reduction in costs is estimated at around €120 million (full year effect) from 2020, compared to the 2017 cost base, and should restore the Group's ability to generate significant cash flows.

1.5 ORGANIZATIONAL STRUCTURE

A simplified organizational chart of SoLocal Group at 31 December 2017 is provided below:



(1) PagesJaunes Outre-Mer SA is not consolidated due to its non-significant nature.

RISK FACTORS 2

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SoLocal Group has reviewed the risks that could have a significantly unfavorable effect on its business, financial position or results (or its ability to achieve its goal). We consider that there are no other significant risks apart from the following risks factors, supplemented by other information and the Consolidated Financial Statements provided in this Reference Document. Investors are invited to take into consideration the risk factors described in this chapter before taking any decision to invest.

The description of the organisation of internal control and risk management put in place by the Group is included in the Board of Directors' report. This report appears in section 6.2 of this document.

2.1 RISKS RELATED TO OUR BUSINESS AND STRATEGY

We recently announced a plan to significantly reduce our workforce, and the implementation of this plan may be disruptive to our business and sales figures, may cost more than we anticipate and may not deliver the cost savings we expect.

The redesign of our operational organization under the SoLocal 2020 Plan will involve the reduction of our workforce by 1,000 positions at the Group level over the 2018-2019 period, including around 800 positions in 2018, out of a total of 4,627 employees (as of 31 December 2017), and the implementation of an employment protection plan (plan de sauvegarde de l'emploi). As a result, the Group has recently initiated a process of informing and consulting employee representative bodies as well as the negotiation process with trade unions concerning, in particular, accompanying measures, which should be completed no later than end of June 2018.

The aim is to reach an agreement on high-quality individual support measures to be offered to each employee concerned by the restructuring plan. At this stage, the plan would include a phase of voluntary departures aimed at limiting the number of redundancies. The plan would be implemented with the utmost respect, providing all employees with the opportunity to be heard, and offering personalized and responsible support. The overall cost of the plan is expected to be approximately €180 million and will be fully or partially provisioned as of 2018 in our financial statements. We expect that the disbursements associated therewith between 2018 and 2020 would be financed by available cash and the positive cash flow generated over the period. The restructuring plan should allow the Group to continue to operate with significantly reduced fixed costs, to become more agile and to return to profitable growth from 2019. The reduction in costs is estimated at around €120 million from 2020, compared to the 2017 cost base, and should restore the Group's ability to generate cash flow.

The negotiation, consultation and implementation of the project may result in strikes, work stoppages or slowdowns or other staff actions that could materially disrupt our activity and may generate negative publicity that would impact our reputation and brand. Any such developments may have a material adverse effect on our results and financial condition, particularly in the short term. In addition, following completion of the above-mentioned consultative process, the negotiated plan must be submitted for an opinion from the Group's works council (Comité d'Entreprise) and the approval of the Labor Administration. Because of the uncertainties inherent in the negotiation, approval and implementation processes, we can provide no assurance that we have correctly estimated the total costs relating to the restructuring plan or that the outcome of the implementation of the plan will be in line with our strategic expectations. The cost of the plan may ultimately be higher than the €180 million amount we have estimated. The implementation of the restructuring plan may give rise to litigation or administrative proceedings, the cost of which cannot, as at the date hereof, be assessed or provisioned and may be significant. Whether or not the cost of the plan exceeds our estimates, we must ensure that our available cash and surplus cash flow generated through 2020 will be sufficient to finance the restructuring plan. Finally, the restructuring plan may fail to deliver the anticipated €120 million in cost savings or deliver those savings on the timetable we expect, thereby hampering our efforts to achieve profitable growth for our business.

We may not be able to successfully implement our strategic plan and to achieve our guidance and mid-term financial objectives.

In recent years, the Group has been confronted with delicate negotiations, particularly in the context of the 2014 and 2017 financial restructuring processes and a decrease in its turnover and profitability, which may have led to an inability to meet the estimates and financial objectives, the publication of warnings on results and an inability to achieve its strategic plan. These difficulties, combined with unsustainable debt levels, led in particular to two debt restructurings in 2014 and 2017, the latter having enabled the Group to reduce its debt by two thirds. We have recently announced our new strategic plan, SoLocal 2020, which includes, among other strategic objectives, financial guidance for 2018 and mid-term financial objectives for 2019 and 2020. As indicated in our financial communication, the implementation of SoLocal 2020 is essential to addressing the continuing erosion of SoLocal's sales and market share, which is the consequence of the challenges the Group faces in a highly competitive market, and its high fixed costs that hinder its investment capabilities. We can however give no assurances that we will be able to achieve the objectives included in our SoLocal 2020 plan, including our financial guidance and financial objectives.

In particular, the implementation of the Group's strategy, in particular SoLocal 2020, is subject to numerous risks, including the Group's constantly developing competitive environment, growing pressure on prices, rapidly evolving technologies and a deterioration in the Group's working capital requirement. The implementation of our new operational organization under SoLocal 2020 and the accompanying restructuring plan may result in delays and disruptions affecting our ability to run our operations. In addition, our success will depend on the receptiveness of existing and prospective clients to our new Digital Services offerings, many of which involve new and untested products with limited or no track records.

The existing and future execution of our strategic and operating plans will, to some extent, also be dependent on external factors that we cannot control, such as legislative changes, systemic failures in our industry or the sectors of our clients and changes in fiscal and monetary policies.

The performance of our Print & Voice business has been in continuing decline.

The performance of Print & Voice business line, which is a legacy business, has been in decline for the last several years. Revenues of our Print & Voice have declined by 48.4% from €232.5 million (representing 26.6% of our total revenues) for the year ended 31 December 2015 to €120.0 million (representing 15.9% of our total revenues) for the year ended 2017. This decline is driven by the shift by advertizers and users away from printed directories towards Internet-based advertizing. Although we are seeking to manage the decline of this business by offering our Print & Voice clients our Digital Services and exploring print-to-digital solutions, we can provide no assurance that there will be a meaningful reversal in the trajectory of this business or that migrating our Print & Voice clients to our other Digital Services offerings will sufficiently compensate for the business line's decreasing revenues. Furthermore, if the new offerings we are exploring do not enable us to improve the financial performance or prospects of our Print & Voice business, we may decide to withdraw from this business in 2019 or 2020.

The success of our business depends on our ability to provide users with rich content on our media and to continually enhance the user experience as well as that of our clients by developing new products and services.

Our success depends on our ability to improve engagement between our clients and users. We must continuously provide users with information that is as comprehensive and relevant as possible. A significant portion of the information on individuals and businesses that we publish on our media is gathered from databases available on the market, in particular, from various telecommunications operators. If we were unable to access these databases, if a large number of subscribers asked to be unlisted or if we otherwise lost our ability to maintain comprehensive and accurate databases, no assurance can be given that we would be able to gather information on individuals and businesses by other means, or that this would not lead to a reduction in the content we provide.

Moreover, in order to maintain a competitive advantage, we must enhance the user experience by improving the technical features and functionalities of the products and services aimed at users (including adapting them to new platforms) and provide users with new products and services. Any deterioration in the amount or quality of the content we provide or failure to improve our products and services or develop new products and services aimed at users could result in a decline in our audience, including by threatening the continuity of our partnerships with large Internet players, which today form an important part of our indirect audience.

The digital age is characterized by rapid technological advances, the frequent introduction of new products and services, evolving industry standards, volatile and changeable demand from users and instability in the business models for these products and services. The continuing change in the digital sector requires that we constantly improve our performance and rapidly adapt our technology and its functionality. For instance, the increasing use of mobile devices, such as smartphones and tablets to access the Internet and the growing development of voice assistants, such as Google Assistant, Alexa or Siri, requires us to adapt our technology for these platforms. Any inability on our part to anticipate or properly respond to changes in technology or demand or to adapt to new economic models for products or services, any significant delays or major costs incurred in developing and marketing new products and services, and any inability to provide a satisfying user experience could have a significant negative impact on our business, financial condition and results of operations.

In addition, communication actions to build brand awareness of the Group are intended to increase online traffic. A lack of investment in this type of action could lead to a significant drop in the direct audience of the Group's sites.

Our inability to adapt to digital technology and market changes could have a material adverse effect on our business, financial condition, and results of operations.

The rapid development of new technologies and widespread use of the Internet in the workplace, at home and on the move, and the significant and increasing influence of the major actors in social media and search engines as well as other established and emerging players in digital services (particularly specialist players such as DoctoLib for medical appointments and LaFourchette for restaurant reservations), has led to changes in consumer preferences and habits, which could have a significant influence on use of the Group's media. In particular, these changes have contributed to a decrease in consumer use of printed directories in the markets in which we operate. In addition, a reduction in audiences visiting our media could lead to a decline in the number of our clients as well as our revenues over time.

We have been confronted with new economic models associated with digital technology and artificial intelligence. Various pricing models are used to sell digital services and we may be unable to predict which of these models will become established as the industry standard, if any. The emergence of new economic models and increased competition in the digital services market could lead to a decline in demand or prices for the digital services we offer.

Furthermore, a significant portion of our Digital Services offering is dependent on our ability to buy third party traffic from various sources, integrate it within an offering of greater added value, and resell it with a satisfactory margin. Purchase prices, in particular in the digital search and social media spaces, may vary over time putting pressure on our margin.

Many individuals use mobile devices to access our online services. If users of these devices do not widely adopt solutions we develop for these devices or if we are unable to effectively operate on mobile devices, our business could be adversely affected.

The number of people who access online services through mobile devices, such as smart phones, handheld tablets and similar devices, as opposed to personal computers, has increased dramatically in the past few years and is projected to continue to increase. Mobile devices (excluding tablets) accounted for approximately 40% of total visits to our Internet platforms in 2017 and the number of such visits has increased continuously and significantly in recent years. If the mobile solutions we develop do not meet the needs of prospective or current users, they may not use, or they may reduce their usage of, our platform and our business could suffer. Additionally, we are dependent on the interoperability of our offerings with mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems or terms of service that degrade our offerings' functionality, give preferential treatment to competitive products or prevent our ability to promote advertizing or other Digital Services could adversely affect traffic and monetization on mobile devices. We may not be successful in maintaining and developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. Each manufacturer or distributor may establish unique technical standards for its devices, and our products and services may not work or be viewable on these devices as a result. Some manufacturers may also elect not to include our products on their devices. As new devices and new platforms are continually being released, it is difficult to predict the challenges we may encounter in developing versions of our offerings for use on these alternative devices.

If we are unable to maintain and develop relationships with strategic partners, our revenues may be impacted.

Our growth strategy partly depends on our ability to maintain and develop our strategic partnerships, including those with industry leaders such as Google/Alphabet, Bing (Microsoft), Apple, Facebook, Amazon, and Yahoo!. We rely on these partnerships to generate traffic to our content and platforms and for the promotion of our clients' businesses. Indeed, a growing portion of the overall traffic of our media (that is the audience that we bring to our clients) is generated through the platforms of our partners. If any such partnership were not renewed or were renewed on significantly less favorable terms, this could lead to a decline in the size of our audience, which in turn could materially harm our business. At present, the Group is in discussion with Microsoft (Bing) for the renewal of the partnership. The Group has just announced the renewal of its partnership with Google. The partnership with Facebook is renewed each year, unless one of the parties decides to end it. In addition, our partnership with Apple will end in 2020. No assurance can be given that we will succeed in renewing these partnerships or renewing them on terms that are favorable to us.

Some of our partners are also partnering with Group competitors, which may increase the availability of competing offers to clients and harm our ability to grow our relationships with those partners or those clients. Moreover, some of our partners also compete with us in certain sectors.

We face an increasing level of competition and may not be able to remain competitive.

We are experiencing an increasing level of competition in our activities, especially in the online advertizing market and other Digital Services as well as websites. No assurances can be given that we will be able to successfully resist this competition, which is generated by other established economic actors and by new market entrants. Increasing competition could result in smaller audiences, lower prices, reduced growth, reduced margins or loss of market share.

A deterioration of economic conditions could have a material adverse effect on our revenues and cash flow if we are unable to adapt our cost structure.

Our income could decrease significantly if the countries where we generate the majority of our digital-related revenues (principally France) were to experience deterioration in their economic conditions. Such deterioration could significantly affect our clients' demand for our products and services, particularly as clients attempt to reduce or reallocate their spending, which could result in downward pressure on the prices of our digital products. Our inability to adapt our cost structure if faced with a downturn in the economy or increased competition could also have a significant negative impact on our business, financial condition and results of operations.

We may be subject to information technology failures, security breaches or disruptions in our information, production and distribution systems.

A major part of our business depends on the efficient, continuous operation of our information, production and distribution systems. These systems could be damaged by several causes, including fire, widespread power cuts, damage to communications networks, cyber-attacks such as computer hacking, computer sabotage or any other cause which could affect operations. In respect of activities that we subcontract, we must rely on the ability of the subcontracting companies to react quickly and effectively. Any inability by subcontractors to respond to these problems could have an impact on our business.

In addition, our systems may be subject to security breaches resulting in third parties gaining access to personal information concerning users. We may also be subject to court, governmental or other similar requests to hand over personal information regarding certain users (for example, under surveillance programs). As a result, we may face criminal liability for failing to take appropriate steps to protect personal information as well as claims for violations of privacy in connection with the actions of third parties. Regardless of the outcome, investigating these claims and preparing an appropriate defense could involve significant costs, and the existence of these claims could generate negative publicity and damage our reputation and future business prospects.

If the use of "third-party cookies" is rejected by Internet users, or their collection is subject to restrictive legislation, our performance could suffer and we might lose customers and revenue.

Cookies are used to gather data to help support some of our activities. These cookies are stored on the Internet user's device or browser when they browse the Internet to monitor their online activity. Cookies collect information, such as when an Internet user views an ad, clicks on an ad, or visits one of the Group's websites.

Cookies can easily be deleted or blocked by Internet users. Today, most browsers enable users to change their browser settings in order to restrict the installation of third party cookies and associated data collection. Internet users can also manually delete cookies or download "ad-blocker" software which prevents the cookies from being stored on their device.

Moreover, the default settings of the Safari browser, developed by Apple, block cookies and other web browsers may well follow suit in the near future. Indeed, with the launch of IOS II, Apple has updated its browser to include an Intelligent Tracking Prevention (ITP) functionality, activated by default on its mobiles and computers. If our ability to install cookies on user devices is increasingly restricted by the aforementioned practices, we will no longer be able to collect as much data as is currently the case for targeted advertizing campaigns and other digital services provided on behalf of our customers. This may have a negative impact on our activities.

In addition, there have been announcements that prominent advertizing platforms plan to replace cookies with alternative web tracking technologies. These alternative mechanisms have not been described in technical detail, and have not been announced with any specific stated timeline. It is possible that these companies would rely on proprietary algorithms or statistical methods to track web users without the deploying cookies, or would utilize log-in credentials entered by users into other web properties owned by these companies, to track web usage without deploying third-party cookies. Such companies may build alternative and potentially proprietary user tracking methods into their widely-used web browsers.

If and to the extent that cookies are blocked or replaced by proprietary alternatives, our continued use of cookies may face negative consumer sentiment, reduce our market share, or otherwise place us at a competitive disadvantage. If cookies are replaced, in whole or in part, by proprietary alternatives, we may be obliged to license proprietary tracking mechanisms and data from companies that have developed them and that also compete with our business, and we may not be able to obtain such licenses on economically favorable terms. If such proprietary web-tracking standards are owned by companies that compete with us, they may be unwilling to make that technology available to us at all.

In addition, in the EU, Directive 2002/58/EC (as amended by Directive 2009/136/EC), commonly referred to as the "Cookie Directive," directs EU member states to ensure that storing or accessing information on an Internet user's device, such as through a cookie, is allowed only if the Internet user has given his or her consent. Some member states have adopted and implemented, this legislation that negatively impacts the use of cookies for digital advertizing. Some of these member states also require prior express user consent, as opposed to merely implied consent, to permit the placement and use of cookies. Where member states require prior express consent, our ability to deliver advertisements on certain websites or to certain users may be impaired. Furthermore, there are proposals to replace the current Cookie Directive with a new ePrivacy regulation, the effective date of direct application of which is as yet unconfirmed. If adopted, the ePrivacy regulation will standardize the currently disparate cookie consent laws across Europe. However, if adopted in its current draft form, it could create significant challenges for digital advertizing models as it introduces enhanced cookie consent and transparency requirements, in particular proposing that browser (and similar Internet access software) manufacturers should offer users the ability to accept or refuse cookies upon installation of their software.

Restrictions on our ability to collect personal information may harm our business.

We must abide by privacy protection laws, including European Directive No. 95/46/EC of 24 October 1995, which limits our ability to collect and use personal information about our users (see "*Regulation – Information Society Regulations – Protection of personal data*"). Any restrictions on using cookies or other trackers installed on an Internet user's terminal or browser when the user looks up information on the Internet or the obligation to allow users to object to the use of these cookies, could weaken our ability to provide effective advertizing and other Digital Services as part of our business. An increased public awareness of privacy concerns and changes in the applicable rules created by, among other things, European regulations on the protection of personal data to which the Group must abide, could limit our ability to use such personal information for our business, and more generally affect the public perception of the Internet as a market for our goods and services. Each of these developments could have an impact on our business, financial condition and results of operations.

In particular, the French Commission for Data Protection and Liberties (Commission nationale de l'informatique et des libertés, or CNIL) issued a public warning to PagesJaunes without financial penalty in September 2011 concerning a "Web Crawl" service aimed at enabling users to find a person not listed on the pagesblanches.fr directory by providing results obtained from social networks. The CNIL criticized PagesJaunes for distributing this data without specifically informing or having obtained authorization from the persons involved. PagesJaunes appealed this ruling with the Council of State (Conseil d'État), but this appeal was dismissed in March 2014. Among other things, the Council of State upheld CNIL's position that physical persons whose data is collected indirectly, in particular on the Internet, must be informed at time of collection of the use that will be made of this data, irrespective of the difficulties that may be met in doing so. In the absence of prior notification given to such physical persons, we are not permitted to crawl personal data on the Internet.

In May 2016 a new regulation on the Protection of Personal Data (Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, General Data Protection Regulation, the ("**GDPR**"), came into force and instigated a two-year preparatory period during which we will need to adopt new data processing requirements. The GDPR will apply in all EU member states from 25 May 2018. We process consumer personal data and client personal data as part of our business, we must therefore comply with the GDPR. Fines for serious infringements of the GDPR may rise to the highest of (i) 4% of the annual worldwide turnover of the Group or (ii) €20 million. In addition, the GDPR imposes new data breach notification requirements, such as the duty to notify the relevant supervisory authority of a data breach within 72 hours of becoming aware of the breach. The GDPR will also impose additional obligations on the Group to be able to respond to the new rights of persons affected by data, including for example, the rights to erasure and data portability. Each of these new obligations may result in increased costs of compliance and implementation of necessary technical systems.

We continuously verify our compliance with applicable legislation on the protection of privacy. With this in mind, we have created a Personal Data department and a Data Protection (CIL) Correspondent. However, we cannot eliminate all risks that may result from overlooking or misinterpreting applicable legislation on the protection of privacy, which could negatively impact our business, financial condition and results and operations.

If Internet search engines' methodologies are modified or our search result page rankings decline for other reasons, our audiences and client numbers could decline.

We depend on Internet search engines, such as Google and Bing, to direct a significant amount of traffic to our websites. Our ability to maintain the number of visitors directed to our websites is not entirely within our control, and it may take several months or longer to respond to or remedy any such changes in traffic. Our competitors' search engine optimization (SEO) efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could review their methodologies in an attempt to improve their search results, which could adversely affect the placement of our search result page ranking. If search engines modify their search algorithms in ways that are detrimental to our growth or in ways that may make it harder for visitors to use our websites, or if our competitors' SEO efforts are more successful than ours, overall growth in our online traffic could slow, user engagement could decrease, and we could lose clients.

We rely on assumptions and estimates to calculate certain of our key indicators, and inaccuracies may harm our reputation and negatively affect our business.

Certain key indicators, such as the number of our unique visitors, number of visits and audience, are calculated, in some cases, using Internal company data and, in other cases, relying on data from third parties. While these numbers are based on what we believe to be reasonable calculations, it is difficult to measure usage and user commitment. For example, a single person or user may have multiple accounts or browse the Internet on multiple browsers, or some mobile applications automatically contact our servers for regular updates with no user action and we are not able to capture user information on all of our platforms. As such, the calculations of our unique visitors, number of visits, or audience may not accurately reflect the number of people actually using our platforms. These figures may vary from estimates published by third parties or similar indicators provided by Group competitors insofar as the methodologies used by the Group and by third parties from which the Group obtains this data are different.

Although we regularly review and adjust our methodologies for calculating internal indicators to improve their accuracy, if our users, clients, partners and other stakeholders do not perceive our indicators to be accurate representations or if we discover significant inaccuracies in our user indicators, our reputation may be affected.

Our success depends on our executive officers, management, and other key personnel, and failure to retain or attract such qualified personnel could harm the business.

The success of our business notably depends on upon the experience and expertise of our key personnel. Competition for this talent in the digital services market is intense, and we may not be able to retain and attract a sufficient number of qualified personnel in the future, which could prevent the successful execution of our strategy and have a material adverse effect on our financial condition and results of operations.

We may make investments or divestitures, which may have an adverse effect on our business.

We have divested certain of our businesses, including AVendreALouer.fr and Chronoresto in 2017, and we may choose to further divest, sell or close down other businesses in the future. No assurance can be given that we could find potential buyers for one of our businesses or that the price received from the sale of these businesses or the cost reductions associated with their disposal or closing could offset any resulting decrease in our results of operations.

In addition, we have made acquisitions and investments in the past and may again in the future. No assurances can be given that we will manage to successfully integrate the acquired companies, realize the anticipated synergies, maintain uniform standards, controls, procedures and policies, maintain good relations with the staff at the acquired companies, or that the additional income and results generated by each acquisition will justify the price paid for the acquisition.

Failure to maintain and enhance our brands could have a material adverse effect on our business, financial condition, and results of operations.

Our success depends in part on the strength of our brands and reputation. If we are unable to maintain and enhance the strength of our brands, then our ability to retain and expand our audience and clients as well as our attractiveness to existing and potential audiences and clients may be impaired and operating results could be adversely affected. Maintaining and enhancing our brands may require us to make substantial investments. If we fail to maintain and enhance our brands successfully, or if we incur excessive expenses or make unsuccessful investments in this effort, our business, financial condition, and results of operations may be adversely affected.

Our success depends on our ability to protect our intellectual and industrial property rights and domain names.

We have taken steps in France and in other countries to protect our intellectual and industrial property rights, including in particular our trademarks and domain names, which we consider critical to our success. However, we cannot be certain that these steps will be adequate, or that third parties will not be able to counterfeit or misappropriate our intellectual and industrial property, or have our rights over them cancelled. In addition, because of the global nature of the Internet, our trademarks and other forms of intellectual and industrial property could be spread to countries which offer a lower level of protection in terms of intellectual and industrial property rights than in the European Union or the United States.

In order to monitor its assets and ensure consistent protection, management and defence of its rights, the SoLocal Group regularly updates its portfolio of intellectual and industrial property rights and all legal measures required are taken, particularly by means of actions for infringement and/or unfair competition, to protect and defend our intellectual and industrial property rights.

The revenues of our Print & Voice business may be irregular, making it difficult to evaluate our actual financial performance.

The various editions of our printed directories are published and distributed throughout the year, so the Print & Voice business does not go through any major cycles. The publication and distribution of printed directories is carried out according to a calendar established one year in advance. From an accounting point of view, income and expenses from the sale of advertizing space in the printed directories are recognized when they are published. Therefore, revenues can vary from one quarter to the next and the results for a quarterly or semi-annual period may not be representative of our full-year results. In addition, if the publication of one or more directories is brought forward or delayed, the recognition of revenues as well as the associated costs of publication and distribution could also be brought forward or delayed. Finally, the time delay between the recognition of income and costs on one hand and the actual receipt of invoice payments from advertizers on the other hand could affect working capital requirements, operating cash flow, operating income or other financial indicators generally used by investors to evaluate the financial performance of a company and not reflect the Group's actual liquidity level.

If the price of paper or the cost of other production factors were to rise, our operating costs could increase significantly.

An increase in the price of paper or a shortage of paper over a long period could have a significant negative impact on our business, financial condition and results of operations. Prices have been stable for the 2017 editions of our printed directories, but the decreased supply in wastepaper connected to the closing of certain paper production plants is expected to create stress on prices in the future. To address this risk, we have entered into purchase commitments over a two-year period in exchange for a limited price increase for the requirements of the 2018 editions. We do not have mechanisms in place to cover variations in the price of paper, other than those provided for in our current contracts.

In addition, we subcontract the work involved in printing, binding and packing printed directories, and we have outsourced the distribution of directories to a number of subcontractors. An increase in production or distribution costs (linked for example to a significant increase in the fuel prices or a substantial revaluation of the minimum wage), or difficulties encountered with distribution, could have a significant negative impact on our business, financial condition and results of operations.

Our business is subject to various laws and regulations and we may incur significant costs to maintain compliance with such laws and regulations.

The communications industry in which we operate is subject to various laws and regulations. Changes in such laws or regulations or in policy in the European Union, France or other European countries where we operate could have a material adverse effect on our business in these countries, especially if such changes increase the cost and constraints associated with providing our products and services.

In particular, the application of existing laws and regulations governing directories and the digital industry is currently being clarified in France and in the EU, and a certain number of draft laws and European regulations are under discussion, including in relation to the protection and use of personal information, privacy and electronic communications, responsibility for content, e-commerce and the taxation of advertizing on the Internet. These future developments in laws and regulations could have a material adverse effect on our business, financial condition and results of operations, or on our ability to achieve our strategic objectives.

In addition, the global nature of the Internet means that our operations are subject to the laws of multiple jurisdictions. Although we operate primarily in France, certain states or jurisdictions may require us to comply with their own laws and regulations. The simultaneous applicability of several, and at times contradictory, sets of laws and regulations, and the associated costs and uncertainty, could have a material adverse effect on our business, financial condition, and results of operations.

In order to anticipate any regulatory development that could have a significantly unfavourable effect on its business, the SoLocal Group carries out permanent monitoring of the regulations. Similarly, the Group constantly checks that it complies with the national and European regulations.

We are subject to tax risks.

We must structure our organization and operations appropriately while respecting the various tax laws and regulations of the jurisdictions in which we operate. Such laws and regulations are generally very complex. Additionally, because tax laws may not provide clear-cut or definitive doctrines, the tax regime applied to our operations and intragroup transactions or reorganizations is sometimes based on our interpretations of tax laws and regulations. We cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which may adversely affect our financial condition or results of operations. Tax laws and regulations are subject to change, and new laws and regulations may make it difficult to restructure our operations in an advantageous manner. More generally, any failure to comply with the tax laws or regulations of the countries in which we operate may result in reassessments, interest on late payments, fines and penalties.

Furthermore, we may record deferred tax assets on our balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from our entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and the future results of the relevant entities. In particular, pursuant to Article 39, 1-5° of the French Tax Code, provisions for pensions and similar obligations that are deductible from an accounting standpoint should be added-back to the French taxable income, thus resulting in a deferred tax asset to be recorded in financial statements. As of 31 December 2017, our net deferred tax assets totaled €9.1 million, including an amount of €33.2 million of deferred tax assets corresponding to non-deductible provisions for pensions and similar obligations. In addition, QDQ Media, the Spanish subsidiary of the Group, had carry-forward tax losses in an amount of €217.9 million at the close of the fiscal year ended on 31 December 2017. As a basic principle, Spanish tax losses may be carried forward indefinitely but Spanish tax rules restrict the ability to use Spanish tax losses carried-forward. For Spanish tax payers whose turnover for the 12-month period preceding the beginning of the relevant tax year is ranging from €20 million to €60 million, the fraction of Spanish tax losses that may be used to offset the taxable profit with respect to a given fiscal year will generally (subject to certain exceptions) be limited to 50%, it being noted that Spanish tax losses that do not exceed €1.0 million may be offset without any limitation. No deferred tax assets with respect to these Spanish tax losses have been recorded on our balance sheet. Any reduction in our ability to use these assets due to changes in laws and regulations, potential tax reassessments, or lower than expected results could have a negative impact on our business, results of operations and financial condition.

Finally, the services we provide to our clients are subject to value added taxes, sales taxes or other similar taxes. Tax rates may increase at any time, and any such increase could affect our business and the demand for our services, and thereby reduce our operating profit, negatively affecting our business, results of operations and financial condition.

We are subject to certain environmental risks.

Our activities, particularly those of our Print & Voice business, can have an impact on the environment and we are subject to laws and regulations pertaining to the environment. As a result, we may be involved in administrative and judicial proceedings and investigations related to environmental issues. These proceedings and investigations could result in substantial costs and obligations and/or divert management's attention from our core business.

If it is determined that we are not in compliance with or have liabilities under applicable laws and regulations, we could be subject to fines or measures.

Furthermore, any allegation that we or our subcontractors do not comply with environmental laws and regulations could damage our reputation. Although we devote attention to compliance with certain criteria when selecting our subcontractors, there can be no assurance that subcontractors will at all times comply with applicable environmental laws and regulations.

In order to reduce these environmental impacts, we have implemented a number of measures. These actions are detailed in Section 3 – Corporate Social Responsibility.

2.2 RISKS RELATED TO OUR INDEBTEDNESS AND MARKET RISKS

Following the completion of the financial restructuring operations, as described in particular in Section 5 of this Reference Document, the Group's residual gross debt was reduced to €398 million, i.e. a net debt[1] as at 31 December 2017 of €332 million, showing a financial leverage of 1.7x at 31 December 2017, and redeveloped in the form of a bond issue for the amount of €397,834,585 (the "Bonds") whose settlement-delivery took place on 14 March 2017, reserved for creditors under the Credit Agreement, and whose main terms are as follows:

- Interest:
  - interest calculation: margin plus EURIBOR rate (EURIBOR being defined to include a minimum rate of 1%) 3 months, payable quarterly in arrears;
  - late payment interest: 1% increase in the applicable interest rate.
- Margin: percentage per year based on the level of the consolidated net leverage ratio (consolidated net debt/consolidated EBITDA) at the end of the most recent six-month period (Accounting Period), such as indicated in the table below (it being specified that the initial margin will be calculated on a pro forma basis of the restructuring operations):

Consolidated net financial leverage ratio	Margin
Greater than 2.0:1	9.0%
Less than or equal to 2.0:1	
but greater than 1.5:1	7.0%
Less than or equal to 1.5:1	
but greater than 1.0:1	6.0%
Less than or equal to 1.0:1	
but greater than 0.5:1	5.0%
Less than or equal to 0.5:1	3.0%

- Maturity date: 15 March 2022.
- Listing: included on the official listing of the Luxembourg Stock Exchange and admission to trading on the Euro MTF market.
- Early redemption or buy-back:
  - the SoLocal Group may, at any time and in multiple instalments, redeem all or part of the Bonds at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest;
  - in addition, the Bonds will be subject to mandatory early redemption (subject to certain exceptions) in whole or in part, in case of certain events occurring, such as a change of control, a disposal of assets (Assets Sale), or receipt of Net Debt Proceeds or Net Receivables Proceeds. Mandatory prepayments are also expected from funds derived from a percentage of excess cash flows, based on the level of the Company's Consolidated Net Leverage Ratio.
- Financial commitments:
  - the consolidated net leverage/Consolidated Leverage/Consolidated EBITDA ratio should be less than 3.5: 1;
  - the interest coverage ratio (Consolidated EBITDA/Consolidated Net Interest Expense) should be greater than 3.0: 1; and
  - (i) beginning in 2017 and (ii) in any subsequent year if the Consolidated Net Leverage Ratio exceeds, on 31 December of the previous year, 1.5:1, capital expenditure (excluding growth transactions) (Capital Expenditure) relating to the SoLocal Group and subsidiaries is limited to 10% of consolidated revenue of the SoLocal Group and its subsidiaries.
- The terms of the Bonds also contain certain undertakings not to conduct certain actions, prohibiting the SoLocal Group and its Subsidiaries, subject to certain exceptions from, in particular:
  - bearing additional financial debt;
  - granting sureties;
  - paying dividends or making distributions to shareholders; as an exception, the payment of dividends or distributions to shareholders is permitted if the Consolidated Net Leverage Ratio does not exceed 1.0: 1.

The restrictions contained in the terms of the Bonds and described above could affect the Group's ability to carry out its activities and limit its ability to react to market conditions or to seize commercial opportunities that may arise. For example, these restrictions could affect the Group's ability to finance the investments of its activities, restructure its organisational structure or finance its capital needs. In addition, the Group's ability to comply with these covenants could be affected by events beyond its control, such as economic, financial and industrial conditions. A breach by the Group of its commitments or restrictions may result in default under the above-mentioned agreements.

In the event of a default that is not remedied or waived, the holders of the Bonds may require all outstanding amounts to become immediately payable. This could activate the cross default clauses of other Group loans. This type of event could have a material adverse effect for the Group, leading to insolvency or liquidation of the Group.

Moreover, the Group may not be able to refinance its indebtedness or obtain additional financing on satisfactory terms.

(1) Net debt represents total net financial debt, less cash and cash equivalents.

The following financial ratings were attributed to the SoLocal Group at the date of publication of this Reference Document:

- B3 confirmed in March 2018 by Moody's along with a stable outlook;
- B – confirmed in March 2018 by Fitch Ratings along with a stable outlook.

Changes in ratings are presented below:

		31/12/2017		31/12/2016		31/12/2015	
		Fitch Ratings	Moody's	Fitch Ratings	Moody's	Fitch Ratings	Moody's
	Corporate memo	B-	B3	RD	Ca	B-	B3
	Outlook	Stable	Positive	Negative	Negative	Negative	Negative
SoLocal Group	Debt memo	B	B3	-	-	-	-
PagesJaunes	Rating	-	-	C	Ca	B	B3
Finance[1]	Outlook	-	-	-	Negative	-	Negative

(1) Related to the bond issue maturing in 2018.

Moreover, in view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

Risks concerning interest rates, liquidity and credit are set out in Note 11 of the notes to the consolidated financial statements for the 2017 financial year provided in Section 6.1 of this document.

Information pertaining to the SoLocal Group's debt is also provided in Section 5 – Cash and Capital Resources, Note 10.6 – Cash and Cash Equivalents, Net Financial Debt, and Note 11 – Financial Risk Management and Capital Management Policy Objectives in the notes to the financial statements for the 2017 financial year.

Equity risk is linked to treasury shares held directly and through the liquidity agreement implemented in 2008.

2.3 LEGAL PROCEEDINGS

In the ordinary course of business, Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only made for the costs of these proceedings once 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 above and in the notes to consolidated financial statements "Note 14 – Disputes and other contractual commitments", the Group does not consider that it is party to any lawsuit or arbitration procedure which could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

An emergency appeal to the judge and an appeal on the merits were brought against (i) the judgment of the Nanterre Commercial Court having approved the change to the Company's Accelerated Financial Safeguard Plan, as well as (ii) the decisions taken at the General Meeting of the Company held on 15 December 2016.

The judgment of the Commercial Court of Nanterre of 22 December 2016, which approved the change to the Accelerated Financial Safeguard Plan of the Company was the subject of a third-party opposition by a minority shareholder, Mr Benjamin Jayet.

In the context of this procedure, the Nanterre Commercial Court was asked to rule on the admissibility of the third-party opposition and defer the decision on the retraction of the judgment of 22 December 2016, pending a decision by the validity of the decisions taken at the General Meeting of the Company held on 15 December 2016. The Nanterre Commercial Court ruled Mr Benjamin Jayet's request for third-party opposition inadmissible Mr Benjamin Jayet having appealed the aforementioned decision, the Versailles Court of Appeal confirmed the decision of the Nanterre Commercial Court on 11 May 2017.

Mr Benjamin Jayet also had a summons issued to make the Company appear before the Nanterre Commercial Court for the purpose of obtaining a ruling on the merits to set aside the decisions taken at the General Meeting of the Company held on 15 December 2016. The Nanterre Commercial Court dismissed the latter of his claims by judgment dated 26 April 2017.

It is recalled that in summary proceedings, the President of the Commercial Court of Nanterre dismissed Mr Benjamin Jayet's request to suspend the implementation of Resolutions 1 to 7 submitted to the vote of the General Meeting of the Company of 15 December 2016 (on financial restructuring). By a decision dated 9 March 2017, the Court of Appeal of Versailles confirmed the order of the Presiding Judge of the Commercial Court of Nanterre of 13 January 2017.

During 2013, PagesJaunes had to be reorganised once again in order to guarantee its sustainability faced with a constantly changing and highly competitive professional environment. A project on changes to the model and the organisation of PagesJaunes was presented to the employee representation bodies concerned in September 2013. At the same time, the Management negotiated with the trade unions a majority agreement on employee support measures. This agreement was signed on 20 November 2013. Following completion of these negotiations with the employee representatives, this plan provided for restructuring combined with changes in the employment contracts of the whole sales force, and a plan with no compulsory redundancies which would ultimately create 48 additional jobs within the Company. This agreement received validation via a ruling of the DIRECCTE on 2 January 2014.

311 employees refused to change their employment contract related to the reorganisation implemented at the end of 2013, 280 of them being made redundant. One employee of the Company decided to dispute the decision to validate the collective agreement relating to the employment protection plan before the administrative courts. The Administrative Court of Appeal of Versailles, in a judgment of 22 October 2014 notified the following 5 November, overruled the validation decision rendered by DIRECCTE. On 22 July 2015, the Council of State rejected the appeal of the PagesJaunes and the Minister of Employment.

As a result, multiple proceedings have been instituted before administrative and ordinary courts. The proceedings brought before the administrative courts are now finished.

With regard to the proceedings before the ordinary courts, more than 200 legal proceedings were brought before Employment Tribunals by employees invoking the consequences of the overruling of the administrative decision validating the collective agreement relating to the employment protection plan by the Versailles Administrative Court of Appeal which enables them to claim compensation.

As of the date of this document, 177 decisions have been rendered on the merits. The vast majority of these decisions reject the claims for the nullity of the redundancy and the consequential consequences of the redundancies and find that the redundancies are based on a genuine and serious cause and reject the claims seeking to call into question said redundancies (in particular no Employment Tribunal has so far invalidated the reason for employees being made redundant) but sentenced the Group to make payments on the basis of Article L. 1235-16 of the Employment Code at a level close to the compensatory ceiling provided by this text that is to say between six and seven months' salary.

In addition, some decisions grant ancillary applications: some relating to specific situations (contestation of the duration or conditions of execution of their reclassification leave, requests for backpay of commission for periods dating back prior to the plan), others relate to the payment of a sum in addition to the amount of the severance pay allowed for under the relevant collective agreement, paid at the time of the full and final settlement and a few different positions. The remaining substantive proceedings still in progress will be pleaded in 2018.

Finally, a number of cases are also being appealed at the initiative of PagesJaunes or the employees.

In the consolidated financial statements for 2015, the Company recognised the exceptional impact of the legal decisions overruling DIRECCTE's ratification of the employment protection plan. This additional provision amounted to €35 million and is posted in the consolidated financial statements as at 31 December 2015. It was based on a prudent assumption in a context of great legal uncertainty, increased recently by conflicting decisions of Employment Tribunals. As at 31 March 2018, the provision remaining in the accounts was €21.8 million.

The Company continued to roll out its reorganisation plan and in 2016 launched a new PSE procedure for employees who could not be made redundant during the previous procedure because of it having been deemed invalid.

A claim for damage caused by the State to PagesJaunes due to the erroneous validation of its employment protection plan is in progress.

Initially, PagesJaunes made a request to the French state for damages with regard to the harm resulting from the payment of compensation after the ruling of the Regional Directorate for Enterprises, Competition Policy, Consumer Affairs, Labour and Employment was overturned, before bringing the case before the Administrative Court of Cergy-Pontoise in July 2017 to obtain a ruling compelling the French state to pay this sum.

PagesJaunes has been sued by a former distributor for the sudden termination of commercial relations. The Company, which formally challenges all the applications submitted, recorded in its 2016 financial statements a provision according to the requirements and the criteria usually adopted.

In 2016, PagesJaunes was the subject of an inspection by URSSAF (the French social security contribution collection agency) in respect of the 2013, 2014 and 2015 financial years. In particular, the Company has been notified of an adjustment of €2.0 million relating to the amount of employer contributions concerning bonus shares (AGA). Contesting this adjustment, the risk was provisioned as at 31 December 2016. On 14 November 2017, the Company submitted an appeal to the Bobigny Court of Social Security Affairs concerning the decision to maintain the adjustment, made by the URSSAF Ile de France Amicable Settlement Commission on 11 September 2017. The decision must be rendered in 2018.

The relevant entities of the Group referred the matter to the URSSAF Amicable Settlement Commission on 28 March 2017, in the event of the priority issues of constitutionality, No. 2017-627 QPC and 2017-628 QPC concerning the employer contribution paid in respect of the unvested bonus shares, giving rise to a decision of unconstitutionality, in order to obtain the reimbursement of the employer contributions provided for by Article L. 137-13 of the Social Security Code which were paid in respect of bonus shares granted in 2014 and 2015.

On 28 April 2017, the Council validated the constitutionality of the text but provided a reservation of interpretation stating that "the disputed provisions cannot prevent the return of this contribution when the conditions under which the allocation of bonus shares was dependent are not satisfied".

Having ongoing procedures should allow the Group's companies to be reimbursed for the 2014 and 2015 amounts (including adjusted amounts).

Due to the fact that the 2014 and 2015 plans have not yet expired (19 June 2018 and 9 February 2019), only the amounts relating to employees who left the Group (€3.3 million) can be reimbursed to date.

The employer's contribution, claimed by URSSAF, was settled on 12 January 2017, with the provision being recorded in the financial statements as at 31 December 2017.

URSSAF refused to make any repayments before the expiry of the plans for certain Group companies. The Group has therefore referred the matter to the Amicable Settlement Commission. On the other hand, URSSAF Rhône-Alpes reimbursed Leadformance.

PagesJaunes is the subject of a tax inspection in respect of the financial years 2010 to 2013 and has received reassessment notices for Tax Credit for Research. We have taken the view that the counts for adjustment are without basis and have disputed them with the tax authorities. A hierarchical appeal was made on 19 July 2016 and a departmental meeting on 28 November 2016. The departmental contact person abandoned part of the adjustments. The Company sent a contentious claim in February 2018 to obtain a partial refund of the sums remaining adjusted. It has set aside a provision to cover the risks in 2014, 2015 and 2016. Since the sums not eligible for the research tax credit were paid on 18 April 2017, the provision was included in the accounts as at 31 December 2017. Income will be recorded in the event of a favourable outcome of this appeal.

In 2016, the French Financial Markets Authority (AMF) launched an investigation into the SoLocal Group's financial information from 1 January 2014. At this stage no complaints against the SoLocal Group have been upheld. In the event of complaints being upheld by the AMF's Enforcement Commitee, a financial penalty may be imposed.

Moreover, in common with other companies in the sector, SoLocal Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk. As at 31 December 2017, there were four separate these proceedings ongoing, for a total amount of claims of approximately €0.3 million. In these proceedings, our entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of such proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on our financial position.

Liaising with the General Management and our subsidiaries, our Legal department, assisted by law firms, monitors the risks connected with the most significant disputes.

2.4 INSURANCE AND RISK MANAGEMENT

The Group has set up an insurance and risk management programme to cover the main risks related to damage, civil liability and personal insurance risks. The Company seeks to continuously optimise the management of risks that can be transferred to insurers. Information exchanges, in particular between the Legal department, the Audit, Risks and Internal Control department, have been systematized so that everyone can benefit from a consolidated and as comprehensive as possible vision of the Group's risks, based in particular on risk mapping.

Insurance cover is negotiated with major insurance companies and with the assistance of one of the most influential brokers in the market, in order to put in place the most appropriate coverage for the Group's insurable risks.

"Damage to property and operating losses": With the exception of those specifically excluded, this policy covers damage resulting from fire, explosions, water damage, theft, natural events affecting the property (buildings, furniture, equipment, goods or services). IT installations) and those charged to the Group, and against the operating losses resulting from these damages, for a period estimated to be necessary for a normal resumption of activity.

In 2017, the maximum annual coverage amount is €49.9 million for operating losses and losses (with a sub-limit of €40 million for the operating loss). The policy's limits and deductibles are in line with current market practices.

"Civil Liability": This policy covers the civil liability related to the Group's operations and professional activities both vis-à-vis customers and third parties. The policy is an "all risks, subject to exclusions" policy, which means that all bodily injuries, property damage and consequential damage are automatically covered, including damage from computer viruses, unless expressly excluded. The deductibles provided for by this policy were determined according to the risks incurred but also the scope of each subsidiary. This has enabled us to cover most of the Group's risks without increasing the premium. The maximum annual cover amount is €20 million for operating civil liability and €20 million for professional civil liability.

An invitation to tender for brokers and insurance companies was launched on July 2017, to optimise the costs and management of the Group's risks coverage for 2018. The appointment of a new broker and the renegotiation of the "Property Damage" and "Third Party Liability" policies have made it possible to put in place, as at 1 January 2018, a first level of coverage specific to the cyber-risks to which the Group is exposed. The maximum annual coverage amount is €1 million with the objective of increasing this coverage.

This invitation to tender also entailed risk visits to certain strategic sites of the SoLocal Group in partnership with the Group's insurance broker, IT services, the Real Estate department and the Head of Prevention.

With regard to automobile risks, the Company has subscribed to a "Car Fleet" insurance policy intended to cover all of the Group's fleet.

Finally, the Group has a Public Liability Insurance policy to cover insurable wrongdoing and defence expenses for Group executives (including subsidiaries). Finally, the Group has a Public Liability Insurance policy to cover insurable wrongdoing and defence expenses for Group executives (including subsidiaries). The total maximum annual coverage per claim for this liability policy is €30 million.

2.5 REGULATIONS

In addition to the regulations generally applicable to companies in the countries in which SoLocal Group is present, SoLocal Group is more specifically subject to legislation with regard to the Company's information for its digital activities.

As the Group is mainly present in Europe, particularly in France, the presentation below focuses on European and French legislation and regulations.

2.5.1 REGULATIONS ON THE COMPANY'S INFORMATION

2.5.1.1 INTERNET CONTENT REGULATION AND OPERATORS' RESPONSIBILITY

At EU level, the obligations and responsibilities of Internet players were set out in the European Directive of 8 June 2000 concerning certain legal aspects of information society services, in particular electronic commerce. This directive was transposed in France through the Digital Economy Trust Act (or "LCEN" Act) of 21 June 2004, which specifies the responsibility of technical service providers on the Internet.

The liability of online communication service publishers is governed by ordinary law. Thus, article 6, paragraph 3-1 of the LCEN Act, introduced an obligation on the part of online communication service publishers to identify themselves directly or indirectly through an obligation on the part of legal entities and natural persons operating as online communication service publishers to make available to the public, in an open standard, information required to identify themselves such as surnames, forenames, addresses and telephone numbers in the case of natural persons and company names, head offices, telephone numbers, registration numbers and share capital in the case of legal entities. The name of the director or co-director of the publication as well as the name and address of the hosting provider must also be stated.

Unless subject to a limited liability regime, the publisher may be held liable for fault under article 1240 (formerly 1382) of the French Civil Code, for breach of copyright on the basis of the provisions of the French Intellectual Property Code or, in the event of misleading statements, as complicit in or jointly liably for deceptive marketing practices prohibited under articles L121.2 et seq. of the French Consumer Code.

The hosting provider provides content suppliers with the necessary disk space to store their data. Article 6, paragraph I-2 of the Digital Economy Trust Act (or "LCEN" Act) defines hosting providers as "natural persons or legal entities who, even free of charge, provide storage services for signals, documents, images, sounds or messages of any kind provided by the recipients of these services and to be made available to the general public by means of online public communication.

In terms of their liability for the content of the services hosted by them, since the LCEN Act they have been subject to a limited civil and criminal liability regime. Indeed, article 6, paragraph I-2 et seq. specify that hosting providers have no criminal or civil liability

The LCEN Act also states that hosting providers are not subject to a general obligation to monitor the information they transmit or store, nor a general obligation to investigate the facts or circumstances surrounding illegal activity. However, the judicial authorities may order targeted and temporary monitoring in individual cases.

Or information stored at the request of a recipient of said services if they had no knowledge of the illegal nature thereof or of the facts and circumstances making the aforementioned illegal, or if, from the time they became aware, they acted promptly to remove said data or to prevent access".

A decision by the Paris Court of Appeal (Cour d'appel de Paris) on 2 December 2014 confirmed this, citing Article 6 paragraph I-2 of the LCEN Act, by ordering Dailymotion, in its capacity as a web host, to pay €1.2 million in damages for having failed to promptly remove videos from its website after being notified to do so by the rights holder.

On 10 June 2004, the Conseil constitutionnel (Constitutional Council) formulated the following interpretative reservation on this provision of the LCEN act: "[...] paragraphs 2 and 3 of section I of Article 6 of the Act brought before the Court have the sole consequence of excluding hosting service providers from civil and criminal liability in the two situations mentioned; these provisions would not render a hosting service provider liable in the case that it does not remove information reported by a third party as being illegal unless the said information is manifestly illegal or its removal is ordered by a judge [...]".

The LCEN Act also states that hosting providers are not subject to a general obligation to monitor the information they transmit or store, nor a general obligation to investigate the facts or circumstances surrounding illegal activity. However, the judicial authorities may order targeted and temporary monitoring in individual cases.

Furthermore, within the context of their identification obligations, hosting providers are required to retain all the information required to identify the person who created any content of the services they host in order to be able to provide this information to the legal authorities upon request (LCEN Act, Article 6, paragrpah II).

The LCEN Act also strengthens consumer protection, in particular through provisions regarding the obligation to provide the exact identification of the vendor and by establishing principles guaranteeing the validity of online contracts.

The Hamon Act of 17 March 2014 transposed into French law Directive 2011/83/EU of 25 October 2011 on consumer rights and strengthened the requirements for distance selling – pre-contractual information, the withdrawal period and the period required for online contracts to become valid – in favour of consumers.

The Law for a Digital Republic dated 7 October 2016 has strengthened the information obligations incumbent on digital platforms having a search engine activity, marketplace, comparison of goods and services, social network or dedicated to collaborative economics. Several decrees have been issued to clarify stakeholder obligations regarding loyalty and online notices.

Decree No. 2017-159 dated 9 February 2017 strengthens the transparency rules from the Sapin Act of 29 January 1993 by specifying the information to be provided to advertizers in the context of digital advertizing. This decree came into effect on 1 January 2018.

2.5.1.2 PROTECTION OF PERSONAL DATA

The European Framework Directive 95/46/EC of 24 October 1995, on the protection of individuals with regard to the processing of personal data and on the free movement of such data, defines the legal framework necessary to protect individuals' rights and freedoms. This framework directive was supplemented by a European Sectoral Directive 2002/58/EC of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (e-privacy directive), replacing Directive 97/66/EC of 15 December 1997. This Directive has itself been amended by Directive 2009/136/EC dated 25 November 2009. Finally, a draft European regulation on e-Privacy was proposed by the European Commission on 10 January 2017, the text of which must be approved by the Member States and the European Parliament. This draft regulation envisages, in particular, reviewing the default settings for third-party cookies in browsers, as well as changing the presence of natural persons in telephone directories to opt in for fixed-line numbers.

On 27 April 2016, a new European regulation on the protection of individuals with regard to the processing of personal data and the free movement of personal data (RGPD) was passed, and Directive 95/46/EC was repealed. Although it does not challenge the fundamental principles of the protection of privacy, this text profoundly revises the obligations to which companies are subject, in particular by moving from a priori control logic of personal data protection authorities to a principle of "accountability".

This law significantly strengthens people's rights:

- businesses will have to obtain, except in limited circumstances, the consent of the persons concerned for profiling processes;
- the right to be forgotten is reinforced and anyone may request the deletion of their personal data by any company or organisation that has no legitimate reason to keep it. In addition, the response time in the event of individuals exercising their rights has greatly decreased: one month instead of two;
- businesses will be required to notify the CNIL and their customers of personal data breaches in a very short time;
- when personal data is processed outside Europe, users will be entitled to contact the data protection authority in their country, even when their data is processed by a company based outside the European Union if this company collects their data to market goods and services or for behavioural marketing purposes;
- the new rules will give national data protection authorities the powers they need to ensure stricter compliance with European Union laws. Financial penalties will be increased, with fines of up to €20 million or 4% of the Company's global revenues.

The goals of this set of directives were:

- to harmonise European law on personal data;
- to facilitate their circulation (provided that the country to which the personal data is being transferred offers an appropriate level of protection);
- and to protect individuals' privacy and freedoms.

One of the main impacts of the RGPD for the Group is the transformation of practices related to the processing of personal data: the obligation to work with a "Privacy by design" approach is being integrated into the Group's strategic projects. The Group is particularly sensitive to the protection of the personal data it processes, since a Data Protection Correspondent has been appointed since 2011 and consequently, several obligations of the RGPD will not be new for the Group, for example the obligation to keep a register of treatments.

However, compliance with the new European legislative framework is necessary. To this end, a compliance programme with the RGPD was launched in July 2017 at the initiative of the Group's Data Protection Correspondent. A Steering Committee and working groups have been created. In this context, various actions have already been carried out, for example: mapping of processing, training of employees, creation of new processes, acquisition of a tool to document the Group's compliance (treatment register, data breach registry, impact studies, exercise of people's rights). The target is to set up a robust quality approach within the Group in order to make the protection of privacy a competitive argument (obtaining certifications/labels).

The CNIL can perform online checks and thus quickly remotely see and act in case of security breaches on the Internet. It can also easily check the compliance of the legally required information provided on online forms and the rules that govern Internet user consent. This new power applies to "data that is freely accessible or made accessible" online and of course does not allow the CNIL to override security measures to penetrate an information system.

The Law for a Digital Republic dated 7 October 2016 has come to create new rights for people: forgotten rights for minors, possibility to organize the fate of personal data of people after their death but above all more information and transparency on the processing of data to clarify to people the shelf life of their data.

The powers, and especially the power of sanction of the CNIL, in anticipation of the implementation of the RGPD, are strengthened and expanded since the maximum ceiling of sanctions increases from €150,000 to €3 million and now these financial penalties may be pronounced without prior notice of the companies when the breach found can not be subject to compliance.

Within the framework of its activities, SoLocal Group records and processes statistical information, especially regarding visits to its websites. In order to optimise its services and increase revenues it has also developed means to identify, using general statistics, Internet users' areas of interest and behaviour online. In the same spirit and in order to offer personalised services, the Group collects and processes personal data and markets it to third parties. The Group also collects and processes data as part of the implementation of advertizing targeting projects.

The e-privacy directive made a number of changes to the existing law and expanded its scope of application to include electronic communications. New provisions are the following:

- the concept of traffic data now includes all data on traffic regardless of the technology employed, and therefore includes data on communications over the Internet;
- the "cookies" are permitted if clear and complete information is provided to the subscriber or user, particularly on how the data, thus obtained, is to be processed before the cookies are submitted and only if the subscriber or user has first given their informed consent to accept the cookies. However, cookies exclusively designed to perform or facilitate the transmission of a message, or those strictly necessary to provide a service expressly requested by the user (Article 5.3 of the Directive) fall outside the scope of this provision. These provisions were transposed into French law by Act No. 2004-801 of 6 August 2004 on the protection of individuals with regard to the processing of personal data (Article 32 of the consolidated version of the Data Protection Act) and by the "Telecom Package" Order of 24 August 2010. A CNIL recommendation dated 5 December 2013 details the practical procedures for obtaining Internet users' consent to the use of cookies (some not requiring consent), by means of an information banner at the top of the first page displayed which links to an information page where the website visitor can refuse the cookie. Otherwise, consent is assumed to be granted for a period of 13 months. Subsequent to this recommendation, in October 2014 CNIL began to perform remote verifications to check the compliance of website operators. In this context, a Group site was checked on several occasions in 2014 and 2015; the reports signalled cookies submission upon initial page display, the relevance of the data collected, the veracity of the procedures claimed, compliance with legal information obligations and data security. The CNIL sent a formal notice ordering the site to comply. As this compliance was achieved, the CNIL closed the file on 27 July 2016 subject to compliance with the regulations concerning the prohibition of the deposit of cookies before any navigation;
- location information other than traffic data may only be processed after anonymisation, or with the consent of the subscriber or user, duly informed in advance, and with the aim of providing an added-value service. Subscribers and users have the right to withdraw their consent at any time and must be able to exercise the option, simply and free of charge, of suspending the processing of this data whenever they log on or for each communication transmission. These provisions were transposed into French law by Act No. 2004-669 dated 9 July 2004 on electronic communications and audio-visual communication services (Article L. 34-1-IV of the French Post and Electronic Communications Code);
- with regard to public directories, subscribers are entitled to decide whether their data, and where applicable, exactly, which data, may appear. Non-inclusion is free of charge, as are corrections and deletions. EU Member States may require subscriber consent for any public directory that is intended for any use other than simply searching for a person's contact details using their name. These provisions were adopted in Decree No. 2003-752 of 1 August 2003 on universal directories and universal directory enquiry services, which amended the French Post and Telecommunications Code. With regard to unsolicited communications (or spamming), direct marketing by e-mail is prohibited unless targeted at subscribers who have given their prior consent. However, where a person has received electronic contact details directly from a customer, the person may use this information to directly market to this customer products or services similar to those already supplied, provided that the customer is able to refuse such marketing when the customer's personal details are collected and when each message is sent. These provisions were transposed into French law by the LCEN Act and the Electronic Communications Act, which requires people contacted by online marketers to give their prior consent or "opt-in" under Article L. 34-1-III of the French Post and Electronic Communications Code.

This directive is currently being revised, in particular the European Commission wants to replace this directive by a regulation and to align its provisions with the general data protection regulation.

2.5.2 DIRECTORIES

Order 2001-670 of 25 July 2001, to bring the French Intellectual Property Code and Post and Telecommunications Code into compliance with EU law, transposed several European directives into French law, including the Directive on personal data protection in the telecommunications sector and Directive 98/10/EC of 26 February 1998 on the application of open network provision (ONP) to voice telephony. This directive has enabled to liberalise the directories market and facilitate the provision of universal directory services. This directive requires telecommunications operators to provide directory publishers with their list of subscribers, upon request and subject to certain conditions.

Decree 2003-752 of 1 August 2003, as amended by the Decrees of 27 May 2005, 2005-605 and 2005-606, regarding universal directories and universal directory enquiry services, and amending the French Post and Telecommunications Code, requires telecommunications operators to supply their subscriber and user lists to any person wishing to publish a universal directory, either in the form of a file or via access to a database, operators are required to maintain up to date. This obligation applies to any entity that is the registered owner of numbers on a fixed-line or mobile network.

Article L. 34 of the French Post and Electronic Communications Code specifies that there are no restrictions on the publication of lists of subscribers or users to electronic communication networks or services, provided that their rights are protected and that operators are required to provide, in a non discriminatory manner and at a price that reflects the cost of the service provided, the list of all subscribers or users to whom they have allocated one or more telephone numbers. This article also reaffirms the rights that govern the publication of personal data in directories and the use of directory enquiry services. Lastly, pursuant to this article, subscribers to a mobile telephone operator service must give their prior consent to inclusion in a subscriber or user list.

2.5.3 DATABASE REGULATIONS

On 11 March 1996, European Directive 96/9/EC on the protection of databases was adopted. The main innovation introduced by this directive was the creation of a new type of right, in addition to copyright, which protects, for a specified time, a substantial investment of money and/or time, effort or energy to obtain, check and present the contents of a database.

This directive was transposed into French law by an Act of 1 July 1998 that provided for a sui generis right that protects the interests of database creators, in addition to any protection provided by copyright (and most notably Articles L. 111-1, L. 112-3 and L. 122-5 of the French Intellectual Property Code and all of Title IV of Book III of this Code, i.e. its Articles L. 341-1 to L. 343-7).

This protection applies to database content "the constitution, verification or presentation of which reflects a substantial financial, material or human investment". This protection is independent of and without prejudice to the protection that copyright provides to a database's contents or graphic interface, as Article L. 341-1 of the French Intellectual Property Code stipulates that a database creator, who is understood to be the person who takes the initiative and bears the risk of making the necessary investments, is entitled to protection of his or her database content when its constitution, verification or presentation has required a substantial financial, material or human investment.

Database creators thus have a legal right to prohibit any substantial extraction of the content of their databases and any reuse thereof. Regarding this, Article L. 342-1 of the French Intellectual Property Code stipulates that database creators may prohibit the following:

- the extraction, by a temporary or continuous transfer, of all of the content of a database or of a part thereof that is quality-wise or quantity-wise substantial, to another medium, by any means and in any form whatsoever;
- the re-use of all of the content of a database or of a part thereof that is quality-wise or quantity-wise substantial, by making such content or part thereof available to the public, in any form whatsoever.

This protection covers the extraction or reuse of a substantial part of a database even when the database has been made publically available. This protection remains valid even when the person extracting content has lawful access to the database. Article L. 342-2 of the Intellectual Property Code provides that: "The producer may also prohibit the repeated or systematic extraction or reuse of qualitatively or quantitatively insubstantial parts of the content of the database where such operations clearly exceed the conditions of normal use of the database." On the other hand, Article L. 342-3 of the Intellectual Property Code provides that: "Where a database is made available to the public by the rightholder, the rightholder may not prohibit (...) the extraction or reuse of a non-substantial part, assessed qualitatively or quantitatively, the content of the database by the person who has lawfully access (...)."

The database creator's rights are therefore normally protected for a period of fifteen years after the creation of the database or the date it is made available to the public (paragraphs 1 and 2 of Article L. 342-5). However, the term of protection may be extended if a further substantial investment is made, which in effect means that a database may then be indefinitely protected (paragraph 3 of Article L. 342-5).

CORPORATE SOCIAL RESPONSIBILITY 3

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3.1 SOLOCAL GROUP, A COMPANY RESPONDING TO THE DIGITAL TRANSFORMATION

3.1.1 ORIGIN, GOVERNANCE AND KEY INDICATORS OF CORPORATE SOCIAL RESPONSIBILITY

SoLocal Group's ambition is to become the local digital partner trusted by companies to accelerate their growth. Currently over 80% of Group revenues are from local digital communication activities.

With the continuous erosion of its revenues and market share, the company is facing new challenges in a highly competitive market.

As a response, the new leadership team, in place since late 2017-early 2018 has initiated important changes to its strategy and organisation.

Plans to simplify and streamline the organisation would involve around 1,000 job cuts over the 2018-2019 period, of which around 800 jobs in 2018 and 200 jobs in 2019 with the introduction of an Employment Protection Plan. The process of consulting representative staff bodies began on 13 February 2018. This plan, which is separate from those implemented in 2013 (Employment Protection Plan related to organisational changes at the Sales Division and changes to the contracts of sales representatives) and 2015 (Employment Protection Plan as a response to changing roles) to support the Group's transformation.

SoLocal Group, the European leader in local digital communication, provides digital content, advertizing solutions and transactional services that bring consumers and businesses together.

Our organisational structure is presented in the "Organisational Chart" chapter of the 2017 Reference Document and our strategy is detailed in the "Overview of businesses" chapter of the same document.

Determining the CSR strategy

In 2011, under the leadership of the Board of Directors, the Strategy, Partnerships and External Relations department handled developing the Group's CSR strategy, which it has since successfully overseen, led and implemented.

The Group's CSR strategy is structured around three cornerstones:

- to build a digital Group with a motivating and enriching work environment;
- to conduct business in an eco-responsible manner;
- to promote responsible local economic development.

It has been published in the Reference Document since 2013.

CSR governance

The CSR team, consisting of a Director and two project managers (who work in parallel with other jobs in the Company), reports directly to the General Secretary and Assistant CEO in charge of Strategy, Partnerships and External Relations, a member of the Group's Executive Committee.

CSR correspondents are present in the management of the holding company, PagesJaunes and the Group's other subsidiaries, which enables internal dynamics and the mobilisation of all entities around the Group's societal responsibility. To achieve our specific employer responsibility goals, our Human Resources department has trained a team dedicated to improving the quality of life in the workplace, fostering diversity and facilitating the employment of people with disabilities.

The CSR team coordinates the correspondents' efforts and works with them to develop projects that will achieve our CSR strategy.

Key indicators in 2017

EMPLOYER RESPONSIBILITY
To build an inspiring digital Group

Empower employees to play an active role in our development	**103,551** hours of training
Promote diversity and equal opportunity	**31%** of senior executives were women **4.6%** of employees were persons with disabilities in 2016
Provide a pleasant work environment	**78%** of employees are happy with their jobs[1]

(1) Source: Employee opinion survey conducted in January 2017.

ENVIRONMENTAL RESPONSIBILITY
To conduct business in an eco-responsible manner

Reduce the environmental impacts of our products and services	CO_2 emissions were reduced by **58%** from 2009 to 2014 **100%** paper of recycled fibres in the directories
Reduce the impact of employee commutes	Head office at the centre of a public transport hub: metro and tram lines, 16 bus lines, etc.
Reduce the environmental impact of business activities	**-16%** of office energy consumption between 2016 and 2017 **57%** of premises with environmental certification

SOCIETAL **To promote responsible local economic development**	
Make an active contribution to local economies	**91%** of the French used the Pages Jaunes service in 2016[1]
Help small businesses increase their online presence	Close to 470,000 customers **18** regional digital technology support associations 800 microenterprises, small and medium-sized businesses enrolled in the e-learning digital platform
Ensure responsible communication that respects personal data	**2.4** days average turnaround for processing requests to delete personal data in 2017
Win the trust of our customers	Almost **9 out of 10 Internet** users trust the PagesJaunes brand[2]

(1) Source: The TNS Sofres Audience Survey from January to December 2016.
(2) Source: Harris Interactive – Tracking the PJ brand, December 2016.

3.1.2 COMMUNICATING WITH STAKEHOLDERS

3.1.2.1 DAY-TO-DAY DIALOGUE

To give SoLocal Group businesses a stable foundation in the communities we serve and best adapt our efforts, we make a point to listen to and communicate with our stakeholders. We have been tailoring our communication means and messages to communicate more effectively with all of our stakeholders.

Employees

- The internal CSR network of a little more than 50 correspondents participates in the information and implementation of the actions throughout the year.
- All employees are regularly kept aware of CSR commitments and informed of CSR actions:
  - through internal media: newsletters regularly sent to all employees provide news on CSR-related topics;
  - events were organized in the different entities: entertainment and activities during disability week and then sustainable development week (WWF conference);
  - pages dedicated to CSR are available on our corporate website and intranet site.

Consumers

- They receive information on the Group's commitments and actions through:
  - presentation by the Group's experts during conferences (Green IT, WWF);
  - a series of measures taken by the Group in the media, the institutional site and social networks: participation in the 5th edition of *Nuit de la RSE* (Night of CSR), which awarded SoLocal Group a bronze trophy in the Corporate category for its process of dialogue with its stakeholders;
  - the partnership with e-RSE.net, media specialising in sustainable development: six publications in 2017.

Government and institutions

Initiatives to engage with members of parliament, ministerial cabinets and trade associations; memoranda and participation in roundtable conferences.

Suppliers

- A "Sustainable Procurement" charter is included in some contracts.
- Selection criteria are included in some requests for proposals and contracts.

The professional associations of the sector

- Membership in the Sustainable Development Directors College.
- Membership in the Observatoire sur la responsabilité sociétale des entreprises (ORSE).
- Membership in the Green IT club.

The business customers (advertizers) and the users

- Advertizers: the Customer Experience department within the PagesJaunes subsidiary measures customer satisfaction following key interactions between our teams and customers; unsatisfied customers are systematically contacted again.
- Users: ongoing and periodic online surveys to measure the satisfaction of PagesJaunes and Mappy website users.

Schools

- Partnership with target schools.
- Building the employer brand on social networks.

Financial sector

- Exchanges with rating agencies.
- Exchanges with the individual shareholders: in 2017, the Group intensified the dialogue launched in 2016.

- A site dedicated to the financial restructuring was developed to help illustrate the financial restructuring process.
- The Shareholder Advisory Committee (created in March 2016) met in June and again in November.
- A letter was sent to the individual shareholders in September by the Group's new management to introduce themselves.
- The "Shareholders" information area of the SoLocal Group.com corporate website has been enhanced and it is possible to register to directly receive the Group's important publications.
- Lastly, an open house was held in November at SoLocal's head office for shareholders who wanted to meet management (CEO and Chairman) and discover the Group's activities and its teams.

- Exchanges with institutional investors:
  - in each quarterly financial communication, a webcast with a question and answer session is proposed to them;
  - roadshows/breakfasts were organised post-publications in France and abroad (London, Frankfurt);
  - individual meetings and conference calls are organised throughout the year with investors who wish to deepen exchanges with SoLocal.

3.1.2.2 SPECIFIC DIALOGUE ASSOCIATED WITH THE "MATERIALITY ANALYSIS" OF THE CSR ISSUES

A "materiality analysis" aims to prioritise topics based on their impact on the Company's performance but also with regard to the significance of the issues for its stakeholders. Convinced that it offers companies and their executives the opportunity to improve and even explore new horizons, the CSR department initiated this analysis in April 2017.

Diversity and training

40 points of contact were consulted, 24 for internal and 16 representatives of external stakeholders (advertizer, user, public authority, professional federation, journalist, NGO, etc.). Prior to the direct exchanges, a digital platform had been developed and made available to them to build training, in particular with people who were not familiar with these topics. They were offered details on each issue they had to evaluate, additional information on the concept of risk, the legislative environment, societal changes, etc. The platform made it possible to ask questions and proposed a pre-vote, to become familiar with the ranking of the issues presented, even if only the votes from the meetings counted for the analysis.

Richness of discussions and principle of reality

150 hours of dialogue took place during 6 consultation sessions (2 plenary sessions, 1 mini-group, 3 interviews), to identify relevant CSR priorities for our stakeholders. The combination of these results with the expression of major risks from the Group's Audit department led to the Group's "Materiality Matrix", which ranks its issues according to 3 levels of importance: "major", "significant", and "emerging".

This matrix was presented to the Group's new management to supplement its analysis on the financial and extra-financial strategy.

Recognition of the profession

This process of listening and dialogue with stakeholders was awarded the Bronze Award (Corporate category) by the Board of the 5th edition of *Nuit de la RSE* (Night of CSR) in November 2017.

3.1.3 REPORTING

The implementation decree of the Grenelle 2 Act requires certain companies to annually report information on various topics in relation to human resources, the environment and society. To comply with the requirements of this decree, in 2012 SoLocal Group began its publications of extra-financial information in its Reference Document.

To inform and promote communication with our stakeholders, this CSR report presents all actions and initiatives in connection with our corporate responsibility commitments. The scopes of the reported employer, environmental and societal responsibility indicators vary each year and may also vary between indicators.

The social indicators relate to the scope of the SoLocal Group and PagesJaunes.

The quantitative and qualitative CSR data is collected for this report via the Reporting 21 tool, a platform for the collection and processing of extra-financial information, which enables reliable collection and makes it possible to comment on and trace their consolidation.

The scope of the other indicators is indicated in the Note on methodology attached as an appendix. Reporting guidelines explaining the scope and CSR indicators published in this Reference Document are available in the appendix of this chapter.

Since 2016, the De Saint Front firm has been designated the Independent Third Party Organisation to conduct the audit of the CSR information in application of the provisions of the Grenelle 2 Act. This auditor has prepared the report shown in an appendix to this chapter. It comprises certification that the required HR, environmental and societal information has been reported as well as the auditor's opinion on this information.

3.2 SOCIAL RESPONSIBILITY

"To build an inspiring digital group"

SoLocal Group provides a dynamic work environment and stimulating career development opportunities to its employees. These opportunities are made possible by the variety of our activities, which cover a diverse range of positions in regional and international entities.

Our CSR strategy and commitments are adapted and supported by our Human Resources policy while developing a new corporate culture that is more cross-functional, more fluid, more reactive and more digital.

As proof of its social commitment, in 2017 SoLocal Group obtained the Top Employers certification for the first time. It is a factual recognition based on an independent audit which, through a questionnaire built around nine themes, assesses the existence and quality of a company's HR policy.

This label highlights the Group's responsibility and social innovation through its HR processes and its desire to always improve.

These changes are necessary as part of the Group's transformation.

3.2.1 EMPLOYMENT POLICY AND EMPLOYABILITY FOR EMPLOYEES

3.2.1.1 WORKFORCE, HIRES, DEPARTURES, TURNOVER

Breakdown

Breakdown of the workforce at 31/12

	SoLocal Group			PagesJaunes		
	2015	2016	2017	2015	2016	2017
Registered global workforce	5,080	4,969	4,627	4,028	3,944	3,662
France	*4,556*	*4,472*	*4,242*			
International	*524*	*497*	*430*			
FTE workforce	4,493	4,386	4,103	3,495	3,410	3,195
Registered sales representatives in the field	1,341	1,335	1,249	1,245	1,228	1,143
Registered tele-sales workforce	812	788	762	708	689	665
Registered non-sales workforce	2,927	2,846	2,616	2,075	2,027	1,854
Workforce under indefinite-term contracts	5,053	4,934	4,594	4,013	3,927	3,639
Percentage of indefinite-term contracts	99%	99%	99%	99%	99%	99%
Portion of senior executives/total workforce	4.0%	3.8%	3.9%			

Concerning the non-commercial workforce, the decrease in PagesJaunes' workforce is mainly attributable to the voluntary departures plan (VDP) and the divestment of the classified advertizing activity (AVendreALouer), while the reduction in the number of field sales representatives is related to revenues.

Average employee age and length of service at 31/12

	SoLocal Group		
	2015	2016	2017
Average age	40.9	41.1	41.8
Average length of service	11.00	11.2	11.9

Organisation of working hours at 31/12

	SoLocal Group		
	2015	2016	2017
Portion of part-time employees	6.5%	6.3%	7.1%

The agreement on working hours gives employees of SoLocal Group, if they so wish, and according to the terms and conditions defined in the agreement, the opportunity to benefit from part-time work. Parental leave is one of the reasons for part-time work. Part-time employees are represented in all areas and professions: sales, support, production and information systems.

The increase in the portion of part-time employees is due to the increase in the number of part-time employees compared to the decline in the overall workforce.

Recruitment, turnover and departures

Overall turnover at 31/12

	SoLocal Group		
	2015	2016	2017
Overall turnover	17.7%	16.5%	17.2%

Excluding PSE, VDP and sale of AVAL, the turnover is 14.4%, up 1.6 points compared to 2016.

Turnover at 31/12

	PagesJaunes		
	2015	2016	2017
Turnover of telemarketers	31.2%	26.2%	31.8%
Field sales representative turnover	20.0%	6.7%	8.2%
Non-sales staff turnover	6.8%	8.5%	12.3%

Number of hires and departures by type at 31/12

	SoLocal Group			PagesJaunes		
	2015	2016	2017	2015	2016	2017
Number of people hired under indefinite-term contracts during the year	592	749	480	280	343	259
Number of indefinite-term contract departures at the end of the probationary period	207	225	156	125	109	106
Percentage of all departures	*22%*	*27%*	*19%*	*19%*	*25%*	*19%*
Voluntary departures under indefinite-term contracts (departures initiated by the employee)	296	270	261	165	112	120
Percentage of all departures	*32%*	*33%*	*32%*	*25%*	*26%*	*22%*
Number of non-voluntary departures under indefinite-term contracts (departures initiated by the Company)	429	330	406	363	211	323
Percentage of all departures	*46%*	*40%*	*49%*	*56%*	*49%*	*59%*
Total number of indefinite-term contract departures	932	825	823	653	432	549

Overall, hiring is decreasing everywhere, in connection with the cost control policy. The decline in international hires is mainly related to the low volume of departures this year at Orbit.

For PagesJaunes, the telemarketer hiring rate has been maintained, while the non-commercial rate has declined, and there has been no hiring of field sales representatives on indefinite-term contracts.

3.2.1.2 EMPLOYEE COMPENSATION

The SoLocal Group's compensation policy in France comprises a series of direct and indirect compensation items and Company benefits. These items regularly form the subject of external comparisons.

The fixed compensation is paid over 12 months. Various bonuses are paid based on the Articles of Association (regular attendance bonus, length of service bonus, holiday bonus, child allowance, gross transport allowance, etc.).

The variable compensation is based on achieving targets set according to the Articles of Association. For example:

- for sales teams: increase in revenues, quality and operational efficacy, etc.;
- for Directors: objectives related to financial indicators, changes in the number of clients and personal goals.

Indirect compensation and Company benefits include wage savings plans, social security and other benefits.

With regard to wage savings, a France Group agreement provides the framework for the various plans:

- participation: a Group agreement was signed in 2006 and applies to all the French companies in the Group accepting that agreement. It provides for an exceptional calculation of the special participation reserve fund which applies if it is more favourable that the statutory formula;
- group savings plan (PEG) and collective retirement savings plan (PERCO): these plans are accessible to all employees of the Group's French companies that have adhered to Group agreements, subject to 3 months length of service;
- employer contribution: to facilitate preparation for retirement, the SoLocal Group makes an annual financial contribution to the collective retirement savings plan with the payment of a contribution that supplements the payments made by employees (participation and/or voluntary payments).

