UNIVERSAL REGISTRATION DOCUMENT 2019

including the Annual Financial Report

technicolor

contents

The elements of the Annual Financial Report are identified in the summary using the pictogram AFR

The elements of the Extra-Financial Performance Declaration are identified using the pictogram EFPD technicolor

Société Anonyme with a share capital of €414, 461, 178
Registered Office: 8-10, rue du Renard
75004 Paris - France
Paris Register of Commerce and Companies No. 333 773 174

UNIVERSAL REGISTRATION DOCUMENT 2019

including the Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document has been filed on April 20, 2020 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This document is a free translation into English of the original French “Document d’enregistrement universel”. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text filed with the French “Autorité des marchés financiers”.

MESSAGE TO SHAREHOLDERS

GRI [102-14]

Dear Shareholders,

2019 was a year of transition affected by numerous headwinds. Technicolor nevertheless achieved revenues of €3.8 billion, adjusted EBITDA of €324 million and adjusted EBITA of €42 million. Following an in-depth review of the business, we have recently announced a new 2020-2022 strategic plan supported by a comprehensive strengthening of the capital structure. We have identified several initiatives to drive the financial and operational transformation of the Company, including maximisation of revenue growth and cost savings of c. €150 million on a run-rate basis by 2022.

These initiatives will be implemented under the supervision of Richard Moat, who brings to the Company his long experience in turning around companies. He has the full support of a Board of Directors which has been extensively renewed in 2019, with Anne Bouverot as its new Chairperson.

Technicolor has solid business foundations and has significant capabilities in terms of people and assets. Our Company plays a vital role in its markets and provides truly differentiated products and services to our clients.

Technicolor has leadership positions in its 3 business units:

- in Production Services, Technicolor has worldwide leadership in VFX for films, and in 2019 contributed to 70% of top box office films. Winning this year's Academy Award for visual effects for 1917 is a tribute to the quality of our offering;
- in Connected Home, the Company is a global leader in Broadband and AndroidTV and a trusted partner to the leaders of the industry, such as Comcast and Charter;
- in DVD Services, Technicolor is by far the largest player worldwide with around 70% market share and 90% in the U.S.

Our goal is to bring both stability and growth to Technicolor and to unlock its full potential. We have the opportunity to take advantage of the strong increase in digital media consumption, the significant growth in residential broadband access and increased demand for original content. We aim to ensure that Technicolor is fully equipped to remain an unrivalled leader in the segments in which it operates and creates long-term value for customers, employees and shareholders.

We also intend to strengthen financial transparency by regularly communicating our performance and providing tangible financial targets for the medium term.

Overall, we firmly believe that with the right business focus, operational design and capital structure, Technicolor can return to delivering profitable growth, cash generation and value creation for shareholders.

Anne Bouverot
Chairperson of Technicolor's
Board of Directors

Richard Moat
CEO

FORWARD-LOOKING STATEMENTS

GRI *[102-46]*

In this Universal Registration Document, unless otherwise stated, the "Company" refers to Technicolor SA and "Technicolor" and the "Group" refers to Technicolor SA together with its consolidated affiliates.

This Universal Registration Document includes:

(i) the Annual Financial Report (Rapport Financier Annuel) issued pursuant to Article L. 451-1-2 I and II of the French Monetary and Financial Code (Code monétaire et financier) and referred to in Article 222-3 of the AMF General Regulation (Règlement général de l'AMF) (a cross-reference table is set forth on page 311 between the documents referred to in Article 222-3 of the AMF General Regulation and the relevant sections of this Universal Registration Document);

(ii) the management report (rapport de gestion) adopted by the Board of Directors of Technicolor SA pursuant to Article L. 225-100 et seq. of the French Commercial Code (Code de commerce) (the cross-reference table on page 312 mentions the elements of this report); and

(iii) the corporate governance report (rapport sur le gouvernement d'entreprise) adopted by the Board of Directors of Technicolor SA pursuant to Article L. 225-37 of the French Commercial Code (the cross-reference table on page 313 mentions the elements of this report).

This Universal Registration Document contains certain forward-looking statements with respect to Technicolor's financial condition, results of operations and business and certain plans and objectives of the Group. These statements are based on management's current expectations and beliefs in light of the information currently available and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to statements that are forward-looking by reason of context, other forward-looking statements may be identified by use of the terms "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "projects", "predicts" and "continue" and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that are anticipated to occur in the future. Such statements are also subject to assumptions concerning, among other things, Technicolor's anticipated business strategies; its intention to introduce new products and services; anticipated trends in its business; and Technicolor's ability to continue to control costs and maintain quality.

OVERVIEW OF TECHNICOLOR in 2019

Revenues of continuing operations

c.€3.8 bn

Revenues BY ACTIVITY

24%
VS 20% IN 2018

1. Production Services
Full range of production and post production services for feature films, TV, advertising and games

23%
VS 24% IN 2018

2. DVD Services
Mastering, replication, packaging and distribution of DVD, Blu-Ray™ and Discs

52%
VS 55% IN 2018

3. Connected Home
Complete portfolio of broadband and video customer premise equipment to Pay-TV operators and network service providers

1%
VS 1% IN 2018

4. Corporate & Others
Trademark Licensing
Corporate costs

1st Worldwide
in Production Services

1st Media services provider
on physical devices

1st Worldwide supplier
of network access gateways

Revenues BY CURRENCY

47%
USD
VS 51% IN 2018

24%
Euros
VS 23% IN 2018

29%
Others
VS 26% IN 2018

GOVERNANCE*

Anne Bouverot
Independent Chairperson of the Board of Directors

Richard Moat
Chief Executive Officer

Melinda J. Mount
Independent Director and Vice-Chairperson

Bpifrance Participations
Represented by Thierry Sommelet Independent Director

Xavier Cauchois
Independent Director

Yann Debois
Director representing the employees

Dominique D'Hinnin
Independent Director

Cécile Frot-Coutaz
Independent Director

Ana Garcia Fau
Independent Director

Christine Laurens
Independent Director

Brian Sullivan
Independent Director

Maarten Wildschut
Director

* *As of the date of publication of this Universal Registration Document.*

Committee	Meetings in 2019	Participation
AUDIT COMMITTEE	7	100%
REMUNERATIONS COMMITTEE	8	95.83%
NOMINATIONS & GOVERNANCE COMMITTEE	6	96.67%
STRATEGY COMMITTEE	13	100%

82% INDEPENDENT DIRECTORS
(without the director representing the employees)

45% OF FEMALE DIRECTORS
(without the director representing the employees)

6 DIFFERENT NATIONALITIES

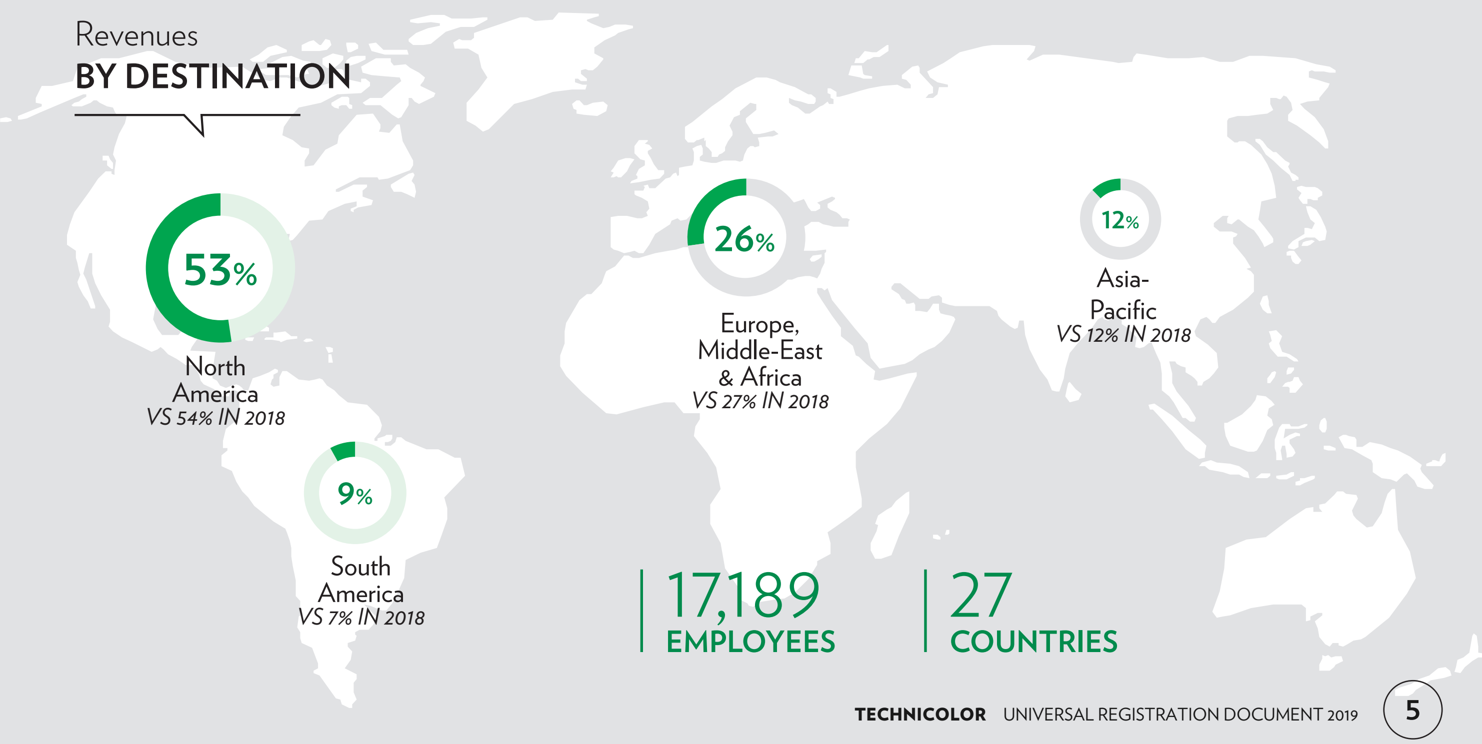
54 years AVERAGE AGE OF DIRECTORS

SHAREHOLDING
(as of 31 December 2019)

TECHNICOLOR S.A.
Parent Company of the Group

- **Public** 48.16%
- **RWC Asset Management** 10.13%
- **JO Hambro** 8.48%
- **Bpifrance Participations and Caisse des Dépôts et Consignations** 7.95%
- **Invesco Ltd** 7.23%
- **Bain Capital Credit** 7.01%
- **Kinney Asset Management** 5.53%
- **Fidelity International** 5.50%

Revenues BY DESTINATION



17,189 EMPLOYEES

27 COUNTRIES

PRESENTATION OF THE GROUP

1

€3.8 billion of consolidated revenues from continuing operations

17,189 employees in 27 countries as of December 31, 2019

Our mission

developing, creating and delivering immersive experiences through three business segments

INPUTS

FINANCIAL
€3.8 bn revenues from continuing operations

HUMAN
17,000+ employees
27 countries

INTELLECTUAL
800+ researchers & engineers
8,000+ digital artists

ENVIRONMENTAL
Responsible use of water and energy
Waste processing treatments
Environment, Health, & Safety Charter

INDUSTRIAL
Fabless except Brazil
Best in class in Supply Chain

ACTIVITIES

PRODUCTION SERVICES

Undisputed Global Leader in Computer-Generated Imagery (CGI), Riding the Wave of Growth in Premium Content

- FILM & EPISODIC VISUAL EFFECTS
- ADVERTISING VFX
- ANIMATION & GAMES
- POST PRODUCTION

MPC
MR. X
MIKROS

DVD SERVICES

«Last-man Standing» in a Long Tail Business, Focused on margin optimisation and Transitioning to Volume-Based Pricing

CREATE MORE RESILIENT BUSINESS MODEL

CLIENTS

TRADEMARK LICENSING

RCA
THOMSON

RCA and Thomson Licenses Provide Stable Cash Flow Generation

CONNECTED HOME

Worldwide Leader in Broadband and Android TV, Focusing on Margin Improvement and Cash Flow Generation

STRENGTHS

GROWTH DRIVERS
Original content
Technological update in Broadband services

WORLDWIDE RANKING

#1	#1	#1
Worldwide In Visual Effects	Worldwide Provider of Packaged Media (DVD, Blu-ray™, UHD, CD)	Worldwide supplier for Broadband and leader in Android TV

OUTPUTS

FINANCIAL
€246 million Adjusted Ebitda from continuing operations (excl. IFRS 16)
Management initiatives to secure profitable future growth
Constant focus on cost efficiencies

INTELLECTUAL
Leader in immersive content distribution

ENVIRONMENTAL
Gold rating by EcoVadis

INDUSTRIAL
Leader in the supply of physical devices

OUTCOMES

- PEOPLE
- CUSTOMERS
- SUPPLIERS AND PARTNERS
- ENVIRONMENT

1.1 OVERVIEW AND HISTORICAL BACKGROUND

1.1.1 Overview

GRI *[102-2] [102-7] [102-15]*

As worldwide leader in the Media & Entertainment ("M&E") sector, Technicolor operates in three leading operating businesses:

- in Production Services, Technicolor is a leading provider of services to content creators, including Visual Effects/Animation and video Post Production Services ("Production Services");
- in DVD Services, Technicolor is the leader in replication, packaging and distribution of CD, DVD, Blu-ray™ discs and UHD ("DVD Services");
- in Connected Home, Technicolor is leader in the design and supply of solutions enabling the delivery of digital video entertainment, data, voice and Smart Home services to Pay-TV operators and Network Service Providers including broadband modems and gateways, digital Set-Top Box, and other connected devices ("Connected Home").

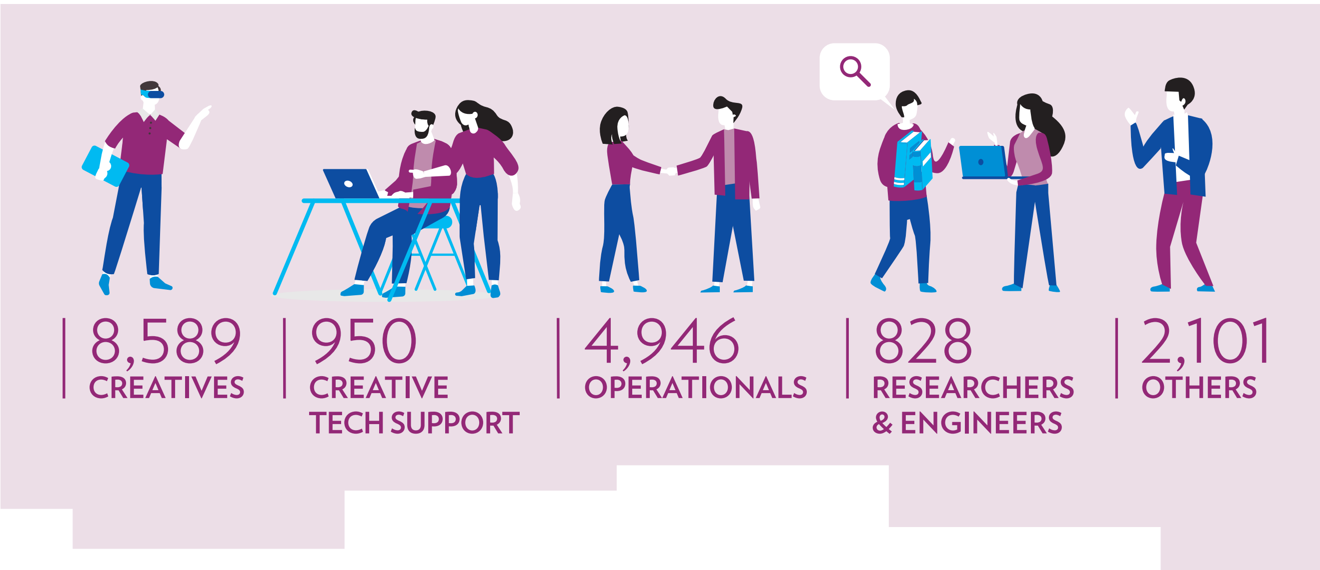
The sale to InterDigital of the Research & Innovation ("R&I") activity was completed on May 31, 2019. As a result, the Group reported the financial information of its R&I operation, under Discontinued operations, as in 2018 results.

Unallocated Corporate functions and all other unallocated activities, including Trademark Licensing activities, are presented within the segment "Corporate & Other". For more information, please refer to section 1.2: "Organization and Business overview" of this Chapter.

In the fiscal year 2019, Technicolor generated consolidated revenues from continuing operations of €3,800 million. As of December 31, 2019, the Group had 17,189 employees in 27 countries.

Technicolor is publicly listed on the Euronext Paris Exchange (TCH) with a market capitalization of €281 million as of December 31, 2019 and is traded in the USA on the OTCQX marketplace (OTCQX: TCLRY).

WORKFORCE BREAKDOWN AS OF DECEMBER 31, 2019*



* *including 225 intermittents.*

2019 REVENUES OF CONTINUING OPERATIONS BY SEGMENT

- **52%** *(vs. 55% in 2018)* Connected Home
- **24%** *(vs. 20% in 2018)* Production Services
- **23%** *(vs. 24% in 2018)* DVD Services
- **1%** *(vs. 1% in 2018)* Corporate & Other

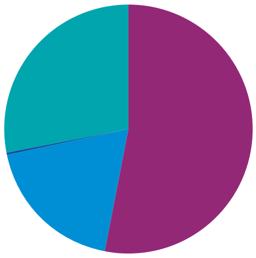
2019 REVENUES OF CONTINUING OPERATIONS BY DESTINATION

- **53%** *(vs. 54% in 2018)* North America
- **26%** *(vs. 27% in 2018)* Europe, Middle-East & Africa
- **9%** *(vs. 7% in 2018)* Latin America
- **12%** *(vs. 12% in 2018)* Asia-Pacific

2019 REVENUES OF CONTINUING OPERATIONS BY CURRENCY

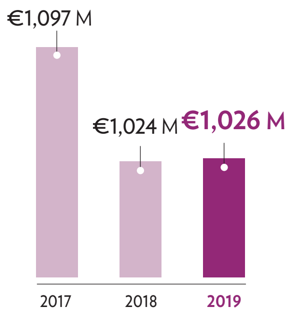
- **47%** *(vs. 51% in 2018)* Dollar US
- **24%** *(vs. 23% in 2018)* Euro
- **29%** *(vs. 26% in 2018)* Other

2019 ADJUSTED EBITDA BY BUSINESS SEGMENT*

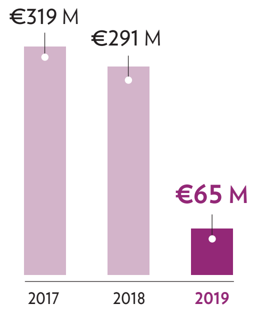


- **€69 M** *(vs. €87 M in 2018)* Connected Home
- **€132 M** *(vs. €110 M in 2018)* Production Services
- **€46 M** *(vs. €68 M in 2018)* DVD Services
- **€(1) M** *(vs. €1 M in 2018)* Corporate & Other

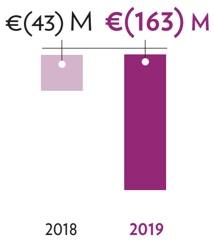
GROSS DEBT EVOLUTION (IFRS)*



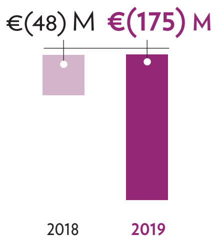
CASH POSITION EVOLUTION



FREE CASH FLOW OF CONTINUING OPERATIONS*



GROUP FREE CASH FLOW*



* *Excluding IFRS 16. For more information, please to refer to section 1.2 "Organisation and business overview".*

1.1.2 Historical background

GRI *[102-10] [102-15] [102-49]*

REFOCUSING OUR BUSINESSES & STRATEGIC ACQUISITIONS

In the second half of 2015 Technicolor completed two acquisitions: Cisco Connected Devices, the Customer Premise Equipment business of Cisco, was integrated in Technicolor's Connected Home Division. Technicolor's Production Services Division acquired London-based The Mill. In addition, the Group also won additional large studio customers (Fox and Lionsgate) in DVD Services and acquired the North American assets of Cinram to onboard these customers immediately.

In 2018, Technicolor announced an outsourcing agreement from Sony DADC to Technicolor in North America and Australia that started the second quarter of 2018, and Connected Home launched a three-year transformation targeting market share gains while improving profitability in order to absorb potential new headwinds in the market.

In the first quarter of 2019, Technicolor announced it had received a binding offer and entered into exclusive negotiations with InterDigital for the sale of its R&I activity; the deal was closed on May 31, 2019. InterDigital had acquired Technicolor's Patent Licensing business in 2018.

FINANCING

In 2019 the Group continued to invest in additional capacity for its Production Services Division, and in the restructuring of Connected Home. These investments were made mainly by using available cash and no significant financing transactions were undertaken in 2019.

The Group's current debt financing structure consists primarily of its term loans for an amount of €980 million (IFRS amount) at December 31, 2019 issued in 2016 and 2017, as well as lease liabilities of €312 million.

On February 13, 2020 the Group announced a comprehensive financing plan including:

- a €300 million rights issue;
- an 18-month extension of the RCF and the Wells Fargo facility;
- an additional $110 million short-term facility.

The successful completion of these activities will significantly strengthen the Group's financing structure.

For more information about the refinancing and the Group's debt covenants, please refer to Chapter 2.3: "Liquidity and Capital resources" and to Chapter 6: "Financial Statements", section 6.2, note 1.1 "Main events of the year" to the consolidated financial statements.

