technicolor

PRESS RELEASE

Technicolor: First Quarter 2022 Results

Paris (France), May 5th, 2022 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) is today announcing its results for the first quarter 2022. The Board of Directors of Technicolor SA, meeting on May 5th, 2022, approved the Group's first quarter 2022 accounts and guidance.

- **Good set of results with strong performance across all divisions leading to improved financial performance of the Group compared to the first quarter 2021, despite current supply constraints with:**
    - **Revenues of €756 million,** approximately flat at constant exchange rates and up 6.6% at current exchange rates;
    - **Adjusted EBITDA of €55 million, up €16 million** (+€11 million at constant exchange rate), with margin improving by 169 basis points to 7.2% of revenues;
    - **Free Cash Flow before Financial and Tax of €(126) million, up €74 million** (+€81 million at constant exchange rate);
- **Technicolor confirms its 2022 guidance[1];**
- **The 65% partial spin-off of Technicolor Creative Studios is on track to be completed in the third quarter of 2022.**

Richard Moat, Chief Executive Officer of Technicolor, said:

"Technicolor's divisions continued to perform in line with our expectations, despite facing ongoing headwinds in key components supply, logistics and talent recruitment. With a robust demand across most of our businesses, I am pleased to confirm this year's guidance.

Following the restructuring executed within our divisions, the company has gained significant operating leverage, which is highlighted by the constant progress in our margins and cash flow generation.

While our teams have been doing a great job handling our day-to-day operations, we have also made significant progress in the partial spin-off of TCS along with the full refinancing of our existing debt. We are well on track to have two new independent companies in the third quarter of 2022.

This operation is a unique opportunity to ensure both TCS and Technicolor Ex-TCS have the adequate capital structure to support their development, long-term ambitions and organic growth. With the spin-off and the debt refinancing, we intend to create two independent market leaders in their respective sectors, with solid foundations for long term growth."

[1] *As presented in February 24th, 2022 press release, guidance numbers presented in this press release reflects changes in accounting methods (IFRIC adjustments on Saas) and do not take into account the spin-off of TCS.*

I- Q1 2022 key highlights and 2022 Outlook

In € million, continuing operations	Q1			
	2022	2021	*Actual Change*	*Change at constant rate*
Revenues	756	709	*6.6%*	*-0.3%*
Adjusted EBITDA	55	39	*39.1%*	*28.6%*
As a % of revenues	*7.2%*	*5.5%*	*169 bps*	*161 bps*
Adjusted EBITA	14	(4)	*na*	*na*
Free Cash Flow before Tax & Financial	(126)	(200)	*37.1%*	*40.7%*

First quarter 2022 registered a good set of results, despite a trading environment still marked by two conflicting trends: strong demand for TCS and Connected Home products, but persistent fulfillment difficulties.

First quarter 2022 Adjusted EBITDA of €55 million improved by €11 million (+28.6%) at constant exchange rate, mainly thanks to higher revenues and improved performance at TCS and improved EBITDA at Connected Home. Margin improved by 169 basis points to 7.2% of revenues, resulting from the significant cost savings and operating efficiencies achieved across all divisions. This resulted in a +€16 million adjusted EBITA improvement at constant rate compared to the first quarter 2021.

Free Cash Flow from continuing operations before financial and taxes amounted to €(126) million compared to €(200) million in the first quarter 2021, mainly thanks to better operating performance and lower change in working capital requirements at Connected Home, along with lower restructuring expenses.

Outlook

The Group confirms its 2022 guidance:

- Demand for Technicolor Creative Studios' highest quality VFX artistry and cutting-edge technology is expected to continue to grow significantly throughout 2022. The division has been awarded multiple new projects, resulting in approximately 80% of the revenue pipeline for MPC and Mikros Animation being already committed for 2022. For example, the number of feature animation projects in production has grown from two in 2019 to six features in 2022. The difficulty in delivering all pipeline projects remains the main challenge for 2022, as a consequence of the shortage of talent in the market. Significant investment in artist recruitment, retention and training (including TCS Academy programs) continues;
- Worldwide demand for Connected Home broadband equipment is expected to remain strong in 2022, as customers seek to improve their connectivity. However, ongoing component shortages and pricing challenges will continue to impact our ability to serve end customer demand throughout 2022. Nonetheless, efficiency measures, gradual improvements in delivery and continuous discussions with both suppliers and customers should continue to help offset these headwinds. While we do not have any assets or direct customers or suppliers in Russia and Ukraine, the ongoing conflict has generated additional uncertainty in terms of supply. This has led to an increase in transit times to some European customers, as we transition from rail to sea transportation for products that used to move through Russia. The Group is extending its existing action plans, and is maintaining continuous discussions with both suppliers and customers to compensate for these potential factors;
- In DVD Services, higher year-on-year new release volumes are expected as theatrical attendance continues to normalize, but this will be slightly offset by lower catalog volumes. This should be further mitigated by continuing cost efficiencies. As part of the Group's plan to accelerate the diversification of the business, the division is continuing to work on significantly expanding non-disc activities.

The Group delivered €171 million of cost savings in 2020, and €116 million in 2021. These results, combined with continuous improvements in efficiency, are keeping Technicolor on track to deliver a cumulative €325 million in run rate cost savings by the end of 2022.