With regard to social security:

- health and benefits coverage: a single plan for all Group employees in France, largely financed by the Group;
- pension: all Group executives in France benefit from a supplementary pension plan known as "Article 83". The contribution is 5.5% on the part of the gross salary above the annual Social Security ceiling and 2/3 is borne by the Company.

Other Company benefits exist within the Group:

- Company concierge service: the Group has set up our corporate concierge service at the Boulogne-Billancourt site, which provides employees with a range of practical services within the Company (dry cleaning, shoe repairs, ironing, alterations, hairdresser, beauty care, etc.);
- gym: at Citylights, employees have access to a fitness centre reserved for them (see chapter 3.3 – Actions to improve the quality of life at work);
- meal vouchers/company catering: depending on the sites, employees may benefit from paper or electronic (TR card) meal vouchers and/or use the company restaurant. This benefit is largely financed by the Company;
- Works Council (PagesJaunes, SoLocal Holding, Mappy, SoLocal Marketing Services, ClicRDV, GIE SoLocal): the Company pays the works council an annual grant to finance the social, sports and cultural activities for its employees;
- Action Logement, a housing access organisation (PagesJaunes, SoLocal Holding, PJOM, Mappy, SoLocal Marketing Services, GIE SoLocal): organisations intervene alongside employees at each stage of the residential journey (rental housing, financing of the deposit, purchase of housing, financing of work, etc.);
- long-service medal (PagesJaunes, SoLocal Holding and GIE SoLocal);

- PagesJaunes working hours & leave: in addition to the 25 days of statutory paid leave, employees benefit, according to their status, from days related to the splitting of their holidays, days related to "bridging the gap" on long weekends, days off for family events (birth, marriage or PACS, relocation), days of RTT, seniority leave, days of hourly compensation depending on the status;
- time saving account: a France Group agreement introduced a Time Saving Account. Subject to one year's service, it allows employees to accumulate their entitlement to paid leave or to benefit from immediate or deferred compensation in return for periods of leave or rest not taken;
- Senior part-timers: in order to support the end of career of its employees, the Group has set up a senior part-TIME system, via a Group agreement. It allows employees age 56 and over to benefit from a reduction in working hours five years before their retirement date at full rate, with increased compensation. Supplementary pension contributions are covered by the employer;
- individual retirement balance sheet: we make available to all Group employees a retirement portal which allows them to estimate their pension rights and to carry out reliable and personalized simulations to manage their retirement. They can also consult all the information relating to the functioning of pension plans and discover how to use the systems set up within the Group to optimise their future retirement.
- teleworking: As part of its committed policy to improve the quality of life in the workplace, PagesJaunes has implemented, through a collective bargaining agreement, a work organisation opportunity allowing the employee to organise part of their professional activity from home. This teleworking programme is open to employees of the Company under certain conditions defined in the agreement.

Since 2012, Human Resources has been carrying out the individual social report which aims to provide employees with greater transparency on all the elements that constitute their compensation (direct and indirect compensation: fixed salary, variable compensation, various bonuses, wage savings plan, social security, paid leave, and other potential employment benefits: company restaurant, meal vouchers, company concierge services, etc.).

Presented as an online portal, this report is now extended to all Group subsidiaries in France. In 2017, the report was consulted at least once by 64% of employees concerned.

3.2.1.3 EMPLOYEE TRAINING AND DEVELOPMENT

Training programmes

The rise in skills of employees is an essential element for the Group, which strives to encourage training for its employees.

Among the various possible training options, the Group encourages certification and diploma training to enable its employees to enrich their experience and enhance their employability, in line with the spirit of the recent reform on vocational training.

The challenge is to build a win/win relationship between the Company and its employees.

Also, the arrival of new professions and the acceleration of skills development give a particular responsibility to the training. It must take into account and anticipate both internal and environmental changes. Among these changes, digital has a prominent place within SoLocal Group.

The Company's training plan is focused around three priorities:

1. **agility** in the face of accelerated movements in organisations, methods and tools: it is essential to regularly re-examine the skills acquired and to develop in order to stay ahead of the changes observed in the market, especially in project management;
2. **digital,** which requires that we be continuously adaptable;
3. **the employability of the Company's employees,** which must be preserved and developed in a context of rapid skills development within and outside the Group.

These priorities are presented in a complete training package, the SoLocal Group Academy, divided into three main courses:

- the **Management Academy,** for managers of all levels to revisit their practices regularly and play their full role in supporting change;
- the **Digital Academy,** which should enable all Group employees to have a digital culture adapted to their needs;
- the **Business Academy,** to adapt business and cross-functional skills to changes in the Company.

Ultimately, SoLocal Group Academy targets all categories of training: professional, technical, behavioural... Its action is reinforced by the provision of various resources (e-learning modules, videos) via the "Academy" e-learning platform, open to the sales teams and customer relations.

ZOOM ON TRAINING

After having trained more than half of the Group's employees in Digital in 2015, the Digital Academy was enriched in 2016 and 2017, giving access to various digital training modules to more than 4,000 employees. The proposed offer is regularly evolving to remain in line with expectations, in a context of strong and constant changes in the business lines. The Digital Academy today offers about fifteen classroom and e-learning modules, including a certificate course. In 2017, 142 candidates passed this certification, bringing the number to 437 certified since the creation of the curriculum in 2013.

In 2017, we supported 170 managers to face the context of significant change that the Company has experienced in recent years, including:

- the initial management course (six days of training carried out in 2017, 3 additional days will be carried out in 2018), expanded to about 30 new managers;
- a course entitled "Placing the human factor at the heart of performance", deployed to technical management (feedback), all of the managers in the Customer Service and Solutions department, then managers of transversal functions (141 trained managers).

Within the Business Academy, the Academy of Sales and Customer Relations was launched in 2017 with the following achievements:

- the overhaul of the initial telesales course and its conversion to a certification course, with 2 pilots to adjust the duration and content and meet the new challenges of the Company;
- training of commercial management in steering commercial performance (170 trained);
- a training session in customer delight for all employees in Customer Relations, managers and employees (209 trained).

In addition, 279 individual vocational training programs, 29 skills assessments, 64 long training courses (CIF or Professionalization Periods) and around thirty intra-business or cross-functional skills were set up this year.

CO-DEVELOPMENT, A NEW APPROACH

SoLocal Group in France has embarked on a co-development program since 2014. It offers managers the opportunity to practice this new approach that involves exchanging practices and opinions on work-related questions or problems. Internal facilitators have been trained in the technique and practice of co-development to facilitate these groups. 34 PagesJaunes managers benefited from this in 2017.

Breakdown of employee training at 31/12

	SoLocal Group			PagesJaunes		
	2015	2016	2017	2015	2016	2017
Number of hours of training provided during the year	139,802	101,608	103,551	116,963	87,253	92,943
Number of employees trained	4,432	3,135	3,518	3,875	2,752	3,106
Average number of hours of training per employee trained	32	32	29	30	32	30
Percentage of payroll allocated to training	4.0%	4.0%	4.5%	4.4%	4.4%	5.0%

Since 2016, some internal training has been provided mainly via e-learning or webinars and do not appear in the above data.

Career development

Our jobs are constantly and rapidly changing. They are in the image of our environment, itself perpetually changing: new uses, multiplication of digital channels, regulatory framework, etc. In this context, the Group seeks to anticipate changes in business lines and skills.

This ambition was embodied by the signing of a FCSP agreement (forward-looking careers and skills planning) in December 2016 for all Group entities in France. It is based on three key principles that signatories commit to:

- maintain employees' employability;
- the possibility of implementing a professional project supported by the Company;
- employee freely choosing their path of professional development.

Thanks to the analysis of jobs and skills trends, the Company adapts and strengthens its support systems for the employee's professional development path.

All this information is available on the Intranet and updated based on the changes in the legislation and news of the Group in France. Employees find all the information relating to professional development (training schemes, training courses, mobility policy, business profiles and possible gateways, etc.), as well as interview campaigns: professional interview, evaluation interview, goal setting interview.

SoLocal Group in France has always recognised the importance of the professional interview. For the employee, it is a special occasion with their manager to analyse skills and define actions and training to implement to build the professional development path. Since the training reform of March 2014, the focus on this interview has been reinforced through specific communications (via Intranet and internal newsletters) in order to recall its objectives:

- assess the employees' activities;
- discuss their expectations and needs in association with their career path;
- where appropriate, inform them of the various measures available for building a career path, determining the actions to be taken with a view to executing these projects and defining the methods of accessing occupational training.

In addition, in order to support employees in managing their careers, Talent Reviews were set up in France first with non-commercial populations, then with all employees. Following these reviews, a series of individual and collective actions were rolled out for the different talent populations: coaching, certifying or diploma training via periods of professionalization, learning expedition, etc.

Internal mobility is also an important focus of the Group's human resources. It involves a dedicated policy, and in particular the establishment in 2012 of an online portal, "the internal employment portal," accessible via the Intranet and regularly updated with new features.

Employees can, for example, update their resumes, apply for internal offers or set up an alert system for job opportunities in the areas that interest them. Employees have priority over external job applicants. Regular communications are made internally via the internal newsletter, in order to post the opportunities of positions available.

In addition, in 2017, the Intranet section dedicated to mobility was completely revised to better support employees in their mobility approach. It makes it possible to display, in a more informative way, the different stages that go from the conception to the implementation of its mobility project, specifying and presenting for each of the stages the arrangements available.

Developing a digital company culture

SOCIAL MEDIA DAYS: AWARENESS-RAISING DAYS FOR PROPER USE OF SOCIAL NETWORKS

Social networks take a more important place in the personal and professional world of our employees. In order to better support this cultural change, we trained more than 500 employees in 2017 at our Boulogne-Billancourt and Eysines sites. During the day, they received personalised advice on how to get started on Twitter and/or LinkedIn. 420 employees also took advantage of these days to have photos taken for their profiles on social networks, thanks to a professional photographer made available to them.

DIGITAL MAKERS: EMPLOYEES WHO ARE AMBASSADORS OF THE GROUP'S E-REPUTATION

Launched as a pilot at the end of March 2016, the "Digital Makers" program in France aims to make our employees Group ambassadors on social networks. In an internal community, 120 employees volunteered to boost the visibility of talents, products, customers, technologies, etc., of different Group entities on social networks. The Group trained and coached them to build their professional identity on social networks, strengthening their e-reputation. At the same time, they proved to be excellent relays to participate in the development of the Group's reputation.

Thanks to a platform for aggregating the Group's content, our Digital Makers can easily relay the Group's communications to increase its notoriety and visibility. 73% of Digital Makers were active on the platform in 2017, with more than 36,650 actions recorded (likes or shares).

BUILDING THE EMPLOYER BRAND ON SOCIAL NETWORKS

To increase the visibility of our Employer Brand in France and gain name recognition with young people from age 19 to 25, we have been actively present on social networks since November 2012 and creating much of our own content.

Our strategy is to:

- make it known that we are a leading digital Group and employer;
- concretely show what our employees do: the HR services offer, our employees' jobs, life within the Group, etc.;
- offering internships, work-study and job opportunities.

The Group is thus present on the LinkedIn and Viadeo professional social networks, and has also strengthened its proximity with young people by also being present on Facebook, Twitter and Jobteaser through a specific editorial line following Codes that resemble their generation: with a casual tone, attractive visuals and 100% online events.

Our presence on social networks also helps to support our sourcing initiatives through recruitment operations that are innovative and focused on digital:

- to promote the telesales business, the Group organised a video chat in June 2017 which received 49 qualified candidates;
- in October 2017, for the 2nd year in a row, we renewed "Ultimate Job Battle", a mobile game reserved for EM Normandie students: 109 student entries and their resumes.
- finally, in May 2017, we made it possible for students, interns and work-study participants, integrated within the Group, to help promote our Employer Brand on social networks. Following the organisation of an internal competition, 11 of them were selected to represent SoLocal for a week on Snapchat and Twitter. The photos and videos presenting their daily work generated 226,000 impressions on these two networks.

This digital event gave birth to "Feeling Good", the Group's community of interns and work-study participants, which sustains their commitment.

3.2.2 EQUAL OPPORTUNITY EMPLOYMENT AND DIVERSITY

3.2.2.1 WORKPLACE GENDER EQUALITY

SoLocal Group is committed to promoting diversity and in particular gender equality in the workplace. This policy is formalised for each subsidiary with dedicated agreements.

For PagesJaunes, the formalized efforts in the agreement are focused on six priority areas:

- promote and hire more women internally and externally;
- increase the number of women in senior management positions;
- improve access to training;
- promote equal pay for equal work;
- improve the work-life balance;
- increase the number of women in Employee Representative Bodies.

As a continuation of the 2012 gender equality agreement, PagesJaunes is pursuing its goals, which were surpassed in 2017:

- 31.3% of senior executives were women (versus an objective of 30%);
- 37.5% of sales advisors were women.

The main lines of action are to guarantee equal treatment for women and men in the recruitment processes, to guarantee equal pay and to make provisions for a better reconciliation of working life with family life.

Aware that gender equality in the workplace is impossible without a proper balance between work and personal commitments, PagesJaunes has made a considerable effort to adapt working conditions to accommodate the personal constraints of our employees. For example, all requests to work part-time are accepted.

With regard to Mappy, a gender equality agreement was signed in May 2012 and deals with 3 main objectives:

- guarantee equal treatment for women and men in the recruitment processes;
- guarantee wage equality;
- make provisions for a better reconciliation of working life with family life.

Specific actions are sought:

1st theme: integrate more women into Mappy's technical management. 50% of the workforce works in IT management. But the training that leads to these professions is not oriented to women. This strong male majority is found in this management workforce. That is why the agreement focuses on this particular point.

2nd theme: there is no discrepancy in this matter. However, the agreement plans to remain vigilant on this point and to act as soon as a difference of more than 5% is revealed.

3rd theme: men and women should enjoy the same benefits of participation in family life. Mappy wanted to emphasise the participation of men in this area with measures such as:

- compensation for absences for mandatory prenatal appointments;
- specific communications for men (future dad guide, sick child days, back to school, etc.).

This approach was also reflected in the granting of additional days in the event of child illness and the introduction of teleworking.

The status of women employees at 31/12

	SoLocal Group			PagesJaunes		
	2015	2016	2017	2015	2016	2017
Percentage of women employed under indefinite-term contracts	51%	52%	52%	51%	51%	52%
Percentage of women employed under fixed-term contracts	48%	57%	48%	60%	59%	52%
Number of women employed as senior executives	54	57	56	36	45	42
Percentage of women employed as senior executives	27%	30%	31%	27%	32%	31%

3.2.2.2 MAKING SURE NO ONE IS EXCLUDED

The Group is evolving in a changing context: the length of working life is becoming increasingly longer in light of the ageing of the population, and access to youth employment is becoming more difficult. SoLocal Group in France must therefore take into account these new parameters since maintaining the age mix within the teams is an essential factor to social cohesion and economic competitiveness.

A new agreement for employing and maintaining older employees, and relating to young people within SoLocal Group in France was signed at the end of 2016 with four representative unions. This 2nd agreement reinforces the commitments made since 2013 with the 1st intergenerational agreement and allows the Group in France to take into account the legislative changes that have taken place since the previous signing.

Older employees

Thus, the new agreement for employing and maintaining older employees, and relating to young people within SoLocal Group in France continues the approach put in place since 2013 and incorporates some new features.

To take into account the legislative changes, the new agreement proposes to extend the Part-Timer Older Workers program to the sedentary commercial population and to extend the maximum possible duration for these measures to five years (instead of four previously).

Other measures have also been set up:

- a mid-career interview, to discuss with the employee the changes underway in job requirements, career prospects with the Group, and the employee's skills, training requirements and professional situation. These interviews are conducted on a voluntary basis and at the employee's request to their local Human Resources representative;
- the Retirement Planning Assessment: intended to help older workers (age 56 and older) prepare for their retirement, a "Retirement Planning Assessment" is conducted by a specialist company and financed by the Group in France.

Young workers

EFFORTS TO EMPLOY YOUNG PEOPLE

Concerning the integration of young people in the work place, the new agreement in favour of employing and maintaining older employees and relating to young people within SoLocal Group in France reinforces the Group's special attention paid to recruiting young talent to help develop their employability. This relies in particular on an active policy of relations with schools and universities, to welcome trainees (on internships and work-study programs), and thus to increase the awareness of the professions and job opportunities within the Group in France.

For young people, the Group in France has therefore committed to:

- helping young people get into the job market: This involves giving student interns and work-study students from various academic backgrounds an opportunity to discover a profession and a company. This approach also aims to promote age mix and diversity of courses within teams;
- increasing the number of work-study students hired under indefinite-term or fixed-term contracts: work-study education programmes enable students to gain professional experience and skills while they study. These contracts or agreements meet the needs of managers while giving many young people a chance to discover the many and diverse career opportunities that SoLocal Group offers. SoLocal Group would also like to hire more work-study students when they complete their studies;
- encouraging exchanges between generations: Under the new agreement, when a young person arrives in their new team, their direct manager will introduce them to their employee "advisor", who will show them around the business. This advisor is responsible for presenting the Company to them, to help them better know their position and working environment. The agreement also provides for a mentoring programme that enables experienced management staff to share their knowledge and skills. Through mentoring we recognise the value and experience of older employees, enable the exchange of information between generations, foster our Company culture, and facilitate the integration of young recruits.

This agreement clearly demonstrates our determination to reach out to and employ younger generation graduates.

For example, we have made a commitment to hire students (student interns, students under work-study and apprenticeship contracts), enabling them to increase their employability while they study. This also enables us to develop stronger relationships with French schools and universities.

In 2017, SoLocal Group hosted 86 interns in France, including 50 at PagesJaunes.

PagesJaunes favoured hiring work-study students.

WORK-STUDY CONTRACTS

	SoLocal Group France		
	2015	2016	2017
Number of hires under work-study contracts	73	72	76

For the third consecutive year, SoLocal Group has been awarded the HappyTrainees label for 2017-2018.

Awarded by meilleures-entreprises.com, the HappyTrainees label is a survey conducted each year with several thousand students who evaluate at the end of missions, the reception and support of their respective companies, according to 6 criteria: the work environment, management, pride, motivation, career progression and enjoyment.

The Group's HR strategy and the Employer Brand are once again rewarded for the quality of monitoring and supervision of students (interns and apprentices), more than 80% of whom recommend it. This award implies the excellence of the student internship integration policy within the Group.

In addition, QDQ has signed some 20 agreements with Spanish universities to host student interns.

BUILDING RELATIONSHIPS WITH SCHOOLS AND UNIVERSITIES

Launched in 2014, the school partnerships enable the Group in France to pursue its strategy of visibility and developing its notoriety among students and young graduates.

This year, to better meet our recruitment challenges, our list of partner and target schools has grown to 17 schools. We have thus integrated EM Lyon, ICN, IDRAC, Paris Dauphine and IGS.

As part of these partnerships, the Group has also implemented actions to promote its business (Corporate talk, career day, etc.) and participate in specialised forums, challenges… and welcoming young people on consulting missions.

This year, we participated in about forty school events in France.

SoLocal Group has been present on most forums of our partner schools and has participated in several school competitions such as Open Innovation with the EDHEC where our subsidiary ClicRDV placed in the finals.

We also participated in the GEM and EDHEC negotiation competitions.

Several of our experts have intervened in these schools to demonstrate the Group's know-how (ClicRDV, Mappy, PagesJaunes, etc.)

We in turn welcomed students from several schools such as IESEG and Pôle Léonard de Vinci.

Finally, a class of ten work-study students was created at the telesales in Boulogne as "Télévendeur Digital Prospect". This promotion, which began in September 2017, allows us to introduce this profession to the younger generation still in studies in the commercial sector.

Persons with disabilities

In its approach to diversity, SoLocal Group in France has initiated an active policy on the disabled since 2005. Since then, the Group affirms its desire along two priority lines: on the one hand, the integration of people with disabilities and secondly, keeping people with disabilities in employment.

With a 2nd agreement signed on 4 May 2015, for 3 years, by 4 representative unions within the Group, and approved by the DIRECCTE (Direction régionale des entreprises, de la concurrence, de la consommation, du travail et de l'emploi, French regional directorate for companies, competition, consumption, work and employment), the Group is pursuing the commitments initiated under the first agreement and wants to be more ambitious in favour of integrating people with disabilities into indefinite-term contracts.

Thus, the Group is committed to integrating 20 people with disabilities every year: 15 in professionalization contracts and 5 people on indefinite-term contracts. To achieve this objective, the Group relies on its know-how in terms of hiring under professionalization contracts *(see paragraph on efforts to employ young people)* and ensures the adaptation of workstations.

The Group is committed to taking into account the situations of each employee with a disability, and to meeting the needs for necessary remuneration. This can result in a technical office layout (via the provision of equipment), an organisational layout (adapting working hours, objectives, geographic scope, customer portfolio, etc.), by "human" help (such as the use of sign language interpreters, work-related speech therapy sessions, adapted transportation, etc.) or by training actions and skills development.

In 2017, 153 employees received support and/or job retention actions that took different forms: technical adaptation of the workstation, ergonomic studies, specific training actions, financing of technical equipment, financing of adapted transportation, support of approaches or telework solutions, support, information, orientation towards other players, etc.

Among these 153 people, 69 employees with disabilities benefited from measures financed from the budget of the disability agreement (technical adaptation of the workstation, ergonomic studies, specific training actions, financing of equipment or adapted sports, etc.).

Finally, where employees are found by Occupational Health to be unfit for their job, ad-hoc multidisciplinary groups can be set up to help to keep them in employment. The idea is to provide support paths that go beyond legal requirements.

In addition, the Group also supports its employees in their efforts to obtain Recognition of Disabled Worker Status (reconnaissance de la qualité de travailleur handicapé, RQTH).

Other actions are also carried out to raise employees' awareness internally on the subject of disabilities. Every year, an awareness campaign is offered to all employees in a fun event to promote the fundamentals on the subject. These awareness-raising actions are part of the European Disability Employment Week and the International Day of Persons with Disabilities.

In 2017, an inclusive quiz game was offered to all Group employees. This solidarity action will make a donation of €1,500, paid in January 2018, to the association Handicap Travail Solidarité. SoLocal Group supported the SoliStages project which aims to research and finance internships of 4 to 6 months for the development of employing people with disabilities in adapted and protected work structures.

This initiative was an opportunity to associate the Group's disability approach with its SoLidaires programme to encourage employee engagement, thus promoting the development of students' skills and increasing the skills of the protected sector.

Percentage rate of employment of people with disabilities at 31/12

	SoLocal Group in France		
	2015	2016	2017
Percentage rate of employment of people with disabilities	4.6%	4.6%	5.3%

3.2.3 SAFETY, HEALTH AND WELL-BEING AT WORK

3.2.3.1 MONITORING THE QUALITY OF LIFE AND OCCUPATIONAL HEALTH

An evolving global action plan

SoLocal Group in France is evolving in a context of profound transformation of its organization and its business model due to its growing digital activities, its customer relations and its offers. The Group has chosen to implement an action plan promoting quality of life and occupational health in order to support the changes in progress, closer to real work. The local action plans drawn up by the managers are prepared across many disciplines, whether based on their drafting or on indicators provided by results.

As of 2016, this action plan was rolled out across the Group's entire scope in France. It helps to prevent psychosocial risks (PSR) and to maintain the quality of life and occupational health. It is built around three commitments: to transform the Company and its businesses, support the health players and protect in the sense of primary prevention.

The challenges of this global action plan make it possible to reconcile an objective of performance and the quality of life and occupational health of employees, and are structured around five priorities:

- understanding and solving business problems;
- assisting the managerial line;
- supporting the occupational health players;
- strengthening detection capacity and optimising alert and action processes for better prevention of PSRs;
- making all employees aware of the prevention of PSR and Quality of Life in the Workplace.

This action plan is upgradeable and constitutes a continuous improvement mechanism in terms of Quality of Life and Occupational Health (qualité de vie et santé au travail, QVST). It is operational by nature; targeted actions are implemented according to priorities and situations. It creates an engaging dynamic from the national to the local levels. The local and multidisciplinary version is ensured by the Quality of Life and Occupational Health division, joining the CHSCT, the managers, and the human resources managers.

In 2017, the overall plan in favour of the QVST has been extended to support actions for return to employment. A process by commercial, telesales and administrative activities has been set up through work with CHSCT representatives, the managerial line, the human resources managers and the HR Development department.

In addition, throughout 2017, the SoLocal Group's Human Resources department in France and the representative unions met in the context of a negotiation on health and quality of life in the workplace aimed at integrating preventive measures and actions already in existence and to be shared on new quality of life in the workplace measures, in particular the coach manager, the workload, the right to disconnect and the reconciliation of private and professional life.

Raising the awareness of all employees to the prevention of PSR and the quality of life in the workplace is an area in which SoLocal Group has carried out numerous actions in France in order to make employees players in prevention, but also to provide them with permanent, accessible information on the listening and support systems set up in the Company via the Group's Intranet.

Monitoring actions on quality of life and occupational health

Every year, the Group conducts an opinion survey of all employees to get their perception of their work environment, their professional development, the interest of their work, collaboration within the Group, strategy, commitment, etc.

This annual survey gives all managers an opportunity to listen to their staff, understand needs, identify priorities and determine the means and actions that will be necessary to correct any problems observed. The survey is conducted online by a survey firm and is entirely anonymous.

The 2017 opinion poll, conducted among employees in France and abroad, enabled significant mobilisation: 82% of employees responded (+6% from 2016). By means of this poll, the Group has dented five that 78% of employees were satisfied with their work stop. Three segments of opinion measurement have been defined: ensure the fundamentals of quality-of-life and occupational health at work, build a stimulating employee experience, and foster an agile customer-oriented organisation.

The answers to these questions are specifically analysed and are presented to the CHSCT and managers, and help in preparing the action plans developed locally by entity or department.

In the context of preventing absenteeism, in 2017, PagesJaunes and the unions commissioned a study conducted by a specialised firm. The purpose of this study was to understand the causes of this absenteeism, making it possible to define corrective and preventive measures. In order to have a representative analysis on the subject, the consulting firm's consultants conducted interviews with a sample of active employees and employees on sick leave, on a voluntary basis.

The actions on quality of life and occupational health are based on shared indicators developed from different sources. In 2015, SoLocal Group mapped out the psychosocial risks to which employees are exposed, measuring constraints at work, the nature of the risks (requirement, independence, support, meaning of work) and feelings expressed.

All of the expertise on quality of life and occupational health is relayed to managers and CHSCTs.

Sick leave data, which are cross-referenced with other quantitative data, are monitored quarterly by the CHSCTs. Depending on the situation, a multidisciplinary analysis is carried out with the manager, the human resources manager and the CHSCT.

Monitoring the quality of life in the workplace is also carried out through the reading of the annual reports on occupational health of all the sites and occupational social services led by a social worker consultant.

Training for senior executives

Well-being at work and development of performance are the subject of various training actions for managers. Particular emphasis has been placed on the dissemination of skills around the commitment of all managers to integrate the human factor at the heart of performance. Like the year 2016, in 2017 the Company's Top Managers were asked to question the practices and the way work is carried out so that they could make their personal contribution to the improvement of the quality of life in the workplace and performance.

This approach, undertaken with senior executives, was relayed to local managers. 500 managers were trained in 2016/2017 to manage change and difficult situations by placing the human factor at the heart of performance.

In addition, as part of the "new managers" integration program, one day is dedicated to the theme of "prevention of PSRs". SoLocal Group wishes to raise awareness among its teams of managers concerning psychosocial risks by drawing their attention to the issues of primary prevention, risk factors and associated management methods. 50 first-time managers were trained at the end of 2017.

In order to optimise the chain of occupational health players, in addition to the expected role of the manager in this field, the Company's 9 regional CHSCTs on the one hand and all the human resources managers on the other hand, have been trained in the prevention of psychosocial risks and the role they should play among occupational health actors, especially in particularly difficult situations.

Work accident frequency and severity at 31/12

	SoLocal Group			PagesJaunes		
	2015	2016	2017	2015	2016	2017
Work accident frequency rate	7.4	7.8	8.2	7.9	7.7	8.1
Work accident severity rate	1.0	1.0	0.9	1.2	1.2	1.0

In 2017, the process of preventing and reducing sick leave absenteeism continued, in line with the national action plan appended to the Group's life and health insurance policies. In 2017, SoLocal Group's sick leave rate was 7.2% and for PagesJaunes, 7.9%.

3.2.3.2 ACTIONS TO IMPROVE QUALITY OF LIFE IN THE WORKPLACE

Support programmes for the prevention of PSRs

Beyond the listening and support measures already present in the Company (psychological hotline), SoLocal Group in France has adapted and personalised the supports related to the context of the Company to thus better respond to specific situations:

- hotline for assistance and psychological support by consultant psychologists specialised in traumatic situations;
- psychological hotlines to deal with difficult situations;
- personalised support measures for managers (including coaching);
- tailored support in collective degraded situations;
- mediation in conflict situations;
- individual/collective coaching by the QVST team.

Collaborative problem-solving workshops

In 2017, as a continuation of the successful experiments of the previous year, problem-solving workshops were set up locally in the regional structures in order to talk about work situations from the point of view of performance, but also improving working conditions. The format consists of collaborating with employees to find practical solutions that are simple to implement and to resolve problems identified by the Group in France.

Local psychosocial risk prevention monitoring Committees

In 2017, various Monitoring and Psychosocial Risk Prevention Committees were set up locally in France. They were set up in a multidisciplinary mode and meet according to a schedule defined at the initiative of their members. The employees concerned by the scope of actions of these Committees are involved in the analyses and action plans implemented. The methodological framework proposed by the INRS and the ANACT serve as a reference for structuring the reflections and recommendations made.

Assistance programme for return to employment

SoLocal Group in France's consultant social worker sends a letter to all employees out sick for more than 6 weeks in order to help them in their return to employment and maintain the social link when the absence is extended. 40% of employees who have made contact with the social worker during sick leave remain in contact with the social worker.

The Company has also set up a partnership with its life and health insurance provider and a specialised service provider to support the return to work of long-standing employees as part of a personalised and comprehensive approach. The system proposed by this partner helped the recovery of many employees' activities following a support program implemented during their sick leave.

Teleworking

The Group encourages teleworking within its teams.

For example, in 2015, PagesJaunes entered into an agreement on teleworking with its social partners. Teleworking is open to all employees, provided that the tools allow it, and that their jobs are eligible for that means of organising their work. Teleworking is a response to digital working methods. It is very appealing to employees who are looking for a better balance between their work and personal lives and who would like to reduce the time and fatigue associated with commuting. The basis applied is one to two days of teleworking per week. It is also, in some cases, a tool for maintaining the employment of weakened categories of employees, such as disabled workers, older employees, etc. At the end of 2017, more than 300 employees benefited from teleworking.

In addition, 10% of QDQ employees also telework.

The example of the new head office: Citylights

Regarding premises, in May 2016, employees in Ile-de-France joined their new head office in the Citylights buildings in Boulogne-Billancourt. These new workspaces have been redesigned according to the digital modes of operation, and adapted to the expectations of employees, especially younger generations.

In the internal survey conducted in Q1 2017 among all SoLocal employees present on the Citylights site, 73% are satisfied with their working conditions (space, light, comfort, calm, etc.) and 73% consider the equipment and material available to them to be adequate.

Improving business performance through sports and exercise

The Group developed a project in France that enables our employees to participate in physical activities together, to combat the sedentary lifestyle, prevent muscular-skeletal diseases (MSD) and other physical ailments, and develop "healthy attitudes" through raising awareness.

The employees at the head office have access to an integrated fitness centre. Traditional group fitness classes are offered. Outdoor activities are also offered: power walking, running, participating in La Parisienne type charity races, or Odysséa collecting more than 100 entries for each event.

Moreover, in June 2017, nearly 400 employees gathered for the fourth year in a row to participate in the Group's annual sports event: "Move It Day", an afternoon dedicated to a relay race and other sports activities at the Parc de Saint Cloud. This year, the sales teams and regional subsidiaries supported this great sporting momentum by taking part in a connected challenge. The challenge was to travel as a team the most kilometres over 3 weeks using a dedicated application counting steps. Two "virtual" tours of France were thus carried out.

Close to 650 employees were able to practice a sport or other physical activity in 2017 thanks to these proposed events, including 300 on a regular basis. Regional initiatives were also encouraged, such as the Lyon by night, the Rennes Green Marathon, the 10 km d'Annecy or the Sèvres telesales football tournament.

3.2.4 LABOUR RELATIONS

There are two dimensions to the Group's labour relations: a Group dimension (France) for certain agreements and a dimension by subsidiary for the entities concerned. Certain bodies even exist at regional level for the PagesJaunes subsidiary.

SoLocal Group reaffirms its desire to guarantee the proper functioning of the Employee Representative Bodies. Collective negotiation is a decisive form of labour relations which the Company intends to promote in order to prevent and resolve any conflicts arising.

3.2.4.1 COLLECTIVE BARGAINING AGREEMENTS WITHIN THE GROUP

Labour negotiations in 2017 resulted in the signing of several agreements:

- Group agreement on the health expense reimbursement scheme;
- Group agreement revising the scope of collective agreements in force within SoLocal Group;
- method and means agreement for QVST negotiation.

3.2.4.2 UNION RIGHTS

On 6 May 2014, PagesJaunes management signed an agreement with the representative unions on the conditions of adapting working hours, targets and compensation for employees who serve as staff representatives. This agreement also aimed to provide the representative unions with long-term material, financial and human resources allowing their proper functioning and the development of constructive labour relations to be guaranteed.

The representative unions within the Company are the management's natural and preferential contacts for developing constructive labour relations which the signatories to the agreement wish to develop and increase.

SoLocal Group reaffirms its desire to guarantee the proper functioning of the Employee Representative Bodies. Collective negotiation is a decisive form of labour relations which the Company intends to promote in order to prevent and resolve any conflicts arising.

The Company also wishes to confirm its commitment to the freedom of exercise of union rights and its wish to ensure those rights are respected. It seeks transparency of information and the search for constructive solutions to ensure that no discrimination based on exercise of a term of office applies or is encouraged.

It recognises conciliation in the exercise of a term of office of representation with the occupational activity as essential to the quality of the representation.

It reaffirms the importance of full integration of employees holding mandates into the life of the Company, and the need to allow them to follow a career path corresponding to the development of their skills.

An amendment to the agreement dated 6 May 2004, applicable from 2017, was signed on 30 November 2016.

3.2.4.3 REORGANISATION OF THE ACTIVITY

Employment Protection Plan

During 2013, PagesJaunes had to reorganise to ensure its sustainability in the face of a constantly changing and increasingly competitive market environment.

A project for the evolution of PagesJaunes's model and organisation was presented for information and consultation before the relevant Employee Representative Bodies in September 2013. At the end of 10 bargaining meetings with the unions conducted in parallel with the procedure for informing and consulting the CHSCTs on the one hand and the Works Council on the other hand, a majority agreement on social support measures determining the content of the employment protection plan was signed on 20 November 2013.

This plan provided for abolishing 22 positions fully offset by the creation of positions offered to the employees concerned as part of the internal reclassification. The objective was to maintain employment in or outside the Company (offset by funding of training). There were no compulsory redundancies and the overall project was a net job creator (48 jobs).

This agreement was validated DIRECCTE on 2 January 2014, confirmed by the Administrative Court of Cergy-Pontoise by judgment of 22 May 2014. This decision, however, was annulled by the Administrative Court of Appeals of Versailles in a judgment dated 22 October 2014, then by the Council of State for lack of majority character. The existence or content of the plan was therefore not at issue. These decisions do not challenge the validity of the procedure followed nor the reality of the economic motive justifying the procedure implemented by PagesJaunes.

Voluntary departure plan

The long-term reorientation of PagesJaunes' activities towards the dynamic and profitable segments of the market involves efforts above and beyond the Employment Protection Plan implemented in 2014.

The Company's ambition to increase its digital revenues by 10% by 2018 called for the continuation and intensification of the efforts made in recent years to that effect, by the transformation of several skills, tools and processes. Thus, a voluntary redundancy plan (VDP) was set up at the end of 2015-beginning of 2016 in order to support market developments and the new organization of the Company.

The VDP falls within the more global scope of an operational improvement plan aimed at generating annual savings of €30 million; this savings plan includes the VDP, a reduction in external expenses and the transfer of certain subsidiaries. 140 positions were eligible for the voluntary departure of employees whose jobs belonged to one of the previously determined professional categories and who had developed a professional project. The number of departures could not exceed 140, and 70% of applicants were eligible for retirement. The implementation of this plan demonstrated the desire to avoid forced departures and to promote the realisation of external professional projects of employees who so wished. This plan was implemented in 2016 and employee support continued in 2017.

Also, as set out in the introduction, an Employment Protection Plan was announced in February 2018.

3.3 ENVIRONMENTAL RESPONSIBILITY

"To conduct business in an eco-responsible manner"

SoLocal Group and its subsidiaries, by offering their services and informative content to the general public 24/7, facilitate the greatest number of responsible choices; whether it is Mappy and its multimodal itinerary comparison tool, Ooreka.fr, which provides a large number of best practice sheets, or PagesJaunes by highlighting eco-responsible professionals.

In parallel, the Group continues eco-responsible management of its own activities as a basic component of its culture, in line with its key value of integrity. The SoLocal Group has a strategy for adapting to climate change, particularly through its environmental measures concerning printed directories, and the environmental certification of its buildings.

The PagesJaunes subsidiary updated its greenhouse gas emissions assessment (BEGES) for the year 2014. GHG emissions were reduced by 58% between 2009 and 2014, exceeding the target of -50% between 2009 and 2015. The actions taken have shown results.

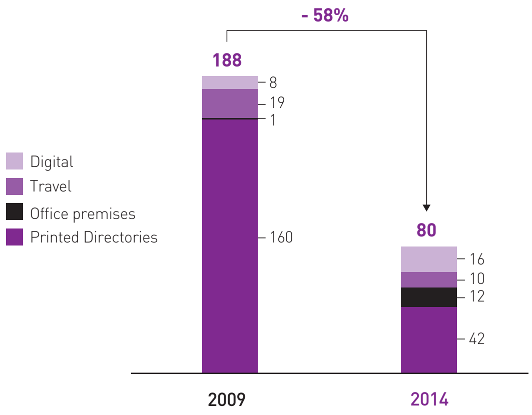
PagesJaunes set new targets to continue to reduce greenhouse gas emissions associated with its activities and undertakes to reduce its emissions by -30% by 2018 compared to 2014.

This overall target for 2014-2018 includes the following three types of emissions defined under the GHG Protocol.

3.3.1 PAGESJAUNES GREENHOUSE GAS EMISSIONS APPRAISAL 2009-2014

Details of PagesJaunes' main greenhouse gas emissions between 2009 and 2014 (scopes 1 to 3)

PagesJaunes GHG emissions (thousands of tonnes of CO_2e)



Emissions connected with the Printed Directories include the entire lifecycle of the directories, from production to recycling. Apart from the reduction in volumes connected with the business, the efforts made in terms of eco-design of the directories and optimisation of distribution explains the reduction in emissions on this item.

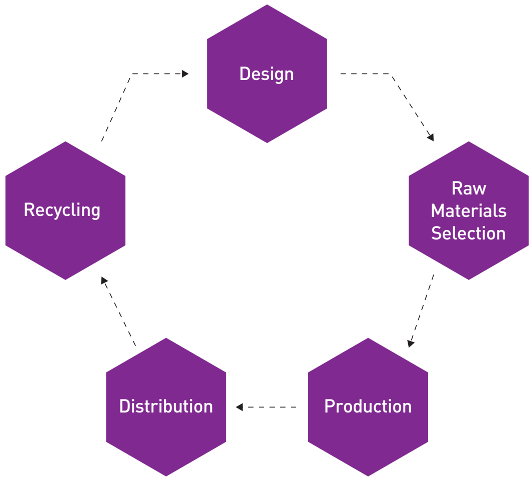
Travel-related emissions include business travel for all employees: in company cars, planes, trains, etc. as well as commuting. The study of this item became more precise between 2009 and 2014.

Emissions associated with office life include in particular the energy consumption of the office buildings (before the move of the head office), purchases of intellectual services and supplies, employees' meals and the production of waste or even coolants. The addition of new categories of emissions in the 2014 report explains the increase in this item compared to 2009.

Emissions associated with digital technology include the energy consumption of the datacentres, the impact of computer equipment and the impact of users of the pagesjaunes.fr digital services.

3.3.2 PRINTED DIRECTORIES

3.3.2.1 ENVIRONMENTAL MANAGEMENT SYSTEM



The Printed Directories department has implemented the processes necessary for AFNO's ISO 14001 environmental certification in 2009 and successfully passed the audits through 2016. For 2017, these certification procedures requiring the intervention of AFAQ auditors have been discontinued, however management continues to integrate in its operations actions to reduce the impact of its activity on the environment.

We recall here the main points of the overall ISO 14001 certification process implemented for the Printed Directories activity from 2009 to 2016.

Efforts to reduce the environmental impact of printed directories are a global approach that is part of the entire life cycle: from document design to end-of-life recycling.

Consistent with this approach, PagesJaunes' Printed Directories department decided to set up an environmental management system to provide a framework for its efforts to mitigate the environmental impact of its business activities. This management system is ISO 14001 certified.

This certification covers the entire scope of design, production and distribution of printed directories.

This approach has enabled the Printed Directories department to address environmental considerations in all of its processes and makes it possible to measure and reduce the environmental impact of all activities the department oversees, in compliance with applicable laws and regulations.

Achieving regulatory compliance under ISO 14001 involved:

- identifying all regulations that apply to the Group's industry and those that apply to its specific objectives;
- implementing a system for monitoring changes in these regulations.

In terms of operations, this standard has contributed to:

- identifying, within each process, the activities that are most likely to have a significant environmental impact;
- preparing an annual action plan (the Environmental Management Plan) for deploying actions to reduce the significant environmental impacts of activities, in compliance with applicable regulations. The Environmental Committee monitors indicators annually to check on the progress of these actions.

The environmental approach of Printed Directories integrates its suppliers. All have been informed of PagesJaunes's expectations. To do so, the Sustainable Procurement Charter is attached to new contracts signed. This applies to contracts signed with the paper manufacturer, distributors or shippers. Moreover, PagesJaunes' paper supplier and printer are ISO 14001 certified.

As a result, the carbon footprint of Printed Directories fell by about 74% between 2009 and 2014. The eco-design efforts during this period, as described below, accounted for 34% of this decrease. The rest of the decrease is explained by the decrease in volumes produced and the optimisation of the distribution.

3.3.2.2 PROCESSES AND INDICATORS

Design

The Printed Directories department is responsible for the design of the directories. As such, it is involved in the choices made in terms of defining directory formats, layout of information, colorimetry of the page backgrounds, types of paper used, etc.

Through the Environmental Management Plan, various actions have been studied and implemented over the years:

- modifying page size to reduce cutting waste in print shops;
- revising the paper weight of the directories: switching from 36g paper to 34g paper to reduce their weight and thus the tonnes to ship;
- conducting a study on using thinner packaging film to reduce consumption;
- use of 34 gram of paper containing 100% recycled fibres;
- suppression of the yellow background of pages for the 2017 edition of the PagesJaunes directories to greatly reduce the consumption of yellow ink and facilitate recycling.

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Eco-responsible selection of raw materials

As their main component, paper is a strategic purchase, the procurement of which must be ensured responsibly and sustainably. To achieve this objective, PagesJaunes engages its paper supplier in its environmental management system. Although the paper purchased by PagesJaunes for directories is not PEFC or FSC certified, it does include 100% recycled fibre since its 2016 edition.

Stora Enso, the paper manufacturer who supplies 100% of the paper for the inside pages (meaning excluding the covers) to the Printed Directories department has set up a sustainable management policy which consists of ensuring that wood supplies are rigorously identified, which has been recognised: EcoVadis, a sustainable development rating organization, awarded its highest level of recognition -Gold- to Stora Enso for its CSR performance as a supplier in 2017. EcoVadis ranked Stora Enso among the top 1% of the best evaluated suppliers in all categories and also for its business sector: pulp, paper and paperboard manufacturing.

It should also be noted that attempted delivery notice slips left by directory distributors are printed on PEFC-certified paper. This is also the case for notices posted in apartment buildings when directories are distributed.

Production

Printed directory production and distribution at 31/12

	PagesJaunes			
	2015	**2016**	**2017**	**ΔN-1**
Ink consumption *(in tonnes)*	323.3	195.5	270.4	+38.4%
Paper consumption *(in thousands of tonnes)*	16.3	10.8	9.4	-13.2%
Paper distributed *(in thousands of tonnes)*	13.6	9.2	7.4	-16.6%
Number of printed directories produced *(in millions)*	27.0	21.5	20.1	-6.5%

The increase in ink consumption is due to a largely underestimated value in 2016, the year for which the printer had estimated the consumption of its subcontractor but the latter had not communicated on its figures.

The decline in pagination and the optimisation of formats explain the continued decline in ink and paper consumption.

The Printed Directories department's environmental system also covers the printing and assembly of directories. Printers are therefore closely monitored to ensure they are able to obtain and maintain environmental certification. Today, the printer holds many certifications such as ISO 9001 (quality management), ISO 14001 (environmental management) or certifications of the traceability of wood: PEFC and FSC. These certifications ensure that they have a system for managing risk. Regular meetings are held with the printer to review manufacturing; environmental topics are part of the agendas of these meetings.

Optimising distribution

Special attention is also paid to directory distribution, to reduce paper and packaging consumption and ensure that directories are not delivered to people who do not want them. The reduced weight of the directories makes it easier to distribute them directly in mailboxes and reduces the use of bags for distribution, the reduction in directory volumes also saves on the amount of protective films used.

In addition, PagesJaunes continues the pre-distribution consultation operations to see if people want to receive printed directories. These telephone transactions relate to residential properties identified in PagesJaunes's distribution base (excluding French overseas departments and Corsica). However, in highly populated areas people are not contacted in advance by telephone and the proportion of directories to be distributed relative to the local population is determined on the basis of studies conducted by the Printed Directories department.

In 2011, close to 16.3 million homes have been contacted so far. An average of 68.3% of households asked to have directories delivered.

The "recevoirmesannuaires.pagesjaunes.fr" site, opened in September 2008, allows everyone, individuals or professionals to receive the directories they need via an online ordering tool.

PagesJaunes also works to continuously improve the quality of the addresses in its distribution database, to ensure accurate distribution and reduce the cost of delivery errors.

These household consultation operations are continuing for the 2018 edition and are now complemented by an operation with businesses. The Printed Directories department calculates even more precisely the quantities to be produced for the 2018 edition.

Directory recycling

At the same time, the Group is sensitive to the future of out-of-print directories and shares the principles of extended producer responsibility. SoLocal Group contributes actively to the efforts of Citeo (formerly Ecofolio + Eco-Emballages), an environmental organisation that coordinates and funds paper recycling. PagesJaunes' financial contribution for 2017 is estimated at €412,500 net of VAT.

As a result of the works conducted on the recyclability of the directories by PagesJaunes, since April 2012, the Board of Directors of REVIPAP, a French trade association of paper manufacturers that use recyclable paper, changed the waste-recovery classification of telephone directories from "tolerated" to "acceptable".

In addition, we note that some of the paper purchased is recovered and recycled by the printer during printing and assembly. In addition, the excess directories at the end of the edition are subject to recycling.

3.3.3 DIGITAL TECHNOLOGIES

SoLocal Group is concerned about the environmental impact of its digital activities, which account for most of the Group's sales.

There are many processes that have been implemented to digitise paper documents and processes within the Group. These include, for example, all commercial transactions from customer ordering to collection, employee pay slips, the supplier purchasing portal, meal vouchers, etc.

To participate in the market reflections on this subject, in 2017 SoLocal Group was a member of the Club Green IT, which brings together other large French companies.

3.3.3.1 DATACENTRES

The PagesJaunes, Mappy, SoLocal Marketing Services and QDQ subsidiaries use internal and external datacentres. Each year the power consumption of these datacentres is optimised as the number of servers required for new projects and applications increases. Measures to reduce power consumption include:

- reorganising datacentre premises to enable more efficient cooling of servers by changing room layouts, confinement and anti-UV filters;
- replacing existing servers with more energy-efficient models that give off less heat;
- strong decommissioning activity;
- massive deployment of cloud computing and virtualisation technologies, which not only reduce power consumption of individual servers hosting applications, but also enable more efficient overall use of IT infrastructures and operational flexibility. Consequently, most of the systems currently used are virtual machines. 75% of the Group's servers were virtualised in 2017.

Datacentres' power consumption at 31/12

	SoLocal Group				PagesJaunes			
	2015	**2016**	**2017**	**ΔN-1**	**2015**	**2016**	**2017**	**ΔN-1**
Electricity consumption by datacentres *(in MWh)*	5,545	5,125	4,992	-2.6%	5,196	4,835	4,699	-2.8%

The declines in consumption observed between 2016 and 2017 are connected with the use of equipment consuming less energy, the rationalisation of equipment and the ongoing efforts made in the virtualisation of the servers.

3.3.3.2 IT EQUIPMENT

Reducing the environmental impact of office operations also means integrating a responsible digital strategy, translated into a series of actions such as adopting a strategy of automatic computer standby modes (whether short or long), replacing desktop computers with laptops that consume less energy, purchasing computer equipment with international environmental certifications such as EPEAT or Blue Angel (almost 100% of the fax machines at the head office).

In connection with the relocation of the head office to the new premises in Boulogne-Billancourt in early 2016, a print flow management system was adopted to release printouts only after using an individual badge.

In addition to the significant decrease (-44%) in the number of sheets "sent to print" (June-October 2015 vs same period 2016), this new system saved 20% of sheets that were not actually printed.

Between 2016 and 2017, the trend continued: -6% of sheets sent for printing (June-October 2016 vs June-October 2017), of which 22% were not printed.

In Q3 2017, this virtuous system was implemented at the Rennes and Eysines sites.

At the same time, the number of Group printers continued to decrease between 2016 and 2017 (-2.9%).

Average number of computers and printers per employee at 31/12

	SoLocal Group		
	2015	2016	2017
Average number of computers per employee	1.24	1.69	1.72
Average number of printers per employee	0.41	0.34	0.35

These ratios do not include external service providers accommodated on-site, even though, they do use in-house resources.

3.3.3.3 ELECTRICAL AND ELECTRONIC EQUIPMENT (EEE)

In order to manage the end of life of its electrical and electronic equipment, SoLocal Group has a privileged partnership with Ateliers du Bocage. This well-adapted integration company, which belongs to the Emmaüs network, handles recycling while favouring the re-use of equipment. This choice of service provider is fully consistent with the societal responsibility strategy and the desire to become a sustainable digital player.

Quantities of electrical and electronic equipment disposed of at 31/12

	SoLocal Group			PagesJaunes		
	2015	2016	2017	2015	2016	2017
EEE disposed of *(in tonnes)*	27.7	25.2	7.9	24.4	22.9	3.9

After two years with many disposals due to the move of the head office, there was a smaller evacuation volume recorded for 2017.

For PagesJaunes, the EEE disposed of have been reused, reassigned or recycled via the Ateliers du Bocage or Emmaüs network partners, which places the Group in a circular economy dynamic when the teams allow it (71% in 2016, 20% in 2017).

3.3.4 EMPLOYEE BUSINESS TRAVEL

Close attention is paid to employee travel, and in particular sales representatives, which has a significant impact on PagesJaunes's GHG emissions.

In addition, a policy has been drafted to regulate the use of cars for professional purposes. This policy has been sent to all holders of a company car and in particular to salespeople under their new contract. This policy's main objectives are to clarify the rules for allocating and using Company vehicles and to improve vehicle fleet management. It includes a list of "authorised" manufacturers and a limit on the CO_2 rate reviewed each year to comply with the law: for 2017, this rate is set at 127g/km. It specifies various rules: requires employees to sign a "Car Policy Agreement" before being issued a vehicle.

TCO_2eg Emissions – Travel in company cars at 31/12

	SoLocal		
	2016	2017	ΔN-1
Emissions associated with use of company cars, *(in equivalent tonnes of CO_2)*	5,854	6,069	+3.7%

This figure includes travel in company cars by sales teams and office workers (managers).

The increase in CO_2 emissions is explained by the 4% increase in the number of litres consumed by the PagesJaunes fleet while the number of vehicles remains stable. 97% of the fleet have been assigned to PagesJaunes employees.

SoLocal Group's Travel Policy lays down general rules that govern employee travel in an equitable manner and ensures a standard level of service and comfort. Specific rules for transport are described and strictly regulate the conditions under which these trips can be made: mandatory train for trips less than three hours with few exceptions, economy class air travel less than six hours, promotion of repetitive travel subscriptions, etc.

In 2017, the implementation of the TGV Atlantique linking Paris to Bordeaux in two hours by train made it possible to switch the majority of the plane journeys to train.

We also provide employees with tools for conducting remote meetings (such as Microsoft Skype and videoconference equipment in meeting rooms) in order to reduce the need to travel between sites.

3.3.5 OFFICE PREMISES

Energy consumption excluding datacentres at 31/12

	SoLocal Group			PagesJaunes		
	2016	2017	Variation	2016	2017	Variation
Electricity consumption *(in MWh)*	6,288	4,321	-31%	5,843	3,830	-34%
Gas consumption *(in MWh)*	693	693	-	693	693	-
Energy consumption associated with IDEX urban (cold/hot)	990	1,677	+69%	770	1,284	+67%
TOTAL ENERGY CONSUMPTION IN MWH	7,972	6,692	-16%	7,306	5,807	-21%
Energy consumption in kWh per m^2	105	90	-15%	110	91	-17%

Energy consumption per square metre related to offices decreased by 15% at the Group level, and by 17% at PagesJaunes thanks to the move to fully renovated and certified buildings.

Regarding energy consumption, the 2016 data have been adjusted thanks to the receipt of additional statements, in particular of the gas consumption on the PagesJaunes Eysines site. Since the 2017 data for this site was not available, 2016 consumption was reapplied in 2017, the surface area remained stable.

The consumption of district heating for the Citylights head office in 2017 corresponds to consumption for a full year, while in 2016 the move was effective in May.

SoLocal Group strives to promote the use of renewable energies. At Citylights, the head office since May 2016, the heating and cooling come from the IDEX urban HVAC network. With regard to consumption related to hot water, the IDEX network's production is composed of 50% renewable energies.

Buildings with environmental certification at 31/12

	SoLocal Group		
	2015	2016	2017
Percentage of space leased with environmental certification as of 31/12	15%	53%	57%

The Group's head office and the subsidiaries located in Ile-de-France moved in May 2016 to a high-rise (IGH) building, Citylights, completely rebuilt with HQE, BREEAM and BBC certification. The PagesJaunes branch offices in Toulouse, Lyon and Montreuil also hold environmental certifications.

Water consumption at 31/12

	SoLocal Group – Citylights	
	2016	2017
Annual water consumption per employee in m^3	7.0	8.4

In 2016, the Group only started occupying the premises on 9 May, while the 2017 figure reflects a full year.

Energy consumption

Fuel oil consumption represents a marginal amount compared to electricity consumption for the entire Group and is therefore not presented in this report.

Waste management

Waste management varies according to the sites and subsidiaries. However, selective collection is being implemented gradually and each year new sites are involved. In 2017, SoLocal Group continued to implement the collection and recycling of office papers.

Since May 2016, all entities in the new Citylights head office in Boulogne-Billancourt have been sorting paper and beverage packaging. In 2017, 47.9 tonnes of waste were collected, of which 31% was recycled.

QDQ, the Spanish subsidiary, collects its office paper for recycling in its Madrid, Zaragoza and Barcelona locations.

In partnership with its group catering providers, SoLocal Group is raising awareness among its employees about the importance of combating food waste. For example, within the Group's head office, the service provider regularly communicates on actions to combat food waste and practices the selective collection of organic waste.

3.3.6 GREENHOUSE GAS EMISSIONS ASSOCIATED WITH ELECTRICITY CONSUMPTION

CO_2e Emissions – Energy: offices and datacentres at 31/12

	SoLocal Group			PagesJaunes		
	2016	2017	ΔN-1	2016	2017	ΔN-1
Emissions associated with energy consumption *(in tonnes of CO_2e)*	1,036	1,040	+0%	978	941	-4%

GHG emissions related to office and datacentre activities are falling in the SoLocal Group and PagesJaunes scopes, in line with the energy savings achieved with the relocation of the head office.

3.3.7 BIODIVERSITY

As a service company, SoLocal Group has little impact on biodiversity.

Being aware that the production of its printed directories may potentially have an impact on forests, PagesJaunes is careful to select suppliers that are committed to sustainable forest management. In fact, all stationery and printer suppliers hold ISO 14001 certification. In addition, 100% of the paper used in directories is now made from 100% recycled fibres.

3.3.8 OTHER FORMS OF DISTURBANCE AND POLLUTION

Given the service nature of our business and the outsourcing of printed directory production, we release no significant amounts of pollutants into the atmosphere, water or ground that have a serious impact on the environment.

Although the Group has a classified facility for the protection of the environment concerning the storage of chlorofluorocarbons, halons and other halocarbons and halogenated hydrocarbons (automatic fire extinguishing system on computer equipment), the prevention measures set forth by the regulations have been taken into account in order to limit major risks to the environment.

Furthermore, given their number and size, this facility generates no significant noise pollution for nearby populations. No request from stakeholders regarding this has been registered.

Lastly, the service sites we leased in 2017 cover a total land area of almost 75,000 m^2. Our impact on land and soil use is deemed to be minimal in comparison with other industries.

3.3.9 INFORMATION ON OUR ICPE PREMISES

At the end of 2017, SoLocal Group had only one installation classified for the protection of the environment under the Declaration regime concerning the Rennes datacentre. At that facility, the only classified activity is the storage of chlorofluorocarbons, halons and other halocarbons and halogenated hydrocarbons.

3.3.10 FINANCIAL DATA ON PROVISIONS AND GUARANTEES ON ENVIRONMENTAL RISKS

No provisions have been made and no guarantees granted in relation to environmental risks. We have identified no situation where such provisions or guarantees would be necessary.

3.4 SOCIETAL RESPONSIBILITY

"To promote responsible local economic development"

As a major player in local and digital communication, SoLocal Group contributes to boost the local economic fabric by creating content and information that simplifies the relationship between consumers and businesses.

For more than 70 years, the Group has been supporting French micro-enterprises, small and medium-sized businesses, national major accounts, regulated professions, local authorities, etc. in the appropriation and use of communication media and technologies.

At the same time, with its media and content, the Group enables consumers to search, find out, choose and connect with all of these players, and thus contribute to the local economy.

SoLocal's commitment to society is consistent with our values as a company that places the interests of its customers at the heart of everything it does.

3.4.1 GOVERNANCE AND ETHICS

The Group strives to maintain a trusted relationship with all of our stakeholders. This is why we have taken steps to ensure that we protect personal data and observe the rules of fair competition and ethical behaviour.

3.4.1.1 PERSONAL DATA

SoLocal Group endeavours to disseminate reliable and secured information to its users. The Group's sites support citizens on a daily basis who appreciate the relevance and accuracy of the information provided. We are also actively committed to protecting the data we collect from them and showing respect for their privacy. The IT and Freedoms Correspondent (CIL) team consists of 4 people: the DPC, two lawyers and a safety engineer.

"Personal data" internal rules and procedures

The Group's commitment to information security is governed by the following rules and procedures:

- the "Personal Data Archiving Rules", implemented in March 2005 *(data retention procedure);*
- a procedure to formally document processing personal data (last updated on 3 May 2012) which among other things specifies the disclosure obligations that must be observed before processing personal data;
- a procedure relating to organising the feedback of information concerning the processing of personal data. This procedure must allow the proper maintenance of the DPC register containing all the processing of personal data for the French companies of the Group, and the verification of compliance with the French Data Protection Act (loi Informatique et Libertés) of any new processing or modification to existing processing (latest version dated 3 May 2012);
- a procedure that governs the transfer of databases containing personal data within the Group, to ensure the protection of such data by specifying the requirements for transfers, so as to minimise any risk of misuse, theft or loss, during their transmission or otherwise (last version dated 14 January 2014);
- a procedure describing the rules to be respected in case of an audit by the CNIL (latest version dated 24 April 2014);
- the procedure for managing requests for access and opposition by individuals (latest version dated 22 April 2015) which details the procedures for processing applications from individuals in the context of the exercise of their rights of access, rectification and opposition to personal data concerning them. This procedure makes it possible to standardise these methods within SoLocal Group and to facilitate the implementation of this exercise;
- a procedure aiming to deal specifically with requests to exercise rights made to the Customer Relations Centre and those received in the email account of the Data Protection Correspondent (latest version dated 19 October 2015).

The latter two procedures are part of our personal data protection system. Accordingly, all of our companies, and especially employees responsible for data processing, must be sure to implement procedures for satisfying the requests of individuals who exercise their right to have their personal data corrected or deleted pursuant to Articles 38 and 40 of the French Data Protection Act of 6 January 1978, as amended, and Articles 92 to 97, 99 and 100 of Decree No. 2007-451 dated 25 March 2007, which amended the Decree dated 20 October 2005.

These procedures are consistent with the DPC's role, which is to ensure that personal data correction and deletion rights are observed, mostly by ensuring that appropriate procedures are implemented.

We also posted a process to ensure compliance with the rules for protecting the personal data of SoLocal Group website users on the Group's intranet. These rules cover the encryption of communications, the authentication of users on their personal accounts and the need to obtain consent for the deposit of cookies or other tracking tools. These rules were accompanied by practical information on the use of cookies on our website (last update May 2014).

Requests received to amend or delete personal data at 31/12

	PagesJaunes		
	2015	2016	2017
Requests received by Customer Service:			
Requests for deletion (Do-Not-Call ex - Directory list integration)	*20,609*	*21,376*	*33,485*
Requests for modifications (No-advertizing list, PagesBlanches, aerial views)	*27,973*	*31,195*	*46,636*
Requests received directly by the DPC	219	255	185
Requests received by the DPC from CNIL	8	2	3

The 2017 figures, up from 2016, reflect a greater sensitivity of citizens to the dissemination of their data in directories: +57% of applications for inclusion in the Do-Not-Call list (liste rouge) and +37% for changes to personal data.

2.4 days were allowed in 2017 to process requests to delete personal data (excluding requests handled directly by the DPC). For requests to modify data, this processing time was 3.1 days. Despite the strong growth in demand, the processing time remains almost stable.

The DPC team continues to publish brief information on its Intranet site, in particular, on the general regulation on data protection (GDPR), cloud computing or on data transfers outside the European Union, as well as briefs related to the news (cancellation of Safe Harbor, validation of Privacy Shield, etc.).

In Spain, QDQ raises the awareness of its new employees, during their initial training, to the importance of the security of personal data. A section of the intranet is dedicated to information related to the GDPR.

In-house “personal data” training

Ensuring that the Group’s activities comply with the Law requires that employees who manipulate personal data or create services based on such data be fully trained on their legal obligations.

It is in this context that the DPC team provides ad hoc and recurring training for the Company’s employees.

The year 2017 was marked by acceleration in training offered by the DPC team, in the context of the imminent onset of the General Data Protection Regulation (GDPR). This involves many changes to the rules on the protection of personal data, and requires rigorous training for all the Group’s employees who process personal data. To this extent, a program to bring the Group into compliance with the GDPR was launched with the Group’s General Secretary as sponsor.

In addition, during the year 2017, training was provided mainly to:

- technical teams who were trained in the security requirements for personal data, including the need to adopt a risk-based approach to determine the security measures that guarantee privacy protection of those concerned;
- all of the Group employees as part of a programme on the protection and security of personal data (Product Friday). A video of this event is available on the Group’s website;
- some business lines that were specifically trained in the new general regulations on the protection of personal data, including marketing teams, staff in charge of conducting studies, and the Human Resources department;
- specific training courses were organised as part of the Group’s GDPR compliance program.

Internal and external audits of “personal data”

In 2010, the CNIL carried out checks on the “web crawl” service launched in March 2010, which was intended to supplement the response list of the pagesblanches.com directory with referenced responses on the public profiles of the main social networks. The Commission nationale de l’informatique et des libertés has issued a public warning to SoLocal Group, following which an appeal was lodged by SoLocal Group before the Council of State. This appeal was dismissed on 12 March 2014.

The Hamon Act on Consumer Protection No. 2014-344 dated 17 March 2014 amended the French Data Protection Act and enabled the CNIL to conduct inspections and audits online and note failure to comply with the French Data Protection Act remotely, from a computer connected to the Internet. In this context, in October 2014 the CNIL began to perform remote audits to check the compliance of website operators, including various online publishers (including some of the Group’s subsidiaries), as recommended on 5 December 2013. These audits covered the placement of cookies upon initial page display in particular, the relevance of the data collected, verification that claimed procedures were in place, compliance with information obligations and data security.

These audits continued in 2015 and 2016; the DPC team sent its new recommendations to those responsible for the Group’s websites on respect for private life through the user information (cookie banner, information on personal data collection forms, introduction of policy on the protection of private life, etc.) and on the need to observe the rules on data security: non-storage and transfer of plaintext passwords.

3.4.1.2 PROFESSIONAL ETHICS

Professional Ethics Charter and Sapin 2 Act (anti-corruption portion)

- SoLocal Group does business within a framework of responsible development that is driven by ethical principles that must be shared by all employees.

These principles, which are set forth in SoLocal Group's Code of Conduct, are based on our values and determine our behaviour with respect to our customers, shareholders, employees, suppliers and competitors, to the environment, and to the countries where we do business. It applies to everyone, including members of the Board of Directors as well as managers and employees of the Group.

Our Code of Conduct is aligned with such fundamental and universal principles as those of the Universal Declaration of Human Rights; those set forth in International Labour Organization agreements on freedom of association, the right to collective bargaining, eliminating discrimination in respect to employment and occupation, eliminating forced or compulsory labour, and abolishing child labour; and those of the Organisation for Economic Cooperation and Development (especially with respect to efforts to fight corruption). The SoLocal Group Code of Conduct also addresses our commitments in other areas, such as sustainable development.

The Group's Professional Ethics Charter refers to the principles and rules applicable to stock market ethics and the requirement to scrupulously comply with them. It imposes certain preventive measures including closed periods when "permanent insiders", such as members of the Board of Directors and other executives, are not permitted to trade in the Company's shares.

The Code prohibits corruption, including in dealings with customers and suppliers.

- In 2017, SoLocal Group initiated its approach to comply with the Sapin 2 Act on anti-corruption.

Responsible lobbying

In keeping with its CSR policy, SoLocal Group strives to be exemplary in its dealings with elected officials and political institutions, which are governed by the following four basic values:

- ethics: the teams of the Group's Institutional Relations department are accredited with the French National Assembly and Senate as Interest Representatives.

  This means:

  - they comply with the disclosure requirements of the bureaus of the French National Assembly, the French Senate, the European Parliament and the European Commission, and have agreed to make public the information provided on their disclosure statement,
  - they systematically disclose their identity, the identity of their employer and the interests they represent when dealing with Assembly members, senators or members of European Parliament or of the European Commission,
  - they comply with the rules governing access to and circulation within the premises of the French National Assembly, French Senate, European Parliament and the European Commission;
- transparency: we are committed to exemplary behaviour and to disclosing our discussions with public authorities whoever they may be;
- sustainability: we work to establish sustainable relationships with public authorities to build projects that will generate long-term benefits for society;
- community involvement: the primarily local dimension of SoLocal Group's institutional relations policy distinguishes us from most other companies. Our position in local communities, which is even reflected in our name, connects us intimately with the day-to-day concerns of public authorities.

As the Public Affairs team of the Group's Institutional Relations department dissolved at the end of 2017, no registration was made in the new national digital repertoire of interest representatives, introduced by law. No. 2016-1691 dated 9 December 2016 relating to transparency, combating corruption and the modernisation of economic life. The Group undertakes that registration in this national directory will be carried out in case of recruitment.

Transparency of the compensation criteria for executive corporate officers

The compensation of the Group's executive corporate officers is determined in accordance with the recommendations of the AFEP-MEDEF Code of Corporate Governance, and the information on such compensation – fixed, variable, grants of stock options and free shares, severance pay, supplementary retirement benefits, etc. are published in the "Finance/Regulated Information" section of the *Solocalgroup.com* Group website and in chapter 4.3 – Compensation and benefits of the SoLocal Group Reference Document.

In 2017, when they took office, the Group published the compensation components of the two new corporate officers: Mr Éric Boustouller, CEO and Mr Pierre Danon, Chairman of the Board of Directors.

In 2018, to create the conditions for a fruitful dialogue and to explain the elements and criteria for obtaining the short-/medium-/long-term compensation of the corporate officers in a transparent way and to meet the shareholders' expectations, a long-term compensation plan and the "say on pay" compensation elements will be submitted for the shareholders' vote at an Extraordinary General Shareholders' Meeting to be held in March 2018.

3.4.1.3 RISK MANAGEMENT AND SUPPLIER RELATIONS

Information security

Internally, employees have access to the Group's "Information Security Policy" via the Group Intranet.

This policy constitutes a Reference Code on conduct associated with the security of information for SoLocal Group which must be implemented by each entity of the Group. It describes the management's commitment to information security, its scope, the items taken into account, the regulations and contractual obligations, the objectives and responsibilities. It covers all security issues caused by the handling of information, at physical, technical and organisational levels, whatever the medium used. It also covers the use of information and communication technologies.

Guidelines specify, depending on the use, in particular, of new digital technologies and in light of the new risks associated with them, the rules to be followed and applicable best practice, firstly to ensure the identification and authentication of internal users when connecting to components of the SoLocal Group's information system (more broadly speaking: machines, systems, applications, routers, etc.).

In addition, and as mentioned on the Group's Intranet site available to all employees, information is an important part of the SoLocal Group's assets; operational activity, the Group's competitiveness and employment directly depend on it. The damage to which the Group is exposed may be strategic, economic, financial, social or media-related.

Thus, each employee has a responsibility for the information they issue or transmit, and for the security of that information. Each person is asked to use the appropriate pictograms, which indicate the degree of security of the documents used (in ascending order: "free", "confidential", and "secret").

Internal control

Internal control at SoLocal Group is a set of processes and measures defined by senior management and implemented by employees which serve to meet the following objectives:

- compliance with the applicable laws and regulations in force, both within and outside the Group;
- observance of the Board of Directors' instructions and guidelines;
- prevention and control of operational risks, financial risks and risk of error and fraud;
- optimisation of internal processes by ensuring that operations are effective and that resources are used efficiently;
- the quality and fair presentation of accounting, financial and management information.

These principles are based on:

- a policy contributing to the development of the culture of internal control and the principles of integrity;
- the identification and analysis of risk factors that could compromise attaining the Group's objectives;
- an organisation and procedures designed to ensure that senior management's strategies are implemented;
- periodic review of control activities and a continuous effort to improve;
- the process for distributing internal control information.

In order to achieve its objectives, SoLocal Group has set forth and implemented general guidelines for internal control that are largely based on the guidelines published in 1992 by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and on the AMF's internal control framework and recommendations. The following description of SoLocal Group's internal control and risk management procedures is based on this framework. The assessment made for this purpose was carried out in accordance with the key points of this framework and its implementation guidance. It also takes into account the work of IFACI, (Institut français de l'audit et du contrôle internes) the French Internal Control and Audit Institute.

The internal control system involves all SoLocal Group governance bodies and employees.

The organisation of internal control is based on a centralised Management division supported by a network of employees within the various departments and entities. This organisation aims to provide reasonable assurance of achievement of the aims of the business (compliance and reliability of the results obtained) by means of the internal control system.

Internal audit policy

The Internal Audit team ensures that the internal control system is mature and appropriate by evaluating its effectiveness and efficiency, while promoting continuous improvement. On the basis of a risks assessment, the Internal Audit team evaluates the system's relevance and effectiveness by assessing the quality of the Group's control environment, the work of internal governance bodies, the reliability and integrity of financial and operational information, operational effectiveness and efficiency, asset protection, and legal, regulatory and contractual compliance.

SoLocal Group's Internal Audit team is responsible for performing the tasks defined in the audit plan at the beginning of the year. It answers to the Group's senior management but is functionally supervised by the Board of Directors' Audit Committee.

Internal Audit staff perform three types of audits:

- on the compliance and effectiveness of processes and activities;
- audits on the maturity of internal control;
- audits on those areas decided by the Audit Committee.

Relations with suppliers

Through its purchases, the Group also strives in general to:

- prioritise products, services and companies that address the CSR challenges that are specific to their business activities;
- gradually increase the sustainability criteria for the environment and society, in a continual improvement approach;
- monitor the CSR performance of suppliers to help them improve.

CSR criteria are included in the selection process for providers: expert assessments, quality monitoring processes, human resources policy (loyalty, training, turnover, etc.), CSR policy, financial strength, geographical location. Furthermore, when relevant we systematically send requests for proposals to companies whose percentage of disabled workers on staff is greater than 80%.

SUSTAINABLE PROCUREMENT CHARTER

SoLocal Group has a Sustainable Procurement Charter: it commits the supplier to ensuring compliance with a number of fundamental principles described in this document relating to working conditions, health and safety, the environment and ethics. The charter covers many subjects, including clandestine or forced labour, discrimination, compliance with environmental regulations and resource management. Suppliers must ensure that their own suppliers and subcontractors, for all of their business activities and sites worldwide, observe the requirements of this charter.

The Sustainable Procurement Charter is signed by new service providers or when renewing a contract. Respect of this Charter provides the terms of the commercial relations between the supplier and SoLocal Group.

Among the active suppliers for PagesJaunes in 2017, 136 signed the charter at the end of 2017.

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3.4.2 DIGITAL DEVELOPMENT OF THE TERRITORIES

SoLocal Group is at the heart of the economic activity of the territories

Promoting the success of all companies that make up the wealth of the French economic fabric is the heart of the Group's business. Indeed, the basic idea of all of SoLocal Group's activities is to bring together professionals and consumers. For more than 70 years, the Group has been developing recognised expertise concerning businesses for which it designs and produces services and informative content it provides for consumers in a variety of ways.

Being available to all users

The diversity of media (fixed Internet, mobile, tablets) allows users to access local information easily, anywhere and anytime in France or Spain. In France, the Printed Directory corresponds to a use that is complementary to the use of digital media, and in particular, remains the standard for the 15% of French households that do not have an Internet connection [1].

Put the latest innovations in marketing and technology at the fingertips of every business.

From the days when the print directory was the sole source, all the way to mobile voice services, and the success of Minitel and the advent of the Internet in between, SoLocal has always supported microenterprises, small and medium-sized businesses so that they benefit from state-of-the-art media used by consumers.

Today, the Group is convinced that local consumption is a bottom-up wave that will benefit businesses that know how to take advantage of it, particularly thanks to digital technology. In early 2017, SoLocal Group was a partner in the "French, local consumption and digital" survey, conducted by the Observatoire de la consommation responsible, Mescoursespourlaplanete.com. In particular, it contributed its digital expertise to the prospective booklet resulting from this survey, to be found on the Group's website.

Commit to support microenterprises, small and medium-sized businesses and network companies on digital communication

Since the advent of the Internet, SoLocal is engaged in supporting businesses for their access to digital; the Group believes that everyone has a place on the web, according to their needs and objectives. Beyond its commercial activity, SoLocal Group's commitment is to give everyone the means to develop their business and their revenues through the Internet, both for business creators and very small companies looking to meet the specific needs of their businesses as well as for large companies that run large networks, or even for public sector players who reinforce digital contacts with the French.

QDQ has also implemented various actions to raise the awareness of professionals and microenterprises, small and medium-sized businesses about digital communication (blog, events, conferences, etc.).

(1) Source 2016 CREDOC "Baromètre du numérique" (Digital survey).

3.4.2.1 CONCRETE AND INNOVATIVE INITIATIVES TO SUPPORT FRENCH MICRO-ENTERPRISES, SMALL AND MEDIUM-SIZED BUSINESSES IN THEIR DIGITISATION

- **Tous Numériques:** in March 2017, SoLocal Group launched the non-profit association (under the French law of 1901), Tous Numériques.

It basically offers the *tousnumeriques.fr* website, where businesses have free access for:

- measuring their digital maturity through an evaluation tool;
- free online training on four basic themes (web marketing, SEO, social networks, visual communication) to obtain a certificate;
- the provision of data, publications, studies, statistics and content on the digital uses of individuals and professionals in France.

At the end of 2017, the Tous Numériques platform lists 800 microenterprises, small and medium-sized businesses registered in online courses.

Tous Numériques offers an operation geared towards young professionals: the association organized in 2017 (as in 2016) a hackathon allowing young professionals from a sector of activity to work with developers to design and create innovative applications useful to their business. The recipients can benefit from coaching opportunities to develop their projects at the end of these events.

Tous Numériques wants to raise public awareness

The official launch of Tous Numériques was on 15 March 2017 in Paris with the presentation of a White Paper to the major public and private digital players, and in particular the digital representatives in the campaign teams of the candidates in the French presidential election. This document contains an inventory and diagnosis of the digital uses of French micro-enterprises, small and medium-sized businesses and formulates key proposals to make France the European champion of local digital thanks to its dense fabric of small- and medium-sized businesses.

- Local Ideas blog

SoLocal Group offers and oversees the "Blog idées locales", a participatory online monitoring tool on the fixed and mobile Internet, a source of inspiration and solutions to develop its business locally.

This blog is intended for all types of businesses and in particular micro-enterprises, small and medium-sized businesses. Although they express a need for creative stimulation, they do not necessarily have the time and resources to track the latest ideas and trends.