1.2 ORGANIZATION AND BUSINESS OVERVIEW

GRI *[102-2]*

1.2.1 Production services

GRI *[102-2] [102-6] [103-1 Market presence] [103-2 Market presence] [103-3 Market presence]*

BUSINESS OVERVIEW

Technicolor offers award-winning Visual Effects ("VFX"), Animation and Post Production services for feature films, TV series, advertising, video games and other audiovisual content. The Group's VFX studios offer pre-visualization, asset creation, texturing, animation, rigging, rotoscoping, lighting, match move and compositing. Technicolor's Animation businesses offer solutions for the creation of high-quality Computer-Generated Imagery ("CGI" or "CG") Animation. Through its Post Production Services activities, Technicolor supports its clients from camera capture on the production set through creation of final distribution masters, including on-set services, color correction, and VFX integration.

The division works primarily on an individual project basis and builds teams and workflows around key creative and production talent. Production Services also builds dedicated teams and spaces for clients who desire guaranteed capacity and talent across multiple projects.

ORGANIZATION

Production Services is organized under four primary service lines – Film & Episodic VFX, Advertising, Animation & Games, and Post Production – to foster deeper collaboration and synergies among complementary brands within each service line. This also reinforces the division's drive towards innovation, as this structure positions Technicolor to lead future technological waves across its primary market segments.

Technicolor continued hiring additional talent to support its brands while further optimizing its resource allocation among key production-incentivized or cost-advantageous geographies and expanding into new ones, including the opening of The Mill in Berlin, Germany and Technicolor Post in Cardiff, Wales. In addition, the Group expanded capacity in Montreal, Canada and in Bangalore and Mumbai, India; while Mill Film moved into its permanent facility in Adelaide, Australia.

Because capacity growth requires investment in computing power, render farms, and storage, Technicolor views efficient, well-managed external cloud use as an essential way to complement and limit capital-intensive hardware investments. As a result, in 2019 Technicolor began a strategic partnership with Microsoft based on its Azure cloud computing platform. Technicolor will continue to build momentum as the global media industry cloud leader, providing the best client services at the lowest possible cost, and continue to develop state-of-the-art workflows and software applications to further improve quality and efficiency of its services.

In 2018, the division also launched "The Focus" to consolidate talent recruitment across all business units within the Film & Episodic VFX service line to make more efficient the global recruiting process, identify new talent pools, facilitate international mobility and fill the expansion in capacity. The scope of The Focus has since extended to the recruitment needs of Production Services' other service lines. The division also launched in 2018 the Technicolor Academy across multiple locations to serve as training camp/finishing schools for aspiring digital artists to support the continuous need for future talent. In 2019, Technicolor Academy trained over 640 artists across its primary hubs in Montreal, Bangalore, and Adelaide. Technicolor has also established an apprenticeship pilot program in London and a production management training program in Montreal to improve the accessibility of the VFX industry and promote diversity.

PS BRANDS	Film & Episodic VFX	Advertising	Post Production	Animation & Games	Primary Focus Areas	Locations
MPC Film	✓				• VFX for tentpole films, servicing all major studios	*London, Montreal, LA, Bangalore, Mumbai*
Mill Film	✓				• Mid-sized VFX projects for theatrical/ streaming films and higher-end episodics	*Montreal, Adelaide, Bangalore*
Mr. X	✓				• VFX for TV/OTT and genre/ international films	*Toronto, Montreal, Bangalore*
The Mill		✓			• VFX, production & delivery for agencies, production companies and brands	*London, LA, NY, Chicago, Mumbai, Bangalore, Berlin*
MPC Advertising		✓			• VFX & production for agencies, production companies and brands	*London, LA, NY, Amsterdam, Paris, Shanghai, Bangalore*
Mikros	✓	✓		✓	• Feature animation • VFX services in France for Film/TV & Advertising	*Paris, Montreal, London, Brussels, Liege, Bangalore*
Technicolor	✓		✓	✓	• Film & TV/OTT post, including beauty fixes & other just-in-time VFX • Animation services for TV/OTT & Games	*LA, Toronto, London, Paris, Bangalore, Cardiff*

Approximately 10,500 people (including approximately 8,100 digital artists) worked for the Production Services Division at the end of December 2019 in India (48%), Canada (18%), USA (14%), UK (11%), and France and Other (9%).

INDUSTRY TRENDS AND MARKET POSITION

The demand for high-end content creation has increased significantly over the past few years, driven by the strong development of premium original content across all segments, particularly by OTT providers like Netflix, Amazon and Hulu; in addition to continued growth from the U.S. major studios in VFX-heavy feature film tentpoles and franchises like Disney's Marvel Cinematic Universe and Warner Bros.' DC Extended Universe. This demand for premium original content is now growing even further with the launches in 2019 of major streaming platforms like Apple TV+ and Disney+, and the upcoming 2020 launches of NBCUniversal's Peacock, WarnerMedia's HBO Max, Quibi and others. As a global leader in Film & Episodic VFX and high-end CG Animation services, Technicolor continues to focus its resources on these areas to benefit from the market growth and volume.

As global digital advertising spend continues to grow faster than traditional television advertising spend, and as rapidly evolving consumer technology choices drive new advertising content and device formats, Technicolor's Advertising businesses are well-positioned to address this market evolution and utilize emerging technologies to create the high-end imagery required by advertisers across all screens and experiences, strengthening its leadership in high-end advertising content creation and immersive experiences.

The digital post production market is relatively mature, and the demand is mainly driven by new theatrical and episodic productions. Technicolor focuses on key talent production hubs to increase its market share with tentpole movies, while reinforcing its leading position on premium content for TV broadcasters and OTT platforms.

While the major studios' CG-animated films lead the Feature Animation box office, there is growth in the number of mid-level budgeted animated features, like DreamWorks Animation/Pearl Studios' Abominable and MGM's The Addams Family. Studios have become more open to outsourcing Feature Animation services and as OTT providers like Netflix invest significantly in animated original content. The Games services market is expanding as mobile game developers have become a more relevant market as mobile game art quality increases. Broadening the Group's position in these two emerging markets is a key element of the Technicolor growth strategy.

Through its portfolio of brands, Technicolor is the leading VFX, Animation and Post Production services provider for feature films, TV/OTT, games and advertising worldwide.

KEY CUSTOMERS AND MAIN COMPETITORS

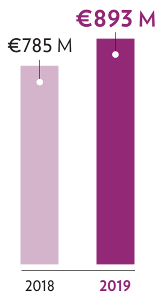
Technicolor's customer base includes major and independent film studios, and non-studio customers such as TV broadcasters, independent content producers, game developers/publishers and OTT service providers developing their own original content. In Advertising, clients range primarily from boutique to major advertising agencies to production companies to brands and advertisers. In the past few years the Group has been strategically strengthening its market position with leading studios and advertising agencies/production companies while also increasing its collaborations with non-studio customers and directly with brands and advertisers.

- **In Film & Episodic VFX**, Technicolor's key competitors include Cinesite, Deluxe, DNEG, Framestore, ILM, Pixomondo, Rodeo FX, Sony Pictures Imageworks and Weta Digital.
- **In Advertising**, key competitors include Deluxe, Framestore, the in-house production arms of the global advertising holding companies (e.g., WPP's Hogarth, Publicis' Prodigious, IPG's Craft, Omnicom's eg+ Worldwide, *etc.*), and many local boutiques.
- **In Post Production services**, key competitors include Deluxe, FotoKem, Panavision, SIM, and several boutique vendors, as well as the in-house facilities of certain major Studios, depending on market segment and geography.
- **In CG Animation & Games services**, key competitors include Animal Logic, Bardel Entertainment, CGCG, Cinesite, DNEG, Ilion Animation Studios, Keywords Studios, Reel FX, Sony Pictures Imageworks, The SPA Studios, and Virtuos Ltd.

	Film & Episodic	Advertising	Post Production	Animation & Games
Key Customers	• Major U.S. studios • Mini-majors and independent studios • TV production companies • OTT providers	• Global ad agencies • Production companies • Smaller agencies • Brands and advertisers	• Major U.S. studios • Mini-majors and independent studios • TV production companies • OTT providers	• Major and independent Animation studios • Key children's TV networks and other distributors • Publishers and developers of AAA game titles
Key Competitors	• Cinesite • DNEG • Framestore • ILM (Disney) • Method, Encore (Deluxe) • Pixomondo • Rodeo FX • Sony Pictures Imageworks • Weta Digital	• Framestore • Method, Company 3 (Deluxe) • In-house production arms of the global ad holding companies • Several local boutiques	• Company 3, EFILM, Encore (Deluxe) • FotoKem, • Light Iron (Panavision) • Sim • In-house facilities of certain major U.S. studios • Several local boutiques	• Animal Logic • Bardel Entertainment • CGCG • Cinesite • DNEG • Ilion Animation Studios • Keywords Studios • Reel FXSony Pictures Imageworks • The SPA StudiosVirtuos Ltd
Key Data (2019)	• Over 18,000 VFX shots for theatrical features • Over 3,200 VFX shots for TV/OTT content	• Approximately 4,800 commercials	• Over 100 theatrical features • Nearly 300 TV/OTT series, mini-series and/or pilots	• 3,600 minutes of Animation for TV and film • 49,000+ CG assets for top-selling video games, TV series and films

REVENUE AND KEY HIGHLIGHTS

PRODUCTION SERVICES REVENUE



Revenues were up 10.4% year-on-year at constant rate and up 13.8% at current rate. The entertainment industry is currently experiencing one of its biggest transformations, driven by the significant growth in streaming platforms and an unprecedented demand for high-end content. Capacity expansion and related investments continued in 2019 to benefit from this dynamic, including Technicolor's announcement at the end of January 2020 of the official launch of its new episodic visual effects business, MPC Episodic.

In 2019:

Film & Episodic VFX

- Exceptional work on over 30 films from the major studios, including 2019 releases like *The Lion King* (Disney), *1917* (Universal/Amblin), *Maleficent: Mistress of Evil* (Disney), *Dumbo* (Disney), *Shazam!* (Warner Bros.), *Pokémon Detective Pikachu* (Warner Bros./Legendary), *X-Men: Dark Phoenix* (Fox), *Ad Astra* (Fox), *Dora and the Lost City of Gold* (Paramount) and *Hellboy* (Lionsgate), and completed production on 2020 releases like *Artemis Fowl* (Disney), *Dolittle* (Universal), and *Sonic the Hedgehog* (Paramount):
  - At the end of 2019, the Group was in production on major studio projects like *The Little Mermaid* (Disney), *Monster Problems* (Paramount), *Bios* (Universal/Amblin), *Clifford the Big Red Dog* (Paramount), *Godzilla vs. Kong* (Warner Bros./Legendary), *Snake Eyes: G.I. Joe Origins* (Paramount), *The Call of the Wild* (Fox), *The One and Only Ivan* (Disney), *Monster Hunter* (Screen Gems/Constantin);
- Work on over 30 Episodic and/or Non-Theatrical (*i.e.*, Streaming/OTT) projects, including *The Mandalorian* (Disney+), *Lady and the Tramp* (Disney+), *Noelle* (Disney+) *See* (Apple TV+), *Old Story* (Netflix), *Polar* (Netflix/Constantin), *Carnival Row* (Amazon/Legendary), *The Boys* (Amazon/Sony), *American Gods* season 2 (Starz/Fremantle) and *Vikings* season 6 (History/MGM):
  - At the end of 2019, the Group was in production on projects like *Secret Society of Second-Born Royals* (Disney+), *Prehistoric Planet* (Apple TV+/BBC), *Raised by Wolves* (HBO Max), *The Alienist* (TNT), *Jupiter's Legacy* (Netflix), *Eurovision* (Netflix), *Pinocchio* (Netflix), *Kate* (Netflix), *Halo* (Showtime/Amblin) and a new season of *American Gods* (Starz/Fremantle);
- Secured other major awards that will contribute significantly in 2020 like *Cruella* (Disney) and *Mortal Kombat* (New Line);
- MPC Film led the 2019/20 VFX awards season with its work on *1917*, winner of the Academy Award for Best Visual Effects and the BAFTA Award for Best Special Visual Effects. MPC Film's work on *The Lion King* was also nominated for the same two prestigious awards in addition to winning two VES (Visual Effects Society) Awards, including Outstanding Visual Effects in a Photoreal Feature;
- Mill Film moved into its new permanent facility in Adelaide, Australia;
- The Group delivered over 18,000 VFX shots for theatrical feature films and over 3,200 VFX shots for TV/OTT content.

Advertising

- Another year of industry success, including:
  - at the prestigious Cannes Lions International Festival of Creativity, the Group received two of the three Lions awarded in the VFX category (1 Silver and 1 Bronze; no Gold for VFX was awarded in 2019);
  - MPC awarded VFX Company of the Year at the Ciclope Awards for the third year in a row, while The Mill was recognized by Televisual as the UK's #1 Post Production Company for the 11th year running;
  - MPC won two VES Awards for its work on Hennessy 'The Seven Worlds' for Outstanding Visual Effects in a Commercial and for Outstanding Compositing in a Commercial.
- notable projects include Hennessy 'The Seven Worlds', BMW 'Legend', Tinder 'Swipe Night', Lexus 'LF30', Lego 'Rebuild the World', PlayStation 'Feel the Power of Pro', New York Times 'Moon Landing VR Experience', Feeding America 'I Am Hunger in America', McDonald's 'Summertime', and Bud Light 'Two Trojan Horse Occupants';
- The Mill launched a new studio in Berlin, Germany;
- Technicolor contributed to approximately 4,800 commercials for advertising.

Post Production

- Selected highlight feature film projects include *Aladdin* (Disney), *The Two Popes* (Netflix), *X-Men: Dark Phoenix* (Fox), and Clint Eastwood's *Richard Jewell* (Warner Bros.).
- Selected highlight episodic projects include *Big Little Lies* (HBO), *Black Mirror* (Netflix), *Charmed* (CBS/The CW), *His Dark Materials* (BBC/HBO), *The Loudest Voice* (Showtime), and *Messiah* (Netflix):
  - Technicolor Post Production is currently supporting the first three original Marvel streaming titles for Disney+.
- Opened facility in Cardiff, Wales to work on BBC/HBO's fantasy epic series *His Dark Materials*.
- Technicolor provided Post Production services on over 100 theatrical features and nearly 300 TV/OTT series, mini-series and/or pilots.

Animations & Games

- Mikros is in production on Paramount's *The SpongeBob Movie: Sponge on the Run* and Spin Master's theatrical feature based on their highly successful *PAW Patrol* property; and signed in the fourth quarter a services agreement for an animated feature that will ramp-up production in 2020;
- Technicolor Animation (episodic animation production services) worked on the following shows:
  - *The Boss Baby: Back in Business* season 2 (DreamWorks Animation/Netflix);
  - *Chicken Squad* (Wild Canary/Disney);
  - *Dragons: Rescue Riders* season 2 (DreamWorks Animation/Netflix);
  - *Elena of Avalor* season 3 (Disney);
  - *Fast & Furious: Spy Racers* seasons 1–3 (DreamWorks Animation/Netflix);
  - *Mickey Mouse Mixed-Up Adventures* season 3 (Disney);
  - *Mira, Royal Detective* (Wild Canary/Disney);
  - *Wonder Park* (Nickelodeon).
- Technicolor Animation Productions (original content IP business) delivered approximately 57 commercial half hours during the year, including production on:
  - *ALVINNN!!! and the Chipmunks* seasons 4–5 (Nickelodeon/M6; season 5 greenlit in 2019);
  - *Gus the Itsy Bitsy Knight* (TF1; greenlit in 2019);
  - *Monchhichi* season 2 (TF1);
  - *Team DroniX* season 1 (France Télévisions/Gloob).
- Technicolor Games: Delivered *Anthem* (EA/BioWare), *FIFA 20* (EA), *Mortal Kombat 11* (NetherRealm), *NBA 20* (2K), *Need for Speed Heat* (EA/Ghost), *NHL 20* (EA), and *Resident Evil 2 Remake* (Capcom).
- The Group delivered approximately 3,600 minutes of animation for leading animated TV shows and feature films. The Group also created over 49,000 CG assets for top-selling video games, animated TV series and feature films.

1.2.2 DVD services

GRI *[102-2] [102-6] [103-1 Market presence] [103-2 Market presence] [103-3 Market presence]*

BUSINESS OVERVIEW

Technicolor is the worldwide leader in replication, packaging and supply chain solutions for packaged media and related products serving global content producers across film, television, games and music. The Group provides turnkey integrated supply-chain solutions including mastering, replication, packaging, direct-to-retail and direct-to-consumer distribution of both new releases and catalog products, returns handling and freight management, as well as procurement and selected other inventory management and related services. DVD Services has established deeply integrated customer relationships and a highly scalable, optimized low-cost operational platform.

Technicolor runs strategically positioned key manufacturing facilities in Guadalajara (Mexico) and Piaseczno (Poland), while associated supply chain services (e.g. packaging and distribution) in the United States, Europe and Australia are supported by a multi-region/multi-site facility platform. In the U.S., the Group operates primarily from its Memphis (Tennessee) and Huntsville (Alabama) facilities, while continuing to grow its existing packaging and distribution platform in Mexicali (Mexico), located on the U.S. border. All Technicolor facilities and supply chain operations employ rigorous security processes to help ensure against piracy and other data loss of our customer's valuable Intellectual Property.

Technicolor believes it has the most efficient cost base in the packaged media industry, and the Group continuously seeks to implement further operational and productivity improvements, including the ability to adjust to the heavily seasonal nature of the packaged media industry *via* the use of temporary labor and other cost variabilization strategies.

Technicolor is also actively diversifying its business outside of packaged media, offering supply chain solutions, including transportation management and direct-to-consumer fulfillment services, for clients across a variety of segments, including consumer electronics and peripherals, apparel, food and beverage, educational materials, and gift cards.

INDUSTRY TRENDS AND MARKET POSITION

While at an industry level, global shipments of packaged media products have declined in recent years and are expected to continue to decline, Technicolor believes it is well positioned to outperform overall market trends, driven by increased penetration of existing customers and the addition of new customers.

The package media business remains a large and profitable revenue source for content creators, and Technicolor believes there will be continuing significant consumer demand for physical ownership of content. Given a highly variable cost structure, activity optimization and cost reductions, as well as ongoing revenue diversification efforts, Technicolor expects to maintain profitability in this maturing market environment.

As a global market leader, Technicolor's key customers include major Hollywood Studios such as Warner Bros., The Walt Disney Company, Paramount, Universal, Sony, Fox and Lionsgate, independent film studios, software and games publishers, and major music publishers. Most major customers are covered by multi-year contracts (generally, two to four years), which typically contain volume exclusivity and/or time commitments. Major client relationships typically consist of multiple contractual arrangements for specific types of services within specific geographical areas.

DVD Services Division-wide has launched initiatives to adapt distribution operations and related customer agreements in response to continued volume reduction and increasing order profile complexity.

In 2018, Sony DADC outsourced to Technicolor a substantial majority of its CD, DVD and Blu-ray™ manufacturing, packaging and distribution requirements in both the North American and Australian markets. Sony DADC continues to maintain direct relationships with distributors and also continues to directly support its PlayStation customers. In 2019, the outsourcing relationship with Sony DADC in North America expanded to include distribution services, along with the addition of transportation management services for selected other Sony related entities.

Technicolor's key competitors in the DVD market include Sony and Arvato, both of which now have the majority of their activity concentrated in the European market.

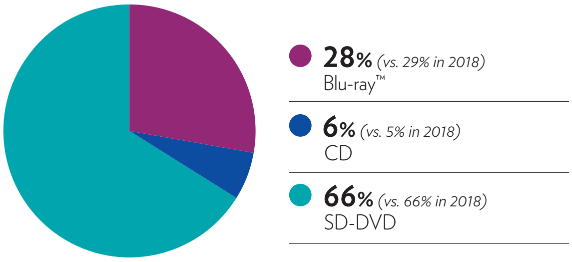
In 2019, Technicolor successfully renegotiated contract renewals and/or extensions with two of its major customers, both of which included materially improved terms for Technicolor. Additional customer contract renegotiations will occur over the next several years in line with specific contract renewal dates.

REVENUE HIGHLIGHTS

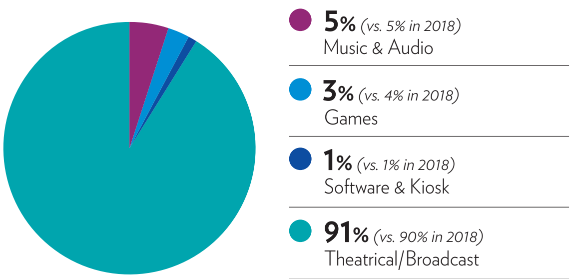
Revenues totaled €882 million in 2019, down 9.7% at constant rate and 6.3% at current rate compared to 2018. Revenues decreased in the second half compared to the 2018 second half by 12.1% at constant rate. Total combined replication volumes reached 1,059 million discs, down 11.4% over 2018.

Operations are supported by approximately 1 million square feet of dedicated replication and distribution space, with unique capability for the timely delivery of discs to more than 40,000 locations.

VOLUMES BY FORMAT



VOLUMES BY SEGMENT



Selected major feature film titles produced by Technicolor in 2019 included:

Avengers: End Game, *Toy Story 4* and *The Lion King* from Disney; *Bohemian Rhapsody* and *Alita: Battle Angel* from Fox; *John Wick: Chapter 3* from Lionsgate; *Bumblebee* and *Gemini Man* from Paramount; *Spider-Man: Far from Home* and *Once Upon a Time in Hollywood* from Sony; *Fast & Furious Presents: Hobbs & Shaw* and *How to Train Your Dragon: The Hidden World* from Universal; and *A Star is Born*, *Fantastic Beasts: The Crimes of Grindelwald*, and *Shazam!* From Warner Bros. Major games titles included *Call of Duty: Modern Warfare* from Activision, *FIFA 20* from Electronic Arts and *Borderlands 3* from Take Two Interactive.

1.2.3 Connected Home

GRI *[102-2] [102-6] [103-1 Market presence] [103-2 Market presence] [103-3 Market presence]*

BUSINESS OVERVIEW

The Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment ("CPE") to Pay-TV operators and Network Service Providers ("NSPs"), including broadband modems and gateways, digital Set-Top Box, and Internet of Things ("IoT") connected devices.