As a result, the Group Technicolor confirms its 2022 guidance:

- Revenues from continuing operations are expected to grow;
- Adjusted EBITDA from continuing operations of €375 million or €361 million excluding Trademark Licensing;
- Adjusted EBITA from continuing operations of €175 million or €161 million excluding Trademark Licensing;
- FCF from continuing operations, before financial results and tax of €230 million or €217 million excluding Trademark Licensing.

2022 guidance assumes €/$ exchange rate of 1.15. As presented on February 24th, 2022, 2022 guidance numbers reflect changes in accounting methods (IFRIC adjustments on Saas), and do not include the TCS spin-off.

II- Update on Technicolor's intention to list 65% of Technicolor Creative Studios and on the early (two years in advance of maturity) refinancing of Technicolor's existing debt

The Group is making good progress on the implementation of the Technicolor Creative Studios (TCS) spin-off plan and of the refinancing of its debt:

- An Extraordinary General Meeting for the approval of the Mandatory Convertible Notes (MCN) will be held on May 6th at 12pm CEST;
- The Capital Market Days for TCS and Technicolor Ex-TCS will take place in London on June 14th, 2022;
- The Company's Annual and Extraordinary Shareholders Meeting to approve the 2021 accounts and the spin-off will take place on June 30th, 2022.

In addition, Technicolor is working on its debt refinancing:

- Subject to ongoing discussions, Technicolor ex-TCS debt would include €300 – €375 million of private debt and an Asset-Based Lending (ABL) Facility;
- Technicolor Creative Studios financing package would include a €575 - €650 million Term Loan and a €40 million Revolving Credit Facility.

The Group has also appointed the leadership teams for the two new entities.

Technicolor Ex-TCS:

- Richard Moat, current CEO of Technicolor, will be appointed Chairman of Technicolor Ex-TCS;
- Luis Martinez-Amago, current President of Connected Home, will be appointed CEO of Technicolor Ex-TCS;
- Lars Ihlen, current CFO of Connected Home, will be appointed CFO of Technicolor Ex-TCS;
- DVD Services Business Division will continue to be headed by David Holliday;
- Connected Home Business Division will remain under the authority of Luis Martinez-Amago with François Allain being appointed as Deputy President in charge of the operational management of Connected Home, in addition to his current COO role.

Technicolor Creative Studios (TCS):

- Anne Bouverot, current Chairperson of Technicolor, will be appointed Chairperson of TCS;
- Christian Roberton, current President of TCS, will be appointed CEO of TCS;
- Laurent Carozzi, current CFO of Technicolor, will be appointed CFO of TCS and will oversee Finance, M&A and Strategy;
- The four Business Divisions will continue to be headed by the current brand leaders – Thomas Williams for MPC, Andrea Miloro for Mikros Animation, Joshua Mandel for The Mill and Jeaneane Falkler for Technicolor Games, and Production Operations will remain under Nathan Wappet.

Both the refinancing and the spin-off are expected to be completed in Q3 2022, subject to (i) the shareholders' approval of the issuance of the MCN on May 6th, 2022, (ii) the shareholders' approval of the terms of the spin-off, (iii) the completion of the refinancing discussions with creditors on terms satisfactory to Technicolor Ex-TCS and TCS and (iv) customary conditions, consultations and regulatory approvals.

III- Segment Review – First Quarter 2022 Results Highlights

Technicolor Creative Studios

Technicolor Creative Studios revenues amounted to €198 million in the first quarter 2022, up 41.6% at current exchange rate and up 33.4% at constant rate compared to Q1 2021. Excluding the Post-Production business divested in April 2021, revenue growth was 66.1% at current exchange rate and 56.5% at constant rate compared to Q1 2021. This improvement resulted from the significant demand for original content and rising advertising spend, which together drove double-digit revenue growth for each business line compared with the first quarter 2021, which still suffered from pandemic-related impacts on production. More specifically in the first quarter 2022:

- At MPC, revenues were up significantly driven by the continued ramp-up in production of major theatrical projects, as well as increasing contributions from all the major streaming platforms;
- At The Mill, advertising revenues grew across all key markets, particularly in the U.S.;
- At Mikros Animation revenues were up mainly as a result of higher volumes in feature animation projects;
- At Technicolor Games, revenues were higher thanks to greater production capacity.

Adjusted EBITDA amounted to €26 million (13.0% margin), up €10 million compared to Q1 2021 at constant rate, and Adjusted EBITA was €11 million, up €12 million compared to Q1 2021 at constant rate. Significant margin improvement compared to Q1 2021 resulted from the positive impacts of the revenue increase combined with multiple operational transformation programs. Q1 2022 margin was partly reduced by higher costs originating from the market shortage of talent, which resulted in higher labor costs to complete major projects. While TCS staff increased from approximately 10,700 at the end of December 2021 to approximately 11,800 at the end of March 2022, the Group is actively working on accelerating its recruiting and training plan. The difficulty to deliver on all projects remains the main challenge for 2022.