The blog provides over 700 examples of original initiatives, from the most simple to the most daring, from all over France and from over 36 countries worldwide. More than 655,000 visits and 1,590,000 page views have been recorded since its launch. Its concept is now available through the publication of a White Paper dedicated to exceptional places created by these major brands and which announce the store of tomorrow, the publication of a newsletter twice weekly with nearly 2,900 subscribers and several editorial partnerships such as the BPI, Artisans mag and Centre Ville en Mouvement.

With this blog, we have found a new way to share the expertise we have gained from many years of working closely with local businesses.

3.4.2.2 PARTNERSHIPS TO GET MICRO-ENTERPRISES, SMALL AND MEDIUM-SIZED BUSINESSES ONLINE

The Group carries out various societal actions with institutional partners at the local and national levels to promote access of businesses in the real economy to digital uses.

National partnerships

SoLocal Group has developed national partnerships with:

- the Direction générale des entreprises (Directorate General for Businesses (DGE)) and its Digital Transition government programme to assist in the digitisation of micro-enterprises, small and medium-sized businesses. SoLocal Group holds the position of Chairman within the Association Transition Numérique Plus (ATN+) which unites the private partners of the governmental program. Created in 2013, ATN+ brings together a hundred or so digital players, IT companies and institutional partners to contribute to the development of digital in French micro-enterprises, small and medium-sized businesses. The Group endeavoured in particular to chair the association, recruiting new members, providing training modules intended for the digital representatives of the programme, running an online course on digital technology for partners, participating in the Tour de France of Digital Transition;
- the Conseil national du numérique (National Digital Council (CNNum)) as part of its work on Connected Growth The CNNum has organised working groups, to which SoLocal Group has particularly contributed, in order to draw up a national action plan on the digital transformation of micro-enterprises, small and medium-sized businesses in collaboration with the DGE and public and private partners and institutional partners of the digital transition of companies;
- branch professional federations in order to make their members aware of digital practices (for example: Organisation des transporteurs routiers européens (European road transportation professional's organisation), Jeunes agriculteurs (young agricultural workers union), etc.).

Moreover, several of our experts have given presentations on the digital transition of French companies at various institutional events (trade shows, conferences, roundtable conferences, etc.).

Local partnerships

In January 2017, SoLocal organised a "Digital Alternance Médecine" hackathon which for two days brought together students of the Faculty of Medicine of Strasbourg and students of Epitech Paris and Strasbourg to develop application projects useful to the health sector. The Board was composed of digital technology experts, representatives from innovative territories and specialists in the sector of medicine (Syndicat des médecins libéraux, union of independent medical practitioners).

INNOVATIVE ECOSYSTEMS

In 2015, SoLocal Group also undertook structured action on relations with the innovative regional ecosystems, particularly by supporting applicants holding the French Tech label, which enables start-ups and micro-enterprises, small and medium-sized digital technology businesses to grow more quickly.

In 2017, the Group entered into partnerships with territories labelled French Tech like La French Tech Poitou-Charentes, la French Tech Rennes Saint-Malo and Brest Tech+.

The Group is a member of and participates in the work of 18 digital support associations on a regional level, such as Grand Est Numérique or the association SPN (Réseau des professionnels du numérique – network of digital professionals). In this context, the Group enables innovative micro-enterprises, small and medium-sized businesses and start-ups that are members to benefit from its skills and know-how. The Group supported and participated in 2017 in events organised by these associations (examples: Startup On the Beach, day of presentation of Breton start-up projects organized by La French Tech Rennes Saint-Malo; #GEN5, organized by Grand Est Numérique).

Always in partnership with associations, local authorities, Chambers of Commerce and Industry, the Group has supported several acceleration programs for start-ups, offering mentoring, coaching and the provision of services. digital tools (API/SDK) (examples: The Booster So Digital, set up by the Grand Paris Seine Ouest, Ouest Startup conglomeration, launched by Brest Tech+ and Technopôle Brest-Iroise; Smart'Innov, led by the SPN). The Group also contributed to two hackathons organized by the SPN and the CCI Portes de Normandie as well as two start-up weekends organized by the CCI Portes de Normandie and the CCI Le Mans – Sarthe.

DIGITAL TRANSITION OF ACTORS IN THE TRADITIONAL ECONOMY

With the association Centre-Ville en Mouvement, the Group spoke in plenary during the Assises du Centre-Ville 2017 in Orleans, to contribute to the revitalization of city centres, and participated in Regional Meetings of Commerce in Macon, Lisieux and Bayonne, to encourage retailers to innovate by taking inspiration from the initiatives put forward by Idées Locales (created by SoLocal Group).

SoLocal Group is involved in several measures for businesses in the traditional economy, to support them in their digital transition: Digitale Attitude, operation carried out by the CCI Portes de Normandie for tourism stakeholders, with the organisation of three digital workshops attended by more than 200 professionals, Connecte Un Commerçant ("Connect a merchant"), a system set up by Digital Aquitaine with the contribution of the elected representatives of local authorities, Crisalide Numérique, a program set up by the CCI Ille-et-Vilaine, which highlights the Breton actors using digital in an exemplary way in their business activity. In addition, SoLocal Group contributes to the work of Reso Commerce 93, led by the CCI Seine-Saint-Denis, by facilitating workshops for merchants and facilitated the Trade Day organised by the CCI Grand Hainaut in Valenciennes, with the organisation of digital workshops and personalised digital diagnostics.

The partnership approach launched in 2016 with local authorities continued in 2017 around several themes: partnership around the data to enrich the "Internet de Séjour" application backed by the Comité régional de tourisme de normandie (Tourism Committee for the Normandy Region), providing the Eurêka collaborative platform for the Council of Ille-et-Vilaine (French administrative department council) and providing free of charge the HAMAK by PagesJaunes service, an application to connect citizens to personal services, already adopted by about fifteen local authorities.

3.4.3 RESPONSIBLE COMMUNICATION

3.4.3.1 IMPROVING THE QUALITY OF CONSUMER REVIEWS

In 2013, SoLocal Group was a forerunner in the process of certifying consumer opinions on the Internet, by obtaining the AFNOR certification for pagesjaunes.fr (on applications and fixed and mobile Internet), certification valid until 13 November 2017. At this time, SoLocal Group has chosen not to request certification again, while maintaining its commitment to quality, which involves maintaining the principles put in place in 2013.

Late 2017, PagesJaunes offered consumers more than 5 million reviews, covering more than 460,000 professionals in over 2,200 items.

If it is confirmed in 2018 that the NF standard is transformed into an ISO standard, SoLocal Group will study the relevance of labelling itself under this European standard.

3.4.3.2 RESPONSIBLE COMMUNICATION CHARTERS

SoLocal Group and its subsidiaries have signed the following charters, which reaffirm or further specify their commitments.

- The charter relating to personal data protection of users of its sites and its services accessible on line: this charter describes how the Group helps protect the personal data of Internet users when using one of its websites or one of its services.
- The Targeted Advertising and Internet User Charter, which was drafted by trade associations of targeted advertizing agencies, such as SoLocal MS and pagesjaunes.fr. The charter makes substantial contributions to limit the lifespan of cookies, foster transparency in practices and give Internet users more control over their personal data.
- The Internet Authentication Charter: likewise, this charter is in keeping with our belief that given our role in bringing Internet users and businesses together, we have a duty to promote user authentication and to assist consumers and business users in securing their transactions.
- The "Right-to-be-Forgotten" Charter, which supports the rights of Internet users to have information they post online removed: this charter aims to define the best practices to adopt by collaborative sites (social networks, blogs, forums, content publishing sites, messaging), as well as by search engines where Internet users voluntarily publish their data.

- the Charter of SNCD (the French National Direct Communication Association): SoLocal Marketing Services signed SNCD's Responsible Development Charter, which includes commitments to employees, the environment and society. Among other initiatives, SoLocal Marketing Services uses software to detect changes in a customer's address to reduce misdelivery.

SoLocal Group is also a member of the Open Internet Project. This initiative brings together more than 400 players from the digital world in Europe who defend the neutrality of the Internet.

3.4.4 SPONSORSHIP MEASURES

The Group structured its sponsorship actions in 2017 around the SoLidaires programme, launched at the beginning of the year. SoLidaires was built with two strong winning formulas:

- offer its employees the opportunity to combine their desire to take action and their know-how with the Group's mission to local economic players;
- anchor its responsible actions in its know-how: digital business in social media and with local actors.

The SoLidaires program is divided into three parts:

Part 1: Financing charity projects supported by SoLocal employees

Our employees could become ambassadors of the association(s) of their choice by applying for the allocation of a financial gift. The associations had to operate in France, contribute to the societal revitalization of their territory and facilitate access to digital or have a digital need.

Two associations that received a donation:

- Matelots pour la Vie (Sailors for Life, assisting children in hospital);
- STU-DIO (development of an intermediation platform between waste producers and re-users).

Part 2: Supporting associations via skills-based sponsorship

Our employees could accomplish a mission of 1 to 2 days in an association requiring a know-how related to our professions (training in social networks, free digital tools, the "agile" method, natural listing, creation of a site, etc.) This "skills-based sponsorship" was being tested in 2017 on the Boulogne head office scope, in order to fine-tune the process.

- In total, seven sponsorship days will have been formalised in 2017. This does not include contact time, exchange with associations, or the personal time that staff will have spent preparing for their assignments.

Part 3: Help national causes with our resources: advertizing spaces, relays on our social networks, telephone relations, etc.

SoLocal Group has helped support major national or emergency causes:

- Téléthon: for the 4th year in a row, the Group has given it significant, 100% digital visibility on its main sites with creations referring to the donation form. More than a hundred telephone contact experts volunteered again to collect pledges;
- Fondation de France/support for hurricane victims in the Antilles;
- Établissement français du sang (French Blood Bank Agency): the Group has joined #MissingType, an original awareness campaign for World Blood Donor Day;
- Association SPS (Soins aux professionnels de santé, Care for vulnerable healthcare professionals): media visibility on 11 December during their symposium at the French Ministry of Health.

QDQ, the Group's Spanish subsidiary, organises food and clothing drives for Caritas and Fondation SEUR and other charitable organisations.

3.5 OUTLOOK

2018 is set to be a pivotal year in terms of the transformation of the SoLocal Group and delivering its policy of societal responsibility. The ambition of the CSR Department is for the new governance to take on board the lessons of the materiality matrix derived from consultation with stakeholders. The challenge facing the Group is to ensure its strategic transformation meets the major expectations of all stakeholders and thus to implement a policy of societal responsibility that is in keeping with the spirit of the EU Directive on Non-Financial Reporting.

3.6 CSR CONTACTS

Please address any questions on SoLocal Group's corporate social responsibility to the CSR team at:

SoLocal Group

CSR department – Direction Stratégie, Partenariats et Relations Extérieures et Secrétariat Général

204, rond-point du Pont de Sèvres

92100 BOULOGNE-BILLANCOURT

rse@SoLocal.com

Appendix 1: Note on methodology

Appendix 2: Tables of compliance with Grenelle 2 and ISO 26000

Appendix 3: Independent Third Party's report

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3.7 APPENDIX 1 – NOTE ON METHODOLOGY

The SoLocal Group provides information on its CSR commitments in response to the decree implementing Article 225 of the Grenelle 2 Act.

The SoLocal Group wanted to establish a reporting process allowing all the information required to be collected. This process adopted within the Group is guided by a number of indicators in keeping with the requirements of Article 225 of the Grenelle 2 Act. It comprises several stages which are described below.

SCOPE OF REPORTING

PERIOD AND FREQUENCY

The SoLocal Group's CSR report is published annually in the Group's Reference Document. The information required covers the past calendar year in line with the Group's financial year, from 1 January to 31 December 2017.

In the case of indicators for which the information required is not fully available, two cases arise:

- the data is extrapolated so as to arrive at the annual result (note that the sliding 12-month method is not adopted except in specific cases);
- the period taken into consideration differs from the calendar year.

The particular cases are described in this Note on methodology, part 1.6 "Estimates and extrapolations".

SCOPE

Within the scope of its proactive strategy, the SoLocal Group aims in the future to extend its reporting to all its subsidiaries in the regions in which it operates.

For quantitative social indicators, the scope of the data provided is specified in each paragraph. It should be noted that in 2017 the Group's scope evolved with the sale of the classifieds business (AVAL).

Since the move of the head office in May 2016, the scope of reporting has progressed significantly to take into account almost all French subsidiaries on most environmental indicators.

Consequently, for the 2017 financial year, the scope taken into consideration is as follows:

Indicator	Scope
Datacentre power consumption	PJ + Mappy
Rate of virtualisation of servers	PJ + Mappy
Average number of computers per employee	PJ + SoLocal MS + "Citylights scope" of the other subsidiaries concerned + QDQ + GIE + Holding
Average number of printers per employee	PJ + SoLocal MS + "Citylights scope" of the other subsidiaries concerned + QDQ + GIE + Holding
Energy consumption excluding datacentres	PJ + SoLocal MS + "Citylights scope" of the other subsidiaries concerned
CO_2 emissions associated with energy consumption in tonnes of CO_2 equivalent (offices + datacentres)	PJ + SoLocal MS + "Citylights scope" of the other subsidiaries concerned (datacentres = PJ + Mappy)
Percentage of buildings with environmental certification throughout the sites leased	PJ + SoLocal MS + "Citylights scope" of the other subsidiaries concerned
Quantity of electrical and electronic equipment waste disposed of in tonnes	PJ + Mappy + SLMS
Water consumption	SoLocal Citylights

Regarding energy consumption, the 2016 data have been adjusted thanks to the receipt of additional statements, in particular of the gas consumption on the PagesJaunes Eysines site. The 2017 data for this site not being available, 2016 consumption was reapplied in 2017; the surface area remained stable.

For the other sites, two methodologies are applied:

- when the last bills of the year are missing, the invoice of the previous period is applied (1 or 2 months maximum extrapolation);
- all sites with invoices can extrapolate an average consumption of electricity per square metre, applied to sites missing invoices.

Concerning the areas covered by an environmental certification, the 2016 data has been adjusted following the non-receipt of the certification for the PagesJaunes Nancy site.

In terms of employee travel, emissions are presented within the scope of SoLocal France. 2016 data are published in the same scope, unlike previous years when they were published in the PagesJaunes scope.

ORGANISATION OF THE REPORT

The CSR indicators are provided by a network of participants. Their role consists, among other things, in organising and coordinating the feedback of information to the CSR department, and in guaranteeing the quality and exhaustive nature of the data supplied by means of consistency and probability checks.

Reporting guidelines explaining the CSR scope and indicators published in this Reference Document are available on request from the CSR department (rse@solocal.com).

There are 4 successive stages in the reporting process:

- collection and input of data via the "Reporting 21" reporting tool, carried out by a contributor;
- validation of the data collected, by an officer (the "validator");
- global audit and consolidation, provided by the CSR department;
- and finally, the use of the data collected: transmission of final results to the commitment officers, for directing projects and drawing up the SoLocal Group's reports.

REPORTING TOOL

The quantitative and qualitative CSR data is collected for this report by means of the "Reporting 21" tool, introduced in 2015. This tool has provided for the reliable collection, consolidation and control of CSR information.

INDICATORS NOT REPORTED

Based on its obligations to report on the 43 CSR subjects according to Article 225 of the Grenelle 2 Act, SoLocal Group has selected the indicators considered the most significant in view of its business and its stakes. These indicators cover the three sections of Article 225 of the Grenelle 2 Act: Environment, Social and Societal.

INDEPENDENT VERIFICATION

An independent third party reviews and certifies the presence and truthfulness of the CSR information published in the Reference Document in accordance with the requirements of the Grenelle 2 Act. This work is carried out in accordance with the regulations (Decree dated 13 May 2013 determining the terms and conditions under which the independent third party carries out its mission), the AFNOR principles (FD X30-024) and the ISO 17020 standard. The independent third party's report on the consolidated social, environmental and societal information published is presented in this Reference Document.

MAIN METHODOLOGICAL DETAILS

1. METHODOLOGICAL DETAILS FOR 2016 INDICATORS

Management of the indicators as part of moving the head office to Boulogne-Billancourt in the "Citylights" building

SoLocal Group's head office moved from Sèvres to Boulogne-Billancourt, in the "Citylights" building in May 2016.

The technical rooms were dismantled from the end of 2015 until the relocation of the head office. The servers in these rooms have been grouped together in Rennes' internal and external datacentres or at external service providers.

Energy consumption during periods of construction

CITYLIGHTS

Between January and April 2016 development work took place in the "Citylights" building before the arrival of SoLocal's employees. The energy consumption resulting from these works has not been taken into account in the consolidated data in this Reference Document. This consumption is as follows:

- electricity: 290 MWh;
- urban heating – heat: 190 MWh;
- urban heating – cold: 46 MWh.

BUREAUX PJSA – ISSY-LES-MOULINEAUX

SoLocal's employees left the premises of PJSA in Issy-les-Moulineaux on 25 May 2016. SoLocal nevertheless remained a tenant of the site until the end of 2016. Work is taking place during this period in the building. The energy consumption resulting from these works has not been taken into account in the consolidated data in this Reference Document. This consumption is as follows:

- Electricity: 313 MWh.

2. METHODOLOGICAL DETAILS FOR 2015, 2016 AND 2017 INDICATORS

Main estimates and extrapolations

Certain indicators for which all or some of the data was not available were extrapolated or estimated.
The main scenarios are presented below:

Indicators	Assumptions
Electricity consumption by offices excluding datacentres	*Technical rooms:* unlike in previous years, 2016 electricity consumption in technical rooms before moving to Citylights is taken into account in office consumption. *PJ SA:* estimate of consumption based on average kWh/m^2 ratio in the absence of data for a site (ex.: no invoice, late receipt of the invoice for the end of the year, etc.). The average ratio is calculated on the basis of a 2016 average consumption of PJSA sites for which all information was available.
Water consumption	*Citylights:* For the period of January-April, all water consumption concerning the workforce clustered at Citylights since moving in (May 2016) was estimated on the basis of a ratio m^3/employee calculated from the actual data measured at Citylights in May-December 2016
Paper distributed	The number of directories distributed at the end of the year (25.05% of the total directories) was estimated based on the total deliveries made to the distributors.

Details of certain social indicators:

- all social indicators are measured excluding interns, VIEs, temporary workers, apprentices and professionalization contracts;
- training: The training indicators include any training format and period. Employees provided with less than 30 minutes' training represent an insignificant number of employees trained; e-learning training could not be counted in the 2016 and 2017 figures;
- occupational accidents and accidents on business trips: Occupational accidents exclude home-work travel but take into account accidents occurring while on business trips. The work accident frequency rate is the number of accidents having resulted in initial compensation per million hours worked. (i.e. 1,000,000* "Number of work accidents resulting in absence"/"Total aggregate number of hours worked during the year"); the work accident severity rate is the number of days of absence for 1,000 hours of work (i.e. 1,000* "Aggregate number of days absence [following a work accident] during the year"/"Total aggregate number of hours worked during the year');
- percentage rate of employment of people with disabilities: publication of scope of France only;
- absenteeism rate: Number of days of sick leave during the fiscal year counted in working days (excluding interns, VIEs, temporary workers, apprentices and professionalization contracts) on the total number of theoretical days of work requested (excluding interns, VIEs, temporary workers, apprentices and professionalization contracts) (excluding public holidays, and the hours worked by employees who left during the year are included).

METHOD OF CALCULATING GREENHOUSE GAS EMISSIONS

In order to calculate the greenhouse gas emissions resulting from electricity consumption, urban heating and business travel, the following emission factors were used:

- for electricity (France): 0.075 kg CO_2e/kWh (Upstream and Production excluding line losses);
- for urban heating (concerning Citylights):
  - cold: 0.02 KCO_2e equivalent per Kwh (excluding line losses),
  - heat: 0,189 KCO_2e equivalent per Kwh (excluding line losses);
- for natural gas (LCV) (France): 0.2428 kg CO_2e per kWh PCI;
- for business travel: Diesel fuel from the pump, mainland France: 3.158 kg CO_2e per litre.

These emission factors were updated in 2017 by referring to the ADEME's Base Carbone, Version 7.71.

Notes on the materiality matrix:

SoLocal Group has not published its materiality matrix in this report since it is currently being finalised with the new management.

3.8 APPENDIX 2 – CONCORDANCE TABLE

	Pages	Art.225 Grenelle II - Information	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
INTRODUCTION				
1. CSR origin, governance and key indicators	48		**Policy (social, environmental and societal)** Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
2. Dialogue with the participating parties	49			
2.1 Day-to-day dialogue	49	Societal information	**b) Relations with people and organisations interested in the company's activities:** • Conditions of relations with persons or organisations interested in the company's activities	Organisation governance
	49	Environmental information	**a) General environmental policy** • Employee training and information measures for environmental protection	
2.2 Specific dialogue associated with the "materiality analysis" of the CSR issues	50	Societal information	**b) Relations with people and organisations interested in the company's activities:** • Conditions of relations with persons or organisations interested in the company's activities **Policy (social, environmental and societal)** Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
3. Reporting	51		**Policy (social, environmental and societal)** Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
SOCIAL RESPONSIBILITY "TO BUILD A MOTIVATING AND FULFILLING GROUP FOR EVERYONE"				
Introduction	51		**Policy (social, environmental and societal)** Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance

	Pages	Art.225 Grenelle II - Information	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
1. Employment policy and employability	51			
1.1 Workforce, hires, departures, turnover	51	Workforce information	**a) Employment** ● Total workforce and breakdown of employees by gender, age and geographical area ● Recruitments and dismissals ● Remuneration and the development thereof **b) Working hours** ● Organisation of working hours **d) Health and safety** Appraisal of agreements signed with the unions or staff representatives on health and safety at work	Working relations and conditions ● Employment and employer/employee relations ● Working conditions and social protection
1.2 Employee remuneration	53	Workforce information	**a) Employment** ● Remuneration and the development thereof	Working relations and conditions ● Employment and employer/employee relations ● Working conditions and social protection
1.3 Employee training and development	54	Workforce information	**c) Industrial relations** ● Organisation of industrial relations, particularly the personnel information and consultation procedures and negotiating with them **e) Training** ● Training policies implemented ● Total number of training hours	Working relations and conditions ● Industrial relations ● Development of human capital
2. Equality and diversity in the workplace	57			
2.1 Gender equality	57	Workforce information	**f) Equal treatment** ● Measures taken in favour of equality between men and women ● Anti-discrimination policy	Human rights ● Discrimination and vulnerable groups Working relations and conditions: ● Employment and employer/employee relations
2.2 Integrate all publics	57	Workforce information	**f) Equal treatment** ● Measures taken in favour of the employment and inclusion of disabled persons ● Anti-discrimination policy	
3. Safety, health and wellbeing at work	60			
3.1 Monitoring actions on quality of life and occupational health	60	Workforce information	**b) Work organisation** ● Absenteeism **d) Health and safety** ● Conditions of health and safety at work ● Occupational accidents, particularly the frequency and seriousness thereof, as well as occupational sickness **e) Training** ● Training policies implemented	Working relations and conditions ● Employment and employer/employee relations ● Working conditions and social protection ● Industrial relations ● Health and safety at work
3.2 Actions to improve quality of life	61	Workforce information	**d) Health and safety** ● Conditions of health and safety at work	Working relations and conditions ● Health and safety at work

	Pages	Art.225 Grenelle II - Information	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
4. Organisation of industrial relations	62			
4.1 Collective bargaining agreements within the Group	62	Workforce information	**c) Industrial relations** ● Appraisal of collective agreements **d) Health and safety** ● Appraisal of agreements signed with the unions or staff representatives on health and safety at work	Working relations and conditions ● Industrial relations
4.2 Union rights	62	Workforce information	**c) Industrial relations** ● Organisation of industrial relations, particularly the personnel information and consultation procedures and negotiating with them **d) Health and safety** ● Appraisal of agreements signed with the unions or staff representatives on health and safety at work	Working relations and conditions ● Industrial relations
4.3 Reorganisation of the activity	63	Workforce information	**c) Industrial relations** ● Appraisal of collective agreements	Working relations and conditions ● Industrial relations
ENVIRONMENTAL RESPONSIBILITY "TO CONDUCT BUSINESS IN AN ECO-RESPONSIBLE MANNER"				
Introduction	64	Environmental information	**d) Climate change** ● Significant categories of greenhouse gas emissions resulting from the company's activities, particularly from the use of the goods and services it produces ● Adaptation to the consequences of climate change	The environment ● Mitigation of climate change and adaptation Consumer issues ● Sustainable consumption
1. PagesJaunes greenhouse gas emissions appraisal 2009-2014	64	Environmental information	**d) Climate change** ● Significant categories of greenhouse gas emissions resulting from the company's activities, particularly from the use of the goods and services it produces	The environment ● Mitigation of climate change and adaptation
2. Printed Directories	65	Environmental information	**a) General environmental policy** ● Company organisation to take into account environmental issues and, where appropriate, environmental assessment or certification **c) Circular economy** ● Measures for prevention, recycling, re-use and other ways of recovering and eliminating waste ● Consumption of raw materials and measures taken to improve efficiency in their use **d) Climate change** ● Adaptation to the consequences of climate change	The environment ● Sustainable use of resources ● Protection of the environment, biodiversity and rehabilitation of natural habitats ● Mitigation of climate change and adaptation
3. Digital technologies	67	Environmental information	**c) Circular economy** ● Measures for prevention, recycling, re-use and other ways of recovering and eliminating waste ● Energy consumption, measures taken to improve energy efficiency and recourse to renewable energies	The environment ● Pollution prevention ● Sustainable use of resources

	Pages	Art.225 Grenelle II - Information	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
4. **Employee business travelling**	68	Environmental information	**d) Climate change** • Significant categories of greenhouse gas emissions resulting from the company's activities, particularly from the use of the goods and services it produces	The environment • Pollution prevention • Mitigation of climate change and adaptation
5. **Office premises**	69	Environmental information	**c) Circular economy** • Measures for prevention, recycling, re-use and other ways of recovering and eliminating waste • Measures to combat food waste • Energy consumption, measures taken to improve energy efficiency and recourse to renewable energies • Water consumption and water supply based on local constraints **d) Climate change** • Adaptation to the consequences of climate change	The environment • Pollution prevention • Sustainable use of resources • Mitigation of climate change and adaptation
6. **Greenhouse gas emissions connected with electricity consumption**	70	Environmental information	**d) Climate change** • Significant categories of greenhouse gas emissions resulting from the company's activities, particularly from the use of the goods and services it produces	The environment • Mitigation of climate change and adaptation
7. **Biodiversity**	70	Environmental information	**e) Protecting biodiversity** • Measures taken to preserve or develop biodiversity	The environment • Protection of the environment, biodiversity and rehabilitation of natural habitats
8. **Other forms of disturbance and pollution**	70	Environmental information	**a) General environmental policy** • Resources dedicated to the prevention of environmental risks and pollution • The cost of provisions and guarantees to cover environmental risk, unless this information is liable to seriously prejudice the company in an ongoing dispute **b) Pollution** • Measures for the prevention, reduction or restoration following discharge into the air, water and soil seriously affecting the environment • Taking into account noise disturbance and other forms of pollution specific to an activity **c) Circular economy** • Soil use	The environment • Pollution prevention • Sustainable use of resources
9. **Information on our ICPE premises**	70			
10. **Financial data on provisions and guarantees to cover environmental risks**	70			

	Pages	Art.225 Grenelle II - Information	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
SOCIETAL RESPONSIBILITY "TO PROMOTE RESPONSIBLE LOCAL ECONOMIC DEVELOPMENT"				
1. Governance and ethics	71			
1.1 Personal data	71	Societal information	**d) Fairness of practices** ● Measures taken in favour of the health and safety of consumers	Consumer issues ● Protection of consumer data and private lives
1.2 Professional ethics	73	Societal information	**g) Promotion of and compliance with the provisions of ILO agreements** ● on freedom of association and the right to collective bargaining ● on the elimination of discrimination in respect of employment and occupation ● on the elimination of forced or compulsory labour ● on the effective abolition of child labour **d) Fairness of practices** ● Actions taken to prevent corruption **e) Other actions undertaken in favour of human rights**	Fairness of practices ● Combating corruption ● Fair competition Consumer issues ● Fair practices in marketing, information and contracts
1.3 Risk management and supplier relations	74	Societal information	**c) Subcontracting and suppliers** ● Taking the social and environmental stakes into account in the purchasing policy ● The importance of subcontracting and taking relations with suppliers and subcontractors and their social and environmental responsibility into account	Fairness of practices ● Promotion of societal responsibility in the value chain
2. Digital development of the territories	75			
2.1 Concrete and innovative initiatives to support French microenterprises, small and medium-sized businesses in their digitisation	76	Societal information	**a) Territorial, economic and social impact of the activity** ● In terms of employment and regional development ● On resident and local populations **b) Relations with people and organisations interested in the company's activities:** ● Partnership or sponsorship measures	Communities and local development ● Implication among the communities ● Creation of wealth and revenues
2.2 Partnerships to get small and medium-sized businesses online	76			
3. Responsible communication	77			
3.1 Improving the quality of consumer reviews	77	Societal information	**d) Fairness of practices** ● Measures taken in favour of the health and safety of consumers	Consumer issues ● Fair practices in marketing, information and contracts ● Protecting consumer health and safety

	Pages	Art.225 Grenelle II - Information	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
3.2 Responsible communication charters	77			
4. Sponsorship measures	78	Societal information	**b) Relations with people and organisations interested in the company's activities** ● Conditions of relations with these persons or organisations ● Partnership or sponsorship measures	Organisation governance
Outlook	78		**Policy (social, environmental and societal)** ● Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance

3.9 APPENDIX 3 - INDEPENDENT THIRD PARTY'S REPORT

Financial year ended 31 December

To the shareholders,

In our capacity as professional chartered accountants, designated an independent third party, accredited by the French Accreditation Committee (COFRAC) under number 3-1055 (the remit of which is available on the site www.cofrac.fr), we hereby submit our report on consolidated social, environmental and societal information for the financial year ended 31 December 2017, presented in the Management Report (hereinafter "CSR Information"), in accordance with the provisions of article L.225-102-1 French Commercial Code.

THE COMPANY'S RESPONSIBILITY

It is the responsibility of the Board of Directors to produce a Management Report including CSR information as stipulated under article R.225-105-1 of the French Commercial Code, prepared in accordance with the internal guidelines, (hereinafter, "the Guidelines").

INDEPENDENCE AND QUALITY CONTROL

Our independence is established by regulatory texts and the industry code of ethics as set out in the decree of 30 March 2012 on chartered accounting. It also complies with the provisions of article L.822-11 of the French Commercial Code. We have also introduced a quality control system that comprises documented policies and procedures seeking to ensure observance of the rules on ethics, professional standards and the applicable laws and regulations.

RESPONSIBILITIES OF CHARTERED ACCOUNTANCY PROFESSIONALS

Our duties are, on the basis of our auditing work, to:

- attest whether the required CSR information is presented in the Management Report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation of the presentation of the CSR information);
- to offer a conclusion on whether the CSR information, taken as a whole, is fairly presented, in all material aspects, in accordance with the Guidelines (Reasoned opinion on the fair presentation of the CSR information).

Our work drew on the skills of four people between 3 October 2017 and 24 April 2018 for a 18-day period with an audit at head office on 23 and 24 January.

We carried out the work described below in accordance with the professional standards applicable in France and the decree of 13 May 2013 setting out the terms of reference of the independent third party's mission.

1. DECLARATION OF PRESENCE OF CSR INFORMATION

Nature and extent of the engagement

We examined, on the basis of interviews with the managers of the departments concerned, the guidance on sustainable development, in relation to the consequences of the Company's activity on its staff and on the environment and its commitments to society and, where relevant, the resulting actions or programmes.

We compared the CSR information presented in the Management Report with the list provided in Article R.225-105-1 of the French Commercial Code.

In the event of the omission of some consolidated information, we verified that an appropriate explanation was given in accordance with the third paragraph of Article R.225-105 of the French Commercial Code.

We have checked that the CSR information covered the consolidated scope, i.e. the company and its subsidiaries according to the definition in article L.233.1 and the companies it controls according to the definition in article L.233(3) of the French Commercial Code within the limitations specified in the methodological note in Appendix 1 "Methodological Note".

Conclusion

On the basis of this work and given the limitations mentioned above, in particular in relation to water consumption, we hereby certify that this management report contains the required CSR information.

2. REASONED OPINION ON THE SINCERITY OF THE CSR INFORMATION

Nature and extent of the engagement

We carried out 10 interviews with the persons in charge of preparing the CSR information within the departments responsible for the information-gathering processes and, where relevant, those responsible for the internal control and risk management procedures, in order to:

- assess the appropriateness of the processes (in respect of the terms of reference) in relation to the following points: relevance, comprehensiveness, reliability, neutrality, clarity;
- verify that a process had been set up for the collection, compilation, processing and control of the CSR information to ensure its completeness and consistency, and examine the internal control and risk-management procedures relating to the preparation of the CSR information.

We determined the nature and extent of our tests and checks based on the nature and importance of the CSR information with regard to the Company's characteristics, the social and environmental issues stemming from its activities, its sustainable-development policies and best practices in the sector.

In addition to checking consistency of all CSR information, in particular we studied:

- workforce information: the registered global workforce at 31/12, the number of employees hired on indefinite-term contracts, the total number of indefinite-term contract departures, the sick leave rate, the number of hours of training delivered, the work accident frequency and severity rate;
- environmental information: the tonnage of paper distributed for printed directories, electricity consumption of Citylights and Angoulême, GHG emissions from electricity at office premises, average number of sheets printed, number of printers per employee;
- societal information: conditions of dialogue with stakeholders, Personal data protection.

Concerning this CSR information we consider to be most significant (see Appendix):

- at the consolidating entity level, we consulted the source documents and carried out interviews to corroborate the qualitative information (organisation, policies, actions). For the quantitative information we verified the calculations and consolidation of the data as well as verifying their coherence and their consistency with the other information disclosed in the Management Report;
- Samples were selected on the following points: activity, contribution to consolidated indicators, geographical location and risks. We conducted interviews to verify that procedures were being correctly applied and tests correcting implemented based on the sampling, which consisted in verifying the calculations made and reconciling the data with the supporting documents. The sample thus selected represented an average of 85% of the workforce and between 19% and 100% of the quantitative environmental information and 100% of the quantitative societal information.

Finally, we assessed the sincerity of any explanations given to explain the total or partial absence of some information.

We exercised our professional judgement when choosing the methods and sizes of samples. Due to the use of sampling techniques and other limitations inherent in the functioning of any internal control and information system, the risk of failing to detect a significant anomaly in the CSR information cannot be totally eliminated.

Conclusion

On the basis of this work we did not identify any significant anomalies that might call into question the sincerity of the CSR information presented in accordance with the terms of reference.

Drawn up in Toulouse, 24 April 2018

Independent Third Party

SAS CABINET DE SAINT FRONT

Jacques de SAINT FRONT

Chair

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4.1 ADMINISTRATIVE AND GENERAL MANAGEMENT BODIES

4.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

As of the date of this document, the Board of Directors is composed of the following members:

- Mr Pierre Danon, Chairman of the Board of Directors;
- Mr David Amar, Vice-Chairman of the Board of Directors;
- Mr Jacques-Henri David;
- Ms Delphine Grison;
- Ms Marie-Christine Levet;
- Mr Alexandre Loussert;
- Mr Arnaud Marion;
- Ms Joëlle Obadia;
- Ms Lucile Ribot;
- Ms Sophie Sursock;
- Mr Philippe de Verdalle.

The Board of Directors, on the date of this document, is composed of eleven members, one of whom is a Director and Employee Representative and ten are Independent Directors.

Name	Nationality	Function	Date appointed	Date office expires	Other duties and main offices in other companies during the past five years
David Amar 11, rue du Rhône 1204 Geneva Switzerland	Switzerland	Vice-Chairman of the Board of Directors Director Member of Remuneration and Appointments Committee Chairman of the Strategic Committee Member of the ad hoc Refinancing Committee	13 June 2017	AGM to be held in 2021	Representative of Amar Family Office (Switzerland) Managing Director of Holgespar Luxembourg SA (Luxembourg) Director of Matignon Investissement et gestion (France) Chairman of SA EHPBG (France) Manager of Château le Mayne (France) **Offices no longer held:** None
Pierre Danon Cordial Consulting 17, bd Anatole-France 92100 Boulogne-Billancourt France	French	Chairman of the Board of Directors	5 September 2017	AGM to be held in 2019	Chairman of TDC (listed company – Denmark) Vice-Chairman of Agrogeneration (listed company – France) Executive Chairman of Volia (Ukraine) Executive Chairman of All Media Baltics (Baltic States) Chairman of ProContact (Mauritius) Vice-Chairman, Ciel Finance (Mauritius) **Offices no longer held:** Chairman Numericable – Completel group (France) Non-Executive Director Standard Life (Scotland)
Jacques-Henri David 17, avenue de l'Annonciade, MC 98000 Monaco	French	Director Chairman of the Audit Committee Chairman of the ad hoc Equity Story Committee	19 October 2016	General Shareholders' Meeting to be held in 2020	Director of UGC – Paris (France) Chairman of the Financial Activities Supervisory Commission of the Principality of Monaco (France) Director of Edmond de Rothschild Europe – Luxembourg (Luxembourg) Chairman of Axcior Corporate Finance (France) **Offices no longer held:** Director, Edmond de Rothschild Monaco (Monaco)

Name	Nationality	Function	Date appointed	Date office expires	Other duties and main offices in other companies during the past five years
Delphine Grison CBRE 76, rue de Prony 75017 Paris France	French	Director Member of the Strategic Committee	13 June 2017	General Shareholders' Meeting to be held in 2021	Marketing and Business Intelligence Director of CBRE France (France) Chairman of DGTL Conseil (France) Member of the Supervisory Board of Asmodée Holding (France) **Offices no longer held:** None
Marie-Christine Levet 5, rue de l'Echelle 75001 Paris France	French	Director Member of the Strategic Committee	15 December 2017	General Shareholders' Meeting to be held in 2020	Chairman of Educapital (France) Director of Iliad (listed company – France) Director of Maisons du Monde (listed company – France) Director of Econocom (listed company – France) Director of Mercialys (listed company – France) Director of the AFP (France) **Offices no longer held:** Director of HiPay (France) Director of Avanquest (listed company – France)
Alexandre Loussert 3, rue Jules-Ferry 92400 Courbevoie France	French	Director Member of Remuneration and Appointments Committee	19 October 2016	General Shareholders' Meeting to be held in 2020	Director and Chairman of the Regroupement PPLOCAL (France) associationChairman of AL Conseil (France) **Offices no longer held:** None
Arnaud Marion Marion & Partners 563 Chiswick High Road W4 3AY London United Kingdom	French	Director Member of the Audit Committee Chairman of the ad hoc Committee on Monitoring the Restructuring Process Chairman of the ad hoc Refinancing Committee	19 October 2016	General Shareholders' Meeting to be held in 2020	Director of Marion & Partners LTD (United Kingdom) Director of Digital Shield Ltd (United Kingdom) Director of Établissements Zilli (France) **Offices no longer held:** General Partner of Initiales AM SARL (France) General Partner then Chairman of Trans Consult International (France) Director of EGP (France) General Partner of ART DAM (France) President then Liquidator of Sirenak (France) Chief Executive Officer of MIA ELECTRIC SAS (France) Representative of SideAlliance to the Supervisory Board of ASCOMETAL (France) Deputy Chief Executive Officer non-Director of BVF (France) Deputy Chief Executive Officer non-Director of Neuhauser Financière (France) Chairman of the Executive Committee of Doux SA (France)
Joëlle Obadia PagesJaunes 204, rond-point du Pont-de-Sèvres 92100 Boulogne Billancourt France	French	Director and employee representative Member of the Remuneration and Appointments Committee Member of the ad hoc Committee on Monitoring the Restructuring Process	7 April 2016	7 April 2020	None **Offices no longer held:** None

Name	Nationality	Function	Date appointed	Date office expires	Other duties and main offices in other companies during the past five years
Lucile Ribot 10, rue Mayet 75006 Paris France	French	Director Member of the Audit Committee	9 March 2018	Annual General Shareholders' Meeting to be held in 2022	Director of HSBC France Member of the HSBC (France) Audit and Risk Committees **Offices no longer held:** Director and Member of the Executive Committee of Fives SA (France) Chief Executive Officer and Member of the Novafives SAS Executive Committee (France)
Sophie Sursock Accelero Capital 6, rue Morillo 75008 Paris France	French	Director Member of the Audit Committee Member of the ad hoc Refinancing Committee and Member of the ad hoc Equity Story Committee	13 June 2017	AGM to be held in 2021	Co-founder and Manager of Accelero Capital (France) Director and member of the Compensation Committee of Subfero Limited (United Kingdom) Director of Italiaonline S.p.A (formerly Seat Pagine Gialle S.p.A and Italia Online S.p.A) (Italy) **Offices no longer held:** Director of Dada Spa (Italy) Director of Inty Ltd (United Kingdom)
Philippe de Verdalle Nobel 20, rue Quentin-Bauchart 75008 Paris France	French	Director Chairman of the Remuneration and Appointments Committee Member of the ad hoc Equity Story Committee	13 June 2017	General Shareholders' Meeting to be held in 2021	Chief Executive Officer of Nobel, a specialist business investment company managed by WCP (Weinberg Capital Partners) (France) Director of LNA Santé (listed company – France, representative of the Fonds Nobel) **Offices no longer held:** Director of Mersen (listed company – France, representative of the Fonds Nobel)

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors has changed significantly since the General Shareholders' Meeting on 13 June 2017 which saw Ms Delphine Grison, Ms Sophie Sursock, Mr David Amar and Mr Philippe de Verdalle all appointed as Directors.

Ms Nathalie Balla, Ms Cécile Moulard, Ms Monica Menghini and Ms Sandrine Dufour resigned from their positions as Directors on 22 June 2017, 11 October 2017, 15 December 2017 and 9 March 2018 respectively. Mr Robert de Metz and Mr Jean-Marc Tassetto resigned as Directors on 5 September 2017. Mr Robert de Metz also resigned as Chairman of the Board of Directors on 5 September 2017.

The Board of Directors of the Company:

- coopted and appointed on 5 September 2017 Mr Pierre Danon as Director and Chairman of the Board of Directors, replacing Mr Robert de Metz;
- coopted on 15 December 2017 Ms Marie-Christine Levet, as Director, replacing Ms Monica Menghini.

The General Shareholders' Meeting on 9 March 2018 appointed Ms Lucile Ribot as Director and ratified the co-opting of Mr Pierre Danon and Ms Marie-Christine Levet.

Moreover, Mr David Amar was appointed Vice-Chairman by the Board of Directors during its meeting on 14 February 2018.

INDEPENDENT DIRECTORS

The Board of Directors consists of ten independent members, i.e. 100% independent members (excluding the Director representing the personnel).

The criteria used to determine whether or not a Director is independent are those of the AFEP/MEDEF Corporate Governance Code.

There are no family relationships between the members of the administrative and management bodies.

BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

David Amar, joined the Amar Family Office in 2009 and assumed responsibility for its management in 2013. He specialises in long-term investment in listed companies, wine estates and wine trading companies, hotel properties and property development. He is also a Director of the Matignon Investissement et Gestion (Private Equity) investment fund. He was in charge of asset management in various major Swiss banks from 2006 to 2009. He earned a MBA in Geneva in 2006.

Pierre Danon, a civil engineer, law graduate and a Higher Institute of Business graduate, has held a variety of general management positions as well as being a Director of many companies including Chairman of Xerox Europe, Director General of British Telecom Retail and Chairman and Chief Executive Officer of Numericable-Completel. In 2008, he was appointed Vice-Chairman of the Copenhagen-based company TDC and today he is its Chairman. He has also been Volia Executive Chairman, in Kiev, since 2011. In 2013, he was appointed Vice-Chairman of Agrogénération in Paris and in 2017, he became Executive Chairman of All Media Baltics in the Baltic countries.

Jacques-Henri David is Chairman of the Financial Activities Control Commission of the Principality of Monaco (since 2011), Director of Edmond de Rothschild Europe – Luxembourg (since 2015) and Director of SoLocal (since 2016). Between 1967 and 1985, Mr Jacques-Henri David held several positions and, in particular, Inspector of Finance at the Ministry of Economy and Finance; Deputy Director, then Director General in the Office of René Monory (Minister of the Economy) and General Secretary of the National Credit Council at the Banque de France. He then joined Saint-Gobain, firstly as Financial Officer and then Chief Executive Officer (1985-1989). He then went on to hold a large number of positions: Chairman of the Stern Bank (1989-1992); Chairman of the Research Center for the Expansion of the Economy (Rexecode) (1989-1996), Director General of the "Compagnie générale des eaux" (CGE) (1993-1995), Chairman of the Executive Committee of the "Crédit d'équipement des petites et moyennes entreprises" (CEPME) (1995-1999); Chairman of Sofaris (1996-1999); Chairman of the "Banque du développement des petites et moyennes entreprises" (BDPME); (1997-1999); Member of the Economic and Social Council (CES); Chairman of the Deutsche Bank France group (1999-2009) and Vice-Chairman of the "Global Banking" Dvision of Deutsche Bank AG (2005-2009), and then founder and Chairman of Acxior Corporate Finance (2010-2014). An alumnus of l'École polytechnique, he is a graduate of the "Institut d'études politiques" [Institute of Political Studies] in Paris and the "École nationale de la statistique et de l'administration économique" (ENSAE) [a leading French graduate school in the fields of statistics, economics, finance and acturial sciences]. Mr Jacques-Henri David is Commander of the Legion of Honor and the National Order of Merit.

Delphine Grison has been Director of Marketing and Business Intelligence de CBRE France since December 2015, Chair of DGTL Conseil since 2014, a company where she worked as a consultant, and a Director of Asmodée Holding since June 2014. She previously worked for more than 10 years in the media, holding positions in finance, strategy, marketing and digital functions. In particular, she led Lagardère Active's digital activities until 2013, as Chair of Lagardère Active Digital and a member of the Lagardère Active Executive Committee. Ms Delphine Grison is an alumnus of the ENS (1987), has a doctorate in quantum physics (1992) and is a civil engineer (1994).

Marie-Christine Levet, a pioneer of the Internet in France, has managed several major French Internet brands. In 1997, she founded Lycos to launch the French version of the search engine and developed it by buying Caramail, Spray and Multimania. From 2001 to 2007, she ran Club-Internet, an internet service provider (subsidiary of T-Online/Deutsche Telekom), where she oversaw the strong increase in its ADSL market share as well as its content and services offering before selling it to Neuf Cegetel (today SFR) in 2007.

She then took over the management of the 01 group, the leading hi-tech information group in France (01net, 01Informatique, etc.), as well as Nextradiotv group's Internet activities (bfmtv.comn rmc.fr, etc.). In 2009, Ms Marie-Christine Levet focused her career on venture capital and helped create Jaina Capital, an investment fund specialising in seed financing and which finances approximately twenty companies (Made.com, La Ruche qui dit Oui, Mediarythmics).

In 2017, she created, her own fund, Educapital, the first investment fund dedicated to the Education and Innovative Training sectors and which she currently chairs. Ms Marie-Christine Levet is a Director of numerous companies: Iliad (Free), Mercialys, Maisons du Monde, Econocom and AFP. Ms Marie-Christine Levet is a graduate of HEC and has an MBA from the INSEAD.

Alexandre Loussert is a consultant, and has held management positions within the RATP (2004-2013). He has been Ambassador for Peace to the Comité Europe Afrique under the aegis of UNESCO since 2007. He is Chairman of RegroupementPPLocal, a not-for-profit organisation dedicated to asserting and defending the interests and rights of individual shareholders. Member of the Individual Issuer-Shareholders Committee of ANSA (Association nationale des sociétés par actions).

Arnaud Marion (Lettres Classiques, Sciences-Po Paris) began his career in 1987 at Arthur Andersen before joining the Edmond de Rothschild group in 1993. In 2001, he created Trans Consult International, and in 2014, Marion & Partners in London, companies specialised in crisis management, complex operations, strategic analysis and negotiations. He has acted as a consultant for a number of major companies including Pleyel, Le Lido, Hersant Media, la Salle Pleyel, Heuliez, Doux, Neuhauser (Groupe Soufflet) or ZILLI. He is involved in both solvency and forensic contexts and has experience of more than 250 companies and 40 executive mandates in the banking, services and industry sectors. He was a lecturer at Sciences-Po in Paris from 1993 to 1998 and is the author of four books. Mr Arnaud Marion was also a member from 2006 to 2012 of the National Commission responsible for awarding the "EPV – Living Heritage Enterprises" label under the Ministry of Economy and Finance, and founded the "Association Nationale des Entreprises du Patrimoine Vivant" and served as its Chairman from 2010 to 2012. He received the French Excellence award for Pleyel in 2012 and the Ulysse prize for the Readers of Challenges and AER for the best turnaround in 2016. He is ambassador of the "Apprentis d'Auteuil Foundation". He is a "chevalier de la Légion d'honneur" [Knight of the Legion of Honour].

Joëlle Obadia spent 10 years with the Thomson group, with 5 of these years at Thomson Brandt Armements where she looked after external public relations (press, public, events relations in France and overseas); in November 1991, she joined the PagesJaunes Sales department, responsible for sales force incentives, then for boosting sales by combining with leading sales, commercial challenges, information from the various sales channels and client events. In 2007, Ms Joëlle Obadia joined the Sales department Management Committee, becoming Manager of Sales Growth, and also taking on the role of managing and overseeing all sales training. Today, she is the Communiucations and MICE Manager within the Operational Excellence division.

Lucile Ribot, a 1989 graduate of HEC [leading school of management], began her career at Arthur Andersen where she conducted audit and financial advisory assignments for major international groups. She joined the Fives group in 1995, where she became Chief Financial Officer in 1998, a member of the Executive Committee in 2002, and supported the growth and strategic development of the company until 2017. She is a Director and member of the Audit and Risk Committees of HSBC France.

Sophie Sursock, 38 years old, is co-founder, CEO and shareholder of Accelero Capital, an investment and management group specializing in the TMT sector (Telecommunications, Media, Technologies). She manages its Paris office. She has conducted several transactions in the technology and media sector. In particular, she took part in the restructuring of Seat Pagine Gialle S.p.A and is a member of the Board of Directors of Italiaonline (formerly Seat Pagine Gialle S.p.A and Italia Online) and Subfero Limited. She was previously Corporate Finance Manager at Orascom Telecom Holding S.A.E/Weather Investments from 2007 to 2011. She also worked in the M&A Operations department of Deloitte's Corporate Finance department in Paris from 2005 to 2007, before becoming Junior Project Manager at PrimeCorp Finance S.A. and Junior Investment Manager at Axa Investment. Ms Sophie Sursock has a Bachelor's Degree in Business Administration, a Masters (MSc) in International Business from ESCP-EAP Paris Business School and a Certificate in Management of Technology.

Philippe de Verdalle is a partner of Weinberg Capital Partners, which he joined in 2015 to launch and direct the Nobel Fund, which is one of the three divisions of WCP. Nobel is a long-term investor which supports the development of listed French companies. Mr Philippe de Verdalle is a Director of LNA Santé (Euronext-listed) and was a Director of Mersen until 10 April 2017 (Euronext-listed). He was previously a member of the Management Committee of UBS France (2011-2015), Managing Director of HSBC France in charge of Investment Activities (2000-2011), Senior Lecturer in Corporate Finance at the Paris Institute of Political Studies (1997-2011). He is a graduate of the Institut d'études politiques de Paris, the SFAF (French Society of Financial Analysts) and earned an MBA from INSEAD Business School.

4.1.2 CRIMINAL OFFENCES AND POTENTIAL CONFLICTS OF INTEREST

Over the past five years, no member of an administrative body, a management body or of senior management has been:

- convicted of fraud;
- directly involved in bankruptcy, receivership or liquidation proceedings;
- charged with a crime and/or sanctioned by a statutory or regulatory authority;
- involved in legal proceedings to prevent him or her from serving on an administrative, management or supervisory body of an issuer of securities or from participating in the management or administration of an issuer of securities business.

There is no potential conflict of interests between the duties of the members of administrative and management bodies and of senior management with regard to the Company and their private interests and/or other duties.

4.1.3 COMPOSITION OF THE MANAGEMENT BODIES

As of the date of this document, the Company's senior management is composed of the following members:

Name	Duty(ies)
Éric Boustouller	Chief Executive Officer
Christophe Parcot	Sales Director
Richard Cuif	Director of Human Resources, also in charge of Internal Communications
Pascal Garcia	General Secretary
Jean-Jacques Bancel	Chief Financial Officer
Arnaud Defrenne	Director of R&D *(as of 24 April 2018)*
Pascale Furbeyre	Director of Marketing *(as of 9 May 2018)*
Frédéric Obala	Chief Executive Officer of Local Digital Search

Éric Boustouller has been Chief Executive Officer since 11 October 2017. A graduate of the "Institut d'études politiques" in Paris, Mr Éric Boustouller was Compaq France's General Sales Manager. Microsoft France Deputy CEO (2002-2005) and then Chief Executive Officer; Vice-President of Microsoft International (2005-2012). Since 2012, he has been Corporate Vice-President of Microsoft Corporation and Area Vice-President of Microsoft Western Europe.

Christophe Parcot has been Sales Manager since 9 November 2017. After obtaining an Advanced Master's from Essec Business School in 1990, Mr Christophe Parcot began his career at Largardère Active in the distribution business in Canada before joining Bertelsmann in Paris, working in the International department for consumer magazines. He moved to the LVMH holding company at the beginning of 1996 to take up financial and investment duties. Founding co-Director of Liberty Surf in 1999, he led the IPO process in 2000 and was then appointed Director of Strategy and Development at Tiscali France. In 2002, he launched the company Overture, inventor of sponsored links, in France, Spain and then Italy. Following the buyout of Overture and Kelko by Yahoo!, in 2006 he became Vice-Chairman Southern Europe of the Yahoo! group and in 2012 was appointed VP Head of EMEA of Yahoo! reporting to Marissa Mayer. In 2014, he joined the start-up Teads as Director of Operations tasked with speeding up international growth and transforming the company into a market leader for mobile and programmatic digital video advertizing. Teads was sold to the Atrice group at the beginning of 2017. Today, Mr Christophe Parcot is Operating Partner within the London investment fund C4 Ventures and Managing Partner of the consulting firm Sixt5 Partners.

Richard Cuif has been Director of Human Resources since 9 November 2017. He is also in charge of Internal Communications. He began his career at Rank Xerox, moved on to Disney and then Kraft Foods before joining the PepsiCo group where he was appointed Director of Human Resources- France in 1997. In that position, he played a role in the merger of the Food and Beverages activities in France. He then joined Schweppes France, participated in the creation of Orangina Schweppes before being promoted to the position of Director of Human Resources, Europe for the Group's Beverages business activity. From 2005 to 2008, he held the position of HR Director of Microsoft France, then joined the Devanlay-Lacoste group where he held the position of General Manager of Human Resources, Internal Communication and CSR. For seven years, he participated in the Group's international development headed up the Human Resources department and played a key role in the transformation of the Group. From 2016 to 2017, he worked as a consultant.

Pascal Garcia is General Secretary. A graduate of the HEC Business School and having earned an MBA in Brazil and Spain, Mr Pascal Garcia has been with the SoLocal Group since 1997. He started his career in Brazil, then moved to Wanadoo Edition, where he was, until 2008, CEO of QDQ Media in Spain, before being appointed as Manager of the Advertizers division and becoming a member of the Group's Executive Committee. In 2011, he became Head of Strategy, Partnerships and External Relations, which also includes the Group's international activities. Three years later, he was appointed General Secretary of the Group and, in addition, took the responsibility of the Legal and Social Strategy department. At the end of 2017, he took charge of External Communications, Institutional Relations as well as Audit, Risk and Internal Control Department.

Jean-Jacques Bancel has been Administrative and Financial Director since 13 February 2018. Mr Jean-Jacques Bancel, a graduate of ESSEC, began his career in 1993 in consulting (Mars & Co) to join the world of banking (HSBC) in 1998, before managing the IPO of Autoroutes du Sud de la France. Buoyed by the success of this operation, he was promoted to Chief Financial Officer in 2003, a position he would then occupy in various companies between 2007 and 2016 as Consolis (European construction group) or in the pharmaceutical industry (Ethypharm and SGD Pharma).

Arnaud Defrenne is Director of R&D (as of 25 April 2018). Mr Arnaud Defrenne is a graduate of the ESA Business School. He worked at Liberty Surf, Netbooster before co-founding LeGuide.com. In 2005, he joined the Publicis group where he developed technological offers such as "Digital Content & Commerce" or "Digitas Cloud". He joined the L'Oréal group in 2015 as Chief Digital Marketing Technology Officer (CDMTO) to speed up digital transformation and develop the Group's digital business and revenue.

Pascale Furbeyre is Marketing Director (as of 9 May 2018). A graduate of Columbia Business School MBA, Ms Pascale Furbeyre worked for About.com, Sprinks, Overture and Yahoo! France. In 2009, she joined the Crédit Agricole group as Marketing and Communication Director and launched the online bank BforBank, a bank specialising in savings. She designed and developed the BforBank website, defined the positioning of the brand and supervised its launch on TV, the press and the Internet. Since 2013, she has been Marketing Director of the LesFurets.com comparison site, a subsidiary of the English group BGL.

Frédéric Obala is Chief Financial Officer of the Local Digital Search. A graduate of HEC, Mr Frédéric Obala started his career as a strategy consultant before joining Promodes (now Carrefour) in 1992. In 2002, he joined PPR (today Kering) as Strategy Manager and member of the Executive Committee, then as Marketing and Web Director of La Redoute. He exercised his responsibilities at Doméo then Darty before joining the SoLocal Group in 2014 as Major Accounts Manager then as Head of the Digital Marketing division.

4.2 FUNCTIONING OF THE BOARD AND THE COMMITTEES

The Company is managed by a Board of Directors that decides on business strategy and oversees its execution by senior management. Without prejudice to the powers expressly reserved by law for General Shareholders' Meetings and within the limits of the corporate purpose, the Board may address any concern that may have an impact on the Company's business and decide any matters within its remit. It also expresses its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology.

4.2.1 COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE STANDARDS

SoLocal Group embraces the principles of corporate governance of listed companies set out in the AFEP-MEDEF Corporate Governance Code in its revised version of November 2016.

The Board of Directors has identified no difference between SoLocal Group's practices and the recommendations of the AFEP-MEDEF Corporate Governance Code.

4.2.2 SERVICE AGREEMENTS

No member of the Board of Directors or the Chief Executive Officer has a service agreement with the Company or with one of its subsidiaries that grants benefits upon contract termination.

4.2.3 CORPORATE GOVERNANCE REPORT ADOPTED BY THE BOARD OF DIRECTORS OF 14 FEBRUARY 2018[1]

This report is prepared in accordance with Articles L. 225-37 et seq. of the French Commercial Code. It has four sections:

Part I: The principles and criteria for determining the compensation of corporate officers for the 2018 financial year, Article L. 225-37-2 of the French Commercial Code)

Part II: The compensation of corporate officers for the 2017 fiscal year (Article L. 225-37-3 of the French Commercial Code)

Part III: Corporate Governance (Article L. 225-37-4 of the French Commercial Code)

Part IV: Significant factors liable to have an impact in the event of a tender offer or public exchange offer (L. 225-37-5 of the French Commercial Code)

PART I: THE PRINCIPLES AND CRITERIA FOR DETERMINING THE COMPENSATION OF CORPORATE OFFICERS FOR THE 2018 FINANCIAL YEAR (ARTICLE L. 225-37-2 OF THE FRENCH COMMERCIAL CODE)

THE PRINCIPLES AND CRITERIA FOR DETERMINING THE DISTRIBUTION AND ALLOTMENT OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING THE TOTAL COMPENSATION AND BENEFITS OF ALL KINDS ATTRIBUTABLE TO THE CHAIRMAN, CHIEF EXECUTIVE OFFICERS (CEO) OR DEPUTY CHIEF EXECUTIVE OFFICERS (DCEO) FOR THE PERFORMANCE OF THEIR FUNCTIONS (ARTICLE L. 225-37-2 SUBPARAGRAPH 2 OF THE FRENCH COMMERCIAL CODE) (EX ANTE VOTE)

The 8th and 9th resolutions put to the General Shareholders' Meeting on 9 March 2018 concern the approval of the principles and criteria for determining, distributing and allotting the fixed, variable and exceptional items of the total compensation and benefits of all kinds which are attributable to the Chief Executive Officer (8th resolution) and the Chairman of the Board of Directors (9th resolution) for the 2018 financial year.

Part I sets out the principles and criteria for determination which are put to the vote of the General Meeting. These principles and criteria apply to the functions concerned and would continue to apply if the General Management or the Chairman of the Board changed.

In addition, the amounts referred to in Part I represent ceilings and the total compensation and benefits in kind granted to the corporate officers of SoLocal Group may be for lower amounts.

The principles and rules of determination

The compensation of the corporate officers of the Group is determined in compliance with the recommendations of the AFEP/MEDEF Corporate Governance Code, revised in November 2016, and the provisions of Law n° 2016-1691 of 9 December 2016 (the **"Sapin 2 Law"**).

It is decided by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, and submitted to the vote of the General Shareholders' Meeting.

It is subject to regular comparative studies in order to ensure the competitiveness and fairness of the compensation policy within the Group.

The conditions of compensation of the corporate officers comprise firstly annual growth and personal operational effectiveness targets, and secondly long-term targets linked to the economic and financial performance of the Group. They notably take account of the specificities of firms of the digital sector in the matter of compensation and retention of management staff.

For the 2017 financial year, the Board of Directors wanted the variable compensation of executive corporate officers to be based on the creation of value for shareholders (Total Shareholder Return).

The Board of Directors wants the targets fixed for executive corporate officers for the 2018 financial year to reflect their involvement in the challenges of transforming the strategy, organisations and the culture whilst taking into account the return to growth which is necessary for the Group.

(1) *All resolutions relating to the principles and criteria for determining the compensation of corporate officers for the 2018 financial year and the compensation of corporate officers for the 2017 financial year were approved by the General Shareholders' Meeting of 9 March 2018.*

A. Chairman of the Board of Directors

A proposal will be made to the shareholders at the General Meeting on 9 March 2018 for the Chairman of the Board of Directors to receive annual all-inclusive compensation of €150,000 in Directors' fees for his office as Chairman of the Board of Directors.

He does not benefit from any other compensation or benefit.

B. Chief Executive Officer (CEO)

1. DIRECTORS' FEES

The Directors' fees which the Chief Executive Officer may be entitled to during his term of office as a Director or permanent representative of a company of the Group (the Company and its subsidiaries) or an entity in which he may intervene as a representative of a company of the Group will either not be paid (for subsidiaries) or paid to the Company.

2. ANNUAL COMPENSATION

2.1. Structure of the annual compensation

The annual compensation of the Chief Executive Officer comprises a fixed portion and a variable portion, the criteria of which are (i) partly common to all Directors of the Group ("common targets"), and (ii) partly individual ("individual targets").

2.2. Fixed annual compensation

The Chief Executive's gross annual fixed compensation for the 2018 fiscal year will total €520,000 which will be paid in monthly installments. The amount of this fixed compensation has not changed since 2013.

2.3. Multi-year variable compensation

The Board of Directors informs the Chief Executive Officer annually of the targets it has set for assessing variable compensation, which are based on a proposal by the Remuneration and Appointments Committee. The Board of Directors assesses the attainment of the targets and the amount of the corresponding variable portion every year on a proposal by the Remuneration and Appointments Committee.

The criteria for the variable compensation of the Chief Executive Officer for the 2018 financial year payable in 2019 were fixed by the Board of Directors at its meeting on 14 February 2018 on a proposal by the Remuneration and Appointments Committee.

The criteria for assessment of the 2018 variable compensation of the Chief Executive Officer and their respective weight are summarised in the table below.

The Board of Directors set the 2018 target for the variable portion of the Chief Executive Officer's compensation at 100% of fixed compensation, if targets are attained. It can vary between 0% and 200% of fixed compensation, based on the following criteria:

	Min	Target	Max
2018 Internet revenues: growth target for internet revenues	0%	20%	40%
2018 EBITDA: profitability and cost reduction focus target	0%	20%	40%
Evolution in number of Clients	0%	10%	20%
NPS customer satisfaction target	0%	10%	20%
Individual targets connected to the transformation project	0%	40%	80%
TOTAL VARIABLE AS% OF FIXED COMPENSATION	**0%**	**100%**	**200%**

The payment of the items of variable compensation due for the 2018 financial year to the Chief Executive Officer will be conditional on approval by the Ordinary General Shareholders' Meeting of the Company to be held in 2019.

2.4. Multi-year variable compensation

N/A.

2.5. Stock options

No stock option allotment is planned for 2018.

2.6. Free share allotments

A proposal will be made to the General Meeting on 9 March 2018 to authorise a long-term compensation mechanism in the form of an allotment of the Company's performance shares (12th resolution) to the Company's corporate officers.

Therefore, in 2018, the Chief Executive Officer would be allotted a maximum of 2,300,000 free performance shares, in accordance with the terms and conditions below:

- the allotment of free shares would be subject to a performance condition and a presence condition;
- the performance condition would be based on (i) the level of achievement of a target related to the aggregate EBITDA less CAPEX and (ii) the evolution of the Company's share price, it being noted that the definitive allotment of the maximum number of shares which must be authorised by the General Meeting would be conditional upon the average share price over the twenty trading days preceding 31 December 2020 being equal to or higher than €1.98 (after restatement of any distributions or capital transactions taking place subsequent to the General Meeting);
- the vesting period would be three years;
- the Chief Executive Officer would be obliged to retain at least 30% of the free shares definitely allotted to him up until he ceased to be a member of the Company's Executive Board;
- in the event of a beneficiary's incapacity under the statutory conditions, or death, the performance and presence conditions shall be deemed satisfied and the final allotment of shares shall occur before the end of the vesting period;
- in the event of forced departure during the vesting period, he shall remain entitled to the allotment of a number of shares determined prorata to his length of service compared to the three-year vesting period, assuming that (i) this forced departure occurs more than twelve (12) months after the allotment of the shares and (ii) on the effective date of departure, the performance condition(s) has/have been met;
- in the event of forced departure due to (x) death or (y) incapacity or (z) a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) during the vesting period, the performance conditions and the presence condition shall be deemed fully satisfied, thereby entitling him or his successors in interest to all shares allotted.

Forced departure shall mean departure for any reason other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors.

The Board of Directors' intention is to present a performance share allotment plan to the General Shareholders' Meeting of the Company annually, whose scope and conditions will be agreed at the appropriate time.

2.7. Exceptional compensation

N/A.

2.8. Compensation, indemnities or benefits due or that may be due owing to new recruits

As Mr Éric Boustouller, after accepting the office of Chief Executive Officer, had to waive significant rights to long-term compensation for his former duties, he will, subject to the approval of the Company's General Shareholders' Meeting on 9 March 2018 (13th resolution), receive a payment for taking up his functions in the form of a free allotment of one million company shares, under the following terms:

- the allotment of free shares would not be subject to a performance condition;
- the definite allotment of the shares would be conditional on Mr Éric Boustouller still being present in the Company at the end of the vesting period mentioned below. The presence condition would be deemed to have been respected in case of forced departure during the vesting period;

Forced departure shall mean departure for any reason other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors.

- the free share allotment would occur within 30 days of the date of the General Shareholders' Meeting on 9 March 2018;
- both the vesting and holding periods would be twelve months;
- Mr Éric Boustouller must hold two thirds of the shares allotted until he leaves his functions as the Company's Chief Executive Officer; and
- in the event of the beneficiary's incapacity, in accordance with the statutory conditions, or death, the shares would be definitely allotted before the end of the vesting period.

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2.9. Undertakings due to ceasing activities (Article L. 225-42-1 paragraphs 1 and 6 of the French Commercial Code)

The Board of Directors has authorised all of the commitments in favour of the new Chief Executive Officer and they will be submitted to the General Shareholders' Meeting for its approval on 9 March 2018 in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code (10th resolution).

These commitments to the Chief Executive Officer (CEO) were a condition of his recruitment, and thus enabled Mr Éric Boustouller to be recruited as the Company's new Chief Executive Officer (CEO).

Severance package

Because the Chief Executive Officer does not have an employment contract, he would, in the event of his forced departure from the Company, (namely any departure other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors), receive a severance payment as follows:

- the amount of the payment will be equal to 18 months of the Chief Executive Officer's gross annual all-inclusive compensation (fixed and variable for targets achieved);
- the payment of the indemnity will be subject to the following performance condition: The Chief Executive Officer must have, on average, attained at least 80% of his annual targets during the previous 3 years. If the departure occurs less than three years after taking up his duties, the annual targets taken into account will be those which were applicable during the time he was with the Company;
- the severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition.

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Non-competition indemnities

The Chief Executive Officer will be subject to a non-competition obligation if he leaves his office as Chief Executive Officer for any reason, and in any form whatsoever, under the conditions below:

- the non-competition obligation will be limited to a 12-month period starting from the end of his duties;
- the corresponding compensation shall be equal, on the basis of a 12-month non-competition period, to six months' total compensation calculated on the basis of the monthly average of his total gross compensation paid over the 12 months of activity preceding the date of termination of his duties.

The Company may, when he ends his duties, (i) waive the non-competition clause (in which case it will not be required to pay the corresponding compensation), or (ii) reduce the duration, scope of activity and/or geographical scope of said clause (in which case the amount of non-competition compensation shall be proportionately reduced).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

2.10. Elements of compensation and benefits in kind due or that may be due under related-party agreements

N/A.

2.11. Any other element of compensation attributable owing to the office

N/A.

2.12. Benefits in kind

The Chief Executive Officer will receive the following benefits in kind:

- the health and welfare benefit plans under the terms which currently apply for the Company's executive employees or a similar plan and civil liability insurance covering him as Chief Executive Officer;
- the Company will refund his business expenses incurred when performing his functions as Chief Executive Officer, in particular accommodation and travelling costs, on production of receipts, in accordance with the Company's rules;
- the Company will pay the unemployment insurance (GSC) enrollment costs and contributions for executive corporate officers;
- a company car in accordance with Company practices, with the benefit resulting from private use assessed in accordance with the Company's rules; and
- a defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.50% applied to compensation tranches B and C. This contribution is paid 60% by the Company, i.e. 3.3%, with the remaining 40% payable by the Chief Executive Officer, i.e. 2.2%.

In accordance with Article L. 225-37-2 of the French Commercial Code, it is specified that the payment of the variable and exceptional compensation referred to in this Part I of the report is, conditional, for all persons concerned, upon a subsequent Ordinary General Meeting approving the associated items of compensation under the conditions of Article L. 225-100 of the French Commercial Code (namely, for each person concerned, approval by the General Shareholders' Meeting to be held in 2019, of the variable and exceptional items of the total compensation paid or owed to said person for the financial year ending 31 December 2018).

PART II: THE COMPENSATION OF CORPORATE OFFICERS FOR THE 2017 FISCAL YEAR (ARTICLE L. 225-37-3 OF THE FRENCH COMMERCIAL CODE)

DESCRIPTION OF THE FIXED, VARIABLE OR EXCEPTIONAL ITEMS OF THIS COMPENSATION AND BENEFITS (INCLUDING IN THE FORM OF THE ALLOTMENT OF SHARES, DEBT SECURITIES OR SECURITIES GIVING ACCESS TO THE CAPITAL OR A RIGHT TO THE ATTRIBUTION OF DEBT SECURITIES OF THE COMPANY OR OF THE COMPANIES MENTIONED IN ARTICLES L. 228–13 AND L. 228-93) AND THE CRITERIA FOR CALCULATING THEM, OR THE CIRCUMSTANCES IN WHICH THEY ARE ATTRIBUTED, WHERE APPROPRIATE REFERRING TO THE RESOLUTIONS VOTED (EX POST VOTE).

A. The compensation and benefits of all kinds paid to the SoLocal Group's corporate officers during the 2017 financial year by the SoLocal Group

The 3rd, 4th, 5th, 6th and 7th resolutions put to the General Shareholders' Meeting of 9 March 2018 concern the approval of the items of the compensation paid or awarded for the 2017 financial year to Pierre Danon (3rd resolution), Éric Boustouller (4th resolution), Jean-Pierre Remy (5th resolution), Robert de Metz (6th resolution) and Christophe Pingard (7th resolution).

In accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, it is proposed that the General Shareholders' Meeting of 9 March 2018 approve the fixed, variable and exceptional items of the total compensation and benefits of all kinds paid or awarded for the 2017 fiscal year to each officer as presented in this Part II.

It is stressed that these items were paid or awarded for the 2017 financial year to each of the five above-mentioned corporate officers in accordance with the principles and criteria for determining, distributing and awarding the compensation of executive corporate officers which were approved by the Combined General Meeting of 13 June 2017 within the scope of the ex ante vote.

These principles and criteria are set out in the report which applies the provisions of Article L. 225-37-2 of the French Commercial Code (**the "2017 Sapin Law report"**). This report appears on pages 51 et seq. of the convening brochure to the Combined General Meeting on 13 June 2017. It can be downloaded from the website www.solocalgroup.com.

Pierre Danon [(1)], Chairman of the Board of Directors (3rd resolution)

Items of compensation paid or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Fixed remuneration	N/A	No fixed remuneration
Multi-year variable compensation	N/A	No variable remuneration
Multi-year variable compensation	N/A	No multi-year variable compensation
Exceptional compensation	N/A	No exceptional remuneration
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	N/A	No attribution en 2017
Directors' fees	€45,000	€90,000 lump sum for his term of office as Chairman of the Board of Directors
Benefits in kind	N/A	No benefits in kind
Severance payment	N/A	None
Non-competition compensation	N/A	None
Supplementary pension Scheme	N/A	None

(1) Mr Pierre Danon was appointed Chairman of the Board of Directors on 5 September 2017.

Éric Boustouller [1], Chief Executive Officer (4th resolution)

Items of compensation paid or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Fixed remuneration	€116,214 (amount paid calculated prorata temporis)	Fixed compensation of a gross annual amount of €520,000 paid monthly
Multi-year variable compensation	€116,214 (amount awarded for the previous financial year)	Gross annual variable compensation which can vary from between 0% and 200% of the fixed compensation with a target of 100% of the fixed compensation for meeting targets. For the record, the Board of Directors fixed four targets for the Chief Executive Officer for the 2017 financial year: (i) evolution in the aggregate EBITDA-CAPEX, (ii) growth in 2017 Internet revenues (iii) growth in the number of Customers, and (iv) Total Shareholder Return[a]. Éric Boustouller's variable compensation will, subject to the approval of the General Shareholders' Meeting on 9 March 2018, be at least equal to 100% of his fixed compensation (pro rata temporis to the time of presence) subject to the condition of his effective presence. This presence condition will be deemed to have been met in the event of a forced departure between the date he takes up his duties (11 October 2017) and 31 December 2017. The principle of awarding deferred variable compensation is not applied.
Multi-year variable compensation	N/A	There is no multiannual variable remuneration mechanism
Exceptional compensation	N/A	No exceptional remuneration
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	N/A	No allotment in 2017
Directors' fees	N/A	The Directors' fees which Mr Éric Boustouller may be entitled to during his term of office as a Director or permanent representative of a company of the Group (the Company and its subsidiaries) or an entity in which he may intervene as a representative of a company of the Group will either not be paid (for subsidiaries) or paid to the Company.
Benefits in kind	€4,819 (accounting valuation)	Paid/supplied: • health and welfare benefit plans under the terms which currently apply to the Company's employed executives or a similar plan; • civil liability insurance in the capacity as Chief Executive Officer; • the refund by the Company of his business expenses incurred when performing his functions, especially accommodation and travelling costs, on production of receipts in accordance with the Company's rules; • the unemployment insurance (GSC) enrollment costs and contributions for executive corporate officers; and • a company car in accordance with the Company's practices, with the benefit from personal use assessed in accordance with the Company's rules.

(1) Mr Éric Boustouller was appointed Chief Executive Officer on 11 October 2017.

Items of compensation paid or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Severance payment if the position is terminated.	Nothing is owed for the 2017 financial year	In the event of his forced departure, (namely any departure other than as a result of resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors), a severance payment will be paid to the Chief Executive Officer under the terms set out below: ● the amount of the indemnity will be equal to 18 months of the Chief Executive Officer's gross annual all-inclusive compensation (fixed and variable for targets achieved); ● the payment of the indemnity will be subject to the following performance condition: The Chief Executive Officer must have, on average, attained at least 80% of his annual targets during the previous three years. If the departure occurs less than three years after taking up his duties, the annual targets taken into account will be those which were applicable during the time he was with the Company. ● the severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition. The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the commitment to make a severance payment will be put to the General Shareholders' Meeting for its approval.
Non-competition compensation	Nothing is owed for the 2017 financial year	The Chief Executive Officer will be subject to a non-competition obligation if he leaves his office for any reason and in any form whatsoever, under the conditions below: ● the non-competition obligation will be limited to a 12-month period starting from the end of his duties; ● the corresponding compensation shall be equal, on the basis of a 12-month non-competition period, to six months' total remuneration calculated on the basis of the monthly average of the total gross remuneration paid over the 12 months of activity preceding the date of termination of his duties. The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable. In accordance with Article L. 225-42-1 of the French Commercial Code, the above-mentioned non-competition provision will be subject to the approval of the Company's General Shareholders' Meeting.
Supplementary pension Scheme	€2,039 (employer contribution)	Defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.5% applied to remuneration tranches B and C. This contribution will be paid 60% by the Company, i.e. 3.3%, with the remaining 40% payable by the Chief Executive Officer, i.e. 2.2%. The Board of Directors gave its prior approval to this commitment on 11 July 2017 and it will be put to the General Shareholders' Meeting on 9 March 2018 for its approval.