The CPE portfolio of the Connected Home segment can be further described as follows:

- in Broadband, modem and gateway CPE are access devices designed for Cable, Telecom and Mobile operators to allow the delivery of multiple-play services (video, voice, data, and mobility) to their residential and business subscribers over fixed wire and wireless networks (cable, xDSL, fiber, LTE/5G). Connected Home offers a complete range of broadband CPE devices, including high-end triple and quad-play gateways, business gateways, integrated access devices, double-play wireless gateways with data and VoIP functionalities, as well as Wi-Fi routers, extenders, and IoT connected devices;
- in Video, digital Set-Top Box CPE are designed for Cable, Satellite, Telecom and Mobile operators to enable the delivery of digital video entertainment and advanced services to their subscribers over broadband, broadcast, and hybrid networks. Connected Home offers a wide range of products including IP Set-Top Box, broadcast Set-Top Box, hybrid Set-Top Box, and media servers. These products enable NSPs to offer access to Broadcast TV, Internet TV and OTT services in Standard ("SD"), High ("HD") and Ultra High Definition ("UHD").

Technicolor typically provides the design and validation of the CPE. In addition, the segment manages all the logistics and supervises the manufacturing and assembly on behalf of its customers. The manufacturing and assembly services are performed by CEMs ("Contract Electronic Manufacturers") as suppliers. The Company operates a single manufacturing facility in Manaus (Brazil), to serve the Brazilian market.

ORGANIZATION

With the acquisition of Cisco Connected Devices in November 2015, Connected Home doubled its size, and increased its industrial and technological scale across all major geographies, particularly in North America, the largest market in volume and value.

The segment is structured around dedicated teams focused on the development of our partnership with Pay-TV operators and Network Service Providers.

The segment also benefits from a strong transversal services organization including operations, global supply chain management, procurement, sales operations, quality assurance, and hardware performance. This organization also hosts all business re-engineering and transformation programs for Connected Home.

Connected Home had 1,377 employees at the end of December 2019, of which 191 employees belong to the Manaus manufacturing facility in Brazil.

CONTRACT STRUCTURING AND PROCESS

In most cases, a Connected Home customer issues a request for proposal ("RFP") or a request for quotation ("RFQ") for a product they wish to procure. All vendors, including Technicolor, quote their best terms, based on their understanding of the product. Typically, a shortlist of considered vendors is created and technical discussions are held with those vendors. A best and final offer is made, and one or two vendors are awarded. Our offers, which include pricing, are made considering the best view we have on forward looking component costs, the R&D effort to develop the product, and fixed costs.

The standard contractual process is divided into five main steps:

- presale partnership to help refine a new product definition;
- request for Price/Request for Quote process;
- development, which ranges widely from about 6 to 18 months;
- deployment;
- maintenance.

INDUSTRY TRENDS

Global Internet traffic is growing, fueled by increasing service consumption, particularly video through Over-The-Top services, as well as the connectivity of millions of additional devices, often referred to as IoT, and finally by the Wifi evolution creating the need for renovation of installed base. With the increasing amount of data that will cross global IP networks in the next few years, households will demand greater connectivity speed, which will drive transition to new standards and technologies (advanced video codecs, DOCSIS 3.1, 10G Fiber, G.fast, and 5G). The Smart Home and IoT ecosystems can increase customer retention and generate additional revenue as NSPs go beyond traditional triple/quad-play offerings and develop new services to increase Average Revenue Per User ("ARPU").

The CPE industry continues to evolve towards more powerful, more open, and more complex platforms and devices. This evolution will continue to provide more and more opportunity for new software services opportunities, sending CPE device information to the cloud for the application of artificial intelligence and deep learning algorithms, to arrive at richer insight of the health of the access and home network for the NSPs, as well as new service offerings to consumers.

In 2018 and 2019, our industry faced cost and supply continuity challenges resulting from global shortages of components. Technicolor led the industry in taking actions to mitigate the impact and guarantee supply. The component environment remains challenging:

- the situation with the prices for memory chips is gradually improving and the costs for MLCCs have stabilized and started to go down. The volatility and uncertainty in certain categories of electronic components remain high;
- starting from mid-2018, the segment is invoicing clients for the vast majority of these identifiable component cost increases.

The industry also experienced the significant drop in the cable video market in North American 2018, which was partially offset by stronger demand in broadband.

Technicolor Connected Home is also committed to develop a responsible business as our Ecovadis CSR Gold Rating demonstrates. Technicolor started to implement eco-design guidelines in 2008 and has long taken a positive stance towards environmental and efficiency issues in the development, manufacture, and use of its products. As a continuous improvement practice, Connected Home actively monitors its energy efficiency (carbon emissions generated by product use and carbon emissions resulting from shipping and transportation of products) and is increasing the use of renewable energy within its infrastructure (for instance, our Manaus factory is certified carbon neutral for many years).

MARKET POSITION IN 2019

Technicolor achieved a market share of c. 17% worldwide excluding China (sources: Dell'Oro, IHS Markit, Technicolor estimates). The Group's market position differs depending on market segments and geography.

By product category, Technicolor was number two worldwide in value for broadband modems and gateways, with industry-recognized leadership in wireless and broadband technologies for Cable and Telecom operators. Technicolor was also number two worldwide in value for digital Set Top Boxes, with leading positions in the Cable and Satellite segments.

Technicolor's key competitors in the CPE market include Arris, Humax, Huawei, Sagemcom, Samsung, and ZTE.

REVENUE HIGHLIGHTS

The Connected Home segment generated consolidated revenues of €1,983 million in 2019, accounting for 52% of the Group's reported consolidated revenues.

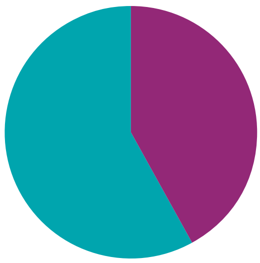
Connected Home shipped a total of 35.4 million products in 2019, or more than 680,000 devices per week. By product category, video devices represented 55% of total volumes in 2019 (2018: 56%), while broadband devices represented 45% of total shipments (2018: 44%) of which 14.6% of total volumes from Manaus.

On the video side, Ultra-High definition products represented around 43% of the Group's digital Set-Top Box revenues in 2019.

REVENUES BY REGION

- **23%** *(vs. 21% in 2018)* Europe, Middle-East & Africa
- **15%** *(vs. 15% in 2018)* Latin America
- **18%** *(vs. 18% in 2018)* Asia-Pacific
- **44%** *(vs. 46% in 2018)* North America

REVENUES BY PRODUCT



- **42%** *(vs. 49% in 2018)* Video
- **58%** *(vs. 51% in 2018)* Broadband

Customer concentration

Technicolor's customer base includes most of the largest Pay-TV operators and Network Service Providers worldwide.

The Group's top 20 customers make up approximatively 40% of the total market, and Technicolor holds a material market share position at each.

Technicolor's main customers include America Movil, AT&T (DIRECTV), CenturyLink, Charter Comcast, Cox, Liberty Global, Megacable, Proximus, Tata Sky, Telecom Italia, Telefonica, Telstra, Telus and Vodafone.

By Geography

		North America	Europe, Middle-East & Africa	Latin America	Asia-Pacific
Revenues	2019	865	453	307	357
(in million euros)	2018	1,033	460	327	398
Volumes	Video	1.666	2.496	5.339	9.906
(in million units)	Broadband	7.257	4.691	2.999	1.033
	Total	8.923	7.187	8.338	10.939

Connected Home recorded strong commercial activity in 2019 in North America, in particular with major cable operators in broadband solutions. Driven by this North American broadband activity, Connected Home has taken the undisputed worldwide leadership role in DOCSIS 3.1 deployments, both in volume and value.

In Europe, Middle East and Africa, Connected Home continued to add new AndroidTV and DOCSIS 3.1 wins, both product groups adding revenue fuel for the coming years. The segment succeeded in maintaining its solid leadership in telecom and cable gateways and in all categories of Set-Top Box.

Connected Home is well established in the Latin American region with many marquee CPE customers, driving a high market share both in value and volume.

In Asia-Pacific, Connected Home is not present in all markets, preferring to focus where the segment can build solid market positions. The largest product categories of this market are digital satellite Set-Top Box and telecom broadband gateways. In 2018, Connected Home recorded solid growth in South Korea and Japan, where Technicolor has decided to grow its position, following acquisitions of LG and Pioneer activities in the NSP market.

Transformation Plan

During 2018, Connected Home decided to launch a three-year transformation program to adapt itself to the market conditions and subsequent consolidation facing our industry. This program includes a customer "selectivity" plan to better achieve product synergies and develop stronger partnerships with key suppliers and partners to improve product costing, competitiveness, and time to market. The plan includes reducing the annual fixed cost structure by 40% over a three-year period, representing c. €140 million savings versus 2017. Total costs associated with this plan amount to c.€90 million, with an average pay-back of less than 15 months. It should enable Connected Home to improve overall profitability and be more competitive to increase its market share.

The three-year transformation plan is also improving productivity; more than 82% of the operational cost savings target has already been achieved (on a run rate basis) at the end of December 2019.

Connected Home has launched in 2019 two global programs to transform its way of piloting business:

- Revamp of supply chain processes and tools with a first wave to be deployed in the first quarter 2020, to improve visibility, reliability and flexibility for its operations;
- Full evolution to a data driven company, by systematizing data driven process, supported by real time tools and making data visible and available for the teams when they need it.

1.2.4 Corporate & Other

GRI *[102-2]*

The "Corporate & Other" segment comprises unallocated corporate functions and all other continuing activities.

Corporate & Other operations are as follows:

- Trademark Licensing business which monetizes valuable brands such as RCA™ and Thomson™ which were operated by the Group when it was a leading stakeholder in the Consumer Electronics business. Trademarks create business and market opportunities for licensing partners around the globe, which benefit from a complete brand service including rights management & protection, quality insurance, marketing and design. Main product categories developed are Television, Tablets, Home appliances with an increased market and awareness presence in EMEA, North and South America;
- Patent Licenses, which have not been sold to Interdigital and which monetize valuable patents such as MPEG-LA and various others;
- Post-disposal service operations and commitments related to former consumer electronics operations, mainly pension costs;
- Unallocated Corporate functions, which comprise the operation and management of the Group's Head Office, together with various Group functions centrally performed, such as, Human Resources, IT, Finance, Marketing and Communication, Corporate legal operations and real estate management, and that cannot be strictly assigned to a particular business within the three operating segments.

1.2.5 Discontinued operations

GRI *[102-10] [102-49]*

Technicolor has finalized a number of disposals over the last few years, the results of which are, under certain criteria, reported as discontinued operations under IFRS.

For a description of the financial implications of discontinued operations on the Group's results of operations, please refer to Chapter 2: "Operating and Financial Review and Prospects", section 2.2.7: "Profit (loss) from discontinued operations".

Technicolor announced, on December 18, 2017, its decision to sell Patent Licensing business. As a result, the Group reported the financial information of its Patent Licensing business, previously included in the Technology segment, under Discontinued operations. On July 30, 2018, the Group concluded the sale to InterDigital excluding some mobile patents, a small number of patents for nascent technologies and some patents associated with patents tools.

The sale to InterDigital of the Research & Innovation ("R&I") activity was completed on May 31, 2019. As a result, the Group reported the financial information of its R&I operation under Discontinued operations, as in 2018 results.

1.3 STRATEGY

GRI *[102-10] [102-15] [103-1 Economic performance] [103-2 Economic performance]*

The strategic plan will allow Technicolor to better serve clients and take advantage of market opportunities. The pillars are:

- focus resources on profitable growth opportunities;
- take a more disciplined approach to business selection and focus on projects which drive attractive returns;
- continue to produce market leading products and solutions;
- significantly streamline operations from an organizational point of view and implement a new cost savings plan which will improve margins;
- increase transparency providing tangible financial targets.

This strategic plan includes measures that will improve the cost structure, drive profit and cash flow, without compromising our top line growth prospects.

CLEAR STRATEGIC PRIORITIES FOR EACH DIVISION

- Production Services:
  - capture growth in episodic by working more with streaming providers;
  - have a top-notch workforce in India which can help us drive profitability especially in smaller projects;
  - continue to invest in people and technologies while being disciplined around business selection – taking on profitable projects that represent the best use of our resources.
- DVD Services:
  - adapt the business model and the cost structure to a declining market;
  - renew the contracts with U.S. major studios, moving to volume-based arrangements.
- Connected Home:
  - focus our efforts on the growing and profitable segments of broadband and Android TV;
  - reduce presence in the U.S. video market;
  - streamline R&D to provide to customers high quality products in a more efficient way.

EFFICIENCY GAINS

- large scope for efficiency gains across all three-business lines to drive the operational and financial transformation of the company;
- the Group intends to generate €150m of savings by 2022, of which €100m to be achieved in 2020;
- €40m of savings will originate from the existing plan being implemented since 2017 in Connected Home;
- €110m will come from the new plan tackling key cost drivers in each of our business units – real estate rationalization, appropriate use of low-cost workforce and more active management of indirect cost spend. Further simplification of our organizational structure and operations will drive additional savings in 2021 and 2022.

COMPREHENSIVE CAPITAL STRUCTURE SOLUTION TO ENHANCE STRATEGIC FLEXIBILITY

- In conjunction with the strategic plan, the Group is implementing a holistic capital structure solution to restore our strategic flexibility;
- Strategic priorities are clear:
  - rebuild liquidity buffer;
  - restore confidence of our partners, key clients and suppliers;
  - fund transformation projects;
  - capture growth opportunities in Production Services
- Capital structure strengthening initiatives include:
  - a €300 million rights issue;
  - an 18-month extension of the RCF and the Wells Fargo;
  - an additional $110 million short-term facility.

The combination of these three capital structure actions will provide the company flexibility and a stable and sustainable base from which to drive profitable growth.

2020-2022 GUIDANCE[1] (INCLUDING IFRS 16)

As announced in the 2019 annual results press release, on February 18 2020, Technicolor had announced that its Strategic Plan should allow Technicolor to generate over the 2020-2022 period a cumulative Adjusted EBITDA of over €1.0 billion and a cumulative Adjusted EBITA of over €340 million, and to reduce its Net Debt / Adjusted EBITDA leverage ratio below 2.75x[2] by 2022.

With respect to 2020, Technicolor expected to achieve an Adjusted EBITDA in line with 2019 and an Adjusted EBITA of c. €70 million.

The key assumptions on which these objectives and assumptions were based were as follows:

- **Production Services:**
  - Film & Episodic Visual Effects: relatively low first half 2020 activity driven by delays in awards coming from one key client. The second half activity expecting to be at full capacity, as well as the following years of the plan;
  - Episodic activities: a double-digit rate growth over the period;
  - Advertising: growth driven by access to new clients (increased demand in the direct to brand segment), and improved efficiencies;
  - Animation: growth fuelled by new contracts, including some already concluded with streamers;
- **DVD Services:** volume declines still affecting activity, but the gradual positive impact of contract renewal together with cost savings measures helping to restore profitability;
- **Connected Home:** moderate growth over the period, with prolonged decline of video being more than offset by strong progress in the broadband gateway segment. Increased efficiencies, and transformational measures, together with deepened client selectivity, further improving profitability;
- **Free cash-flow:** conservative assumptions in working capital dynamics forecasted for 2020 and 2021.

Due to the current challenges associated with assessing the full impact of the COVID-19 pandemic at this stage, the Group has decided to cancel on 23 March 2020 the previously issued 2020-2022 financial guidance and 2020[3].

The Group remains fully committed to significantly improving its profitability and cash flow generation, and continues to implement its previously announced cost savings measures. Technicolor has already started to work on the expected second stage of its transformation programmes, accelerating cost reductions and efficiency measures. The company plans to provide updated 2020-2022 guidance once there is more clarity around the impact of the COVID-19 pandemic.

For more information about the COVID-19 risks, please refer to sections 2.5 « Information on COVID-19 » and « Health and safety », in chapter 3.1.1 « Global market and industry risks”.

(1) At constant perimeter and rate.

(2) Pro forma of the Rights issue.

(3) Information supplied subsequently to the financial statements' approval by the Board of Directors' meeting of February 18, 2020.

1.4 SHARE CAPITAL AND SHAREHOLDING

1.4.1 Share capital

NUMBER OF SHARES AND VOTING RIGHTS AS OF DECEMBER 31, 2019

During 2019, the Company did not carry out any capital increase.

As of December 31, 2019, the Company's share capital was divided in 414,461,178 shares with a nominal value of €1, fully paid-up (ISIN FR0010918292) and all of the same class (see below paragraph "Changes to the share capital" of this Chapter).

Date	Number of Outstanding Shares	Number of Voting Rights
December 31, 2019	414,461,178	Number of Theoretical Voting Rights (1): 414,461,178 Number of Voting Rights Exercisable at Shareholders' Meeting (2): 414,461,178

(1) Calculated, pursuant to Article 223-11 of the General Regulations of the Autorité des marchés financiers, based on the total number of outstanding shares to which voting rights are attached, including shares with suspended voting rights.
(2) Excluding shares without voting rights.

HOLDING OF SHARE CAPITAL AND VOTING RIGHTS

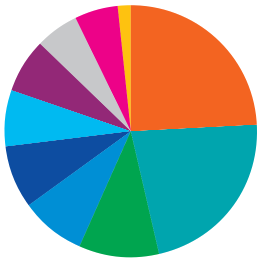
GRI *[102-7] [102-40]*

The table below shows the Company's shareholding structure over the past three years:

	December 31, 2019			December 31, 2018			December 31, 2017		
shareholders	**Number of shares**	**% of share capital**	**% of voting rights (3)**	**Number of shares**	**% of share capital**	**% of voting rights (3)**	**Number of shares**	**% of share capital**	**% of voting rights (3)**
Public (1)(2)	199,603,756	48.16%	48.16%	223,609,006	53.95%	54.09%	263,865,487	63.66%	63.82%
RWC Asset Management LLP	42,000,000	10.13%	10.13%	42,000,000	10.13%	10.16%	-	-	-
J O Hambro Capital Management Limited	35,146,422	8.48%	8.48%	35,655,435	8.60%	8.63%	25,047,689	6.04%	6.06%
• Bpifrance Participations	21,853,869	5.27%	5.27%	21,853,869	5.27%	5.29%	21,853,869	5.27%	5.29%
• Caisse des Dépôts et Consignations	11,116,440	2.68%	2.68%	11,129,059	2.69%	2.69%	11,129,059	2.69%	2.69%
Total Bpifrance Participations + Caisse des Dépôts et Consignations	32,970,309	7.95%	7.95%	32,982,928	7.96%	7.98%	32,982,928	7.96%	7.98%
Invesco Ltd	29,964,739	7. 23%	7.23%						
Bain Capital Credit	29,062,798	7.01%	7.01%						
Kinney Asset Management LLC	22,928,815	5.53%	5.53%	22,928,815	5.53%	5.55%	-	-	-
Fidelity International	22,784,339	5.50%	5.50%						
OppenheimerFunds, Inc.	-	-	-	29,700,000	7.17%	7.18%	48,679,165	11. 75%	11.77%
DNCA Finance, SA and DNCA Finance Luxembourg	-	-	-	26,510,000	6.40%	6.41%	21,489,718	5.18%	5.20%
Cisco Systems, Inc.	-	-	-	-	-	-	21,418,140	5.17%	5.18%
Treasury shares	-	-	-	1,074,994	0.26%	-	978,051	0.24%	-
TOTAL	**414,461,178**	**100%**	**100%**	**414,461,178**	**100%**	**100%**	**414,461,178**	**100%**	**100%**

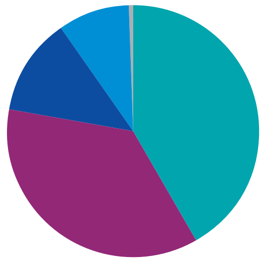
(1) Estimate obtained by subtraction.
(2) Including equity held by major shareholding funds.
(3) Net of shares deprived of voting rights.

HOLDING OF SHARE CAPITAL



- **24.17%** Institutionnal Investors
- **22.4%** Retail
- **10.13%** RWC Asset Management LLP
- **8.48%** J O Hambro
- **7.95%** Bpifrance Participations+ Caisse des Dépots et Consignation
- **7.23%** Invesco Ltd.
- **7.01%** Bain Capital Credit
- **5.53%** Kinney Asset Management LLC
- **5.50%** Fidelity International
- **1.6%** Other

INSTITUTIONAL HOLDERS BY GEOGRAPHY



- **41.7%** United Kingdom
- **36.2%** North America
- **12.5%** France
- **9.3%** Rest of Europe
- **0.3%** Rest of the world

INDIVIDUALS OR ENTITIES HOLDING CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENTS

No entity controls the Company, and, to the Company's knowledge, there are no shareholders' agreements among its shareholders.