Connected Home

Connected Home revenues totaled €408 million in the first quarter 2022, down 4.6% at current exchange rate and down 11.3% at constant exchange rates compared the same period in 2021. Sales volumes[2] continued to be impacted by the worldwide semiconductor crisis combined with supply chain disruptions, limiting the division's ability to fully satisfy the strong demand from its customers. Specifically, the underlying demand for the first quarter 2022 was higher than actual sales.
The division continues to focus on selective investments in key customers, platform-based products and partnerships, and on optimizing fixed costs.

Adjusted EBITDA was €31 million in the first quarter 2022 (up 8.0% at constant exchange rate), or 7.7% of revenue, compared to 6.3% of revenues in the first quarter 2021. Margin improvement is resulting from operating efficiencies and cost savings offset by lower volumes and their additional margin impact. Q1 2022 Adjusted EBITA was €14 million, representing a 27.2% increase compared to the first quarter 2021 at constant rate, representing 3.4% of revenues in the first quarter.

The division continues its collaboration with clients and suppliers to maximize deliveries, and to mitigate potential profitability and working capital impacts. A significant portion of cost increases is currently passed through to customers.

[2] *Revenue break-down by region and products is available in Appendix 1 "Business highlights by division" of this press release.*

DVD Services

DVD Services revenues totaled €150 million in the first quarter 2022, up 8.2% or 2.2% at constant exchange rate compared with first quarter 2021. Despite lower disc volumes year-on-year[3] (-16.5%), revenue increased driven by the performance of new growth businesses (notably transportation management and vinyl).

In the first quarter 2022, **adjusted EBITDA** amounted to €5 million (vs. €4 million in the first quarter 2021), or 3.1% of revenues. EBITDA margin is flat compared with the first quarter 2021, as the significant footprint optimization, headcount reductions and higher activity in non-disc activities were offset by the impacts of lower disc volumes, and higher labor costs in North America and Mexico. DVD Services continued to adapt distribution and manufacturing operations, and related customer contract agreements, in response to continued volume reductions.

Corporate & Other

On February 24th, 2022 the Group announced that it had received a binding offer for the sale of its Trademark Licensing operations, for a cash amount of approximately €100 million, and closing is expected to take place by the end of the second quarter 2022. As a result, the Group has accounted for Trademark Licensing operations as discontinued operations as from January 1, 2021.

Corporate & Other revenues amounted to €1 million, compared with €4 million in the first quarter 2021. Adjusted EBITDA amounted to €(7) million, and Adjusted EBITA was €(8) million.

IV- Results analysis

P&L analysis

	Q1			
In € million	**2022**	2021	Actual Change	Change at constant rate
Revenues from continuing operations	**756**	**709**	*6.6%*	*-0.3%*
Adjusted EBITDA from continuing operations	**55**	**39**	*39.1%*	*28.6%*
As a % of revenues	*7.2%*	*5.5%*	*169 bps*	*161 bps*
D&A[1] & Reserves[2], w/o PPA amortization	(41)	(43)	*6.0%*	*11.8%*
Adjusted EBITA from continuing operations	**14**	**(4)**	*na*	*na*
As a % of revenues	*1.9%*	*-0.6%*	*na*	*na*
PPA amortization	(10)	(9)	*7.2%*	*-0.2%*
Non-recurring items	(5)	(15)	*69.1%*	*69.9%*
EBIT from continuing operations	**(1)**	**(29)**	*97.9%*	*95.0%*
As a % of revenues	*-0.1%*	*-4.0%*	*412 bps*	*424 bps*
Net financial income (loss)	(34)	(32)	*-4.4%*	*-3.5%*
Income tax	(7)	(1)	*na*	*na*
Share of gain (loss) from associates	0	0	*na*	*na*
Profit (loss) from continuing operations	**(41)**	**(62)**	*33.6%*	*37.1%*
Net gain (loss) from discontinued operations	2	1	*na*	*na*
Net income (loss)	**(39)**	**(61)**	*36.0%*	*39.5%*

[1] Including IT capacity use for rendering in Technicolor Creative Studios of €(2)m in Q1 2022 and €0m in Q1 2021
[2] Risk, litigation and warranty reserves

[3] Volume break-down by product is available in Appendix 1 "Business highlights by division" of this press release.

First quarter 2022 revenues were up 6.6% (approximately flat at constant exchange rates). Excluding change in perimeter (i.e. excluding Post-Production), first quarter 2022 revenues would have been up 9.8% and 2.7% at constant exchange rates. Technicolor Creative Studios recorded a strong improvement in revenues, while Connected Home continued to be impacted by industry-wide key component shortages and supply chain disruption, which prevented the business from meeting strong customer demand in full.

First quarter 2022 Adjusted EBITDA improved by €16 million (+39.1%) to €55 million, or +28.6% at constant exchange rate. EBITDA growth was mainly driven by higher revenues and improved performance at TCS and improved EBITDA at Connected Home. Margin was 7.2%, up 169 basis points, resulting from the significant cost savings and operating efficiencies achieved across all divisions.

First quarter 2022 Adjusted EBITA of €14 million represented an €18 million improvement at current rate (+€16 million at constant rate) compared to the first quarter 2021. This resulted mainly from the EBITDA improvement.

EBIT from continuing operations was a €(1) million loss compared to a €(29) million loss in the first quarter 2021. This resulted from better operational performance, along with lower non-recurring items, mainly related to lower restructuring costs.