(a) See Section 2.1.3 (Annual variable compensation for 2017 payable in 2018) of the 2017 Sapin Law report:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	50%	100%
Growth in internet revenues 2017	0%	12.5%	25%
Evolution in number of Clients	0%	12.5%	25%
Total Shareholder Return	0%	25%	50%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0%**	**100%**	**200%**

Jean-Pierre Remy[1], Chief Executive Officer, resigning (5th resolution)

Items of compensation due or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Fixed remuneration	€260,004 (amount paid calculated prorata temporis)	Fixed compensation of a gross annual amount of €520,000 paid monthly
Multi-year variable compensation	Nothing is owed for the 2017 financial year as Jean-Pierre Remy waived his annual variable compensation	Gross annual variable compensation which can vary from between 0% and 200% of the fixed compensation with a target of 100% of the fixed compensation for meeting targets. For the record, the Board of Directors fixed four targets for the Chief Executive Officer for the 2017 financial year: (i) evolution in the aggregate EBITDA-CAPEX, (ii) growth in 2017 Internet revenues (iii) growth in the number of Clients, and (iv) Total Shareholder Return(a). Subject to the approval of the General Shareholders' Meeting on 9 March 2018, Jean-Pierre Remy's variable compensation would have been at least equal to 100% of his fixed compensation (pro rata temporis to the time of presence) subject to the condition of his effective presence. The principle of awarding deferred variable compensation is not applied.
Multi-year variable compensation	N/A	There is no multiannual variable remuneration mechanism
Exceptional compensation	N/A	No exceptional remuneration
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	N/A	No attribution en 2017
Directors' fees	€11,677 (Paid amount)	Jean-Pierre Remy, Company Director, received Directors' fees for his contribution to the work of the Board of Directors.(b)
Benefits in kind	€10,207 (accounting valuation)	Paid/supplied: • health and welfare benefit plans under the terms which currently apply to the Company's employed executives or a similar plan; • civil liability insurance in the capacity as the Chief Executive Officer; • the refund by the Company of his business expenses incurred when performing his functions as Chief Executive Officer, especially accommodation and travelling costs, on production of receipts in accordance with the Company's rules; • the unemployment insurance (GSC) contributions for executive corporate officers; and • a company car in accordance with the Company's practices, with the benefit from personal use assessed in accordance with the Company's rules.
severance payment if position terminated	Nothing is owed for the 2017 financial year, as Jean-Pierre Remy waived receiving any indemnity connected to his departure.	In the event of his forced departure, a severance payment will be paid to the Chief Executive Officer under the following terms: • the amount of the indemnity will be equal to 12 months of the Chief Executive Officer's gross annual all-inclusive remuneration (fixed and variable for targets achieved); • the payment of the indemnity will be subject to the following performance conditions: the Chief Executive Officer must have, on average, attained at least 80% of his annual targets during the previous three years; • the severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition. The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

(1) Jean-Pierre Remy ceased his duties on 30 June 2017.

Items of compensation due or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Non-competition compensation	Nothing is owed for the 2017 financial year, as the Board of Directors released Jean-Pierre Remy from his non-competition obligation.	The Chief Executive Officer will be subject to a non-competition obligation if he leaves his office for any reason and in any form whatsoever, under the conditions below: ● the non-competition obligation will be limited to a 24-month period starting from the end of his duties; ● the corresponding compensation shall be equal to 12 months' total remuneration calculated on the basis of the monthly average of his total gross compensation paid over the last 12 months of activity. The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.
Supplementary pension Scheme	€4,531 (employer contribution)	Defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.5% applied to remuneration tranches B and C. This contribution is paid 60% by the Company, i.e. 3.3%, with the remaining 40% payable by the Deputy Chief Executive Officer, i.e. 2.2%.

(a) See Section 2.1.3 (Annual variable compensation for 2017 payable in 2018) of the 2017 Sapin Law report:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	50%	100%
Growth in internet revenues 2017	0%	12.5%	25%
Evolution in number of Clients	0%	12.5%	25%
Total Shareholder Return	0%	25%	50%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0%**	**100%**	**200%**

(b) See section 2.2.2 (Directors' fees) of the 2017 Sapin Law report.

Robert de Metz[1], Chairman of the Board of Directors, resigning (6th resolution)

Items of remuneration due or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Fixed remuneration	N/A	No fixed remuneration
Multi-year variable compensation	N/A	No variable remuneration
Multi-year variable compensation	N/A	No multi-year variable remuneration
Exceptional compensation	N/A	No exceptional remuneration
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	N/A	No attribution en 2017
Directors' fees	€45,000	€90,000 lump sum for his term of office as Chairman of the Board of Directors[a]
Benefits in kind	N/A	Benefits in kind
Severance payment	N/A	None
Non-competition compensation	N/A	None
Supplementary pension Scheme	N/A	None

(a) See Section 3 (Compensation of the non-executive corporate officers) of the 2017 Sapin Law report.

Christophe Pingard[2], Deputy Chief Executive Officer (DCEO) end of term of office (7th resolution)

Items of remuneration due or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Fixed remuneration	€355,317 (amount paid calculated prorata temporis)	Fixed compensation of a gross annual amount of €370,000 paid monthly
Multi-year variable compensation	€0	Gross annual variable compensation which can vary from between 0% and 120% of the fixed compensation with a target of 60% of the fixed compensation for meeting targets. For the record, the Board of Directors fixed four targets for the Deputy Chief Executive Officer(s) (DCEO) for the 2017 financial year: (i) evolution in the aggregate EBITDA-CAPEX, (ii) growth in 2017 Internet revenues (iii) growth in the number of Clients, and (iv) Total Shareholder Return(a). The principle of awarding deferred variable compensation is not applied.
Multi-year variable compensation	N/A	There is no multiannual variable remuneration mechanism
Exceptional compensation	N/A	No exceptional remuneration
Stock options, performance shares or any other long-term benefit (subscription warrants, etc.)	N/A	No attribution en 2017
Directors' fees	N/A	Christophe Pingard was not a Company Director and did not receive any Directors' fees

(1) Robert de Metz ceased his duties on 5 September 2017.

(2) As Mr Éric Boustouller's appointment as the Company's Chief Executive Officer (CEO) had the effect of bringing Christophe Pingard's term of office as Deputy Chief Executive Officer (DCEO) to an end, the Company's Board of Directors decided, in agreement with the Chief Executive Officer (CEO), and in order to facilitate the transition to a new management team, to extend Christophe Pingard's functions as Deputy Chief Executive Officer (DCEO) for a non-renewable period of two months, i.e. up until 15 December 2017.

Items of remuneration due or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Benefits in kind	€20,050 (accounting valuation)	Paid/supplied: ● health and welfare benefit plans under the terms which currently apply to the Company's employed executives or a similar plan; ● civil liability insurance; ● the refund by the Company of his business expenses incurred when performing his functions, especially accommodation and travelling costs, on production of receipts in accordance with the Company's rules; ● the unemployment insurance (GSC) contributions for executive corporate officers; and ● a company car in accordance with the Company's practices, with the benefit from personal use assessed in accordance with the Company's rules.
Severance payment	€595,903	In the event of his forced departure, (namely any departure other than as a result of a resignation or dismissal for gross misconduct, except, in the case of resignation, if this is due to a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code) or a change in strategy decided by the Board of Directors), a severance payment will be paid to the Deputy Chief Executive Officer (DCEO) under the following terms: ● the amount of the indemnity will be equal to 12 months of the Deputy Chief Executive Officers's gross annual all-inclusive compensation (fixed and variable for targets achieved); ● the payment of the indemnity will be subject to the following performance conditions: the Deputy Chief Executive Officer must have, on average, attained at least 80% of his annual targets during the previous three years; ● the severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition. The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable. This severance payment mechanism was approved for the last time by the General Shareholders' Meeting on 13 June 2017. The Board of Directors established at its meeting on 15 December 2017 that the payment conditions for the severance payment (especially the performance condition) were satisfied. Consequently, Christophe Pingard received a severance payment equal to 12 months' compensation calculated on the basis of the average monthly total gross compensation (fixed and variable) paid over the last 12 months of activity.
Non-competition compensation	Nothing is owed for the 2017 financial year, as the Board of Directors released Christophe Pingard from his non-competition obligation	The Deputy Chief Executive Officer will be subject to a non-competition obligation if he leaves his office for any reason and in any form whatsoever, under the conditions below: ● the non-competition obligation will be limited to a 24-month period starting from the end of his duties; ● the corresponding compensation shall be equal to 12 months' total compensation calculated on the basis of the monthly average of his total gross compensation (fixed and variable paid over the last 12 months of activity. The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Items of remuneration due or attributed during the 2017 financial year	Amounts or accounting valuation put to the vote	Presentation
Supplementary pension Scheme	€8,684 (employer contribution)	Defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.5% applied to remuneration tranches B and C. This contribution is paid 60% by the Company, i.e. 3.3%, with the remaining 40% payable by the Chief Executive Officer, i.e. 2.2%.

(a) See Section 2.1.3 (Annual variable compensation for 2017 payable in 2018) of the 2017 Sapin Law report:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	24%	48%
Growth in internet revenues 2017	0%	10.5%	21%
Evolution in number of Clients	0%	10.5%	21%
Total Shareholder Return	0%	15%	30%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0%**	**60%**	**120%**

In accordance with Article L. 225-37-2 of the French Commercial Code, the payment of the variable and exceptional remuneration referred to in this Section A of Part II of the report is conditional on the General Shareholders' Meeting approving, for each of the persons concerned, the items of variable and exceptional compensation comprising the total compensation paid or which must be paid to this person for the financial year closed on 31 December 2017, namely the General Shareholders' Meeting of 9 March 2018 approving the 3rd, 4th, 5th, 6th, and 7th resolutions which will be put to them for their vote.

B. The remuneration and benefits of any kind received by the corporate officers of SoLocal Group during the financial year from companies controlled by SoLocal Group(1)

(en euros)

(in euros) Proxy holder The social from SoLocal	Variable Fixed paid during 2017 financial year	Compensation compensation and premiums Miscellaneous paid Paid during 2017 financial year	Voluntary profit-sharing, Profit-sharing and employer contribution Paid during 2017 financial year	Benefits nature granted during 2017 financial year	Directors' fees presence owed during 2017 financial year
Joelle Obadia	80,642	15,923	1,877	3,649	30,906

C. Remuneration and benefits of any kind received by the corporate officers of SoLocal Group during the 2017 financial year from the Company controlling SoLocal Group(2)

N/A.

(1) Note: Formerly, section VII of the SoLocal Group management report.
(2) Rating: Formerly, section VIII of the SoLocal Group management report.

PART III: CORPORATE GOVERNANCE (ARTICLE L. 225-37-4 OF THE FRENCH COMMERCIAL CODE)

1. List of all offices and duties in every company by each corporate officer during the 2017 financial year

Name	Nationality	Duty(ies)	Date of appointment	Date expiry to office	Other duties and main offices held in all companies over the past 5 years
David Amar 11 rue du Rhône 1204 Geneva Switzerland	Switzerland	Director Member of Committee of Remuneration and Appointments Chairman of the Strategy Committee Member of the Ad Hoc Committee on refinancing	13 June 2017	Meeting General to be held in 2021	Representative of Amar Family Office Managing Director of Holspespar Luxembourg SA Director of Matignon Investissements et gestion Chairman of SA EHPBG Manager of Château le Mayne **Positions no longer held** None
Pierre Danon Cordial Consulting 17, bd Anatole-France 92100 Boulogne-Billancourt France	French	Chairman of the Board of Directors	5 September 2017	Meeting General to be held in 2019	Chairman of TDC (Denmark) Vice-President of Agrogénération (Ukraine) Executive Chairman of Volia (Ukraine) Executive Chairman of All Media Baltics (Baltic countries) Chairman of ProContact (Mauritius) Vice-Chairman of Ciel Finance (Mauritius) **Offices no longer held:** President of the Numericable-Completel Group Non-Executive Director of Standard Life (Scotland)
Jacques-Henri David 17, avenue de l'Annonciade, MC 98000 Monaco	French	Director Member of Audit Committee Chairman of the Ad Hoc Committee on equity story	19 October 2016	Meeting General to be held in 2020	Director of UGC – Paris (France) Chairman of the Financial Activities Control Board of the Principality of Monaco (France) Director of Edmond de Rothschild Europe – Luxembourg (Luxembourg) Chairman of Axcior Corporate Finance (France) **Offices no longer held:** Director, Edmond de Rothschild Monaco
Sandrine Dufour Proximus (Belgacom) Boulevard du Roi Albert II 27 1030 Brussels, Belgium	French	Director Chairman of the Audit Committee	23 April 2013	Meeting General to be held in 2018	Chief Financial Officer and member of the Management Board of Proximus (Belgium) Director of BICS (Belgacom International Carrier Services) (Belgium) Director of Proximus Group Services SA (Belgium) Director of Connectimmo (Belgium) Director of Proximus Art Asbl (Belgium) Director of Tango Director of Telindus Luxembourg Director of Be-Mobile Director of Fonds de pension de Proximus **Offices no longer held:** Executive Director of Finance and Strategy of Groupe SFR (France) Chairwoman and CEO of CID SA (France) Chairwoman and CEO of SNBL SA (France) Permanent Representative of SFR, Director of SFD SA (France) Director of SHD SA (France) Permanent Representative of SFR, Director of SFR Service Clients SA (France) Permanent Representative of SFR, Director of SFR Collectivités SA (France) Director of Société Financière de Communication and Multimedia SA (France)

Name	Nationality	Duty(ies)	Date of appointment	Date expiry to office	Other duties and main offices held in all companies over the past 5 years
Sandrine Dufour *(following)*					Member of the Supervisory Committees of Foncière Rimbaud 1 SAS, Foncière Rimbaud 2 SAS, Foncière Rimbaud 3 SAS, Foncière Rimbaud 4 SAS (France) Member of the Strategic and Financial Committee of La Poste Telecom SAS (France) Member of the Supervisory Committee of Numergy SAS (France) Chairman of the Board of LDCom Italy (Italy) Chairman of the Board of LDCom Switzerland (Switzerland) Member of the Audit Committee of Maroc Telecom (Morocco) Director of CEREP (France) CEO and Director of Watchever Group (ex-Vivendi Mobile Entertainment) (France) Director of Groupe Telindus France
Delphine Grison CBRE 144-151, rue de Courcelles 75017 – Paris France	French	Director Member of Strategy Committee	13 June 2017	Meeting General to be held in 2020	Chief marketing & business intelligence Officer of CBRE France Chairwoman of DGTL Conseil Member of the Supervisory Board of Asmodée Holding **Positions no longer held** None
Marie-Christine Levet 44-46, rue de la Bienfaisance 75008 Paris France	French	Director Member of the Committee Strategy	15 December 2017	Meeting General to be held in 2020	Chairwoman of Educapital Director of Iliad Director of Maisons du Monde Director of Econocom Director of Mercilays Director of the AFP **Positions no longer held** Director of HiPay Director of Avanquest
Alexandre Loussert 3, rue Jules-Ferry 92400 Courbevoie-France	French	Director Member of Committee of Remuneration and Appointments	19 October 2016	Meeting General to be held in 2020	Director and Chairman of the Regroupement PPlocal association (France) Director of AL Conseil (France) **Offices no longer held:** None
Arnaud Marion Marion & Partners 563 Chiswick High Road W4 3AY London United Kingdom	French	Director Member of Audit Committee Chairman of the Ad Hoc Monitoring Committee on restructuring Chairman of the Ad Hoc Committee on the refinancing	19 October 2016	Meeting General to be held in 2020	Director of Marion & Partner LTD (United Kingdom) 2) Director of Digital Shield Ltd (United Kingdom) 3) Director of Etablissements Zilli (France) **Offices no longer held:** Manager of Initiales AM SARL (France) Manager then Chairman of Trans Consult International (France) Director of EGP (France) Manager of ART DAM (France) Chairman then Liquidator of Sirenak (France) Chief Executive Officer of MIA ELECTRIC SAS (France) Representative of SideAlliance to the Supervisory Board of ASCOMETAL (France) Non-Director Deputy CEO of BUF (France) Non-Director Deputy CEO of Neuhauser Financière (France)

Name	Nationality	Duty(ies)	Date of appointment	Date expiry to office	Other duties and main offices held in all companies over the past 5 years
Sophie Sursock Accelero Capital 6 rue Morillo 75008 Paris France	French	Director Member of Audit Committee Member of Ad Hoc Committee on the refinancing Member of Ad Hoc Committee on the equity story	13 June 2017	Meeting General to be held in 2021	Co-founder and Director of Accelero Capital Chairman of the Executive Committee of Doux SA (France) Director and Member of the Remunerations Committee of Subfero Limited (UK) Director of Italiaonline S.p.A (ex-Seat Pagine Gialle S.p.A and Italia Online S.p.A) (Italy) **Offices no longer held:** Director of Dada Spa (Italie) Director of Inty Limited (United Kingdom)
Joelle Obadia PagesJaunes 204 Rond-Point du Pont de Sèvres 92100 Boulogne Billancourt France	French	Director Representative employees Member of Committee of Remuneration and Appointments Member of the Ad Hoc Committee for Monitoring the Restructuring	7 April 2016	7 April 2020	None **Offices no longer held:** None
Philippe De Verdalle Nobel 20 rue Quentin-Bauchart 75008 Paris France	French	Director Chairman of the Committee of Remuneration and Appointments Member of Ad Hoc Committee on the equity story	13 June 2017	Meeting General to be held in 2021	Chief Executive Officer of Nobel, investment company Specialized professional investment company managed by WCP (Weinberg Capital Partners) Director of LNA Santé (listed company – France, representative of the Nobel Fund) **Offices no longer held:** Director of Mersen (listed company – France, Representative of the Nobel Fund)

The Board of Directors has decided to submit a resolution on the appointment of Ms Lucile Ribot as Director to a vote at the General Meeting of 9 March 2018.

2. Regulated Agreements

The following agreements and/or commitments are subject to Article L. 225-38 of the French Commercial Code and were entered into in 2017, or in a previous year and were still in effect in 2017:

- the terms and conditions of the appointment of Mr Jean-Pierre Remy as Chief Executive Officer (described in the table in Part II above and in the 2017 Sapin Law report), which the Board of Directors had approved at its meeting of 17 May 2009;
- the terms and conditions of the compensation, severance payment and non-competition obligation of the appointment of Mr Christophe Pingard as Deputy Chief Executive Officer (described in the table of Part II above, and in the 2017 Sapin Law report), which the Board of Directors had approved at its meetings of 26 October 2011, 13 December 2016, and 11 October 2017;
- the terms and conditions of the appointment of Mr Éric Boustouller as Chief Executive Officer (described in the table in Part II above), which the Board of Directors had approved at its meeting of 11 July 2017.

3. Summary table of the currently valid delegations granted to the Board of Directors

The Combined General Shareholders' Meeting of the Company, which was held on 13 June 2017, delegated the following authorisation to the Board of Directors, under the terms and conditions described in the table below:

Securities concerned	Duration authorisation and expiry	Amount maximum of securities of debt securities	Nominal amount maximum increase share capital
Capital increase for the benefit of members of Company and/or employee savings plans	26 months 12 August 2019	–	€1,150,000

To clarify, the aforementioned authorisation would be terminated if the General Meeting of 9 March 2018 were to adopt the 19th resolution that will be submitted to it for a vote (i.e. the issue mentioned in point 6. of the table below).

Should they be adopted by the General Meeting of 9 March 2018 (14th to 19th resolutions), the Board of Directors would be delegated the following authorisations, under the terms and conditions described in the table below:

Securities concerned	Duration authorisation and expiry	Amount maximum of securities of debt securities	Nominal amount maximum increase share capital
1.Issue, with rights issue, of shares and/or equity securities giving access to other equity securities and/or granting entitlement to the allotment of debt securities and/or securities giving access to equity securities to be issued	26 months 8 May 2020	€450,000,000	Ceiling: €17,000,000 Overall ceiling for issues 1., 2. and 3.: €22,800,000
2.Issue, without rights issue, of shares and/or equity securities giving access to other equity securities and/or granting entitlement to the allotment of debt securities and/or securities giving access to equity securities to be issued, through a public offering	26 months 8 May 2020	€450,000,000	Ceiling for issues 2. and 3.: €5,800,000 Overall ceiling for issues 1., 2. and 3.: €22,800,000
3.Issue, without rights issue, shares and/or equity securities giving access to other equity securities and/or granting entitlement to the allotment of debt securities and/or securities giving access to equity securities to be issued, through private placements as defined in Article L.411-2 II of the French Monetary and Financial Code	26 months 8 May 2020	€450,000,000	Ceiling for issues 2. and 3.: €5,800,000 Overall ceiling for issues 1., 2. and 3.: €22,800,000
4.Increase in the number of shares to be issued in the event of a capital increase with or without rights issue	26 months 8 May 2020	-	Regulatory ceiling
5.Capital increase for the Company by capitalisation of reserves, profits or premiums	26 months 8 May 2020	-	€40,000,000
6.Capital increase reserved for members of company savings plans	26 months 8 May 2020	–	€1,150,000

4. Composition, preparation and organisation of the Board's work

4.1. BYLAWS

At its meeting of 23 September 2004, the Board drew up bylaws based on those recommended in the AFEP-MEDEF Corporate Governance Code. These bylaws lay down the basic principles that govern the Board's operations and the rights and duties of Directors.

The main provisions of the Board of Directors' bylaws are described in the Articles of Association section of the Reference Document.

4.2. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors gives its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology and sees to it that senior management implements these decisions.

The Board met 21 times in 2017. On average, 80% of Directors attended each Board of Directors meeting during the financial year. The average meeting was three hours long.

The Board of Directors' work mainly involved:

- changes in governance: The Board of Directors, relying on the Remuneration and Appointments Committee, has set up a search and selection process for its new Chair and new Chief Executive Officer, and has renewed many of its appointments;
- financial restructuring: the Board of Directors met many times to review, prepare, and implement the financial restructuring plan;
- review of financial accounts and results: the Board reviewed and approved Company and consolidated annual and semi-annual accounts and management reports. It examined quarterly revenue and key income figures and the associated financial communication. It prepared the reports and draft resolutions for General Shareholders' Meetings;
- review of business performance: at each Board meeting, senior management reported on business conditions and results, which enabled Directors to keep close track of the Group's business activity "in real time";
- review of strategy: business unit managers regularly gave presentations of a specific Group business to the Board. The Board examined the strategic plan, discussed it at length and approved it;
- corporate social responsibility (CSR): the Board of Directors is informed of the market trends, the competitive environment, and the major issues including those of the Company's environmental and social responsibility.

4.3. BOARD OF DIRECTORS COMMITTEES

The Board of Directors has created three Committees within the Company, namely an Audit Committee, a Remuneration and Appointments Committee, and a Strategy Committee, with this latter created by the Board of Directors at its meeting on 13 June 2017.

The Board of Directors, at its meeting of 9 November 2017, also created three Ad Hoc Committees on refinancing, the equity story, and the monitoring of the Company's restructuring.

4.3.1. Audit Committee

The Audit Committee must have at least two members, which are appointed by the Board of Directors on the Chairman's recommendation. Pursuant to its charter, the Audit Committee designates its own Chairman.

As of the date of this document, the Audit Committee was composed of the following members:

- Ms Sandrine Dufour, Chairwoman;
- Mr Jacques-Henri David;
- Mr Arnaud Marion;
- Ms Sophie Sursock.

Therefore, 100% of its members are Independent Directors.

The Audit Committee monitors all matters that have to do with the preparation and auditing of accounting and financial information. Without prejudice to the powers of the administrative, management and supervisory bodies, it is responsible for the following, in particular:

- monitoring the preparation of financial information, specifically:
  - reviewing Company and consolidated draft annual and semi-annual financial statements and draft management reports and sales and earnings tables,
  - reviewing financial communication documents,
  - ensuring that Company and consolidated financial statements comply with the accounting standards adopted,
  - reviewing the accounting treatment of specific transactions and the corresponding disclosures,
- checking the quality and relevance of the information communicated to shareholders;
- monitoring the effectiveness of internal control and risk management systems, in particular:
  - checking that internal data collection and control procedures are complied with,
  - reviewing the procedure for selecting the Company's Statutory Auditors, particularly their choice and their terms of remuneration for the purpose of making observations,
- reviewing the annual audit programmes proposed by the statutory and internal auditors, examining the internal auditing reports for the past year and preparing the audit engagement programme for the current year,
- each year, assessing the Group's exposure to risks and in particular to financial and litigation risks, significant off-balance sheet commitments and the effectiveness of the internal control system,
- the Statutory Audit of the annual Company, and if applicable consolidated, accounts,
- monitoring the independence of the Statutory Auditors,
- giving its opinion on the Statutory Auditors proposed for appointment at the General Shareholders' Meeting,
- reporting regularly on its work to the Board of Directors and informing it immediately of any difficulty encountered.

These duties do not limit the powers of the Board of Directors, which cannot rely on the duties or opinions of these Committees to reduce its responsibility.

The Audit Committee shall meet as often as it deems useful and shall address any matter that falls within its remit. It may ask the Company to provide it with any document or information it needs to carry out its duties and conduct any internal or external audit on any matter, it believes is pertinent to these duties. When reviewing annual and semi-annual draft financial statements, the Committee may question the Statutory Auditors in the absence of the Company's senior executives. The Audit Committee must be notified of any accounting or auditing irregularity.

The Audit Committee met eight times in 2017. On average, 91% of members attended each Audit Committee meeting during the financial year. It regularly met with the Company's senior executives, senior Finance department managers, the head of Auditing, Risks and Internal Control, and the Statutory Auditors, to discuss their work programmes and follow-up actions.

The Audit Committee looked at the following in 2017 in particular:

- the annual Company and consolidated financial statements for 2016;
- quarterly condensed consolidated accounts for 2017;
- 2017 Internal Audit programme, findings of the year's audit engagements and implementation of recommendations;
- risk management and major risk mapping.

4.3.2. Remuneration and Appointments Committee

This committee is comprised of at least three members who are appointed by the Board of Directors on the Chairman's proposal. The Remuneration and Appointments Committee names its own Chairman.

As of the date of this report the Remuneration and Appointments Committee was composed of the following members:

- Mr Philippe de Verdalle, Chairman;
- Mr David Amar;
- Mr Alexandre Loussert;
- Ms Joëlle Obadia.

Therefore, 75% of its members are Independent Directors.

The Remuneration and Appointments Committee is responsible for submitting to the Board of Directors its proposals for appointments of members of the Board of Directors, the Chairman of the Board, the Chief Executive Officer, and the Board's committees. It is also kept informed by the Chairman of the Board of other senior executive appointments within the Group. The Committee also advises the Board of Directors on the amount of Directors' fees to be proposed at the General Shareholders' Meeting and on the allocation of these fees between Board members.

The Committee also proposes the remuneration of corporate officers to the Board of Directors and may also, at the Chairman's request, make recommendations on the remuneration of senior executives. The Committee reviews the remuneration structure for Company executives, and approves the structure for executive bonuses.

The Remuneration and Appointments Committee met 14 times in 2017. On average, 90% of members attended each Audit Committee meeting during the financial year.

In 2017, the Committee reviewed issues involving changes in the Company's governance, and in the composition of the Board of Directors and of the Board committees; the definition of performance targets and the calculation of variable remuneration for the Chief Executive Officer and the Deputy Chief Executive Officer, the composition of the Board of Directors and the executive management team, and its remuneration and long-term incentives.

4.3.3. Strategy Committee

This Committee is comprised of at least three members who are appointed by the Board of Directors on the Chairman's proposal. The Strategy Committee names its own Chairman.

As of the date of this report the Strategy Committee was composed of the following members:

- Mr David Amar, Chairman;
- Ms Delphine Grison;
- Ms Marie-Christine Levet.

Therefore, 100% of its members are Independent Directors.

Further to his resignation from his office as Company Director on 5 September 2017, Jean-Marc Tassetto agreed, at the request of the Strategy Committee, to continue to participate as an expert in that Committee's work.

The Committee also asked Philippe Besnard to participate as an expert in its work. Mr Besnard is Chairman of Pentagrammedia.com and CEO and co-founder of QuantumAdvertising.

The Committee is in charge of monitoring issues related to the major strategic, economic, social, financial, and technological objectives of the Company and its direct and indirect subsidiaries.

The Strategy Committee has met four times since its creation in June 2017. On average, 80% of members attended each Committee meeting during the financial year.

In 2017, the Committee reviewed issues involving considerations of the change in strategy in response to changes in governance made during the year.

4.3.4. Subcommittees

The Board of Directors, at its meeting of 9 November 2017, created three Ad Hoc Committees on refinancing, the equity story, and the monitoring of the Company's restructuring.

The Ad Hoc Committee on refinancing is chaired by Arnaud Marion, Sophie Sursock, and David Amar, who are members. Its purpose is to consider refinancing opportunities and prepare the work of the Board of Directors. This Committee has met 12 times since its creation.

The Ad Hoc Committee on the equity story is chaired by Jacques-Henri David, Sophie Sursock, and Philippe de Verdalle, who are members. The purpose of this Committee, which met about twice a week between December 2017 and February 2018, was to assume and monitor, on behalf of the Board of Directors, the preparatory work on the equity story presentation of 15 February 2018.

The Ad Hoc Committee on monitoring the restructuring is chaired by Arnaud Marion, with Joëlle Obadia as a member. Its purpose is to consider the opportunities, constraints, and risks in transforming the economic model, as well as any support measures. This Committee has met 7 times since its creation.

5. Description of the diversity policy applied to the members of the Board of Directors

As of this report, there are four women on the Board of Directors (not including the Director and employee representative): Sandrine Dufour, Delphine Grison, Marie-Christine Levet, and Sophie Sursock, and six men: David Amar, Pierre Danon, Jacques-Henri David, Alexandre Loussert, Arnaud Marion and Philippe de Verdalle, i.e. 40% women and 60% men.

Pursuant to Article L. 225-18-1 of the French Commercial Code, the proportion of Directors of each gender within the Board of Directors must not be less than 40%.

6. Limitations that the Board of Directors has placed on the Chief Executive Officer's powers

The Chief Executive Officer, subject to the power expressly granted to Shareholders' Meetings and the Board of Directors, and within the limits of the corporate purpose, is vested with the widest powers to act, in all circumstances, in the name of the Company, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term business objectives including projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;

(ii) the following decisions are subject to prior approval by the Board of Directors:

- the annual budget and any significant changes thereto,
- the annual and three-year business plans,
- the acquisition or disposal of a business by SoLocal Group or a subsidiary that is not included in the annual budget, the total amount of which, including all liabilities and off-balance sheet commitments exceeds €10 million,
- any investments or divestments not included in the annual budget for fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million,
- amendments to the employment contract, hiring/appointment/dismissal/removal of the Chief Financial Officer of the Company; any amendment to the employment contract, hiring/appointment or dismissal/removal of the Group's Human Resources Director and the Secretary to the Board of Directors shall not require prior authorisation by the Board of Directors, but shall require the prior agreement of the Remuneration and Appointments Committee,
- any increase in the total indebtedness of SoLocal Group or of a subsidiary that exceeds the amount authorised under the financing or loan agreements previously authorised by SoLocal Group's Board of Directors,
- the execution of any agreement in order to create a joint-venture with a third party, not included in the annual budget and generating a commitment for SoLocal Group or one of its subsidiaries for a total amount greater than €10 million over the duration of the joint-venture,
- any decision to have the securities of SoLocal Group or a subsidiary listed on a regulated exchange and any subsequent action to have additional SoLocal Group or subsidiary securities listed if already listed on a regulated exchange,
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorised by the Board of Directors),
- the acquisition or subscription, by SoLocal Group or by a subsidiary, of shares, other equity securities or securities giving access to the capital of any company (x) the value of which, including all liabilities and other off-balance sheet commitments, exceeds €10 million, provided that the liability of SoLocal Group or its subsidiary is limited and the transaction is not already included in the annual budget, or (y) any company irrespective of the amount invested if SoLocal Group or its subsidiary is acting as an unlimited liability partner in such a company,
- any diversification of the business activities of SoLocal Group or of a subsidiary that is unrelated to previous business activities, or any diversification that is related to previous business activities but is not included in the annual budget and involves a financial commitment that exceeds €10 million,
- any sale, transfer or termination of a major business activity of SoLocal Group or of a subsidiary that is not included in the annual budget or the three-year business plan,
- any incentive plan (as defined under French labour law or the labour law of another country, with the exception of a mandatory or standard voluntary profit-sharing plan) to be implemented in SoLocal Group or within a subsidiary, or any measure that encourages employees to directly or indirectly acquire shares in SoLocal Group or a subsidiary,
- any authorisation or instruction given to a SoLocal Group subsidiary to examine or undertake any of the transactions referred to in this appendix,
- the execution of any agreement not included in the annual budget that would imply payments or supply of goods or services by SoLocal Group or its subsidiaries for an annual amount greater than a total of €10 million,
- any decision relating to plans for the merger or demerger of a SoLocal Group subsidiary, the spin-off of the assets of a SoLocal Group subsidiary, or a long-term agreement to manage a SoLocal Group subsidiary, that is not included in the annual budget or the three-year business plan, excluding internal reorganisation that has no material impact on SoLocal Group's position,
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by SoLocal Group or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties not included in the annual budget for a total amount greater than €10 million per year,
- any loans made by SoLocal Group or by a subsidiary that are not included in the annual budget the cumulative amounts of which exceed €5 million.

7. Application of the AFEP/MEDEF Code

SoLocal Group observes the AFEP/MEDEF Corporate Governance Code, available on the www.medef.fr website, and complies with all of the operating rules recommended in this Code.

8. Special terms and conditions for shareholder attendance of the General Meeting

8.1. ACCESS, PARTICIPATION AND VOTING AT GENERAL SHAREHOLDERS' MEETINGS

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name as justifying the right to participate in General Shareholders' Meetings, or if the shareholder is not domiciled in France, in the name of the representative acting on the shareholder's behalf, on the second working day prior to the General Shareholders' Meeting at 12:00 midnight (Paris time).

In order to attend, vote remotely, or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account, indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the notice of meeting, no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

In order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members with proof of their status and identity. If it deems this useful, the Board of Directors may ensure that shareholders are sent personal admission cards with names and demand that these cards be shown at the General Shareholders' Meeting.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of third parties at the time the account is opened with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the Meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or issue powers to any person of his or her choice in order to be represented and vote at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions stipulated by legal and regulatory provisions. The Company must receive the voting form no later than 3 p.m. (Paris time) on the day before the General Shareholders' Meeting.

Powers, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form duly signed under the terms set out in applicable legal and regulatory provisions.

Shares are indivisible with regard to the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company, who shall be considered to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the Court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by videoconference or by any other means of telecommunication, including the Internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

If the Board of Directors so decides at the time of convening the Meeting, forms may be completed and signed electronically directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code.

Powers or votes cast in this way prior to the Meeting by such electronic means, and any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in the case of a sale of shares occurring prior to midnight (Paris time) on the second working day preceding the Meeting the Company shall invalidate or alter accordingly, as the case may be, the proxy expressed or the vote cast prior to the Meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares who are not resident on the French territory may be registered in the accounts and represented at the Meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the Meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions that do not amend the Articles of Association. They are held at least once a year within six months of the end of the financial year, to approve the financial statements for the previous financial year, unless this period is extended by Court order.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present, represented or voting remotely, hold at least one-fifth of shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the incorporation of reserves, profits or issue premiums, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present, represented or voting remotely, hold on the first notice of meeting at least one-quarter, or on the second notice of meeting one-fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one-fifth quorum is again required.

Subject to the same conditions, decisions are made by a two-thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

8.2. FORM AND DEADLINES FOR NOTICES OF MEETING (ARTICLE 28 OF THE ARTICLES OF ASSOCIATION)

The Board of Directors calls General Shareholders' Meetings under the conditions provided for by law.

Otherwise, General Shareholders' Meetings may also be called by the auditors or by any person authorised for this purpose.

A notice informing shareholders of the next General Shareholders' Meeting is published at least 35 days prior to the Meeting in the French bulletin of mandatory legal announcements (BALO).

Except where provided for legally, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to ten clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the département where the registered office is located, and in the French bulletin of mandatory legal announcements (BALO). Moreover, shareholders who have held registered shares for at least one month prior to the notice of meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided they pay the registered postage fee to the Company.

The meetings shall take place at the date, time and place stated in the notice of meeting.

Notices of meeting must include the agenda for the Meeting.

8.3. OFFICERS OF GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 30 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a Director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The two members of the General Shareholders' Meeting with the highest number of votes, who accept this role, shall serve as tellers.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

8.4. AGENDA

The Agenda of General Shareholders' Meeting is prepared by the author of the notice of meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and time limits may request that proposed resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered letter with recorded delivery as of publication of the notice of meeting in the French bulletin of mandatory legal announcements (BALO), and up to 25 days prior to the Meeting (however, if the notice is published more than 45 days prior to the Meeting, proposed must be sent within 20 days of publication of the notice). The authors must provide proof that they possess or represent the required proportion of share capital, prior to transmission of the request, by registering the shareholders on the Company registers.

Only matters on the agenda may be discussed at General Shareholders' Meetings. However, the Meeting may at any time dismiss and replace one or more members of the Board of Directors.

The agenda may not be amended where a second notice of meeting has been issued, or in the event of a meeting being reconvened.

8.5. CONDITIONS FOR EXERCISING VOTING RIGHTS

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or the Articles of Association, subject to a Court order in certain cases. The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

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PART IV: SIGNIFICANT FACTORS IN THE EVENT OF A TENDER OFFER OR PUBLIC EXCHANGE OFFER (L. 225-37-5 OF THE FRENCH COMMERCIAL CODE)

The items listed in paragraphs 1-10 below are provided for information only. The Company considers that they are unlikely to be relevant in the event of a public offering.

1. Structure of the Company's share capital at 31 December 2017

	Number of shares	% of share capital	Voting rights	% of voting rights
J O Hambro Capital Management	49,100,806	8.4%	48,408,656	8.3%
River and Mercantile AM	47,737,618	8.2%	47,737,618	8.2%
DNCA	34,177,219	5.9%	34,177,219	5.9%
Edmond de Rothschild AM	30,058,498	5.2%	30,058,498	5.2%
Public	420,342,177	72.2%	421,749,616	72.4%
SoLocal Group employees[1]	626,208	0.1%	626,208	0.1%
Treasury shares held[2]	402,274	0.1%	-	-
TOTAL	**582,444,800**	**100.0%**	**582,757,815**	**100.0%**

(1) Under the SoLocal Group savings plan (PEG).
(2) 402,274 treasury shares are held under a liquidity agreement as of 2 December 2012.

2. Statutory restrictions on the exercise of voting rights and the transfer of shares or the clauses of agreements made known to the Company pursuant to Article L. 233-11

N/A.

3. Direct or indirect interests in the Company's capital, of which it is aware, pursuant to Articles L. 233-7 and L. 233-12[1]

- On 16 March 2017, Edmond de Rothschild Asset Management, acting on behalf of the funds it manages, fell below the statutory shareholding threshold of 6% on 14 March 2017. Edmond de Rothschild Asset Management reported that it held 30,259,098 shares, representing 5.25% of the Company's share capital and voting rights.
- On 16 March 2017, GLAS Trustees Limited, a company acting as security agent for the holders of €350,000,000 in 8.875% senior secured bonds maturing in 2018, reported that it had:
  - exceeded, on 13 March 2017, the thresholds of 5% and 10% of the Company's share capital and voting rights, and held 59,837,345 shares representing the same number of voting rights, i.e. 10.39% of the share capital and 10.38% of the voting rights; and
  - fallen below, on 14 March 2017, as the result of the return of shares to beneficiaries of the trust, the thresholds of 10% and 5% of the Company's share capital and voting rights, and held 7,680,208 shares representing the same number of voting rights, i.e. 1.33% of the share capital and voting rights.
- On 17 March 2017, the funds acting together and managed by Paulson, Monarch and Amber Capital, exceeded the statutory thresholds on 13 March 2017 of 1% to 14% and held 81,808,384 shares representing the same number of voting rights, i.e. about 14.2% of the share capital and 14.19% of the voting rights of the Company. Individually, the funds managed by Paulson hold 49,018,750 shares and the same number of voting rights representing about 8.51% of the share capital and 8.50% of the voting rights of the Company. Individually, the funds managed by Monarch hold 22,613,813 shares and the same number of voting rights representing about 3.92% of the share capital and 3.92% of the voting rights of the Company. Individually, the funds managed by Amber Capital hold 10,174,546 shares and the same number of voting rights representing about 1.77% of the share capital and 1.76% of the voting rights of the Company.
- On 17 March 2017, the funds acting together and managed by Paulson, Monarch and Amber Capital fell below the statutory thresholds on 15 and 16 March 2017 of 14%, 13% and 12%, holding 65,957,511 shares representing the same number of voting rights, i.e. about 11.45% of the share capital and 11.44% of the voting rights of the Company. Individually, the funds managed by Paulson hold 45,411,171 shares and the same number of voting rights representing about 7.88% of the share capital and 7.88% of the voting rights of the Company. Individually, the funds managed by Monarch hold 10,370,519 shares and the same number of voting rights representing about 1.8% of the share capital and 1.88% of the voting rights of the Company.
- On 17 March 2017, DNCA Finance, acting on behalf of funds it manages, reported that on 13 March 2017 it fell below the thresholds of 5% of the Company's share capital and voting rights and held, on behalf of said funds, 20,262,500 shares representing the same number of voting rights, i.e. 3.52% of the share capital and 3.51% of the voting rights of the Company.
- On 22 March 2017, the companies Paulson, Monarch and Amber reported that they had jointly fallen below the thresholds of 10% of the Company's share capital and voting rights on 16 March 2017, and held 41,502,134 shares representing the same number of voting rights, i.e. 7.20% of the share capital and voting rights. Individually, the funds managed by Paulson hold 23,726,313 shares and the same number of voting rights representing about 4.12% of the share capital and 4.12% of the voting rights of the Company. Individually, the funds managed by Monarch hold 7,600,000 shares and the same number of voting rights representing about 1.32% of the share capital and 1.32%

(1) Legal shareholding disclosure thresholds.

of the voting rights of the Company. Individually, the funds managed by Amber Capital hold 10,175,821 shares representing about 1.77% of the share capital in the Company.

- On 27 March 2017, the Paulson, Monarch, and Amber companies announced that the shareholder agreements entered into on 13 March 2017 had expired, and their joint action with regard to the Company had ended. In the same letter, the Paulson, Monarch, and Amber companies reported that on 24 March 2017 they fell below the thresholds of 5% of the Company's share capital and voting rights and no longer jointly held any shares in the Company. Individually, the funds managed by Paulson hold 23,726,313 shares and the same number of voting rights representing about 4.12% of the share capital and 4.12% of the voting rights of the Company. Individually, the funds managed by Monarch hold 6,701,397 shares and the same number of voting rights representing about 1.16% of the share capital and 1.16% of the voting rights of the Company. Individually, the funds managed by Amber Capital hold 10,175,821 shares and the same number of voting rights representing about 1.77% of the share capital and 1.76% of the voting rights of the Company.
- On 17 July 2017, River and Mercantile Asset Management LLP, acting on behalf of the fund it manages, reported that on 12 July 2017 it exceeded the thresholds of 5% of the Company's share capital and voting rights and, on behalf of said funds, held 29,230,953 shares representing the same number of voting rights, i.e. 5.03% of the share capital and 5.02% of the voting rights of the Company.
- On 14 September 2017, DNCA Finance, acting on behalf of funds it manages, reported that on 8 September 2017 it exceeded the thresholds on of 5% of the Company's share capital and voting rights and held, directly and indirectly on behalf of said funds, 31,210,000 SoLocal Group shares representing the same number of voting rights, i.e. 5.36% of the share capital and 5.35% of the voting rights of the Company.
- On 7 November 2017, J O Hambro Capital Management Limited, acting on behalf of clients and funds it manages, reported for adjustment purposes that on 20 June 2017 it exceeded the thresholds of 5% of the Company's share capital and voting rights and, on behalf of said clients and funds, held 30,303,875 SoLocal Group shares representing the same number of voting rights, i.e. 5.23% of the share capital and 5.22% of the voting rights of that Company. J O Hambro Capital Management Limited stated that at 6 November 2017, it held 45,804,787 SoLocal Group shares representing the same number of voting rights, i.e. 7.87% of the share capital and 7.86% of the voting rights of that company.

4. List of holders of all securities including special controlling rights, with the description of these rights

N/A.

5. Control mechanisms provided in the employee shareholding system[(1)]

According to the regulations on the employee shareholding fund (FCPE) of the Group savings plan invested in SoLocal shares, the voting rights attached to this fund's capitalised securities are exercised by the fund's Supervisory Board.

With no express mention in the regulations of any cases in which the Supervisory Board must seek the shareholders' opinion in advance, the Supervisory Board has decided to contribute this fund's capitalised securities to purchase or exchange offers, pursuant to Article L. 214-164 of the French Monetary and Financial Code.

At 31 December 2017, the FCPE held 0.11% of the Company's share capital and 0.14% of voting rights in the General Meeting.

6. Agreements between shareholders of which the Company is aware and that may lead to restrictions on the transfer of shares or the exercise of voting rights

The Company is not aware of any agreements between shareholders that may lead to restrictions on the transfer of shares or the exercise of voting rights.

7. Rules applicable to the appointment and replacement of members of the Board of Directors as well as the amendment of the Company's Articles of Association

No stipulation in the bylaws or agreement between the Company and a third party includes any special provision on the appointment and/or replacement of Company Directors that may have an impact in the event of a tender offer.

8. Powers of the Board of Directors (particularly concerning the issue or redemption of shares)

Subject to their adoption, the delegations of authority or authorisations that will be submitted to a vote by the General Meeting of 9 March 2018 (14th to 18th resolutions), will specify that the Board of Directors may not, without the prior authorisation of the General Meeting, use these subsequent to the filing by a third party of a tender offer in relation to Company securities, until after the end of this offer period.

9. Agreements entered into by the Company that have been amended or are expiring in the event of a change in control of the Company

A number of agreements entered into by the Company include a change in control clause.

10. Agreements providing compensation for members of the Board of Directors or employees

There is no agreement by the Company providing compensation for members of the Board of Directors or employees of the Company. For commitments made to benefit the Chief Executive Officer, in the event of a forced departure and related to a change in control or strategy, see Section 2.9 above.

Done in Boulogne Billancourt, 14 February 2018

(1) Under the assumption that the controlling rights are not exercised by the Company's employees.

4.2.4 STATUTORY AUDITORS' REPORT

STATUTORY AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

Financial year ended 31 December 2017

To the Annual General Meeting of SoLocal Group

We have, in our capacity as your Company's Statutory Auditors and in accordance with Article L. 225-235 of the French Commercial Code, drawn up this report on the corporate governance report which is stipulated by Article L. 225-37 of the same Code.

The corporate governance report was written under our responsibility. We are responsible for certifying the existence of certain information in the corporate governance report and for attesting to the accuracy and genuineness of the information on the remuneration and benefits paid to the corporate officers.

We performed our work in accordance with the professional standards of practice which apply in France. The work involved the following:

examining the information mentioned in Article L. 225-37-4 of the French Commercial Code on the different operational aspects of the Company's Administrative and Management bodies and in Article L. 225-37-3 of the French Commercial Code on the individual remuneration of corporate officers, and Article L. 225-37-5 on information which your Company considered liable to impact a tender offer or a public exchange offer;

- checking that the information required by Articles L. 225-37-3 and L. 225-37-4 is set out in the corporate governance report;
- concerning the information provided pursuant to Article L. 225-37-3 of the French Commercial Code relating to the remuneration and benefits received by the corporate officers and any other commitments made to them, we verified that it was consistent with the financial statements, or the underlying information used to prepare them and, where appropriate, with the information your Company has obtained from companies that control your Company or are controlled by it;
- checking that the information which is liable to have an impact on a tender offer or a public exchange offer and supplied pursuant to Article L. 225-37-5 of the French Commercial Code conforms with the basic documents which it is derived from and which were disclosed to us.

On the basis of our work:

- we certify that the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code is set out in the corporate governance report and that the information required by Article L. 225-37-3 of the French Commercial Code is accurate and genuine;
- we have no observations to make on the information which is referred to in Article L. 225-37-5 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, 14 February 2018

Statutory Auditors

BEAS	AUDITEX
A Deloitte network entity	Member of the Ernst & Young network Global Limited
Joël Assayah	Vincent de La Bachelerie

4.3 COMPENSATION AND BENEFITS

4.3.1 OVERALL COMPENSATION AND BENEFITS IN KIND

All gross compensation, excluding employer charges and benefits in kind individually owed and paid by the Company to the corporate officers in the SoLocal Group during the year ended 31 December 2017 is summarised in the tables below:

Summary table of compensation and options and shares granted to each executive corporate officer

	2017 financial year	2016 financial year
Pierre Danon, Chairman of the Board of Directors (since 5 September 2017)		
Compensation owed for the year (detailed in the table below)	45,000	—
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year	—	—
Valuation of other long-term compensation plans	—	—
Éric Boustouller, CEO (since 11 October 2017)		
Compensation owed for the year (detailed in the table below)	237,247	—
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year	—	—
Valuation of other long-term compensation plans	—	—
Robert de Metz, Chairman of the Board of Directors (until 5 September 2017)		
Compensation owed for the year (detailed in the table below)	45,000	90,000
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year	—	—
Valuation of other long-term compensation plans	—	—
Jean-Pierre Remy, Chief Executive Officer (until 30 June 2017)		
Compensation owed for the year (detailed in the table below)	281,888	1,075,008
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year	—	—
Valuation of other long-term compensation plans	—	—
Christophe Pingard, Deputy Chief Executive Officer (until 15 December 2017)		
Compensation owed for the year (detailed in the table below)	971,270	595,704
Valuation of the options awarded during the year	—	—
Valuation of the performance shares awarded during the year	—	—
Valuation of other long-term compensation plans	—	—
TOTAL	1,580,405	1,760,712

Summary table of the compensation of each executive corporate officer

	2017 financial year		2016 financial year	
	Amount due	Amount paid	Amount due	Amount paid
Pierre Danon, Chairman of the Board of Directors (since 5 September 2017)				
Fixed remuneration	—	—	—	—
Annual variable compensation	—	—	—	—
Exceptional compensation	—	—	—	—
Directors' fees	45,000	45,000	—	—
Benefits in kind[1]	—	—	—	—
TOTAL	**45,000**	**45,000**	**—**	**—**
Éric Boustouller, CEO (since 11 October 2017)				
Fixed remuneration	116,214	116,214	—	—
Annual variable compensation	116,214	0	—	—
Exceptional compensation	—	—	—	—
Directors' fees	—	—	—	—
Benefits in kind[1]	4,819	4,819	—	—
TOTAL	**237,247**	**121,033**	**—**	**—**
Robert de Metz, Chairman of the Board of Directors (until 5 September 2017)				
Fixed remuneration	—	—	—	—
Annual variable compensation	—	—	—	—
Exceptional compensation	—	—	—	—
Directors' fees	45,000	45,000	90,000	90,000
Benefits in kind[1]	—	—	—	—
TOTAL	**45,000**	**45,000**	**90,000**	**90,000**
Jean-Pierre Remy, Chief Executive Officer (until 30 June 2017)				
Fixed remuneration	260,004	260,004	520,000	520,000
Variable compensation	0[2]	483,607	483,600	468,000
Exceptional compensation	—	—	—	—
Directors' fees	11,677	19,361	50,994	84,310
Benefits in kind[1]	10,207	10,207	20,414	20,414
TOTAL	**281,888**	**773,179**	**1,075,008**	**1,092,724**
Christophe Pingard, Deputy Chief Executive Officer (until 15 December 2017)				
Fixed remuneration	355,317	355,317	370,000	370,000
Variable compensation	0	206,450	206,460	200,000
Exceptional compensation	—	—	—	—
Severance payment	595,903	595,903		
Directors' fees	—	—	—	—
Benefits in kind[1]	20,050	20,250	19,244	19,244
TOTAL	**971,270**	**1,177,920**	**595,704**	**589,244**

(1) Company vehicle and payment of unemployment insurance contributions.
(2) No amount due for FY 2017, Mr Jean-Pierre Remy having waived his annual variable compensation.

Information concerning the Commitments taken to the benefit of the corporate executive officers and the procedure with regard to the application of the variable portion of the Chief Executive Officer is described in the corporate governance report.

Corporate executive officers	Employment contract		Supplementary pension Scheme		Indemnities or benefits due or which could be due because of termination or a change in position		Indemnities tied to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Danon Chairman of the Board of Directors (since 5 September 2017)		X		X		X		X
Eric Boustouller, CEO (since 11 October 2017)		X	Defined contribution supplementary pension scheme (Article 83 of the General Tax Code)		X		X	
Robert de Metz Chairman of the Board of Directors (until 5 September 2017)		X		X		X		X
Jean-Pierre Remy CEO (until 30 June 2017)		X	Defined-contribution supplementary pension scheme (Article 83 of the General Tax Code)		X		X	
Christophe Pingard Deputy CEO (until 15 December 2017)		X	Defined-contribution supplementary pension scheme (Article 83 of the General Tax Code)		X		X	

Directors' fees and other compensation received by non-executive officers

Non-executive Directors	Amounts due in 2017	Amounts due in 2016
David Amar[1]		
Directors' fees	29,488	—
Other compensation	—	—
Philippe de Verdalle[2]		
Directors' fees	29,498	—
Other compensation	—	—
Jacques-Henri David[3]		
Directors' fees	41,244	5,379
Other compensation	—	—
Delphine Grison[4]		
Directors' fees	20,000	—
Other compensation	—	—
Sandrine Dufour[16]		
Directors' fees	37,500	60,771
Other compensation	—	—

Non-executive Directors	Amounts due in 2017	Amounts due in 2016
Alexandre Loussert[5]		
Directors' fees	41,746	7,684
Other compensation	—	—
Arnaud Marion[6]		
Directors' fees	29,498	—
Other compensation	—	—
Monica Menghini[7]		
Directors' fees	20,567	3,842
Other compensation	—	—
Cécile Moulard[8]		
Directors' fees	25,300	60,913
Other compensation	—	—
Joëlle Obadia[9]		
Directors' fees	30,906	43,381
Other compensation	101,586	101,736
Marie-Christine Levet[10]		
Directors' fees	—	—
Other compensation	—	—
Rémy Sautter[11]		
Directors' fees	—	62,291
Other compensation	—	—
John Slater[12]		
Directors' fees	—	—
Other compensation	—	—
Sophie Sursock[13]		
Directors' fees	29,498	—
Other compensation	—	—
Jean-Marc Tassetto[14]		
Directors' fees	37,500	53,593
Other compensation	—	—
Nathalie Balla[15]		
Directors' fees	15,569	51,153
Other compensation	—	—

* *The amounts indicated do not take into account the 30% withholding tax for foreign tax residents and the 21% withholding tax for French tax residents.*
(1) *Mr David Amar was appointed at the Annual General Meeting on 13 June 2017.*
(2) *Mr Philippe de Verdalle was appointed at the Annual General Meeting on 13 June 2017.*
(3) *Mr Jacques-Henri David was appointed at the Annual General Meeting on 19 October 2016.*
(4) *Ms Delphine Grison was appointed at the Annual General Meeting on 13 June 2017.*
(5) *Mr Alexandre Loussert was appointed at the Annual General Meeting on 19 October 2016.*
(6) *Mr Arnaud Marion was appointed at the Annual General Meeting on 19 October 2016. The latter has waived the receipt of Directors' fees until the Annual General Shareholders' Meeting on 13 June 2017.*
(7) *Ms Monica Menghini was appointed at the Annual General Meeting on 19 October 2016. She resigned at the Board meeting on 15 December 2017.*
(8) *Ms Cécile Moulard resigned at the Board of Directors meeting on 11 October 2017.*
(9) *Ms Joëlle Obadia was elected Director and employee representative on 7 April 2016.*
(10) *Ms Marie-Christine Levet was co-opted at the Board of Directors meeting on 15 December 2017.*
(11) *Mr Rémy Sautter resigned at the Board of Directors meeting on 5 January 2017.*
(12) *Mr John Slater was coopted during the Board of Directors meeting on 5 January 2017. He resigned on 24 March 2017.*
(13) *Ms Sophie Sursock was appointed at the Annual General Meeting on 13 June 2017.*
(14) *Mr Jean-Marc Tassetto resigned at the Board of Directors meeting on 5 September 2017.*
(15) *Ms Nathalie Balla resigned at the Board of Directors meeting on 22 June 2017.*
(16) *Ms Sandrine Dufour resigned at the Board of Directors meeting on 9 March 2018.*

The Company has not put in place any additional specific pension scheme for its corporate officers.

The Combined General Shareholders' Meeting of 11 June 2015 allocated an annual €490,000 in Directors' fees for Board members from this year on and until otherwise decided at a General Shareholders' Meeting.

As in previous years, the payment of 2017 Directors' fees was made in two instalments: the 1st to take into account the meetings of the Board of Directors and Committees until 13 June 2017 and the 2nd for meetings between 13 June and 31 December 2017.

For the first payment, the rules for allocating attendance fees decided by the Board of Directors were identical to those of previous years, the Directors receiving, in respect of their participation in the Board of Directors:

- €4,000 per Board of Directors meeting;
- €4,000 per Committee meeting;
- a €90,000 lump-sum fixed on an annual basis for the Chairman of the Board of Directors;
- a €10,000 lump-sum fixed on an annual basis for the Chairman of the Audit Committee.

In order to ensure that the Directors who joined the Board of Directors at the General Shareholders' Meeting on 19 October 2016 are not wronged by the interim payment made prior to that Shareholders' Meeting, the Board of Directors on 2 February 2017 decided to pay to Ms Monica Menghini, Mr Jacques-Henri David and Mr Alexandre Loussert a gross amount of €836, €3,744 and €4,246 (from the 2017 Directors' fees budget).

Mr Arnaud Marion waived his Directors' fees for meetings he attended up to 13 June 2017.

This first payment was subject to a reduction in the amounts due in application of the mathematical distribution rules set out above in order to remain in the prorated amount of the annual budget of €490,000.

The Board of Directors decided to retain the same allocation rules for the 2nd 2017 payment, limiting the annual remuneration of the Chairman of the Board of Directors to €90,000, as approved by the General Shareholders' Meeting on 13 June 2017.

The Directors' fees payable to the members of the Board of Directors for the 2017 amount to €490,000.

For 2018, taking into account the involvement of all Directors, the Board of Directors decided to modify the distribution rules of the €490,000 allocation of Directors' fees on the following basis:

- €150,000 for the Chairman;
- equal distribution for the Directors, i.e. €37,500 per Director.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for the Directors who were absent in a significant proportion;
- no Directors' fees for internal Directors.

4.3.2 SUMS PROVISIONED OR RECOGNISED ELSEWHERE FOR PAYMENT OF ALLOWANCES, RETIREMENT PENSIONS OR OTHER BENEFITS

On the date of this Reference Document, the sums provisioned or recognised elsewhere for the payment of pensions, retirement or other benefits were as follows:

- for the benefit of Mr Éric Boustouller: €0;
- for Mr Jean-Pierre Remy: €0;
- for Mr Christophe Pingard: €0;
- for Ms Joëlle Obadia: €105,810 as provision for the retirement scheme and €3,820 as provision for the long-service awards.

COMMENTS ON THE FINANCIAL YEAR 5

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5.1 SELECTED FINANCIAL INFORMATION

	As at 31 December 2017				
		Activities			
	Consolidated	Divested	Continued	Continued	
(in millions of euros)			Total	Recurring	Non recurring
Revenues	764.9	9.1	755.8	755.8	0.0
Net external expenses	-201.5	-6.2	-195.3	-192.4	-2.9
Staff expenses	-383.5	-5.6	-377.9	-367.5	-10.4
EBITDA	**180.0**	**-2.7**	**182.7**	**196.0**	**-13.3**
Depreciation and amortization	-53.5	10.7	-64.2	-64.2	0.0
Operating income	**126.5**	**8.0**	**118.5**	**131.8**	**-13.3**
Net gain from debt restructuring at 13 March 2017	265.8	0.0	265.8	0.0	265.8
Financial income	0.4	0.0	0.4	0.4	0.0
Financial expenses	-28.6	0.0	-28.6	-28.6	0.0
Financial income	**237.6**	**0.0**	**237.6**	**-28.2**	**265.8**
Income before tax	**364.1**	**8.0**	**356.1**	**103.6**	**252.5**
Corporate income tax	-28.6	-1.5	-27.1	-44.1	17.0
INCOME FOR THE PERIOD	335.5	6.6	329.0	59.5	269.5

Assets

(in millions of euros)	31/12/2017	31/12/2016	31/12/2015
TOTAL NON-CURRENT ASSETS	251	264	251
Net goodwill	91	96	95
Other net intangible fixed assets	119	128	123
Net tangible fixed assets	25	33	28
Other non-current financial assets and net deferred tax assets	16	7	4
TOTAL CURRENT ASSETS	473	506	508
Net trade accounts receivable	304	321	353
Acquisition costs of contracts	35	35	38
Prepaid expenses	6	6	9
Cash and cash equivalents	87	91	54
Other current assets	39	53	54
TOTAL ASSETS	724	769	759

As at 31 December 2016[1]					As at 31 December 2015[1]				
	Activities					Activities			
Consolidated	Divested	Continued	Continued		Consolidated	Divested	Continued	Continued	
		Total	Recurrent	Non-recur.			Total	Recurrent	Non-recur.
812.3	11.00	801.3	801.3	0.0	878.0	5.3	872.6	872.6	0.0
-215.8	-7.4	-208.4	-207.4	1.0	-219.2	-9.1	-210.1	-208.2	1.9
-372.6	-5.7	-366.9	-362.9	4.0	-447.6	-6.3	-441.3	-394.1	-47.2
223.9	**2.1**	**226.0**	**231.0**	**5.0**	**211.1**	**10.1**	**221.2**	**270.3**	**-49.1**
-59.2	-2.6	-56.6	-56.6	0.0	-68.3	-16.2	-52.2	-52.2	0.0
164.6	**-4.7**	**169.4**	**174.4**	**5.0**	**142.8**	**-26.3**	**169.1**	**218.2**	**-49.1**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4	0.0	1.4	1.4	0.0	1.9	0.0	1.9	1.9	0.0
-75.2	0.0	-75.2	-75.2	0.0	-85.5	0.0	-85.5	-85.5	0.0
-73.8	**0.0**	**-73.8**	**-73.8**	**0.0**	**-83.6**	**0.0**	**-83.6**	**-83.6**	**0.0**
90.8	**-4.7**	**95.5**	**100.5**	**5.0**	**59.3**	**-26.3**	**85.6**	**134.7**	**-49.1**
-41.8	-0.1	-41.8	-43.5	1.7	-32.6	10.4	-43.0	-62.1	19.1
49.0	**-4.8**	**53.8**	**57.0**	**3.3**	**26.6**	**-15.9**	**42.5**	**72.6**	**-30.0**

(1) 2016 restated for the retrospective application of IAS 20 concerning research tax credits and Turnover Tables 2015 not restated for these items

Liabilities

(in millions of euros)	31/12/2017	31/12/2016[1]	31/12/2015[1]
Total equity	**(506)**	**(1,318)**	**(1,328)**
TOTAL NON-CURRENT LIABILITIES	**565**	**161**	**1,244**
Non-current financial liabilities and derivatives	408	1	1,118
Employee benefits (non-current)	139	134	85
Other non-current liabilities and deferred tax liabilities	18	26	41
TOTAL CURRENT LIABILITIES	**665**	**1,926**	**843**
Bank overdrafts and other short-term borrowings	10	1,186	26
Deferred income	341	408	483
Employee benefits (current)	119	114	121
Trade accounts payable	91	99	95
Other current liabilities	104	118	117
TOTAL LIABILITIES	**724**	**769**	**759**

(1) 2016 restated for the retrospective application of IAS 20 concerning the CIR - research tax credits (see Note 5.2.2.2) and turnover tables 2015. (see Note 6.2 in Chapter 6) not restated for these elements

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5.2 FINANCIAL REVIEW

5.2.1 OVERVIEW

SoLocal Group generated revenues of €755.8 million in 2017 (for the scope of continued activities excluding the entities divested in 2017), its Internet and Print & Voice activities representing respectively 84% and 16% of Group revenues. The Internet activity is driven by the two main digital activities, which are Local Search and Digital Marketing.

INTERNET

In 2017, SoLocal Group recorded €635.8 million Internet revenues, representing 84% of Group revenues.

- Firstly, the Group offers digital services and solutions to companies to increase their visibility and expand their contacts at the local level: in 2017, this Local Search activity recorded revenues of €461.3 million thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partnership (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).
- Secondly, the Group creates and makes available to internet users the best local and personalised content on professionals: in 2017, this Digital Marketing activity represented revenues of €174.5 million. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+18.1% in 2017 compared to 2016). They include the sites & content, local programmatic and transactional services.

PRINT & VOICE

The Print & Voice activities generated €120.0 million in 2017. This segment includes the Group's activities dedicated to the publishing, distribution and sales of advertizing space in the PagesJaunes and PagesBlanches print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", including telephone directory and reverse directory services.

5.2.2 COMMENTS ON THE 2017 FULL-YEAR RESULTS

During the 2017 financial year, the Group disposed of two non-strategic activities ("disposed activities"):

- avendrealouer.fr site, real estate classifieds business;
- Chronoresto, online food ordering.

The accounts published by the Group as at 31 December 2017 are the following:

EBITDA as at 31 December 2017 is -€2.7 million compared to -€2.1 million as at 31 December 2016.

In the presentation of its results and financial review, SoLocal Group 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.

The financial statements published by the Group as at 31 December 2017 are made up as follows.

Consolidated income statement for continued activities for years ending 31 December 2017 and 31 December 2016

(in millions of euros)	As at 31 December 2017					As at 31 December 2016(1)				
		Activites					Activites			
	Consoli-dated	Dive-sted	Conti-nued	Continued		Consoli-dated	Dive-sted	Conti-nued	Continued	
			Total	Recur-ring	Non recur-ring			Total	Recur-ring	Non recur-ring
Revenues	764.9	9.1	755.8	755.8	-	812.3	11.0	801.3	801.3	-
Net external expenses	(201.5)	(6.2)	(195.3)	(192.4)	(2.9)	(215.8)	(7.4)	(208.4)	(207.4)	(1.0)
Staff expenses	(383.5)	(5.6)	(377.9)	(367.5)	(10.4)	(372.6)	(5.7)	(366.9)	(362.9)	(4.0)
EBITDA	**180.0**	**(2.7)**	**182.7**	**196.0**	**(13.3)**	**223.9**	**(2.1)**	**226.0**	**231.0**	**(5.0)**
Depreciation and amortization	(53.5)	10.7	(64.2)	(64.2)	-	(59.2)	(2.6)	(56.6)	(56.6)	-
OPERATING INCOME	**126.5**	**8.0**	**118.5**	**131.8**	**(13.3)**	**164.6**	**(4.7)**	**169.4**	**174.4**	**(5.0)**
Net gain from debt restructuring at 13 March 2017	265.8	-	265.8	-	265.8	-	-	-	-	-
Financial income	0.4	-	0.4	0.4	-	1.4	-	1.4	1.4	-
Financial expenses	(28.6)	-	(28.6)	(28.6)	-	(75.2)	-	(75.2)	(75.2)	-
FINANCIAL INCOME	**237.6**	**-**	**237.6**	**(28.2)**	**265.8**	**(73.8)**	**-**	**(73.8)**	**(73.8)**	**-**
INCOME BEFORE TAX	**364.1**	**8.0**	**356.1**	**103.6**	**252.5**	**90.8**	**(4.7)**	**95.5**	**100.5**	**(5.0)**
Corporate income tax	(28.6)	(1.5)	(27.1)	(44.1)	17.0	(41.8)	(0.1)	(41.8)	(43.5)	1.7
INCOME FOR THE PERIOD	**335.5**	**6.6**	**329.0**	**59.5**	**269.5**	**49.0**	**(4.8)**	**53.8**	**57.0**	**(3.3)**

(1) 2016 restated for the retrospective application of IAS 20 concerning research tax credits (see Note 5.2.2.2) and Turnover Tables. 2015 (see Note 6.2 in Chapter 6) not restated for these elements.

Non-recurring items of continued activities primarily concern exceptional personnel expenses for securing the continuity of the business, severance costs for people not being replaced and items related to new corporate governance, and especially in 2017 items related to the financial restructuring.

Details on the revenues and recurring EBITDA of continued activities, as at 31 December 2017 and 31 December 2016

(in millions of euros)	As at 31 December 2017	As at 31 December 2016	Change 2017/2016
Internet	635.8	637.8	-0.3%
Print & Voice	120.0	163.5	-26.6%
REVENUES	**755.8**	**801.3**	**-5.7%**
Internet revenues as % of total revenues	*84.1%*	*79.6%*	
Internet	170.4	187.6	-9.2%
Print & Voice	25.6	43.4	-41.0%
RECURRING EBITDA	**196.0**	**231.0**	**-15.2%**
As % of revenues			
Internet	*26.8%*	*29.4%*	
Print & Voice	*21.3%*	*26.5%*	

5.2.2.1 ANALYSIS OF REVENUES

Revenues

In 2017, revenues stood at €755.8 million, down -5.7% compared to 2016:

- Internet revenues of €636 million in 2017 were stable (-0.3%) compared with 2016 and accounted for 84% of total revenues in 2017. The growth of the Digital Marketing business (+18.1%) offset the decrease in the Local Search (-5.8%), which was due to the negative impact of the financial restructuring on sales and to the slower than expected ramp-up of the new Search products;
- audience growth: Internet visits in 2017 were up +2% to 2.4 billion compared with 2016. The mobile audience increased by +12%, and accounted for 40% of the total audience;
- Local Search revenues: -5.8% to €461.3 million in 2017 compared with 2016:
  - Local Search ARPA: -1% to €984 in 2017 compared with 2016. This slowdown is mostly due to the impact on sales of the financial restructuring finalisation in Q4 2016, especially with large accounts,
  - Number of customers: -5% to 469 thousand in 2017 compared with 2016;
- Digital Marketing revenues: revenues increased by +18.1% to €174.5 million in 2017 compared with 2016, thanks to an acceleration of the Group's innovative offerings, including websites (Premium and Privilege websites) and AdWords (Booster Contact offering). Digital Marketing revenues accounted for 23% of total revenues in 2017;
- Print & Voice revenues, which amounted to €120 million in 2017, were down -26.6% compared with 2016, as customers and users continued to migrate to digital offerings. This business accounted for 16% of total revenues in 2017.

5.2.2.2 ANALYSIS OF RECURRING EBITDA

Net external expenses

Net external expenses decreased by -7.3%, or -€15.1 million, to -€192.4 million in 2017 compared to -€207.4 million in 2016. External expenses represented 25.5% of revenues in 2017.

The decrease was primarily attributabe to a reduction in the Group's communication expenses, as well as reduced production costs of the Print & Voice activities and cost control of our field sales.

Staff expenses

Staff expenses increased by +1.3% to -€367.5 million in 2017 compared to -€362.9 million in 2016. Staff costs represented 48.6% of revenues in 2017.

Recurring EBITDA

Recurring EBITDA amounted to €196.0 million in 2017, down -15.2% versus 2016, mainly due to the decrease in revenues partially offset by the decrease in net external expenses.

The EBITDA to revenues margin reached 25.9% in 2017, a limited decrease of 2.9 points versus 2016.

Internet recurring EBITDA decreased by -9.2%, or -€17.2 million, to €170.4 million in 2017 compared to €187.6 million in 2016. Print & Voice recurring EBITDA decreased by -41.0%, or -€17.8 million, to €25.6 million in 2017 compared to €43.4 million in 2016.

5.2.2.3 ANALYSIS OF THE OTHER ITEMS OF THE INCOME STATEMENT

Recurring operating income

The table below shows the Group's recurring operating income for continued activities as at 31 December 2017 and as at 31 December 2016:

SoLocal Group	Continued activities						
(in millions of euros)	As at 31 December 2017			As at 31 December 2016[1]			Change recurring 2017/2016
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
EBITDA	**182.7**	**196.0**	**(13.3)**	**226.0**	**231.0**	**(5.0)**	**-15.2%**
As % of revenues	*24.2%*	*25.9%*	-	*28.2%*	*28.8%*	-	
Depreciation and amortization	(64.2)	(64.2)	-	(56.6)	(56.6)	-	+13.4%
OPERATING INCOME	**118.5**	**131.8**	**(13.3)**	**169.4**	**174.4**	**(5.0)**	**-24.4%**
As % of revenues	*15.7%*	*17.4%*	*-1.8%*	*21.1%*	*21.8%*	*-0.6%*	

(1) 2016 restated for the retrospective application of IAS 20 concerning research tax credits (see Note 5.2.2.2) and Turnover Tables. 2015 (see Note 6.2 in Chapter 6) not restated for these elements.

Depreciation and amortization for the Group stood at -€64.2 million in 2017 compared to -€56.6 million in 2015, an increase of -€7.6 million (+13.4%). This increase resulted from the increase in depreciation charges resulting from capital expenditures from previous financial years.

The Group's recurring operating income decreased by -24.4% compared to 2016 to €131.8 million. This decrease is primarily due to the -€35.0 million change in recurring EBITDA and to the increase in depreciation and amortization of -€7.6 million.

Net income

The table below shows the Group's results for continued activities as at 31 December 2017 and as at 31 December 2016:

SoLocal Group	Continued activities						
(in millions of euros)	As at 31 December 2017			As at 31 December 2016[1]			Change recurring 2017/2016
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
OPERATING INCOME	**118.5**	**131.8**	**(13.3)**	**169.4**	**174.4**	**(5.0)**	**-24.4%**
Net gain from debt restructuring at 13 March 2017	265.8	-	265.8	-	-	-	-
Financial income	0.4	0.4	-	1.4	1.4	-	-71.4%
Financial expenses	(28.6)	(28.6)	-	(75.2)	(75.2)	-	-62.0%
FINANCIAL INCOME	**237.6**	**(28.2)**	**265.8**	**(73.8)**	**(73.8)**	**-**	**-61.8%**
INCOME BEFORE TAX	**356.1**	**103.6**	**252.5**	**95.5**	**100.5**	**(5.0)**	**+3.1%**
Corporate income tax	(27.1)	(44.1)	17.0	(41.8)	(43.5)	1.7	+1.4%
INCOME FOR THE PERIOD	**329.0**	**59.5**	**269.5**	**53.8**	**57.0**	**(3.3)**	**+4.4%**

(1) 2016 restated for the retrospective application of IAS 20 concerning research tax credits (see Note 5.2.2.2) and Turnover Tables. 2015 (see Note 6.2 in Chapter 6) not restated for these elements.

Net financial expenses

Net financial expenses of the Group amounted to -€28.6 million as at 31 December 2017, down -62.0%, mainly due to the financial restructuring of 2017. Although the average interest rate of the Group's debt increased from 5.4% in 2016 to 7.6% in 2017 (calculated over the nine months period following the closing of the financial restructuring from 15 March to 31 December 2017), the amount of the Group's indebteness decreased from €1,187.8 million as of December 31, 2016 to €417.8 million as of December 31, 2017, thereby resulting in a significant decrease interest expenses for 2017.

Recurring income for the period

The corporation income tax amounted to -€44.1 million in 2017, an increase of 1.4% compared to 2016. The effective tax rate stood at 42.6%, down -0.7 point compared to 2016.

The recurring operating income for continued activities amounted to +€59.5 million in 2017, up +4.4% compared to 2016.

Non-recurring items

The net income for non-recurring items amounted to +€269.5 million compared to -€3.3 million in 2016. This increase was mainly attributable to the one-off net gain of +€265.8 million from the financial restructuring (+€278.2 million including tax) and non-recurring items included in EBITDA for -€13.3 million (-€8.7 million including tax):

- non recurring items included in EBITDA for -€13.3 million which comprised -€8 million of staff expenses for not replaced departures, -€2 million for the 2017 charge of the 2016 retention plan;
- non-monetary financial income of +€298.0 million resulting from the difference between the book value of the debt converted into equity instruments and the fair value amount of those instruments in application of IFRIC 19 (cf. note 10.5);
- accelerated amortization of the expenses associated with the issue of previous financing for an amount of -€10.5 million related to the restructuring of the debt in March 2017 which resulted in the extinguishment of the previous debt;
- expenses related to the financial restructuring that was fully recognised in the income statement for an amount of -€24.7 million;
- income of +€2.2 million on the partial repurchase of the bond.

Income for the period

The result for continued activities of the Group reached +€329.0 million in 2017. Excluding financial income related to the restructuring of the debt (€265.8 million, or €278.2 million net of tax), the result for continued activities of the Group would be +€50.8 million, representing a decrease of -5.6% compared to 2017.