SHARE OWNERSHIP THRESHOLDS' CROSSINGS NOTIFIED TO THE COMPANY IN 2019 AND UNTIL THE PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT AND SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S CAPITAL AS OF DECEMBER 31, 2019

In accordance with Article L. 233-13 of the French Commercial Code, and to the Company's knowledge, the following legal share ownership thresholds' crossings were notified to the Company and the *Autorité des marchés financiers* (AMF) during 2019 year and until the publication of this Universal Registration Document:

Shareholders	Date on which threshold crossed	Threshold crossed upwards or downwards	Threshold crossed	Percentage of share capital held on the date of notification	Number of shares
DNCA *(D&I AMF n° 219C0285)*	February 11, 2019	Downwards	5%	4.78%	19,800,000
Fidelity International *(D&I AMF n° 219C0463)*	March 13, 2019	Upwards	5%	5.26%	21,795,375
Invesco Ltd *(D&I AMF n° 219C0865)*	May 24, 2019	Upwards	5%	7.23%	29,964,739
Bain Capital Credit *(D&I AMF n° 219C1432)*	August 14, 2019	Upwards	5%	5.04%	20,881,422
Kinney Asset Management, LLC (D&I AMF n° 220C0694)	February 17, 2020	Downwards	5%	4.68%	19,382,789
J O Hambro Capital Management Limited *(D&I AMF n° 220C0723)*	February 19, 2020	Downwards	5%	3.36%	13,918,584
FIL Limited *(D&I AMF n° 220C0753)*	February 24, 2020	Downwards	5%	4.34%	17,977,751
Bpifrance Participations and *Caisse des dépôts et consignations (D&I AMF n° 220C0950)*	March 10, 2020	Upwards	10%	10.02%	41,515,480

As of December 31, 2019:

- RWC Asset Management held 10.13% of the share capital and voting rights;
- J O Hambro Capital Management held 8.48% of the share capital and voting rights;
- *Caisse des Dépôts et Consignations* held, jointly with Bpifrance Participations, 7.95% of the share capital and voting rights;
- Invesco Ltd held 7.23% of the share capital and voting rights;
- Bain Capital Credit held 7.01% of the share capital and voting rights;
- Kinney Asset Management LLC held 5.53% of the share capital and voting rights;
- Fidelity International held 5.50% of the share capital and voting rights.

To the Company's knowledge, no shareholder, other than those mentioned above, held more than 5% of its share capital or voting rights on December 31, 2019.

In addition, to the Company's knowledge, no Board member or Executive Committee member currently holds more than 1% of the Company's share capital or voting rights, except for Bpifrance Participations and RWC Asset Management LLP (for further information on Board Members' holdings see section 4.1.1.5: "Directors' holdings in the Company's share capital" under Chapter 4: "Corporate governance and compensation" of this Universal Registration Document).

MODIFICATIONS IN THE HOLDING OF SHARE CAPITAL OVER THE PAST THREE YEARS

GRI *[102-10]*

In 2019, two shareholders built up significant stakes through the purchase of shares on the market:

- the holding of Bain Capital Credit reached 7.01% of the share capital and voting rights;
- Fidelity International's holding reached 5.50% of the Company's share capital and voting rights.

In May 2019, Invesco Ltd completed the acquisition of OppenheimerFunds, Inc. and crossed the threshold of 5% of the share capital and voting rights up to 7.23% of the share capital and voting rights as of December 31, 2019.

DNCA sold all of its shares in the Company's share capital and went from 6.40% in December 31, 2018 to 0% in December 31, 2019.

In 2018, two shareholders built up significant stakes through the purchase of shares on the market:

- the holding of RWC Asset Management LLP reached 5.02% of the Company's share capital and voting rights, and subsequently 10.13% of the Company's share capital and voting rights;
- Kinney Asset Management's holding reached 5.53% of the Company's share capital and voting rights.

J O Hambro Capital Management Limited and DNCA Finance kept building up their stakes.

Cisco Systems, Inc. sold all of its shares in the Company's share capital and went from 5.17% in December 31, 2017 to 0% in December 31, 2018.

OppenheimerFunds, Inc. sold part of its shares in the Company's share capital and went from 11.75% in December 31, 2017 to 7.17% in December 31, 2018.

In 2017, J O Hambro Capital Management Limited built up a significant stake through the purchase of shares on the market, to reach 5.01% of the Company's share capital and voting rights.

CHANGES TO THE SHARE CAPITAL

GRI *[102-10]*

Transaction date	Number of shares issued or canceled	Increase/ reduction in capital *(in euros)*	Total amount of share capital at closing *(in euros)*	Additional paid-in capital variation *(in euros)*	Carrying amount of additional paid-in capital *(in euros)*	Cumulative number of shares at closing	Nominal value *(in euros)*
As of December 31, 2015			**411,443,290**		**1,124,286,679**	**411,443,290**	**1**
From January 1, 2016 to January 29, 2016							
Increase of Capital	533,909	533,909		1,308,865			1
Creation of new shares under MIP 2015							
From February 1, 2016 to December 31, 2016							
Increase of Capital	1,268,768	1,268,768		2,944,099			1
Issuance of new shares under MIP 2015							
Allocation of net loss for FY 2015 to retained earnings by the Shareholders' General Meeting of April 29, 2016				(186,444,553)			
Dividend distribution decided by the Shareholders' General Meeting of April 29, 2016				(24,745,266)			
As of December 31, 2016			**413,245,967**		**917,349,824**	**413,245,967**	**1**
Issuance of new shares under MyTechnicolorShares Plan (delivery of restricted shares)	778,750	778,750		(778,750)			1
Issuance of new shares under MIP 2015 *(exercise of stock options)*	436,461	436,461		955,850			1
As of December 31, 2017			**414,461,178**		**917,526,924**	**414,461,178**	**1**
Allocation of net loss for FY 2017 to reserves by the Shareholders' General Meeting of April 26, 2018					(917,526,924)		
As of December 31, 2018			**414,461,178**		**0**	**414,461,178**	**1**
As of December 31, 2019			**414,461,178**		**0**	**414,461,178**	**1**

POTENTIAL MODIFICATIONS TO THE COMPANY'S SHARE CAPITAL

GRI *[102-10]*

As of December 31, 2019, a total of 9,853,731 stock options are outstanding in the framework of stock options plans, part of which remains subject to the achievement of performance conditions (for details of these plans, see Chapter 4: "Corporate governance and compensation", section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document). If all options in the Stock Option Plans were exercised, this would lead to the issuance of 9,853,731 shares. Technicolor's share capital would be composed of 424,314,909 ordinary shares, *i.e.* a 2.38% increase in the number of shares from December 31, 2019.

As of December 31, 2019, a total of 6,471,026 performance shares could be vested to employees and Corporate Officers under performance conditions set by the performance share plans (for details of these plans, see Chapter 4: "Corporate governance and compensation", section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document). If all shares in the performance share plans were delivered, this would lead to the issuance of 6,471,026 shares. Technicolor's share capital would be composed of 420,932,204 ordinary shares, *i.e.* a 1.56% increase in the number of shares from December 31, 2019.

As of the date of publication of this Universal Registration Document, no other securities giving access to capital are in circulation.

TECHNICOLOR SHARES SUBJECT TO A SECURITY INTEREST

To the Company's knowledge, as of the date of publication of this Universal Registration Document, no shares of the Company are pledged.

ELEMENTS LIKELY TO HAVE AN INFLUENCE IN CASE OF A PUBLIC OFFER

Pursuant to Article L. 225-100-3 of the French Commercial Code, the agreements governing the Term Loan Debt, the RCF and the €35 million bilateral credit facility to which Group companies are parties contain change of control clauses. For more information on these agreements, please refer to Chapter 2: "Operating and financial review and prospects", section 2.3.3: "Financial resources" of this Universal Registration Document.

1.4.2 Share buy back

The following paragraphs specify the information to be provided pursuant to Article L. 225-211 of the French Commercial Code.

No share purchase program was submitted for approval at the Combined Shareholders' Meeting convened on June 14, 2019.

SHARE MANAGEMENT AGREEMENT

The share management agreement signed between Technicolor SA and Natixis which had been suspended since April 26, 2018, was terminated on September 25, 2019. At the termination date, the following assets were booked to the liquidity account:

- 703,925 Technicolor shares;
- €295,644.17.

Pursuant to this agreement consistent with the Code of Conduct of the *Association française des marchés financiers* (AMAFI), approved by the AMF in its decision of March 21, 2011, the 703,925 remaining shares were sold on the market.

HOLDING AND ALLOCATION OF TREASURY SHARES AS OF DECEMBER 31, 2019

As of December 31, 2019, the Company did not hold any treasury shares.

TRANSACTIONS CARRIED OUT BY THE COMPANY ON ITS OWN SHARES BETWEEN JANUARY 1, 2019 AND DECEMBER 31, 2019

In accordance with Article L. 225-211 of the French Commercial Code, during the period from January 1, 2019 to December 31, 2019, the Company's aggregate sales totaled 1,074,994 shares (at the average price of €0.782), amounting to €840,694.17 or 0.26% of the share capital.

The Company did not purchase any shares during this period.

1

1.4.3 Delegations granted to the Board of Directors by the Shareholders' Meetings

In accordance with Article L. 225-37-4 paragraph 3 of the French Commercial Code, the table below summarizes the delegations granted to the Board of Directors by the Shareholders' Meeting in force on December 31, 2019 and the use made of these delegations during the 2019 year:

I – FINANCIAL DELEGATIONS TO ALLOW EQUITY-LINKED INSTRUMENTS (EXCLUDING EMPLOYEES OR CORPORATE OFFICERS)

Type of the financial delegation	Duration of the authorization and date of expiration	Maximum amount of the issuance of equity-linked debt securities *(in euros)*	Maximum nominal amount of Capital Increases	Amount used	Amount available
Issuances with preferential subscription right					
Issuance of shares with preferential subscription rights **(5th resolution of the AGM of March 23, 2020)**	18 months September 23, 2021	N/A	€75,000,000	None	100% of the ceiling
Issuance without preferential subscription right					
Issuance, without preferential subscription rights and by way of a public offering, of shares and/or equity-linked securities giving access, immediately or over time, to the Company's share capital **(14th resolution of the AGM of April 26, 2018)**	26 months June 26, 2020	400 million	€41,446,117 representing 10% of the share capital on December 31, 2017	None	100% of the ceiling
Issuance, without preferential subscription rights, of shares and/or equity-linked securities giving access, immediately or over time, to the Company's share capital, by way of an offering in accordance with Article L. 411-2 of the French Monetary and Financial Code **(15th resolution of the AGM of April 26, 2018)**	26 months June 26, 2020	400 million	€41,446,117 representing 10% of the share capital on December 31, 2017	None	100% of the ceiling
Issuance, without preferential subscription rights, of shares and/or equity-linked securities giving access, immediately or over time, to the Company's share capital in consideration for contributions in kind to the Company **(17th resolution of the AGM of April 26, 2018)**	26 months June 26, 2020	400 million	€41,446,117 representing 10% of the share capital on December 31, 2017	None	100% of the ceiling
In the event of an over-subscription (Greenshoe)					
Increase in the number of shares to be issued in the event of a capital increase, with or without preferential subscription rights **(6th resolution of the AGM of March 23, 2020)**	18 months September 23, 2021	N/A	15% of the initial issuance	None	100% of the ceiling
Overall limits on issuances					
Overall limits on issuances **(20th resolution of the AGM of April 26, 2018)**	N/A	500 million	€165,784,471 representing 40% of the share capital on December 31, 2017	None	N/A

II – DELEGATIONS TO ALLOW EQUITY-LINKED INSTRUMENTS FOR EMPLOYEES OR CORPORATE OFFICERS

Type of the financial delegation	Duration of the authorization and date of expiration	Number of shares and percentage of capital likely to be issued	Amount used	Amount available
Capital increase without preferential subscription rights, reserved to members of a group savings plan **(7th resolution of the AGM of March 23, 2020)**	18 months September 23, 2021	1% of the share capital as of the date of the Board of Directors' decision to proceed to such transaction	None	None
Capital increase without preferential subscription rights, reserved to specific categories of beneficiaries – shareholding transactions for employees outside a group savings plan **(19th resolution of the AGM of April 26, 2018)**	18 months October 26, 2019	4,144,612 shares representing 1% of the share capital on April 26, 2018	None	None
Grant of free shares to all employees or certain categories of employees and/or officers **(20th resolution of the AGM of June 14, 2019)**	12 months June 13, 2020	3,000,000 shares representing 0.72% of the share capital on December 31, 2018	2,657,000 shares granted(1)	343,000 shares available for allocation (2)
Overall limits on issuance **(20th resolution of the AGM of April 26, 2018)**	N/A	500 million	€165,784,471 representing 40% of the share capital on December 31, 2017	None

(1) 2,657,000 shares were granted by the Board of Directors in 2019. They will be issued in 2022, subject to the achievement of presence conditions as laid down in the plan regulations (See section 4.2.4: "Details on Stock Option Plans and Performance or Restricted Share Plans" under Chapter 4 "Corporate governance and compensation").

(2) In consideration of the 2,657,000 shares granted in 2019, 343,000 shares remain available for allocation by the Board of Directors under this authorization.

1.4.4 Dividend policy

GRI *[201-1]*

Any payment of dividends or other distributions depends on the Company's financial condition and results of operations, especially net income, and its investment policy.

Upon proposal of the Board of Directors, it will not be proposed to the Annual General Meeting to be held to approve the financial statements for the fiscal year ended December 31, 2019, to pay any dividend with respect to fiscal year 2019.

Upon proposal of the Board of Directors, with respect to fiscal year 2018, the General Shareholders' Meeting of June 14, 2019 decided not to pay a dividend.

Upon proposal of the Board of Directors, with respect to fiscal year 2017, the General Shareholders' Meeting of April 26, 2018 decided not to pay a dividend.

Upon proposal of the Board of Directors, with respect to fiscal year 2016, the General Shareholders' Meeting of May 24, 2017 voted the payment of a dividend of €0.06 per share, which was paid in cash as of June 23, 2017. Pursuant to the provisions of Article 243 bis of the French tax Code (Code général des impôts), the 40% tax deduction provided for by Article 158 3.2° of the French tax Code applied to this dividend for the gross amount paid to individuals having their tax residence in France.

Furthermore, the Term Loan Debt and the RCF agreements contain clauses restricting the Company's ability to declare or pay dividends (see note 8.3 to the consolidated financial statements: "Borrowings").

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

2019 ADJUSTED EBITDA FROM CONTINUING OPERATIONS

Production Services
€132 million

DVD Services
€46 million

Connected Home
€69 million

Corporate & Other
€(1) million

Under IFRS 16, most operating leases are now treated as financial leases. As a consequence, operating lease expense is cancelled and replaced by an amortization expense and an interest expense. Under the modified retrospective method, 2018 Profit & Loss account is not adjusted. Figures in this Chapter are therefore presented excluding IFRS 16 in 2019 only for comparison purposes.

2.1 SUMMARY OF RESULTS

GRI *[103-3 Economic performance] [201-1]*

Revenues from continuing operations totalled €3,800 million in 2019, down 4.7% at current currency and down 7.3% at constant currency compared to 2018. For more information, please refer to section 2.2.1: "Analysis of revenues from continuing operations" of this Chapter.

Adjusted EBITDA from continuing operations reached €246 million in 2019, down 7.5% at current currency and down 9.7% at constant currency compared to 2018, a decline mainly attributable to the lower revenue of DVD Services and Connected Home segments, partly offset by Production Services better performance. The Adjusted EBITDA margin amounted to 6.5%, down by 20 bps year-on-year. For more information, please refer to sections 2.2.2: "Analysis of adjusted EBITDA and adjusted EBITA" and 2.2.9 "Adjusted indicators" of this Chapter.

Loss from continuing operations before tax and net finance costs was €127 million in 2019 compared to a loss of €119 million in 2018. For more information, please refer to section 2.2.3: "Analysis of operating expenses and profit (loss) from continuing operations before tax and net financial expense" of this Chapter.

The Group's net financial result was an expense of €64 million in 2019 compared to an expense of €51 million in 2018. For more information, please refer to section 2.2.4: "Net financial expense" of this Chapter.

The Group's total income tax charge was €4 million in 2019 compared to a charge of €54 million in 2018. For more information, please refer to section 2.2.5: "Income tax" of this Chapter.

Loss from continuing operations was €195 million in 2019 compared to a loss of €224 million in 2018. For more information, please refer to section 2.2.6: "Profit (loss) from continuing operations" of this Chapter.

The result from discontinued operations was a loss of €21 million in 2019 compared to a profit of €157 million in 2018. For more information, please refer to section 2.2.7: "Profit (loss) from discontinued operations" of this Chapter.

The Group's consolidated net income was a loss of €217 million in 2019 compared to a loss of €67 million in 2018. For more information, please refer to section 2.2.8: "Net income (loss) of the Group" of this Chapter.

2.2 RESULTS OF OPERATIONS FOR 2018 AND 2019

GRI *[103-3 Economic performance] [201-1]*

The revenues, Adjusted EBITDA, operating expenses and profit (loss) from continuing operations before tax and net financial expense for the years 2019 and 2018 are presented below for each of the Group's operating segments – Production Services, DVD Services, Connected Home and Corporate & Other.

The Group's results are presented in accordance with IFRS 5. Consequently, the contributions of discontinued operations are disclosed on one line in the consolidated statements of operations, named "Net profit (loss) from discontinued operations" and are presented separately under section 2.2.7: "Profit (Loss) from Discontinued Operations" of this Chapter.

2.2.1 Analysis of revenues from continuing operations

(in million euros)	FY 2019	FY 2018	Change(1)
Total revenues from continuing operations	**3,800**	**3,988**	**(7.3)%**
Production Services	893	785	10.4%
DVD Services	882	942	(9.7)%
Connected Home	1,983	2,218	(12.6)%
Corporate & Other	43	44	(3.6)%

(1) Change at constant currency.

Revenues from continuing operations totalled €3,800 million in 2019, down 4.7% at current currency and down 7.3% at constant currency compared to 2018, resulting mainly from lower revenues in the Connected Home and in the DVD Services segments.

PRODUCTION SERVICES

Production Services revenues were up 10.4% year-on-year at constant rate and up 13.8% at current rate. The entertainment industry is currently experiencing one of its biggest transformations, driven by the significant growth in streaming platforms and an unprecedented demand for high-end content. Capacity expansion and related investments continued in 2019 to benefit from this dynamic, including Technicolor's announcement at the end of January 2020 of the official launch of its new episodic visual effects business, MPC Episodic.

Business Highlights

- **Film & Episodic Visual Effects**: record year with exceptionally strong double-digit revenue growth year-on-year led by higher volume and utilization at MPC Film and a solid full-year contribution from Mill Film (launched in late 2018). VFX teams worked on over 30 films from the major studios, including 2019 releases like *The Lion King* (Disney), *1917* (Universal/Amblin), *Maleficent: Mistress of Evil* (Disney), *Shazam!* (Warner Bros.), *Pokemon Detective Pikachu* (Warner Bros./Legendary), *X-Men: Dark Phoenix* (Fox), *Ad Astra* (Fox), *Dora and the Lost City of Gold* (Paramount) and *Hellboy* (Lionsgate), and completed production on 2020 releases like *Artemis Fowl* (Disney), *Dolittle* (Universal), and *Sonic the Hedgehog* (Paramount); and over 30 Episodic and/or Non-Theatrical (*i.e.*, Streaming/OTT) projects, including *The Mandalorian* (Disney+), *Lady and the Tramp* (Disney+), *Noelle* (Disney+) *See* (Apple TV+), *Old Story* (Netflix), *Polar* (Netflix/Constantin), *Carnival Row* (Amazon/Legendary), *The Boys* (Amazon/Sony), *American Gods* season 2 (Starz/Fremantle) and *Vikings* season 6 (History/MGM).

  Technicolor's MPC Film led the 2019/20 VFX awards season with its work on *1917*, winner of the Academy Award for Best Visual Effects and the BAFTA Award for Best Special Visual Effects. MPC Film's work on *The Lion King* was also nominated for the same two prestigious awards in addition to winning two VES (Visual Effects Society) Awards, including Outstanding Visual Effects in a Photoreal Feature.

- **Advertising:** revenues were slightly up for the year with an improved second half performance vs. the first half. On the creative side, The Mill and MPC received numerous industry accolades. At the prestigious Cannes Lions International Festival of Creativity, the Group received two of the three Lions awarded in the VFX category; MPC was awarded VFX company of the Year at the Ciclope Awards for the third year in a row, while The Mill was recognized by Televisual as the UK's #1 Post Production company for the 11th year running. MPC also won two VES Awards for its work on Hennessy "The Seven Worlds", including Outstanding Visual Effects in a Commercial.

  The Mill launched a new studio in Berlin, Germany. Having a new base in Europe will enable The Mill to leverage its world-class production, technology and craft to deliver cutting-edge content and experiences to a broader range of clients and creative collaborators.

- **Animation & Games:** high-single digit revenue growth compared to prior year, primarily driven by higher volume in episodic work-for-hire animation services and a greater number of episodes delivered by Technicolor Animation Productions ("TAP," Animation & Games' content IP business). Mikros Animation continues in production on Paramount's *The SpongeBob Movie: Sponge on the Run* and *Spin Master*'s theatrical feature based upon their highly successful PAW Patrol property; and a services agreement signed in the fourth quarter for an animated feature that will ramp-up production in 2020. Technicolor Animation continues to deliver on several high-end episodic productions, including shows like *ALVINNN!!! and The Chipmunks* seasons 4 and 5 (Nickelodeon/M6), *Elena of Avalor* season 3 (Disney), *Fast & Furious: Spy Racers* seasons 1 – 3 (DreamWorks Animation/Netflix), and *Mickey Mouse Mixed-Up Adventures* season 3 (Disney). Technicolor Games completed production on AAA titles including *Anthem* (EA/BioWare), *FIFA 20* (EA), *Mortal Kombat 11* (NetherRealm), *NBA 20* (2K), *Need for Speed Heat* (EA/Ghost), *NHL 20* (EA), and *Resident Evil 2 Remake* (Capcom).

- **Post Production:** revenues were down compared to prior year, reflecting the exit from underperforming businesses in North America in 2018, but grew moderately year-on-year on a continuing perimeter basis thanks to a solid level of activity in Canada and the UK.

DVD SERVICES

DVD Services revenues totaled €882 million in 2019, down 9.7% at constant rate and 6.3% at current rate compared to 2018. Revenues decreased in the second half compared to the 2018 second half by 12.1% at constant rate.