The financial result totaled €(34) million, compared to €(32) million in the first quarter 2021.

Income tax as up at €(7) million, compared to €(1) million, mainly due to TCS improved performance.

Net gain from discontinued operations amounted to €2 million compared to €1 million in the first quarter 2021.

The Group net loss therefore amounted to €(39) million in in the first quarter 2022, compared to €(61) million in the first quarter 2021.

FCF and debt analysis

In € million	Q1 2022	Q1 2021
Adjusted EBITDA from continuing operations	**55**	**39**
Capex	(35)	(23)
Non-recurring items (cash impact)	(17)	(24)
Change in working capital and other assets and liabilities[1]	(128)	(193)
Free Cash Flow from continuing operations before Tax & Financial	**(126)**	**(200)**
	31/03/2022	**31/12/2021**
Nominal gross debt (including Lease debt)	1,335	1,306
Cash and cash equivalents	(38)	(196)
Net financial debt at nominal value (non IFRS)	**1,297**	**1,110**
IFRS adjustment	(67)	(71)
Net financial debt (IFRS)	**1,230**	**1,039**

[1] *Including IT capacity use for rendering in Technicolor Creative Studios*

Free Cash Flow from continuing operations before financial and taxes improved to €(126) million compared to €(200) million in the first quarter 2021. This €74 million improvement mainly reflects positive impacts from:

- the **improved operating performance** (adjusted EBITDA was up €16 million);
- **lower working capital requirements** (+€65 million). **The change in working capital** was €(128) million compared with €(193) million in the first quarter 2021. This improvement came from

positive variation year-on-year at Connected Home as first quarter 2021 working capital was notably impacted by negative impact of reductions in supplier payment terms;

- lower non-recurring cash outflows (+€7 million), notably lower **cash restructuring** (+€12 million), principally at the Connected Home and DVD Services divisions.

These positive impacts were partly offset by:

- **capex** increase (€12 million) from €23 million to €35 million, mainly at Technicolor Creative Studios, mostly as a result of payment phasing (notably higher cash out for IT usage-based capex).

The cash position at the end of March 2022 was €38 million, compared to €196 million at the end of December 2021. Cash outflows over the period are mainly explained by negative free cash flow from continuing operations before financial and taxes of €126 million, and €29 million net cash interest paid over the period (compared to €27 million in the first quarter 2021). Free cash flow in the first quarter is always impacted by the seasonality of activities. Cash out for operating leases amounted to €10 million, compared to €15 million in the first quarter 2021. Total liquidity amounts to €78 million, with €40m of the Wells Fargo line available (€26m were drawn at the end of the quarter).

As a consequence, **net financial debt at nominal value** amounted to €1,297 million at the end of March 2022, compared with €1,110 million at the end of December 2021, mainly due to change in cash and cash equivalents. **IFRS net debt amounted** to €1,230 million as of March 31, 2022, compared with €1,039 million as of December 31, 2021.

An analyst audio webcast hosted by Richard Moat, CEO and Laurent Carozzi, CFO will be held today, May 5, 2022, at 6:30pm CET.

Indicative Timetable

MCN Extraordinary shareholders' meeting	May 6th, 2022
Capital Market Day for Technicolor Ex-TCS and TCS	June 14th, 2022
Technicolor's AGM and EGM	June 30th, 2022
H1 2022 results	July 28th, 2022
Spin-off of the TCS shares	Q3, 2022

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Warning: Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted, or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers. 2021 Universal Registration Document (Document d'enregistrement universel) has been filed with the French Autorité des marchés financiers (AMF) on April 5, 2022, under number D-22-0237 and an amendment to the 2021 URD has been filed with the AMF on April 29, 2022, under number D-22-0237-A01.

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About Technicolor:
www.technicolor.com

Technicolor shares are admitted to trading on the regulated market of Euronext Paris (TCH) and are tradable in the form of American Depositary Receipts (ADR) in the United States on the OTCQX market (TCLRY).

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APPENDIX

Appendix 1 –Business highlights by division

	Q1			
In € million	**2022**	2021	Actual Change	Change at constant rate
Revenues	**756**	**709**	*6.6%*	*-0.3%*
Technicolor Creative Studios	198	140	*41.6%*	*33.4%*
Connected Home	408	428	*-4.6%*	*-11.3%*
DVD Services	150	139	*8.2%*	*2.2%*
Corporate and Other	1	4	*-82.5%*	*-82.5%*
Adjusted EBITDA	**55**	**39**	*39.1%*	*28.6%*
Technicolor Creative Studios	26	14	*90.1%*	*77.6%*
As a % of revenues	*13.0%*	*9.7%*		
Connected Home	31	27	*15.9%*	*8.0%*
As a % of revenues	*7.7%*	*6.3%*		
DVD Services	5	4	*15.0%*	*4.5%*
As a % of revenues	*3.1%*	*3.1%*		
Corporate and Other	(7)	(5)	*-31.9%*	*-29.4%*
Adjusted EBITA	**14**	**(4)**	*na*	*na*
Technicolor Creative Studios	11	(2)	*na*	*na*
As a % of revenues	*5.6%*	*-1.5%*		
Connected Home	14	10	*36.6%*	*27.2%*
As a % of revenues	*3.4%*	*2.4%*		
DVD Services	(3)	(6)	*-50.1%*	*-51.6%*
As a % of revenues	*-2.0%*	*-4.2%*		
Corporate and Other	(8)	(6)	*30.2%*	*28.0%*

2021 and 2022 financial results include IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations as from January 1st, 2021.