5.2.2.4 PRESENTATION OF THE CONSOLIDATED CASH FLOW STATEMENT WITH THE DETAIL FOR "CONTINUED ACTIVITIES" AND "DIVESTED ACTIVITIES"

Cash flow statement

(in millions of euros)	As at December 2017	As at December 2016	Change
RECURRING EBITDA FROM CONTINUED ACTIVITIES	**196.0**	**231.0**	**-15.2%**
Non cash items included in EBITDA and other	1.7	8.0	-79.1%
Net change in working capital	(41.3)	(56.8)	-27.2%
Acquisition of tangible and intangible fixed assets	(52.9)	(67.2)	-21.3%
Cash financial income	(55.8)	(36.0)	+55.0%
Non recurring items	(25.8)	(32.5)	-20.6%
Corporate income tax paid	(44.6)	(12.6)	+253.8%
FREE CASH FLOW FROM CONTINUED ACTIVITIES	**(22.8)**	**33.9**	**NA**
Free cash flow from divested activities	(2.8)	(3.3)	-14.2%
FREE CASH FLOW	**(25.6)**	**30.6**	**NA**
Increase (decrease) in borrowings[1]	(263.9)	1.7	na
Capital increase	272.7	0.0	na
Other	12.0	5.3	+125.6%
NET CASH & CASH EQUIVALENTS VARIATION	**(4.9)**	**37.7**	**NA**
Net cash & cash equivalents at beginning of period	91.0	53.3	+70.7%
NET CASH & CASH EQUIVALENTS AT END OF PERIOD	**86.1**	**91.0**	**-5.4%**

(1) See "Cash and cash equivalents, net financial debt" Table (Note 10.6 in Chapter 6).

5.2.3 FINANCIAL INFORMATION

Revenues by quarter

(in millions of euros)	12M 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017	12M 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016
INTERNET REVENUES	**635.8**	**172.1**	**145.5**	**158.2**	**160.2**	**637.8**	**168.6**	**153.5**	**161.7**	**154.0**
Local Search	**461.3**	**120.3**	**106.6**	**115.4**	**119.1**	**489.9**	**127.3**	**119.6**	**125.7**	**117.4**
Number of visits (in million)[1]	*2428*	*594*	*617*	*604*	*614*	*2371*	*597*	*599*	*596*	*578*
ARPA[2] (in euros)	*984*	*262*	*229*	*242*	*250*	*991*	*264*	*244*	*253*	*232*
Number of clients (in thousand)	*469*	*459*	*466*	*476*	*477*	*494*	*481*	*490*	*496*	*506*
Digital Marketing	**174.5**	**51.8**	**38.9**	**42.8**	**41.1**	**147.8**	**41.3**	**33.9**	**36.0**	**36.6**
Penetration rate (in number of clients)[3]	*24%*	*24%*	*24%*	*24%*	*24%*	*24%*	*24%*	*23%*	*23%*	*23%*
PRINT & VOICE REVENUES	**120.0**	**28.4**	**29.3**	**36.4**	**26.0**	**163.5**	**39.4**	**41.1**	**50.2**	**32.8**
REVENUES FROM CONTINUED ACTIVITIES	**755.8**	**200.4**	**174.7**	**194.5**	**186.2**	**801.3**	**208.0**	**194.6**	**211.9**	**186.8**
Revenues from divested activties	9.1	1.5	2.5	2.5	2.6	11.0	2.4	2.6	2.9	3.2
CONSOLIDATED REVENUES	**764.9**	**201.9**	**177.2**	**197.0**	**188.8**	**812.3**	**210.4**	**197.2**	**214.8**	**190.0**

(1) Excluding avendrealouer.fr website.
(2) Average Revenue Per Advertiser.
(3) % of Internet clients benefiting from a Digital marketing product.

Recurring EBITDA by semester

(in millions of euros)	12M 2017	H1 2017	12M 2016	H1 2016
Internet recurring EBITDA	170.4	81.4	187.6	89.5
EBITDA/revenues margin	*27%*	*25%*	*29%*	*28%*
Print & Voice recurring EBITDA	25.6	9.6	43.4	22.1
EBITDA/revenues margin	*21%*	*15%*	*27%*	*27%*
RECURRING EBITDA FROM CONTINUED ACTIVITIES	**196.0**	**91.1**	**231.0**	**111.6**
EBITDA/revenues margin	*26%*	*24%*	*29%*	*28%*
Recurring EBITDA from divested activities	(2.7)	(1.5)	(2.1)	(0.2)
CONSOLIDATED RECURRING EBITDA	**193.3**	**91.1**	**228.9**	**111.6**
EBITDA/revenues margin	*25%*	*24%*	*28%*	*28%*

Income statement

(in millions of euros)	12M 2017	H1 2017	12M 2016[1]	H1 2016[1]
GROUP REVENUES	**755.8**	**385.8**	**801.3**	**404.7**
Net external expenses	(192.4)	(101.4)	(207.4)	(105.5)
Staff expenses	(367.5)	(193.4)	(362.9)	(187.6)
RECURRING EBITDA	**196.0**	**91.1**	**231.0**	**111.6**
Non recurring items	(13.3)	(2.8)	(5.0)	(2.0)
EBITDA	**182.7**	**88.2**	**226.0**	**109.5**
Depreciation and amortization	(64.2)	(29.9)	(56.6)	(26.9)
OPERATING INCOME	**118.5**	**58.4**	**169.4**	**82.7**
Financial income	237.6	255.0	(73.8)	(36.9)
INCOME BEFORE TAX	**356.1**	**313.4**	**95.5**	**45.8**
Corporate income tax	(27.1)	(7.5)	(41.8)	(20.6)
Corporate income tax rate	-7.6%	2.4%	-43.7%	45.0%
NET INCOME FROM CONTINUED ACTIVITIES	**329.0**	**305.8**	**53.8**	**25.2**
Net income from divested activities	6.6	(0.2)	(4.8)	0.5
NET INCOME	**335.5**	**305.7**	**49.0**	**25.2**

(1) Restated for the retrospective application of IAS 20 concerning the CIR.

5.2.4 RESULTS OF THE 2018 FIRST QUARTER

REVENUES, SALES AND ORDER BACKLOG

The revenues under IFRS 15, sales and order backlog of SoLocal Group in Q1 2018 are as follows:

In millions of euros	Q1 2017	Q1 2018	Change
Digital revenues[1]	150	152	+1%
Print revenues[2]	26	16	-37%
TOTAL REVENUES	176	168	-4%
Digital sales[1]	166	153	-8%
Print sales[2]	29	21	-28%
TOTAL SALES	195	174	-11%
Digital order backlog[1]	398	394	-1%
Print order backlog[2]	75	55	-27%
TOTAL ORDER BACKLOG[3]	473	449	-5%

Note : scope of continued activities

The Group recorded **total revenues[4]** of € 168 million in Q1 2018, down -4% vs Q1 2017.

The **digital revenues[4]** of € 152 million in Q1 2018 increased by +1% compared to Q1 2017 driven by the success of Premium websites, Booster Contact offerings and Pack Presence. The digital business accounts for 90% of total revenues this quarter.

The **print revenues[4]** of € 16 million in Q1 2018 decreased by -37% compared to Q1 2017, as clients and users are continuing to migrate towards digital supports. The print business accounts for 10% of total revenues this quarter. The Group decided to terminate publishing a few directories of PagesJaunes for non-profitable and advanced digitalized geographic areas, i.e. in Ile-de-France, and in three large urban departments (Rhône, Bouches-du-Rhône and Nord) after the 2018 edition. For other departments, the edition of paper directories will continue. The Group will review each year, department by department, the opportunity to continue or not the directory publishing. In parallel, tests are underway to assess new concepts of "printed" guide highlighting the know-how of professionals and which make the link with digital content through augmented reality.

Total sales[4] amounted to € 174 million in Q1 2018 down -11% compared to Q1 2017.

Digital sales declined by € 13 million, or -8%, while the print sales are down by € 8 million, or -28% in Q1 2018 vs Q1 2017.

In a context of profound and rapid transformation, at least three factors affected significantly the sales dynamics:

- the calendar involving, in the first quarter of 2018, both fewer days worked and more employee vacation time than in 2017 due to the timing of school holidays, has an estimated impact of € 6 million,
- the two strike days triggered in February and March following the announcement of the redundancy plan ("PSE"), combined with a higher level of absenteeism than in 2017, resulted in a shortfall of at least € 5 million,
- a significant decline in overall productivity affecting the whole company.

The **order backlog[4]** reached € 449 million in Q1 2018, down -5%. This decrease is mainly due to the strong decline of the print business (-27% decrease in Q1 2018 vs Q1 2017). The digital order backlog is slightly eroding by -1% due to a heterogeneous revenue recognition pattern of products sold.

The operational KPIs of SoLocal Group in Q1 2018 are as follows :

	Q1 2017	Q1 2018	Change
Number of visits (in millions)	614	600	-2%
Evergreen sales (as of % of total sales)	9%	17%	+8pts

Note : scope of continued activities

(1) The new digital scope is similar to the old Internet scope
(2) The new print scope is similar to the old Print & Voice scope
(3) Order backlog corresponds to the outstanding portion of revenues still to be recognized as of 31 March from sales orders validated and engaged by our clients. Regarding evergreen contracts, only the current commitment period is taken into account
(4) Scope of continued activities

The Internet visits[1] are down -2% and stood at 600 million in Q1 2018 compared to Q1 2017; the audience of the PagesJaunes media is stable over the period. Furthermore, the contacts generated for our clients increased by +5%. Those visits are generated through our own brands (PagesJaunes, Mappy, Ooreka), our continued SEO optimization (Q1 double digit audience growth) and our privileged partnerships (Bing (Microsoft), Yahoo!, Apple…). The slight erosion in number of visits is mainly driven by the increased competition on Ooreka's health and housing markets, as well as the decline in non-mobile visits on Mappy. Meanwhile, the mobile audience increased by +5% and now represents 41% of the total audience.

The evergreen sales[1] in percentage of total sales reached 17% and increased by +8 points in Q1 2018. This increase is driven by the growth of Premium sites, the launch of an offer created to retain our customers with low ARPA and the rise of Presence Management.

IMPACTS OF THE IFRS 15 ADOPTION ON REVENUES

	Q1 2017		2017	
In millions of euros	IAS 18	IFRS 15	IAS 18	IFRS 15[2]
Digital revenues	160	150	636	610
Print revenues	26	26	120	121
TOTAL REVENUES	**186**	**176**	**756**	**730**

Note : scope of continued activities

The adoption of IFRS 15 in the Group's accounts has led to a change in the path of revenue recognition, with a greater spread over time. The recognition of revenues is thus slightly delayed compared to the previous method under IAS 18.

FURTHER IMPLEMENTATION OF "SOLOCAL 2020" STRATEGIC AND TRANSFORMATION PROJECT AND COST-CUTTING PLAN

Eric Boustouller, Chief Executive Officer of SoLocal Group, presented on February 15th his strategic plan "SoLocal 2020", approved on February 12th by the Board of Directors. It focuses on three value-creating drivers and a cost-cutting plan. This plan aims at making SoLocal one of the digital services champions in France.

1. Develop a new and broad offering of digital services for all businesses

As the digital needs of small and medium-sized businesses and network groups are changing, SoLocal aims to be the digital reference platform for all businesses, integrating a digital coaching approach adapted to each market segment. This new offering is being structured around five service ranges: Digital Presence, Digital Advertising, Digital Website, Digital Solutions and Print to Digital. In Q1 2018, SoLocal launched new offerings for network accounts via the Pack Presence and for the VSBs via the new Facebook offerings.

The roll-out of the new range of simplified, richer and packaged services will begin in the next fall 2018.

2. Reinvent PagesJaunes media

The revamping of PagesJaunes has two priorities: enhance the relevance of local search for users by offering greater customization and increase their engagement through new services (reviews, recommendations, appointments, etc.). During the month of April, PagesJaunes took an important step towards the modernization of its service with the launch of the single field search.

Other features aiming at improving the UX (user experience) and UI (user interface) are under development and will be launched by the end of the first half of 2018:

- loyalty program
- bookings through partnerships
- reshaping of basic content
- conversational – natural language

3. Simplify the organization

To better meet the needs of our customers, gain agility and efficiency, and strengthen our competitiveness, the organizational structure would be redesigned around, in particular, the removal of Business Units, the centralization of support functions, the rationalization of locations, the simplification of the management line and the consolidation of selected activities.

The information and consultation process with employee representatives will carry on until June 21st, 2018.

4. Cost-cutting plan

The Group continues its efforts to reduce its cost base.

- Cautious management of the workforce illustrated by the non-replacement of employees leaving the company and a hiring freeze.
- Non-staff costs: procurement under control (ongoing diagnostic on all purchases), priorization and optimization of IT expenditures and cut in seminar and event costs.
- Divestment : disposal of Netvendeur, on 9th March, a company specialized in the estimation of real estate prices. Launched in 2014, following an intrapreneurial initiative, Netvendeur has developed a sales lead business model for real estate agencies. The impact of the sale of Netvendeur on the Group's consolidated financial accounts is not significant.

(1) Scope of continued activities
(2) Being currently reviewed by the auditors

STRATEGIC PARTNERSHIP WITH GOOGLE

SoLocal and Google announced a strengthening of their strategic partnership on 23rd April, 2018.

Initiated back in 2013 with the distribution by SoLocal of its first Google offer, this new 2-year agreement will double the resources devoted by both partners to drive online growth for French VSEs, SMEs and networks.

Through its online services Booster Site, Booster Contact and Booster Réseaux, SoLocal is offering a whole series of guaranteed performance products to enable businesses to optimize their visibility on Google.

The digital advertizing campaigns (over 20,000 generated in 2017) are managed across a proprietary platform combining the expertise of certified media traders and the efficiency of algorithms that continually work on multiple indicators: key-words, auctions, etc. This unique association of industrialization and customization results in more traffic to the customer's website, online appointments, telephone calls or visits to the store depending on the customer's choice.

This partnership underpins SoLocal's ambition to achieve annual growth on Google products of +50% over the period 2017-2020.

OUTLOOK FOR 2018

The Group confirms for 2018 its outlook of stabilization of recurring EBITDA.

CONSOLIDATED REVENUES IN IFRS 15

	Q1 2017[1]			Q1 2018			
In millions of euros	Consolidated	Discontinued activities	Continued activities	Consolidated	Discontinued activities	Continued activities	Change in continued activities
REVENUES	**178**	**3**	**176**	**168**	**0**	**168**	**-4%**
Digital revenues	153	3	150	152	0	152	+1%
Print revenues	26	-	26	16	-	16	-37%

(1) Q1 2017 figures restated in IFRS 15

5.3 CASH FLOWS AND NET DEBT

Historically, the Group's liquidity requirements have arisen primarily from the need to maintain working capital, service indebtedness, fund investments and acquisitions and pay taxes, and the Group expects these to continue to be SoLocal's primary requirements in the future.

The Group's sources of liquidity consist mainly of the following:

- cash generated from operating activities;
- drawings under debt facilities; and
- share capital increases,

and the Group expects that these sources will continue to be our principal sources of liquidity in the future.

The Group's debt structure significantly changed as a result of the financial restructuring that was completed in March 2017, which resulted in the conversion of a significant portion of the Group's debt into equity. The Group's financial leverage ratio, which was 4.7x (as calculated in accordance with the terms of the agreement governing the existing notes) as of 31 December 2016 (pre-financial restructuring), stood at 1.7x as of 31 December 2017.

5.3.1 CASH FLOWS

The table below shows the Group's cash flows (for continued activities) for the years ended 31 December 2016 and 2017:

Consolidated cash flow information	For the year ended 31 December		
(in millions of euros)	2017	2016[1] (restated)	2016
Net cash from (used in) operations	30.1	101.6	99.7
Net cash from (used in) investing activities	(40.7)	(62.0)	(63.8)
Net cash from (used in) financing activities	8.5	1.9	1.9

(1) Restated for the retrospective application of IAS 20 concerning research tax credits and Turnover Tables

OPERATING ACTIVITIES

Net cash from operations represented an inflow of €30.1 million for the year ended 31 December 2017, compared to an inflow of €101.6 million for the year ended 31 December 2016. This change was primarily attributable to the following:

- a €43.4 million decrease in EBITDA for continued activities compared to 2016;
- a €15.1 million decrease in non-recurring expenses (including restructuring costs);
- an increase in working capital requirement of €41.3 million in 2017 compared to an increase of €56.8 million in 2016, a favorable change of €15.4 million between the two periods. This change was generated mainly by (i) a change, starting in 2016, in the periodicity of scheduled social contribution payments from quarterly to monthly, which translated into a one-off increase in the amount of such payments in 2016 as the Group had to cover the monthly payments of that year as well as the payment for the fourth quarter of 2015 and (ii) an increase in payables due to the franchise effect of rent from May 2016 to August 2018; partially offset by the decrease in supplier credit in connection with the decrease in external charges;
- a net disbursement of €55.8 million in financial interest in 2017 compared to €36.0 million in 2016, representing an unfavorable variation of €19.8 million between the two periods mainly related to a shift in the terms of interest payments from the fourth quarter of 2016 to the first quarter of 2017 in the connection with the financial restructuring (an expense of €32 million recognized in 2016); partially offset by the decline in interest related to the debt reduction resulting from the financial restructuring; and
- a net disbursement of €44.6 million in respect of corporate income tax in 2017, including €6.4 million relating to a tax adjustment in prior years related to the CIR, compared to €12.6 million in 2016, an unfavorable variation of €32.0 million. In 2016 the Group benefited from a reimbursement of the tax receivable recorded as at 31 December 2015 for an amount of €16.7 million.

INVESTING ACTIVITIES

Net cash used in investing activities amounted to €40.4 million for the year ended 31 December 2017, compared to €62.0 million for the year ended 31 December 2016, mainly attributable to the following:

- €52.9 million for acquisitions of property, plant and equipment and intangible assets in 2017 compared with €67.2 million in 2016;
- in 2017, the net cash proceeds of the site AVendreALouer.fr which amounted to €14.8 million;
- in 2016, a refund of €9.0 million security deposit on two commercial lease contracts and, a refund of €1.6 million relating to the security deposit for the lease of our former premises in Sèvres partially offset by the payment of €4.1 million for the security deposit on our new premises CityLights in Boulogne; and
- €0.9 million of payouts in 2016 and 2017 resulting from earn-outs and acquisitions.

FINANCING ACTIVITIES

Net cash from financing activities represented an inflow of €8.5 million for the year ended 31 December 2017, compared to an inflow of €1.9 million for the year ended 31 December 2016. This change was primarily attributable to the following:

- in 2017, in connection with the financial restructuring (see note 10.5 in Chapter 6), the repayment to lenders of €252.7 million, a capital increase in cash for an amount of €272.7 million and the disbursement of refinancing costs for €21.4 million;
- the implementation in 2017 of a sale-leaseback transaction for €10.0 million; and
- in 2016, the drawing under our revolving credit line for a net amount of €38.4 million, the repayment of €15.2 million under the cash sweep provisions of the A7 tranche of our senior facility, the repayment of another loan for €1.7 million, the treatment in debt reduction (and no longer in cash equivalents) of the redemption of part of a €12.2 million bond issue in 2015 and the disbursement of €7.0 million of refinancing costs.

5.3.2 NET DEBT

The table below sets out the components of the Company's gross debt, cash and cash equivalents and net debt as at 31 December 2016 and 2017:

	As at 31 December	
	2017	2016
Cash[1]	87.5	91.1
Bank overdrafts	(1.4)	(0.1)
NET CASH	86.1	91.0
Bank borrowing[2]	-	783.6
Bond loan[3]	397.8	337.8
Revolving credit facility[4]	-	38.4
Loan issue expenses[5]	-	(10.5)
Capital leases	0.1	0.3
Earn-outs[6]	3.7	2.0
Accrued interest not yet due	1.4	32.1
Other financial liabilities[7]	14.8	4.0
GROSS FINANCIAL DEBT	417.8	1,187.8
NET DEBT	331.7	1,096.8

(1) Includes cash, cash equivalents and accrued interest not yet due.
(2) Refers to the Group's Facility A7 tranche bank loan maturing in 2018, which was extinguished as part of the Financial Restructuring.
(3) As at 31 December 2016, this refers to the Group's Facility C1 tranche fixed rate bond loan maturing in 2018, which was extinguished as part of the Financial Restructuring; as at 31 December 2017 this refers to the Existing Notes.
(4) Refers to the revolving credit facility made available to the Group under its previous bank facilities, which was canceled as part of the Financial Restructuring.
(5) Debt issuance costs that are deducted from liabilities in accordance with IFRS.
(6) Represents price supplements to be paid in respect of acquisitions if certain operating performance conditions are fulfilled.
(7) Includes primarily a debit current account with PagesJaunes Outre-Mer, a wholly owned non-consolidated subsidiary of the Issuer, and the pre-financing of the CICE.

Net cash and cash equivalents for the Group amounted to €86.1 million as at 31 December 2017, compared to €91.0 million as at 31 December 2016.

The Group's net debt totaled €331.7 million as at 31 December 2017, a decrease of €765.1 million compared to €1.096.8 million as at 31 December 2016, principally as a result of the Financial Restructuring.

As at 31 December 2017, the Group's indebtedness was mainly composed of the existing notes.

5.4 SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

The significant events occurring between the balance sheet date and 14 February 2018, when the financial statements were approved by the Board of Directors, are described in Note 15 to the consolidated financial statements in Chapter 6.

5.5 INVESTMENTS

The table below sets out the Group's capital expenditure for the years ended 31 December 2016 and 2017:

	For the year ended 31 December		
	2017	2016[1] (restated)	2016
Revenues	764.9	812.3	812.3
Purchases of tangible and intangible fixed assets	(53.9)	(69.1)	(69.1)
As a percentage of revenues	*7.0%*	*8.5%*	*8.5%*

(1) Restated for the retrospective application of IAS 20 concerning research tax credits and Turnover Tables

The Group's investments in 2017 were primarily focused on the following:

- Local Search: development of contributions (accounts, content), enhancement of the user experience, transactional features, appointment booking, restaurant booking), and development of mobile applications;
- Digital Marketing: investments in the Group's programmatic platforms, sites, and presence management; and
- the Group's common technological base, the improvement of internal processes, including notably the development of offerings and marketing methods, and the optimization of accounts and content.

In 2018, the Group intends to continue to invest in the Local Search and Digital Marketing business lines, with investments focused on the development of the Group's media and products with high growth potential.

The Group's investments are financed with available resources and are regularly reviewed by management.

5.6 OVERVIEW AND CURRENT TRENDS AND OBJECTIVES

As previously announced, the outlook for 2018 for the Group is a stabilization of its recurring EBITDA. In the medium term, the Group targets double digit growth in digital revenues in 2020, double digit growth in recurring EBITDA from 2019 onwards and EBITDA to cash conversion trending to 50% in 2020.

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6.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2017

6.1.1 CONSOLIDATED INCOME STATEMENT

(amounts in thousands of euros, except data relating to shares)	Notes	As at 31/12/2017	As at 31/12/2016[1]
Revenues		764,941	812,277
Net external expenses		(201,479)	(215,822)
Personnel expenses		(383,492)	(372,580)
EBITDA		**179,970**	**223,875**
Depreciation and amortization		(53,487)	(59,231)
OPERATING INCOME		**126,483**	**164,644**
As % of revenues		*16.5%*	*20.3%*
Net gain from debt restructuring at 13 March 2017		265,785	-
Financial income		393	1,425
Financial expenses		(28,569)	(75,247)
FINANCIAL INCOME	*10.4*	**237,609**	**(73,847)**
INCOME BEFORE TAX		**364,092**	**90,796**
Corporate income tax	*9*	(28,570)	(41,840)
INCOME FOR THE PERIOD		**335,522**	**48,956**
Income for the period attributable to:			
• Shareholders of SoLocal Group		335,543	48,945
• Non-controlling interests		(21)	11
Net earnings per share *(in euros)*			
Net earnings per share of the consolidated group based on a weighted average number of shares			
• basic	*12.5*	0.86	1.26
• diluted		0.85	1.21
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 31 December)			
• basic		0.58	1.26
• diluted		0.57	1.21

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.5.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

6.1.2 COMPREHENSIVE INCOME

(amounts in thousands of euros)	As at 31/12/2017	As at 31/12/2016[1]
Income for the period report	**335,522**	**48,956**
ABO reserves:		
• Gross	(878)	(2,489)
• Deferred tax	(1,260)	(36)
• **Net of tax**	(2,138)	(2,525)
Exchange differences on translation of foreign operations	(297)	(324)
OTHER COMPREHENSIVE INCOME	**(2,435)**	**(2,849)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**333,087**	**46,108**
Total comprehensive income for the period attributable to:		
• Shareholders of SoLocal Group	333,112	46,097
• Non-controlling interests	(25)	11

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

6.1.3 CONSOLIDATED BALANCE SHEET

(amounts in thousands of euros)	*Notes*	As at 31/12/2017	As at 31/12/2016[1]
Assets			
Net goodwill	7	90,727	95,507
Other net intangible fixed assets	8	118,842	128,074
Net tangible fixed assets	8	25,482	33,420
Available-for-sale assets		426	188
Other non-current financial assets	10	6,867	6,263
Net deferred tax assets	9.2	9,155	182
TOTAL NON-CURRENT ASSETS		**251,498**	**263,633**
Net trade accounts receivable	4	304,070	320,900
Acquisition costs of contracts		35,477	35,025
Other current assets		33,703	31,228
Current tax receivable	9	2,731	361
Prepaid expenses		6,374	5,715
Other current financial assets	10	2,880	21,408
Cash and cash equivalents	10.6	87,476	91,069
TOTAL CURRENT ASSETS		**472,710**	**505,706**
TOTAL ASSETS		724,208	769,339
Liabilities			
Share capital		58,244	233,259
Issue premium		741,551	364,544
Reserves		(1,591,351)	(1,947,843)
Income for the period attribuable to shareholders of SoLocal Group		335,543	48,945
Other comprehensive income		(44,745)	(11,606)
Own shares		(5,157)	(4,987)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE SOLOCAL GROUP	12	**(505,915)**	**(1,317,688)**
Non-controlling interests		79	104
TOTAL EQUITY		**(505,836)**	**(1,317,584)**
Non-current financial liabilities and derivatives	10.6	408,170	1,341
Employee benefits – non-current		139,391	133,848
Provisions – non-current		17,533	21,077
Other non-current liabilities	10	-	37
Deferred tax liabilities	9.2	74	4,444
TOTAL NON-CURRENT LIABILITIES		**565,168**	**160,747**
Bank overdrafts and other short-term borrowings	10.6	9,555	1,154,359
Accrued interest	10.6	1,419	32,137
Provisions – current		16,108	30,473
Trade accounts payable		91,186	98,889
Employee benefits – current		119,416	114,455
Other current liabilities	10	81,357	83,662
Corporation tax	9	4,905	3,852
Deferred income	4.3	340,931	408,349
TOTAL CURRENT LIABILITIES		**664,876**	**1,926,176**
TOTAL LIABILITIES		724,208	769,339

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

6.1.4 CHANGES IN CONSOLIDATED EQUITY

(amounts in thousands of euros)	Notes	Number of shares in circulation	Share capital	Issue premium	*Own shares*
BALANCE AS AT 1ST JANUARY 2016		**38,789,776**	**233,259**	**364,544**	***(5,209)***
Total comprehensive income for the period, net of tax					
Other comprehensive income, net of tax					
Comprehensive income for the period, net of tax					
Share-based payment					
Dividends paid					
Shares of the consolidating company net of tax effect		4,066			*222*
Subscription minority in Dubai Effilab capital					
BALANCE AS AT 31 DECEMBER 2016		**38,793,842**	**233,259**	**364,544**	***(4,987)***
Adjustment n-1 Turnover table (cf. Note 6.2)					
Adjustment retention plan					
BALANCE AS AT 1ST JANUARY 2017		**38,793,842**	**233,259**	**364,544**	***(4,987)***
Total comprehensive income for the period, net of tax					
Other comprehensive income, net of tax					
Comprehensive income for the period, net of tax					
Share-based payment					
Capital transactions	10.5	543,568,236	(175,015)	377,007	-
Mandatory Convertible Bond			-	-	-
Shares of the consolidating company net of tax effect		(319,552)			*(170)*
Other					
BALANCE AS AT 31 DECEMBER 2017		**582,042,526**	**58,244**	**741,551**	***(5,157)***

	Income and reserves	Cash flow hedges & actuarial differences	Translation reserve	Group equity	Non-controlling interests	Total equity
	(1,911,544)	**(9,081)**	**17**	**(1,328,014)**	**79**	**(1,327,935)**
	48,945			48,945	11	48,956
	-	(2,525)	(324)	(2,849)	1	(2,848)
	48,945	**(2,525)**	**(324)**	**46,096**	**12**	**46,108**
	(4,542)			(4,542)	-	(4,542)
				-		-
				222		222
					13	13
	(1,867,141)	**(11,606)**	**(306)**	**(1,286,238)**	**104**	**(1,286,134)**
	(1,784)	*(31,001)*		*(32,785)*		*(32,785)*
	1,335			*1,335*		*1,335*
	(1,867,590)	**(42,607)**	**(306)**	**(1,317,688)**	**104**	**(1,317,584)**
	335,543			335,543	(21)	335,522
	-	(2,138)	(293)	(2,431)	(4)	(2,435)
	335,543	**(2,138)**	**(293)**	**333,112**	**(25)**	**333,087**
	-			-	-	-
	268,035			470,027		470,027
	8,804			8,804		8,804
				(170)		(170)
				-		-
	(1,255,207)	(44,745)	(600)	(505,915)	79	(505,836)

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6.1.5 CONSOLIDATED CASH FLOW STATEMENT

(amounts in thousands of euros)	***Notes***	Exerice clos au 31/12/2017	Exercice clos au 31/12/2016[1]
Income for the period attribuable to shareholders of SoLocal Group		**335,543**	**48,945**
Depreciation and amortization of fixed assets		64,511	59,037
Change in provisions		(10,653)	(14,771)
Share-based payment		-	(4,542)
Capital gains or losses on asset disposals		(11,024)	194
Interest income and expenses	*10.6*	(237,573)	73,822
Hedging instruments		(36)	-
Unrealised exchange difference		-	25
Tax charge for the period	*9.2*	28,570	41,840
Non-controlling interests		(21)	11
Decrease (increase) in inventories		135	(47)
Decrease (increase) in trade accounts receivable		18,574	29,539
Decrease (increase) in other receivables		(665)	77
Increase (decrease) in trade accounts payable		4,357	(6,426)
Increase (decrease) in other payables		(62,862)	(79,425)
Net change in working capital		**(40,461)**	**(56,282)**
Dividends and interest received		422	1,452
Interest paid and rate effect of net derivatives		(56,228)	(37,449)
Corporation tax paid		(44,790)	(12,578)
NET CASH FROM OPERATIONS		**28,260**	**99,704**
Acquisition of tangible and intangible fixed assets		(53,859)	(69,055)
Acquisitions/disposals of investment securities and subsidiaries, net of cash acquired/sold and other changes in assets		12,233	5,216
NET CASH USED IN INVESTING ACTIVITIES		**(41,626)**	**(63,839)**
Increase (decrease) in borrowings		(263,919)	1,726
Capital increase net of costs		272,651	0
Other cash from financing activities o/w own shares		(216)	170
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**8,516**	**1,895**
Impact of changes in exchange rates on cash		(45)	(78)
NET INCREASE (DECREASE) IN CASH POSITION		**(4,895)**	**37,683**
Net cash and cash equivalents at beginning of period		91,013	53,330
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	*10.6*	86,118	91,013

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 DESCRIPTION OF THE BUSINESS

The Group's main activities are described in Note 2.

The accounting year for the companies in the SoLocal Group extends from 1 January to 31 December. The currency used in presenting the consolidated financial statements and the accompanying notes is the euro.

SoLocal Group is a public limited company listed on Euronext Paris (LOCAL).

This information was approved by the Board of Directors of SoLocal Group on 14 February 2018.

1.2 CONTEXT OF PUBLICATION AND BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS 2017

1.2.1 IFRS standards

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 31 December 2017 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2016, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2017, but which have no significant impact:

- IAS 7 "Disclosure Initiative";
- IAS 12 "Recognition of deferred tax asset for unrealized losses".

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2017.

Furthermore, these principles do not differ from the IFRS standards as published by the IASB insofar as there would be no significant impact from the implementation of the amendments and interpretations which are mandatory for financial years commencing from 1 January 2017, as set out in the reference framework published by the IASB, but which are not yet mandatory in the reference framework endorsed by the European Union.

Finally, the Group did not opt for early application of the standards and interpretations adopted by the European Union and which are mandatory application is after 31 December 2017:

Standards:

- IFRS 15 "Revenue from Contracts with Customers" (applicable on 1 January 2018);
- IFRS 16 "Leases" (applicable on 1 January 2019);
- IFRS 17 "Insurance Contracts" (applicable on 1 January 2021);
- IFRS 9 "Financial Instruments" (applicable on 1 January 2018).

Amendments:

- IFRS 9 "Hedge Accounting and amendments" to IFRS 9, IFRS 7 and IAS 39 (date of application not set);
- effective date of IFRS 15 (applicable on 1 January 2018);
- clarifications to IFRS 15 (applicable on 1 January 2018);
- IFRS 2 "Classification and measurement of share-based payment transactions" (applicable on 1 January 2018);
- IAS 40 "Transfers of Investment Property" (applicable on 1 January 2018);
- IFRS 9 "Prepayment Features with Negative Compensation" (applicable on 1 January 2019);
- IAS 28 "Long-term Interests in Associates and Joint Ventures" (applicable on 1 January 2019).
- Interpretations:
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (application on 1 January 2018);
- IFRIC 23 "Uncertainty over Income Tax Treatments" (applicable on 1 January 2019).

All of the standards and interpretations adopted by the European Union as at 31 December 2017 are available on the website of the European Commission at the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The accounting positions retained by the Group pursuant to paragraphs 10 to 12 of IAS 8 are not subject to any particular provisions in the international accounting standards adopted by the European Union or their interpretation.

Update on the application of standards IFRS 9, IFRS 15 (1 January 2018) and IFRS 16 (1 January 2019)

IFRS 9 "Financial Instruments"

This accounting standard has three phases, classification and measurement, impairment of credit risk and hedge accounting. It is related mainly to hedging instruments and hedge accounting, available-for-sale assets and modification in debt, and impairment of commercial liabilities. The analysis has not highlighted any impact on the first three items, the Group has focused on impacts of the accounting standard on evaluation of impairment on commercial liabilities.

Therefore, the Group conducted a study on the impairment of bad debts using historical data covering the financial periods from 2015 to 2017 in order to estimate the theoretical loss rate to be retained and to estimate the impact of the change with respect to the current process. The current methodology consisting in depreciating accounts receivable and writing off those uncollected after a five year period, leads to an average annual rate over the last three years of 0.68% (ratio between unrecoverable losses and revenue).

Applying IFRS9 would lead to an unrecoverable losses to revenue ratio of 0.73%.

The results of this study are that the Group considers that implementing IFRS 9 does not call into question the financial balance.

IFRS 15 "Revenue from Contracts with Customers"

Introduction to the standard and methodology followed

In May 2014, standard IFRS 15, "Revenue from Contracts with Customers", was published by the IASB and ratified by the European Union. It became mandatory in France for all financial periods opened starting on 1 January 2018.

IFRS 15 sets out a single model that companies must use to account for the revenue from contracts with customers. It replaces the current standards of the IASB on the recognition of revenue, in particular IAS 18, "Revenue".

According to the basic principle of IFRS 15, the accounting for revenue must reflect the transfer of the control of the goods and services promised to the customer for an amount which represents what the entity expects to receive in exchange for these goods and services.

The new standard also includes recommendations on accounting for contract costs.

A project was set up during the year 2017. It consisted in analysing the main offers of the Group and the contracts that materialise them, in preparing the technical notes for each one of the offers and in assessing the potential impact of the foreseeable changes. The approach and the technical analyses were presented to the Audit Committee.

SoLocal has opted for the full retrospective method for the application of IFRS 15 on 1 January 2018.

The main impacts of the new standard per category of commercial offering are described hereinafter.

Choice of the accounting policies retained:

The offers of SoLocal Group are grouped into 3 major families:

1. sites which are developed to be made available to customers for a contractual period of 12 or 24 months;
2. the Search local products around the presence on internet via the internet Business Card and its complements intended to improve the visibility or the audience or to allow for transactional possibilities, typically offered over a period of 12 months which can be renewed and the digital marketing offers which correspond to one-off services or campaigns;
3. the Print and Voice offer, which for the most part corresponds to inserts in paper directories for annual publication.

Recognition of Revenue per SoLocal Group (SLG) product range

"Sites" range:

Currently the revenue for sites is recorded in the following way:

1. the designing and producing of sites are subject to an assessment according to the costs incurred and are recognised at the delivery of the sites for about 38% of the total sales price;
2. the putting online and updates are accounted for the residual amount of the sales price on a time pro rata basis over the duration of the contract.

In application of IFRS 15, two separate performance obligations are retained for the sites offer:

1. designing of the intellectual content over the duration of realisation (between 30 days and 90 days according to the products);
2. making available and updating the site during the contractual hosting period

Applying IFRS15 generates an allocation that is different in value between the first obligation and the second, resulting in a modification in the rate of recognising the revenue. A greater portion of the revenue is spread out over the duration of the publication.

"Search and Digital Marketing (excluding Sites)" range:

The main offers are currently recorded, in reference to practices in the sector, by distinguishing:

1. technical costs for designing and realisation between 20% and 50% of the price of the offer, taken into account at the beginning of the contract;
2. an online publishing service recognised on a time pro rata basis over the contractual duration.

Applying IFRS 15 will result in recognising all these offers in a linear manner over the duration of the contracts. Taking revenue into account will as such be delayed with respect to the current methods.

"Print Voice" range:

Revenue from the "Print and Voice" range is currently recorded in the following way:

Revenues from the sale of advertizing space in printed directories are recognised at the time of publication of these printed directories. Technical costs for the manufacturing of the directories are currently the object of separate billing to the advertizers which is recognised at the beginning of the contract.

The revenue generated by the traffic relating to the telephone enquiry services 118 008 is recognised as the calls are made based on the gross revenue billed to the user. The advertizer revenue is spread out over the duration of the publication, which is generally 12 months.

Applying IFRS 15 leads to no longer distinguishing the technical costs. Insertions into the directories will now represent a single performance obligation for which the revenue will be recognised in full in the month the directory is distributed.

Applying IFRS 15 has no impact on the other offers in this range.

Costs of obtaining contracts

- The variable portion of the remuneration of the sales force can no longer be considered as an incremental cost directly linked to the acquisition of contracts identified in terms of IFRS 15.
- These costs will now be recognised directly as expense at the time when they are incurred.

Costs of executing contracts

- The analysis has led us to conclude that applying IFRS 15 will not have any impact on the recognition of the costs of executing contracts which will be booked directly as expense except for directories that have not yet been distributed

IFRS 16 "Leases"

In January 2016, the IASB published IFRS 16 "Leases" which replaces IAS 17.

This new standard introduces a single recognition model for most leases of which the duration is greater than 12 months, consisting for the beneficiary of the contract, when the asset included in the lease can be identified, and who controls the use of this asset, to recognise as an asset on its balance sheet a right of use offset by the recognition as a liability on the balance sheet of a financial debt.

Moreover, the rents for these leases must be accounted for partly as depreciation in the operating results, and partly as financial expenses in financial income.

This standard will be applicable to financial years commencing from 1 January 2019.

The Group is continuing to examine the impact of this standard in order to determine its impacts on the financial statements and the modifications that it could lead to in the information communicated.

For information, the amount of operating lease commitments as at 31 December 2017 is €138.3 million.

1.2.2 Other information

Research tax credit (CIR)

Recognised in the past as a reduction to profit tax, the research tax credit is recognised starting on 1 January 2017 as a grant in application of the provisions of IAS 20. The amount of the Research Tax Credit was recognised as at 31 December 2017 in the following way: the portion linked to development expenses recognised as an asset is presented as a reduction to the book value of these expenses for €2.9 million, which is an effect of €1.5 million as a decrease to depreciation and amortisation; the portion linked to other expenses recognised as expense is presented as reduction in external expenses of €0.1 million.

Financial year 2016 was restated in a similar manner by the impact, of an amount of €1.4 million, concerns only depreciation and amortisation, the external expense portion is not significant.

Foreign currency

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 "Effects of Changes in Foreign Exchange Rates". In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate of the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date. The corresponding revaluation differences are recorded on the income statement:

- in operating income for commercial transactions;
- in financial income or expenses for financial transactions.

Seasonal variations

The activities of the Group are not subject to seasonal effects per se, note however that in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Preparation of the financial statements

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience, as well as various other factors deemed reasonable, which combine to form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill, acquisition costs of contracts, share-based payments, restructuring costs and the valuation of pension liabilities. The actual results could differ appreciably from these estimates, if the actual outcome differs.

The accounting policies applied for the financial year ending 31 December 2017 are in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2017 and unless mentioned otherwise in the Notes (cf. Notes 2 to 17), these methods have been applied permanently for all financial years presented.

Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgement to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group;
- reflect the economic substance of transactions;
- are neutral,;
- are prudent;
- and are complete in all material respects.

1.3 PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

Operating income corresponds to net income before:

- financial income;
- financial expenses,
- current and deferred income taxes.

EBITDA is an alternate indicator of performance presented in the income statement in operating income and before taking depreciation and amortisation into account.

The annual activity report presents the Group's continued activities as well as recurring EBITDA which corresponds to EBITDA before taking exceptional events such as restructuring costs into account. Segment information (Note 2), presents the details of the revenues and recurring EBITDA of "Continued activities" and of "Disposed activities".

1.4 NOTE ON CONTINUED OPERATION

Despite the existence of consolidated equity that is still negative, the Group has not identified any elements of a nature to compromise continuity of operation.

After the financial restructuring, which made it possible to bring all of the debt to a bond debt of €398 million, the Group feels that it will be able to handle all of its financial commitments (cf. Note 10.6). Indeed, future cash flows generated by operations, net of investment, as well as available cash will make it possible to ensure continuity of operation in the next twelve months.

NOTE 2 SEGMENT INFORMATION

SoLocal Group is developing its activities within two operating segments: Internet and Print & Voice and generated revenue for continued activities of €755.8 million in 2017, its Internet and Print & Voice activities represent respectively 84% and 16%.

Internet

The Internet activity is driven by the two main digital activities, which are Search Local and Digital Marketing.

In 2017, SoLocal Group recorded €635.8 million in Internet revenues for continued activities, representing 84% of Group revenues.

Print & Voice

This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertizing space in the PagesJaunes and PagesBlanches print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", including telephone directory and reverse directory services.

The Print & Voice activities generated €120.0 million in 2017, down -26.6% in 2017 compared to 2016.

2.1 BY BUSINESS SECTOR

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2017 and 2016:

(in thousands of euros)	As at 31/12/2017				As at 31/12/2016[1]			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	**764,941**	**9,092**	**755,849**	**-**	**812,277**	**10,973**	**801,304**	**-**
• Digital	644,940	9,092	635,848	-	648,729	10,973	637,756	-
• Print & Voice	120,001	-	120,001	-	163,548	-	163,548	-
Recurring EBITDA	**179,970**	**(2,690)**	**195,983**	**(13,323)**	**223,875**	**(2,143)**	**231,009**	**(4,991)**
• Digital	154,347	(2,690)	170,360	(13,323)	180,494	(2,143)	187,628	(4,991)
• Print & Voice	25,623	-	25,623	-	43,381	-	43,381	-

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

The non-recurring items heading notably includes impairment losses on goodwill and fixed assets, changes in the fair value of price supplements granted in connection with the acquisition of securities, acquisition costs of equity securities. as well as restructuring costs.

In 2017, this heading totals €13.3 million, mainly covering exceptional staff costs incurred to secure business continuity and the departure costs of non-replaced persons and elements relating to the change of governance.

In 2016, this item totaled €5.0 million covering a litigation provision and also exceptional staff costs.

2.2 BY GEOGRAPHIC REGION

(in thousands of euros)	As at 31/12/2017	As at 31/12/2016[1]
Revenues	**764,941**	**812,277**
• France	741,119	788,689
• Others	23,822	23,588
Assets	**724,208**	**769,339**
• France	597,054	631,994
• Others	17,620	17,875
• Unallocated	109,534	119,471

(1) Restated for the adjustment to the Turnover Tables (cf. Chapter 6 Note 6.2).

NOTE 3 SCOPE: MAIN CHANGES AND DISPOSAL RESULTS

3.1 CONSOLIDATION

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 10% to 50%) are consolidated using the equity method.

The existence and effect of potential voting rights exercisable or convertible at the balance sheet date are taken into consideration when determining control or significant influence exercised over the entity.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material inter-company transactions and balances are eliminated in consolidation.

3.2 CHANGES IN THE SCOPE OF CONSOLIDATION

2017

During the 2017 financial year, the Group divested two non-strategic activities:

- site avendrealouer.fr, activity of diffusion of the classified advertisements of the entity PagesJaunes SA. The sale of this business on 30 November 2017 was made on the basis of a sale price of €19.8 million as at 30 November 2017. This amount is subject to change after the sale. on the basis of adjustment criteria agreed between the parties. The impact on the consolidated net result of this disposal in the Group's financial statements amounts to €11.9 million;
- all of Chronoresto's shares were sold on 31 October 2017 for €1. The net impact of this sale in the Group's financial statements amounts to -€5.3 million on the consolidated net income.

Divested business information has been included in the segment information in 2017 and 2016 (Cf. Note 2).

2016

On 1 January 2016, merger of Horyzon Média World Wide with QDQ Media by take-over

Effilab Dubaï was created with a 51% stake held by Effilab.

On 7 March 2016, Effilab Australie was created with a 51% stake held by Effilab.

NOTE 4 SALES

4.1 REVENUES

The Group markets products and local communication services mainly in digital and printed form. The main activity, Internet, is comprised of Search Local and of Digital Marketing.

Revenues from the activities of the Group are recognised and presented as follows, in accordance with IAS 18 "Revenue".

With regard to the Internet activities, the revenue is recognised in part from the outset of the contract, either to the extent of the result of the transaction if it can be estimated reliably, or up to the costs incurred for setting up the service (vs. product) and deemed recoverable. Residual revenue is spread in a linear fashion over the term of the contract when it is put online. Since billing is faster than the recognition of revenue, a significant amount of prepaid revenue is recognised.

The Group allocates the revenue over the following items:

- the providing of the technical service, for which revenue is recognised at an evaluation of the costs, either the subscription month if the latter is generated over the first part of the month, or the month following the subscription in the opposite case;
- the publishing of the offer, commonly referred to as space costs, recognised over the duration of the publication of the product.

For certain Internet products, the policy for recognising revenue was defined in reference to practices in the market, in particular in order to estimate the percentage of revenue recognised during the subscription of the offer.

With regards to the Print & Voice activities comprised mainly of the paper directories PagesJaunes and PagesBlanches, revenue if recognised when each of the directories is published. For technical costs, the month following the subscription of the contract.

Furthermore, in accordance with SIC 31 "Revenue – Barter Transactions Involving Advertizing Services", the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even when the latter are rendered over different periods.

4.2 TRADE DEBTORS

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

(in thousands of euros)	31/12/2017	31/12/2016
Gross trade debtors	325,543	344,486
Provisions for impairment	(20,652)	(20,667)
NET RECEIVABLES BEFORE STATISTICAL IMPAIRMENT	**304,891**	**323,819**
Provisions for statistical impairment	(821)	(2,919)
NET TRADE DEBTORS	**304,070**	**320,900**

As at 31 December, trade debtors were due as follows:

(in thousands of euros)	Total[1]	Not due[1]	Overdue and not impaired[1]					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2017	304,891	283,942	7,260	3,560	2,625	2,548	2,664	2,292
2016	323,819	292,936	14,486	6,182	3,961	2,507	2,270	1,477

(1) Exclusing statistical impairment provisions totalling €821 thousand as at 31 December 2017 and €2,919 thousand as at 31 December 2016

The Group's portfolio of trade debtors does not present a significant risk of concentration (about 460,000 advertizers, including 430,000 with PagesJaunes in France). In France, PagesJaunes' 20 largest advertizers represent 1.5% of these revenues (1.6% in 2016) and advertizers in the 10 largest business sections represent 13.6% of PagesJaunes revenues (13.9% in 2016). Provisions for bad debts remain at a very low level, with net provisions amounting to 0.1% of revenues in 2017 compared to 0.4% in 2016.

(in thousands of euros)	Balance at start of période	Allowances	Releases of unused provisions	Release of used provisions	Other movements[1]	Balance at end of period
2016						
Trade debtors	21,379	8,783	(831)	(5,745)	-	23,586
Other assets	-	-	-	-	-	-
2017						
Trade debtors	23,586	8,691	(3,749)	(6,946)	(108)	21,473
Other assets	-	-	-	-	-	-

(1) In 2017, sale of the company PJ Resto.

Application of a provision rate according to the age of the receivables based on the collection history.

4.3 DEFERRED INCOME

Deferred income mainly comprise sales of billed advertizing products later recognized according to the online display period (Internet products) or the publication period (printed directories).

Deferred income decreased from €408.3 million as at 31 December 2016 to €340.9 million as at 31 December 2017. This drop must be examined, the one hand, with the significant drop in the level of the "Print & Voice" business, and on the other hand, with a deformation in the Internet product mix towards mainly Digital Marketing products with a shorter lifespan.

4.4 OTHER CURRENT ASSETS

The other current assets are made up as follows:

(in thousands of euros)	31/12/2017	31/12/2016
VAT receivable	19,864	20,114
Sundry accounts receivable	2,316	206
Trade payables – Advances and instalments	2,480	3,491
Other current assets	9,043	7,417
TOTAL	**33,703**	**31,228**

NOTE 5 PURCHASES AND OTHER EXPENSES

5.1 ADVERTIZING AND SIMILAR EXPENSES

Expenses for advertizing, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

5.2 ACQUISITION COSTS OF CONTRACTS

Acquisition costs of contracts represent the variable costs of the sales force relating to the marketing of advertizing products in the printed directories and on digital media. These direct and incremental costs in obtaining customer contracts are capitalised on the balance sheet in this item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

5.3 TRADE CREDITORS

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

5.4 PROVISIONS

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; an attached information is then provided.

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.

5.5 TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of SoLocal Group, meeting on 17 May 2009, appointed Jean-Pierre Remy Chief Executive Officer of the Company effective 25 May 2009. Since Jean-Pierre Remy does not benefit from an employment contract, the Board of Directors decided to implement severance pay in the event of forced departure from the Company, the sum of which will be equal to 12 months of the gross annual remuneration (fixed and variable in accordance with the targets met) of the Managing Director, subject to the performance obligation.

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination. SoLocal Group will have the ability to release Jean-Pierre Remy of this non-competition obligation (in that case the compensation will not have to be paid)

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Jean-Pierre Remy left his position on 30 June 2017. No termination indemnity was paid, Jean-Pierre Remy having waived any compensation related to his departure. Similarly, no non-competition indemnity was paid, the Board of Directors having freed Jean-Pierre Remy from its non-compete obligation.

Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011. Christophe Pingard does not benefit from an employment contract, the Board of Directors decided to provide severance pay in the event of his forced departure from the Company, subject to fulfilment of the performance condition. The amount of this indemnity would be equal to 12 months of fixed annual gross remuneration (fixed and variable with targets reached) of the Deputy Chief Executive Officer.

A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The corresponding compensation shall amount, based on a non-competition period of 24 months, to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Christophe Pingard left his post on 15 December 2017. The Board of Directors Noted in its meeting of 15 December 2017 that the conditions of payment of severance pay were met. As a result, Christophe Pingard received severance pay equal to 12 months of remuneration calculated on the basis of the monthly average of the total gross remuneration (fixed and variable) paid during the last 12 months of activity. No non-compete indemnity was paid, as the Board of Directors freed Christophe Pingard from his non-compete obligation.

Following the resignation of Jean-Pierre Remy from his term as the Company's CEO on 30 June 2017, the Board of Directors of SoLocal Group, meeting on 5 September 2017, appointed Éric Boustouller as CEO of the Company starting on 11 October 2017.

Since he does not benefit from an employment contract, severance pay will paid to the CEO in the event of forced departure from the Company, subject to fulfilment of the performance condition. The amount of the severance pay will be equal to 18 months of the annual lump-sum remuneration (fixed and variable with targets reached) of the CEO.

Éric Boustouller will 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.

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.

NOTE 6 PERSONNEL BENEFITS, PROVISIONS AND OTHER LIABILITIES

6.1 PERSONNEL EXPENSES

(in thousands of euros, except staff count)		As at 31/12/2017	As at 31/12/2016
Average staff count (full-time equivalent)		4,403	4,386
Salaries and charges		**(381,879)**	**(368,387)**
of which:	- Wages and salaries	(240,415)	(242,630)
	- Social charges	(120,620)	(108,412)
	- Tax credit employment (CICE)	3,473	3,037
	- Taxes on salaries and other items	(24,317)	(20,382)
Share-based payment[1]		**3,309**	**2,304**
of which:	- Stock options and free shares	-	4,542
	- Social charges on grants of stock options and free shares	3,309	(2,238)
Employee profit-sharing[2]		**(4,922)**	**(6,497)**
TOTAL STAFF EXPENSES		(383,492)	(372,580)

(1) Cf. Note 6.4.
(2) Incl. Coporate contribution.

6.2 PERSONNEL BENEFITS, PROVISIONS AND OTHER LIABILITIES

These are made up as follows:

(in thousands of euros)	31/12/2017	31/12/2016
Post-employment benefits	127,998	121,268
Other long-term benefits	11,393	12,580
NON-CURRENT PERSONNEL BENEFITS[1]	**139,391**	**133,848**
Other Provision for risks	12,997	8,807
Provisions for social or fiscal disputes	4,536	12,270
NON-CURRENT PROVISIONS	17,533	21,077

(1) Cf. details in the folloing Note. Non-current personnel benefits concern the French companies.

(in thousands of euros)	31/12/2017	31/12/2016
Personnel[1]	71,416	70,163
Social organisations	48,000	46,328
TOTAL CURRENT PERSONNEL BENEFITS	**119,416**	**116,491**
VAT payable	67,212	70,308
Sundry accounts payable	7,264	6,509
Other current liabilities	6,880	6,844
OTHER CURRENT LIABILITIES	81,357	83,662

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

(in thousands of 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
Provisions for social and fiscal litigations	48,084	1,256	(24)	(19,794)	-	29,522
Other Provision for risks	3,466	1,908	(409)	(837)	(9)	4,119
TOTAL PROVISIONS	**51,550**	**3,164**	**(433)**	**(20,631)**	**(9)**	**33,641**
• *of which non current*	*21,077*	*3,114*	*(423)*	*(6,235)*	-	*17,533*
• *of which current*	*30,473*	*50*	*(10)*	*(14,396)*	*(9)*	*16,108*

The provisions booked primarily cover social disputes linked to the PSE (Job Safeguard Procedure) in progress (cf. Note 14.1).

Retirement benefits and similar commitments

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.

In order to have up-to-date data, the turnover tables were recalculated in 2017.

They were estimated based on the observations from 2012 to 2016 (5 years). The impact relating to this change in method gave rise to an adjustment in opening shareholders' equity standing of €33.1 million.

Other retirement schemes

These benefits are offered through defined contribution schemes for which the Group has no commitment other than the payment of contributions. 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.

Personnel turnover tables' adjustment

In order to have up-to-date data, the turnover tables were recalculated in 2017.

They were estimated based on the observations from 2012 to 2016 (5 years). The Group decided to retain only motives of resignation in the personnel turnover calculation. As such, the reason for redundancy regardless (including for economic reasons) or conventional termination is not retained. These tables have been used to determine commitments as at 31 December 2016 but also 31 December 2017.

The impact relating to this change in method gave rise to an adjustment in opening shareholders' equity standing as followed:

- -€43.1 million on the post-employment benefits (IFC) with a positive tax impact of €12.1 million, generating a net impact of -€31 million;
- -€2.7 million on the long-service awards with a positive tax impact of €0.9 million, generating a net impact of -€1.8 million.

Pension commitments and other personnel benefits

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 december 2017	Post-employment benefits	Other long-term benefits	Total 31 december 2016
Change in value of commitments						
Total value of commitments at start of period	**78,608**	**10,159**	**88,766**	**75,961**	**9,725**	**85,685**
Adjustment of the opening periode (change of method)	43,065	2,721	45,786	-	-	-
Total value of commitments at start of period (adjusted)	**121,673**	**12,880**	**134,552**	**75,961**	**9,725**	**85,685**
Cost of services rendered	7,408	915	8,322	4,795	660	5,454
Discounting cost	1,620	180	1,800	1,696	210	1,906
Reductions/liquidations	(2,256)	-	(2,256)	(5,820)	(332)	(6,152)
Actuarial (gains) or losses	876	(1,908)	(1,031)	2,472	155	2,627
Benefits paid	(475)	(374)	(849)	(495)	(259)	(754)
Changes in scope	(443)	-	(443)	-	-	-
Others	1	-	1	(1)	-	(1)
Total value of commitments at end of period (A)	**128,403**	**11,692**	**140,096**	**78,607**	**10,159**	**88,766**
Commitments at end of period relating to non-financed schemes	*128,403*	*11,692*	*140,096*	*78,607*	*10,159*	*88,766*
of which short term	*402*	*300*	*702*	*402*	*300*	*702*
of which long term	*128,001*	*11,392*	*139,394*	*78,205*	*9,859*	*88,064*
Pension charge						
Cost of services rendered	7,408	915	8,322	4,795	660	5,454
Discounting costs	1,620	180	1,800	1,696	210	1,906
Amortisation of actuarial (gains) or losses	-	(1,908)	(1,908)	-	155	155
Effect of reductions/liquidations	(2,256)	-	(2,256)	(5,820)	(332)	(6,152)
TOTAL PENSION CHARGE	**6,772**	**(813)**	**5,959**	**671**	**693**	**1,364**
Movements in the provision/(asset)						
Provision/(assets) at start of period	**121,673**	**12,880**	**134,552**	**75,961**	**9,725**	**85,685**
Pension charge	6,772	(813)	5,959	671	693	1,364
Contributions paid by the employer	-	-	-	(495)	(259)	(754)
Benefits paid directly by the employer	(475)	(374)	(849)	-	-	-
Change of scope	(443)	-	(443)	-	-	-
Actuarial gains or (losses)	876	-	876	2,472	-	2,472
Others	1	-	1	(1)	-	(1)
Provision/(assets) at end of period	**128,403**	**11,692**	**140,096**	**78,607**	**10,159**	**88,766**
Assumptions						
Discount rate *(in %)*	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Expected long-term inflation rate *(in %)*	2.0%		2.00%	2.0%		2.0%
Expected long-term salary growth *(in %)*	according to employee categories and ages					
Expected yield on scheme assets *(in %)*	1.50%	-	-	1.50%	-	-
Probable residual activity period	15.8	15.8	15.8	11.3	11.3	11.3
AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD	6,772	(813)	5,959	671	693	1,364

In 2017, the expense stated in respect of defined contribution pension plans amounted to €44.6 million.

The discount rate applied in valuing commitments as at 31 December 2017 is 1.50%, as at 31 December 2016.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies 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).

The discount rate actually adopted in this valuation was thus in accordance with the IAS 19 standard.

Sensitivity of the discount rate on post-employment benefits (IFC):

A 0.50% increase in the discount rate leads to a decrease in the commitment of about 6.7%, or around €7.6 million, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of about 7.4%, i.e. around €8.4 million.

Sensitivity of the discount rate on other long-term benefits (long-service awards):

An increase of 0.50% in the discount rate leads to a decrease in the commitment of 4.7% (less than €1 million), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 5.1% (less than €1 million).

For all post-employment benefits and other long-term benefits, an increase of 0.5% in the discount rate leads nearly to no impact in the expense for the year.

The discounted value of the obligation in respect of these commitments and the adjustments to the scheme linked to experience for the current year and or the four previous years are as follows:

(in thousands of euros)	2017	2016	2015	2014	2013
Total value of commitments at end of period	140,096	88,766	85,686	90,439	86,209
Fair value of cover assets at end of period	-	-	-	-	(30)
SITUATION OF THE SCHEME	**140,096**	**88,766**	**85,686**	**90,439**	**86,179**
Actuarial (gains) or losses relating to experience – liability	(1,033)	(2,877)	107	(366)	(2,931)
Actuarial (gains) or losses relating to experience – cover asset	-	-	-	-	-

6.3 TERMINATION BENEFITS

Any termination benefits are also determined on an actuarial basis and covered by provisions.

For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

6.4 REMUNERATION OF THE CORPORATE OFFICERS

The table below shows the remuneration of persons who were members of SoLocal Group's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the Directors representing employees and sitting on the SoLocal Group Board of Directors.

(in thousands of euros)	31/12/2017	31/12/2016
Short-term benefits(1)	5,935	6,700
of which employer charges	*1,768*	*1,928*
Post-employment benefits(2)	33	49
Other long term benefits(3)	1	1
End-of-contract benefits(4)	1,117	-
Equity benefits(5)	(1,712)	(1,035)
TOTAL	**5,374**	**5,716**

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.
(2) Pensions, annuities, other benefits…
(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).
(4) Severance pay, non-competition clause compensation, including social charges.
(5) Share-based payment including social charges relating to free grants of shares and stock options.

In 2017, the charge in respect of defined-contribution pension plans amounted to €0.5 million (€0.4 million in 2016).

NOTE 7 GOODWILL

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised. It is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each cash generating unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A cash generating unit is defined as the smallest homogeneous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities of each CGU is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The level at which the Group measures the current value of goodwill corresponds to the level of each of the sectors which are groupings of product lines (SearchLocal + transactional, sites and programmes).

The segments have been determined in compliance with IFRS 8 "Operating Segments", and are as follows: Internet, Printed and Vocal. As at 31 December 2017, the goodwill undepreciated is fully allocated to Internet sector.

The value in use applied by the Group is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of PagesJaunes, as follows:

cash flow projections are based on the five-year business plan;

- cash flow projections beyond the five-year period are extrapolated by applying a growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity;
- the cash flow is discounted at rates appropriate to the nature of the activities and countries.
- Goodwill impairment losses are recorded in the income statement.

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

Since 2015, the level at which the Group measures the current value of goodwill corresponds to the level of each of the product lines.

Breakdown of the net value of goodwill by business sector:

(in thousands of euros)	Year ended 31 December 2017			Year ended 31 December 2016			Change
	Gross	Accumulated impairments	Net	Gross	Accumulated impairments	Net	Net
Search local + Transactionnel	49,421	(1,400)	48,021	54,201	(1,400)	52,801	(4,780)
Sites	26,891	-	26,891	26,891	-	26,891	-
Programmatique	15,815	-	15,815	15,815	-	15,815	-
Internet	**92,127**	**(1,400)**	**90,727**	**96,907**	**(1,400)**	**95,507**	**(4,780)**
Printed directories	-	-	-	-	-	-	-
Other businesses	75,282	(75,282)	-	75,282	(75,282)	-	-
TOTAL	**167,409**	**(76,682)**	**90,727**	**172,189**	**(76,682)**	**95,507**	**(4,780)**

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	2017	2016
BALANCE AT START OF YEAR	**95,507**	**95,507**
Acquisitions/disposals	(4,780)	
Impairments		
IMPAIRMENTS	**90,727**	**95,507**

Goodwill values were examined on the closure of the consolidated financial statements on the basis of business plans, a perpetual growth rate of 1.5% for the "Local Search and transactional" CGU and of 3.0% for the "Sites" and "Programmatic" CGUs and an after-tax discount rate of 9.0% for the "Local Search and transactional" CGU and 15.0% for the "Sites" and "Programmatic" CGUs. These rates are based on published sector studies.

The assumptions made in determining the recoverable values are similar from one cash-generating unit to the other: these are:

- the revenue which reflects the number of customers, the ARPA, the penetration rate of the offerings;
- costs with the levels of commercial costs required to handle the rate of customer acquisition and renewals, the positioning of the competition, the possibilities of adapting the costs to the changes in revenue or the effects of the natural attrition of the workforce;
- the level of the investment expenses that can be affected by the constant change in new technologies.

The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan. These parameters are the main sensitivity factors.

In terms of sensitivity, an increase of 1% in the discount rate across all of the CGUs, a decrease of 1% in the perpetuity growth rate or a decrease of 1% in the margin rate of the last year of the business plans would not result in the recording of depreciation.

NOTE 8 FIXED ASSETS

8.1 OTHER INTANGIBLE FIXED ASSETS

Other intangible assets, consisting mainly of trademarks, licences and patents, research and development costs and software. They are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

Brands

Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see Note 8.3).

Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the Company;
- and the cost of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

(in thousands of euros)	31/12/2017			31/12/2016		
	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and support applications	376,602	(267,960)	108,642	369,321	(244,432)	124,889
Other intangible fixed assets	18,934	(8,734)	10,200	10,336	(7,151)	3,185
TOTAL	395,537	(276,695)	118,842	379,657	(251,583)	128,074

No other significant impairment was recorded as at 31 December 2017 and 2016.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	31/12/2017	31/12/2016
OPENING BALANCE	**128,074**	**123,384**
Acquisitions	537	1,293
Internally generated assets[1]	50,391	54,308
Effect of changes in the scope of consolidation	(738)	-
Exchange differences	(150)	(263)
Reclassifications	111	-
Disposals and accelerated amortisation	(4,093)	(372)
Depreciation charge	(55,289)	(50,276)
CLOSING BALANCE	**118,842**	**128,074**

(1) Concerns all capitalised development expenses.

8.2 TANGIBLE FIXED ASSETS

Gross value

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. This cost includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

Finance leases

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the Group has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;
- the lease term covers the major part of the estimated economic life of the asset;
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Depreciation

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

(in thousands of euros)	31/12/2017			31/12/2016		
	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	58,128	(54,139)	3,988	67,181	(58,478)	8,704
Others	58,033	(36,540)	21,493	56,692	(31,976)	24,716
TOTAL	**116,161**	**(90,679)**	**25,482**	**123,874**	**(90,454)**	**33,420**

No significant impairment was recorded as at 31 December 2017 and 2016.

Movements in the net value of tangible fixed assets can be analysed as follows:

(in thousands of euros)	31/12/2017	31/12/2016
OPENING BALANCE	**33,420**	**28,381**
Acquisitions	2,932	13,509
Subvention	(2,942)	
Effect of changes in the scope of consolidation	(13)	-
Exchange differences	(52)	(24)
Reclassifications	(111)	-
Disposals and accelerated amortisation	(159)	(21)
Depreciation charge	(7,593)	(8,424)
CLOSING BALANCE	**25,482**	**33,420**

8.3 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.

Impairment tests are performed by asset or by group of assets by comparing their recoverable value and their net book value. When an impairment loss appears necessary, the amount recognized is equal to the difference between the 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.

NOTE 9 TAXES

9.1 GROUP TAX ANALYSIS

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:

(amounts in thousands of euros)	As at 31/12/2017	As at 31/12/2016[1]
Pretax net income from businesses	364,092	90,796
Pretax net income from businesses and before Share of profit or loss of an associate	**364,092**	**90,796**
Statutory tax rate	34.43%	34.43%
THEORETICAL TAX	**(125,369)**	**(31,264)**
Loss-making companies not integrated for tax purposes & Foreign subsidiaries	3,053	569
Share-based payment	1,139	1,440
Recognition of previously unrecognised tax losses	(1,072)	(602)
Corporate value added contribution (after tax)	(5,919)	(6,047)
Difference between the carrying amount of the extinguished financial liability and the fair value of the equity instruments issued	102,617	-
Ceiling of interest expense deductibility	(2,092)	(5,445)
Adjustment corporation tax of prior years	864	886
Other non-taxable/non-deductible items	(1,791)	702
EFFECTIVE TAX	**(28,570)**	**(41,840)**
of which current tax	*(40,926)*	*(32,969)*
of which deferred tax	*12,356*	*(8,871)*
EFFECTIVE TAX RATE	**7.8%**	**46.1%**
EFFECTIVE TAX RATE EXCLUDED GAIN FROM DEBT RESTRUCTURING	**41.9%**	**46.1%**

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

9.2 TAXES IN THE BALANCE SHEET

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable within a period of 3 to 5 years.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

For investments in subsidiaries and associates, a deferred tax liability is recognized for any taxable temporary difference between the book value of shares and their tax base unless:

1. the Group is able to control the timing of the reversal of the temporary difference (distribution of dividends for example); and
2. it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

The net balance sheet position is detailed as follows:

(amounts in thousands of euros)	As at 31/12/2017	As at 31/12/2016[1]
Retirement benefits	33,194	34,815
Legal employee profit-sharing	1,299	1,726
Non-deductible provisions	197	1,278
Tax loss carryforward	-	171
Other differences	459	904
SUBTOTAL DEFERRED TAX ASSETS	**35,149**	**38,894**
Loan issue costs	-	(10,592)
Depreciations accounted for tax purposes	(26,068)	(32,564)
SUBTOTAL DEFERRED TAX LIABILITIES	**(26,068)**	**(43,156)**
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	**9,081**	**(4,262)**
Deferred tax assets	*9,155*	*182*
Deferred tax liabilities	*(74)*	*(4,444)*

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this sub-group recorded a net loss in 2017. The amount of deferred tax not recognised is estimated at €65.5 million as at 31 December 2017.

Deferred tax assets in the balance sheet increased from €0.2 million as at 31 December 2016 to €9.1 million as at 31 December 2017.

Deferred tax liabilities in the balance sheet increased from €4.4 million as at 31 December 2016 to €0.1 million as at 31 December 2017.

In the balance sheet as at 31 December 2017, corporation tax represents a receivable of €2.7 million and a liability of €4.9 million. As at 31 December 2016, corporation tax represented a receivable of €0.4 million and a liability of €3.9 million.

The tax disbursed during the 2017 financial year was €44.8 million as against €12.6 million in 2016.

(amounts in thousands of euros)	As at 31/12/2017	As at 31/12/2016[1]
OPENING BALANCE	**(4,262)**	**(7,248)**
Changes recognized in equity	605	9
Changes recognized in income	12,356	(8,871)
Adjustment n-1 Turnover table (cf. Note 6.2)	-	12,062
Others changes	382	(214)
CLOSING BALANCE	**9,081**	**(4,262)**

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

NOTE 10 ASSETS, LIABILITIES & FINANCIAL RESULTS

10.1 FINANCIAL ASSETS AND LIABILITIES

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

10.2 MEASUREMENT AND RECOGNITION OF FINANCIAL ASSETS

Available-for-sale assets

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

Loans and receivables

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

Loans or receivables are assessed for objective evidence of impairment. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Assets at fair value through the income statement

Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above.

These assets are carried in the balance sheet under short-term financial assets.

Cash and cash equivalents

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

10.3 MEASUREMENT AND RECOGNITION OF FINANCIAL LIABILITIES

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

10.4 NET FINANCIAL INCOME

Net financial expenses are made up as follows:

(amounts in thousands of euros)	As at 31/12/2017	As at 31/12/2016
Gain on debt restructuring through the issuance of equity instruments[3]	300,198	-
Costs related to financial restructuring[4]	(24,117)	-
Accelerated amortization of borrowing costs related to the old debt	(10,545)	-
NET GAIN FROM DEBT RESTRUCTURING AS AT 13 MARCH 2017	**265,536**	**-**
Interest and similar items on financial assets	395	1,231
Result of financial asset disposals	(2)	69
Dividends received	-	125
OTHER FINANCIAL INCOME	**393**	**1,425**
Interest on financial liabilities	(24,428)	(64,120)
Income/(expenses) on hedging instruments	36	-
Amortisation of loan issue expenses	(569)	(7,840)
Change in fair value of financial assets and liabilities	(476)	25
Other financial expenses & fees[1]	(1,082)	(1,405)
Accretion cost[2]	(1,801)	(1,907)
FINANCIAL EXPENSES	**(28,320)**	**(75,247)**
Gain (loss) on exchange	-	(25)
NET FINANCIAL EXPENSE	237,609	(73,847)

(1) Primarily composed of current costs linked to debt management.
(2) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments.
(3) This amount includes on the one hand, in accordance with the application of IFRIC 19 (cf. Note 2), the difference between the book value of the debt converted into equity instruments and the fair value of these same instruments which revealed non-monetary financial income of €298 million and on the other hand, revenue of €2.2 million on the partial repurchase of the bond loan.
(4) After deducting costs allocated directly as a reduction to the cash increase in capital.

10.5 FINANCIAL RESTRUCTURING

Description of the operation carried out in March 2017

- Capital increase with preferential subscription rights retained for €398.5 million (issue premium included), at a subscription price of €1 per share:
  - **272,650,250 new shares** subscribed for in cash by the shareholders made as of right and excess shares, i.e. €272.7 million;
  - **125,834,531 new shares** subscribed for by creditors, in accordance with their guarantee pledge, for €125.8 million (issue premium included), converting debts owed;
  - **80,542,087 new shares** subscribed for by creditors, in the framework of a capital increase in which the shareholders' preferential subscription rights are removed at an issue price of €4.51 per share, reserved for creditors, for an amount of €363.2 million (issue premium included).
- Issuing of **9,067,200 MCB** (mandatory convertible bonds) in favour of creditors for a unitary nominal value of €2 or a total of €18.1 million, conferring a right to the allocation of 9,067,200 shares in the case of conversion of all of MCBs. The latter were recognised as equity. Note, 6,226,522 MCB were converted as at 31 December 2017.
- New debt for an amount of €397.8 million.

The creditors subscribed to **215,443,818 shares and MCB** for a total amount of €507.2 million.

Accounting treatment of capital increases

- The original debt being the subject of restructuring is derecognised in its entirety (€1,157.7 million).
- The new instruments (debt and equity) must be recognised for their Fair Value which is €607.0 million (new debt of €398 million + issued instruments €209.2 million).
- The difference between the book value of the original debt (€1,157.7 million) on the one hand, and the cash remitted to bearers (€252.7 million) and the fair value of the new instruments (€607.0 million) on the other hand, is recognised as an offset of results in accordance with IAS 39-41 and IFRIC 19 for an amount of €298.0 million.

The debt is extinguished on the settlement-delivery date of the securities (i.e. on 13 March 2017 at the opening), the fair value of the share corresponds to the opening price which is €0.971.

In fair value, capital increase and MCB amounted respectively to €200.4 million and €8.8 million at the issuing date. MCB are treated as equity according IFRS standards.

Accounting treatment of costs

In the framework of the financial restructuring, the Group committed about €28 million in costs. Although the purpose of this operation was to reinforce the Group's equity, it leads to derecognising the old debt entirely, all of the costs incurred concerning the restructuring are recognised in results in accordance with IAS 39-AG62 except for costs that can be directly attached to the issue of the equity instruments which are recognised as a decrease to equity for €4.6 million.

The costs pertaining to the old debt and listed on the balance sheet as at 31 December 2016 for €10.5 million are amortised with acceleration in the income statement 2017.

10.6 CASH AND CASH EQUIVALENTS, NET FINANCIAL DEBT

Net financial debt corresponds to the total gross financial debt plus or minus the fair value of derivative asset and/or liability hedging instruments and minus cash and cash equivalents.

(in thousands of euros)	As at 31/12/2017	As at 31/12/2016[1]
Accrued interest not yet due	-	27
Cash equivalents	10,044	10,172
Cash	77,452	80,870
Gross cash	**87,496**	**91,069**
Bank overdrafts	(1,358)	(56)
Net cash	**86,138**	**91,013**
Bank loan	0	783,638
Bond loan	397,835	337,846
Revolving credit facility drawn	-	38,395
Loans issue expenses	-	(10,545)
Lease liability	66	277
Price supplements on acquisition of securities	3,669	1,988
Accrued interest not yet due	1,439	32,137
Other financial liabilities	14,797	4,045
Gross financial debt	**417,806**	**1,187,781**
of which current	*9,636*	*1,186,440*
of which non-current	*408,170*	*1,341*
Net debt	**331,668**	**1,096,768**
NET DEBT OF CONSOLIDATED GROUP EXCLUDED LOAN ISSUE EXPENSES	331,668	1,107,313

(1) Restated for the retrospective application of IAS 20 concerning the CIR (cf. Note 5.2.2.2) and Turn over table (cf. Chapter 6 Note 6.2).

Evolution of liabilities

(in thousands of euros)	As at 31/12/2016	Cash flows	Variations "non cash"					As at 31/12/2017
			Capital increase by offsetting receivables	Other Variations	Var. of change	Var. of JV[1]	Reclass & changes in scope	
Bank borrowing and Bond loan	1,110,939	(236,749)	(209,196)	30,859	-	(298,018)	-	397,835
Revolving credit facility	38,395	(38,395)	-	-	-	-	-	-
Other loan	2,779	10,118	-	-	-	-	-	12,897
Current account	1,266	618	-	-	(2)	-	17	1,900
Earn-Out	1,988	(600)	-	2,281	-	-	-	3,669
Capital lease	277	(211)	-	-	-	-	-	66
Bank overdrafts	56	1,302	-	-	-	-	-	1,358
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	1,155,700	(263,917)	(209,196)	33,140	(2)	(298,018)	17	417,725

(1) Recognised in result in accordance with IFRIC 19.