Business Highlights

Total combined replication volumes reached 1,059 million discs, down 11.4% over 2018:

- Standard Definition DVD volumes showed greater than expected resiliency, declining only 11% year-on-year (vs. a decline of 17.5% from 2017 to 2018) supported by strong catalog activity in the North American market;
- Blu-ray™ volumes declined by 13% in 2019, impacted in part by very difficult comparisons to 2018, which included *Star Wars: The Force Awakens*, and in Blu-ray™ Games *Red Dead Redemption 2*, both of which were major hits that had an unusually large amount of Blu-ray™ volume due to multiple disc retail packaging configurations. Blu-ray™ declines were partially offset by continued growth of the Ultra HD Blu-ray™ format;
- the level of decline in 2019 for both DVD and Blu-ray™ was exacerbated by a significant reduction in overall commercial activity of a major studio customer. Excluding this customer, year-on-year declines in both formats were substantially lower;
- CD volumes also performed better than expected, down only 10% benefiting from new volume/customer additions secured in the North American market.

As a result of continued industry-wide pressures, DVD Services launched structural segment-wide initiatives to adapt distribution and replication operations, and related customer contract agreements in response to continued volume reductions. The new contracts are expected to reflect the changing nature and scale of this business, including volume and activity-based pricing.

In 2019, Technicolor successfully renegotiated contract renewals and/or extensions with two of its major customers, both of which included materially improved terms for Technicolor. Additional customer contract renegotiations will occur over the next several years in line with specific contract renewal dates.

VOLUME DATA FOR DVD SERVICES

(in million units)		FY 2019	FY 2018	Change
Total volumes		**1,059.1**	**1,194.9**	**(11.4)%**
By format	DVD	701.9	787.4	(10.9)%
	Blu-ray™	298.8	342.5	(12.7)%
	CD	58.4	65.1	(10.3)%
By segment	Theatrical/Broadcast	959.4	1,071.0	(10.4)%
	Games	29.7	45.9	(35.3)%
	Music & Software	70.0	78.1	(10.4)%

CONNECTED HOME

Connected Home revenues totalled €1,983 million in 2019, down 12.6% year-on-year at constant rate and 10.6% at current rate, but in line with Group expectations. The Group benefited last year from an exceptionally strong performance in Video at Charter and in Broadband at Comcast. The segment's revenues have also been experiencing a demand slowdown in Latin America and in Eurasia, and the consequences of the customer portfolio review. The segment has continued to increase market share in Broadband access and Android based video solutions.

Business Highlights

- **North America:**

  Revenues were down compared to 2018, due to the impact in the Video market of "cord cutting", offset in part by the strong progress in broadband market share, growing by 12.3% versus 2018:

  - North American cable showed continued strong Broadband demand from Comcast, Videotron and Shaw not completely offsetting a significant year-on-year video segment decline;
  - the sale of end of first half excess inventories was successfully executed during the second half.

- **Europe, Middle-East & Africa, Asia-Pacific and Latin America:**

  Lower revenue compared to prior year primarily explained by headwinds in the Latin America Video market, mainly in Brazil and Mexico, and by the slowdown of investments of Broadband in Australia. The Video satellite shows recession across all regions except in India that had a positive impact on 2019 revenues.

  This activity continues to focus on investments and overall market share gains and to leverage open and innovative technologies for network service providers (NSPs) around the world, with the ultimate goal to help NSPs deliver seamless connectivity and premium entertainment experiences to consumers. This is achieved by creating best-in-class CPE and enriching the portfolio with innovative solutions from partnerships with companies with the domains of Wifi management, video distribution, security and advertising. Wifi 6 remains the main technology driver with relevant wins in North America and Europe during the 2019 fourth quarter.

- In Broadband, the investments are focused on Fiber and DOCSIS 3.1 products to position Technicolor as an innovative leader and trusted player in the Connected Home ecosystem. In the second half, DOCSIS 3.1 has expanded beyond Eurasia and NAM, with relevant wins in Mexico and Brazil with the main cable operators in the region. The launch of new Wi-Fi 6 platforms has been successful with the first wins in the North America and European markets. Massive deployments are expected in 2020.
- For Video, AndroidTV-based solutions are gaining faster traction, with relevant wins in the satellite and IP STB segments, in line with the objective of a higher win-rate and global leadership; during the year Connected Home had 9 new relevant awards in this growing segment.

2

REGIONAL REVENUE FOR CONNECTED HOME

(in million euros)		FY 2019	FY 2018	Change (1)
Total revenues		**1,983**	**2,218**	**(12.6)%**
o/w	North America	865	1,033	(20.2)%
	Europe, Middle-East & Africa	453	460	(1.6)%
	Latin America	307	327	(7.2)%
	Asia-Pacific	357	398	(10.3)%

(1) Change at constant currency.

CORPORATE & OTHER

Corporate & Other includes the Trademark Licensing business.

Corporate & Other recorded revenues of €43 million in 2019, roughly stable compared to last year as some retained patent licensing revenues were recorded for similar amounts.

2.2.2 Analysis of Adjusted EBITDA and Adjusted EBITA

For the purpose of analyzing the Group's performance, and in addition to its published results presented in accordance with IFRS, Technicolor publishes an Adjusted EBITDA. This indicator excludes factors the Group considers to be non-representative of Technicolor's normal operating performance. For a comprehensive definition of adjusted indicators and a description of their limitations as performance indicators please refer to section 2.2.9: "Adjusted Indicators" of this Chapter.

(in million euros)	FY 2019	FY 2019 excl. IFRS 16	FY 2018	Change (1)
Total Adjusted EBITDA from continuing operations	**324**	**246**	**266**	**(9.7)%**
Production Services	164	132	110	16.7%
DVD Services	81	46	68	(34.0)%
Connected Home	79	69	87	(21.2)%
Corporate & Other	1	(1)	1	ns

(1) Change at constant currency, excluding IFRS 16.

Adjusted EBITDA from continuing activities was €246 million compared to €266 million in 2018.

(in million euros)	FY 2019	FY 2019 excl. IFRS 16	FY 2018	Change [(1)]
Total Adjusted EBITA from continuing operations	**42**	**36**	**98**	**(63.5)%**
Production Services	28	24	51	(56.2)%
DVD Services	(6)	(9)	14	ns
Connected Home	23	23	33	(28.8)%
Corporate & Other	(2)	(2)	0	ns

(1) *Change at constant currency, excluding IFRS 16.*

Adjusted EBITA from continuing activities was €36 million compared to €98 million in 2018.

PRODUCTION SERVICES

Adjusted EBITDA amounted to €132 million, or 14.8% of revenue, up 20.3% at current rate year-on-year. The EBITDA improvement was driven by Film & Episodic VFX and Animation & Games performance. Adjusted EBITA was down versus last year primarily due to increased cloud rendering costs resulting from an exceptionally heavy delivery schedule, Mill Film facility build outs in Montreal and Adelaide, and a higher number of episodic deliveries by TAP.

DVD SERVICES

Adjusted EBITDA amounted to €46 million, or 5.3% of revenue, down 31.6% at current rate year-on-year. The margin decline was significantly driven by the reduction in volumes and a weaker product mix, not fully offset by ongoing cost savings and a positive half year impact of renewed contracts. This negative evolution has fully impacted adjusted EBITA.

CONNECTED HOME

Adjusted EBITDA amounted to €69 million, or 3.5% of revenue, down 20.5% at current rate year-on-year. The margin decline was driven by the volume reduction and margin mix in North American Video market but partially compensated by the positive evolution of component costs and benefits from our transformation plan. Lower D&A and reversal of a provision have helped deliver an adjusted EBITA of €23 million.

CORPORATE & OTHER

Adjusted EBITDA amounted to €(1) million, and Adjusted EBITA at €(2) million, slightly lower than in 2018.

2.2.3 Analysis of operating expenses and profit (loss) from continuing operations before tax and net financial expense

COST OF SALES

Cost of sales amounted to €3,381 million in 2019 or 89.0% of revenues, compared to €3,521 million in 2018, or 88.3% of revenues.

Cost of sales in absolute terms were €140 million lower in 2019 compared with 2018, mainly in the Connected Home and the DVD Services segments, reflecting the impact of lower sales and cost structure improvement.

The principal components of the Group's cost of sales were the costs of finished goods for resale (mainly in the Connected Home segment), raw materials (mostly in the Connected Home and DVD Services segments), labor costs in the Group's operations (mostly in the Production Services and in DVD Services segments), as well as costs related to real estate and fixed assets depreciation (mainly in the Production Services and DVD Services segments).

Gross margin from continuing operations amounted to €419 million in 2019, or 11.0% of revenues, compared to €467 million in 2018, or 11.7% of revenues. This lower gross margin mainly reflects the lower sales impact in DVD Services and Connected Home segments. The gross margin ratio is also impacted, in Production Services segment, by the growing usage of cloud rendering services.

SELLING & ADMINISTRATIVE EXPENSES

Selling and marketing expenses amounted to €111 million in 2019, or 2.9% of revenues, compared to €111 million in 2018, or 2.8% of revenues.

General and administrative expenses amounted to €212 million in 2019, or 5.6% of revenues compared to €181 million in 2018, or 4.5% of revenues.

Change in currency rates accounted for more than €7 million in these variations. The remaining increase is linked to higher resources used to support the strong growth in Production Services segment, and variable compensations to employees across the Group being significantly released in 2018.

For more information, please refer to note 3.3.2 to the Group's consolidated financial statements.

NET RESEARCH AND DEVELOPMENT EXPENSES

Net research and development ("R&D") expenses amounted to €114 million in 2019, or 3.0% of revenues, compared to €127 million in 2018, or 3.2% of revenues.

For more information, please refer to note 3.3.1 to the Group's consolidated financial statements.

RESTRUCTURING COSTS

In 2019, the Group continued its efforts to reduce costs through facilities optimization and headcount reductions, which generated restructuring costs.

Restructuring costs for continuing operations amounted to €31 million in 2019, or 0.8% of revenues, including €10 million for Connected Home, pursuant to the three-year transformation plan, €8 million for DVD Services, mainly resulting from distribution sites optimization, and €11 million for Production Services on cost streamlining actions.

In 2018, restructuring costs for continuing operations amounted to €62 million in 2018, or 1.6% of revenues resulting principally from cost streamlining actions in the Connected Home segment as well as site closures in the U.S. for Post Production and DVD Services.

NET IMPAIRMENT LOSSES ON NON-CURRENT OPERATING ASSETS

In 2019, Technicolor recorded a net impairment charge of €61 million, compared to a net impairment charge of €81 million, mainly coming from a depreciation of DVD Services business goodwill in both years.

For more information, please refer to notes 4.5 to the Group's consolidated financial statements.

OTHER INCOME (EXPENSE)

Other income (expense) was a loss of €17 million in 2019, compared to a loss of €24 million in 2018.

For further information, please refer to note 3.3.3 to the Group's consolidated financial statements.

PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND NET FINANCIAL EXPENSE

Loss from continuing operations before tax and net financial expense amounted to €127 million in 2019, or (3.3)% of revenues, compared to a loss of €119 million, or (3.0)% of revenues in 2018 mostly explained by lower gross margin of €48 million and higher general and administrative expenses by €31 million partly offset by lower R&D costs of €13 million, lower restructuring costs of €31 million, lower net impairment losses on non-current operating assets of €20 million, and lower other expense for €7 million.

For further information, please refer to the Group's consolidated financial statements (please refer to note 6.1.1)

2.2.4 Net financial expense

The Group's net financial result from continuing operations was a loss of €64 million in 2019 compared to a loss of €51 million in 2018.

NET INTEREST EXPENSE

Net interest expense amounted to €49 million in 2019 compared to €40 million in 2018, reflecting mainly the negative impact of higher credit line drawings and lower interest income.

For further information, please refer to note 8.5 to the Group's consolidated financial statements.

OTHER FINANCIAL INCOME (EXPENSE)

Other financial charges amounted to €15 million in 2019 compared to €11 million in 2018 mostly related to a lower foreign exchange result.

2.2.5 Income tax

The Group total income tax expense from continuing operations, including both current and deferred taxes, amounted to €4 million in 2019 compared to €54 million in 2018.

The current income tax charge was mainly attributable to current tax due in India, Mexico, Poland and the United States.

Net deferred tax was an income of €7 million in 2019 compared to an expense of €55 million in 2018. In 2018, this was mainly due to the depreciation of deferred tax assets in the United States.

2.2.6 Profit (loss) from continuing operations

Loss from continuing operations amounted to €195 million in 2019 compared to a loss of €224 million in 2018.

2.2.7 Profit (loss) from discontinued operations

The result from discontinued operations amounted to a loss of €21 million in 2019 compared to a profit of €157 million in 2018, as 2018 was positively impacted by the Patent Licensing gain on disposal for €210 million.

2.2.8 Net income (loss) of the Group

Net loss totalled €217 million in 2019 compared to a loss of €67 million in 2018. There was no net income attributable to non-controlling interests in 2019 compared to a profit of €1 million in 2018. Accordingly, the net loss attributable to the shareholders of Technicolor SA amounted to €217 million in 2019 compared to €68 million in 2018.

Net losses per share, basic and diluted, were €0.56 in 2019 compared to €0.16 in 2018.

2.2.9 Adjusted indicators

In addition to its published results presented in accordance with IFRS and with the aim of providing a more comparable view of the changes in its operating performance, the Group presents a set of adjusted indicators, which excludes impairment charges, restructuring charges and other income and expenses with respect to Adjusted EBIT, cloud rendering expenses and amortization charges as well as the impact of provisions for risks, warranties and litigation with respect to Adjusted EBITDA (in addition to adjustments included in Adjusted EBIT). Technicolor considers that this information may help investors in their analysis of the Group's performance by excluding factors it considers to be non-representative of Technicolor's normal operating performance.

Technicolor uses Adjusted EBIT and Adjusted EBITDA to evaluate the results of its strategic efforts. This definition of Adjusted EBITDA is comparable to the definition as per Technicolor's Credit Agreements and is used in calculating applicable financial covenants.

These adjustments for 2019 and 2018 are directly identifiable in the Group's consolidated financial statements, with the exception of the heading "depreciation and amortization."

The additional indicators have inherent limitations as performance indicators. Adjusted profit from continuing operations before tax, finance costs, plus depreciation and amortization (Adjusted EBITDA) and adjusted profit from continuing operations before tax and net finance costs (Adjusted EBIT) are not indicators recognized by IFRS and are not representative of the cash generated by these activities for the periods indicated. In particular, Adjusted EBITDA does not reflect the Group's working capital needs for its operations, interest charges incurred, payment of taxes, or capital expenditures necessary to replace depreciated assets. Adjusted EBITDA and Adjusted EBIT indicators do not have standard definitions and, as a result, Technicolor's definition of Adjusted EBITDA and Adjusted EBIT may not correspond to the definitions given to these terms by other companies. In evaluating these indicators, please note that Technicolor may incur similar charges in future periods. The presentation of these indicators does not mean that Technicolor considers its future results will not be affected by exceptional or non-recurring events. Due to these limitations, these indicators should not be used exclusively or as a substitute for IFRS measures.

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on EBIT from continuing operations of €(109) million in 2019 compared to €(167) million in 2018.

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

(in million euros unless otherwise stated)	2019	2019 excl. IFRS 16	2018	Change [(1)]
Profit (Loss) from continuing operations before tax and net finance costs/EBIT (a)	**(121)**	**(127)**	**(119)**	**(8)**
Total adjustments on EBIT (b)	(109)	(109)	(167)	58
Of which restructuring costs, net	(31)	(31)	(62)	31
Of which net impairment losses on non-current operating assets	(63)	(61)	(81)	20
Of which other income/(expense)	(15)	(17)	(24)	7
Adjusted EBIT from continuing operations (a)-(b)	**(12)**	**(19)**	**48**	**(67)**
As a % of revenues	(0.3)%	(0.5)%	1.2%	(170) bps
Depreciation & amortization	305	234	218	16
IT capacity use for rendering in Production Services	31	31	0	31
Adjusted EBITDA from continuing operations	**324**	**246**	**266**	**(20)**
As a % of revenues	8.5%	6.5%	6.7%	(20) bps

(1) Change at current currency, excluding IFRS 16.

(in million euros unless otherwise indicated)	2019	2018	Change [(1)]
Profit (Loss) from continuing operations before tax and net finance costs	**(127)**	**(119)**	**(8)**
As a % of revenues	(3.3)%	(3.0)%	(30) bps
of which:			
Production Services	0	16	(16)
As a % of revenues	0%	2.0%	(200) bps
DVD Services	(96)	(88)	(8)
As a % of revenues	(10.9)%	(9.4)%	(150) bps
Connected Home	(25)	(39)	14
As a % of revenues	(1.2)%	(1.8)%	60 bps
Corporate & Other	(6)	(8)	2
Adjusted EBIT from continuing operations	**(19)**	**48**	**(67)**
As a % of revenues	(0.5)%	1.2%	(170) bps
of which:			
Production Services	15	43	(27)
As a % of revenues	1.7%	5.4%	(370) bps
DVD Services	(19)	5	(24)
As a % of revenues	(2.1)%	0.5%	(260) bps
Connected Home	(13)	1	(14)
As a % of revenues	(0.7)%	0%	(70) bps
Corporate & Other	(2)	0	(2)
Adjusted EBITDA from continuing operations	**246**	**266**	**(20)**
As a % of revenues	6.5%	6.7%	(20) bps
of which:			
Production Services	132	110	22
As a % of revenues	14.8%	14.0%	80 bps
DVD Services	46	68	(22)
As a % of revenues	5.3%	7.2%	(190) bps
Connected Home	69	87	(18)
As a % of revenues	3.5%	3.9%	(40) bps
Corporate & Other	(1)	1	(2)

(1) Change at current currency, excluding IFRS 16.

(in million euros)	2019	2019, excl. IFRS 16	2018
Adjusted EBITDA from continuing operations	**324**	**246**	**266**
Changes in working capital and other assets and liabilities	(96)	(96)	2
Pension cash usage of the period	(26)	(26)	(26)
Restructuring provisions – cash usage of the period	(35)	(38)	(43)
Interest paid	(65)	(45)	(42)
Interest received	1	1	3
Income tax paid	(12)	(12)	(14)
Other items	(21)	(24)	(28)
Net operating cash generated from continuing activities	**70**	**6**	**118**
Purchases of property, plant and equipment (PPE)	(71)	(71)	(68)
Proceeds from sale of PPE and intangible assets	1	1	-
Purchases of intangible assets including capitalization of development costs	(99)	(99)	(94)
Net operating cash used in discontinued activities	(12)	(11)	(4)
Free Cash Flow	**(111)**	**(175)**	**(48)**

2.3 LIQUIDITY AND CAPITAL RESOURCES

GRI *[103-2 Economic performance] [201-1]*

This section should be read in conjunction with Chapter 3: "Risks, Litigation and Controls", section 3.1.1: "Global market and industry risks" of this Universal Registration Document and note 8 to the consolidated financial statements.

2.3.1 Overview

2.3.1.1 PRINCIPAL CASH REQUIREMENTS

The main cash requirements of the Group arise from the following:

- **working capital requirements from continuing operations:** the working capital requirements of the Group are based in particular on the level of inventories, receivables and payables;
- **losses relating to discontinued operations:** the Group must also fund the losses and cash requirements, if any, of its discontinued operations. For more information on the risks associated with the sale of these activities please refer to Chapter 3: "Risks, litigation and controls" section 3.1: "Risk factors" of this Universal Registration Document;
- **capital expenditures:** the Group must regularly invest in capital equipment to operate its businesses;
- **repayment or refinancing of debt:** at each debt maturity date, the Group must either repay or refinance the maturing amounts;
- **dividends:** in 2019 no dividends were paid, but the Group may have to fund future dividends.

2.3.1.2 KEY LIQUIDITY RESOURCES

To meet its cash requirements, the Group's main sources of liquidity consist of:

- **cash and cash equivalents:** the amount of cash and cash equivalents was €65 million at December 31, 2019. In addition, €25 million in cash collateral and security deposits was outstanding at December 31, 2019 to secure credit facilities and other Group obligations;
- **cash generated from operating activities:** in accordance with the Group's debt documentation, the Group is required to use a portion of its excess cash to repay debt. For more information, please refer to note 8.3.3 to the Group's consolidated financial statements;
- **proceeds from sales of assets:** in accordance with the Group's debt documentation, the proceeds from the sale of assets must be used in some cases to repay debt;

- **committed credit lines:** at December 31, 2019 the Group had two confirmed credit lines with maturity greater than 1 year for a total amount of €361 million. One of the credit lines for an amount of €111 million is secured by trade receivables and the availability of this line varies depending on the amount of receivables. For more information about the Group's credit lines please refer to note 8.2.3 to the Group's consolidated financial statements.

2.3.2 Cash flow

(in million euros)	2019	2019, excl. IFRS 16	2018
Cash and cash equivalents at January 1	**291**	**291**	**319**
Net operating cash generated from continuing activities (I)	70	6	118
Net investing cash used in continuing activities (II)	(171)	(172)	(156)
Net financing cash used in continuing activities (III)	(91)	(26)	(96)
Net cash used from discontinued activities (IV)	(33)	(33)	105
Net decrease in cash and cash equivalents (I+II+III+IV)	**(226)**	**(226)**	**(29)**
Exchange gains (losses) on cash and cash equivalents	0	0	1
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**65**	**65**	**291**

NET CASH GENERATED FROM OPERATING ACTIVITIES

Continuing operations

Net Income from continuing operations was a loss of €195 million in 2019 compared to a loss of €224 million in 2018. Net operating cash generated from continuing operations amounted to €6 million in 2019, compared to €118 million generated in 2018. The variations between 2018 and 2019 are analyzed in the table below:

(in million euros)	2019	2019, excl. IFRS 16	2018	Variation(1)	Comments on variations
Profit (Loss) from continuing operations	**(208)**	**(195)**	**(224)**	**29**	Mainly due to higher impairment and non recurring expenses in 2018
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations:					Higher impairment in 2018
• non-cash depreciation, amortization and impairment of assets	385	311	325	(14)	
• **profit from continuing operations before depreciation, amortization and impairment of assets**	**177**	**116**	**101**	**15**	
Cash payments of the period related to provisions	(89)	(93)	(105)	12	Mainly less restructuring and warranty spending
Non-cash P&L impact of the provisions of the period	41	42	89	(47)	Mainly related to lower restructuring provision in 2019
Other various adjustments	17	(3)	87	(90)	Mainly coming from change in working capital
Operating Cash generated from continuing operations	**146**	**62**	**171**	**(109)**	
Net interest paid and received	(64)	(44)	(39)	(5)	
Income tax paid	(12)	(12)	(14)	2	
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES	**70**	**6**	**118**	**(112)**	

(1) Change at current currency, excluding IFRS 16.