Technicolor Creative Studios

MPC

Theatrical Films	Episodic and/or Streaming	Awards & Nominations
MPC was in production on nearly 20 theatrical films, incl.: Q1 deliveries: • *Elvis* (Warner Bros.) • *Sonic the Hedgehog 2* (Paramount) • *Three Thousand Years of Longing (FilmNation / MGM)* • *Where the Crawdad Sings* (Sony) Continuing productions at end of Q1: • *Aquaman and the Lost Kingdom* (Warner Bros.) • *Dungeons & Dragons* (Entertainment One / Paramount) • *The Little Mermaid* (Disney) • *The Lion King prequel* (Disney) • *Nope* (Universal) • *Transformers: Rise of the Beasts* (Paramount)	**MPC was in production on over 30 episodic and/or streaming projects, incl.:** Q1 deliveries: • *Hollywood Stargirl* (Disney+) • *Joe vs. Carole* (UCP / Peacock) • *Resident Evil* season 1 (Constantin / Netflix) • *Rise* (Disney+) • *Vikings: Valhalla* season 1 (MGM / Netflix) Continuing productions at end of Q1: • *The Boys* season 3 (Amazon) • *Chip 'n' Dale: Rescue Rangers* (Disney+) • *Halo* (Amblin / Showtime / Paramount+) • *House of the Dragon* (HBO) • *Prehistoric Plant* season 1 (BBC / Apple TV+) • *Pinocchio* (Disney+) • *Spaceman* (Netflix)	César Award for Best Visual Effects won for *Annette* BAFTA nomination for Special Visual Effects for Sony's *Ghostbusters: Afterlife* Three VES Award nominations, including a win for Outstanding Animated Character in a Photoreal feature for its work on Apple TV+'s *Finch*

The Mill:

The Mill contributed to approximately 1,000 projects during the quarter, including 34 Super Bowl projects— 29 of which were TV spots that aired during the game; and was nominated for and won several prestigious industry awards, including:

- Two VES Awards (Visual Effects Society), including Outstanding Animated Character in a Commercial for Smart Energy's *'Einstein Knows Best'* and Outstanding Compositing & Lighting in a Commercial for Verizon's *'The Reset'*
- Six British Arrows for Burberry's *'Festive'* (VFX Gold and Colourist Silver), Three's *'Real 5G'* (VFX Silver), BBC's *'Tokyo 2020 Olympics'* (CGI Silver), Verizon's *'The Reset'* (VFX Bronze), and Amazon's *'An Unlikely Friendship'* (CGI Bronze)

Notable projects during the quarter include Samsung's *'Love at First Sight'*, Samsung's *'Playtime Is Over'* and Pepsi's Super Bowl halftime trailer *'The Call'*.

Mikros Animation:

Mikros Animation announced a new collaboration with Netflix on *Charlie and the Chocolate Factory*, the upcoming animated event series based on the Roald Dahl book – written, directed and executive produced by Taika Waititi.

2021 and 2022 financial results include IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations as from January 1st, 2021.

Features	Episodic
Mikros Animation was in production on six feature projects, including: • *PAW Patrol: The Mighty Movie* (Spin Master Entertainment / Paramount) • *Thelma the Unicorn* (Netflix) • *The Tiger's Apprentice* (Paramount) • *Ozi* (GCI Film)	**Mikros Animation was in production on several series, including:** • *The Croods: Family Tree* seasons 1 & 2 (DreamWorks / Hulu / Peacock) • *Kamp Koral: SpongeBob's Under Years* (Nickelodeon/Paramount+) • *Mickey Mouse Funhouse* (Disney) • *Mira, Royal Detective* season 2 (Wild Canary / Disney) • *Rugrats* season 2 (Nickelodeon / Paramount+) • *Star Trek: Prodigy* season 1 (Nickelodeon / Paramount+) And IP projects including: • *ALVINNN!!! and the Chipmunks* season 5 (M6) • *The Coop Troop* (Sixteen South / Tencent co-production)

Technicolor Games:

During the first quarter 2022, Technicolor Games continued to work with major gaming clients like Capcom, Electronic Arts, Gameloft, Take-Two Interactive's 2K Sports and Rockstar Games, and Ubisoft. The team contributed to major Q1 releases like 2K Sports' *WWE 2K22*.