Cash and cash equivalents

As at 31 December 2017, cash equivalents amounted to €10.0 million and are primarily comprised of UCITS and non-blocked, remunerated, fixed-deposit accounts.

These are managed and valued on the basis of their fair value.

Issuing of bonds

Interests:

- calculation of interests: margin plus 3-month EURIBOR rate (EURIBOR being defined to include a minimum rate of 1%), payable in arrears on a quarterly basis;
- late payment interest: 1% increase in interest rate applicable.

Margin: percentage per year according to the level of the Consolidated Net Leverage Ratio (consolidated net debt/consolidated EBITDA) at the end of the most recent reference period (Accounting Period), such as indicated in the table below (noting that the initial margin will be calculated based on a pro forma basis of the restructuring operations):

Net consolidated Leverage Ratio	Margin
Higher than 2.0: 1	9%
Lower or equal to 2.0: 1 but higher than 1.5: 1	7%
Lower or equal to 1.5: 1 but higher than 1.0: 1	6%
Lower or equal to 1.0: 1 but higher than 0.5: 1	5%
Lower or equal to 0.5: 1	3%

Maturity date: 15 March 2022.

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 may at any time, and several times, reimburse all or part of the obligations at a price equal to 100% of the principal amount plus unpaid interest accrued;
- 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 early reimbursements are also provided for by means of funds coming from a percentage of surplus cash flow, according to the Company's Consolidated Net Leverage Ratio.

Financial commitments:

- consolidated net debt/consolidated EBITDA (Consolidated Net Leverage Ratio) 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
- starting in 2017 and (ii) for any following year is the Consolidated Net Leverage Ratio exceeds, on 31 December 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 Terms & Conditions of the notes moreover contain certain prohibitions, which prohibit SoLocal Group and its subsidiaries, apart from certain exceptions, in particular to:

- support 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 restrictions contained in the Terms & Conditions of the Notes and described hereinabove could affect the Group's ability to exercise its activities, and limits its ability to react according to the conditions of the market or seize commercial opportunities which may arise. As an example, these restrictions could affect the Group's capacity to finance the investments for its activities, restructure its organisation or finance its needs in terms of capital. In addition, the Group's capacity to comply with these restrictive clauses could be affected by events beyond its control, such as economic, financial and industrial conditions. A failure by the Group in terms of its commitments or these restrictions, could result in a fault in terms of the agreements mentioned hereinabove.

In case of a fault that would not be remedied or renounced, the bearers of Notes could require that all of the outstanding amounts become due immediately.

This could activate the cross-default clauses of the Group's other loans. This type of event could have a significant unfavourable effect for the Group, leading to bankruptcy or liquidation of the Group.

Moreover, the Group could no longer be in a position to refinance its debt or obtain additional financing at satisfactory conditions.

Price supplements on acquisition of securities

As part of the acquisitions completed in 2015, price supplements may be paid in 2018 if certain operating performance conditions are fulfilled. As at 31 December 2017, these were estimated to be €3.7 million.

Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-mer, a wholly owned non-consolidated subsidiary of SoLocal Group and the pre-financing of the CICE (tax credit for competition and employment).

10.7 POSITION OF FINANCIAL INSTRUMENTS IN BALANCE SHEET

	Breakdown according to IAS 39						Breakdown by level in IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Level 1 and Treasury	Level 2	Level 3
Available-for-sale assets	426	-	-	426	-	-	-	426	-
Other non-current financial assets	6,867	-	-	-	6,867	-	-	6,867	-
Net trade accounts receivable	-	-	-	-	-	-	-	-	-
Net trade accounts receivable	304,070	-	-	-	304,070	-	-	304,070	-
Other current financial assets	2,880	2,880	-	-	-	-	-	2,880	-
Cash equivalents	10,044	10,044	-	-	-	-	10,044	-	-
Cash	77,432	77,432	-	-	-	-	77,432	-	-
FINANCIAL ASSETS	**401,719**	**90,355**	**-**	**426**	**310,937**	**-**	**87,476**	**31, 243**	**-**
Non-current financial liabilities and derivatives	408,170	3,669	-	-		404,501	-	408,170	-
Bank overdrafts and other short-tem borrowing	9,555	-	-	-		9,555	-	9,555	-
Accrued interest	1,419	-	-	-		1,419	-	1,419	-
Trade accounts payable	91,186	-	-	-		91,186	-	91,186	-
FINANCIAL LIABILITIES	**510,330**	**3,669**	**-**	**-**		**506,661**	**-**	**510,330**	**-**

As at 31 December 2017, the market value of the bond loan was €398.4 million, compared to a carrying value of €397.8 million:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2017	Market value
Senior secured notes PagesJaunes Finance & Co SCA	397,835	100.15%	398,432
LOANS	**397,835**	**100.15%**	**398,432**
Accrued interest not yet due	1,419		
Price supplements on acquisition of securities	3,669		
Other debts incl. debt costs	14,863		
CURRENT FINANCIAL LIABILITIES AND DERIVATIVES	**417,786**		

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); and
- level 3: data relating to assets or liabilities not based on observable market data (non-observable data)

In the 2017 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

10.8 EFFECT OF FINANCIAL INSTRUMENTS ON INCOME

		Breakdown according to IAS 39					
(in thousands of euros)	Impact in profit and loss	Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Net gain from debt restructuring as at 13 March 2017	265,536	300,198	-	-	-	(34,662)	
Interest income	393	393	-	-	-	-	-
Interest expenses	(26,519)	(476)	-	-	-	(26,043)	-
Net gains/(net losses)	**239,410**	**300,115**	**-**	**-**	**-**	**(60,705)**	**-**
Accretion cost	(1,801)						
NET FINANCIAL INCOME (CF. NOTE 10.4)	**237,609**						

NOTE 11 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT POLICY OBJECTIVES

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- SoLocal Group, and the consolidated Groupe SoLocal, are net borrowers and, in this context, the prime objective of SoLocal Group is to secure and thus limit the cost of its debt;
- since the Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt according to a different timescale, the Groupe SoLocal produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its banking and bond documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by consolidates EBITDA and the maximum leverage, measured by the relationship between the consolidated net debt and consolidated EBITDA. Note that the EBITDA used in calculating these bank covenants differs from that used in these financial statements.

The Group has set a goal to reduce its financial leverage. As at 31 December 2017, is 1.7 times specified in the bank documentation.

With a net debt of €331.7 million as at 31 December 2017 (cf. Note 10.6), the financial leverage covenant of the Group comes out at 1.7 times the consolidated EBITDA as defined in the contract concluded with the financial institutions. Consequently, the Group is complying with its bank covenant on the financial leverage as at 31 December 2017.

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

EXCHANGE RATE RISK

SoLocal Group considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

INTEREST RATE RISK

SoLocal Group is exposed to the risk of interest rate fluctuations insofar as all of the bank debt is at a variable rate. In an environment of low rates, the Group feels that it is not in its best interest to hedge this short-term interest rate risk.

The main features of the Group's banking debt are stated in Note 10.6 (Cash and Cash equivalents, net financial debt).

LIQUIDITY RISK

The Groupe SoLocal has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a SoLocal Group pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activities of its various subsidiaries and thus to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses. In the context of the financial restructuring, the constraints that apply to cash pooling were reinforced especially with the capping of cash from PagesJaunes to SoLocal Group.

CREDIT RISK

SoLocal Group is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. SoLocal Group limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2017, SoLocal Group was exposed to an extent of €10.0 million in respect of its investment operations (cf. Note 10.6 – Cash equivalents).

Furthermore, the management procedure for SoLocal Group's financial operations involves the drawing up of a limited list of authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

EQUITY RISK

SoLocal Group considers that the equity risk is not significant insofar as the amount invested in own shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

NOTE 12 SHARE-HOLDERS' EQUITY

12.1 SHARE CAPITAL

The share capital of SoLocal Group is now comprised of 582,444,800 shares each with a par value of €0.10 (cf. Note 10.5), which is a total amount of €58,244,480 (before deduction of treasury shares).

12.2 OTHER RESERVES AND OTHER ITEMS OF COMPREHENSIVE INCOME

The other consolidated reserves and other comprehensive income were negative in an amount of €1,636.1 million as at 31 December 2017 (-€1,959.4 million as at 31 December 2016) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of €2,519.7 million;
- actuarial differences relating to retirement benefits (IAS 19) for a negative amount of €44.7 million;
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of €57.0 million which did not vary over the period.

12.3 OWN SHARES

Under IAS 32, acquisition of own shares are recorded as a decrease in own capital on the basis of their acquisition cost. If own shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

Through the liquidity contract, the Company held 402,274 of its own shares as at 31 December 2017 compared to 82,722 on 31 December 2016, stated as a deduction from equity.

12.4 DIVIDENDS

SoLocal Group did not distribute any dividends in 2017 or in 2016.

12.5 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, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

	As at 31/12/2017	As at 31/12/2016
Share capital (weighted average of quarter)	390,711,558	38,876,564
Treasury shares from liquidity contract (weighted average)	(217,740)	(88,228)
Number of basic shares	390,493,818	38,788,336
Additional information		
Number diluted Equity	393,693,361	40,469,810
Number of existing basic shares as of 31 December	582,042,526	38,793,842
Number of existing diluted shares as of 31 December	583,982,765	40,386,604

NOTE 13 STOCK OPTIONS AND FREE SHARES

13.1 SHARE-BASED PAYMENTS

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

13.2 DESCRIPTION OF THE PLANS

13.2.1 Stock-options

Neither SoLocal Group nor any of its subsidiaries granted any stock option plans in 2017 and 2016.

13.2.2 Free shares

The Extraordinary General Meeting of 29 April 2014 authorised the Board of Directors to introduce a free share plan to existing or new shares for the benefit of certain Group Directors and employees, as defined in Articles L. 225-197-1 and following of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of shares granted in respect of this resolution must not exceed 5% of the capital of the Company after the settlement-delivery of the capital increases provided for at this same General Meeting.

On 19 June 2014, the Board of Directors adopted the conditions for a free share plan for 45,221,000 shares. These shares will be finally vested at the end of vesting periods ending on 19 June 2016, 19 June 2017 and 19 June 2018, provided that the beneficiary is still an employee or Director of the Group and performance conditions are fulfilled.

On 09 February 2015, the Board of Directors adopted the conditions for a free share plan for 2,305,000 shares. These shares will be finally vested at the end of vesting periods ending on 09 February 2017, 09 February 2018 and 09 February 2019, provided that the beneficiary is still an employee or Director of the Group and performance conditions are fulfilled.

All of these allocations were carried out before the consolidation of shares of October 2015 which resulted in the multiplication of the nominal by 30.

The grant date applied for the valuation of the expense is the date of the Board of Directors' Meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

13.3 MOVEMENTS IN STOCK AND FREE SHARE PLANS

	Closing balance as at 31/12/2016	New volume conversion (Capital-reduction of 2 February & increase of 10 and 13 March 2017)	Cancelled/lapsed	Closing balance as at 31/12/2017	Exercise price
Subscription share plans	**219,570**	**562,719**	**(411,987)**	**150,731**	**-**
July 2010	43,857	112,386	(40,873)	71,513	€127.20
December 2010	5,736	14,701	(7,263)	7,438	€105.09
July 2009	40,497	103,776	(31,996)	71,780	€99.39
December 2009	2,700	6,918	(6,918)	-	-
December 2007	126,780	324,937	(324,937)	-	-
Free share plans	**1,373,193**	**3,612,875**	**(1,823,366)**	**1,789,509**	**Final vesting date**
February 2015	16,665	43,848	-	43,848	09/02/2017
February 2015	16,665	43,847	-	43,847	09/02/2018
February 2015	36,665	96,466	(146,719)	(50,253)	09/02/2019
June 2014	296,370	779,749	-	779,749	19/06/2016
June 2014	296,370	779,749	(145,844)	633,905	19/06/2017
June 2014	710,458	1,869,215	(1,530,803)	338,412	19/06/2018

As at 31 December 2017, the options of all of the stock option plan can be exercised. These plans are expected to be settled through equity instruments.

13.4 EXPENSE RELATING TO STOCK OPTION PLANS AND FREE GRANTS OF SHARES

The impact on the 2017 income statement amounts to +€3.3 million, relating to the social charges regularization of the employer contribution based on the fair value of the non-acquired instruments. In comparison, the impact on the 2016 income statement was +€2.3 million. These amounts include the social charges relating to the employer's contribution.

NOTE 14 DISPUTES AND OTHER CONTRACTUAL COMMITMENTS

14.1 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, SoLocal Group's entities are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

During the year 2013, PagesJaunes 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 PagesJaunes 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'État rejected the recourse of PagesJaunes and of the Minister of Labour, on the same argument of pure form.

Consequently, multiple proceedings are in progress with the administrative as well as judicial courts.

The administrative proceedings 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, 171 decisions have been rendered based on merit. For a 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, (in fact no industrial tribunal has to date invalidated employee redundancy) but pronouncing sentences for payment based on Article L. 1235-16 of the Labour Code at a level close to the compensation floor provided by this text, i.e. between six and seven months wages.

Furthermore, certain decisions give 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.

The remainder of the cases on the merits still in progress will be pleaded during the year 2018.

Finally, a certain number of dossiers are currently being appealed either at the initiative of PagesJaunes or at the initiative of the employees.

The Company 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 and is recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of employee claims courts. Many actions of legal recourse have been initiated by SoLocal Group to dispute these decisions. As at 31 December 2017, the remaining provision on the statements was €22.3 million.

A request for claims for the prejudice caused by the State to PagesJaunes due to incorrect validation of its PSE is underway.

In 2016, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2013, 2014 and 2015 financial years. The Company was in particular notified of an adjustment for an amount of €2.0 million concerning the amount of the employer contributions on the AGA. Disputing this adjustment, the risk was provisioned as at 31 December 2016. The Company filed, on 14 November 2017, with the Social Security Affairs Court of Bobigny for recourse against the decision to maintain the adjustment, rendered by the URSSAF Arbitration Committee of Ile de France on 11 September 2017. The hearing will be held on 29 January 2018.

The entities concerned in the Group referred to the URSSAF Arbitration Committee on 28 March 2017, as a safeguard measure, in the hypothesis where the priority questions on constitutionality, No. 2017-627 QPC and 2017-628 QPC concerning the employer contribution paid in terms of non-acquired AGA, were to give rise to a decision of unconstitutionality, in order to obtain reimbursement of the employer contributions provided by Article L. 137-13 of the CSS that were paid in terms of free shares allocated in 2014 and 2015.

On 28 April 2017, the Council validated the constitutionality of the text but added a reservation on the interpretation by indicating that "the provisions disputed cannot form an obstacle to the restitution of this contribution when the conditions to which the allocation of the free shares were subjected to were not satisfied".

Having proceedings in progress should allow the companies in Group to be reimbursed for the 2014 and 2015 amounts (herein including the adjusted amounts).

As the acquisition timeframes provided for by the 2014 and 2015 plans have not yet expired (19 June 2018 and 9 February 2019), the only ones that can be reimbursed to date are the amounts related to the employees that have left the Group (€3.3 million).

As the employer contributed claimed by the Urssaf was settled on 12 January 2017, the provision was reversed in the statements as at 31 December 2017. Income will be recognised in the event of a reimbursement.

PagesJaunes is undergoing a tax audit concerning financial years 2010 to 2013 and has received a proposals for a reassessment concerning the Research Tax Credit. The Company considered the reassessments as unfounded and has challenged them with the tax administration. A hierarchical recourse took place on 19 July 2016 and departmental intervention on 28 November 2016. The departmental contact then abandoned a part of the reassessments. The Company sent a dispute claim in the month of February 2018 in order to obtain partial reimbursement for the remaining reassessments. It has booked a provision in order to cover the risks. As the amounts that are not eligible for the research tax credit were settled on 18 April 2017, the provision was reversed in the statements as at 31 December 2017. Income will be recognised in the event of a favourable outcome to this recourse.

The AMF (Autorité des marchés financiers) has initiated an investigation relating to the financial communication of SoLocal Group as of 1 January 2014. So far, no grievance has been made to SoLocal Group. In the case of any grievance made by the disciplinary Commission of the AMF to SoLocal Group, a pecuniary sanction could be pronounced.

14.2 CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET COMMITMENTS

Significant off-balance-sheet commitments are as follows:

	2017				2016
Contractual obligations	Total	Payments due per period			**Total**
(in thousands of euros)		Less than 1 year	In 1 to 5 years	In more than 5 years	
Operating leases	138,267	25,720	70,092	42,455	141,179
Paper, printing, distribution	1,119	1,119	-	-	1,601
Other services	16,364	11,962	4,402	-	13,051
Commitments for purchases of goods and services	17,483	13,081	4,402	-	14,652
Total	155,750	38,801	74,494	42,455	155,831

The "Other services" section includes all firm orders placed as at 31 December 2017 for goods and services deliverable from 2018.

Leases

PagesJaunes has leased land, buildings, vehicles and equipment. These leases are due to expire on different dates over the next five years.

The Management considers that these leases will be renewed or replaced on expiry by other leases under normal operating conditions.

The rental charge recorded in the income statement in respect of operating leases amounted to €19.0 million in 2017 (€19.9 million in 2016).

In 2014 and 2015, SoLocal Group subscribed to commercial lease contracts for future completion signed with two separate investors, for premises located in the towers of a real estate complex currently being rehabilitated called Citylights, located in Boulogne Billancourt.

The lease contracts for future completion were irrevocably signed for a firm period of 10 years, as SoLocal Group has renounced its 3-year termination faculty until the end of the firm period of the lease contracts. The lease contracts took effect on 9 May 2016, with an expiry date for each one of the lease contracts set to 8 May 2026.

These leased premises have a surface area of 35,702 m^2, for a commitment for these contracts over the remaining period starting on 1 January 2018, of €105.3 million (excluding expenses and rent indexing).

Security deposits for an amount of 4.1 million were paid subsequent to moving into the premises at Boulogne-Billancourt.

As at 31 December 2017, the Group's commitment under all leases amounted to €138.3 million, of which €25.7 million is payable in under one year.

Commitments for purchases of goods and services

Production of directories

For the production and distribution of its printed directories, the Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

A contract has been concluded with an exclusive printer covering the editions of the years 2014 to 2016. This contract does not entail any volume commitment.

A twelve-month contract effective 1 February 2016 was signed with a paper supplier, specifying the rates payable for the supply by the printer of directory paper, with no volume commitment.

The printer obtains his supply and his purchases of paper following these conditions.

Only firm orders placed as at 31 December 2017, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of €1.1 million.

Other commitments given

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group.

Other commitments received

The other significant off-balance-sheet commitments received are as follows:

	2017				2016
Contractual obligations	Total	Payments due per period			Total
(in thousands of euros)		Less than 1 year	In 1 to 5 years	In more than 5 years	
Operation leases – lessor	-	-	-	-	-
Other services	35,795	25,250	10,545	-	6,020
TOTAL	35,795	25,250	10,545.00	-	6,020

Special purpose vehicles

In 2011, SoLocal Group issued a bond through PagesJaunes Finance & Co SCA, an entity specifically dedicated to the financial restructuring (cf. Note 10.5). This entity is fully consolidated.

The Group did not create any deconsolidation structures during the reporting periods.

It has no contractual obligations towards special purpose vehicles.

NOTE 15 EVENTS SUBSEQUENT TO THE CLOSING DATE

SoLocal has presented its "SoLocal 2020" strategic project, based on an expanded offer of digital services for businesses, a reinvented PagesJaunes media platform and a streamlined organisation. This plan bears SoLocal's new ambition: to become one of the digital services champions in France.

To better meet customers' needs, the operational organisation would be redesigned: the business units will be eliminated, support functions will be centralised, locations will be rationalised, the hierarchy will be streamlined, and certain activities will be consolidated. This would require cutting around 1,000 positions at the Group level over the 2018-2019 period, including around 800 positions at PagesJaunes in 2018 and 200 positions in 2019. An Employment Protection Plan would be implemented. The transformation project would also include the creation of a hundred positions in 2018 on new digital skills. Accordingly, on February 13rd, the Company initiated the process of informing and consulting with the employee representative bodies. The overall cost is approximately of €180 million. As a subsequent event to the closing date, no amount has been provisioned in 2017 accounts.

NOTE 16 SCOPE OF CONSOLIDATION

		As at 31/12/2017		As at 31/12/2016	
Entities	Country	Interest	Voting rights	Interest	Voting rights
Fully consolidated companies (exclusive control)					
SoLocal Group (consolidating)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
SOMS	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Retail Explorer	France	100%	100%	100%	100%
Leadformance	France	100%	100%	100%	100%
NetVendeur	France	100%	100%	100%	100%
Digital To Store	United Kingdom	100%	100%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
PagesJaunes Resto[1]	France	-	-	100%	100%

		As at 31/12/2017		As at 31/12/2016	
Entities	Country	Interest	Voting rights	Interest	Voting rights
Orbit Interactive	Morocco	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxembourg	-	-	-	-
Effilab	France	100%	100%	100%	100%
Effilab Australia	Australia	51%	51%	51%	51%
Effilab Dubaï	United Arab Emirates	51%	51%	51%	51%
GIE SoLocal	France	100%	100%	-	-

(1) Transfer PagesJaunes Resto on 31 October 2017.

NOTE 17 AUDITORS' FEES

	Deloitte & Associates				Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
(amounts in thousand of euros)	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT								
Statutory audit, certification and inspection of individual and consolidated accounts	**422**	**339**	**76%**	**55%**	**339**	**308**	**70%**	**41%**
• Including SoLocal Group	125	125	22%	20%	125	125	26%	17%
• Including fully consolidated subsidiaries	297	214	53%	35%	215	184	44%	24%
Other services excluding certification and inspection of individual and consolidated accounts	**134**	**281**	**24%**	**45%**	**146**	**445**	**30%**	**59%**
• Including SoLocal Group	134	272	24%	44%	141	440	29%	58%
• Including fully consolidated subsidiaries	-	9	0%	1%	5	5	1%	1%
SUBTOTAL	**556**	**619**	**100%**	**100%**	**485**	**753**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Legal, tax and social security-related	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
SUBTOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	556	619	100%	100%	485	753	100%	100%

6.1.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2017

At the General Shareholders Meeting of SoLocal Group,

OPINION

In execution of the mission entrusted to us by your general shareholders' meeting, we have audited SoLocal Group's consolidated financial statements for the year ended 31 December 2017, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations for the past financial year as well as the financial position and net income at the end of the financial year, of the consolidated companies and entities included in the consolidation, in accordance with IFRS standards as adopted in the European Union.

The opinion set out above is consistent with our Audit Committee report.

BASIS FOR THE OPINION

Audit guidelines

We conducted our audit in accordance with the professional standards applicable in France. We believe that the information we collected is sufficient and appropriate to serve as a basis for our opinion.

Our responsibilities under these standards are set out in the "Responsibilities of the statutory auditors concerning the audit of the consolidated financial statements" section of this report.

Independence

We carried out our audit mission in accordance with the rules of independence applicable to us, from 1 January 2017 to the date of our report, and in particular we did not provide services prohibited by Article 5 (1) of (EU) Regulation No. 537/2014 or the Code of Ethics for the profession of Statutory Auditor.

Moreover, the services other than the certification of the accounts that we provided during the financial year to your company and the entities it controls that are not mentioned in the management report or the notes to the consolidated financial statements are the following:

Issuance of a comfort letter in connection with the Group's financial restructuring operations, various certificates issued at the Company's request for accounting data, and specific work for the implementation of IFRS 15, conducted by BEAS and Auditex.

JUSTIFICATION OF ASSESSMENTS - KEY POINTS OF THE AUDIT

In application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year, as well as the responses we provided to these risks.

The assessments thus made fall within the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on items in these consolidated financial statements in isolation.

Key point of the audit	Handling the key point of the audit
Accounting for Internet revenues according to IAS 18 Consolidated revenues at 31 December 2017 amounted to €765 million, of which €645 million related to Internet activities accounted for 84% of group revenues, compared with 80% at 31 December 2016. Notes 1.2.1 and 4.1 of the notes to the consolidated financial statements set out the procedures for recognising revenues under IAS 18. Concerning Internet revenues, the accounting is based on significant judgements and estimates that may be subject to errors or fraud. Concerning Internet offers, the revenues are accounted for partly from the beginning of the contract, either to the extent of the result of the transaction if it is reliably estimable, or up to the costs incurred for the establishment of the service and deemed recoverable. The residual revenues are spread out in a linear fashion over the term of the contract when it is put online. Since invoicing is faster than revenue recognition, a significant amount of deferred income is recognised. Internet revenues is a key point in the audit, taking into account the importance of the management's estimates and judgements used to determine the rate of revenues recognition.	We reviewed the process implemented by the group to determine the criteria for revenues recognition. We tested the functioning of the controls put in place by the group to ensure the quality of this process. Our work consisted of, in particular: ● assessing the principles and methods for determining the revenues recognition related to these offers with regard to IAS 18; ● for the main typologies of internet offers, obtaining the descriptions, the revenue recognition method, the analysis and justification of the costs incurred and deemed recoverable as well as the configuration in the information systems; ● implementing audit procedures on the IT systems and input data used in determining the revenues of the group's main subsidiary. Our teams specialising in information systems have recalculated revenues and deferred income. We have also examined the appropriateness of the information presented in Notes 1.2.1 and 4.1 to the consolidated financial statements.

Key point of the audit	Handling the key point of the audit
Recognition of development costs on the assets side The net carrying amount of intangible assets amounted to €118.8 million at 31 December 2017, of which €106.1 million for capitalised development costs, or 15% of the group's total assets. As described in Note 8.1 to the consolidated financial statements, the Group recognises as intangible assets the costs of developing the applications, software, platforms, websites and infrastructures required for its Internet business when IAS 38 criteria are met, in particular when the technical feasibility and commercial profitability of these investment projects are ensured. Capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years. Determining projects and costs that meet the recognition criteria of IAS 38 requires significant judgements and estimates, which may have a significant impact on the consolidated financial statements.	We reviewed the process implemented by the group to determine the criteria for recognition of development costs on the assets side. Our work consisted of, in particular: ● for the costs related to internal developments recognised as intangible fixed assets during the period: • comparing amounts recorded in the books with data from operational time tracking systems charged to development projects, • analysing and testing the main projects and amounts capitalised during the period under the IAS 38 criteria; ● for the main development projects put into production during the year, comparing the commissioning date with the commissioning minutes drawn up and the useful life with the explanations of the operational staff; ● for projects from previous years, examining the indicators of impairment and their possible consequences on the net book value of the assets; ● for projects in progress at 31 December 2017, determining whether the expected economic benefits are sufficient to justify the amounts capitalised in the balance sheet.

Key point of the audit	Handling the key point of the audit
Financial restructuring In the first quarter of 2017, SoLocal Group implemented the financial restructuring decided at the General Shareholders' Meeting of 15 December 2016, which divided its debt by three, by contracting a new debt of €398 million, and increased its shareholders' equity by €780 million, including the issuance of convertible bonds ("MCB") classified as equity under IFRS standards. The accounting impact of these transactions is described in Notes 10.4 and 10.5 to the consolidated financial statements. Taking into account the amounts and complexity of the refinancing activities, and the specific nature of the accounting treatments required by IFRS standards, we considered that accounting for the financial restructuring as a whole was a key point in our audit.	We reviewed the detailed terms and conditions of each transaction involved in the financial restructuring. Our work consisted of, in particular: • analysing all the legal documentation relating to each transaction: capital increases, extinguishment of debts, issuance of new debt and MCBs; • examining the proper accounting of transactions in the consolidated financial statements, in particular the recognition of the fair value of equity instruments and debt issued; • examining the compliance of the accounting treatment in the income statement with the difference between this fair value and the carrying value of pre-existing debts under IFRIC 19; • examining by samples the costs incurred in these transactions and the appropriateness of the portion deducted from the equity. We have also examined the appropriateness of the information presented in Notes 10.4 and 10.5 to the consolidated financial statements.

VERIFICATION OF THE GROUP MANAGEMENT REPORT

In accordance with the professional standards in France, we also carried out the specific verification required by law on the information concerning the group provided in the management report.

We have no matters to report regarding the fair presentation of this information or its consistency with the consolidated financial statements.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of SoLocal Group by the general shareholders' meeting of 19 October 2016 for the firm BEAS, an entity of the Deloitte network, and for the firm Auditex, a member of the Ernst & Young Global Limited network.

As at 31 December 2017, the firms BEAS and Auditex were in the second uninterrupted year of their mission.

Deloitte & Associés and Ernst & Young Audit previously served as SoLocal Group's Statutory Auditors from 2003 to 2015 and from 2004 to 2015 respectively, including 12 years for both of these firms since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and corporate governance officers in the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with the IFRS as adopted in the European Union, as well as to implement the internal control that it deems necessary for the preparation of consolidated financial statements containing no material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, to present in these accounts, if applicable, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease trading.

The Audit Committee is responsible for following the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, if applicable, internal audit, with respect to procedures relating to the preparation and processing of accounting and financial information.

The approval of the consolidated financial statements is the Board of Directors' responsibility.

RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

We are responsible for preparing a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance means a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered significant where it can reasonably be expected that they, taken individually or cumulatively, may influence the economic decisions that account users take in their business based on such anomalies.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission of certification of accounts is not to guarantee the viability or the quality of your company's management.

Within an audit conducted in accordance with the professional standards applicable in France, the Statutory Auditor exercises their professional judgement throughout this audit. In addition:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects sufficient and appropriate elements to base its opinion. The risk of not detecting a material misstatement from fraud is higher than that of a material misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;
- they review the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of the internal control;
- they assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as their information provided in the consolidated financial statements;
- they assess the appropriateness of management's application of the going concern accounting policy and, depending on the evidence gathered, the existence or not of significant uncertainty related to events or circumstances likely to impact the company's ability to continue as a going concern. This assessment is based on the information gathered up to the date of their report, but it is recalled that subsequent circumstances or events could jeopardise the continuity of operations. If they conclude that there is significant uncertainty, they draw the attention of readers of their report to the information provided in the consolidated financial statements about this uncertainty or, if this information is not provided or is not relevant, they issue a qualified certification or a refusal to certify;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying transactions and events in such a way as to give a true and fair view of them;
- concerning the financial information of the persons or entities included in the scope of consolidation, they collect information that they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and execution of the audit of the consolidated financial statements as well as the opinion expressed on these statements.

Report to the Audit Committee

We submit a report to the Audit Committee, which outlines the scope of the audit mission and the work programme implemented, as well as the conclusions arising from our mission. We also inform them, if applicable, of the significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement that we consider to have been the most important for the audit of the consolidated financial statements for the financial year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of (EU) Regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics for the profession of statutory auditor. If applicable, we discuss with the Audit Committee the risks on our independence and the safeguard measures applied.

Paris-La Défense and Neuilly-sur-Seine, on 19 February 2018

The Statutory Auditors,

AUDITEX	BEAS
Member of the Ernst & Young Global Limited network	An entity of the Deloitte network
Vincent de La Bachelerie	**Joël Assayah**

6.2 ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

6.2.1 BALANCE SHEET

	Notes			2017	2016	Variation
(in thousand of euros)		Gross	Depreciation, amortisation and provisions	Net	Net	
Asset						
Intangible fixed assets	3.1	424	(424)	-	5	(5)
Tangible fixed assets	3.1	17,135	(2,787)	14,348	16,010	(1,661)
Interests and other securities	3.2	4,227,703	(1,926,541)	2,301,162	2,309,089	(7,927)
Claims related to interests	3.2	12,486	(10,500)	1,986	14,217	(12,231)
Other long-term investments		6,252	(1,049)	5,203	4,097	1,106
TOTAL FIXED ASSETS		**4,264,000**	**(1,941,301)**	**2,322,699**	**2,343,419**	**(20,720)**
Advances and prepayments		638		638	843	(205)
Trade debtors	3.3	1,000		1,000	666	334
Tax and social security claims		6,995		6,995	3,314	3,681
Claims on subsidiaries (tax integration)	3.10	9,927		9,927	52,977	(43,050)
Subsidiary current accounts	3.4	35,670	(1,859)	33,810	72,828	(39,017)
Receivables on disposals of fixed assets	3.2	-		-	-	-
Sundry claims		2,985		2,985	2,823	162
Marketable securities and treasury shares	3.4	344	(7)	337	359	(22)
Cash and cash equivalents	3.4	41,164		41,164	26,560	14,604
Prepaid expenses		73		73	176	(103)
TOTAL CURRENT ASSETS		**98,796**	**(1,866)**	**96,929**	**160,546**	**(63,616)**
Currency exchange adjustment		-		-	-	-
TOTAL ASSETS		4,362,795	(1,943,167)	2,419,628	2,503,964	(84,336)
Liabilities						
Capital				58,244	233,259	(175,015)
Issue premium				725,826	348,819	377,007
Legal reserve				5,620	5,620	(0)
				38,175	18,284	19,891
Retained earnings				8,639	(552,301)	560,940
Profit/loss for the year				21,002	8,640	12,362
Regulated provisions				1,008	1,055	(47)
EQUITY	3.5			**858,514**	**63,377**	**795,137**
Provisions for risks and contingencies				-	1,645	(1,645)
PROVISIONS FOR RISKS AND CONTINGENCIES	3.7			**-**	**1,645**	**(1,645)**

	Notes			2017	2016	Variation
(in thousand of euros)		Gross	Depreciation, amortisation and provisions	Net	Net	
Financial debts	*3.8*			**1,508,814**	**2,389,258**	**(880,443)**
Loans and financial debts from credit institutions				1,415	836,791	(835,377)
Sundry loans and financial debts				986,888	951,426	35,462
Subsidiary current accounts				520,500	601,035	(80,535)
Special bank loans				11	5	6
Operating debts				**38,555**	**42,404**	**(3,849)**
Trade creditors and related accounts				31,317	28,997	2,320
Tax and social security debts	*3.9*			7,239	13,408	(6,169)
Other debts				**13,737**	**7,223**	**6,514**
Subsidiary debts (tax integration)	*3.10*			2,422	2,230	192
Sundry debts				11,315	4,993	6,322
Deferred income				0	0	-
TOTAL DEBT				**1,561,107**	**2,438,885**	**(877,778)**
Unrealised losses from foreign exchange				8	58	(50)
TOTAL LIABILITIES				2,419,628	2,503,964	(84,336)

6.2.2 INCOME STATEMENT

(in thousands of euros)	*Notes*	Income Statement as of 31 Dec 2017	2016	Variation
Provision of services	*3.11*	1,905	10,086	(8,182)
Related revenues	*3.11*	21,153	13,376	7,778
Writeback of provisions and transfers of expenses		1,645	214	1,431
Other proceeds		6	404	(398)
Operating income		**24,709**	**24,080**	**629**
Purchases and provision of services		2,229	700	1,529
Purchases of materials and supplies not stocked		46	73	(27)
External services		19,097	12,245	6,852
Other external services		17,307	23,862	(6,555)
Duties and taxes and similar payments		1,763	914	849
Salaries		805	7,986	(7,181)
Social security contributions		328	3,833	(3,505)
Other charges		2,135	513	1,622
Depreciation and amortisation and provisions on current assets		1,729	1,087	642
Allocations to provisions for risks and expenses		-	140	(140)
Operating expenses		**45,439**	**51,354**	**(5,914)**
OPERATING INCOME/EXPENSE		(20,730)	(27,273)	6,543
Proceeds from interests – dividend		64,081	-	64,081
Financial revenues on marketable securities and claims on fixed assets		1,217	900	317
Other financial income		-	-	-
Writeback of provisions		8,364	75,555	(67,191)
Foreign exchange gains		1	1	(0)
Financial revenues		**73,664**	**76,457**	**(2,793)**
Interest and similar expenses		44,996	72,619	(27,623)
Other financial expenses		418	464	(47)
Allocations to provisions		37,204	18,692	18,512
Foreign exchange losses		1	0	0
Financial expenses		**82,618**	**91,776**	**(9,157)**
FINANCIAL INCOME	*3.12*	(8,955)	(15,319)	6,364
CURRENT INCOME/EXPENSES		(29,685)	(42,592)	12,907
Exceptional income on management transactions		-	-	-
Exceptional income on capital transactions		10	247	(237)
Writeback of provisions and transfer of expenses		2,486	2,538	(51)
Exceptional income		**2,496**	**2,784**	**(288)**
Exceptional expenses on management transactions		1,079	2,853	(1,774)
Exceptional expenses on capital transactions		5,291	-	5,291
Depreciation, amortisation and provisions		106	173	(67)
Exceptional expenses		**6,477**	**3,027**	**3,450**
EXTRAORDINARY INCOME	*3.13*	(3,980)	(242)	(3,738)
Employee profit sharing		-	-	-
Tax on profits (+ income/- expenses)	*3.10*	54,667	51,474	3,193
NET INCOME/EXPENSES		21,002	8,640	12,362

6.2.3 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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NOTE 1. BUSINESS ACTIVITIES

The SoLocal Group is a holding company and, as such, has subsidiaries whose mission is to "reveal local know-how everywhere and stimulate local business activity". The Group offers its customers digital services and solutions to increase their visibility and local contacts as well as creating and updating the best personalised professional local content for users.

The accounting information provided below covers the 12-month period from 1 January 2017 to 31 December 2017.

NOTE 2. ACCOUNTING RULES AND METHODS

The main methods employed are described below. All figures are in thousands of euros (€K). The SoLocal Group's annual financial statements were prepared in accordance with the legal requirements and generally accepted accounting practices in France and also with ANC regulation No. 2016-07 dated 4 November 2016 on the revision of the French General Chart of Accounts.

The accounting policies have been applied in accordance with the principle of caution in accordance with the basic assumptions: continuity of operations, consistency of accounting methods from one financial year to another, independence of financial years, in accordance with the general rules for the preparation and presentation of the annual financial statements.

The main methods employed are described below.

All figures are in thousands of euros.

2.1 TANGIBLE AND INTANGIBLE FIXED ASSETS

Intangible fixed assets include software, which is amortised on a prorated basis over three years.

Property, plant and equipment includes office equipment and furniture depreciable over ten years, computer equipment depreciable over three years, and fixed assets under construction.

2.2 INVESTMENTS IN ASSOCIATES AND OTHER NON-CURRENT SECURITIES

Equity interests in associates are recorded at their historical acquisition cost, which includes any costs directly related to the acquisition.

Impairment is recognised if the historical cost of these securities is greater than their value in use, as determined by SoLocal Group's management on the basis of various criteria, such as market value, the outlook for growth and profitability, shareholders' equity and each equity interest's specific characteristics.

When the value in use is determined by discounting expected cash flows adjusted to account for net debt, the latter are determined in the following manner:

- the cash flows used are those projected in business plans that cover a sufficiently long period, which is usually five years;
- beyond this period, cash flows are extrapolated using a perpetual growth rate that reflects the forecast long-term growth rate of the market for each specific business activity;
- cash flows are discounted at rates that are deemed appropriate given the nature of the business activity and the country.

2.3 CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES AND TREASURY SHARES

Cash and cash equivalents at 31 December 2017 consisted of immediately available cash assets and short-term investments with a maturity of no more than three months when acquired. Any provisions on treasury shares are based on their average price during the last month of the year.

2.4 PROVISIONS FOR RISKS AND CONTINGENCIES

French law requires a payment to employees upon retirement that is proportional to their length of service and final salary. The actuarial gains and losses on post-employment benefits are determined using the corridor method, which spreads gains and losses that exceed 10% of the greater of the value of the commitment/obligation or the value of hedging assets over the remaining service lives of plan participants.

In 2017, provisions for retirement benefits and long-service awards were fully restated. These amounts released follow the transfer by SoLocal Group on 1 January 2017 of its employees in the GIE SoLocal (economic interest group), excluding the corporate officer.

The other provisions for the risks to which SoLocal Group is exposed are based on the best possible estimates.

2.5 FINANCIAL INCOME

The net financial income or loss is mainly determined by:

- dividends;
- the interest expense on debt;
- the interest paid on debtor and creditor current accounts with Group subsidiaries;
- gains and losses on treasury shares held under the liquidity contract;
- income and expenses associated with short-term investments, including those held under the liquidity contract;
- allocations to and reversal of impairment on securities and receivables.

2.6 CORPORATION TAX

Under the tax consolidation agreement between SoLocal Group and its subsidiaries within the tax consolidation group, SoLocal Group, as the head of the tax group, recognises any consolidated tax gain as income for the year.

At 31 December 2017, the tax group in addition to the SoLocal Group, the head of the tax group, consolidated 10 companies as at 31 December 2017.

NOTE 3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1 TANGIBLE AND INTANGIBLE FIXED ASSETS

Gross	31/12/2016	Acquisition	Reduction	31/12/2017
Software	424	-	-	424
Fittings	12,489	283	-	12,771
IT equipment	158	-	-	158
Furniture	4,064	23	-	4,087
Fixed assets in course of construction	361	-	243	118
GROSS TOTAL	17,497	306	243	17,559

Amortisation	31/12/2016	Allowances	Amounts released	31/12/2017
Software	419	5	-	424
Fittings	775	1,270	-	2,045
IT equipment	29	49	-	78
Furniture	259	405	-	664
TOTAL AMORTISATION	1,482	1,729	-	3,211

3.2 INVESTMENTS IN ASSOCIATES AND RELATED RECEIVABLES

The table below shows the change in investments in associates and related receivables:

	Financial year ended 31 December				
	2017				2016
(in thousands of euros)	% of interest	Value gross	Provision	Net value accounting	Net value accounting
Interests					
PagesJaunes	100%	4,005,038	(1,783,020)	2,222,018	2,259,018
QDQ Media	100%	91,719	(91,719)	-	-
Mappy	100%	37,282	(18,048)	19,234	-
SoLocal Marketing Services	100%	7,275	-	7,275	7,275
Euro Directory	100%	13,251	(13,251)	0	0
Yelster Digital	100%	14,997	(14,100)	897	897
PagesJaunes Outre-Mer	100%	76	-	76	76
NetVendeur	100%	200	(200)	-	200
Cristallerie 5	100%	6	-	6	6
Fine Média	100%	12,240	-	12,240	12,240
ClicRDV	100%	6,485	-	6,485	6,485
Digital To Store	100%	188	-	188	188
Effilab	100%	21,242	-	21,242	18,945
Leadformance	100%	17,301	(6,203)	11,098	3,598
Orbit Interactive	100%	76	-	76	76
Chronoresto	100%	-	-	-	-
Cityone	100%	-	-	-	10
GIE SoLocal (economic interest group)	15.75%	2	-	2	-
Alliance Gravity	11%	250	-	250	-
TOTAL		**4,227,628**	**(1,926,541)**	**2,301,087**	**2,309,015**
Other non-current securities					
Idenum	5%	75	-	75	75
TOTAL		**75**	**-**	**75**	**75**
TOTAL INTERESTS AND OTHER SECURITIES		**4,227,703**	**(1,926,541)**	**2,301,162**	**2,309,090**
Claims related to interests					
QDQ Media (participating loan)		12,300	(10,500)	1,800	7,800
QDQ accrued interest not yet due		186	-	186	276
Mappy		-	-	-	3,500
Mappy accrued interest not yet due		-	-	-	4
Leadformance		-	-	-	2,615
Leadformance accrued interest not yet due		-	-	-	22
TOTAL		**12,486**	**(10,500)**	**1,986**	**14,217**

During the year:

In 2017, an additional impairment of PagesJaunes shares was recognized for an amount of €37 million, bringing the net value of the shares to €2,222 million. This depreciation is the result of the normal process of asset evaluation tests carried out every year and does not affect business cash. It is based on shareholders' equity and the discounted cash flow method restated for net debt The value of the PagesJaunes shares is affected by a further depreciation of its business (€258 million) partially offset by the reversal of the balance of the provision for depreciation of loans and advances granted by PagesJaunes to SoLocal SA (€261 million).

On 31 October 2017, SoLocal Group transferred 100% of the Chronoresto securities.

Price supplements could be paid if certain conditions of operational performance were fulfilled. They were estimated on the basis of the probability of fulfiling the performance conditions, forming an integral part of the acquisition price and recognised as debts. As at 31 December 2017, these were estimated to be €5.7 million.

3.3 TRADE DEBTORS, IMPAIRMENT OF RECEIVABLES AND OTHER RECEIVABLES

	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Gross trade debtors	1,000	666
Depreciation	-	-
NET TRADE DEBTORS	1,000	666

The above receivables include the services that SoLocal Group invoices to its subsidiaries.

All trade debtors and other receivables are less than one year.

3.4 CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES, CURRENT ACCOUNTS AND DEBT

	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Net asset current accounts	**33,810**	**72,828**
of which accrued interest not yet due	-	-
Treasury shares	344	260
Treasury shares – provision	(7)	(3)
Other marketable securities	0	102
Cash and cash equivalents	41,164	26,560
CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES AND CURRENT ACCOUNTS	75,312	99,747
Loans and financial debts from credit institutions	-	783,638
Revolving credit facility drawn (RCF)	-	38,395
Accrued interest not yet due	-	14,759
LOANS AND FINANCIAL DEBTS FROM CREDIT INSTITUTIONS SUBTOTAL	**-**	**836,791**
Loans and financial debts from Group companies	580,000	580,000
Accrued interest	496	511
PJ Finance & Co bond borrowings	-	350,000
Accrued interest not yet due on borrowings Finance & Co bonds	-	18,161
Mandatory convertible bonds	5,681	-
Non-convertible bond borrowings	397,835	-
Accrued interest not yet due on non-convertible bond borrowings	1,415	
Debt relating to future claims transferred – CICE	2,873	2,749
Accrued interest not yet due (ICNE) Tax credit employment (CICE)	4	6
LOANS AND FINANCIAL DEBTS SUBTOTAL	**988,303**	**951,426**
Liability current accounts	**520,500**	**601,035**
of which accrued interest not yet due	-	-
Other financial debts – bank overdrafts	11	5
GROSS FINANCIAL DEBT	1,508,814	2,389,258
Portion due in less than one year	*1,105,298*	*2,389,258*
Portion due after more than one year	*403,516*	-
NET CASH (DEBT)	(1,433,503)	(2,289,510)

Breakdown of the debt

As at 31 December 2017, the debt comprises the following:

- full repayment of the revolving credit facility for €38.4 million as of 31 December 2017, initially drawn as of 31 December 2016;
- repayment of the A7 bank loan for €783.6 million against the contractual repayment of the excess cash flow of the A7 tranche of the bank loan for €15.2 million as of 31 December 2016;
- issuance of non-convertible bonds for an amount of €397.8 million;
- issuance of convertible bonds for an amount of €18.1 million, of which 12.4 million were converted into shares during the year, i.e. a residual amount of €5.7 million as at 31 December 2017.

Bond borrowings

- Following the completion of the financial restructuring, the Group's remaining gross debt was reduced to €397.8 million, redeveloped in the form of a non-convertible bond issue of €397,834,585, with the settlement-delivery taking place on 14 March 2017, reserved to the creditors under the Credits Contract, and whose principal conditions are as follows:

Interest:

- interest calculation: margin plus EURIBOR rate (EURIBOR being defined to include a minimum rate of 1%) three months, payable quarterly in arrears;
- late-payment interest: 1% increase of the applicable interest rate.

Margin: percentage per year based on the level of the consolidated net leverage ratio (consolidated net debt/consolidated EBITDA) at the end of the most recent six-month period (Accounting Period), such as indicated in the table below (it being specified that the initial margin will be calculated on a pro forma basis of the restructuring operations):

Net consolidated Leverage Ratio	Margin
Higher than 2.0:1	9%
Lower or equal to 2.0:1 but higher than 1.5:1	7%
Lower or equal to 1.5:1 but higher than 1.0:1	6%
Lower or equal to 1.0:1 but higher than 0.5:1	5%
Lower or equal to 0.5:1	3%

Maturity date: 15 March 2022.

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

Early redemption or buy-back:

SoLocal Group may at any time and in several instalments repay all or part of the Bonds at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest; in addition, the bonds will be subject to mandatory early redemption (subject to certain exceptions) in whole or in part, in the event of certain events, such as a change of control, a disposal of assets (Assets Sale), or receipt of Net Debt Proceeds or Net Receivables Proceeds. Mandatory prepayments are also expected from funds derived from a percentage of excess cash flows, based on the level of the Company's Consolidated Net Leverage Ratio.

Financial commitments:

- the Consolidated Net Leverage/Consolidated Leverage/ Consolidated EBITDA ratio should be less than 3.5:1;
- the interest coverage ratio (Consolidated EBITDA/Consolidated Net Interest Expense) should be greater than 3.0:1;
- and from 2017 and (ii) for any subsequent year if the Consolidated Net Leverage Ratio exceeds, at 31 December of the previous year, 1.5:1;
- capital expenditure (excluding growth transactions) (Capital Expenditure) relating to SoLocal Group and subsidiaries is limited to 10% of consolidated revenue of SoLocal Group and its subsidiaries (Subsidiaries).

The terms of the bonds also contain certain commitments not to do so, prohibiting SoLocal Group and its subsidiaries, subject to certain exceptions, in particular from:

- bearing additional financial debt;
- granting sureties;
- paying dividends or making distributions to shareholders;
- paying dividends or making distributions to shareholders; as an exception, the payment of dividends or distributions to shareholders is permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

The restrictions contained in the terms of the bonds, described above, could affect the Group's ability to carry out its activities and limit its ability to react to market conditions or to seize business opportunities that may arise. For example, these restrictions could affect the Group's ability to finance the investments of its activities, restructure its organisation or finance its capital needs. In addition, the Group's ability to comply with these covenants could be affected by events beyond its control, such as economic, financial and industrial conditions A breach by the Group of its commitments or restrictions may result in default under the above-mentioned agreements.

In the event of a default that is not remedied or waived, the bond holders may insist on all outstanding amounts being made payable immediately.

This could activate the cross default clauses of other Group loans. This type of event could have a material adverse effect for the Group, leading to insolvency or liquidation of the Group.

The bond is indirectly secured by a pledge on the securities of PagesJaunes SA held by SoLocal Group.

Loans and borrowings

SoLocal Group has also received two loans from its subsidiary PagesJaunes, one for €430 million and the other for €150 million, for a total of €580 million. The two loans were renewed in 2017 for renewable periods of one year, with the €150 million loan maturing on 13 February 2018 and the €430 million loan maturing on 18 December 2018. They bear interest at the three-month Euribor rate plus a margin. These loans will be repaid in 2018 via PagesJaunes's capital reduction transaction, not motivated by losses. This transaction will be recorded in the 2018 financial statements.

In addition, as part of the cash management agreement put in place with PagesJaunes in 2004, SoLocal Group has a current account resulting from the PagesJaunes cash flow. The balance amounts to €509 million as at 31 December 2017. In the context of the financial restructuring, the constraints applying to this cash management agreement have been tightened.

In 2017, SoLocal Group used its CICE tax credit to obtain a €2.9 million bank loan. The cash received increased debt by a corresponding amount. The claim on the government was reclassified as a claim on the bank.

Current accounts

Current accounts with subsidiaries are subject to a cash-management agreement with each subsidiary. They bear interest at the EONIA rate plus or minus a margin, depending on whether the account has a debit or credit balance.

All net current account receivables (€33.8 million) are due in less than one year.

3.5 SHARE CAPITAL AND CHANGES IN SHAREHOLDERS' EQUITY

Share capital

The share capital of SoLocal Group is composed of 582,444,800 shares with a nominal value of €0.10 each, i.e. a total sum of €58,244,480.

Date	Description	Number of shares	Unit value	Capital *(in thousands of euros)*
31 December 2017	Share capital at year-end	582,444,800	0.10	58,244,480
31 December 2016	Share capital at year-end	38,876,564	6	233,259,384

Change in shareholders' equity

The table below shows the breakdown of the increase in SoLocal Group's shareholders' equity in 2017:

(in thousands of euros)	Number of shares	Share capital	Issue Premium	Legal reserve	Other Reserves	Retained earnings	Profit/Loss	Provisions regulated	Equity
As at 31 December 2016	**38,876,564**	**233,259**	**348,819**	**5,620**	**18,284**	**(552,301)**	**8,640**	**1,055**	**63,377**
Capital reduction		(229,372)	(342,819)		(18,284)	552,300			
Capital increase	-	53,734	707,995		38,175				799,904
Conversion of mandatory convertible bonds	-	623	11,830	-	-	-	-	-	-
Reverse stock split	-	-	-	-	-	-	-	-	-
Appropriation of net income	-	-	-	-	-	8,640	(8,640)	-	(0)
Dividends paid in respect of 2013	-	-	-	-	-	-		-	-
2017 Profit/Loss	-	-	-	-	-	-	21,002	-	21,002
Allocation to regulated provisions 2017	-	-	-	-	-	-	-	(47)	(47)
AS AT 31 DECEMBER 2017	**582,444,800**	**58,244**	**725,826**	**5,620**	**38,175**	**8,639**	**21,002**	**1,008**	**858,514**

3.6 STOCK OPTIONS AND BONUS SHARES

Neither SoLocal Group nor any of its subsidiaries granted any stock option plans in 2017 and 2016.

Bonus shares

The Extraordinary General Meeting of 29 April 2014 authorised the Board of Directors to introduce a bonus share plan concerning existing or new shares for the benefit of certain Group Directors and employees, as defined in Articles L. 225-197-1 et seq. of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of shares granted in respect of this resolution must not exceed 5% of the capital of the Company after the settlement-delivery of the capital increases provided for at this same General Meeting (cf. note 5).

On 19 June 2014, the Board of Directors set forth the terms for a free share allotment plan involving 45,221,000 shares. Beneficiaries will be fully entitled to these shares upon completion of vesting periods ending on 19 June 2016, 19 June 2017 and 19 June 2018, provided that they are still a senior executive or employee of the Group and that performance targets have been achieved.

On 9 February 2015, the Board of Directors drew up the conditions of a bonus share plan for 2,305,000 shares. These shares will be finally acquired following acquisition periods ending on 9 February 2017, 9 February 2018 and 9 February 2019, provided that the beneficiary is still an employee or manager of the Group and the performance conditions have been satisfied.

All these allotments were made before the reverse stock split in October 2015 which led to the multiplication of the nominal value by 30.

The allotment date used to determine the corresponding expense is the date of the Board meeting at which the options were approved, with the time allowed to inform the beneficiaries having been considered reasonable.

Changes in stock option plans and bonus shares

	Closing balance as at 31 December 2016	New volume conversion (Capital-reduction of 2 February & increase of 10 and 13 March 2017)	Cancelled/ lapsed	Closing balance as at 31 December 2017	Exercise price
Subscription share plans	**219,570**	**562,719**	**(411,987)**	**150,731**	
July 2010	43,857	112,386	(40,873)	71,513	€127.20
December 2010	5,736	14,701	(7,263)	7,438	€105.09
July 2009	40,497	103,776	(31,996)	71,780	€99.39
December 2009	2,700	6,918	(6,918)	-	-
December 2007	126,780	324,937	(324,937)	-	-
Free share plans	**1,373,193**	**3,612,875**	**(1,823,366)**	**1,789,509**	**Final vesting date**
February 2015	16,665	43,848	-	43,848	09/02/2017
February 2015	16,665	43,847	-	43,847	09/02/2018
February 2015	36,665	96,466	(146,719)	(50,253)	09/02/2019
June 2014	296,370	779,749	-	779,749	19/06/2016
June 2014	296,370	779,749	(145,844)	633,905	19/06/2017
June 2014	710,458	1,869,215	(1,530,803)	338,412	19/06/2018

At 31 December 2017, options under all share subscription plans could be exercised.

3.7 PROVISIONS FOR RISKS AND CONTINGENCIES

In 2017, provisions for retirement benefits and long-service awards were fully restated. These amounts released follow the transfer by SoLocal Group on 1 January 2017 of its employees in the GIE SoLocal, excluding the corporate officer.

(in thousands of euros)	31/12/2016	Allowance for the financial year	Amount released for the financial year (provision used)	31/12/2017
Pension and similar commitments	1,645	-	(1,645)	-
TOTAL PROVISIONS FOR RISKS AND EXPENSES	1,645	-	(1,645)	-

3.8 DEBT MATURITY SCHEDULE

	Financial year ended 31 December		
(in thousands of euros)	Gross amount	up to one year	more than one year
Loans and financial debts from credit institutions	1,415	1,415	-
Debt relating to future claims transferred – CICE	2,877	2,877	-
Accrued interest not yet due (ICNE) Tax credit employment (CICE)	-	-	-
Loans and financial debts from Group companies	580,496	580,496	-
Convertible bond borrowings MCB (mandatory convertible bonds)	5,681	-	5,681
Non-convertible bond borrowings	397,835	-	397,835
LOANS AND FINANCIAL DEBTS SUBTOTAL	**988,303**	**584,787**	**403,516**
Current accounts	**520,500**	**520,500**	**-**
Special bank loans	11	11	-
Trade creditors and related accounts	31,317	16,098	15,219
Tax and social security debts	7,239	7,239	-
Subsidiary debts (tax integration)	2,422	2,422	-
Sundry debts	11,315	11,314	1
TOTAL	1,561,107	1,142,371	418,735

Trade creditors at more than one year consist of the rent for the Boulogne-Billancourt premises will be payable from September 2018 under the negotiated rent exemption.

3.9 ACCRUED INCOME AND EXPENSES

Income receivable	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Trade debtors – invoices to be drawn up	738	354
Tax and social security claims – corporate income tax	-	-
Tax and social security claims – VAT	4,543	2,847
Sundry claims – Financial income receivable	85	25
TOTAL	5,367	3,226

Expenses payable	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Financial debts – accrued interest not yet due	1,910	33,430
Trade creditors and related accounts	28,258	25,686
Tax and social security debts – VAT, taxes, salaries and social security contributions	584	5,323
Tax and social security debts – Corporation Tax	5,362	3,789
Sundry debts	5,646	
TOTAL	41,760	68,229

As of 31 December 2017, the Corporation Tax position represents a debt of €5.4 million, whereas it represented a debt of €3.8 million at the end of the previous financial year.

3.10 CORPORATION TAX

Tax consolidation

On 3 December 2004, SoLocal Group opted to comply with the rules that apply to tax groups pursuant to Articles 223A et seq. of the French Tax Code, for a renewable period of five years as of 1 January 2005. In doing so, SoLocal Group made itself solely liable for the Corporation Tax payable on all of the earnings of the tax consolidation group formed by itself and the companies in which it holds, directly or indirectly, at least 95% of the share capital and which agreed to join this group.

The tax consolidated subsidiaries as at 31 December 2017, are PagesJaunes, SoLocal Marketing Services, NetVendeur, Mappy, PagesJaunes Outre-Mer, ClicRDV, Fine Media, Leadformance, Cristallerie 5 and Retail Explorer.

A tax consolidation gain of €54.4 million was recognised in 2017.

The net Corporation Tax debt for 2017, after the application of tax credits, is €5.4 million.

BALANCE SHEET POSITION

	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Asset tax integration current accounts	9,927	52,977
State – Corporation Tax claim	-	-
Liability tax integration current accounts	(2,422)	(2,230)
State – Corporation Tax due	5,362	3,789
NET BALANCE SHEET POSITION – ASSETS/LIABILITIES	**12,868**	**54,536**
Group Corporation Tax due after tax credit	-	-
NET GROUP CORPORATION TAX DEBT	-	-

Tax consolidation current accounts with subsidiaries show a net receivable of €9.9 million at 31 December 2017. This balance consists of the share of 2017 Corporation Tax owed by each subsidiary under the tax consolidation agreements.

Underlying and deferred tax position

(in thousands of euros)

Future tax debt relief	**Gross**
Provision for lump-sum retirement payments	-
Hidden gain on mutual funds	-
Special depreciation allowances	1,008
TOTAL	1,008

The expenses recorded in 2017 and in previous years represent an amount of €1 million as at 31 December 2017, i.e., based on the Corporation Tax rate voted to date for the respective periods, a reduction of the future tax debt of €282 thousand.

In 2017, SoLocal Group used its CICE tax credit to obtain a €2.9 million bank loan. The cash received increased debt by a corresponding amount. The claim on the government was reclassified as a claim on the bank.

3.11 BREAKDOWN OF REVENUES

Revenues totaled €23.1 million in 2017, versus €23.5 million in 2016, and consisted of:

	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Assistance for subsidiaries	1,476	8,241
Charging back of employee expenses	429	1,845
Charging back of property services	21,153	13,350
Other	-	25
GROUP REVENUES	23,058	23,462

The turnover includes the real estate services invoiced to the subsidiaries.

3.12 FINANCIAL INCOME

The financial income for 2017 comprises dividends received from its PagesJaunes subsidiary for €64.1 million, writebacks of provisions for the depreciation of securities and current accounts in the amount of €8.4 million. It also includes financial charges relating to interest on borrowings for €32.7 million against €72.6 million in 2016 due to the restructuring of the debt, impairments of fixed securities for €37.2 million, as well as the result of disposals of receivables amounting to €12.3 million.

	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Dividends	64,081	-
Financial income relating to derivatives	-	-
Other financial income	1,217	900
Amounts released from provisions	8,364	75,555
Exchange-rate gain	1	1
FINANCIAL REVENUES	**73,664**	**76,457**
Interest on loans and sundry financial debts	32,707	72,618
Financial expenses relating to derivatives	-	-
Other financial expenses	418	465
Accretion expense on pension commitments	-	40
Allowances for financial provisions	37,204	18,652
Gross value of claims transferred	12,289	-
Exchange-rate losses	1	0
FINANCIAL EXPENSES	**82,618**	**91,776**
FINANCIAL INCOME	(8,955)	(15,319)

3.13 EXTRAORDINARY INCOME

	Financial year ended 31 December	
(in thousands of euros)	2017	2016
Proceeds from transfers	10	247
Amount released on provision and depreciation	154	2,514
Other proceeds	2,333	23
EXCEPTIONAL INCOME	**2,496**	**2,784**
Net book value of assigned securities	-	140
Special depreciation allowances	106	173
Other expenses	6,371	2,714
EXCEPTIONAL EXPENSES	**6,477**	**3,027**
EXTRAORDINARY INCOME	(3,980)	(242)

There was a net exceptional loss of €4.0 million in 2017 compared with €0.2 million in 2016.

The exceptional income is €2.5 million. This mainly consists of the expected repayment of employer's contributions for bonus allocations (€2.0 million). In 2016, it consisted of charging back the costs related to move to the Citylights premises to subsidiaries.

The exceptional expenses in 2017 were €6.5 million. They mainly consist of the sale of Chronoresto shares for 5.3 million which were 100% depreciated. In 2016, they consisted mainly of charging back the costs related to the move to the Citylights premises to subsidiaries.

NOTE 4. OTHER

4.1 OFF-BALANCE SHEET COMMITMENTS

Employee training account – CPF

SoLocal Group has not made any internal commitment to the CPF. There is no longer any commitment for the Company.

Securities pledged

The bond is directly secured by a pledge on the securities of PagesJaunes SA held by SoLocal Group.

The Company also agreed to pledge to the lending banks a financial instrument account consisting of the securities of any subsidiary that becomes a "material subsidiary", pursuant to the terms of the bond agreement, as collateral for all sums owed (including principal, interest, commissions, fees and costs) by the Company.

Leaseback commitments

SoLocal completed a sale and leaseback transaction on behalf of its PagesJaunes SA, Mappy and SoMS subsidiaries for an amount of €10 million. The financing period is 36 months for a total commitment of €13 million.

A security deposit of €1 million has been paid as a result of this transaction.

Leases

In 2014 and 2015, the SoLocal Group signed two agreements with two investors to lease commercial premises in high-rise buildings of the "Citylights" property development, which is under renovation at Boulogne-Billancourt.

The final lease agreements were signed for a term of ten years, as the SoLocal Group waived its option allowing it to terminate the agreements every three years until the expiration of the final lease agreement. The lease agreements are therefore scheduled to come into effect on 9 May 2016 and expire on 8 May 2026.

The premises leased by SoLocal, for the Group's entities, represent 35,702 m², for a total commitment under these contracts of €105.3 million (excluding charges and rent indexation). Almost all of this area is charged back as part of the real estate services provided to the Group's subsidiaries.

Guaranteed deposits amounting to 4.1 million were paid following the move to the Boulogne-Billancourt premises.

4.2 DIRECTORS' FEES AND COMPENSATION OF CORPORATE OFFICERS

Directors' fees paid amounted to €490,000 for 2017, for 2016.

Gross compensation paid to corporate officers amounted to €2,072 thousand in 2017 and €1,682 thousand in 2016.

4.3 WORKFORCE

	Financial year ended 31 December	
Average full-time equivalent	2017	2016
Executives	1.7	35.8
Employees	-	2.5
TOTAL	1.7	38.3

Until 31 December 2016, the number given in the appendix corresponded to the average full-time staff (excluding staff made available).

According to the new ANC regulation 2016-07, the average workforce to be retained is now the one defined by Article D123-200 of the French Commercial Code, i.e., the arithmetic average of the workforce at the end of each quarter of the calendar year related to the Company by an employment agreement.

The number of employees working part-time (or for a period shorter than the financial year) is therefore no longer taken into account in the only proportion of actual working time, by reference to the conventional or legal duration of work.

4.4 EVENTS SUBSEQUENT TO THE CLOSING DATE

SoLocal presented its "SoLocal 2020" strategic plan based on an expanded offer of digital services for businesses, a reinvented PagesJaunes media platform and a streamlined organisational structure. This plan embodies a new goal for the SoLocal Group: to become one of the digital leaders in France.

To better meet the needs of customers, the operational organisation would be redesigned around, in particular, the elimination of business units, the centralisation of support functions, the rationalisation of locations, the simplification of the managerial line and the consolidation of certain activities. This would involve a reduction of around 1,000 jobs over the period 2018-2019, including approximately 800 jobs at PagesJaunes SA in 2018, with an employment protection plan being put in place, and a further 200 jobs in 2019. In parallel, within the context of our restructuring plan, we plan to create approximately 100 positions involving new digital skills. In this context, on 13 February 2018, the Company initiated the Information and Consultation process with the employee representative bodies.

The estimated cost is around €180 million.

4.5 CONSOLIDATION

SoLocal Group draws up its own consolidated accounts.

4.6 TABLE OF SUBSIDIARIES AND ASSOCIATES

Subsidiaries and interests *(in thousands of euros)*	Capital	Equity excluding capital and before appropriation of income/expenses	Portion of capital held as a %
Detailed information on subsidiaries and interests			
1/Subsidiary: more than 50% held by the Company			
NetVendeur (formerly: Cristallerie 2 SA) 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 493 023 485	200	(1,171)	100%
Euro Directory SA 2, avenue Charles-de-Gaulle L-1653 Luxembourg RCS Luxembourg B48461	169	153	100%
Mappy SA 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 402 466 643	212	3,200	100%
PagesJaunes SA 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 444 212 955	1,967,809	209,934	100%
SoLocal Marketing Services 204 rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 422 041 426	7,275	6,362	100%
PagesJaunes Outre-Mer SA 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 420 423 477	75	479	100%
QDQ Media SAU Calle de la Haya 4 28044 Madrid – Spain RCS Madrid: A81745002	150	10,416	100%
Yelster Digital GmbH Linke Wienzeile 8, Top 9 1060 Vienna – Austria Vienna Trade and Companies Register: FN 298562 m	44	(2,649)	100%
Fine Media SAS 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 494 447 550	47	2,786	100%
ClicRDV 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 492 374 442	50	(5,225)	100%
Orbit Interactive Nearchore Park – 1100 boulevard El Qods 11000 Casablanca Sidi Maarouf RC Casablanca: 268969	77	514	99%
Leadformance SARL 7, avenue des Ducs-de-Savoie 73000 Chambery SIREN: 440 743 763	250	1,338	100%
Digital To Store Ltd 64 Great Eastern Street, London – United Kingdom Company number: 08865471	169	2,143	100%
Effilab 54, avenue du Général-Leclerc 92100 Boulogne SIREN: 531 205 565	2	1,924	100%
Cristallerie 5 7, avenue de la Cristallerie 92317 Sèvres SIREN: 809 343 734	6	(2)	100%
CITYONE SAS 204, rond-point du Pont-de-Sèvres 92649 Boulogne-Billancourt Cedex SIREN: 824 602 593	15,010	(1,888)	100%
2/Holding interests (between 10 and 50%)			
GIE SoLocal 204, rond-point du Pont-de-Sèvres 92100 Boulogne-Billancourt SIREN: 824 389 837	10		15.75%

Book value of securities held		Loans and advances granted by the Company, not yet repaid (excluding current accounts)	Amount of bonds or guarantees given by the Company	Revenues from last financial year ended	Net income/expense from last financial year ended	Dividends collected by the Company during the financial year	Observations
Gross	Net						
200	0	-	-	68	(283)	-	Unaudited preliminary data
13,251	0	-	-	0	103	-	Unaudited preliminary data
37,282	19,234	0	-	12,810	(2,902)	-	Unaudited preliminary data
4,005,038	2,222,018	-	-	688,372	43,638	-	
7,275	7,275	-	-	55,235	11,293	-	
76	76	-	-	5,804	1,415	-	Closing in process, unaudited preliminary data
91,719	0	12,300	-	18,448	(320)	-	Unaudited preliminary data
14,997	897	-	-	5,694	1,151	-	Unaudited preliminary data
12,240	12,240	-	-	9,229	(108)	-	Unaudited preliminary data
6,485	6,485	-	-	17,046	6,726	-	Unaudited preliminary data
76	76	0	27	2,905	(202)	-	Unaudited preliminary data
17,301	11,098	0		3,477	(880)	-	Unaudited preliminary data
188	188	-	-	8,546	28	-	Unaudited preliminary data
21,242	21,242	-	-	7,320	1,112	-	Unaudited preliminary data
6	6	-	-	-	(1)	-	Unaudited preliminary data
0	0	-	-	-	-	-	Unaudited preliminary data
1,575	1,575			11,456	249		

6.2.4 MANAGEMENT REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Ladies and Gentlemen,

We have called you to this General Shareholders' Meeting, pursuant to French law and our Company's Articles of Association, to report on the Company's business activity during the financial year from 1 January 2017 to 31 December 2017 and to submit the Company annual and consolidated financial statements for your approval.

I. HIGHLIGHTS OF THE FINANCIAL YEAR

For the record, in 2016, following the talks carried out under the aegis of Maître Abitbol and then Maître Bourbouloux, SoLocal Group presented an initial financial restructuring plan aiming to reduce its debt by two thirds. The terms of this initial draft amendment to the accelerated financial safeguard plan, implemented in accordance with the ruling of the Nanterre Commercial Court of 9 May 2014, had been approved by the Creditors' Committee meeting of 12 October 2016 but were then rejected by the Company's shareholders at the General Shareholders' Meeting of 19 October 2016. A second draft amendment to the accelerated financial safeguard plan was therefore prepared, and was unanimously approved by the Board of Directors of the Company, by the Creditors' Committee meeting of 30 November 2016, by the General Shareholders' Meeting of 15 December 2016, on the first notice of meeting, and was finalised by a ruling given by the Nanterre Commercial Court on 22 December 2016.

In 2017, SoLocal Group continued its financial restructuring, notably by strengthening its equity. This financial restructuring has comprised the following operations:

- a reduction of the share capital;
- a capital increase with rights issue for shareholders;
- free share allotments;
- a capital increase without rights issue for shareholders in favour of creditors holding debt instruments against the Company;
- a potential issue of subordinated bonds convertible into shares (or cash, whatever the Company prefers).

On 14 March 2017, SoLocal Group announced the finalisation of its financial restructuring plan resulting in an increase of €761.73 million in the Company's equity. This strengthening of its equity has enabled SoLocal Group to reduce its gross debt by two thirds, from €1.158 billion to €398 million.

SoLocal Group intends to refinance these new bonds as soon as market conditions permit, always maintaining a penalty-free early repayment option.

On the SoLocal Group shareholdings portfolio, the 2017 financial year was characterised by the disposal of its shares in the subsidiary Chronoresto, the creation of GIE SoLocal and the acquisition of an 11% equity stake in Alliance Gravity.

II. SOLOCAL GROUP BUSINESS ACTIVITY, KEY FINANCIAL FIGURES AND PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Company SoLocal Group is a holding company and, as such, has subsidiaries whose mission is to "reveal local know-how everywhere and boost local revenues of businesses". The Group offers its customers digital services and solutions to increase their visibility and local contacts and creates and updates the best personalised professional local content for users.

The Group's activities can be broken down into two segments: the "Internet" segment and the "Print & Voice" segment.

Operating income

The SoLocal Group company posted revenues of €23.1 million in 2017, compared with €23.5 million in 2016. These revenues were mainly generated from the invoicing of real estate services to all subsidiaries.

Operating expenses

Personnel expenses totalled €1.1 million in 2017, compared with €11.8 million in 2016, with an average workforce of 2 in 2017, compared with 38 in 2016. This change reflects the transfer on 1 January 2017 of SoLocal Group employees to GIE SoLocal, with the exception of the corporate officer.

Other operating expenses increased from €39.5 million in 2016 to €44.3 million in 2017. This increase of €4.8 million was primarily due to:

- the full-year effect of rents and rental charges of the Citylights premises located in Boulogne-Billancourt (occupied with effect from May 2016) in the amount of €17.3 million, compared with €11.0 million in 2016 (i.e. an impact of €6.3 million);
- a re-invoicing of the GIE SoLocal contribution of €1.8 million, which had no equivalent in 2016;
- the lump-sum retirement payments of SoLocal Group employees transferred to GIE SoLocal on 1 January 2017 for €1.6 million, with the reversal of an equivalent provision under operating income;
- a €7.0 million reduction in debt refinancing costs (from €17.7 million in 2016 to €10.7 million in 2017).

The SoLocal Group company posted an operating loss of €20.7 million in 2017, having posted a loss of €27.3 million in 2016.

Financial income

Financial revenues totalled €73.7 million in 2017, compared with €76.5 million in 2016.

In 2017, financial revenues mainly consisted of:

- €64.1 million in dividends received from PagesJaunes SA;
- amounts released from provisions linked to the impairment of Chronoresto securities (€5.2 million) and the current account of this same entity (€3.1 million).

Financial expenses totalled €82.6 million in 2017, against €91.8 million in 2016. These expenses consisted mainly of:

- impairment of PagesJaunes SA securities in the amount of €37.0 million, compared with €18.7 million in 2016 for PagesJaunes Resto, Leadformance and Mappy, and treasury shares;
- interest expense on bank loans and on subsidiary loans and current accounts, which totalled €45.0 million in 2017, compared with €72.6 million in 2016. This reduction is due to the financial restructuring of the debt.

The average interest rate of the debt went from 5.4% as of 31 December 2016 to 7.6% at 31 December 2017, the latter being calculated over the period during which the new debt was in place, namely from 15 March to 31 December 2017.

The net financial loss was €9.0 million in 2017, compared with a loss of €15.3 million in 2016.

Exceptional profit/loss

There was an exceptional loss of €4.0 million in 2017 compared with a loss of €0.2 million in 2016.

Exceptional income amounted to €2.5 million. This mainly consists of the expected repayment of the employer contribution for free allocations (€2.0 million), and Article 700 indemnities.

In 2016, this income was generated from re-invoicing subsidiaries for costs linked to the move to the Citylights premises.

Exceptional expenses in 2017 amounted to €6.5 million. These mainly consist of the sale of Chronoresto securities, fully depreciated, for €5.3 million. In 2016, these expenses consisted mainly of the costs related to the move to the Citylights premises.

Corporation tax

On 3 December 2004, SoLocal Group opted to comply with the rules that apply to tax groups pursuant to Articles 223-A et seq. of the French Tax Code, for a renewable period of five years. In doing so, SoLocal Group made itself solely liable for the corporate income tax on all of the earnings of the tax consolidation group formed by itself and the companies in which it directly or indirectly holds at least 95% of the share capital and which agreed to join this group.

The tax consolidated subsidiaries, as at 31 December 2017, are PagesJaunes, SoLocal Marketing Services, NetVendeur, Mappy, PagesJaunes Outre-Mer, ClicRDV, Fine Media, Retail Explorer, Cristallerie 5 and Leadformance.

SoLocal Group thus recorded tax income of €54.4 million in 2017, mainly from the tax consolidation gain. In 2016, this tax income amounted to €51.4 million.

Net income/expenses

SoLocal Group recorded net income of €21.0 million in 2017, compared with €8.6 million in 2016.

Appended to this report and pursuant to Article R. 225-102 of the French Commercial Code, is a table of our Company's earnings over the past five financial years.

III. SHARE CAPITAL STRUCTURE

The following table shows SoLocal Group's shareholders and the number of shares held at 31 December 2017:

	Number of shares	% of share capital	Voting rights	% of voting rights
J O Hambro Capital Management	49,100,806	8.4%	48,408,656	8.3%
River and Mercantile AM	47,737,618	8.2%	47,737,618	8.2%
DNCA	34,177,219	5.9%	34,177,219	5.9%
Edmond de Rothschild AM	30,058,498	5.2%	30,058,498	5.2%
Public	420,342,177	72.2%	421,749,616	72.4%
SoLocal Group employees[1]	626,208	0.1%	626,208	0.1%
Treasury shares[2]	402,274	0.1%	-	-
TOTAL	**582,444,800**	**100.0%**	**582,757,815**	**100.0%**

(1) Under the SoLocal Group savings plan (PEG).
(2) 402,274 treasury shares are held under a liquidity agreement implemented on 2 December 2012.