NET CASH USED IN INVESTING ACTIVITIES

Continuing operations

Net investing cash used in continuing activities was €171 million in 2019 compared to €156 million in 2018, and included:

- net capital expenditures, which amounted to €169 million in 2019 (compared to €162 million in 2018), due to cash expended relating to tangible and intangible capital expenditures. In 2019, net capital expenditure amounted to €62 million in the Production Services segment and was mainly related to intangible asset spending and production capacity increase, €36 million in the DVD Services segment, mainly from patents and €68 million in the Connected Home segment, mainly due to capitalized R&D projects;
- acquisition of businesses (net of cash acquired), which amounted to €(3) million in 2019, compared to €1 million in 2018;
- proceeds from sales of equity holdings, which amounted to €1 million in 2019 compared to €5 million in 2018 (net of cash in companies disposed of).

NET CASH USED IN FINANCING ACTIVITIES

Continuing operations

Net financing cash used in continuing activities was €26 million in 2019 compared to €96 million in 2018.

In 2019, the net cash used includes mainly payment of leases.

In 2018, the net cash used was mainly related to the prepayment of the loan from European Investment Bank ("EIB") for €90 million and normal scheduled repayments for €3 million.

For more information, please refer to note 11.2 to the Group's consolidated financial statements.

Discontinued operations

Net cash used in discontinued operations was €33 million in 2019 compared to €105 million of cash generated in 2018. In 2019, it was mainly related to cash costs of the Research and Innovation activity disposal. In 2018, it was mainly related to the initial payment regarding the disposal of the Patent Licensing business in July.

2.3.3 Financial resources

Gross financial IFRS debt (excluding the impact of IFRS 16) totalled €1,026 million at the end of 2019, compared with €1,024 million at the end of 2018. At December 31, 2019, financial debt consisted primarily of €980 million of term loans issued in 2016 and 2017. At December 31, 2018, financial debt consisted primarily of €978 million of term loans issued in 2016 and 2017. Financial debt due within one year amounted to €95 million at the end of 2019 and €20 million at the end of 2018.

At December 31, 2019 the Group had €65 million of cash and deposits, compared with €291 million at December 31, 2018.

For more detailed information on the Group's debt, please refer to note 8.3 to the Group's consolidated financial statements.

The table below summarizes Technicolor's financial debt and liquidity at December 31, 2019.

	Type of interest rate	Amount at December 31, 2019 *(in million euros)*	Amount at December 31, 2019 excl. IFRS 16 *(in million euros)*	First maturity	Existence of hedges
Term Loans	Floating	980	980	2020	Yes
Lease Liabilities	Fixed	312	40	2020	No
Other debt	Various	6	6	2020	No
TOTAL DEBT		**1,298**	**1,026**		
Available cash and deposits	Floating	65	65	0 to 1 month	No
Committed credit facilities[(1)]	Floating	361	361		
TOTAL LIQUIDITY		**426**	**426**		

(1) Availability varies depending on the amount of receivables (please refer to note 8.2.3).

MARCH 2017 TERM LOAN DEBT ISSUANCES

In March 2017, €275 million (€273 million at IFRS value) and $300 million ($298 million at IFRS value) in new term loans were issued the proceeds of which were used to repay €270 million (€256 million at IFRS value) and $302 million ($290 million at IFRS value) of existing term loans.

JANUARY 2017 TERM LOAN DEBT ISSUANCE

In January 2017, a €90 million (€90 million at IFRS value) term loan from the European Investment Bank was put in place. This loan was reimbursed in full in December 2018.

DECEMBER 2016 TERM LOAN DEBT ISSUANCE

In December 2016, €450 million (€446 million at IFRS value) in new term loans were issued, the proceeds of which were used to repay $479 million ($459 million at IFRS value) of existing term loans.

DESCRIPTION OF INDEBTEDNESS

For a description of the Group's Term Loan Debt, please refer to note 8.3 to the consolidated financial statements.

PROVISIONS FOR PENSIONS AND ASSIMILATED BENEFITS

In addition to the debt position described above, the Group has reserves for post-employment benefits that it provides to its employees, which amounted to €375 million at December 31, 2019 (compared with €346 million at December 31, 2018). For more information on the Group's reserves for post-employment benefits, please refer to note 9.2 to the Group's consolidated financial statements.

LIQUIDITY RISK

For more information about the Group's liquidity risk, please refer to note 8.2.3 of the Group's consolidated financial statements.

RATINGS

The Group uses the services of rating agencies to help investors evaluate the credit quality of the Group's debt.

In February 2020, Standard & Poor's (S&P) attributed a B- rating with stable outlook to Technicolor SA (corporate rating) and the debt issued by Technicolor SA.

In February 2020, Moody's attributed a Caa1 rating with stable outlook to Technicolor SA (corporate rating) and to the debt issued by Technicolor SA.

None of the Group's debt has clauses referring to the Group's credit ratings.

2.4 SUBSEQUENT EVENTS

GRI *[102-10] [102-15] [103-1 Economic performance] [103-2 Economic performance]*

On February 13, 2020, the Group announced its 2020-2022 strategic plan, focused on a more disciplined approach to business selection whilst continuing to provide market leading products and services. Concurrently the Group announced three transactions aimed at strengthening its capital structure and restoring its strategic flexibility:

- a Capital increase with preferential subscription rights for shareholders for a total gross amount of *circa* €300 million. An Extraordinary General Meeting of shareholders was held on March 23, 2020 which voted on resolutions related to the Rights Issue. It is anticipated that the equity issuance will be launched in the second quarter of 2020, subject to approval from Technicolor's shareholders, regulatory authorities, and market conditions;
- an 18-month extension of its existing RCF from December 2021 to June 2023, conditional on the successful execution of the Rights Issue. Similarly, the Wells Fargo facility will be extended by 18 months from September 2021 to March 2023;
- an additional $110 million short-term facility which has been arranged by J.P. Morgan. The facility will provide additional liquidity headroom and will be repayable following the receipt of proceeds of the Rights Issue.

2.5 INFORMATION ON COVID-19

GRI *[102-10] [102-15] [102-35] [103-1 Economic performance] [103-2 Economic performance] [103-1 Procurement practices] [103-2 Procurement practices] [103-1 Employment] [103-2 Employment] [103-1 Occupational health and safety] [103-2 Occupational health and safety] [103-1 Local communities] [103-2 Local communities]*

Technicolor is closely monitoring the evolution of the COVID-19 pandemic, and due to the unprecedent nature of COVID-19 crisis and the uncertainty of its consequences, this is not yet possible for the Group to disclose any financial impact. Restrictions imposed to prevent the spread of the virus currently limit our operations in several markets including France, the United Kingdom, India, Canada and the United States.

COVID-19 has impacted almost all businesses around the world. The effect on Technicolor has been significant even if the Group has been able to add the technical capacity necessary to support secure remote working conditions wherever possible for a large percentage of employees.

- In Production Services:
  - Advertising studios are continuing to see demand from customers, with some new business won at the end of March and beginning of April. However, demand is dependent on the global macro-economic situation, which obviously continues to deteriorate;
  - In Animation, demand is still relatively strong – from both US major studios and streamers;
  - However, the movie studios and streaming platforms have halted all live action productions, greatly reducing the pipeline of work for Film & Episodic VFX and Post Production activities. This decline in demand from customers has led the Group to explore ways to reduce costs accordingly, and a reduction in staff across our creative studios has already begun. Wherever possible, the Group has tried to handle this through furloughs and other temporary layoffs.
- In Connected Home global logistics have been disrupted by country shutdowns, particularly in Asia. Since then, supply has returned almost to normal. Demand is holding up well in North America, with significant new orders from large customers. Demand in the rest of the world is mixed with some regions affected by the deteriorating macro-economic situation.
- In DVD Services, with cinemas closed, many studios are delaying the release of their films. However, the demand for back catalog is holding up quite well as the public start to re-watch favorite shows and movies. Production has so far continued without interruption, although the evolving response of the relevant authorities to the virus brings a continuing threat of plant closure.

Overall, the uncertainty in how long this global crisis will last compounds the need to do more on managing liquidity and reducing costs in order to sustain the business:

- Technicolor has already put a freeze on all non-critical spend, including a freeze on capital expenditure, restricting it to that which is required to deliver product to customers, to keep our employees safe or to enable cost savings in 2020;
- The Finance team is leading efforts to identify and make use of all government support that is being offered to businesses in the countries in which Technicolor operates.

Additionally, the Group is working to re-forecast demand for its services, and develop a new 2020 budget including cost reduction plans.

In addition to taking a 25% salary reduction himself, Richard Moat has requested the Executive Committee to take a 20%, and is encouraging all employees to play their part in this respect.

Technicolor is exploring opportunities to help the wider community with this pandemic and has already identified three initiatives:

1. Offering support with logistics management using DVD services facilities to governments as they face mounting medical supply demands;
2. Technicolor is reaching out to governments, NGOs and Health Organizations to offer free creative services from studios for public education campaigns;
3. The Group is also exploring opportunities to support telecommunications customers who are providing their services to critical workers and industries.

The Technicolor priority is the safety of our employees and to support Technicolor's customers throughout this difficult period.

RISKS, LITIGATION, AND CONTROLS

3

Strong risk monitoring & mitigation **efforts**

153 security audits supported in 2019

2019 Internal Control 8TIC'S campaign **2,671** self-assessments controls supported by **277** control owners

The first section of this Chapter describes the main risks identified by the Group that could affect its businesses, financial situation or sustainability. Additional risks which are either not identified or which are considered today as not significant may also have a significant impact on the Group's performance.

The next sections describe respectively litigation, internal controls, and insurance.

3.1 RISK FACTORS

GRI [102-15]

The following risk factors are limited to risks which are specific to the Issuer and which are material for taking an informed investment decision, as corroborated by the content of the Issuer's Universal Registration Document. In each category below the Issuer, in its assessment, is taking into account the expected magnitude of the negative impact of such risks on the Issuer and the probability of their occurrence.

This description, made of explanations of each individual risk, management and monitoring actions and completed with an indication of the risk trend (materialized by arrows; up ⬆, stable ➲ and down⬇), is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Universal Registration Document.

The classification of the risks relating to the business and the financial and market risks below is the result of a regular analysis as part of the Issuer's internal risk management process which is referred to on pages 64 and 65 of the Universal Registration Document (*Document d'enregistrement universel*) of the Issuer for the year ended December 31, 2019, after taking into account any mitigation measure resulting from such internal risk management process. Despite such mitigation measures, the Issuer considers that the risks listed below remain significant for the Issuer and the most material risks are set out first in each category below and materialized by a star ✪. The risks that Technicolor considers to be the most important are pointed out by two stars ✪✪ on account of their occurrence probability and/or the seriousness of their prejudicial characteristics.

Top three risks faced by the Group:

- liquidity (cash forecasting);
- supplier and key component dependency;
- customer concentration and contract negotiation.

Global market & industry risks

• Health and safety ✪	• Legal compliance
• Economic and political conditions	• Talent and Human Rights
• Competition	

Operational risks

Production Services	DVD Services	Connected Home
• Attract, develop & retain creative, production, and technology talents ✪	• Customer concentration and contract negotiation ✪✪	• Supplier and key component dependency ✪✪
• Customer project management	• Raw material and other key input cost availability and volatility	• Client concentration and contract negotiation
• Cyber and physical content security	• Supply chain and manufacturing	• Supply Chain management
• Tax credits evolution	• Labor force availability	• Dependency on client performance
	• Physical security	• Products development and cybersecurity

Financial risks

• Liquidity (cash forecasting) ✪✪	• Indebtedness
• Interest rate and exchange rate fluctuations	• Impairment of assets

Litigation

• Antitrust procedures ✪	• Toxic tort lawsuits in Taiwan

3.1.1 Global market and industry risks

GRI *[102-15]*

HEALTH AND SAFETY

GRI *[103-1 Occupational health and safety] [103-2 Occupational health and safety] [403-5]*

Risk identification	Risk monitoring and management
Most of the Group's employees work in office buildings, so the environment, health and safety risks are limited on this perimeter. Regarding manufacturing sites, the Group operates mainly three DVD and Blu-ray™ replication sites (two main locations in Mexico and Poland, a smaller one in Australia) and one CPE (Consumer Premises Equipment) assembling site (Brazil). The distribution centers of the DVD Services Division are also an area of exposure to the environment, health and safety risks, they are located mainly in the U.S., Mexico, Canada, United Kingdom and Australia. The current events and developments caused by the COVID-19 pandemic and guidance issued by the World Health Organization, may have potential negative impacts on the Technicolor Group. Beyond the major human impact on Technicolor employees, the Group had to close some facilities following local government geographical restrictions. The supply chain was impacted, especially in China, due to the limited capacity of Technicolor's suppliers to produce and deliver the products. Moreover, our customers may be impacted as well, with a potential reduction in demand, particularly in Production Services and Home Entertainment Services. These elements could have a significant negative impact on the Group's financial results given a significant uncertainty remains around the duration and magnitude of the disruption caused by this pandemic.	Regular health & safety training are delivered to the Group's employee as well as to the agency workers and contractors working in our locations to prevent injuries and accidents as part of global injury prevention programs. Injuries and severity rates are monitored with remediation actions. Industrial sites are regularly audited to review and assess health & safety risks and implemented preventing measures. Technicolor is closely monitoring the evolution of the COVID-19 pandemic and is taking all appropriate measures in order to support its customers throughout this difficult period and to ensure the safety of its employees. The Group is also evaluating any potential impacts to production and deliveries and will try to mitigate via alternative plans where necessary. The Group has successfully implemented work from home arrangements to ensure continuity and productivity across the group, including in Production Services. Supply chains in China have resumed activity which strongly supports Technicolor's Connected Home division. Finally, in order to react quickly and to take all necessary measures, the Group has set up a COVID-19 task force to address daily the required actions and monitor on-going developments(1) (please refer to chapter 2, section 2.5 "Information on COVID-19"). For further details on health and safety actions conducted by Technicolor, see Chapter 5, section 5.2.5: "Safety at work" of this Universal Registration Document.

(1) *Information supplied subsequently to the financial statements' approval by the Board of Directors' meeting of February 18, 2020.*

ECONOMIC AND POLITICAL CONDITIONS

Risk identification	Risk monitoring and management
Any deterioration in the macroeconomic environment may adversely affect consumer confidence, disposable income and spending, and result in decreased volumes for some of the Group's products or increased demand for lower-end products at the expense of higher-end products. For example, Technicolor is well established in Latin America through the Connected Home segment, and the economic uncertainties in this area may negatively impact the revenue and results. Also, Technicolor has installed its main production services activities in certain locations attractive to its customers, for fiscal incentives. Any material change to the incentive programs available in such locations may impact significantly the decisions by customers on where they outsource production services like VFX and Animation. Furthermore, weakness in general economic conditions may result in an increasing number of the Group's customers becoming delinquent on their obligations to the Group or being unable to pay, which in turn could result in a higher level of write-offs of receivables. Any prolonged global economic downturn may therefore have adverse effects on the Group's operating results or financial condition. As an example, the exit of United Kingdom from the European Union may have negative impacts on the Group performance in this geography.	The Group's presence in geographically diversified markets makes it less sensitive to adverse economic conditions in a given market. Risks concerning the regulatory, political and social environment are managed by each business and at Group level by the Strategy Committee, either in decentralized form for risks specific to a given activity, or through support functions. They are regularly reviewed in detail by Group Management as part of the Monthly or Quarterly Business Review meetings.

COMPETITION

GRI *[103-1 Market presence] [103-2 Market presence]*

Risk identification	Risk monitoring and management
The Group's products and services are subject to intense competition. Although the Group has leading positions in many of its market segments, the competitors are sometimes part of groups which are significantly larger than Technicolor, and thus may have greater resources, including greater financial, technical, marketing and other resources. These groups may include customers who already have, or may develop, in-house capabilities to supply the products or services which Technicolor offers, such as studio customers who have in-house production services. If the Group's competitors or customers use their greater size and resources to place additional competitive pressure on Technicolor, the Group's operations may be materially and adversely affected. In addition, rapid technological innovation and changing business models within the Connected Home and DVD Services markets may allow new participants, who now have access to technical solutions that respond to clients' specific technical needs, to enter into certain markets, who may in turn offer alternative products, technologies and services potentially at lower costs, thereby decreasing the market share size or market of current market participants. Furthermore, the rapide decline of the DVD market may have a significant negative impact on the Group performance.	To identify changing market conditions and minimize the exposure to related risks, the Group regularly reviews the market, competitive landscape, and the market positioning throughout the year. It also frequently reviews the Strategic Plan/objectives (with a focus on sales forecasts versus actual) through in depth Divisional Quarterly Business Review meetings and Group level Strategic Committee (comprised of Board Members) and adjusts when appropriate based on changing market conditions.

LEGAL COMPLIANCE

GRI *[103-1 Socioeconomic compliance] [103-2 Socioeconomic compliance]*

Risk identification	Risk monitoring and management
The Group's activities do not create, as of the date of this document, any particular exposure to a specific sectorial regulation that could have an impact on its financial position. However, since the Group operates in a large number of countries, it must deal with various and complex regulations put in place by various national and international governments, authorities, and organizations. Any major change in these laws and regulations could impact the Group's businesses. Despite its best efforts, the Group may have to face proven or unproven allegations that it has failed to comply with national or international regulations, and this could have a negative impact on its reputation, growth outlook and financial performance. In addition, any major change in these laws and regulations could impact the Group's businesses.	To limit its exposure to such risks, the Group develops Compliance programs to cover issues common to its businesses. These programs are reviewed on a regular basis with the Board of Directors. Under the impetus of the Management and through the actions of the Compliance Officer, the Group seeks to constantly improve its programs and employee awareness initiatives and to put in place procedures for preventing and handling potential risks in this regard. Moreover, the Company audits its subsidiaries around the world on a regular basis and consults outside experts to validate the compliance with applicable regulations, of various aspects of its operations. Technicolor conducts a compliance approach across the Group, building on its Code of Ethics and culture of integrity. This compliance program sets down general rules and procedures that must be respected by all employees and entities, on the basis of which a series of business specific and as applicable, local procedures is then defined. These procedures are then translated and adapted in line with local regulations and culture. In 2018, the Group updated and improved its existing Code of Ethics.

TALENT AND HUMAN RIGHTS

GRI *[103-1 Training and education] [103-2 Training and education] [103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity] [103-1 Non-discrimination] [103-2 Non-discrimination] [103-1 Human Rights assessment] [103-2 Human Rights assessment] [103-1 Supplier social assessment] [103-2 Supplier social assessment]*

Risk identification	Risk monitoring and management
Creative and innovative industries require an important diversity of talent to be able to differentiate from the competition: gender, culture, experience are key elements and must be present in the same location. Obstacles to diversity create a risk in the ability to compete or develop new products. This is valid from the software development to the Visual Effects or Animation industry, as our products and services are equally used or watched by women and men, around the world. Obstacles can be internal and internal policies ensure gender mix and equality. But they also can be external to the Group, preventing the recruitment of talent from diverse origins in a location. In a growing market, access to talent is key, and modification of these rules (*e.g.* such as immigration rules, national educational system gender mix, etc.) can create tensions in the countries where the Group operates. As in any organization, discrimination and harassment may occur. Beyond the fact that these behaviors are totally inacceptable, in creative environment and in industrial environment, such behaviors are also detrimental to the attractiveness and retention of talent, or the safety of the operations as well as to the reputation of the Group. Supply chains and logistics are becoming more complex, with increased number of stakeholders and levels of subcontracting. Detection and prevention of Human Rights violations in the chain is essential, together with remediation in case of occurrence.	Internal proactive policies to increase proportion of women at management position in the Group is the first lever. Developing the attractiveness (responsibility, engagement, development) allows to better absorb changes of regulation, compared to the competition, that may affect the Group's talent diversity. Proactive actions toward public authorities are key levers to mitigate shortage of talent mix. Employee training is organized to raise awareness on harassment and discrimination and to prevent them. In certain countries, training sessions of self-defense are also organized for women. A whistleblowing hotline is open to receive harassment and discrimination alerts. Sanctions may be taken after investigation and conviction. A supplier's risk mapping is maintained on a regular basis, together with physical on-site audits of suppliers presenting the higher risk (country and activity). The Group whistleblowing procedure will be opened to collect alerts in this area. Contracts with suppliers include terms and conditions forbidding Human Rights violation with sanctions, including immediate termination for the most important violations. Alternative suppliers are always considered to prevent production disruption.