Connected Home

Revenues breakdown by region and product

	First quarter			
In € million	**2022**	2021	Actual Change	Change at constant rate
Revenues	**408**	**428**	**-4.6%**	**-11.3%**
o/w by region				
o/w Americas	280	288	-2.9%	-10.0%
North America	*244*	*264*	*-7.5%*	*-14.1%*
Latin America	*36*	*24*	*46.8%*	*34.4%*
o/w Eurasia	128	139	-8.1%	-14.1%
Europe, Middle East & Africa	*73*	*84*	*-13.4%*	*-19.7%*
Asia-Pacific	*55*	*55*	*0.0%*	*-5.5%*
o/w by product				
Video	**86**	**141**	**-39.1%**	**-42.9%**
Broadband	**322**	**287**	**12.4%**	**4.1%**

Key business highlights

Connected Home division continues its ongoing commitment to leveraging open and innovative technologies for Network Service Providers (NSPs) to deliver seamless connectivity and premium entertainment experiences to consumers:

- Availability of Cobra 5G, an indoor customer premises equipment (CPE) solution that provides an ultimate fixed wireless access (FWA) modem and high-fidelity Wi-Fi router functionality in a single enclosure. Cobra 5G leverages Connected Home application-oriented middleware, based on OpenWRT and RDK-B standards deployed in over 150 million homes. Thus, Cobra 5G allows operator to offer the same services to their FWA subscribers as they do for their fiber, copper, and cable customers;
- Connected Home division has partnered with Telstra, Australia's leading telecommunications and technology company, to deploy the new Smart Modem 3. The innovative CPE is a hybrid modem that not only provides reliable broadband access to Australia's National Broadband Network (NBN), but offers 4G network back-up to ensure continuous availability of high-speed connectivity. Beyond ensuring dependable broadband access to the home, Telstra's Smart Modem 3 also ensures pervasive connectivity throughout the home with the latest Wi-Fi 6 technology;
- Connected Home division has partnered with Bouygues Telecom to develop the Bbox 4K HDR, a futureproof and premium Android 4K UHD set-top box integrated with best-in-class Wi-Fi. This flexible open platform allows Bouygues Telecom customers to experience reliable IPTV-over-Wi-Fi and thus enjoy a broad spectrum of high-quality TV and Android TV services and applications -- including over-the-top (OTT) video content and gaming -- over high performing Wi-Fi.

On the Corporate Social Responsibility side:
- Technicolor has committed on climate change with Science Based Targets and is the only company in the connected home industry that has signed the 2050 Net-Zero Standard;
- Our relationships with our customers go beyond business: as part of the TIM Brasil's Positive Women project -- aimed at the employability of women -- that TCH CH has joined last year, we have participated in a virtual job fair for a week of professional and personal development through courses, workshops and employment opportunities.

DVD Services

	1st quarter		
In million units	**2022**	2021	% Change
Total Combined Volumes	**129.8**	155.5	*-16.5%*
By Format			
SD-DVD	87.7	111.3	*-21.2%*
Blu-ray™	33.4	36.8	*-9.2%*
CD	8.7	7.4	*17.6%*
By Segment			
Studio/Video	116.4	144.3	*-19.5%*
Games	2.3	2.1	*23.6%*
Music & Software	11.1	9.1	*22.5%*

Key commercial successes for non-disc activities:

Microfluidics:
- ISO 13485 (CA) with Solvent Bonding capability;
- New lab/capability in Poland beyond prototyping nearing completion end of Q2. Microfluidic cartridge and medical device engineering accredited in Poland, having passed EU IVDD standard audit (February 2021).

Vinyl
- Contracts with World's Top 3 Music companies: 1 has already been signed at the end of Q1 and 2 expected to be signed by end of Q2 2022;
- 2 large US independents in final contract negotiations.

Supply Chain/Fulfilment
- Major anchor client contract signed;
- Management of 50K consolidated shipments/day for some of the most prominent names in media &

consumer products.

Appendix 2 – Debt Structure

As part of the financial restructuring transaction completed in 2020, debt maturities were extended and new financings executed, reinforcing the Group's liquidity.

In million currency	Currency	Nominal Amount	IFRS Amount	Type of rate	Nominal rate (1)	Repayment Type	Final maturity	Moodys / S&P rating
New Money Notes	EUR	371	379	Floating	12.00%(2)	Bullet	Jun. 30, 2024	Caa1/B
New Money Term Loans	USD	118	120	Floating	12.15%(3)	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	467	407	Floating	6.00%(4)	Bullet	Dec. 31, 2024	Caa3/CCC
Reinstated Term Loans	USD	131	114	Floating	5.90%(5)	Bullet	Dec. 31, 2024	Caa3/CCC
Subtotal	**EUR**	**1,087**	**1,020**		**8.69%**			
Lease Liabilities(6)	Various	191	191	Fixed	8.20%			
Accrued PIK Interest	EUR+USD	25	25	NA	0%			
Accrued Interest	Various	5	5	NA	0%			
Wells Fargo Line	USD	26	26	Floating	5.25%	Revolving	Dec.31, 2023	
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,335**	**1,268**		**8.46%**			
Cash & Cash equivalents	Various	(38)	(38)					
Total Net Debt		**1,297**	**1,230**					

(1) Rates as of March 31, 2022.

(2) Cash interest of 6-month EURIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.

(3) Cash interest of 6-month USD LIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.

(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%.

(5) Cash interest of 6-month USD LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00%

(6) Of which €26 million are capital leases and €165 million is operating lease debt under IFRS 16

Appendix 3 – Reconciliation of adjusted operating indicators

In addition to published results, and with the aim of providing a more comparable view of the evolution of its operating performance, Technicolor is presenting a set of adjusted indicators which exclude the following items as per the statement of operations of the Group's consolidated financial statements:

- Net restructuring costs;
- Net impairment charges;
- Other income and expenses (other non-current items).