No subsidiary of SoLocal Group holds interests in SoLocal Group.

IV. REPORT ON CORPORATE GOVERNANCE

In accordance with Article L. 225-37 of the French Commercial Code, the report on corporate governance is attached as an Appendix to this management report.

V. COMPENSATION AND BENEFITS GRANTED TO SOLOCAL GROUP CORPORATE OFFICERS BY SOLOCAL GROUP

To executive corporate officers:

Summary table of the compensation of each executive corporate officer

	2017 financial year		2016 financial year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Pierre Danon, Chairman of the Board of Directors (since 5 September 2017)				
Fixed compensation	—	—	—	—
Annual variable compensation	—	—	—	—
Exceptional compensation	—	—	—	—
Directors' fees	45,000	45,000	—	—
Benefits in kind[1]	—	—	—	—
TOTAL	45,000	45,000	—	—
Eric Boustouller, CEO (since 11 October 2017)				
Fixed compensation	116,214	116,214	—	—
Annual variable compensation	116,214	0	—	—
Exceptional compensation	—	—	—	—
Directors' fees	—	—	—	—
Benefits in kind[1]	4,819	4,819	—	—
TOTAL	237,247	121,033	—	—
Robert de Metz, Chairman of the Board of Directors (until 5 September 2017)				
Fixed compensation	—	—	—	—
Annual variable compensation	—	—	—	—
Exceptional compensation	—	—	—	—
Directors' fees	45,000	45,000	90,000	90,000
Benefits in kind[1]	—	—	—	—
TOTAL	45,000	45,000	90,000	90,000
Jean-Pierre Remy, CEO (until 30 June 2017)				
Fixed compensation	260,004	260,004	520,000	520,000
Variable compensation	0(2)	483,607	483,600	468,000
Exceptional compensation	—	—	—	—
Directors' fees	11,677	19,361	50,994	84,310
Benefits in kind[1]	10,207	10,207	20,414	20,414
TOTAL	281,888	773,179	1,075,008	1,092,724
Christophe Pingard, Deputy CEO (until 15 December 2017)				
Fixed compensation	355,317	355,317	370,000	370,000
Variable compensation	0	206,460	206,460	200,000
Exceptional compensation	—	—	—	—
Severance payment	595,903	595,903		
Directors' fees	—	—	—	—
Benefits in kind[1]	20,050	20,250	19,244	19,244
TOTAL	971,270	1,177,930	595,704	589,244

(1) Company vehicle and payment of unemployment insurance contributions.
(2) No amount owed in relation to FY 2017, Jean-Pierre Remy having waived his annual variable compensation.

Information relating to the terms for application of the variable portion of the Chief Executive Officer is described in the corporate governance report.

To non-executive officers:

Table of Directors' fees and other compensation received by non-executive officers

Non-executive officers	Amounts owed in 2017	Amounts owed in 2016
David Amar[1]		
Directors' fees	29,498	—
Other compensation	—	—
Philippe de Verdalle[2]		
Directors' fees	29,498	—
Other compensation	—	—
Jacques-Henri David[3]		
Directors' fees	41,244	5,379
Other compensation	—	—
Delphine Grison[4]		
Directors' fees	20,000	—
Other compensation	—	—
Sandrine Dufour[16]		
Directors' fees	37,500	60,771
Other compensation	—	—
Alexandre Loussert[5]		
Directors' fees	41,746	7,684
Other compensation	—	—
Arnaud Marion[6]		
Directors' fees	29,498	—
Other compensation	—	—
Monica Menghini[7]		
Directors' fees	20,567	3,842
Other compensation	—	—
Cécile Moulard[8]		
Directors' fees	25,300	60,913
Other compensation	—	—
Joelle Obadia[9]		
Directors' fees	30,906	43,381
Other compensation	101,586	101,736
Marie Christine Levet[10]		
Directors' fees	—	—
Other compensation	—	—
Rémy Sautter[11]		
Directors' fees	—	62,291
Other compensation	—	—
John Slater[12]		
Directors' fees	—	—
Other compensation	—	—
Sophie Sursock[13]		
Directors' fees	29,498	—
Other compensation	—	—

Non-executive officers	Amounts owed in 2017	Amounts owed in 2016
Jean-Marc Tassetto[14]		
Directors' fees	37,500	53,593
Other compensation	—	—
Nathalie Balla[15]		
Directors' fees	15,569	51,153
Other compensation	—	—

* *The amounts indicated do not take into account the 30% withholding tax for foreign tax residents and the 21% withholding tax for French tax residents.*

(1) *David Amar was appointed at the General Shareholders' Meeting of 13 June 2017.*
(2) *Philippe de Verdalle was appointed at the General Shareholders' Meeting of 13 June 2017.*
(3) *Jacques-Henri David was appointed at the General Shareholders' Meeting of 19 October 2016.*
(4) *Delphine Grison was appointed at the General Shareholders' Meeting of 13 June 2017.*
(5) *Alexandre Loussert was appointed at the General Shareholders' Meeting of 19 October 2016.*
(6) *Arnaud Marion was appointed at the General Shareholders' Meeting of 19 October 2016. The latter has waived his Directors' fees until the General Shareholders' Meeting of 13 June 2017.*
(7) *Monica Menghini was appointed at the General Shareholders' Meeting of 19 October 2016. She resigned at the Board of Directors' Meeting on 15 December 2017.*
(8) *Cécile Moulard resigned at the Board of Directors' meeting on 11 October 2017.*
(9) *Joëlle Obadia was elected Director and employee representative on 7 April 2016.*
(10) *Marie-Christine Levet was co-opted at the Board of Directors' meeting on 15 December 2017.*
(11) *Rémy Sautter resigned at the Board of Directors' meeting on 5 January 2017.*
(12) *John Slater was coopted at the Board of Directors' meeting on 5 January 2017. He resigned on 24 March 2017.*
(13) *Sophie Sursock was appointed at General Shareholders' Meeting of 13 June 2017.*
(14) *Jean-Marc Tassetto resigned at the Board of Directors' meeting on 5 September 2017.*
(15) *Nathalie Balla resigned at the Board of Directors' meeting on 22 June 2017.*
(16) *Sandrine Dufour resigned at the Board of Directors' meeting on 9 March 2018*

The Company has not put in place any additional specific pension scheme for its corporate officers.

The Combined General Shareholders' Meeting of 11 June 2015 set the annual amount of Directors' fees allocated to Board members at €490,000 from this year on and until otherwise decided at a General Shareholders' Meeting.

As in previous years, the payment of 2017 Directors' fees was made in two instalments: the 1st to take into account the meetings of the Board of Directors and the Committees until 13 June 2017 and the 2nd for meetings between 13 June and 31 December 2017.

For the first payment, the rules decided by the Board of Directors for allocating Directors' fees were identical to those of previous years; the Directors receiving, in respect of their attendance at Board meetings:

- €4,000 per Board of Directors' meeting;
- €4,000 per Committee meeting;
- a €90,000 lump sum fixed on an annual basis for the Chairman of the Board of Directors;
- a €10,000 lump sum fixed on an annual basis for the Chairman of the Audit Committee.

In order to ensure that the Directors who joined the Board of Directors at the General Shareholders' Meeting of 19 October 2016 are not adversely impacted by the interim payment made prior to that meeting, the Board of Directors, on 2 February 2017, decided to pay to Monica Menghini, Jacques-Henri David and Alexandre Loussert the gross amount of €836, €3,744 and €4,246 respectively (from the 2017 Directors' fees budget).

Arnaud Marion waived his Directors' fees for meetings he attended up to 13 June 2017.

This first payment was subject to a reduction in the amounts owed in application of the mathematical distribution rules set out above in order to remain within the prorated amount of the annual budget of €490,000.

The Board of Directors decided to retain the same allocation rules for the 2nd 2017 payment, limiting the annual compensation of the Chairman of the Board of Directors to €90,000, as approved by the General Shareholders' Meeting of 13 June 2017.

The Directors' fees payable to the members of the Board of Directors for 2017 amounted to €490,000.

For 2018, taking into account the involvement of all Directors, the Board of Directors has decided to modify the rules for the distribution of the €490,000 Directors' fees budget as follows:

- €150,000 for the Chairman;
- equal distribution between the Directors, i.e. €37,500 per Director.

With, however, three exceptions:

- prorated allocation for Directors who resigned during the year;
- reduction in the amount paid for Directors with significant absence;
- no Directors' fees for internal Directors.

VI. SHARE SUBSCRIPTION OR PURCHASE OPTIONS AND ALLOCATIONS OF SOLOCAL GROUP PERFORMANCE SHARES

Share subscription or purchase option grants

2005 plan

The Company set up a share subscription option plan on 28 June 2005 which, having matured on 28 June 2015, has been cancelled.

2007 plan

Similarly, the Company implemented a second share subscription plan on 20 December 2007, which upon expiry on 19 December 2017, was cancelled.

2009 plan

In 2009, the Company put in place three share subscription plans: on 23 July 2009 for 1,145,000 options at a strike price of €6.71 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), on 29 October 2009 for 87,000 options at a strike price of €8.84 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), on 17 December 2009 for 75,000 options at a strike price of €7.82 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017). These plans all have the same characteristics as the first plan: 10-year terms and options fully vested after three years.

With regard to the plan of 23 July 2009, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All of these options were, in accordance with the AFEP/MEDEF Corporate Governance Code, subject to the following performance condition: the achievement by Jean-Pierre Remy of his 2009, 2010 and 2011 annual targets. As the Remunerations Committee had granted to Jean-Pierre Remy, based on the achievement of his targets, 150%, 130% and 50% of his variable portion during the course of 2009, 2010 and 2011 respectively, the average being 110%, 140,000 options were granted under this plan (24,213 options after adjustments).

Jean-Pierre Remy was required to reinvest in SoLocal Group shares 33% of the net capital gains associated with the sale of shares from the exercise of these options and had to keep these shares in registered form until the end of his term of office as Chief Executive Officer. The options were cancelled following the resignation of Jean-Pierre Remy from his duties as CEO on 30 June 2017.

2010 plan

In 2010, the Company put in place two share subscription plans: on 27 July 2010 for 1,336,000 options at a strike price of €8.58 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017), and on 16 December 2010 for 166,000 options at a strike price of €7.09 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the capital increase of 14 March 2017).

These plans all have the same characteristics as the first plan: ten-year terms and options fully vested after three years.

With regard to the plan of 27 July 2010, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All of these options were, in accordance with the AFEP/MEDEF Corporate Governance Code, subject to the following performance condition: the achievement by the Chief Executive Officer of his 2010, 2011 and 2012 annual targets. As the Remunerations Committee had granted Jean-Pierre Remy, based on the achievement of his targets, 130%, 50% and 65% of his variable portion during the course of 2010, 2011 and 2012 respectively, the average being 81.67%, 114,333 options were granted under this plan (19,773 options after adjustments).

Jean-Pierre Remy was required to reinvest in SoLocal Group shares 33% of the net capital gains associated with the sale of shares from the exercise of these options and had to keep these shares in registered form until the end of his term of office as Chief Executive Officer. The options were cancelled following the resignation of Jean-Pierre Remy from his duties as CEO on 30 June 2017.

Given the capital increase completed on 6 June 2014, and in accordance with the law and regulations applicable to each of these plans, the Board of Directors decided, at its meeting of 19 June 2014, to adjust the conditions of the existing share subscription options, both in terms of the strike price of the options and the number of shares that can be obtained by exercising the options.

Similarly, in order to take into account the Company's reverse stock split of 26 October 2015, the Chief Executive Officer, making use of the powers conferred upon him by the Board of Directors on 21 July 2015, decided to adjust the exercise parity of the options for each individual plan, adopting a new parity equal to the current exercise parity of each option multiplied by a ratio of 1/30 (corresponding to the number of shares making up the share capital after the reverse stock split, divided by the number of shares making up the share capital before the reverse stock split but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares); it being specified that (i) for all options from which each holder benefits under a plan, the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the options shall remain unchanged.

Consequently, any holder of options who could (prior to the adjustment of 2015), by exercising an option, subscribe to one (1) share with a par value of €0.20 at a specific strike price, may now, by exercising that same option, subscribe to one-thirtieth of a share with a par value of €6 at the adjusted strike price. As such, a holder of options who could (prior to the adjustment of 2015), by exercising all the options he held under one plan, subscribe to thirty-one (31) shares with a par value of €0.20 each for a total price of €179.40 (€5.78 multiplied by 31), may now, by exercising those same options, subscribe to one (1) share with a par value of €6 for a total price of €173.61.

In light of the capital increase completed on 14 March 2017, and in accordance with the law and regulations applicable to each of the current option plans (allocation by the Board of Directors at its meetings of 20 December 2007, 23 July 2009, 29 October 2009, 17 December 2009, 27 July 2010 and 16 December 2010), in order to take account of (i) the issue of new shares with rights issue for shareholders and (ii) the allocation of free shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the existing share subscription options, both in terms of the strike price of the options and the number of options held by each option holder.

Share subscription or purchase options granted during the year 2017 to each executive corporate officer by the issuer or by any Group company

Name of executive corporate officer	Plan No. and date	Type of option (purchase of subscription)	Valuation of options under the consolidated accounts method	Number of options granted during the year	Strike price	Exercise period
Pierre Danon	—	—	—	—	—	—
Eric Boustouller	—	—	—	—	—	—
Robert de Metz	—	—	—	—	—	—
Jean-Pierre Remy	—	—	—	—	—	—
Christophe Pingard	—	—	—	—	—	—

Share subscription or purchase options exercised during the year 2017 by each executive corporate officer

Name of executive corporate officer	Plan No. and date	Number of options exercised during the year	Strike price
Pierre Danon	—	—	—
Eric Boustouller	—	—	—
Robert de Metz	—	—	—
Jean-Pierre Remy			
	23 July 2009	None	—
	July 2010	None	—
Christophe Pingard	—	—	—

Granting of performance shares

2006 and 2008 plans

The Extraordinary General Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to set up, in favour of certain Group senior executives and employees, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to enable them to profit from the Company's development. This authorisation was granted for a period of 38 months and the total number of shares freely allotted under this resolution may not represent more than 0.5% of the Company's share capital at the date of this General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors approved the conditions of an initial share allotment plan on 30 May 2006. This plan gave rise to the initial allotment of 602,361 shares to 591 Group employees on 30 May 2006. Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

A second share allotment plan was approved on 20 November 2006 and gave rise to the allotment of 778,638 shares to 611 Group employees. Given the fact that the performance conditions were not satisfied for one of the two years concerned, only 50% of these shares were finally acquired by the beneficiaries on 20 November 2008.

A third plan was approved on 14 February 2008, giving rise to the allotment of 12,940 shares to 15 Group employees. Since the performance conditions were not met, the beneficiaries lost their entitlement to these free shares.

2011, 2012 and 2013 plans

The shareholders of the SoLocal Group company, at the Combined General Shareholders' Meeting of 7 June 2011, authorised the Board of Directors to set up, in favour of certain senior executives and employees of SoLocal Group and affiliated companies, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan resulted in the initial allocation of 1,226,000 shares to 41 Group employees on 26 October 2011, including 140,000 shares to Jean-Pierre Remy. A second share allotment plan was approved on 16 December 2011 and gave rise to the allotment of 84,000 shares to three Group employees, including 60,000 shares to Christophe Pingard. Taking into account the partial fulfilment of the performance conditions of these two plans, approximately 45% of these shares were definitively acquired on 31 March 2014 by the beneficiaries (that is, as regards Jean-Pierre Remy and Christophe Pingard, the equivalent of 1,969 and 844 new shares, respectively).

A third share allotment plan was approved on 11 December 2012 and gave rise to the allotment of 2,624,000 shares to 47 beneficiaries, including 300,000 shares to Jean-Pierre Remy and 150,000 shares to Christophe Pingard. A new allotment plan was approved on 11 December 2013 and gave rise to the allotment of 280,000 shares to 10 beneficiaries.

For performance shares granted under the plans of 11 December 2012 and 11 December 2013, the Board of Directors decided, at its meeting of 19 June 2014, to apply an adjustment reflecting the impact of the capital increase in cash with rights issue. Given the partial fulfilment of the performance conditions of these two plans, approximately 70.7% of these shares were definitively acquired by the beneficiaries. This rate corresponds to the 74.6% fulfilment of the performance conditions relating to revenues (weighted at 2/3) and the 63.0% fulfilment of the performance conditions relating to the GOM (weighted at 1/3). Jean-Pierre Remy and Christophe Pingard thus acquired on 31 March 2015, under the plan dated 11 December 2012, now closed, 25,270 shares (758,100 shares before the reverse stock split of 26 October 2015) and 12,635 shares (379,050 shares before the reverse stock split of 26 October 2015), respectively.

2014 and 2015 plans

The SoLocal Group shareholders, at the Extraordinary General Meeting of 29 April 2014, authorised the Board of Directors to set up, in favour of certain senior executives and employees of SoLocal Group and affiliated companies, a performance share incentive plan, within the meaning of Articles L. 225-197-1 et seq. of the French Commercial Code.

On 19 June 2014, this plan gave rise to the allotment of 45,221,000 shares to 112 beneficiaries. A second share allotment plan was approved on 9 February 2015 and gave rise to the allotment of 2,305,000 shares to 12 Group employees.

The Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company at its meeting of 21 July 2015, decided by decisions of 26 October 2015 to adjust the number of performance shares allocated in December 2013 and June 2014 to reflect the Company's reverse stock split as follows: completion of the adjustment of the parity adopted for the reverse stock split, that is to say, for each beneficiary of performance shares, by applying a ratio of 1/30 (corresponding to the number of shares making up the share capital after the reverse stock split, divided by the number of shares making up the share capital before the reverse stock split, but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares) to the number of performance shares to which the holder would have been entitled in the absence of an adjustment; it being specified that (i) the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the performance shares shall remain unchanged.

Consequently, a beneficiary of performance shares who (prior to the adjustment of 2015), under a plan, was entitled to thirty-one (31) performance shares with a par value of €0.20, will now be entitled, under that same plan, to one (1) share with a par value of €6.

In light of the capital increase completed on 14 March 2017, and in accordance with the regulations applicable to the allocation plans still in the vesting period (granted by the Board of Directors at its meetings of 19 June 2014 and 9 February 2015), in order to take account of (i) the issue of new shares with rights issue for shareholders and (ii) the allocation of free shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the performance share plans, in terms of the number of performance shares to be allocated to each beneficiary.

Performance shares granted to each executive corporate officer during the year 2017

Performance shares granted during the financial year by the General Shareholders' Meeting to each executive corporate officer by the issuer or a Group company (nominative list)	Plan No. and date	Number of shares granted during the year	Valuation of shares under the consolidated accounts method	Vesting date	End of lock-up period	Performance conditions
Eric Boustouller	-	-	-	-	-	-
Jean-Pierre Remy	-	-	-	-	-	-
Christophe Pingard	-	-	-	-	-	-

2018 plan

The SoLocal Group shareholders, at the Extraordinary General Meeting of 9 March 2018, authorised the Board of Directors to establish, in favour of certain senior executives and employees of SoLocal Group and affiliated companies, a performance share plan within the meaning of Articles L. 225-197-1 *et seq.* of the French Commercial Code.

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 9,200,000 shares in the Company, including a maximum of 2,300,000 shares for the Company's corporate officers.

On 24 April 2018, this plan gave rise to the allocation of 7,540,000 performance shares including 2,300,000 performance shares awarded to the Chief Executive Officer.

Under this plan, performance shares are subject to a three-year vesting period. No retention period is imposed on the beneficiaries.

The vesting of the shares is also subject to a continued employment condition and a performance condition based on the level of achievement of a target of EBITDA less CAPEX and change in the company's share price.

The Chief Executive Officer and the members of the Company's Executive Committee are required to retain at least 30% of the shares vesting to them until their term of office ceases.

In addition, the shareholders of the Company also authorised, at the Shareholders' Meeting of 9 March 2018, the Board of Directors to allocate free shares in the Company to Eric Boustouller in his capacity as Chief Executive Officer. The acceptance by Eric Boustouller of the position of Chief Executive Officer having led him to waive significant rights to long-term compensation in respect of his former position, it was agreed with him when he accepted the position of Chief Executive Officer that he would receive, subject to the approval of the Company's Shareholders' Meeting, compensation on taking up the office in the form of a free allocation of 1 million shares of the Company.

In application of this authorisation, the Board of Directors, at its meeting of 9 March 2018, decided to award 1 million shares of the Company to Eric Boustouller for free.

The shares will vest after a period of 12 months, provided that Eric Boustouller is still present in the Company. This continued employment condition will be deemed fulfilled in the event of forced departure during the vesting period.

After a retention period of 12 months, Eric Boustouller will be required to retain at least two-thirds of the shares granted in this manner until the termination of his duties as Chief Executive Officer of the Company.

Performance shares made available during the financial year for each executive corporate officer

Performance shares made available for each executive corporate officer	Plan date	Number of shares made available during financial year	Vesting terms
Eric Boustouller	-	-	-
Jean-Pierre Remy	26 October 2011	None	GOM
	11 December 2012	None	Revenues and GOM
	19 June 2014	None	Organic annual revenue growth
Christophe Pingard	16 December 2011	None	GOM
	11 December 2012	None	Revenues and GOM
	19 June 2014	None	Organic annual revenue growth

Jean-Pierre Remy and Christophe Pingard must hold in registered form 33% of the performance shares allotted in 2011, 25% of the performance shares allotted in 2012 (taking account of changes in taxation between these two dates) and 25% of the performance shares allotted in 2014, until they have completed their terms of office.

	SoLocal Group Plan
Number of performance shares granted during the financial year to the nine largest beneficiaries of the Group, excluding corporate officers	**None**

VII. CORPORATE OFFICER TRANSACTIONS INVOLVING SOLOCAL GROUP SHARES

The table below presents transactions involving SoLocal Group shares declared to the AMF and carried out during the 2017 financial year by corporate officers[1] and persons connected to them[2], in accordance with Article 223-26 of the AMF's General Regulations.

Person concerned	Financial instrument	Type of transaction	Date of transaction	Number of transactions	Number of shares	Average unit price	Amount of the transaction
Virginie Cayatte Chief Financial Officer (CFO)	Shares	Subscription	13 March 2017	1	150,019	€1.00	€150,019.00
Jacques-Henri David Director	Shares	Subscription	13 March 2017	1	472,073	€1.00	€472,073.00
Alexandre Loussert Director	Shares	Subscription	13 March 2017	1	20,500	€1.00	€20,500.00
RegroupementPPLocal Legal entity linked to Alexandre Loussert	Shares	Subscription	13 March 2017	1	492	€1.00	€492.00
Arnaud Marion Director	Shares	Subscription	13 March 2017	1	1,025	€1.00	€1,025.00
marion & partners Ltd Legal entity linked to Arnaud Marion	Shares	Subscription	13 March 2017	1	102,500	€1.00	€102,500.00
Robert de Metz Chairman of the Board of Directors	Shares	Subscription	13 March 2017	1	150,306	€1.00	€150,306.00
Bee2Bees SA Legal entity linked to Robert de Metz	Shares	Subscription	13 March 2017	1	362,153	€1.00	€362,153.00
Christophe Pingard Deputy Chief Executive Officer	Shares	Subscription	13 March 2017	1	25,000	€1.00	€25,000.00
Jean-Pierre Remy Chief Executive Officer and Director	Shares	Subscription	13 March 2017	1	94,915	€1.00	€94,915.00
JPRF SA Legal entity linked to Jean-Pierre Remy	Shares	Subscription	13 March 2017	1	108,917	€1.00	€108,917.00
Jean-Marc Tassetto Director	Shares	Subscription	13 March 2017	1	26,855	€1.00	€26,855.00
JHD Conseil Legal entity linked to Jacques-Henri David	Shares	Acquisition	28 July 2017	1	238,000	€0.84	€199,920.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	28 July 2017	7	1,100,000	€0.8539	€939,305.00
JHD Conseil Legal entity linked to Jacques-Henri David	Shares	Acquisition	31 July 2017	1	168,025	€0.85	€142,821.25
Jacques-Henri David Director	Shares	Acquisition	31 July 2017	1	37,600	€0.85	€31,960.00
Isabelle David Individual entity linked to Jacques-Henri David	Shares	Acquisition	31 July 2017	1	29,375	€0.85	€24,968.75
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	2 August 2017	3	400,000	€0.8295	€331,810.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	4 August 2017	1	100,000	€0.854	€85,400.00
Alexandre Loussert Director	Shares	Acquisition	7 August 2017	1	14,500	€0.925	€13,412.50
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	7 August 2017	1	150,000	€0.92	€138,000.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	9 August 2017	1	55,640	€0.925	€51,467.00

(1) Entities determined in accordance with Article L. 621-18-2 of the French Monetary and Financial Code.
(2) Entities linked within the meaning of Article R. 621-43-1 of the French Monetary and Financial Code.

Person concerned	Financial instrument	Type of transaction	Date of transaction	Number of transactions	Number of shares	Average unit price	Amount of the transaction
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	14 August 2017	2	194,360	€0.9442	€183,519.14
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	22 August 2017	1	100,000	€0.9161	€91,610.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	23 August 2017	2	200,000	€0.9181	€183,630.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	24 August 2017	2	200,000	€0.9031	€180,630.00
Cordial Investments and Consulting Limited Legal entity linked to Pierre Danon	Shares	Acquisition	11 September 2017	1	200,000	€1.0180	€203,600.00
Cordial Investments and Consulting Limited Legal entity linked to Pierre Danon	Shares	Acquisition	13 November 2017	1	60,530	€0.8259	€49,991.73
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	22 November 2017	1	350,000	€0.9142	€319,970.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	23 November 2017	2	400,000	€0.8843	€352,680.00
Amar Family Office Legal entity linked to David Amar	Shares	Acquisition	24 November 2017	1	250,000	€0.8879	€221,975.00

VIII. SOLOCAL GROUP'S TRADING IN ITS OWN SHARES DURING THE YEAR

Summary of transactions carried out in connection with the programme approved by the General Shareholders' Meeting

Table up to date as at 8 March 2017 (before allocation of free shares, capital increase and conversion of MCBs)

Number of shares making up the share capital of SoLocal Group as at 8 March 2017	**38,876,564**
Treasury shares held directly or indirectly as at 1 January 2017 at opening	**82,722**
Number of shares bought between 1 January 2017 and 8 March 2017	343,435
Gross weighted average price of shares bought (in euros)	**2,722**
Number of shares sold between 1 January 2017 and 8 March 2017	318,384
Gross weighted average price of shares sold (in euros)	**2,710**
Number of shares given freely to employees as part of performance share allotment programmes between 1 January 2017 and 8 March 2017	0
Number of shares cancelled in the last 24 months	0
Treasury shares held directly or indirectly as at 8 March 2017	**107,773**
Book value of the portfolio (valued at purchase price) as at 8 March 2017 (in euros)	301,952
Market value of the portfolio as at 8 March 2017 (in euros)	**279,240**

At 8 March 2017, the 107,773 shares held by the Company were assigned in full to the liquidity target.

Following the free share allotments, the capital increase and conversion of MCBs, the number of SoLocal Group shares making up the share capital was 582,444,800 as at 31 December 2017

Table up to date as at 31 December 2017	
Number of shares making up the share capital of SoLocal Group as at 31 December 2017	582,444,800
Treasury shares held directly or indirectly as at 10 March 2017 at opening	**107,773**
Number of shares bought between 10 March 2017 and 31 December 2017	8,438,322
Gross weighted average price of shares bought *(in euros)*	**1,011**
Number of shares sold between 10 March 2017 and 31 December 2017	8,143,821
Gross weighted average price of shares sold *(in euros)*	**1,028**
Number of shares given freely to employees as part of performance share allotment programmes between 10 March 2017 and 31 December 2017	0
Number of shares cancelled in the last 24 months	0
Treasury shares held directly or indirectly as at 31 December 2017	**402,274**
Book value of the portfolio (valued at purchase price) as at 31 December 2017 *(in euros)*	343,950
Market value of the portfolio as at 31 December 2017 ***(in euros)***	**333,887**

At 31 December 2017, the 402,274 shares held by the Company were assigned in full to the liquidity target.

IX. MATERIAL POST-BALANCE SHEET EVENTS

SoLocal has presented its "SoLocal 2020" strategic project, based on an expanded offer of digital services for businesses, a reinvented PagesJaunes media platform and streamlined organisation. This plan brings a new ambition for the SoLocal Group: to become one of the digital leaders in France.

To better meet the needs of customers, operational organisation would be redesigned around, in particular, the elimination of business units, the centralisation of support functions, the downsizing of facilities, the simplification of the managerial line and the consolidation of certain activities. This would imply the elimination of around 1,000 positions over the period 2018-2019, of which approximately 800 positions at PagesJaunes SA in 2018, with the establishment of an employment protection plan, and 200 positions in 2019. In parallel, within the context of our transformation project, we plan to create approximately 100 new positions based on new digital skills. In this regard, on 13 February 2018, the Company initiated the Information-Consultation process with the representative staff bodies.

The estimated cost is around €180 million.

X. HUMAN RESOURCES REPORT

As at 31 December 2017, SoLocal Group no longer has any employees. All employees of SoLocal Group have been transferred to an economic interest group (GIE) called "GIE SoLocal" whose objectives include pooling GIE members' human and material resources for certain general services and support functions with a view to spreading the corresponding costs. The GIE has nine members including SoLocal Group and eight group subsidiaries. At the end of December 2017, GIE SoLocal had 37 employees.

All information relating to the SoLocal Group's employees can be found in the sections relating to the Company's corporate social responsibility, appended to this report.

XI. LEGAL EMPLOYEE PROFIT-SHARING

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we hereby provide an employee profit-sharing statement. Of the 582,444,800 shares making up the share capital as at 31 December 2017, 626,208 shares are held by employees.

XII. RESEARCH AND DEVELOPMENT

At the forefront of its industry, SoLocal Group's expert staff and numerous partnerships enable it to conduct cutting-edge research and development. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

XIII. ENVIRONMENTAL IMPACT OF THE COMPANY'S ACTIVITIES AND SUSTAINABLE DEVELOPMENT COMMITMENTS

This information can be found in the sections relating to the Company's corporate social responsibility, appended to this report.

XIV. PREVENTING DISCRIMINATION AND PROMOTING DIVERSITY

This information can be found in the sections relating to the Company's corporate social responsibility, appended to this report.

XV. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

1. Internal control and risk management guidelines, objectives and scope

1.1 Internal control and risk management guidelines

In order to achieve its objectives, SoLocal Group has set forth and implemented general guidelines for internal control that are largely based on the guidance published in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the AMF's internal control framework and recommendations. The following description of SoLocal Group's internal control and risk management procedures is based on this framework. The assessment made for this purpose was carried out in accordance with the key points of this framework and its implementation guidance. It also takes into account the work of IFACI, the French Internal Control and Audit Institute.

1.2 Internal control definition and objectives

Internal control at SoLocal Group is a set of processes and measures that are defined by senior management, implemented by Group employees and which serve to meet the following objectives:

- compliance with the applicable laws and regulations in force, both within and outside SoLocal Group;
- observance of the Board of Directors' instructions and guidelines;
- prevention and control of operational risks, financial risks and the risk of error and fraud;
- optimisation of internal processes by ensuring that operations are effective and that resources are used efficiently;
- the quality and accuracy of accounting, financial and management information.

These principles are underpinned by:

- a policy that fosters the development of an internal control culture;
- the identification and analysis of risk factors that could compromise the achievement of the Group's objectives;
- an organisation and procedures designed to ensure the implementation of senior management's strategies;
- the periodic review of control activities and a continuous effort to improve;
- a process for distributing internal control information.

However, as with any control system, the rules and principles implemented cannot provide absolute assurance that all risks will be eliminated or controlled.

1.3 Internal control scope

The procedures described below apply to all SoLocal Group subsidiaries.

The internal control measures employed within each entity (i.e. department or subsidiary) involve implementing the Group's procedures and specifying and implementing procedures that are specific to each business line, in accordance with the entity's organisation, culture, risk factors and operational characteristics.

2 The internal control environment

2.1 Rules of conduct and ethics applying to all employees

SoLocal Group's growth is underpinned by the values and principles of its Professional Ethics Charter. These values and principles are intended to serve the interests of its customers, shareholders and employees and the communities and countries in which it operates, while protecting the environment and the needs of future generations.

These values and principles are aligned with such fundamental and universal principles as those of the Universal Declaration of Human Rights, those set forth in International Labour Organization agreements (in particular regarding the prevention of child and forced labour) and those of the OECD (most notably in relation to efforts to fight corruption). They also address our commitments in other areas, such as sustainable development. These values and principles guide the actions of SoLocal Group and its subsidiaries and provide a framework for all employees, regardless of their position and duties. It is thus everyone's responsibility, and especially that of Group and subsidiary senior managers, to observe and promote these values and implement these principles.

These rules, presented on the SoLocal Group website at www.solocalgroup.com and on the Group intranet, cover the following:

- the Group's values;
- the principles that underlie Group actions that may affect customers, shareholders, employees, suppliers, competitors or the environment;
- the principles that guide individual behaviour and which serve to ensure good relationships with customers and suppliers, protect Group assets, compliance with Group rules and values, prevent conflicts of interest and ensure ethical stock trading.

In addition to the Professional Ethics Charter, a Securities Trading Code of Conduct has also been drafted to deal specifically with stock-trading issues.

It informs the employees and Directors of Group companies of the rules and principles that govern the trading of securities, of the need to comply scrupulously with these rules, and of the various preventive measures that SoLocal Group has implemented to enable all employees to invest securely in the listed securities of Group companies.

In this context, and to reduce risks, SoLocal Group ensures that all of its employees whose work involves sensitive information sign a confidentiality agreement, particularly when they work with people outside of the Group who may not be bound by a confidentiality obligation under their own rules of professional ethics.

Accordingly, any permanent or occasional insider who has doubts or questions about selling or purchasing the securities of a Group company, or about the nature of the information that he or she can disclose, must consult his or her manager or the Chairman of the Group's Ethics Committee, or if applicable, the Ethics Committee of their specific company. If they are a Director, they must contact the Chairman of the Board of Directors.

2.2 Senior management's responsibility and commitment

SoLocal Group has set up a risk management policy that includes a guidance memo outlining the commitments of senior management. This policy is reviewed twice yearly with the Group's subsidiaries and departments. The updating of risks and the monitoring of associated actions are consolidated, then presented to the Executive Committee of the senior management at least once a year.

A business unit risk correspondent is appointed in each Group subsidiary and department. These correspondents are coordinated on the one hand by a Division Manager who, regarding risks, security and internal control, refers directly to a Director who is a member of the Group Executive Committee, and on the other hand by the Audit, Risks and Internal Control department which reports directly to senior management and since 11 November 2017 the General Secretariat.

2.3 Human resources and skills management policy

SoLocal Group's performance depends directly on the skills of its employees and on its ability to manage and adapt its human resources. The Group Human Resources department works in close partnership with the operational departments. It develops, proposes and manages human resources, so as to help with the implementation of the Company's strategy. In order to better respond to the needs of employees and managers, the Group HR department is divided into four sub-divisions: HR Operations, HR Development, Compensation & Benefits, personnel management and the division responsible for employee relations.

The role of the HR Operations division is to provide HR support to the managers of the divisions and departments within its remit and manage their employees. In addition to a thorough understanding of the Group's business activities, this division must also understand how each division or department is organised and what its objectives are.

The role of the HR Development division is to define HR policies and improve processes. It deploys the Group's HR policy and resources to the HR Operations division and to regional and local HR managers in particular, providing them with the tools and advice they need to do the best job they can.

Since SoLocal Group is determined to make quality of life in the workplace a priority in the context of helping employees to learn new working methods and adapt to changes in their jobs, the focus since 2015 has been on taking action in response to specific situations that employees have encountered during the transformation of the Group. These actions are described in detail in chapter 8 of the Registration Document.

2.4 Information systems

SoLocal Group's various information systems are composed of:

- business activity software: e.g. for creating and storing digital content and dedicated website tools;
- business management software: e.g. accounting and financial applications;
- communication software: messaging systems, collaborative tools (Intranet), etc.;
- risk management software: with specific modules for risks, security, crisis management, business continuity plans (BCP) and auditing.

The Business Solutions division (which manages the information systems) and the technical department of the Products division are largely responsible for supervising the Group's information systems and in particular for ensuring that they will enable the Group to achieve its long-term objectives. They work closely with the Audit, Risks and Internal Control department, which monitors and manages IT risks in terms of reliability, business continuity, legal and regulatory compliance as well as operational objectives. Actions directly linked to controlling risks and security are monitored quarterly via the business unit risk and security correspondents and are reviewed every six months by the Audit, Risks and Internal Control department.

3 Risk monitoring and management

3.1 Organisational framework

Like any company, SoLocal Group's business activities expose it to various risks. The main risks that have been identified are described in chapter 2 – Risk factors of this Registration Document. Risk management is a priority and is conducted both by subsidiaries and the parent company, which compiles information.

Risk management serves to:

- develop a comprehensive, systematic, integrated and flexible method for identifying, assessing, analysing and managing risks and for promoting risk control;
- develop risk management best practices;
- prevent risks that threaten the Company and mitigate their consequences.

The risk management policy applies to all SoLocal Group entities. SoLocal Group has set up a risk governance system based on a Risk department and a network of business unit correspondents within a department that reports directly to the Chief Executive Officer (the Risk department reports to the General Secretary since 11 November 2017).

3.2 Risk identification and analysis process

Certain Group procedures contribute to the identification of risks. In particular, they cover the following elements:

- a risk assessment and classification method that has been in place since 2005.

This method is based on risk mapping which ranks the main risks to which the Group believes it may be exposed, in terms of their seriousness and likelihood of occurrence, and assesses the level of coverage;

- risk and security reviews, which are conducted at least annually;
- a network of risk correspondents who oversee the operational implementation of the risk and security policy and which is supervised by a dedicated governance unit;
- a risk and security management information system that includes the description and monitoring of risk-management actions. This system also includes risk and security management dashboards, a crisis management process and business continuity plans (BCP).

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4 Internal audit and control

The first level of control is the one exercised by the functional and operational departments using standard procedures and processes. The SoLocal Group has put in place the following three lines of control: **operational management/risk management and internal control/internal audit.** The objective of these systems is to harmoniously combine regulatory measures (instructions and directives), organisational measures (organisational charts and processes) and technical measures (mostly IT and communication) based on certain basic principles:

- these systems provide the Group's management and its Board of Directors with reasonable and not absolute assurance;
- these systems are not simply a collection of manuals and procedures but are implemented by employees at all levels of the organisation.

4.1 Internal audit

The Internal Audit team ensures that the internal control system is mature and appropriate by evaluating its effectiveness and efficiency, while promoting continuous improvement. On the basis of a risks assessment, the Internal Audit team evaluates the internal control system's relevance and effectiveness by assessing the quality of the Group's control environment, the work of internal governance bodies, the reliability and integrity of financial and operational information, operational effectiveness and efficiency, asset protection, and legal, regulatory and contractual compliance.

SoLocal Group's Internal Audit team is responsible for performing the tasks set out in the audit plan at the beginning of the year. It reports directly to the Group's senior management and since 11 November 2017 to the General Secretariat, but is supervised by the Audit Committee.

Internal Audit staff perform three types of audits:

- audits on the compliance and effectiveness of processes and activities;
- audits on the maturity of internal control;
- audits on the compliance or performance of specific themes selected by the Audit Committee.

Scheduled operational security compliance audits are also conducted and followed up.

4.2 Internal control

The internal control system is composed of the various policies and procedures implemented by an entity's department to provide the greatest possible assurance that its business activities are being managed effectively. By performing controls, identifying any corrective actions that may be necessary and making sure that recommendations are followed, the internal control system ensures that these policies and procedures are effective and properly implemented.

The internal control system involves all SoLocal Group governance bodies and employees.

The organisation of internal control requires centralised supervision and leadership that is supported by a network of correspondents within the various Group departments and entities.

The Internal Control Charter, approved by SoLocal Group's Chief Executive Officer, sets forth the guidelines that all entities must observe with respect to internal control.

This charter:

- specifies the scope, objectives and limits of SoLocal Group's internal control system;
- indicates the people who are responsible for the system;
- specifies the internal control standards and guidelines to be observed throughout SoLocal Group.

4.3 Contribution of the Statutory Auditors

The work of the Statutory Auditors includes a limited interim Group level review and, toward the end of the year, a pre-closing review followed by a full audit of the financial statements at 31 December. The Statutory Auditors also perform limited reviews on the internal control systems of the Group's main subsidiaries, in accordance with an audit plan submitted to the Audit Committee's Internal Audit unit. The main recommendations are presented to the Financial departments and to the Audit Committee.

Generally speaking, efforts to continuously improve processes and standards serve to enhance operational control, effectiveness and efficiency.

5 Internal control procedures relating to the preparation and processing of accounting and financial information

SoLocal Group's Finance department is responsible for preparing the accounting and financial information.

To increase the reliability of published accounting and financial information, a series of Committees, rules, procedures, controls, a skills management policy, and a continuous process to improve procedures have been implemented.

Specific internal control procedures for accounting and financial information have thus been set up via:

- the Financial Information Committee;
- the Group's financial accounting and management organisation;
- a unified financial and management accounting reporting process;
- Group-wide accounting methods and standards;
- the scheduling of year-end work on Group accounts;
- financial communication.

5.1 The Financial Information Committee

The preparation and control of financial information are organised in a manner that is consistent with SoLocal Group's management organisation and systems. To improve the quality and reliability of financial information, a system for managing and monitoring financial information, based essentially on the work of the Financial Information Committee, has been set up. This Committee is responsible for ensuring the integrity, accuracy, quality and consistency of SoLocal Group's financial information and that this information complies with applicable legal and regulatory requirements and professional standards.

It reviews all financial information that must be publicly disclosed, prior to its examination by the Audit Committee and the Board of Directors. This review covers, among other things, press releases containing financial information and presentations to financial analysts.

The Committee is involved in Group procedures for preparing and validating financial information. It is chaired by the Chief Executive Officer and Chief Financial Officer of the Group its members notably include those responsible for financial performance and communication.

The Committee was established in July 2004 and met six times in 2017.

5.2 Accounting and management control

The Operational Finance department, the Financial Performance department and the Corporate Finance department perform essential tasks to ensure that SoLocal Group's financial information is consistent. These departments report to the Group's Chief Financial Officer.

These tasks include:

- preparing SoLocal Group company and consolidated financial statements within the time constraints of financial markets, legal and regulatory requirements and contractual obligations;
- managing the budgeting and forecasting process and preparing the monthly management report as quickly as possible, while ensuring that data is consistent;
- preparing the documents necessary to communicate financial results and to enable SoLocal Group's management to prepare its management report;
- designing and implementing SoLocal Group's accounting and management methods, procedures and standards;
- identifying and overseeing any changes to SoLocal Group's accounting and management information systems that may be necessary.

5.3 The unified accounting and management reporting system

The Group's business management cycle is composed of four basic components:

- the three-year strategic marketing plan;
- the budget process;
- monthly reporting;
- business and financial performance reviews.

a. The strategic marketing plan

Each year, SoLocal Group prepares a strategic marketing plan for the coming three years. This plan takes into account the Group's strategic priorities and any changes in market trends, business segments or the competitive environment.

b. The budget process

The budget process covers SoLocal Group and its subsidiaries. It involves the following steps:

- in the autumn, each entity updates its budget for the current year and prepares next year's budget, which is broken down month by month;
- in the spring, the initial budget forecast for the year is updated and this updated budget is used to prepare the strategic marketing plan;
- in the summer, the budget for the second half of the year is updated on the basis of the results of the previous six months.

To improve the management and monitoring of performance, an ongoing reforecasting process was implemented in 2007.

c. Monthly reporting

Monthly reporting is a major component of the financial information and control system. It is the main tool that SoLocal Group's management uses to monitor trends and performance and make decisions going forward. This reporting comprises several documents that are prepared by the Financial Performance and Operational Finance departments and communicated to the management of SoLocal Group.

Monthly reporting includes quantified data, commentary on trends, and performance indicators.

The SoLocal Group Financial Performance and Operational Finance departments use a unified consolidation tool to ensure that budgeted figures, actual figures and forecasts are reported in a consistent and uniform manner.

d. Business and financial performance reviews

Quarterly business performance reviews with all subsidiary senior managers and monthly financial reviews with Financial departments are a key component of SoLocal Group's management and control system. Their main objective is to ensure that the actions undertaken are consistent with Group priorities and long-term goals.

In 2016, the scope of these reviews was adapted to the new Product-Line based organisation set up in 2015.

5.4 Shared Group accounting methods and framework

The Group prepares its provisional and actual consolidated accounts in accordance with the "unification principle". This involves:

- uniform accounting methods, standards and consolidation rules;
- standardised presentation formats;
- the use of a Group-wide consolidation application.

The Group has a single accounting system that standardises the reporting of all consolidated items, including off-balance sheet commitments. All of the consolidated Group entities have adopted this system. The Group prepares its consolidated financial statements in compliance with IFRS standards (European regulation 1606/2002 of 19 July 2002).

The consolidated accounting documents are prepared in accordance with local accounting principles and are restated to comply with Group and IFRS standards. The Group's Finance department sends out memoranda specifying the year-end closing process and timetable. Each SoLocal Group subsidiary adapts these processes and timetables as necessary.

5.5 Scheduling of year-end work at Group level

In order to meet accounting deadlines, and enable the Board of Directors to publish consolidated financial statements in February, the Group has established a detailed planning programme for its year-end accounting work. This programme includes:

- budget monitoring processes;
- preparation of pre-closing accounts;
- documented closing processes;
- the anticipated treatment of estimates and complex accounting transactions.

The progress that the Group has made in preparing year-end accounts can largely be attributed to greater co-ordination between Group divisions and functions, more accurate forecasts, better control over financial processes, and better preparation and speedier execution of account-closure processes.

5.6 Financial communication

Other than the Chief Executive Officer, the only people authorised to communicate financial and strategic information outside of the Company are the Chief Financial Officer, the Financial Performance Officer, the Head of Investor Relations and the Head of External Communication and Press Relations.

SoLocal Group's Finance department, in collaboration with management control and the Legal department, is responsible for drawing up the following periodic and permanent information documents and distributing them to regulatory authorities, the financial market authority (the AMF) and other intended recipients:

- periodic financial press releases (quarterly and annual results) and ad hoc press releases (e.g. to announce acquisitions, divestments, financing transactions, changes in governance or a strategic partnership);
- presentations at meetings with financial analysts or investors and press conferences;
- where appropriate, quarterly financial information;
- semi-annual and annual financial reports;
- the Registration Document;
- presentation for the General Shareholders' Meeting.

These documents are reviewed by the Financial Information Committee (see Section 2.3.1).

SoLocal Group strives to provide information that is easy to understand, relevant and reliable, and to comply with stock market regulations and sound principles of corporate governance.

6 Financial risks linked to climate change

The risks linked to the effects of climate change and the measures taken by SoLocal Group to reduce them are presented in the Corporate Social Responsibility report.

7 Information and communication

All of the Group's press releases and the major regulatory documents are posted on the Group's intranet, which is accessible to all employees.

Collaborative tools and other applications available on the Group intranet also ensure efficient distribution of information to everyone throughout the Group.

8 Outlook

For 2018, SoLocal Group will continue to provide internal control and risk management support to operational entities and to empower them in these areas.

XVI. MAIN RISKS AND UNCERTAINTIES

- Foreign exchange risk

See Note 11 to the consolidated financial statements.

- Liquidity risk

See Note 11 to the consolidated financial statements.

- Interest rate risk

See Note 11 to the consolidated financial statements.

- Credit counterparty risk

See Note 11 to the consolidated financial statements.

- Equity risk

See Note 11 to the consolidated financial statements.

XVII. NON TAX-DEDUCTIBLE EXPENDITURES

Pursuant to Article 223 quater of the French Tax Code, we hereby inform you that the expenditures and expenses described in paragraph 4 of Article 39 of said Code totalled €59,126 in 2017 and that the corresponding tax was €20,357.

XVIII. SUPPLIER PAYMENT TIMES

All of the trade payables on the balance sheet at 31 December 2017, which total €3.0 million (excluding accrued expenses) are payable within 60 days.

	Article D 441 I. 1: Invoices received not settled at the end of the period						Article D 441 I. 2: Invoices issued not settled at the end of the period					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	TOTAL (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	TOTAL (1 day and more)
(A) Tranches past due												
Number of invoices concerned						13						3
Total amount of invoices concerned (including VAT)		615,250	159,715		747,419	1,522,384		147,227			114,530	261,757
Percentage of the total amount of purchases for the year (including VAT)		1.28%	0.33%		1.55%	3.16%						
Percentage of revenue for the year (including VAT)								0.53%			0.41%	0.95%
(B) Invoices excluded from (A) relating to disputed and unrecorded debts and receivables												
Number of invoices excluded												
Total amount of excluded invoices												

XIX. BUSINESS DEVELOPMENT OUTLOOK

SoLocal Group intends to refinance its debt as soon as market conditions are right.

XX. LOANS DUE IN LESS THAN TWO YEARS BY SOLOCAL GROUP

In accordance with Article L. 511-6 (3) bis of the French Monetary and Financial Code, we inform you that SoLocal Group has not, as an ancillary activity to its main activity, granted loans due in less than two years to microbusinesses, SMEs or medium-sized companies with which it has economic ties justifying such loans.

XXI. BRANCH(ES)

Please note that SoLocal Group had no branches as of 1 January 2018.

XXII. BUSINESS ACTIVITY OF MAIN SUBSIDIARIES

SoLocal Group generated revenues of €755.8 million in 2017 (with the scope of continuing operations excluding entities disposed of in 2017), of which revenues from its Internet activities represented 84% and revenues from its Print & Voice activities represented 16%. In 2017, the Internet business was driven by the two main digital activities, namely Local Search and Digital Marketing.

Internet

In 2017, SoLocal Group registered Internet revenues of €635.8 million, representing 84% of Group revenues.

- Firstly, the Group offers digital services and solutions to business clients which enable them to enhance their visibility and develop their local contacts. In 2017, this Local Search activity posted revenues of €461.3 million thanks to a sustainable and highly qualitative audience generated through its brands (PagesJaunes, Mappy, Ooreka) and privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).
- Secondly, the Group creates and provides Internet users with the best local and customised content about professionals. In 2017, this Digital Marketing activity represented revenues of €174.5 million. These technologies have been created over the past five years and have enjoyed rapid growth (+18.1% in 2017 compared with 2016). They comprise websites & content, local programmatic and transactional services.

Print & Voice

Print & Voice activities generated €120.0 million in 2017. This business line incorporates the Group's activities in the publication, distribution and sale of advertizing space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other "Voice" activities which include telephone directory and reverse directory services.

During the 2017 financial year, the Group divested two non-strategic activities ("divested activities"):

- avendrealouer.fr website, a property small ads service;
- Chronoresto, an online meal ordering service.

The financial statements published by the Group as at 31 December 2017 are made up as follows:

		Financial year ended 31 December 2017					Financial year ended 31 December 2016[1]				
		Consoli-dated	Activities				Consoli-dated	Activities			
	Notes		Divested	Continued	Continued			Divested	Continued	Continued	
(in thousands of euros)					Recur-ring	Non recur.				Recur-ring	Non recur.
Revenues		764,941	9,092	755,849	755,849	-	812,277	10,973	801,304	801,304	-
Net external expenses		(201,479)	(6,154)	(195,325)	(192,377)	(2,948)	(215,822)	(7,407)	(208,415)	(207,436)	(979)
Staff costs		(383,492)	(5,628)	(377,864)	(367,489)	(10,375)	(372,580)	(5,709)	(366,871)	(362,859)	(4,012)
EBITDA		**179,970**	**(2,690)**	**182,660**	**195,983**	**(13,323)**	**223,875**	**(2,143)**	**226,018**	**231,009**	**(4,991)**
Depreciation and amortisation		(53,487)	10,720	(64,207)	(64,207)	-	(59,231)	(2,586)	(56,645)	(56,645)	-
Operating income/expense		**126,483**	**8,030**	**118,453**	**131,777**	**(13,323)**	**164,644**	**(4,729)**	**169,373**	**174,364**	**(4,991)**
Net gain from debt restructuring at 13 March 2017		265,785		265,785	-	265,785	-		-	-	-
Other financial income		393	-	393	393	-	1,425	-	1,425	1,425	-
Financial expenses		(28,569)	-	(28,569)	(28,569)	-	(75,247)	-	(75,247)	(75,247)	-
Foreign exchange gains (losses)		-	-	-	-	-	(25)	-	(25)	(25)	-
Financial income	*10.4*	**237,609**	**-**	**237,609**	**(28,176)**	**265,785**	**(73,847)**	**-**	**(73,847)**	**(73,847)**	**-**
Income before tax		**364,092**	**8,030**	**356,062**	**103,601**	**252,462**	**90,796**	**(4,729)**	**95,525**	**100,516**	**(4,991)**
Corporate income tax	*9*	(28,570)	(1,468)	(27,102)	(44,094)	16,992	(41,840)	(79)	(41,761)	(43,480)	1,719
Income for the period		**335,522**	**6,562**	**328,960**	**59,507**	**269,453**	**48,956**	**(4,808)**	**53,764**	**57,037**	**(3,272)**

(1) Restated for the retrospective application of IAS 20 concerning research tax credits and Turnover Tables.

Boulogne Billancourt, 24 April 2018

The Board of Directors

Financial performance over the past five years (pursuant to Articles R. 225-81, 3° and R. 225-83, 6° of the French Commercial Code)

Type of information *(with the exception of share capital, all amounts are in thousands of euros)*	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1 - Financial position at year-end					
a) Share capital	56,196,951	232,345,434	233,259,384	233,259,384	58,244,480
b) Number of outstanding ordinary shares	280,984,754	1,161,727,170	38,876,565	38,876,565	582,444,800
2 - Key financial figures					
a) Revenues excl. Tax[2]	10,345	9,071	13,047	24,080	24,709
b) Earnings before tax, profit-sharing, depreciation, amortisation and provisions	77,276	(142,015)	(152,278)	(98,531)	(4,788)
c) Corporate income tax	(57,839)	(56,153)	14,089	(51,474)	(54,667)
d) Employee profit-sharing owed for the year	-	-	-	-	-
e) Earnings after tax, depreciation, amortisation and provisions	(51,438)	(132,193)	(1,785,325)	8,640	21,002
f) Earnings distributed in n+1[1]	-	-	-	-	-
3 - Key financial figures per share (in euros)					
a) Earnings after tax & profit-sharing but before depreciation, amortisation and provisions	0.48	(0.07)	(4.28)	(1.21)	0.09
b) Earnings after tax, profit-sharing, depreciation, amortisation and provisions	(0.18)	(0.11)	(45.92)	0.22	0.04
c) Dividend paid per share in n+1[1]	0.00	0.00	0.00	0.00	0.00
4 - Personnel					
a) Average number of salaried employees during the year	45	43	43	38	2
b) Total payroll	8,721	7,536	8,107	7,986	805
c) Employment benefits paid	4,216	5,791	3,997	3,833	328

(1) Or submitted to the General Shareholders' Meeting for the last financial year (before deduction of treasury shares).
(2) The amounts entered under Revenues excl. tax include all operating income.

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6.2.5 REPORT BY THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended 31 December 2017

To the General Meeting of the Shareholders of SoLocal Group,

OPINION

Pursuant to the task that was entrusted to us by your General Shareholders' Meeting, we have audited the annual financial statements of SoLocal Group for the financial year ended 31 December 2017, as they are appended hereto.

We certify that the annual financial statements are, under French accounting principles and rules, correct and true and fairly present the results of the past financial year's transactions and the Company's financial position, assets and liabilities at the end of that year.

The opinion set forth above is consistent with the content of our report to the Audit Committee.

BASIS OF THE OPINION

Terms of reference

We have carried out our audit in accordance with the professional standards of practice applicable in France. We believe that the information we collected is sufficient and appropriate to serve as a basis for our opinion.

The responsibilities incumbent upon us pursuant to these standards are set out in the section *"Responsibilities of Statutory Auditors relating to audits of annual financial statements"* of this report.

Independence

We have carried out our audit mission in compliance with the rules of independence that are applicable to us, covering the period from 1 January 2017 to the date of issue of our report and, in particular, we have not provided services precluded by Article 5, paragraph 1, of (EU) rule No. 537/2014 or by the Code of Ethics for the profession of Statutory Auditor.

The non-audit services that we have provided during the year to your Company and to the entities that it controls and which are not mentioned in the management report or in the notes to the consolidated financial statements are:

- Issue of a letter of intent in relation to the Group's financial restructuring operations, various certificates prepared at the Company's request regarding accounting data, and work specific to the application of IFRS 15, carried out by consultancy firms BEAS and Auditex.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, your attention is drawn to a number of key audit matters dealing with the risks of material misstatement which, according to our professional judgement, have been most important for the audit of the annual financial statements for the year, together with our responses to these risks.

These assessments were made within the context of our overall audit of the annual financial statements and therefore served as a basis for our opinion, as expressed above. We express no opinion on elements of these annual financial statements taken in isolation.

Key audit matter	Handling the key audit matter
Valuation of equity interests and related receivables As at 31 December 2017, equity interests are posted in the balance sheet at a net book value of €2,301 million, i.e. 95.1% of total assets. Related receivables account for €2 million. As stated in Note 2.2 to the annual financial statements, impairment is recognised if its value is higher than the recoverable value as determined by SoLocal Group's management, while taking into account each equity interest's specific characteristics of on the basis of various criteria: market value, calculated on the basis of revenue multiples or the EBITDA of comparable companies, or the value in use determined by discounting cash flows ("DCF") adjusted for net debt. Key assumptions for DCF valuations include: growth and profitability outlooks, as well as cash flows from business plans that cover a sufficiently long period, which is generally 5 years. Beyond this period, cash flows are extrapolated using a perpetual growth rate that reflects the forecast long-term growth rate of the market for each specific business activity, the cash flows being discounted by using rates appropriate to the nature of the business and the country of operation. Given the value of the equity interests in the balance sheet, the complexity of the models used and their sensitivity to variations of the data and assumptions on which the estimates are based, notably the discounted cash flows, we have considered the correct valuation of the recoverable value of the equity interests as a key audit matter.	We have noted the process used by the Company to assess the recoverable value of equity interests and the controls put in place. Our work in particular consisted in: • obtaining activity and cash flow forecasts, as well as other data and parameters supporting the valuations (discounting rates, revenue multiples and EBITDA for comparable companies, DCF, etc.); • reviewing consistency with the economic environment of the assumptions made by Management, in association with our valuation experts; • comparing the data used in carrying out impairment tests on equity interests with the source data for each entity; • ensuring the arithmetic accuracy of the recoverable value calculations adopted by the Company. We have also assessed the appropriateness of the information set out in Note 3.2 to the annual financial statements.

Key audit matter	Handling the key audit matter
Financial restructuring During the first quarter of 2017, SoLocal Group implemented the financial restructuring decided during the General Shareholders' Meeting of 15 December 2016, as a result of which the Group's debt was divided by three. Following this restructuring, the share capital and issue premiums were increased by €762 million. The Company also issued mandatory convertible bonds ("MCB") in an amount of €18 million, classified as financial liabilities. The accounting implications of these operations are described in Notes 3.4 and 3.5 to the financial statements. Given the amounts and the complexity of the refinancing operations, and the special character of the accounting processes required by French standards, we considered that the financial restructuring overall represented a key audit matter.	We noted the detailed conditions of each of the operations involved in the financial restructuring. Our work in particular consisted in: • analysing all the legal documentation relating to each of the operations: capital increases, debt cancellation, issue of new debt and the MCB; • reviewing the correct entry of the operations in the annual financial statements; • reviewing, on a test basis, the costs incurred for these operations, and the appropriateness of the portion deducted from equity. We also reviewed the appropriateness of the information set out in Note 3.4 of the notes to the annual financial statements.

VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS SENT TO SHAREHOLDERS

In accordance with professional standards in France, we also carried out the specific verifications required by law.

Information provided in the management report and in other documents sent to shareholders concerning the financial position and the annual financial statements

We have no matters to report regarding the fair presentation and consistency of the annual financial statements with the information provided in the management report from the Board of Directors and in the documents provided to shareholders on the financial position and the annual financial statements.

Other information

In accordance with French law, we have ensured that the required information on the identity of the holders of share capital and voting rights have been provided in the management report.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors for the SoLocal Group by the General Shareholders' Meeting of 19 October 2016 for the BEAS partnership, an entity of the Deloitte network, and for the Auditex partnership, a member of the Ernst & Young Global Limited network.

As at 31 December 2017, BEAS and Auditex were in the second year of their mission without interruption.

Deloitte & Associés and Ernst & Young Audit have acted as Statutory Auditors for the SoLocal Group previously, from 2003 to 2015 and from 2004 to 2015 respectively, i.e. for 12 years for these two partnerships, since the Company's shares were listed for trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND OF THE PERSONS RESPONSIBLE FOR CORPORATE GOVERNANCE IN TERMS OF THE ANNUAL FINANCIAL STATEMENTS

It is the responsibility of management to prepare annual financial statements that present a true and fair view of the Company in accordance with French accounting rules and principles, and to set up the internal control that it deems necessary for the preparation of annual financial statements that do not contain any material misstatements, whether these originate from fraud or are the result of errors.

When preparing annual financial statements, it is the duty of management to assess the ability of the Company to continue operations and to present in these financial statements, if need be, the necessary going concern information and apply the going concern accounting policy, unless it is intended to wind up the Company or cease trading.

It is the duty of the Audit Committee to monitor the process of compiling financial information and to monitor effectiveness of the internal control and risk management systems, and, where relevant, of the internal audit system in terms of the procedures for compiling and processing accounting and financial information.

Approval of the annual financial statements is the responsibility of the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS CONCERNING THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements overall do not contain any material misstatements. Reasonable assurance equates to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice will always detect any material misstatement. Misstatements may originate from fraud or be the result of errors and are considered as material if there is a reasonable expectation that they could, taken individually or cumulatively, have an impact on economic decisions that users of the financial statements will take based on the latter.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to audit the annual financial statements does not include guaranteeing the viability or quality of the management of your Company.

In an audit carried out in accordance with the standards of professional practice applicable in France, the Statutory Auditor exercises their professional judgement throughout this audit. In addition:

- the auditor identifies and assesses the risks that the annual financial statements include material misstatements, whether these originate from fraud or are the result of errors, defines and implements audit procedures to deal with these risks, and collects the documentary evidence that they deem sufficient and appropriate to form their opinion. The risk of not detecting a material misstatement originating from fraud is higher than that of failing to detect a material misstatement resulting from an error, as fraud may involve collusion, falsification, deliberate omissions, false statements or bypassing internal audit;
- the auditor takes note of the internal control system relating to the audit in order to define audit procedures that are appropriate in the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal audit;
- they assess the appropriateness of the accounting methods adopted and the reasonableness of accounting estimates made by management, as well as information concerning these provided in the annual financial statements;
- the auditor assesses the appropriateness of the application by management of the going concern accounting principle and, according to the elements collected, the existence or otherwise of significant uncertainty related to events or circumstances likely to compromise the Company's ability to continue operations. This assessment is based on the evidence collected up to the date of his report, it being recalled, however, that later events could compromise the continuity of operations. If the auditor concludes that significant uncertainty exists, they draw the attention of readers of their report to the information supplied in the annual financial statements on the subject of this uncertainty or, if this information is missing or inadequate, issues a qualified or disclaimer opinion;
- they assess the overall presentation of the annual financial statements and whether these reflect the underlying transactions and events so as to give a true and fair view of the Company.

Report to the Audit Committee

We present a report to the Audit Committee, which outlines the scope of the audit work and the work program implemented, as well as the conclusions arising from our work. We also bring to its notice, where appropriate, any significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the items disclosed in the report to the Audit Committee are, where applicable, the risks of material misstatement which we consider to have been most important for the audit of the annual financial statements for the year and which therefore represent the key audit matters which it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration stipulated by Article 6 of (EU) rule No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by the Articles L. 822-10 to L. 822-14 of the French Commercial Code and in Code of Ethics of the audit profession. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Paris-La Défense and Neuilly-sur-Seine, on 20 April 2018

The Statutory Auditors,

AUDITEX	BEAS
Member of the Ernst & Young Global Limited network	An entity of the Deloitte network
Vincent de La Bachelerie	**Joël Assayah**

INFORMATION ON THE COMPANY AND ITS CAPITAL

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7.1 GENERAL INFORMATION ON THE COMPANY

7.1.1 CORPORATE NAME AND TRADING NAME

The name of the Company is "SoLocal Group".

The Group has profoundly transformed itself in order to adapt to technological and societal changes. The name "SoLocal Group" expresses our current strength: local and digital services.

7.1.2 REGISTRATION LOCATION AND NUMBER

Trade and Companies Register number: RCS Nanterre 552 028 425.

APE code: 7010 Z.

7.1.3 DATE OF INCORPORATION AND TERM (ARTICLE 5 OF THE ARTICLES OF ASSOCIATION)

The Company was incorporated on 12 January 1897 and registered on 21 February 1955. Based on Article 5 of its Articles of Association, the Company has a term of 99 years, which began on 31 December 1954 and will run until 31 December 2053, unless it is dissolved earlier or extended as provided for in the Articles of Association.

7.1.4 REGISTERED OFFICE, LEGAL FORM AND LEGISLATION

Head Office of the Company and a large part of the subsidiaries of the Group: 204, Rond-Point du Pont-de-Sèvres, 92100 Boulogne-Billancourt.

Telephone: +33 (0)1 46 23 30 00.

Company's country of origin: France.

SoLocal Group is a public limited company with a Board of Directors subject to the provision of Articles L. 210-1 ff. of the French Commercial Code.

7.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

7.2.1 CORPORATE PURPOSE

In accordance with Article 3 of the Articles of Association, the Company's corporate purpose, in France and abroad, is to:

- acquire and hold shares, interests or other securities in French or foreign legal entities, to define the policies to be implemented by subsidiary companies and to provide any and all services to companies in which it holds shares;
- acquire by any means, without exception or reservation, to hold by any means and in any capacity, to manage and, if appropriate, to transfer by any means, without exception or reservation, all or part of any majority or minority interests that may be directly or indirectly related to the Company's corporate purpose and to any similar or ancillary purpose.

In addition, the Company's purpose, in France and abroad, directly or indirectly, is to:

- publish, on its own behalf or on behalf of third parties, all directories using any current or future publication processes and means, to provide information services by any current or future processes and means and to carry on the business of advertizing in all its forms, by any method and for any purpose;
- advise, research, design, produce, update and maintain all services related to any type of information distribution system on an open or closed network, whether connected via computer or telephone, wire-based, satellite, cable or other methods, as well as any other activity related to such services, and especially to Internet or Intranet sites;
- collect, acquire, enhance, manage, process, market, or host data and files of any kind;
- perform all activities related, directly or indirectly, to such services or which represent a prerequisite or accessory, the condition or extension of such services or which are likely to encourage or develop them;
- and, in general, to undertake any industrial, commercial, financial, civil, movable property or real estate transactions that may be directly or indirectly related to any of the aforementioned purposes or to any similar or related corporate purposes.

PROVISIONS IN THE ARTICLES OF INCORPORATION, ARTICLES OF ASSOCIATION AND THE INTERNAL REGULATIONS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

The Company is administered by a Board of Directors composed of 3 to 18 members (subject to legal exceptions in the event of a merger). There are currently 11 Directors on the Board.

Directors are elected by the shareholders at Ordinary General Shareholders' Meetings. Each Director must hold at least one Company share. Pursuant to the Company's Articles of Association, each Director is elected for a four-year term. There is no limit to the number of times a Director may be re-elected.

The Board of Directors includes a Director who represents the Company's employees as well as the employees of its direct or indirect subsidiaries (as defined in Article L. 225-27 of the French Commercial Code) whose registered office is located on French territory.

This Director is elected in two rounds by majority vote. All staff members who meet the conditions set by law are eligible to vote and stand for election. Each candidacy must include, in addition to the candidate's name, the name of a substitute who may replace him or her in the event of absence for any reason.

The Director representing the employees is elected for a four-year term. The first Director representing the employees shall assume his or her position on the Board at the first meeting of the Board of Directors, held after publication of the complete results of the first elections. The next Director representing the employees shall assume his or her position on expiry of the term of the outgoing Director representing the employees.

If a Director representing the employees ceases to be a member of staff, his or her responsibilities as a Director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his or her entire term as a Director, and may be re-elected.

The Board of Directors meets on a notice from the Chairman. Meetings may be called by any method, including verbally in an emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other location indicated in the notice of meeting.

When the Board of Directors has not met for more than two months, at least one-third of the Board members may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors based on a given agenda.

The Board of Directors' deliberations are valid only if at least half of its members are present.

Decisions are taken by a majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting shall cast the deciding vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be held by means of videoconference or any other means of telecommunication. Any Director participating in a Board meeting by means of videoconference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the overall strategic direction for the Company's business activities and ensures it is implemented. Subject to any powers expressly granted to Shareholders' Meetings and within the limits of the corporate purpose, the Board deals with all matters relating to the proper functioning of the Company and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each Director with all documents and information they need to fulfil their duties.

INTERNAL REGULATIONS

At its meeting of 23 September 2004, the Board drew up rules of procedure based on those recommended in the AFEP-MEDEF Corporate Governance Code. These rules of procedure specify the guiding principles for the operation of the Board and the rights and duties of the Directors.

The main provisions of the rules of procedure of the Board of Directors are summarised in this section.

PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Strategic direction

Pursuant to Article 17 of the Articles of Association, the Board of Directors determines the overall strategic orientation of the Company's activities and ensures, it is implemented.

This means that the Board makes all decisions related to the Company's major strategic, economic, social, financial and technological objectives and ensures that these decisions are implemented.

The medium-term objectives for the Group's activities are defined, each year, in a strategic plan, which is prepared and presented by the Chief Executive Officer to the Board of Directors for approval. This draft includes, projected trends for the Group's key operational and financial indicators in particular. The Chief Executive Officer presents a draft annual budget based on these objectives.

The Chief Executive Officer is responsible for implementing the objectives set out in the strategic plan.

The Chief Executive Officer informs the Board of Directors of any problems or, more generally, any matter which may affect the achievement of any of the objectives of the strategic plan.

Committees of the Board of Directors

In order to prepare its work, the Board of Directors set up three Committees within the Company, namely an Audit Committee, a Remuneration and Appointments Committee and a Strategic Committee, the latter having been created by the Board of Directors at its meeting on 13 June 2017. The operating conditions and areas of authority of each Committee are stipulated in the Charters of these Committees, which are approved by the Board of Directors.

The Board of Directors, at its meeting on 9 November 2017, also created three ad hoc Committees, namely an ad hoc Committee on Refinancing, an Ad Hoc Committee on the Equity Story and ad hoc Committee on monitoring the restructuring of the Company.

DUTIES AND RESPONSIBILITIES OF THE DIRECTORS

Directors' duty of confidentiality

Directors are bound by an absolute obligation of confidentiality with regard to the content of discussions and deliberations by the Board and its Committees and any information presented to them.

Director's duty of independence

In carrying out the mandate entrusted to them, Directors must make all decisions independently of any interest other than that of the Company.

All Directors are required to inform the Chairman of any situation affecting them that could create a conflict of interest with the Company or any Group Company. Where appropriate, the Chairman may seek the opinion of the Remuneration and Appointments Committee.

At the end of this process, it is the responsibility of the Director in question to act accordingly, under the terms of the applicable legislation.

Duties of Directors with regard to securities of the Company

Each Director must hold at least one Company share.

Any Company shares held by Directors at the time they join the Board must be registered in their own names, as well as any shares they acquire during their term of office.

Directors are forbidden to:

- execute any transaction on the securities of the traded companies of the Group as long as they hold privileged information;
- make short sales on these securities directly or indirectly.

The first prohibition applies in particular during the period of preparing and presenting the Group's annual and semi-annual results and quarterly information.

It also applies during special periods when projects or transactions that warrant such a prohibition are being prepared.

The Ethics Charter, which specifies the rules relating to inside information, applies to the Directors.

Director's duty of care

In accepting the office entrusted to them, Directors agree to fully assume all their responsibilities and, in particular, to:

- devote whatever time is required to study matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request all additional information, they consider necessary;
- ensure that these regulations are applied;
- freely form their opinion before any decision, considering only the Company's interest;
- actively participate in all Board meetings, unless they are unable to do so;
- make all proposals to improve the working conditions of the Board and its Committees.

The Board constantly seeks to improve the information communicated to shareholders. Each Director must play a part in achieving this goal, particularly through his or her contribution to the work of the Board's Committees.

Directors agree to tender their resignation to the Board when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

ETHICS CHARTER

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics charter (available on the PagesJaunes Groupe website at http://www.solocalgroup.com).

This Charter sets out the Group's values and presents its principles for dealing with customers, shareholders, employees, suppliers, and competitors, and with respect to the environment and the countries in which it operates.

In addition, it stipulates a number of principles of personal conduct that each Group employee, Director and executive must respect, and which encourage honest and ethical conduct on their part, as well as accurate, complete and timely communication of published information.

The Professional Ethics charter refers to the principles and rules applicable to stock market ethics and the requirement to comply with them scrupulously. It imposes certain preventive measures including, closed periods when "permanent insiders", such as members of the Board of Directors and other executives, are not permitted to trade in the Company's shares.

The Professional Ethics charter applies to each member of the Board of Directors and to all of the Group's executives and employees.

CHAIRMAN OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of the Board of Directors is an individual elected by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the positions of Chairman of the Board and Chief Executive Officer. If the decision is taken to separate these roles, the Board of Directors appoints the Chief Executive Officer.

The Board of Directors elects a Vice-Chairman from among its independent members. The Vice-Chairman is elected for his or her entire term as a Director, and may be re-elected.

The Vice-Chairman:

- exercises the powers of the Chairman in the event of impossibility, absence or unavailability of the Chairman, under the same conditions as the Chairman;
- shall be available for and may meet and listen to the Company's shareholders;
- shall be available and listen to the Directors of the Company to discuss the proper functioning of the Board of Directors.

Mr David Amar was elected Vice-Chairman by the Board of Directors at its meeting of 14 February 2018.

At its meeting of 5 November 2014, the Board of Directors decided to separate the positions of Chairman of the Board and Chief Executive Officer (these positions had been combined into a single post at a Board meeting on 11 December 2012).

The Chief Executive Officer, subject to the powers expressly granted to Shareholders' Meetings and the Board of Directors, and within the limits of the corporate purpose, is vested with the widest powers to act, in all circumstances, in the name of the Company, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term business objectives including projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;

(ii) the following decisions are subject to prior approval by the Board of Directors:

- the annual budget and any significant changes thereto,
- the annual and three-year business plans,
- the acquisition or disposal of a business by SoLocal Group or a subsidiary that is not included in the annual budget, the total amount of which, including all liabilities and off-balance sheet commitments exceeds €10 million,
- any investments or divestments not included in the annual budget for fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of €10 million,
- modification of the employment contract, hiring/appointment or removal/dismissal of the Company's Chief Financial Officer; any modification of the employment contract, hiring/appointment or removal/dismissal of the Group Human Resources Director and the Secretary of the Board of Directors of the Company shall not give rise to the prior authorisation of the Board of Directors but shall nevertheless give rise to prior agreement of the Remuneration and Appointments Committee,
- any increase in the total indebtedness of SoLocal Group or of a subsidiary that exceeds the amount authorised under the financing or loan agreements previously authorised by SoLocal Group's Board of Directors,
- the execution of any agreement in order to create a joint-venture with a third party, not included in the annual budget and generating a commitment for SoLocal Group or one of its subsidiaries for a total amount greater than €10 million over the duration of the joint-venture,
- any decision to have the securities of SoLocal Group or a subsidiary listed on a regulated exchange and any subsequent action to have additional SoLocal Group or subsidiary securities listed if already listed on a regulated exchange,
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorised by the Board of Directors),
- the acquisition or subscription, by SoLocal Group or by a subsidiary, of shares, other equity securities or securities giving access to the capital of (x) any company the value of which, including all liabilities and other off-balance sheet commitments, exceeds €10 million, provided that the liability of SoLocal Group or its subsidiary is limited and the transaction is not already included in the annual budget, or (y) any company irrespective of the amount invested if SoLocal Group or its subsidiary is acting as an unlimited liability partner in such a company,
- any diversification of the business activities of SoLocal Group or of a subsidiary that is unrelated to previous business activities, or any diversification that is related to previous business activities but is not included in the annual budget and involves a financial commitment that exceeds €10 million,

- any sale, transfer or termination of a major business activity of SoLocal Group or of a subsidiary that is not included in the annual budget or the three-year business plan,
- any incentive plan (as defined under French labour law or the labour law of another country, with the exception of a mandatory or standard voluntary profit-sharing plan) to be implemented in SoLocal Group or within a subsidiary, or any measure that encourages employees to directly or indirectly acquire shares in SoLocal Group or a subsidiary,
- any authorisation or instruction given to a SoLocal Group subsidiary to examine or undertake any of the transactions referred to in this appendix,
- the execution of any agreement not included in the annual budget that would imply payments or supply of goods or services by SoLocal Group or its subsidiaries for an annual amount greater than a total of €10 million,
- any decision relating to plans for the merger or demerger of a SoLocal Group subsidiary, the partial business transfer of a SoLocal Group subsidiary, or a long-term agreement to manage a SoLocal Group subsidiary, that is not included in the annual budget or the three-year business plan, excluding internal reorganisation that has no material impact on SoLocal Group's position,
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by SoLocal Group or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties, not included in the annual budget for a total amount greater than €10 million per financial year,
- any loans made by SoLocal Group or by a subsidiary that are not included in the annual budget the cumulative amounts of which exceed €5 million.