3.1.2 Operational risks

GRI [102-15]

PRODUCTION SERVICES

ATTRACT, DEVELOP & RETAIN CREATIVE, PRODUCTION AND TECHNOLOGY TALENTS

GRI *[103-1 Training and education] [103-2 Training and education]*

Risk identification	Risk monitoring and management
The Production Services Division's success depends on the continued involvement of creative teams in the operations; and on the skills, technical knowledge, industry familiarity and relationships of key employees. For example, some film directors want to work exclusively with particular VFX supervisors or colorists. In addition, the technology experts are essential team members in order to improve the quality of the imaging science and to improve production efficiencies. The departure of a key member of the division could prevent the division from executing its business strategy, cause the loss of key customers or projects, and have a material adverse effect on the division's operations, financial condition and prospects. To ensure its growth and to renew its key personnel, the division must ensure it attracts and retains the best talent. Should the Group and the division become less attractive in the job market, the performance of the division may be negatively impacted. Furthermore, the talent pool from which Production Services draws much of its staff is highly geographically mobile. Any material delays in the immigration process for new hires may also negatively impact the division's operations.	To limit the impact that these risks might have, the Group and Production Services have established a set of Human Resource management and recruitment programs including an Employee Value Proposition for attracting talent, an annual (if not more frequently) Talent Review, and a Career Development Plan for high potentials and key talents. Production Services in 2018 launched *The Focus* to consolidate talent recruitment across all business units to make more efficient the global recruiting process, identify new talent pools, facilitate international mobility and fill the expansion in capacity. The scope of The Focus has since extended to the recruitment needs of Production Services' other service lines. The division also launched in 2018 the Technicolor Academy across multiple locations to serve as training camp/finishing schools for aspiring digital artists to support the continuous need for future talent. In 2019, Technicolor Academy trained over 602 artists across its primary hubs in Montreal (Canada), Bangalore (India), and Adelaide (Australia). Technicolor has also established an apprenticeship pilot program in London (United Kingdom) and a production management training program in Montreal (Canada) to improve the accessibility of the VFX industry and promote diversity With regard to immigration, the Group has established and continues to nurture longstanding relationships with local external counsel/immigration administrators in order to encourage their support in facilitating the immigration process.

CUSTOMER PROJECT MANAGEMENT

Risk identification	Risk monitoring and management
Projects in the Production Services Division vary greatly in size, with several large projects that can last 12-18 months and numerous small ones that require much quicker turnarounds. The difficulty resides in the proper allocation of resources to deliver a production on time and on budget, mitigating gaps between projects, and managing changes by clients in production scope, production schedules and release dates. The projects can also be executed across multiple geographies and time zones, which may create challenges for the management of such projects. If a project consumes more resources than initially planned, it may lead to cost overruns that may be difficult to recover from our customers, especially as much of Production Services' business operates under fixed-price contracts. Dependencies may also exist with the customer and/or other service providers of the customer that can negatively impact the time available to Production Services to complete a project. For example, Production Services' VFX businesses are dependent upon the client's turnover of shots; any delay in turnover by the client reduces the amount of time Production Services has to complete them, which may then require additional resources and costs in order to maintain the production schedule.	In Production Services, there are dedicated processes in place for risk assessment that are regularly updated throughout the execution of the projects to address any mitigating actions needed. As part of the bidding process, the allocation and planning of resources is reviewed by production management to ensure that the assessment is adequate to deliver the project plus the allocation of a contingency. During production, robust monitoring of projects, including regular cost-to-complete financial reviews, is established to ensure that work-in-progress is in line with budgets initially approved, as well as anticipate any deviations in terms of resources, quality and delivery timing. Progress reports and management indicators are built to support this monitoring process. To ensure that quality of services is in line with customers' expectations, initial tests and intermediary deliveries are scheduled with customers. The division also uses workflow management tools which help to coordinate reviews and deliveries with third parties and limit the dependencies risks. Further mitigating client dependencies, with fixed bid awards, contracts have well-structured change order provisions to allow for the negotiation of award increases or decreases if a client materially changes the project scope or scale or for creative retakes. With a network of production studios across the globe, Production Services also has the scale and technology to optimize resource allocation and utilization if a specific project requires additional resources that were not previously anticipated or if a client changes its production schedule and/or release date for the project.

CYBER AND PHYSICAL CONTENT SECURITY

GRI *[103-1 Customer privacy] [103-2 Customer privacy]*

Risk identification	Risk monitoring and management
The secure maintenance and transmission of customer information is an essential component of the Production Services Division's operations, as the Group is entrusted with the creation and distribution of highly sensitive content on behalf of its customers and business partners. Production Services relies on internal and external information systems and technologies (managed both by the Group and by third parties) that compute, maintain and transmit multimedia content, for example to render Visual Effects or ensure post-production digital services. The security of this information may be compromised as a result of system or control failures, inadequate or failed processes, human error, willful breaches (internal and external), cyberattacks and/or business interruptions. These events could lead to a breach in the division's global security protocols and sensitive assets belonging to its customers (such as major studios), may be lost, disclosed, misappropriated, altered or accessed without consent. The failure to have sufficient content security systems and protocols may cause key customers to pull work from Production Services' facilities and more globally is likely to expose the Group to significant financial burden, legal liability, loss of reputation and loss of revenue.	The security actions related to content production networks are led by internal security teams and focus on the mitigation of these risks. These security actions and protocols are continuously implemented, enforced, evaluated and updated as new production facilities are built, moved or acquired, and as new technologies or threats emerge. The security policies and the use of qualified suppliers, equipment and software, combined with regular security trainings, security assessments and penetration testing, aim to mitigate the risk to an acceptable level. For physical security risks, a dedicated team conducts risk assessments on all critical sites and suggests a remediation plan for local security coordinators when needed. Technicolor security standards are continuously reviewed and updated to stay current with the industry and with established security policies. Technicolor hosts audits from various customers (including studios) and industry associations such as the Motion Picture Association of America. Overall in 2019, Technicolor supported over 153 security audits, which included a combination of internal and external audits. Audit findings are tracked and managed by internal teams.

TAX CREDITS EVOLUTION

Risk identification	Risk monitoring and management
Some states, provinces or countries like Canada, United Kingdom, France and Australia have developed incentive programs for film, television/streamers and/or advertising productions (primarily for the benefit of the division's clients). These production incentive programs offer eligible companies financial incentives, such as refundable tax credits, tax rebates or grants, based on the qualified production costs incurred in the production location. As a result, Technicolor has installed its main production services activities in certain locations attractive to its customers. Any material change to the incentive programs available in such locations may impact significantly the decisions by customers on where they outsource production services like VFX and Animation. While the Group has been effective in optimizing the geographical footprint of its Production Services activities accordingly, and expect that it will continue to do so, there can be no assurance that the Group will not be adversely affected by changes in location-based production incentives, which is likely to expose the Group to potential loss of revenue.	Technicolor maintains an active watch on any potential material changes to the location-based production incentive landscape and strives to be agile in ramping up and down the facilities in the strategic geographies to respond to customers' preferences for where production services are done. The Tax and Public Affairs Departments of Technicolor work diligently to scrutinize the production tax incentive evolution and to provide guidelines to the operations regarding eligible criteria and administrative constraints. The Group has also established and continues to nurture longstanding relationships with local governments and trade organizations in order to be a leading participant early in any discussions regarding the evaluation and implementation of any changes in production incentives.

DVD SERVICES

CUSTOMER CONCENTRATION AND CONTRACT NEGOTIATION

Risk identification	Risk monitoring and management
The DVD Services Division operates in a concentrated market with a limited number of significant customers supported by long-term contractual arrangements. A significant percentage of the division's revenue is derived from its major customers. In 2019, the division's top 5 customers accounted for approximately 75% of the segment's revenue, which represents approximately 8% of the Group's consolidated revenue. The DVD Services Division, which belongs to the Entertainment Services industry, has signed multi-year contracts with many of its customers, which involves multiple contractual arrangements with varying terms, conditions, and expiration dates. In-line with strategic objectives, key customer contracts were extended and/or re-negotiated with Universal and Warner Bros. in 2019. The division's operating results could be adversely affected, if its customers decide to terminate these contractual arrangements (in accordance with their terms), if the division is unable to renew them when they expire or renew them on significantly less favorable terms. Furthermore, any systemic change in the manner in which companies in the broader Media & Entertainment industry operate, driven by broader government regulation, more significant than anticipated industry consolidation or material technology disruption, could also have a material adverse change on operations and prospects.	The division monitors these contractual arrangements through a robust customer offer review process, including Investment Committee/Management reviews to ensure that risks are adequately monitored and mitigated. Approved agreements are carefully monitored on a day to day basis, through detailed Service Level Agreements and these defined conditions are regularly monitored to ensure adherence and customer satisfaction. These mitigations will be particularly emphasized in the short-term as most of the key contracts are subject to renewal in the coming years. In 2019, the division successfully renegotiated extensions and/or renewals with two major studio customers, which both included significantly improved pricing, terms and conditions for Technicolor. The division is actively pursuing multiple initiatives to diversify its business activities and thereby further reduce the risk associated with a concentrated customer base. These initiatives include an existing and ongoing effort to grow supply chain related services (warehousing, fulfillment, transportation, etc.) for customers outside the Media & Entertainment industry.

RAW MATERIAL AND OTHER KEY INPUT COST AVAILABILITY AND VOLATILITY

GRI *[103-1 Procurement practices] [103-2 Procurement practices] [103-1 Materials] [103-2 Materials]*

Risk identification	Risk monitoring and management
The division purchases approximately 65% of its direct materials, including raw materials, components and finished products from its top 10 suppliers. In addition, certain raw materials such as polycarbonate and DVD cases come from a limited number of key suppliers. Any change, delay or disruption in supply, or reallocation of capacity to a different market, product line or customer by a key supplier could cause material delays in DVD Service's production or operations, increase its production costs or harm customer relationships. DVD Services manages much of its inventory on a just-in-time basis, which exposes it to performance risks by its suppliers, as well as to certain *force majeure* risks. As a result, in addition to delays or other performance failures of its suppliers, DVD Services' operations may be disrupted by external factors beyond its control, including price volatility risks. In addition, the industries of the main suppliers may experience a further wave of consolidation, and thereby reduce DVD Services' negotiating leverage, and thus reduce the ability to meet business objectives. Home Entertainment Services operations (particularly replication activity in Mexico, Poland & Australia) are significant consumers of electricity, and thus are exposed to utility cost/regulatory volatility in these local markets.	The selection process of suppliers is made after careful assessment of the sustainable production capacity, quality standards, financial health and respect of social and environmental standards. The division regularly monitors price volatility of its raw materials, components and finished products from suppliers. To reduce dependency and allow business continuity, the procurement is diversified with some preferred vendors present in different geographies. When possible, and in line with the procurement strategy, the division has identified alternative sources for many of its key materials. In the case of sole or very limited source suppliers, the division has put in place a monitoring structure designed to track potential price pressure of select raw materials (and their constituent components) to anticipate possible shortages and/or price volatility. In some cases, the division has further mitigation potential for sudden unexpected price variation *via* the inclusion of key material price index/pass-through provisions in certain customer contracts.

SUPPLY CHAIN AND MANUFACTURING

GRI *[103-1 Procurement practices] [103-2 Procurement practices]*

Risk identification	Risk monitoring and management
The DVD Services Division's inability to obtain timely delivery of raw materials of acceptable quantity and quality could result in material delays, increased costs, and reductions in shipments of the DVD Services Division's products, any of which could increase its operating costs, harm customer relationships, or materially and adversely affect the DVD Services Division's business and results of operations. See more details on suppliers' dependency in the risk related to "Raw material availability and volatility". Customers require high flexibility and reactivity with short lead time following their purchase orders. The DVD Services Division operates two main manufacturing facilities for the replication of DVDs (Poland and Mexico) and various distribution facilities globally. These facilities are subject to operational risks, including mechanical and IT system failure, work stoppage, transportation disruption, customs blockage, and natural disasters. Any interruption of activity in the DVD Services Division's production, manufacturing or distribution facilities due to these or other events could result in the disruption to the operation of the DVD Services Division's activities, which could have an adverse effect on the business, financial condition and/or results of operations. In addition, the DVD Services Division operates high production replication lines which are required to meet high quality standards. The failure to meet these requirements may lead to product quality issues or delays in the supply.	To mitigate the risks inherent to its suppliers, the Sourcing Department has established procedures for operational and contractual monitoring of principal suppliers, including raw materials used in the production of DVD and Blu-ray™ discs. All the main sites have a Business Continuity Plan and the reactivity of the organization is enhanced by Transversal Incident Response Plans. These plans aim at minimizing the impact of any incident or supply chain disruption. The quality of the replication process is constantly monitored, and each production facility has developed a high expertise in ensuring robust industrial processes. HES tracks quality performance with a variety of KPIs and with Customer Quality Complaints on a Parts per Million (PPM) basis being the primary metric. In 2019, for WW HES it was 0.078% (or 780 PPM), which is considered excellent quality level for our industry In addition, covering its internal operations, the DVD Services Division and the Group take insurance coverage that mitigates the risk of business disruption in case of natural disaster or other types of disaster such as fire in major production sites.

LABOR FORCE AVAILABILITY

GRI *[103-1 Employment] [103-2 Employment]*

Risk identification	Risk monitoring and management
Given the seasonality of its business, the division relies heavily on temporary labor resources during peak periods in many of its facilities. The availability and cost of these resources can vary based on the general employment environment in the local area, competition from other employers of temporary labor, as well as regulatory actions such as minimum wage requirements. Overall in 2019, Technicolor employed 4,415 full-time equivalent temporary labor resources depending on the time of the year. Insufficient temporary labor resources could result in the inability to adequately meet customer service levels, and likewise minimum wage increases could lead to a higher than expected cost of temporary labor. More generally, work slowdowns or stoppages could also have a material adverse effect on the division's business, financial condition, results of operations or prospects.	For temporary labor, the division utilizes a multi-faceted approach to minimize potential risks of labor shortage, including maintaining relationships with multiple staffing agencies in each major operating area, establishing and maintaining direct relationships with local seasonal workers, and proactively seeking alternative labor pools wherever possible.

PHYSICAL SECURITY

GRI *[103-1 Customer privacy] [103-2 Customer privacy]*

Risk identification	Risk monitoring and management
The DVD Services Division is exposed to physical security risks *via* its contractual obligations to protect customers' content across all supply chain services provided by the division, from receipt and storage of content masters, to replication into optical media, and through the successful delivery of finished products into retail, which in some cases requires dedicated security escorts in higher risk territories. The division's customers make substantial investments in creation and marketing of content, and any illegal copies and/or stolen finished goods can result in material economic loss for the customer. Therefore, any physical security failures by the division contributing to such losses may result in financial penalties, loss of customer contracts and damage to the Group's image and reputation.	Rigorous security policies and controls have been implemented by a dedicated Loss Prevention Department and are enforced on all sites that handle customer content. Risk assessments and associated mitigation actions are performed annually and upon environmental change. Employees are provided with security awareness training and are a part of the division's security network. Several customers and industry associations regularly audit these security procedures on a recurring basis (see Cyber and physical content security section). Against the theft of packaged media, the facilities are guarded by effective perimeter controls, alarms and extensive surveillance devices. All personnel and visitors are subject to strict security access controls, and upon exit, all are searched using hand held metal detectors and/or full body scanners, and all personal belongings are inspected. All third-party service providers (such as transportation and janitorial services providers) are thoroughly vetted to ensure compliance with Technicolor security standards. Overall, the DVD Services Division and the Group take insurance coverage for theft of products (including Property and Cargo policies).

CONNECTED HOME

SUPPLIER AND KEY COMPONENT DEPENDENCY

GRI *[103-1 Procurement practices] [103-2 Procurement practices]*

Risk identification	Risk monitoring and management
Technicolor manufactures and integrates products that are highly dependent on the procurement of key components (DRAM, Flash memories and passive electronic components/MLCC), sub-assembly parts, and on the design by a very limited number of suppliers and sub-contractors. In 2019, the division's top 5 suppliers provided 45% of key components. This dependence on suppliers involves several risks, including limited control over pricing, terms and conditions availability, quality and delivery schedules. Given the short supply chain, shortages of raw materials or components, quality control problems, production capacity constraints or delays by suppliers caused by any kind of source create a risk of interruptions in the availability of our products, which could reduce our net sales, adversely affect our results of operations and deteriorate our customer relationship. In addition, if our suppliers experience such problems, they may possibly give priority to other customers to Technicolor's disadvantage. Restrictions imposed to prevent the spread of the virus currently limit the Connected Home business, where production and assembly sites in China and Brazil were impacted caused by disruptions on the supply chain. Nevertheless, the demand for Connected Home products is stable and supply chains in China have now resumed activity. The market price increases and shortages for DRAM, Flash memories and passive electronic components/MLCC (capacitors, resistors), which started end of 2016 for DRAM and Flash memories, and end of H1 2017 for MLCC are an illustration of this dependency of the Connected Home business on a very limited number of strategic component suppliers. These products are used in a much broader range of products than for the Connected Home business, such as smartphones, PCs, tablets, automotive applications and the global imbalance between supply and demand has created a material price increase of their costs. The difficulty to mitigate this risk can impact significantly the profitability of Connected Home.	The selection process of suppliers is made after careful assessment of the production capacity, quality standards, financial health and respect of social and environmental standards. To reduce dependency and allow business continuity, the procurement is diversified with some preferred vendors present in different geographies (mostly APAC region). The Company strives to foster a strong collaboration with its key suppliers to properly integrate all activities. Some longstanding suppliers have become partners with whom a strong contract management process is in place to allow flexibility in the creation of supply. Scorecards with vendors are implemented to allow a proper monitoring of the vendor performance. Connected Home strengthens its relationship with its suppliers by providing them visibility into its long term forecasts. When possible and in line with the procurement strategy, the Connected Home Division has identified alternative sources for some of its key materials and components. Though it may limit its ability to negotiate the most favorable terms, these alternative sources are established to reduce dependency on key suppliers. In the case of sole or very limited source suppliers, as this is the case for memories and passive components, the Company has put in place a monitoring structure in charge of keeping watch of the price pressure of some components and anticipate possible shortages. In case those risks materialize, the Company initiated mitigation actions such as the inclusion of key material price index provisions in the customer contracts or negotiations with customers to compensate for sudden unexpected price variation. In 2019, the Company started to implement an automated supplier risk tracking using a dedicated tool.

CLIENT CONCENTRATION AND CONTRACT NEGOTIATION

Risk identification	Risk monitoring and management
A large proportion of the revenues in Technicolor's Connected Home segment is generated from large Pay-TV Operators and Network Service Providers. In 2019, the division's top 5 customers accounted for 43% of the Connected Home segment's revenue and 22% of the Group's consolidated revenue. This concentration of revenues around a few companies in the CPE (Customer Premises Equipment) industry has accelerated with the consolidation that has taken place in recent years such as Charter Communications (acquisition of Time Warner Cable), AT&T (acquisition of DIRECTV), and Comcast's X1 syndication activities. This concentration has created opportunities for Connected Home to expand activities among these ever-larger customers while simultaneously increasing risk should entities switch to competitors. Another possible result of the concentration is the shift in the balance of power with these customers which have increasing purchasing power.	Client concentration requires suppliers to become global partners and to increase depth of relationship. Technicolor's 2015 acquisition of the Cisco Connected Devices Division is a response to the industry consolidation with efforts to deliver more value through innovation and competitive pricing through economies of scale and greater market share. Technicolor strives to foster collaboration with its customers by increasing intimacy and proximity; key account teams oversee anticipation of customer needs to deliver better services and solutions. A strong customer offer review process is in place to properly manage large requests for quotation, identify risks and mitigating actions to stay ahead of competition.

SUPPLY CHAIN MANAGEMENT

GRI *[103-1 Procurement practices] [103-2 Procurement practices]*

Risk identification	Risk monitoring and management
Connected Home outsources extensive operational activities, including manufacturing and logistics, except for the manufacturing facility in Manaus, Brazil. Reliance on external suppliers and manufacturing partners means Connected Home may be exposed to the effects of production delays or other performance failures of its suppliers. Any delays in the availability of key components and sub-assembly parts, production, quantity or delivery could adversely affect Connected Home's reputation or operating performance. Please see Supplier and Key Component Dependency risk description here above for more details. Connected Home manages its inventory on a just-in-time basis, which exposes it to supplier performance risks, as well as to certain *force majeure* risks. As a result, Connected Home's operations may be disrupted by external factors beyond Connected Home's control (*e.g.* vendors' mechanical and IT system failure, work stoppage, transportation disruption, customs blockage, natural disasters and pandemics, such as COVID-19). In addition, the industries of Connected Home's main suppliers may experience a further wave of consolidation, thereby reducing Connected Home's negotiating leverage. Consequently, the ability to meet business objectives may be negatively impacted, and Connected Home's operational results could be adversely affected in the event of any severe or prolonged disruption.	To mitigate the risks inherent to its suppliers, the Sourcing Department has established detailed procedures for operational, quality, and contractual monitoring of our main suppliers, including Contract Electronic Manufacturers in Asia and Latin America, and suppliers of key components such as integrated circuits or memory chips. Weekly Sales and Operations Planning (S&OP) reviews take supply chain risks into consideration for order quantity and timing. Electronic data interchange (EDI) allows Connected Home to communicate electronically demand and order information more quickly and transparently with vendors and customers. An automation and optimization initiative of global supply chain process to support sales and operations planning, customer forecast, commitments, Materials Resources Planning (MRP), EDI, and logistics started end of 2019, which is intended to deliver greater efficiency and transparency. Regular meetings are held with vendors to review supply chain performance and customer demand. Third party production vendors' facilities are required to maintain Disaster Recovery and Business Continuity Plans.

DEPENDENCY ON CLIENT PERFORMANCE

Risk identification	Risk monitoring and management
Connected Home's new products unit volume and revenue expectations are based on customer forecasts and commitments. A decrease in demand from large North American cable customers could significantly impact cash flow and working capital because of excess components and finished goods inventories. Higher than anticipated demand can be difficult to fulfill due to long lead times (up to 6 months) for components. The global CPE customer base is more fragmented so the consequences of a decline in demand is more limited, but cannot be ignored because products are often built specifically for each customer. A substantial decline in the need of the major client, could have a negative impact on Connected Home's business and financial performance.	To anticipate and prevent the deterioration of major customer relationships, Connected Home closely and continuously monitors its sales process, especially key contract negotiations and customer demand. Each business line has devised account and marketing strategies for major customers to drive close customer relationship, and formulated plans for new client development. All such plans, along with the evolution of sales activity, are regularly reviewed by management. Connected Home performs a systematic formal review process for offers prior to their submission to clients, according to strategic and financial criteria and tiered approval levels. Sensitivity analysis and scenarios based upon volume forecasts are linked to customer product market share expectations as part of the review. The most significant commercial proposals made to customers are subject to prior approval by the Investment Committee, chaired by the CEO. Among the financial criteria, the analysis of the impact of each project on cash flow and the demand for working capital receives attention, as does the return on investment. The Sales and Operations Planning (S&OP) reviews, especially when the product lead time is long, provide a rigorous and more automated framework to secure product delivery and revenues while managing inventory risks. These reviews are now performed on a weekly basis.