	Q1		
In € million	**2022**	**2021**	*Change[1]*
EBIT from continuing operations	**(1)**	**(29)**	***28***
Restructuring charges, net	2	14	*(12)*
Net impairment gain (losses) on non-current operating assets	1	1	*(0)*
Other income (expense)	2	0	*1*
PPA amortization	10	9	*1*
Adjusted EBITA from continuing operations	**14**	**(4)**	***18***
IT capacity use for rendering in Technicolor Creative Studios	2	(0)	*(2)*
Depreciation and amortization ("D&A") [2]	39	43	*(1)*
Adjusted EBITDA from continuing operations	**55**	**39**	***15***

[1] Variation at current rates

[2] excluding IT capacity use for rendering in Technicolor Creative Studios, excluding PPA amortization, and including reserves (risk, litigation, and warranty reserves)

Appendix 4 - Free Cash Flow Reconciliation and Summarized Financial Structure

Technicolor defines "Free Cash Flow" as net cash from operating activities (continuing and discontinued) plus proceeds from sales of property, plant, and equipment ("PPE") and intangible assets, minus purchases of PPE and purchases of intangible assets including capitalization of development costs.

In € million		First quarter 2022	First quarter 2021
Adjusted EBITDA from continuing operations	**A**	**55**	**39**
Changes in working capital and other assets and liabilities	**B**	(127)	(193)
IT capacity use for rendering in TCS	**C**	(2)	-
Non-recurring items (cash paid)	**D**	(17)	(24)
o/w Pension cash usage of the period		*(7)*	*(7)*
o/w Restructuring provisions – cash usage of the period		*(9)*	*(21)*
o/w Other items		*(1)*	*3*
Net interests paid and received	**E**	(29)	(27)
o/w Interest paid – leases		(4)	*(4)*
o/w Interest paid - excluding leases		*(25)*	*(23)*
o/w Interest received		*0*	*0*
Other cash financial items	**F**	1	1
Income tax paid	**G**	(7)	(4)
Net operating cash generated from (used in) continuing activities **(A+B+C+D+E+F+G)**	**H**	**(125)**	**(208)**
Capex	**I**	(35)	(23)
o/w Purchases of property, plant, and equipment (PPE)		(14)	(11)
o/w Proceeds from sale of PPE and intangible assets		0	0
o/w Purchases of intangible assets including capitalization of development costs		*(21)*	(12)
FCF from continuing operations, before financial and taxes (A+B+C+D+I)		**(126)**	**(200)**
FCF from continuing operations, after financial and taxes (A+B+C+D+E+F+G+I)	**J**	**(160)**	**(231)**
Net operating cash used in discontinued activities	**K**	(5)	(9)
Free cash-flow (J+K)		**(166)**	**(240)**
Net cash collateral and security deposits		(2)	(1)
Other net investing cash used in continuing activities		(0)	(0)
Net financing cash generated from (used in) continuing activities		11	11
Net investing cash used in discontinued activities		(1)	(0)
Net financing cash used in discontinued activities		(0)	(1)
Exchange gains / (losses) on cash and cash equivalents		1	3
Change in operating cash and cash equivalent over the period		**(157)**	**(228)**
Cash and cash equivalent at the beginning of the period		196	330
Cash and cash equivalent at the end of the period		**38**	**102**

	March 31, 2022	Dec. 31, 2021
Net financial debt (IFRS) at the beginning of the period	**1,039**	**812**
Change in cash and cash equivalent over the period	159	149
Exchange gain / (losses) on cash and cash equivalents	(1)	(16)
Decrease / (increase) in operating cash and cash equivalent over the period	**157**	**134**
Change in nominal gross debt (including lease debt)	29	79
Change in IFRS adjustments	4	14
Net financial debt (IFRS) at the end of the period	**1,230**	**1,039**

	March 31, 2022	Dec. 31, 2021
Nominal gross debt (including lease debt)	**1,335**	**1,306**
Cash and cash equivalent at the end of the period	(38)	(196)
Net financial debt at nominal value (non IFRS)	**1,297**	**1,110**
IFRS adjustment	(67)	(71)
Net financial debt (IFRS)	**1,230**	**1,039**

Appendix 5 – IFRS 16

- **IFRS 16 impacts** can be summarized as follows:

	IFRS 16 impact first quarter		
In € million	**2022**	2021	Impact change
EBIT from continuing operations	*3*	*4*	*(1)*
Tangible asset depreciation	*9*	*10*	*(1)*
Adjusted EBITDA from continuing operations	12	14	(2)
EBITA from continuing operations	3	4	(1)
Net financial income (expense)	(4)	(4)	(0)
FCF from continuing operations before interests and taxes	*14*	*18*	*(5)*
Operating leases cash out (principal payment and interest)	*10*	*15*	(5)