DEPUTY CHIEF EXECUTIVE OFFICER

At the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals charged with assisting the Chairman, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five. In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of powers given to Deputy Chief Executive Officers.

RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO EACH CLASS OF EXISTING SHARES

Fully paid-up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an authorised intermediary under the terms and conditions set out in law.

In order to be able to identify bearer shares, under current legal and regulatory conditions and subject to applicable legal or regulatory penalties, the Company may, among other things, request any organisation or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of holders of Company shares giving immediate or future voting rights at Shareholders' Meetings and, in particular, the number of shares held by each of them and, if applicable, any restrictions that may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident within France is required, under the terms set out in Article L. 228-1 of the French Commercial Code, to reveal the identity of the owners of such shares within 10 days, on request by the Company or its legal representative at any time.

Where the Company has reasons to believe that holders of registered or bearer shares who are known to the Company are holding those shares on behalf of third-party shareholders, it is entitled to request those holders to reveal the identities of the owners of said shares under the terms set out above.

Where a person to whom a request is made in accordance with the above provisions does not provide the requested information within the legal and regulatory time limits, or provides incomplete or incorrect information relative either to his capacity or to the identity of the shares' owners, the shares or securities providing immediate or future entitlement to share capital for which that person is the registered account holder shall have no voting rights at any Shareholders' Meetings until such time as all matters relating to identity are settled, and payment of any corresponding dividends shall be deferred until that date.

In addition, if a person registered as a holder of shares knowingly disregards the above provisions, the Court in whose jurisdiction the Company's registered office is located may, at the request of the Company or one or more shareholders, holding at least 5% of the capital, order the full or partial withdrawal, for a total period not exceeding five years, of any voting rights attached to the shares in question and, possibly for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a holding of more than one-fortieth of the capital or voting rights, the Company may ask that entity to disclose the identities of any persons who directly or indirectly hold more than one-third of the entity's share capital or voting rights exercised at the entity's General Shareholders' Meetings.

ACTIONS REQUIRED TO MODIFY SHAREHOLDERS' RIGHTS

At the registration date of this Reference Document, the Articles of Association contain no provisions stricter than those set out in the law relating to changes to shareholders' rights.

7.2.2 GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 11 AND ARTICLES 26 TO 32 OF THE ARTICLES OF ASSOCIATION)

ACCESS, PARTICIPATION AND VOTING AT GENERAL SHAREHOLDERS' MEETINGS

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name as justifying the right to participate in General Shareholders' Meetings, or if a shareholder is not domiciled in France, in the name of the representative acting on the shareholder's behalf, on the second working day prior to the General Shareholders' Meeting at 12:00 midnight (Paris time).

In order to attend, vote remotely, or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account, indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the notice of meeting, no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

In order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members with proof of their status and identity. If it deems this useful, the Board of Directors may ensure that shareholders are sent personal admission cards bearing their names and demand that these cards be shown at the General Shareholders' Meeting.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of third parties at the time the account is opened with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to request any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders it represents whose rights would be exercised at the General Shareholders' Meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his or her voting rights have not been withdrawn.

Any shareholder may, subject to legal and regulatory conditions, vote remotely or issue powers to any person of his or her choice in order to be represented and vote at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions set forth by legal and regulatory provisions. The Company must receive voting forms at 3 p.m. (Paris time) the day before the General Shareholders' Meeting at the latest.

Powers, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form duly signed under the terms set out in applicable legal and regulatory provisions.

Shares are indivisible with regard to the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company, who shall be considered to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the Court at the request of the first joint owner to do so. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by videoconference or by any other means of telecommunication, including the Internet, which enables shareholders to be identified under the conditions set out in applicable legal and regulatory texts.

If the Board of Directors so decides at the time of convening the Meeting, forms may be completed and signed electronically directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code.

Powers or votes cast in this way prior to the Meeting by such electronic means, and any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in the case of a sale of shares occurring prior to midnight (Paris time) on the second working day preceding the Meeting the Company shall invalidate or alter accordingly, as the case may be, the proxy expressed or the vote cast prior to the Meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares who are not resident on the French territory may be registered in the accounts and represented at the Meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary, in accordance with legal and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the General Shareholders' Meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions that do not amend the Articles of Association. They are held at least once a year within six months of the end of the financial year, to approve the financial statements for the previous financial year, unless this period is extended by Court order.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present, represented or voting remotely, hold at least one-fifth of shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to legal stipulations applicable to share capital increases by the incorporation of reserves, profits or issue premiums, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present, represented or voting remotely, hold on the first notice of meeting at least one-quarter, or on the second notice of meeting one-fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one-fifth quorum is again required.

Subject to the same conditions, decisions are made by a two-thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating the quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

FORM AND DEADLINES FOR NOTICES OF MEETING (ARTICLE 28 OF THE ARTICLES OF ASSOCIATION)

The Board of Directors calls General Shareholders' Meetings under the conditions provided for by law.

Otherwise, General Shareholders' Meetings may also be called by the auditors or by any person authorised for this purpose.

A notice informing the shareholders of the next General Shareholders' Meeting is published at least 35 days prior to the Meeting in the French bulletin of mandatory legal announcements (BALO).

Except where provided for legally, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to ten clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the département where the registered office is located, and in the French bulletin of mandatory legal announcements (BALO). Moreover, shareholders who have held registered shares for at least one month prior to the notice of meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided they pay the registered postage fee to the Company.

The Meetings shall take place at the date, time and place stated in the notice of meeting.

Notices of meeting must include the agenda for the meeting.

OFFICERS OF GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 30 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a Director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The two members of the General Shareholders' Meeting with the highest number of votes, who accept this role, shall serve as tellers.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

AGENDA

The Agenda of General Shareholders' Meeting is prepared by the author of the notice of meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and time limits may request that proposed resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered letter with recorded delivery as of publication of the notice of meeting in the French bulletin of mandatory legal announcements (BALO), and up to 25 days prior to the Meeting (however, if the notice is published more than 45 days prior to the Meeting, proposed must be sent within 20 days of publication of the notice). The authors must provide proof that they possess or represent the required proportion of share capital, prior to transmission of the request, by registering the shareholders on the Company registers.

Only matters on the agenda may be discussed at General Shareholders' Meetings. Nevertheless, it may, under any circumstances, dismiss and replace one or more members of the Board of Directors.

The agenda may not be amended where a second notice of meeting has been issued, or in the event of a meeting being reconvened.

CONDITIONS FOR EXERCISING VOTING RIGHTS

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or the Articles of Association, subject to a Court order in certain cases. The provisions of the Articles of Association stipulating the existence of a double voting right, are presented in section 7.3 of this document.

7.2.3 SALE AND TRANSFER OF SHARES (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

Shares are freely negotiable, subject to applicable legal and regulatory provisions. They are registered in an account and transferred under the terms and conditions set out in the applicable legal and regulatory provisions.

7.2.4 CROSSING OF STATUTORY THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

In addition to the legal requirement to inform the Company when certain percentages of capital or voting have been exceeded or are not met, any person acting alone or in concert who comes to hold or ceases to hold, directly or indirectly, a fraction of the capital, voting rights or securities giving future rights to the Company's share capital that is equal to or greater than 1% or a multiple of this fraction, will be required, no later than before the close of trading on the fourth trading day after the day this threshold was exceeded or not met, to notify the Company, by registered letter with acknowledgement of receipt, of the total number of shares, voting rights or securities giving equity rights which it holds, directly or indirectly, alone or in concert.

This notification must be renewed under the aforementioned conditions whenever a new 1% threshold is reached or crossed, upwards or downwards, for any reason whatsoever, including above the 5% threshold.

In the event of non-compliance with the aforementioned requirements, and if one or more shareholders holding at least 1% of the share capital so requests from the General Shareholders' Meeting, the shareholders in question shall, without prejudice to potential suspensions of voting rights decided by a court, under the conditions and limits specified by law, be deprived of the voting rights for the shares exceeding the thresholds subject to declaration.

7.2.5 CHANGE IN CAPITAL CLAUSE

At the registration date of this Reference Document, the Articles of Association contain no provisions stricter than those set out in the law relating to changes in capital.

7.3 SHARE CAPITAL

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

Each share entitles the holder to a share in the profits, ownership of Company assets and in the liquidation dividend, in a proportion equal to the share of capital it represents. In addition, each share entitles its holder to vote and be represented at General Shareholders' Meetings, in accordance with the law and the Articles of Association. Ownership of shares automatically implies full adherence to the Company's Articles of Association and to decisions taken at the General Shareholders' Meeting.

Shareholders are liable for losses only in the amount of their contribution to capital.

The heirs, creditors, assignees or representatives of a shareholder may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, nor may they interfere in the Company's management. In order to exercise their rights, they must refer to corporate inventories and decisions taken at General Shareholders' Meetings.

Where exercising a particular right requires ownership of several shares, shareholders who do not own the required number of shares must form a group and, where appropriate, purchase or sell shares as necessary.

The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

In the event that the capital is increased by incorporation of reserves, profits or issue premiums, this double voting right will apply, as soon as they are issued, to new shares granted to a shareholder on the basis of existing shares for which he already holds this right. Any share converted to a bearer share or for which ownership is transferred will lose the double voting right, subject to exceptions provided for by law. These provisions entered into effect on 1 May 2013.

7.3.1 SHARE CAPITAL

As of the date of this Reference Document, the share capital amounts to €58,331,900.40, divided into €583,319,004 fully paid-up shares with a par value of €0.10 each, all of the same class.

AUTHORISED CAPITAL NOT ISSUED

The Combined General Shareholders' Meeting of the Company, held on 9 March 2018, delegated to the Board of Directors, in accordance with the conditions detailed in the table below, the following authorisations:

Securities concerned	Term of the authorisation and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
1. Issuance, with maintenance of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allocation of debt securities and/or transferable securities to capital securities to be issued	26 months 8 May 2020	€450,000,000	Ceiling: €17,000,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
2. Issuance, with cancellation of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allocation of debt securities and/or securities giving access capital securities to be issued, in the context of tender offers.	26 months 8 May 2020	€450,000,000	Ceiling for issuances 2. and 3.: €5,800,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
3. Issuance, with cancellation of pre-emptive subscription rights, of shares and/or equity securities giving access to other equity securities and/or giving the right to the allocation of debt securities and/or securities giving access to equity securities to be issued, by private placements referred to in Article L. 411-2 II of the French Monetary and Financial Code	26 months 8 May 2020	€450,000,000	Ceiling for issuances 2. and 3.: €5,800,000 Overall ceiling for issuances 1., 2. and 3.: €22,800,000
4. Increase in the number of securities to be issued in the event of a capital increase while maintaining or cancelling the pre-emptive subscription rights	26 months 8 May 2020	-	Ceiling set forth by the regulations
5. Capital increase by capitalisation of reserves, profits or premiums	26 months 8 May 2020	-	€40,000,000
6. Capital increase reserved for participants in Company Savings Plans	26 months 8 May 2020	–	€1,150,000

On the date of this Reference Document, the delegations relating to the issue of new shares with pre-emptive subscription rights, the issue of new shares without pre-emptive subscription rights for the benefit of a category of persons, the issue of convertible bonds redeemable in shares without pre-emptive subscription rights for the benefit of a category of persons and the capital increase by capitalisation of reserves, profits or premiums were voted for by the General Meeting of Shareholders of 9 March 2018 have not been implemented by the Company's Board of Directors.

OTHER SECURITIES GIVING RIGHTS TO CAPITAL

On 13 March 2017, the Company issued to the creditors, as part of its financial restructuring plan, 9,067,200 mandatory convertible bonds (MCBs) for a nominal amount of €18.13 million, giving the right to the allocation of 9,067,200 shares in the event of conversion of all the MCBs, i.e. 1.55% of the Company's share capital. As of 11 April 2018, 3,235,602 MCBs were still outstanding, given the repayment of 5,831,598 MCBs since March 2017.

7.3.2 NON-EQUITY SHARES

At the registration date of this Reference Document, there were no non-equity shares.

7.3.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

In accordance with Articles L. 225-209 et seq. of the French Commercial Code, the Combined General Shareholders' Meeting of 13 June 2017 authorised the Board of Directors to purchase Company shares, up to a maximum of 10% of the existing share capital on the date when the delegation takes effect, under the following conditions:

- the maximum purchase price may not exceed €2.50 per share. In the event of capital transactions, including capitalisation of reserves, allotment of bonus shares and/or stock splits or reverse splits, this price will be adjusted accordingly;
- the maximum amount of the provisions intended for the repurchase programme stands at €144,054,568;
- this authorisation is valid for an 18-month period; any acquisitions made by the Company under this authorisation may not, under any circumstances, lead to it owning, directly or indirectly, more than 10% of the shares composing the share capital;
- shares may be acquired or transferred at any time, except during the period of a takeover bid, in compliance with legal or regulatory requirements, by any method, in particular, on the market, on multi-lateral trading facilities or over-the-counter, including block purchases or sales, and by the use of derivative financial instruments traded in regulated markets, multi-lateral trading facilities, or over-the-counter services.

At the General Shareholders' Meeting called to approve the 2017 accounts, the shareholders will be asked to give their opinion on this share repurchase programme.

7.3.4 OTHER INFORMATION

OPTION PLANS AND PERFORMANCE SHARE GRANTS

Information on option plans and performance share grants is described in section 7.4.4 of this document.

CONVERTIBLE SECURITIES, EXCHANGEABLE SECURITIES OR EQUITY WARRANTS

As of the registration date of this Reference Document, there were no convertible or exchangeable securities or equity warrants as convertible option bonds redeemable for shares (see section 7.3.1 of this document).

INFORMATION ON THE CONDITIONS GOVERNING ANY ACQUISITION RIGHTS AND/OR ANY OBLIGATIONS ATTACHED TO CAPITAL SUBSCRIBED BUT NOT PAID UP

Information relating to authorisations to issue shares given to the Board of Directors by the General Shareholders' Meeting is set out in section 7.3.1 of this document.

INFORMATION ON THE CAPITAL OF ANY OF THE GROUP'S MEMBERS SUBJECT TO AN OPTION OR A CONDITIONAL OR UNCONDITIONAL AGREEMENT

At the registration date of this Reference Document, no member of the Group had any option or agreement of this type.

7.3.5 HISTORY OF SHARE CAPITAL AND VOTING RIGHTS

Information on the Company's share capital is provided in Section 7.4 of this document.

Statement of change in share capital

Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total issue premium amount	Successive amounts of capital	Number of shares	par value
Combined General Shareholders' Meeting of 27 May 2004	Stock split	274,050,000	—	—	—	€54,810,000	274,050,000	€0.20
Initial Public Offering July 2004	Capital increase reserved for employees of France Télécom	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recognition of capital increase resulting from share subscription options exercised in 2006	1,477,170	€295,434	€17.60	€25,990,960.40	€56,053,356	280,266,780	€0.20
15 January 2008	Recognition of capital increase resulting from share subscription options exercised in 2007	377,670	€75,534	€11.52	€4,350,758.40	€56,128,890	280,644,450	€0.20

Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total issue premium amount	Successive amounts of capital	Number of shares	par value
25 February 2009	Recognition of capital increase resulting from performance shares allotted in 2008	340,304	€68,060.80	–	–	€56,196,950.80	280,984,754	€0.20
6 June 2014	Capital increase with pre-emptive subscription rights and increase in reserved capital	880,742,416	€440,371,208	€0,50	€264,222,724	€232,345,434	1,161,727,170	€0.20
29 April 2015	Capital increase reserved for employees of SoLocal Group	4,569,773	€913,954.60	€0.36	€921,266.37	€233,259,388.60	1,166,296,943	€0.20
26 October 2015	Reverse stock split by allotment of one (1) new ordinary share with a par value of €6 for thirty (30) old ordinary shares with a par value of €0.20 each	–	–	–	–	€233,259,384	38,876,564	€6
2 February 2017	Capital reduction effected by reducing the par value of each share	–	–	–	–	€3,887,656.40	38,876,564	€0.10
13 March 2017	Bonus share allotments at the rate of 3 bonus shares for 2 shares held at 10 March 2017	58,314,846	€5,831,484.60	–	–	€9,719,141	97,191,410	€0.10
13 March 2017	Increase in capital with pre-emptive subscription rights (PSR)	398,484,781	€39,848,478.10	€0.90	€358,636,303	€49,567,619.10	495,676,191	€0.10
13 March 2017	Restricted Capital Increase	80,542,087	€8,054,208.70	€4.41	€355,190,603.67	€57,621,827.80	576,218,278	€0.10
7 April 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	619,504	€61,950.40	€1.90	€1,177,057.60	€57,683,778.20	576,837,782	€0.10
4 May 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	2,552,365	€255,236.50	€1.90	€4,849,493.50	€57,939,014.70	579,390,147	€0.10
9 June 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	2,140,432	€214,043.20	€1.90	€4,066,820.80	€58,153,057.90	581,530,579	€0.10

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Date	Operation	Number of shares issued	Maximum nominal amount of capital increase	Issue premium per share	Total issue premium amount	Successive amounts of capital	Number of shares	par value
10 July 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	441,771	€44,177.10	€1.90	€839,364.90	€58,197,235	581,972,350	€0.10
2 August 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	68,127	€6,812.70	€1.90	€129,441.30	€58,204,047.70	582,040,477	€0.10
7 September 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	4,307	€430.70	€1.90	€8,183.30	€58,204,478.40	582,044,784	€0.10
6 October 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	160,014	€16,001,40	€1.90	€304,026.60	€58,220,479.80	582,204,798	€0.10
6 November 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	75,528	€7,552.80	€1.90	€143,503.20	€58,228,032.60	582,280,326	€0.10
4 December 2017	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	164,474	€16,447.40	€1.90	€312,500.60	€58,244,480	582,444,800	€0.10
8 February 2018	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	239,640	€23,964	€1.90	€455,316	€58,267,444	582,684,440	€0.10
6 April 2018	Recognition of capital increase resulting from the repayment of MCBs (mandatory convertible bonds)	634,564	€63,456.40	€1.90	€1,205,671.6	€58,331,900.40	€583,319,004	€0.10

COMMENTS ON MATERIAL CHANGES IN THE BREAKDOWN OF THE COMPANY'S SHARE CAPITAL DURING THE LAST THREE YEARS

Recent changes in the Company's share capital are described in section 7.4.1 of this Reference Document.

PLEDGES

See section 7.4.7 of this document.

MARKET FOR COMPANY SHARES

Month	Low *(in euros)*	High *(in euros)*	Last price *(in euros)*	Volume traded	Capital *(in euros)*
January 2017*	0.769	1.043	0.793	18,384,972	16,032,622
February 2017*	0.786	1.310	1.187	44,692,315	43,881,703
March 2017*	0.841	1.274	0.998	109,723,177	106,293,384
April 2017	0.891	1.096	1.088	67,290,265	64,604,145
May 2017	1.093	1.222	1.194	93,481,252	109,003,246
June 2017	1.069	1.297	1.141	97,968,085	115,950,322
July 2017	0.816	1.160	0.850	92,692,745	92,835,809
August 2017	0.817	0.968	0.888	56,719,516	51,227,308
September 2017	0.885	1.040	1.016	66,984,353	65,191,529
October 2017	0.903	1.039	0.950	41,151,874	39,262,907
November 2017	0.772	0.958	0.905	62,814,871	54,229,690
December 2017	0.804	0.908	0.830	33,293,291	27,819,692
January 2018	0.832	1.049	0.998	58,224,875	57,025,571
February 2018	0.935	1.297	1.178	97,249,576	110,458,498
March 2018	1.099	1.227	1.150	50,303,394	58,143,378

* *Price adjusted for the withdrawal of the rights issue on 13 February 2017 and the free share allotment on 9 March 2017.*

Source: Euronext.

7.4 MAIN SHAREHOLDERS

7.4.1 HISTORY OF THE OWNERSHIP STRUCTURE

BREAKDOWN OF THE COMPANY'S SHARE CAPITAL

On 31 December 2017 and on the basis of information known to the Company, the shareholdings in the Company were distributed as follows:

	31/12/2017			
	Number of shares	% of share capital	Voting rights	% of voting rights
J O Hambro Capital Management	49,100,806	8.4%	48,408,656	8.3%
River and Mercantile AM	47,737,618	8.2%	47,737,618	8.2%
DNCA	34,177,219	5.9%	34,177,219	5.9%
Edmond de Rothschild AM	30,058,498	5.2%	30,058,498	5.2%
Free float	420,342,177	72.2%	421,749,616	72.4%
SoLocal Group employees (1)	626,208	0.1%	626,208	0.1%
Treasury shares(2)	402,274	0.1%	-	-
TOTAL	**582,444,800**	**100.0%**	**582,757,815**	**100.0%**

Number of shares at close of financial years ending 31 December 2017, 31 December 2016 and 31 December 2015 respectively.
(1) Under the SoLocal Group savings plan (PEG).
(2) All treasury shares are held under a liquidity agreement that was established on December 2, 2012.

Shareholding disclosure thresholds

- on 16 March 2017, Edmond de Rothschild Asset Management, acting on behalf of the funds it managed, reported having fell below the statutory 6% shareholding threshold on 14 March 2017. Edmond de Rothschild Asset Management reported holding 30,259,098 shares, corresponding to 5.25% of the Company share capital and voting rights;
- on 16 March 2017, the company GLAS Trustees Limited, acting in its capacity as security agent for the holders of 350,000,000 euros worth of first ranking 8.875% bond indemnities falling due in 2018, reported having:
  - on 13 March 2017 exceeded the thresholds of 5 and 10% of Company share capital and voting rights and holding 59,837,345 shares representing the same number of voting rights, *i.e.* 10.39% of the share capital and 10.38% of the voting rights, and
  - on 14 March 2017 fell below the thresholds of 10 and 5% of Company share capital and voting rights following the return of shares to the beneficiaries of the trust and holding 7,680,208 Company shares representing the same number of voting rights, *i.e.* 1.33% of its capital and voting rights;
- on 17 March 2017, funds acting in conjunction with and managed by Paulson, Monarch and Amber Capital reported having, on 13 March 2017, exceeded the statutory thresholds of 1 to 14% by holding 81,808,384 Company shares and the same number of voting rights representing around 14.2% of its share capital and 14.19% of its voting rights. On an individual basis, the funds managed by Paulson hold 49,018,750 Company shares and the same number of voting rights, representing around 8.51% of its share capital and 8.50% of its voting rights. On an individual basis, the funds managed by Monarch hold 22,613,813 shares and the same number of voting rights representing around 3.92% of the Company share capital and 3.92% of its voting rights. On an individual basis, the funds managed by Amber Capital hold 10,174,546 Company shares and the same number of voting rights representing around 1.77% of its share capital and 1.76% of its voting rights;
- on 17 March 2017, funds acting in conjunction with and managed by Paulson, Monarch and Amber Capital reported having, on 15 and 16 March 2017, fell below the statutory thresholds of 14, 13 and 12% by holding 65,957,511 Company shares and the same number of voting rights, representing around 11.45% of its share capital and 11.44% of its voting rights. On an individual basis, the funds managed by Paulson hold 45,411,171 Company shares and the same number of voting rights, representing around 7.88% of its share capital and 7.88% of its voting rights. On an individual basis, the funds managed by Monarch hold 10,370,519 Company shares and the same number of voting rights, representing around 1.8% of its share capital and 1.88% of its voting rights;
- on 17 March 2017, DNCA Finance, acting on behalf of the funds it managed, reported having, on 13 March 2017, fell below the thresholds of 5% of the share capital and voting rights in the Company, holding, on behalf of the said funds, 20,262,500 Company shares representing the same number of voting rights, *i.e.* 3.52% of its share capital and 3.51% of its voting rights;
- on 22 March 2017, the consortium made up by the companies Paulson, Monarch and Amber reported having, on 16 March 2017, fell below the thresholds of 10% of the Company share capital and voting rights and holding 41,502,134 Company shares representing the same number of voting rights, *i.e.* 7.20% of its share capital and voting rights. On an individual basis, the funds managed by Paulson hold 23,726,313 Company shares and the same number of voting rights, representing around 4.12% of its share capital and 4.12% of its voting rights. On an individual basis, the funds managed by Monarch hold 7,600,000 Company shares and the same number of voting rights, representing around 1.32% of its capital and 1.32% of its voting rights. On an individual basis, the funds managed by Amber Capital hold 10,175,821 Company shares, representing around 1.77% of its share capital;

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31/12/2016				31/12/2015			
Number of shares	% of share capital	Voting rights	% of voting rights	Number of shares	% of share capital	Voting rights	% of voting rights
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.1%
2,373,274	6.1%	2,373,274	6.1%	2,350,354	6.0%	2,350,354	6.1%
34,227,093	88.1%	34,459,175	88.3%	34,253,125	88.1%	34,259,374	88.3%
229,977	0.6%	229,977	0.6%	225,964	0.6%	225,964	0.6%
85,887	0.2%	-	-	86,788	0.2%	-	-
38,876,564	100.0%	39,022,759	100.0%	38,876,564	100.0%	38,796,025	100.0%

- on 27 March 2017, the companies Paulson, Monarch and Amber reported that the Shareholders' Agreement signed on 13 March 2017 had lapsed and their joint action in respect of the Company had ended. In the same letter, the companies Paulson, Monarch and Amber reported having, in conjunction with one another on 24 March, fell below the thresholds of 5% of the Company share capital and voting rights and that they no longer jointly held any shares in the Company. On an individual basis, the funds managed by Paulson held 23,726,313 shares in the Company and the same number of voting rights, representing around 4.12% of its share capital and 4.12% of its voting rights. On an individual basis, the funds managed by Monarch held 6,701,397 Company shares and the same number of voting rights, representing around 1.16% of its share capital and 1.16% of its voting rights. On an individual basis, the funds managed by Amber Capital hold around 10,175,821 Company shares and the same number of voting rights, representing around 1.77% of its share capital and 1.76% of its voting rights;
- on 17 July 2017, River and Mercantile Asset Management LLP, acting on behalf of funds under its management, reported that on 12 July 2017 it had exceeded the thresholds of 5% of share capital and voting rights in the Company and that it held 29,230,953 shares and the same proportion of voting rights on behalf of said funds, or 5.03% of the share capital and 5.02% of the voting rights in the Company;
- on 14 September 2017, DNCA Finance, acting on behalf of funds under its management, reported that on 8 September 2017 it had exceeded the thresholds of 5% of share capital and voting rights in the Company and that it held, directly and indirectly, 31,210,000 SoLocal Group shares and the same proportion of voting rights on behalf of said funds, or 5.36% of the share capital and 5.35% of the voting rights in the Company;
- on 7 November 2017, J O Hambro Capital Management Limited, acting on behalf of clients and funds under its management, reported that on 20 June 2017, for adjustment purposes, it had exceeded the thresholds of 5% of share capital and voting rights in the Company and that it held, directly and indirectly, 30,303,875 SoLocal Group shares and the same proportion of voting rights on behalf of said clients and funds, or 5.23% of the share capital and 5.22% of the voting rights in the Company. J O Hambro Capital Management Limited further reported that on 6 November 2017, it held 45,804,787 SoLocal Group shares and the same proportion of voting rights, or 7.87% of the share capital and 7.86% of the voting rights in the Company.

7.4.2 CONTROL OF THE ISSUER

No person or entity, directly or indirectly, jointly or in concert, exercises, to the knowledge of the Company, control over it.

7.4.3 SHAREHOLDING, SHARE SUBSCRIPTION OR PURCHASE OPTIONS, PERFORMANCE SHARE GRANTS

SHAREHOLDINGS

On the date this Document was filed, and to the Company's knowledge, the members of the Board of Directors held the following number of SoLocal Group shares:

Director of the Board	Number of shares
Mr Pierre Danon, Chairman of the Board of Directors	260,530
Mr David Amar and related persons	18,700,00
Mr Jacques-Henri David and related persons	1,060,223
Ms Delphine Grison	3,000
Ms Marie-Christine Levet	Pending acquisition
Mr Alexandre Loussert and related persons	60,000
Mr Arnaud Marion and related persons	128,775
Ms Joëlle Obadia	200
Ms Lucile Ribot	20,000
Ms Sophie Sursock	10,000
Mr Philippe de Verdalle and related persons	11,586,800 of which 35,000 held by Philippe de Verdalle and 11,551,800 held by the Nobel Fund (Weinberg Capital Partners) of which Philippe de Verdalle is CEO

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTS

2005 plan

The Company set up a share subscription option plan on 28 June 2005 which, having matured on 28 June 2015, has been cancelled.

2007 plan

Similarly, the Company implemented a second share subscription plan on 20 December 2007, which upon expiry on 19 December 2017, was cancelled.

2009 plan

In 2009, the Company put in place three share subscription plans: on 23 July 2009 for 1,145,000 options at a strike price of €6.71 (before adjustments following the capital increase of 6 June 2014, the reverse stock split of 26 October 2015 and the increase of 14 March 2017), on 29 October 2009 for 87,000 options at a strike price of €8.84 (before adjustments following the capital increase of 6 June 2014, the reverse stock split on 26 October 2015 and the capital increase of 14 March 2017), on 17 December 2009 for 75,000 options at a strike price of €7.82 (before adjustments following the capital increase of 6 June 2014, the reverse stock split on 26 October 2015 and the capital increase of 14 March 2017). These plans all have the same characteristics as the first plan: terms of ten years and are fully vested after three years.

Concerning the plan of 23 July 2009, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Mr Jean-Pierre Remy.

All of these options were subject, in accordance with the AFEP/MEDEF Corporate Governance Code, to the following performance condition: Mr Jean-Pierre Remy reached his 2009, 2010 and 2011 annual objectives. As the Remunerations Committee had granted Mr Jean-Pierre Remy, based on the achievement of his targets, 150%, 130% and 50% of his variable portion during the course of 2009, 2010 and 2011, the average was 110% and, implementing this plan, 140,000 options were finally allotted (24,213 options following adjustments).

Mr Jean-Pierre Remy was required to reinvest in SoLocal Group shares 33% of the net capital gains associated with the sale of shares from the exercises of these options and had to keep these shares at par value until the end of his term of office as Chief Executive Officer. The options were cancelled following the resignation of Mr Jean-Pierre Remy on 30 June 2017 from his duties as CEO.

2010 plan

In 2010, the Company put in place two share subscription plans: on 27 July 2010 for 1,336,000 options at a strike price of €8.58 (before adjustments following the capital increase of 6 June 2014, the reverse stock price of 26 October 2015 and the increase of 14 March 2017), on 16 December 2010 for 166,000 options at a strike price of €7.09 (before adjustments following the capital increase of 6 June 2014, the reverse stock split on 26 October 2015 and the capital increase of 14 March 2017).

These plans all have the same characteristics as the first plan: terms of ten years and are fully vested after three years.

Concerning the plan of 27 July 2010, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Mr Jean-Pierre Remy.

All of these options were subject, in accordance with the AFEP/MEDEF Corporate Governance Code, to the following performance condition: the Chief Executive Officer achieving his 2010, 2011 and 2012 annual objectives. As the Remunerations Committee had granted Mr Jean-Pierre Remy, based on the achievement of his targets, 130%, 50% and 65% of his variable portion during the course of the years 2010, 2011 and 2012, the average was 81.67% and, implementing this plan, 114,333 options were finally allotted (19,773 options following adjustments).

Mr Jean-Pierre Remy was required to reinvest in SoLocal Group shares 33% of the net capital gains associated with the sale of shares from the exercises of these options and had to keep these shares at par value until the end of his term of office as Chief Executive Officer. The options were cancelled following the resignation of Mr Jean-Pierre Remy on 30 June 2017 from his duties as CEO.

Given the increase in capital that was completed on 6 June 2014, and in accordance with the law and regulations applying to each plan, the Board of Directors decided, at its meeting of 19 June 2014, to adjust the conditions of the existing share subscription options, with regard to both the option strike price and the number of shares that can be obtained by exercising the options.

Similarly, in order to take into account the Company's reverse stock split on 26 October 2015, the Chief Executive Officer, making use of the powers conferred on him by the Board of Directors on 21 July 2015, decided to adjust the exercise parity of the options for each individual plan, adopting a new parity equal to the current exercise parity of each option multiplied by a ratio of 1/30 (corresponding to the number of shares forming the capital following the reverse stock split divided by the number of shares forming the capital before the reverse stock split by taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares); it being stipulated that (i) for all the options from which each holder benefits under a plan, the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the options shall remain unchanged.

Consequently, any holder of options who could (prior to the adjustment of 2015), by exercising an option, subscribe for one (1) share with a par value of €0.20 at a specific strike price, may now, by exercising that same option, subscribe for one-thirtieth of a share with a par value of €6 at the adjusted strike price. In this respect, a holder of options who could (prior to the adjustment of 2015), by exercising all the options he or she held under a plan, subscribe for thirty-one (31) shares with a par value of €0.20 each for a global price of €179.40 (€5.78 times 31), may now, by exercising those same options, subscribe for one (1) share with a par value of €6 for a global price of €173.61.

Taking into account the capital increase that was definitively completed on 14 March 2017, and in accordance with the law and the regulations of each of the current stock option plans (allocation by the Board of Directors at its meetings on 20 December 2007, 23 July 2009, 29 October 2009, 17 December 2009, 27 July 2010 and 16 December 2010), in order to take into account (i) the issuance of new shares with shareholders' pre-emptive subscription rights and (ii) the allocation of bonus shares, the Board of Directors decided, at its meeting of 24 April 2017, to adjust the conditions of the subscription options in effect, the adjustment relating both to the strike price of the options and the number of options held by each option holder.

Share subscription or purchase options granted during the year 2017 financial to each executive corporate officer by the issuer or by any company of the Group

Name of corporate officer	Plan No. and date	Type of option (purchase or subscription)	Valuation of options according to the method used for the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period
Pierre Danon	—	—	—	—	—	—
Éric Boustouller	—	—	—	—	—	—
Robert de Metz	—	—	—	—	—	—
Jean-Pierre Remy	—	—	—	—	—	—
Christophe Pingard	—	—	—	—	—	—

Share subscription or purchase options exercised during the year 2017 financial by each executive corporate officer

Name of corporate officer	Plan No. and date	Number of options exercised during the year	Strike price
Pierre Danon	—	—	—
Éric Boustouller	—	—	—
Robert de Metz	—	—	—
Jean-Pierre Remy	23 July 2009	None	—
	27 July 2010	None	
Christophe Pingard	—	—	—

In accordance with Article L. 225-184 of the French Commercial Code, information on the granting and exercise of Company stock options in 2017 is provided below:

Share subscription or purchase options granted to and exercised by the first ten employees who are not corporate officers

Share subscription or purchase options granted to and exercised by the first ten employees who are not corporate officers in 2017	Total number of options granted/shares subscribed or purchased	Average weighted price
Options granted during the year by the issuer and by the companies included in the stock option plan, to the ten employees of the issuer or of the said companies who received the most options (general information)	None	–
Options held in the issuer and in the aforementioned companies that were exercised during the year by the ten employees of the issuer or of the said companies who exercised the most options (general information)	None	–

HISTORY OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTS

Option to subscribe for or purchase shares information(1)

Shareholder Meeting	12 April 2005	11 June 2009	11 June 2009	11 June 2009	11 June 2009	11 June 2009
Date of Board meeting and name of plan	20 December 2007	23 July 2009	29 October 2009	17 December 2009	27 July 2010	16 December 2010
Total number of shares that could be subscribed or purchased at 31 December 2016 of which the number available for subscription by corporate officers:	297,067	103,775	0	6,918	112,386	14,701
• Jean-Pierre Remy	–	24,213(2)	–	–	19,773(3)	–
• Christophe Pingard	–	–	–	–	–	–
• Joëlle Obadia	554	–	–	–	–	–
Start date for option exercise/share vesting	20 December 2010	23 July 2012	29 October 2012	17 December 2012	27 July 2013	16 December 2013
Expiry date	20 December 2017	23 July 2019	29 October 2019	17 December 2019	27 July 2020	16 December 2020
Subscription or purchase price	€80.60	€38.79	–	€45.21	€49.64	€41.01
Terms of exercise (if plan comprises multiple tranches)	–	–	–	–	–	–
Number of shares subscribed	0	0	0	0	0	0
Total number of cancelled or lapsed share subscription or purchase options	297,067	31,996	0	6,918	40,873	7,263
Number of share subscription or purchase options remaining at the end of FY 2017	0	71,779	0	0	71,513	7,438

(1) After adjustment decided by the Board of Directors in its meeting on 24 April 2017 (taking into account the capital increase that was definitively completed on 13 March 2017, and in accordance with the law and the regulations of each of the current plans, in order to take into account (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allocation of bonus shares, the Board of Directors decided in its meeting on 24 April 2017 to adjust the conditions of the subscription options in force, in addition to adjusting the option strike price and the number of options held by each option holder).

(2) Options cancelled following the departure of Mr Jean-Pierre Remy.

(3) Options cancelled following the departure of Mr Jean-Pierre Remy.

No other Board member holds share subscription or purchase options granted by SoLocal Group.

GRANTING OF PERFORMANCE-BASED SHARES

The 2006 and 2008 plans

The Extraordinary Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to set up, on behalf of certain Group senior executives and employees, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to enable them to profit from the Company's development. This authorisation was granted for a period of 38 months and the total number of shares freely allotted under this resolution may not represent more than 0.5% of the Company capital at the date of this General Shareholders' Meeting, i.e. 1,393,948 shares.

The Board of Directors drew up the conditions of an initial share allotment plan on 30 May 2006. This plan gave rise to the initial allotment of 602,361 shares to 591 Group employees on 30 May 2006. Since the performance targets were not met, the beneficiaries were not entitled to receive these bonus shares.

A second share allotment plan was drawn up on 20 November 2006 and gave rise to the allotment of 778,638 shares to 611 Group personnel. Bearing in mind the fact that the performance conditions were not satisfied in one of the two years concerned, only 50% of these shares were finally acquired by the beneficiaries on 20 November 2008.

A third plan was drawn up on 14 February 2008, giving rise to the allotment of 12,940 shares to 15 Group personnel. Since the performance targets were not met, the beneficiaries were not entitled to receive these bonus shares.

The 2011, 2012 and 2013 plans

The shareholders of the SoLocal Group, meeting at the Combined General Shareholders' Meeting on 7 June 2011, authorised the Board of Directors to implement a share allotment plan based on performance to certain managers and employees of SoLocal Group and its associated companies, within the meaning of Articles L. 225-197-1 to L. 225-197-6 of the Commercial Code.

This plan resulted in the initial allocation of 1,226,000 shares to 41 Group employees on 26 October 2011, including 140,000 shares for the benefit of Mr Jean-Pierre Remy. A second share allotment plan was drawn up on 16 December 2011 and gave rise to the allotment of 84,000 shares to three Group employees, including 60,000 shares in favour of Mr Christophe Pingard. Taking into account the partial fulfilment of the performance conditions on these two plans, approximately 45% of these shares were definitively acquired on 31 March 2014 by the beneficiaries (that is, as regards Mr Jean-Pierre Remy and Mr Christophe Pingard, the equivalent of 1,969 and 844 new shares respectively).

A third share allotment plan was drawn up on 11 December 2012 and gave rise to the allotment of 2,624,000 shares to 47 beneficiaries, including 300,000 shares in favour of Mr Jean-Pierre Remy and 150,000 shares in favour of Mr Christophe Pingard. A new allotment plan was drawn up on 11 December 2013 and gave rise to the allotment of 280,000 shares to 10 beneficiaries.

For performance shares granted under the plans of 11 December 2012 and 11 December 2013, the Board of Directors decided, at its meeting on 19 June 2014, to apply an adjustment reflecting the impact of the capital increase in cash with pre-emptive subscription rights. Bearing in mind the partial satisfaction of the performance conditions on these two plans, approximately 70.7% of these shares were finally acquired by the beneficiaries. This rate corresponds to the achievement of 74.6% of the performance conditions on the changes in revenues (weighted at 2/3) and 63.0% of the performance conditions on the changes in the GOM (weighted at 1/3). Mr Jean-Pierre Remy and Mr Christophe Pingard acquired on 31 March 2015, under the plan dated 11 December 2012, now closed, 25,270 shares (758,100 shares before the share consolidation occurred on 26 October 2015) and 12,635 shares respectively (379,050 shares before share consolidation on 26 October 2015).

2014 and 2015 Plans

The SoLocal Group shareholders, at an Extraordinary Meeting on 29 April 2014, authorised the Board of Directors to set up, on behalf of certain officers and employees of SoLocal Group and affiliated companies, a performance share incentive plan pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code.

On 19 June 2014, this plan gave rise to the allotment of 45,221,000 shares to 112 beneficiaries. A second share allotment plan was drawn up on 9 February 2015 and gave rise to the allotment of 2,305,000 shares to 12 Group personnel.

The Chief Executive Officer, making use of the powers granted to him by the Board of Directors of the Company at its meeting on 21 July 2015, decided by decisions of 26 October 2015 to adjust the number of shares allocated in December 2013 and June 2014 to reflect the reverse stock split of the Company's shares as follows: completion of the adjustment with reference to the parity used for the share consolidation, that is to say, for each beneficiary of performance shares, applying a ratio of 1/30 (corresponding to the number of shares composing the share capital after consolidation divided by the number of shares composing the share capital before the combination but taking into account the waiver by a Company shareholder of 23 old shares) to the number of performance shares to which the holder would have been entitled in the absence of adjustment; it being specified that (i) the result (per beneficiary and per plan) is rounded down to the whole number of new shares and (ii) the other characteristics of the performance shares remain unchanged.

Consequently, a beneficiary of performance shares who (prior to the adjustment of 2015), under a plan, is entitled to thirty-one (31) performance shares with a par value of €0.20 will now be entitled, under that plan, to one (1) share with a par value of €6.

Taking into account the capital increase that was definitively completed on 14 March 2017, and in accordance with the regulations of the allocation plans still in the vesting period (granted by the Board of Directors at its meetings of 19 June 2014 and 9 February 2015), to take into account (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allocation of bonus shares, the Board of Directors decided to adjust the conditions of the performance share plans at its meeting on 24 April 2017, the adjustment relating to the number of performance shares to be allocated to each beneficiary.

Performance shares granted to each executive corporate officer during the 2017 financial year

Performance shares granted during the year by the General Shareholders' Meeting to each executive corporate officer by the issuer or a Group company (nominative list)	Plan No. and date	Number of shares allotted during the year	Valuation of shares according to method applied for the consolidated accounts	Vesting date	End of lock-up period	Conditions of performance
Éric Boustouller	-	-	-	-	-	-
Jean-Pierre Remy	-	-	-	-	-	-
Christophe Pingard	-	-	-	-	-	-

Plan 2018

At the Extraordinary General Shareholders' Meeting of 9 March 2018, The SoLocal Group shareholders authorised the Board of Directors to set up, a performance share incentive plan, within the meaning of Articles L. 225-197-1 *et seq.* of the French Commercial Code for certain senior executives and employees of SoLocal Group and affiliated companies.

Under this authorisation, the number of performance shares that may be granted free of charge is capped at 9,200,000 shares of the Company, including a maximum of 2,300,000 shares for the Company's corporate officers.

On 24 April 2018, this plan gave rise to the allocation of 7,540,000 performance shares including 2,300,000 performance shares awarded to the Chief Executive Officer.

Under this plan, performance shares are subject to a three-year vesting period. No retention period will be imposed on the beneficiaries.

The vesting of the shares is also subject to a continued employment and performance condition, which will be based on the level of achievement of a target of EBITDA less CAPEX and the performance of the company's share price.

The Chief Executive Officer and the members of the Company's Executive Committee shall be required to retain at least 30% of the shares vesting to them until their term of office ceases.

In addition, at the Shareholders' Meeting of 9 March 2018, the shareholders of the Company authorised the Board of Directors to allocate free shares in the Company to Eric Boustouller in his capacity as Chief Executive Officer. The acceptance by Éric Boustouller of the position of the Chief Executive Officer having led him to waive significant rights of long-term remuneration in respect of his former position, it was agreed with him when he accepted the duties of Chief Executive Officer that he would receive, subject to the approval of the Company's Shareholders' Meeting, compensation for taking office in the form of a free allocation of 1 million shares in the Company.

In application of this authorisation, at its meeting on 9 March 2018, the Board of Directors decided to award 1 million free shares in the Company to Eric Boustouller.

The shares vest after a period of 12 months, provided that Eric Boustouller is still at the Company. This continued employment condition will be deemed fulfilled in the event of forced departure during the vesting period.

After a retention period of 12 months, Eric Boustouller shall be required to retain at least two-thirds of the shares granted in this manner until the termination of his duties as Chief Executive Officer of the Company.

Performance shares made available during the 2017 financial year for each executive corporate officer

Performance shares made available for each executive corporate officer	Plan date	Number of shares released from lock-up during the year	Conditions of acquisition
Éric Boustouller	-	-	-
Jean-Pierre Remy	26 October 2011	None	Amount of GOM
	11 December 2012	None	Amount of revenues and GOM
	19 June 2014	None	Organic annual revenue growth
Christophe Pingard	16 December 2011	None	Amount of GOM
	11 December 2012	None	Amount of revenues and GOM
	19 June 2014	None	Organic annual revenue growth

Mr Jean-Pierre Remy and Mr Christophe Pingard must hold as registered shares 33% of the performance shares granted in 2011, 25% of the performance shares allotted in 2012 (taking account of changes in taxation between these two dates) and 25% of the performance shares granted in 2014, up until cessation of their mandate.

	SoLocal Group Plan
Number of performance shares granted during the year to the nine largest non-executive corporate beneficiaries of the Group	None

HISTORY OF PERFORMANCE SHARE ALLOTMENTS[1]

Information on the performance shares[2]

Shareholder Meeting	29 April 2014	29 April 2014
Date of Board meeting and name of plan	19 June 2014	9 February 2015
Total number of shares granted (balance at 31 December 2016)	3,313,653	175,919
including the number allocated the corporate officers:		
● *Jean-Pierre Remy*	*762,990*[3]	-
● *Christophe Pingard*	*337,644*[4]	-
● *Joëlle Obadia*	-	-
Share acquisition date	19 June 2016[5]	9 February 2017
	19 June 2017	9 February 2018
	19 June 2018	9 February 2019
End date of holding period	19 June 2018	9 February 2019
	19 June 2019	9 February 2020
	19 June 2020	9 February 2021
Performance conditions	Organic annual revenue growth	Organic annual revenue growth
Number of shares acquired	-	-
Number of shares cancelled or lapsed during the financial year	1,561,585	138,476
Performance shares remaining at year end	1,752,068	37,443

(1) Plans pending acquisition in 2017.

(2) After adjustment decided by the Board of Directors at its meeting on 24 April 2017 (taking into account the capital increase that was definitively completed on 14 March 2017, and in accordance with the regulations of the allocation plans still in the vesting period (granted by the Board of Directors at its meetings of 19 June 2014 and 9 February 2015), to take into account (i) the issue of new shares with shareholders' pre-emptive subscription rights and (ii) the allocation of bonus shares, the Board of Directors decided to adjust the conditions of the performance share plans at its meeting on 24 April 2017, the adjustment relating to the number of performance shares to be granted to each beneficiary.

(3) The shareholders of SoLocal Group, meeting at the Extraordinary General Shareholders' Meeting on 29 April 2014, authorised the Board of Directors to implement a performance share allocation plan which resulted, on 19 June 2014, in the allocation to Mr Jean-Pierre Remy of (i) 368,340 performance shares (140,000 before adjustment following the capital increase on 14 March 2017) for the three years 2014/2016 subject to revenue growth greater than 0% (the vesting will be carried out by thirds in 2016, 2017 and 2018) and (ii) 394,650 performance shares (150,000 before adjustment following the capital increase on 14 March 2017) subject to a sales growth above 3% (CAGR) (the vesting will take place in 4 years, in 2018). All of these shares were cancelled following the departure of Mr Jean-Pierre Remy.

(4) The shareholders of SoLocal Group, meeting at the Extraordinary General Shareholders' Meeting on 29 April 2014, authorised the Board of Directors to implement a performance share allocation plan which resulted, on 19 June 2014, in the allocation to Mr Christophe Pingard of (i) 184,170 performance shares (70,000 before adjustment following the capital increase on 14 March 2017) for the three years 2014/2016 subject to revenue growth greater than 0% (the vesting will be carried out by thirds in 2016, 2017 and 2018) and (ii) 153,474 performance shares (58,333 before adjustment following the capital increase on 14 March 2017) subject to a sales growth above 3% (CAGR) (the vesting will take place in 4 years, in 2018). All of these shares were cancelled following the departure of Mr Christophe Pingard.

(5) As lot 2 was not awarded in 2017 due to non-compliance with the performance condition of lot 2, on 19 June 2018, the beneficiaries will be able to acquire all or part of the performance shares of lot nos. 1, 2 and 3 subject to the achievement of a performance condition for the subsequent year.

The exercise of all 150,731 share subscription options granted and of all 1,789,509 shares freely granted may lead to the creation of 1,940,240 new shares. The total number of shares forming the share capital would thus increase from 582,444,800 to 584,385,040, i.e. a maximum potential dilution of 0.33%. It should be noted that stock options are outside the currency. As of 31 December 2017, there were no more unallocated shares authorised by the General Shareholders' Meeting of SoLocal Group.

7.4.4 VOLUNTARY AND MANDATORY PROFIT-SHARING AGREEMENTS

PARTICIPATION

The Group signed a mandatory profit-sharing agreement on 26 June 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). This agreement covers the Group's French companies in which the Company's interest exceeds 50%. ClicRDV and Fine Media joined the Group plan with effect from 1 January 2011, and Retail Explorer, and Leadformance effective as of 1 January 2014 and Effilab effective as of 1 January 2017.

The Group's special mandatory profit-sharing reserve is the total of the special profit-sharing reserves of each participating subsidiary, which are calculated using a specific formula.

The special mandatory profit-sharing reserve is allocated to the beneficiaries as follows: 30% in proportion to length of service and 70% in proportion to gross annual salary. Individual allocations may either be invested in the Group Savings Plan and locked in for five years, or in the Group Retirement Savings Plan and locked until retirement in the event that the beneficiaries choose the investment (possibility of receiving the amount directly without locking).

The table below shows the gross participation distributed or to be distributed for the last three financial years:

Group agreement *(in millions of euros)*	**Gross mandatory profit-sharing to be distributed to Group employees**
2017	**3.6**
2016	5.1
2015	6.4

VOLUNTARY PROFIT-SHARING

There are no longer any voluntary profit-sharing agreements within the Group:

(in thousands of euros)	**2016 voluntary profit-sharing paid in 2017**	**2015 voluntary profit-sharing paid in 2016**	**2014 voluntary profit-sharing aid in 2015**
Voluntary profit-sharing paid in the Group	0	0	280

COMPANY SAVINGS PLAN

On 12 February 2007, Management and trade unions signed an agreement to set up a Group Savings Plan.

An amendment to the Group savings plan was agreed on 21 December 2012, after the change in the mutual funds proposed in the Group Savings Plan (PEG).

The Board of Directors of the Company decided on 9 February 2015 to launch a capital increase reserved for employees and former employees of the Group. The subscription price has been set to €0.56 per share, corresponding to 80% of the average price of the twenty trading days prior to the subscription had been opened from 9 to 29 March. 1,045 employees or former employees subscribed to the capital increase (out of a total of 4,697 beneficiaries, i.e. a subscription rate of 22.25%). Total subscriptions amounted to approximately €1.5 million. This operation has consequently given rise to 4,569,773 new share subscriptions.

SUPPLEMENTARY RETIREMENT SCHEME

On 22 November 2007, Management and trade unions signed an agreement to implement a supplementary retirement scheme. This agreement provided for:

- a PERCO (Collective Retirement Savings Plan) that tops up employee contributions with an employer contribution. For 2008 and subsequent years, the maximum annual employer contribution is €502 gross for an employee contribution of €1,500. To launch the PERCO plan in 2007 and enable as many employees as possible to participate, the maximum employer contribution was €701 for an employee contribution of €1,500. An amendment was also signed on 21 December 2012 following the modification of the mutual funds available under the PERCO plan;
- a defined-contribution supplementary retirement plan, pursuant to Article 83 of the French Tax Code, for Group subsidiary managerial staff ("cadres") with effect as of 1 January 2008. Membership of this plan is compulsory and requires a contribution of 5.50% of the employee's tranche B and C remuneration (i.e. above the maximum tranche A remuneration limit of €3,269 per month in 2017). Employees pay 40% of this contribution (2.20%) and the Company pays the remaining 60% (3.30%). An amendment was signed on 29 October 2013 to allow the participating employees to make additional and voluntary contributions into the supplementary retirement plan, pursuant to Article 163 quater vicies of the French Tax Code.

7.4.5 VOTING RIGHTS

All registered shares in the Company that are fully paid up and have been registered in the name of the same shareholder for at least two years carry a double voting right (see section 7.2).

7.4.6 SHAREHOLDER AGREEMENTS

By letter dated 17 March 2017, the Autorité des marchés financiers and the Company were informed of the signing, on 13 March 2017, of a shareholders' agreement between Paulson Credit Opportunities Master Ltd, PAC Credit Fund Limited companies (together, "Paulson"), Monarch Master Funding 2 S.a.r.l (Luxembourg), Monarch Property Holding I SARL (together, "Monarch"), Amber Global Opportunities Master Fund Ltd and Amber Global Opportunities Limited (together, "Amber"), which declared that they were acting in cooperation.

The Autorité des marchés financiers (the "AMF") were notified of the conclusion of this shareholders' agreement, which governs the relations between the members of the cooperation concerning SoLocal Group shares (the "Agreement"), by members of the cooperation when requesting a exception from the obligation to file a tender offer for the SoLocal Group shares that was published in the AMF decision dated 23 December 2016 (D&I 216C2924).

In addition to governance provisions, the principal terms of the Agreement relating to the transfer of securities are described below:

a) the members of the cooperation will have to consult with one another before any acquisition of SoLocal Group shares;

b) the members of the cooperation are prohibited from any acquisition of SoLocal Group shares which would have the effect of crossing a threshold of mandatory tender offer (unless a dispensation had been obtained from the AMF prior to said acquisition);

c) members of the cooperation are forbidden from selling SoLocal Group securities representing less than 4,000 SoLocal Group shares;

d) the members of the cooperation will benefit from a tag-along option in the event of transfer of SoLocal Group securities representing at least 4,000 SoLocal Group shares by any other member of the cooperation, provided that said transfer takes place in the context of an investment procedure (meaning in accordance with the terms of a transfer agreement with a guarantee agreement entered into with one or more financial institutions allowing the sale of the securities at a fixed price or in the context of the accelerated order bookbuild (ABB)), it being specified that the transferor must notify the other members of the cooperation of the number of securities covered by the investment, the proposed minimum sale price, the terms and conditions of the proposed sale and the timetable proposed for the launch of the investment); and

e) the restrictions on SoLocal Group share transfers above do not apply (i) in the event of free transfers to an affiliate of a cooperation member under the conditions set out in Article 8 of the Agreement, (ii) in the event of a tender offer by a third party on SoLocal Group shares, (iii) in the event of a transfer of securities on the market and (iv) in the event of a private sale concerning the transfer of securities in cash.

The Agreement was signed and entered into force on 13 March 2017 and must expire 2 years from 23 December 2016 (date of obtaining the aforementioned dispensation). It will end automatically (i) if the aggregate holding of the members of the cooperation becomes less than 5% of the capital or voting rights of SoLocal Group and (ii) with respect to Paulson, Monarch or Amber, if such a member were to hold less than 10 shares of SoLocal Group.

By letter received 24 March 2017, the AMF was informed of the lapse of the Agreement and the end of the concerted action between the companies Paulson, Monarch and Amber vis-à-vis the Company. By the same letter, Paulson, Monarch and Amber declared that they had crossed the 5% threshold of the capital and voting rights of the Company on 24 March 2017, and no longer held any shares of SoLocal Group.

7.4.7 PLEDGES

In connection with the issue of the Bonds (see Notes 10.5 and 10.6 to the consolidated financial statements in chapter 6 of this document), the Company has created a pledge of financial securities in favour of the bondholders covering all of the bonds. the PagesJaunes shares that it holds as collateral for all amounts due (in principal, interest, commissions, fees and expenses) by the Company in respect of the Bonds.

7.5 DIVIDEND DISTRIBUTION POLICY

DIVIDEND FOR 2010

The General Shareholders' Meeting of 7 June 2011 approved the payment of a dividend of €0.58 per share.

DIVIDEND FOR 2011

The General Shareholders' Meeting of 6 June 2012 decided not to pay a dividend for 2011.

DIVIDEND FOR 2012

The General Shareholders' Meeting of 5 June 2013 decided not to pay a dividend for 2012.

DIVIDEND FOR 2013

The General Shareholders' Meeting of 19 June 2014 decided not to pay a dividend for 2013.

DIVIDEND FOR 2014

The General Shareholders' Meeting of 11 June 2015 decided not to pay a dividend for 2014.

DIVIDEND FOR 2015

The General Shareholders' Meeting of 19 October 2016 decided not to pay a dividend for 2015.

DIVIDEND FOR 2016

The General Shareholders' Meeting of 13 June 2017 decided not to pay a dividend for 2016.

DIVIDEND FOR 2017

The SoLocal Group Board meeting decided to propose to the Annual General Shareholders' Meeting approval of the 2017 financial statements and not to pay a dividend for 2017.

7.6 MAIN RELATED-PARTY TRANSACTIONS

7.6.1 SERVICE AGREEMENTS

No members of the Board of Directors and no Chief Executive Officers have a service agreement with the Company or with one of its subsidiaries that provides for benefits upon contract termination.

7.6.2 RELATED-PARTY TRANSACTIONS

The following agreements and/or commitments are subject to Article L. 225-38 of the French Commercial Code and were entered into in 2017, or in a previous year and were still in effect in 2017:

- the terms and conditions of Mr Jean-Pierre Remy's term of office as Chief Executive Officer (specified in the table in Part II of the corporate governance report in section 4.2 of this document and in the 2017 Sapin Act report), previously approved by the Board of Directors in its meeting on 17 May 2009;
- the terms and conditions of Christopher Pingard's Deputy Chief Executive Officer's compensation, severance pay and non-compete obligations (specified in the table in Part II of the government's report on company listed in section 4.2 of this document and in the 2017 Sapin Act report), previously approved by the Board of Directors in its meetings of 26 October 2011, 13 December 2016 and 11 October 2017;
- the terms and conditions of Mr Éric Boustouller's term of office as Chief Executive Officer (specified in the table in Part II of the corporate governance report in section 4.2 of this document and in the 2017 Sapin Act report), previously approved by the Board of Directors in its meeting of 11 July 2017.

7.6.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

General Shareholders' Meeting for the approval of the financial statements for the financial year ended 31 December 2017

To the General Meeting of the Shareholders of SoLocal Group,

In our capacity as your Company's auditors, we present below our report on regulated agreements and commitments.

Based on the information provided, we are required to report to shareholders on the characteristics, main terms and conditions of and the grounds for the Company's interest in the agreements and commitments that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. Under Article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We are also required to report to you the information set out in Article R. 225-31 of the French Commercial Code regarding operations carried out during the past financial year under agreements and commitments approved by shareholders in previous years.

We have performed those duties deemed necessary by us in accordance with the professional guidelines of France's national auditing body, the CNCC, as applicable to this engagement. These duties consisted of verifying the consistency of the information given to us with the contents of the source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

No agreements or commitments were authorised and signed during the past financial year to be submitted for the approval of the General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

A. Agreements and commitments approved in past financial years, some of which were executed during the financial year

In accordance with Article R. 225-30 of the French Commercial Code, we were informed of the continuation of the following agreements and commitments, approved by shareholders in prior years, some of which were executed during the financial year just ended.

1. WITH MR JEAN-PIERRE RÉMY, YOUR COMPANY'S CHIEF EXECUTIVE OFFICER UNTIL 30 JUNE 2017

Nature and purpose

The Board of Directors, meeting on 17 May 2009 and 10 March 2014, authorised the terms and conditions, including financial, of the appointment as Chief Executive Officer of Mr Jean-Pierre Rémy, which included a certain number of commitments made to his advantage and the benefits granted.

Mr Jean-Pierre Rémy resigned from his office as Chief Executive Officer in May 2017 and left his position on 30 June 2017.

Terms and conditions

Severance payment

The commitment stipulated severance pay that Mr Rémy may receive were he forced to leave the Company as a result of a change in its control or strategy, or of a change in the execution of its strategy. The amount of this severance pay was to be equivalent to his gross annual all-inclusive remuneration (both fixed and variable with targets achieved), provided that Mr Jean-Pierre Rémy achieved at least 80% of his objectives over the last three years. The severance payment would be made only after the Board of Directors verified that Mr Remy's performance obligation had been achieved.

Your Board of Directors, meeting on 22 May 2017, noted the resignation of Mr Jean-Pierre Rémy from his office as Chief Executive Officer, the latter having expressly waived receiving any severance pay related to his departure.

Non-competition obligation

A non-competition obligation was to have been placed on Mr Jean-Pierre Rémy in the event of termination of his office as Chief Executive Officer. This obligation would not have exceeded twenty-four months and would have covered all of France.

Your Company had the option to release Mr Rémy from this non-competition clause by informing him of its decision to do so no later than fifteen calendar days after the Board of Directors' meeting where the termination of Mr Remy's term of office as Chief Executive Officer was acknowledged or decided.

After meeting on 30 May 2017, the Board of Directors decided to release Mr Jean-Pierre Rémy from his non-competition obligation and consequently not to make the severance payment.

Supplementary pension Scheme

Mr Jean-Pierre Rémy also benefits from the defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.5% applied to remuneration tranches B and C. The Company pays 60% of this contribution, i.e. 3.3%, with the remaining 40% being payable personally by the Chief Executive Officer, i.e. 2.2%.

The employer's contribution paid by your Company for the financial year 2017 was €4,531.

2. WITH MR CHRISTOPHE PINGARD, THE COMPANY'S DEPUTY CHIEF EXECUTIVE OFFICER UNTIL 15 DECEMBER 2017

Nature and purpose

The Board of Directors, in its meetings on 26 October 2011 and 13 December 2016, had authorised the terms and conditions, including financial, of the appointment as Deputy CEO of Mr Christopher Pingard, which included a certain number of commitments made to his advantage and the benefits granted.

The Combined Shareholders' General Meeting of 9 March 2018 repeated its approval, given previously during the Combined Shareholders' General Meeting on 13 June 2017, of commitments made in favour of Mr Christophe Pingard, given the extension until 15 December 2017 of his appointment as Deputy CEO, which was not renewed by decision of the Board of Directors at its meeting on 11 October 2017. These commitments related to the award of severance pay, payment of which was subject to certain conditions, including performance and a non-competition obligation.

Terms and conditions

Severance payment

The commitment stipulated a severance payment which could be made to Mr Christophe Pingard in the event of a forced departure from the Company and related to a change of control or strategy, or the implementation of this strategy, the amount of said severance pay being equal to twelve months' remuneration, calculated on the basis of the average total gross monthly remuneration (fixed and variable) for the last twelve months of his term of office.

As Mr Christophe Pingard left his office on 15 December 2017, the Board of Directors, meeting the same day, noted that the conditions for claiming severance pay (in particular the performance condition) had been met. Consequently, Mr Christophe Pingard received severance pay, the amount of which, determined under the abovementioned conditions, was €595,903.

Non-competition obligation

A non-competition obligation would have been implemented in the event of termination of office of Mr Christophe Pingard for any reason and in any form whatsoever. This obligation would not have exceeded twenty-four months and would have covered all of France.

The commitment stipulated appropriate severance pay to be paid in consideration for observing this non-competition obligation for twenty-four months would be twelve months of remuneration at the average monthly rate of the total gross remuneration over the last twelve months of Mr Christophe Pingard's term of office as Deputy Chief Executive Officer.

When Mr Pingard's employment was terminated, your Company could waive the non-competition obligation (in which case it would not have to pay the corresponding severance pay).

The Board of Directors, meeting on 15 December 2017, decided not to pay Mr Christophe Pingard severance pay amounting to €595,903 and consequently to release the latter from his non-competition obligation.

Supplementary pension scheme and other benefits

Mr Christophe Pingard also benefited from the defined-contribution supplementary retirement plan (Article 83 of the French Tax Code) resulting in a contribution of 5.5% applied to remuneration tranches B and C. The Company pays 60% of this contribution, i.e. 3.3% of the applicable remuneration tranches, with the remaining 40% being payable personally by the Deputy Chief Executive Officer, i.e. 2.2%.

The employer's contribution paid by the Company for the financial year 2017 was €8,684.

B. Agreements and commitments approved since the end of the last financial year

We would remind you that the following commitments, authorised and signed off during the past financial year, were the subject of our special report of 14 February 2018, which was presented at the Combined Shareholders' General Meeting of 9 March 2018, and which the latter approved.

WITH MR ERIC BOUSTOULLER, YOUR COMPANY'S CHIEF EXECUTIVE OFFICER WITH EFFECT FROM 11 OCTOBER 2017

Nature and purpose

The Board of Directors, meeting on 11 July 2017, authorised the terms and conditions, including financial, for the appointment as Chief Executive Officer of Mr Eric Boustouller, on a proposal by the Remuneration Committee. Among the commitments made by your Company, Mr Eric Boustouller will receive (i) under certain conditions, severance pay and/or compensation as consideration for a non-competition clause, as well as, by way of a benefit in kind, (ii) enrolment in a defined-contribution supplementary retirement plan.

Terms and conditions

Severance payment

In the event of a forced departure from your Company, in other words any departure other than following a resignation or a revoking of his term of office for gross misconduct, except, as regards resignation, if this is attributable to a change of control of your Company or a change of strategy decided by your Board of Directors, severance pay will be paid to the Chief Executive Officer under the conditions listed below:

- the amount of compensation will be equal to 18 months of the Chief Executive Officer's gross annual all-inclusive remuneration (fixed and variable with targets achieved);
- payment of the compensation will be subject to the following performance condition: the Chief Executive Officer must have achieved an average of at least 80% of his annual targets during the last three years. If his departure occurs less than 3 years after assuming office, the annual targets taken into account will be those which were applicable during the time he served at the Company;
- compensation will be paid only after the Board of Directors finds that the performance condition has been fulfilled.

Non-competition clause

The Chief Executive Officer will be subject to a non-competition obligation in the event of termination of his office, for any reason and in any form whatsoever, under the conditions listed below:

- the ban on competition will be limited to a period of 12 months commencing on the day he actually leaves office;
- the corresponding compensation will be equal, based on a period of non-competition of 12 months, to 6 months' total remuneration calculated based on the monthly average of his total gross remuneration for the last 12 months in office.

The Company may, on his leaving office, (i) waive the non-competition commitment (in which case it will not be required to pay the corresponding compensation) or (ii) reduce the period, scope of activities and/or the geographic area of said commitment (in which case the non-competition compensation amount will be reduced pro rata).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Supplementary pension Scheme

The Chief Executive Officer will benefit from a defined-contribution supplementary retirement plan (Article 83 of the French Tax Code), resulting in a contribution of 5.5% applied to remuneration tranches B and C, it being specified that 60% of this contribution will be paid by your Company, i.e. 3.3% of the applicable remuneration tranches, with the remaining 40% being payable personally by the Chief Executive Officer, i.e. 2.2%.

The employer's contribution paid by your Company for the financial year 2017 was €2,039.

Neuilly sur Seine and Paris La Défense, 20 April 2018

The Statutory Auditors

BEAS	AUDITEX
An entity of the Deloitte network	Member of the Ernst & Young Global Limited network
Joël Assayah	**Vincent de La Bachelerie**

7.7 SIGNIFICANT CONTRACTS

The Company has entered into a bank financing arrangement whose principal terms are presented in Note 10 to the consolidated financial statements and in Note 3 of the annual financial statements in Chapter 6 of this document.

As of this date, the Company has not signed any major contracts, other than those signed in the normal course of its business, that create a major obligation or commitment for the whole Group.

ADDITIONAL INFORMATION 8

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8.1 PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

8.1.1 RESPONSIBILITY FOR THE REFERENCE DOCUMENT

The responsibility for this document is assumed by Mr Pierre Danon, Chairman of the Board of Directors, and Mr Éric Boustouller, Chief Executive Officer of SoLocal Group.

8.1.2 ATTESTATION OF THE PERSONS RESPONSIBLE FOR THIS DOCUMENT

We hereby attest that the information in this document is accurate and contains no omissions which could limit the scope of its relevance, to the best of our knowledge and after having taken all reasonable measures to ensure the validity of this information.

We hereby attest that to the best of our knowledge, the financial statements were prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial position and net income of the Company and of all the consolidated companies, and that the management report provided in Section 6 of this document is an accurate reflection of the development of the business activities, performance and financial position of the Company and of all the consolidated companies, as well as a description of the main risks and uncertainties they face.

We have obtained a letter from the Statutory Auditors stating that they have completed their work and verified the information on the financial position and accounts provided in this document and read through the entire document.

MR PIERRE DANON

Chairman of the SoLocal Group Board of Directors

MR ÉRIC BOUSTOULLER

Chief Executive Officer of SoLocal Group

8.2 STATUTORY AUDITORS

BEAS

Represented by Joël Assayah
195, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
Member of the compagnie régionale de Versailles

Appointed Co-Statutory Auditor of the Company by decision of the Combined General Shareholders' Meeting on 19 October 2016 for a term of six years expiring at the end of the General Shareholders' Meeting which in 2022 shall approve the corporate financial statements for the financial year ended 31 December 2021.

AUDITEX (ERNST & YOUNG GROUP)

Represented by Vincent de La Bachelerie
Tour First
1, place des Saisons
92400 Courbevoie – Paris-La Défense 1
Member of the compagnie régionale de Versailles

Appointed Co-Statutory Auditor of the Company by decision of the Combined General Shareholders' Meeting on 19 October 2016 for a term of six years expiring at the end of the General Shareholders' Meeting which in 2022 shall approve the corporate financial statements for the financial year ended 31 December 2021.

The Statutory Auditors' fees are presented in Note 17 to the consolidated financial statements.

8.3 DOCUMENTS MADE AVAILABLE TO THE PUBLIC

The Articles of Association, minutes of General Shareholders' Meetings, Statutory Auditors' reports and other corporate documents may be consulted at the Company's registered office. Moreover, all regulatory information provided for under Article 221-1 of the General Regulations of the AMF (the French financial markets authority), certain information on the Group's organisation and business activities, and an up-to-date version of its Articles of Association are available on the Group's website at www.solocalgroup.com.

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8.4 FINANCIAL FORECAST CALENDAR

Date	Event
24 April 2018 post stock market	Communication on the Group revenues for the first quarter 2018
14 June 2018	Annual General Shareholders' Meeting
25 July 2018 post stock market	Communication on the 2018 half-yearly results
24 October 2018 post stock market	Communication on the Group revenues for the third quarter 2018

8.5 CONCORDANCE TABLE

Cross-reference table of the registration document to identify the information provided for in Annex I to Regulation (EC) No. 809/2004 of 29 April 2004

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The cross reference table below identifies the main information provided for in the financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF General Regulation

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GLOSSARIES

Advertizing representative: an individual or legal entity responsible for selling advertizing space in content produced by a third party, and whose rights and obligations are defined by an advertizing representation contract.

Audiences (visits indicator measured by SoLocal Group):

- Syndication: indirect audiences on PagesJaunes contents, excluding PagesJaunes digital media (such as Bing, Yahoo!, Ooreka, etc.);
- Direct & SEO:
  - SEO & affiliates: audiences on PagesJaunes digital media originating from affiliated partners (MSN, Nosibay, Free & Alice, Planet, L'internaute) and search engines (SEO: Search Engine Optimisation),
  - PagesJaunes: audiences that are result of users' expressed intent to access the PagesJaunes digital media (direct access and brand research on a search engine).

Average cost of total debt:

- Weighted average cost of bank debt and bond borrowings annualised if the period is less than 12 months.

Company: the holding company SoLocal Group SA.

Consolidated Group: the Consolidated Group refers to the group of companies formed by the Company, all of its subsidiaries (with the exception of PagesJaunes Outre-Mer which is not consolidated) and the SoLocal EIG.

Consolidated Group revenues: the Group's revenues taking into account activities pursued and activities divested or ceased.

Digital Marketing penetration rate: average number of customers of the period under consideration owning a product from the Digital Marketing line, related to the number of average customers owning a product from the Local Search line over the same period.

Digital Marketing revenues: the revenues concern Digital Marketing focused on three product lines:

- transactional services: in particular making appointments with doctors (PagesJaunes Doc) and reservations and ordering meals from restaurants (PagesJaunes Resto) and tips from businesses. SoLocal Group has abandoned the not very loyalty-building "daily deals", and now focuses on the good deals from PagesJaunes more valued by its customers;
- local programmatic: SoLocal Group focuses exclusively on local programmatic with the strongest growth opportunities The Group is stepping up its investments in this technology making use of the wealth of its local data and the success of its ADhesive offer launched at the beginning of the year;
- websites and contents: this product line is today the flagship activity of the Group's Digital Marketing. Largely present abroad through partnerships or its subsidiaries (QDQ, Leadformance, SoLocal UK), the Group continues to develop these activities to ensure the best possible way of showcasing the local know-how of its customers.

Directory: a directory is a compilation of lists of professionals and/or individuals, the subscribers of a fixed-line or mobile operator, for publication alphabetically or by professional category on printed or electronic media.

EBITDA (earnings before interests, taxes, depreciation and amortisation): EBITDA is equal to annual revenues after the deduction of net external charges, salaries and social security contributions (including employee profit-sharing and share-based payments) and restructuring and integration costs.

Group: Group means the group of companies formed by the Company and all of its subsidiaries and the SoLocal EIG (economic interest group).

Internet revenues:

- Sum of the revenues of the Local Search and Digital Marketing activities (see description in chapter 6.1).

Intranet: a local network that uses the same protocols and technologies as the Internet, but which privately connects computers, i.e. without being open to all Internet users. Examples: corporate Intranet, community Intranet, etc.

Local Search ARPA: revenues for the period under consideration related to the average number of customers for the period.

Local Search revenues: the revenues relate to the Local Search business consisting of local communication services offered by the Group on its own sites, in particular PagesJaunes, Mappy, Ooreka (new name of ComprendreChoisir), A Vendre A Louer or its partners, in particular Google, Bing, Apple, Facebook.

Net external expenses:

- include external purchases: mainly printed publishing costs (cost of paper, printing and distribution of printed directories), database costs, information system development and operating expenses, communication and marketing expenses, and overhead;
- and also include other operating income and expenses: mainly comprised of duties and taxes, of certain provisions for risks, and provisions for customer risks;
- do not include extraordinary expenses, such as provisions for the move to new headquarters planned in 2016.

Net financial debt:

- Total gross financial debt, plus or minus the fair net asset value of derivative instruments used for hedging purposes and minus cash and cash equivalents.

Number of Local Search customers: average number of customers for the period (average of the customers present at the beginning and at the end of the period considered) owning a product from the Local Search line.

Number of unique visitors to a site: number of Internet users/mobile users/tablet users who visited a site in a given month.

PagesJaunes or PagesJaunes SA: the company PagesJaunes SA.

Print & Voice revenues:

- The sum of revenues generated by, firstly, the "printed directories" business, consisting of the publication, distribution and sale of advertizing space in printed directories (PagesJaunes, PagesBlanches) and, secondly, activities in connection with traditional direct marketing (telemarketing, logistics, posting mailings), telephone and SMS directory enquiry services (118 008), the QuiDonc reverse directory.

Publisher: the individual or legal entity that assumes responsibility for the content it publishes.

Reach (audience indicator created and published by Nielsen Médiamétrie):

- Number of unique visitors to a site: the number of Internet users/mobile users/tablet users who visited a site in a given month;
- Reach (Website reach rate): the number of unique visitors of a website, expressed as a percentage of a reference population during a given month.

The Group's Reach only concerns its own services. None of the "syndication" external partner media outlets is taken into account in this indicator.

Recurring EBITDA: EBITDA excluding exceptional items

Salaries and charges:

- Include personnel expenses for all SoLocal Group personnel categories, but exclude legal employee profit-sharing, share-based payments and restructuring costs (i.e. the "PSE", Employment Protection Plan).

SEO & affiliates: audiences on PagesJaunes digital media originating from affiliate partners (MSN, Nosibay, Free & Alice, Planet, L'internaute) and search engines (SEO: Search Engine Optimisation)

Syndication: indirect audiences on PagesJaunes contents, excluding PagesJaunes digital media (such as Bing, Yahoo!, Ooreka, etc.).

NOTES

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SOLOCAL GROUP

Société anonyme with share capital of €58,331,900.40
RCS Nanterre 552 028 425

Head office

204 Rond-Point du Pont de Sèvres
92649 Boulogne-Billancourt Cedex

0 800 818 454 Service & appel gratuits

actionnaires@solocalgroup.com

www.solocalgroup.com