Appendix 6 – Unaudited Financial Statements

6.1 - UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	3 months ended March 31,	
(€ in million)	2022	2021
CONTINUING OPERATIONS		
Revenues	756	709
Cost of sales	(665)	(637)
Gross margin	**91**	**72**
Selling and administrative expenses	(65)	(63)
Research and development expenses	(22)	(23)
Restructuring costs	(2)	(14)
Net impairment gains (losses) on non-current operating assets	(1)	(1)
Other income (expense)	(2)	(0)
Earnings before Interest & Tax (EBIT) from continuing operations	**(1)**	**(29)**
Interest income	-	-
Interest expense	(34)	(31)
Other financial expenses	-	(1)
Net financial income (expense)	**(34)**	**(32)**
Income tax expense	(7)	(1)
Profit (loss) from continuing operations	**(41)**	**(62)**
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations	2	1
Net income (loss)	**(39)**	**(61)**
Attributable to:		
- Equity holders	*(39)*	*(61)*
- Non-controlling interest	-	-

2021 and 2022 financial results include IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations as from January 1st, 2021.

6.2 - UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	March 31, 2022	December 31, 2021
ASSETS		
Goodwill	787	773
Intangible assets	484	510
Property, plant and equipment	162	162
Right-of-use assets	141	143
Other operating non-current assets	34	35
TOTAL OPERATING NON-CURRENT ASSETS	**1,607**	**1,622**
Non-consolidated investments	17	20
Other non-current financial assets	38	38
TOTAL FINANCIAL NON-CURRENT ASSETS	**55**	**58**
Investments in associates and joint-ventures	2	1
Deferred tax assets	54	50
TOTAL NON-CURRENT ASSETS	**1,718**	**1,730**
Inventories	381	335
Trade accounts and notes receivable	394	359
Contract assets	97	94
Other operating current assets	296	243
TOTAL OPERATING CURRENT ASSETS	**1,168**	**1,031**
Income tax receivable	13	13
Other financial current assets	35	26
Cash and cash equivalents	38	196
Assets classified as held for sale	39	3
TOTAL CURRENT ASSETS	**1,294**	**1,268**
TOTAL ASSETS	**3,011**	**2,999**

2021 and 2022 financial results include IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations as from January 1st, 2021.

6.3 - UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	March 31, 2022	December 31, 2021
EQUITY AND LIABILITIES		
Common stock *(235,828,357 shares at March 31, 2022 with nominal value of 0.01 euro per share)*	2	2
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	59	30
Cumulative translation adjustment	(374)	(399)
Shareholders equity attributable to owners of the parent	**142**	**134**
Non-controlling interests	-	-
TOTAL EQUITY	**142**	**134**
Retirement benefits obligations	236	261
Provisions	34	35
Contract liabilities	1	-
Other operating non-current liabilities	18	19
TOTAL OPERATING NON-CURRENT LIABILITIES	**290**	**315**
Borrowings	1,046	1,025
Lease liabilities	141	145
Other non-current liabilities	-	0
Deferred tax liabilities	21	20
TOTAL NON-CURRENT LIABILITIES	**1,498**	**1,505**
Retirement benefits obligations	34	34
Provisions	40	44
Trade accounts and notes payable	667	671
Accrued employee expenses	131	147
Contract liabilities	103	81
Other current operating liabilities	280	284
TOTAL OPERATING CURRENT LIABILITIES	**1,255**	**1,263**
Borrowings	31	17
Lease liabilities	50	48
Income tax payable	31	29
Other current financial liabilities	1	3
Liabilities classified as held for sale	4	-
TOTAL CURRENT LIABILITIES	**1,371**	**1,360**
TOTAL LIABILITIES	**2,869**	**2,865**
TOTAL EQUITY & LIABILITIES	**3,011**	**2,999**

2021 and 2022 financial results include IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations as from January 1st, 2021.

6.4 - UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	3 months ended March 31, 2022	2021
Net income (loss)	**(39)**	**(61)**
Income (loss) from discontinuing activities	2	1
Profit (loss) from continuing activities	**(41)**	**(62)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	48	53
Impairment of assets	0	1
Net changes in provisions	(11)	(13)
Gain (loss) on asset disposals	(0)	0
Interest (income) and expense	34	31
Other items (including tax)	9	6
Changes in working capital and other assets and liabilities	(127)	(193)
Cash generated from continuing activities	**(89)**	**(176)**
Interest paid on lease debt	(4)	(4)
Interest paid	(25)	(23)
Interest received	0	0
Income tax paid	(7)	(4)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(125)**	**(208)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(0)	0
Proceeds from sale of investments, net of cash	0	(0)
Purchases of property, plant and equipment (PPE)	(14)	(11)
Proceeds from sale of PPE and intangible assets	0	0
Purchases of intangible assets including capitalization of development costs	(21)	(12)
Cash collateral and security deposits granted to third parties	(3)	(2)
Cash collateral and security deposits reimbursed by third parties	0	1
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(38)**	**(24)**
Increase of Capital	(0)	0
Proceeds from borrowings	26	32
Repayments of lease debt	(10)	(15)
Repayments of borrowings	(2)	(3)
Fees paid linked to the debt and capital operations	(5)	
Other	2	(3)
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**11**	**11**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(7)**	**(10)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**196**	**330**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(159)**	**(231)**
Exchange gains / (losses) on cash and cash equivalents	1	3
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**38**	**102**

2021 and 2022 financial results include IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations as from January 1st, 2021.