PRODUCTS DEVELOPMENT AND CYBERSECURITY

GRI *[103-1 Customer privacy] [103-2 Customer privacy]*

Risk identification	Risk monitoring and management
The Connected Home segment develops productvs and services based on its customers' specifications and commits contractually on a release date. Connected Home has oriented its strategy and investment plans based on the Group's expectations regarding the development of its markets and corresponding technologies. Some developments may become more expensive or take a longer time than initially planned due to unexpected challenges in the development cycle, potential quality issues linked to the technological complexity of the products, resource constraints or dependency on third parties deliveries. In addition, the segment's products may be vulnerable to hacking or other types of malicious attacks. As the threat against the Internet of Things (IoT) includes massive scale attacks leveraging this type of permanently connected devices, the segment might be exposed to unanticipated liabilities or extra cost for remediation or compensations of prejudices. Failure to address these threats is likely to expose the Group to significant financial burden, legal liability, loss of reputation and loss of revenue.	To manage this risk and keep up to date on market trends and influence the industry, Connected Home monitors detailed market indicators to regularly review its market forecasts and the corresponding technology evolutions. The centers for product development or implementation of services include quality assurance functions that are responsible for establishing and measuring suitable quality indicators and developing action plans to improve the quality of the products and services. These quality programs include short and medium-term improvement plans developed from quality studies with customers. These programs are also developed with the segment's main solutions and component suppliers and their effectiveness is assessed through quality audits. The projects are managed through a methodology defined and enforced in order to monitor systematically the product life cycle. The main milestones of the projects are subject to management review to address any issue and the main project risks. In addition, a project quality plan is defined to secure the quality of the project delivery. To ensure high security standards, a security approval procedure is in place for the new products delivered by the Connected Home Segment. This procedure is part of the product development project management methodology. Once products are delivered, an incident response procedure is in place to support customers. This procedure includes a vulnerability disclosure protocol, to allow security researchers to report such weakness on Connected Home products and allow to address risk before public disclosure and/or materialization of the risk. The assessment and management of cyber risks is an important activity that the Group regularly invests in to ensure that it can adapt technically to the complexity of cyber threats. Overall in 2019, Technicolor supported 153 security audits, including IT and Internal Audits.

3.1.3 Financial risks

GRI *[102-15]*

LIQUIDITY (CASH FORECASTING)	
Risk identification	**Risk monitoring and management**
Liquidity risk is the risk of not being able to raise funds to meet future financial obligations. This risk can arise if the Group's financial position deteriorates limiting its access to financial markets or if suppliers reduce payment terms. In order to identify and quantify this risk the Group has put in place regular cash forecasting, on a short term 13 week basis as well as monthly cash forecasts covering longer periods. This forecasting allows the Group to compare its forecasted liquidity with its forecasted cash needs, in particular working capital requirements, investments and debt repayments. Liquidity risk has materialized due to the deterioration of the Group's financial position and in particular due to its negative cash flow in 2018 and 2019. This has resulted in an increased liquidity risk for the Group.	To manage this risk, the Group's treasury management is centralized. The central treasury team manages current and forecasted financing needs and has established policies aimed at securing continued and uninterrupted access to financial markets on reasonable terms. In particular, to meet liquidity needs the Group puts in place confirmed credit facilities and executes borrowings on the banking and financial markets and raises equity in the capital markets. In order to monitor the Group's liquidity, the treasury department monitors the relative proportion of the Group's debt and equity, its credit ratings (S&P: B- stable outlook / Moody's: Caa1 stable outlook), the outlook for the financial markets and it uses the Group's consolidated cash forecasts to track the ability to meet scheduled debt payments (see note 8.2.3 for the Group's debt maturity schedule) and other future financing needs and to respect the covenants in its debt documentation. The results of this monitoring are reported regularly to the Chief Financial Officer, the Audit Committee and the Board of Directors. As a consequence of this monitoring the Group determined a need to strengthen its balance sheet and in line with its policies, announced on February 13, 2020, subject to conditions, a comprehensive financing plan including: • a €300 million rights issue; • an 18 month extension of the RCF and the Wells Fargo facility; and • a new short-term credit facility in the amount of $110 million. The successful conclusion of these operations will significantly reduce the Group's liquidity risk. Nevertheless, the rights issue is subject to regulatory approvals and to market conditions and should it not be successful the Group would need to review other available options to strengthen its balance sheet.

INDEBTEDNESS

Risk identification	Risk monitoring and management
At December 31, 2019, the Group had €1,302 million of total gross nominal debt (corresponding to €1,298 million in IFRS, taking into account the fair value adjustment) comprising mainly term loan debt for a total nominal amount of €984 million (€980 million in IFRS) and lease liabilities for €312 million (see note 8.3 to the consolidated financial statements). The Group has two committed revolving credit facilities to support its working capital needs: a €250 million revolving credit facility (the "RCF") and a committed receivables facility (the "Committed Receivables Facility") under which it may borrow up to $125 million on the basis of the amount of receivables available. For further information on the terms of these debt facilities and instruments, see Chapter 2: "Operating and Financial Review and Prospects", section 2.3.3: "Financial Resources" of this Universal Registration Document and note 8 to the consolidated financial statements. The level of debt may have significant negative consequences for the Group and its shareholders. For example the terms of the debt require the Group to dedicate a large portion of any excess cash flow towards repayment of outstanding principal, thereby reducing the availability of cash flow for other purposes. In 2019, €95 million was used to repay debt although because there was no excess cash flow no repayments were required under the terms of the debt. In addition, the significant level of debt (€1,302 million) relative to the Group's Free Cash Flow generation (€161 in 2019): • increases the Group's vulnerability to adverse general economic conditions and industry developments; • may limit the Group's flexibility in planning for, or reacting to, changes in the business and the industries in which the Group operates; • may limit the Group's ability to raise additional debt or equity capital; • may limit the Group's ability to make strategic acquisitions and take advantage of business opportunities; and • may place the Group at a competitive disadvantage compared to competitors with less debt. Any of the foregoing could limit the Group's ability to grow its business. The financial loans documentation of the Group's USD Term Loans as well as its credit facilities use the London Interbank Offered Rate ("LIBOR") as a reference rate. LIBOR is scheduled to be phased out by the end of 2021. When LIBOR ceases to exist, the Group will need to agree upon a replacement index with its lenders and such new rates may not be as favorable as those in effect previously. Failure to manage these risks effectively could adversely affect the financial condition and results of operations of the Group The financial loans documentation of the Group's Term Loan Debt as well as its credit facilities includes provisions which limit the Group's flexibility in operating its business, a breach of which may (in certain cases following the expiration of a grace period) constitute a default hereunder. The documentation of the Group's credit facilities contains financial covenants that the Group must respect: • a ratio of adjusted EBITDA to gross debt of no more than 4.00 times, tested at June 30 and December 31 if there are more than €100 million of drawings on the RCF or less than $25 million of availability on the Wells Fargo credit line; and • under the terms of the agreement by the lenders in the RCF and the Wells Fargo facility to extend the facilities, conditional on the completion of the rights issue announced on February 13, 2020, a minimum liquidity of €30 million at each month end starting February 29, 2020. Failure to respect these financial covenant would constitute a default. Moreover the financial loans documentation includes so-called "cross default" clauses which, absent a waiver from the creditors, would provide them with the right to declare amounts that are outstanding thereunder at the time of any default under other financial loans documentation (plus accrued interest, fees and other amounts due hereunder) immediately due and payable. Upon the occurrence of a change of control of the Group, any outstanding amounts under the financial loans documentation would become immediately due and payable. The Group cannot ensure that it would have sufficient liquidity to reimburse or be able to refinance all or part of the amounts that came due following an event of default or change of control. This risk has increased due to the deterioration of the Group's financial position and in particular due to its negative cash flow in 2018 and 2019.	The risks related to indebtedness are managed by a close monitoring of the level of the Group's debt and debt maturity schedule, and the compliance with all covenants and restrictions (including operational restrictions) in the Group's debt documentation. This monitoring is part of the Group's management of its liquidity risk. With specific regard to indebtedness it consists of using the Group's 13 week and monthly cash forecasts to project future leverage ratios, covenant ratios and respect of scheduled debt maturity payments. The results of this regular monitoring is reported regularly to the Chief Financial Officer, the Audit Committee and the Board of Directors and may lead the Group to take action such as reducing debt levels, refinancing or renegotiating its debt, or raising equity. This monitoring led the Group to launch on February 13, 2020 a comprehensive balance sheet restructuring consisting of: • a €300 million rights issue; • an 18 month extension of the RCF and the Wells Fargo facility; and • a new short-term credit facility in the amount of $110 million. The successful conclusion of these operations will reduce the Group's net debt and the risks associated with the current level of indebtedness.

INTEREST RATE AND EXCHANGE RATE FLUCTUATIONS

Risk identification	Risk monitoring and management
The Group is mainly exposed to interest rate risk on its deposits and indebtedness. At December 31, 2019, 64% of the Group's debt was at floating rate after taking into account interest rate hedging operations. Failure to manage interest rate fluctuations effectively in the future, or changes in interest rates, may have a material adverse impact on the Group's financial charges. A 100 basis point increase in short-term interest rates would cause the Group's net cash interest payments to increase by €6 million. The Group incurs foreign currency translation risk because a significant part of the its consolidated revenues as well as a portion of its assets are in subsidiaries that use currencies other than the euro and in particular the U.S. dollar as their functional currency. In 2019, 47% of the Group's consolidated revenues were in U.S. dollars To the extent that the Group has costs in one currency and has sales in another, the Group incurs foreign currency transaction risk and its profit margins may be affected by changes in the exchange rates between the two currencies. Most of Technicolor's sales are in U.S. dollars and in euro; however, certain expenses are denominated in other currencies. The largest transaction exposure of the Group is its net purchase of USD *versus* EUR which totaled $132 million in 2019. Although the Group may hedge against currency transaction risk, given the volatility of currency exchange rates and the occasional illiquidity in some emerging market currencies, together with the potential for changes in exchange control regulations in such emerging markets, the Group cannot ensure that it will be able to manage these risks effectively. Foreign exchange rate fluctuations have had and may in the future continue to have an adverse impact on the Group's operating results and financial condition, especially when the euro fluctuates significantly against the U.S. dollar or other foreign currencies. The Group's largest currency exposure is to the U.S. dollar *versus* the euro. A 10% increase in the U.S. dollar versus the euro, assuming no hedging was in place, would cause the Group's profit from continuing operations before tax and finance costs to decrease by €18 million. A 10% decrease in the U.S. dollar versus the euro would have a symmetrical impact in the opposite amount.	Management of interest rate and exchange rate risks is done by the Group treasury in accordance with Group policies and procedures. All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Audit Committee *via* various reports showing the Company's exposures to these risks with details of the transactions undertaken to reduce them. For each type of transaction, specific limits and authorizations are approved by the Investment Committee and controlled by the Group Internal Control Department. To reduce interest rate and currency exchange rate risk, the Group enters into hedging transactions using derivative instruments. See note 8.2.2 to the consolidated financial statements for more information about this risk and its management.

IMPAIRMENT OF CERTAIN TANGIBLE AND INTANGIBLE ASSETS, INCLUDING GOODWILL	
Risk identification	**Risk monitoring and management**
If management's estimates change or market conditions adversely evolve, the estimate of the recoverable value of the Group's assets could decrease significantly. If the Group does not generate revenues from its businesses as anticipated, the businesses may not generate sufficient positive operating cash flows. This, or other factors, may lead to a decrease in the value of the Group's intangibles assets, including goodwill, resulting in impairment charges, which could have a material adverse effect on the Group's results of operations or financial position. At December 31, 2019, the Group's accounted for €851 million of goodwill and €632 million of intangible assets. Of the €851 million of goodwill at December 31, 2019, €222 million relate to DVD Services, compared to €270 million in 2018. The difference mainly comes from a €53 million impairment resulting from a stronger than expected volume decline in 2019 affecting particularly the distribution activity, in the United States and to a lesser extent Australia and Europe (see note 4.4.1 to the Group's consolidated financial statements). Indeed, worse than anticipated market conditions can result in additional impairment charges in the Group's consolidated statement of operations. The discounted cash flows of DVD Services are computed over a finite life of circa twenty years and accordingly the goodwill will be impaired over this period depending on the evolution of the fair value as determined through the discounted cash flows. The Group may experience significant further impairment charges in future periods, particularly in the event the markets for the Group's products and services experience further deterioration. For additional information on the impairment tests, see note 4.4 to the Group's consolidated financial statements.	The Group's management periodically assesses the carrying amount of the tangible and intangible assets using certain key assumptions, including budgeted data, cash flow projections and growth rates. The Group assesses the carrying amount of these assets more frequently if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

3.1.4 Litigations

GRI *[102-15] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance] [419-1]*

In the ordinary course of business activities, the Group has been involved, and in the future, might become involved, in legal and regulatory proceedings and is subject to tax, customs and administrative audits. The fines, damages, settlement amounts or amounts otherwise due in connection with these legal proceedings, may be significant. There can be no assurance that any of the legal proceedings and audits in which the Group is involved or becomes involved in the future will not result in payments being made by the Group, including possibly in excess of amounts provisioned, or that any such payments will not have a material adverse effect on the Group's results of operation and financial condition.

The main legal proceedings and governmental investigations in progress or envisaged, are described in note 10.2 to the Group's consolidated financial statements in this Universal Registration Document.

Except for the litigations described below, there are no other governmental, judicial or arbitration proceedings of which the Group is aware, that are currently pending or threatened, which could have, or have had over the past 12 months, a material effect on the financial situation or profitability of the Group.

The Company and its former Chief Executive Officer, Mr. Frédéric Rose, were indicted (*mis en examen*) by a French criminal judge in December 2019 in connection with an action lodged in 2012 by Quinta Communications targeting Technicolor. Quinta Communications was alleging *inter alia* that Technicolor would have led Quinta Communications' subsidiary, Quinta Industries, into bankruptcy. Technicolor considers that this action has no substantial ground since it was only a minority indirect shareholder of Quinta Industries (while Quinta Communications was holding 82.5% of the share capital) and was not in any way involved in the management of Quinta Industries and therefore cannot be liable for the company's bankruptcy.

3.1.4.1 ANTITRUST PROCEDURES

GRI *[103-2 Anti-competitive behavior]*
[103-3 Anti-competitive behavior] [206-1]

United States

Between 2014 and 2017, Technicolor settled with all plaintiffs in the legal actions that Technicolor had been defending in the United States pertaining to alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry.

However, the District Court decision approving the settlement in 2015 for $13.75 million in June 2015 of a class action brought by a group of indirect purchasers of CRT was remanded in February 2019 to the U.S. District Court by the California Court of Appeals so that the District Court may reconsider its approval of the settlement. As part of the remand process, the settlement agreement was amended by agreement of the parties in September 2019, which, if approved by the Court, will result in a small part of the settlement amount being returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states being excluded from the settlement. Approval of the amended settlement agreement is pending with the District Court. Since September 2019, motions to intervene and complaints were filed by consumers from those nine states. Those motions also are pending with the District Court. Technicolor believes that its exposure is limited in size and that it has valid means of defense.

Europe

Since 2014, Technicolor has also been defending, along with other defendants (Samsung, LG, Philips, etc.), several similar legal actions in various European jurisdictions alleging damages suffered as a result of anticompetitive behaviour in the CRT industry until 2005. All such cases are in the wake of the EU Commission decision of December 2012 pursuant to which Technicolor was fined €38.6 million as a result of alleged involvement in a cartel. The cases are as follows:

- in the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds in January 2019;
- in the Netherlands, a case filed by three Brazilian TV manufacturers under Brazilian law;
- in Germany, two cases against three German former TV manufacturers (Grundig and Loewe/Metz) under German law. In 2018 and 2019, the German first instance court found all defendants liable in principle. Technicolor appealed these decisions.

At this time, Technicolor is unable to assess the potential outcome from those cases and the resulting potential liability due to the complexity of the cases, as Technicolor is still defending certain of these on procedural grounds and/or as the claims have not all been fully substantiated. Depending on jurisdictions, decisions on quantum are not expected before 2021 or 2022.

Technicolor also defended a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020.

3.1.4.2 TOXIC TORT LAWSUITS IN TAIWAN

GRI *[103-2 Environmental compliance]*
[103-3 Environmental compliance] [307-1]

Technicolor, certain of its subsidiaries and General Electric are being sued by an association of former employees (or heirs of former employees) at a former manufacturing facility in Taiwan (TCETVT). They allege exposure to various contaminants while living and working at the facility, which allegedly caused them to suffer various diseases, including cancer, or caused emotional distress from fear that living and working at the facility increased their risk of contracting diseases.

After a first ruling of the Taiwan court and an appeal before the Taiwan High Court (first appeals court), the Taiwan Supreme Court, in August 2018:

(i) confirmed the Taiwan High Court decision of awarding NTD517.75 million (c. €15.4 million at the exchange rate as of December 31, 2019) in damages to 260 claimants; and

(ii) remanded the claims of 246 claimants for further proceedings at the High Court.

General Electric paid to the Court the full amount of the decision in December 2019.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on December 27, 2019 and awarded approximately NTD$2.3 billion (c. €68.5 million at the exchange rate as of December 31, 2019) plus late interest penalty. Technicolor and General Electric were held jointly and severally liable. Technicolor intends to appeal this decision.

Technicolor and its subsidiaries claim, among other reasons, that TCETVT operated for less than four years after its purchase from General Electric, while General Electric and its predecessor-in-interest RCA Corporation, owned and operated TCETVT for approximately twenty years.

Should the Group or any of the subsidiaries ultimately be held liable or settle the claims, the amounts of any such liability or settlement could be high. There are currently too many uncertainties to assess the extent of any liability that Technicolor or its subsidiaries may incur as a consequence of this lawsuit. Technicolor also has various avenues to mitigate any risk, including contractual indemnities owed to it by General Electric and others.

3.2 INTERNAL CONTROL

GRI *[102-29] [102-30] [102-33] [103-1 Socioeconomic compliance] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance] [205-1]*

The internal control procedures mentioned in the present Chapter apply to the Company and to all its subsidiaries and are under the responsibility of each Technicolor employee.

The major components underlying the preparation of this report are

(i) the French *Loi de sécurité financière* (Law regarding Financial Security),

(ii) the Ordinance No. 2008-1278 of December 8, 2008,

(iii) the AMF guidelines on risk management and internal control and

(iv) Article R. 225-105-1 of the French Commercial Code about disclosure of non-financial information related to Corporate Social Responsibility.

In March 2011, the Company voluntarily delisted from the New York Stock Exchange (NYSE). As a consequence, it is no longer subject to the Sarbanes Oxley Act obligations (SOX).

Following the delisting, the Group decided to maintain high standards of financial reporting discipline, capitalizing on the work undertaken previously. The internal control program, called 8TIC'S, was launched at the beginning of 2011 with the objective to maintain and expand the internal control scope beyond financial reporting through a risk-based approach. The ninth annual campaign of the program has been successfully performed in the course of 2019, and a new campaign starts as of January 2020.

3.2.1 Objectives of internal control procedures and implementation

OBJECTIVES OF INTERNAL CONTROL PROCEDURES

The Group's internal control framework is designed to achieve the following main objectives:

- application of the instructions and directional guidelines fixed by the Group's management bodies in line with the Group's overall objectives and the inherent risks;
- correct functioning of the internal processes, such as the ones pertaining to the security of its assets as well as the operational, industrial, commercial and financial processes;
- compliance with applicable laws and regulations;
- reliability of financial and non-financial information obtained through the implementation of internal control procedures.

The internal control framework aims at preventing and mitigating risks arising from the Group's conduct of business and risks of error or fraud, in particular, in areas of accounting, finance and social responsibility. As for every control system, it cannot provide an absolute guarantee that these risks are completely eliminated.

INTERNAL CONTROL METHODOLOGY

The internal control methodology is based on three pillars:

- a risk-based approach which starts from the Group Risk Management program (see paragraph below "Risk Management") and allows internal control to deploy its methodology on the main Group risks. In 2019, the risk and control referential was revisited and updated together with the evolution of risks;
- a self-assessment on controls implementation by the most significant entities, totaling the vast majority of the Group scope according to the relevant indicators (Revenue, contribution to EBITDA and other financial and non-financial indicators function of each nature of risk). In 2019, about 277 control owners were designated to perform a self-assessment on 2,671 controls over 55 finance and non-finance processes;
- an independent testing managed by Internal Audit covering about 20% of the self-assessed controls. This testing aims at providing assurance that the Technicolor internal control framework is effective. Independent testers are composed of Internal Auditors and some internal finance experts properly trained to the testing exercise.

The internal control team ensures a continuous monitoring of the internal control campaign, through key performance indicators such as self-assessment and independent testing completion rates, deficiency rates, and severity classification of reported deficiencies. The internal control team communicates permanently with the internal control communities, ensuring training on the approach and the tools to be used. Quarterly updates on the program are made to the Audit Committee.

The management community is involved in the deficiency remediation and takes an active role in the implementation of corrective actions raised during the internal control campaign. Deficiencies with high and medium severity are monitored and followed-up by Internal Auditors until their full remediation.

3.2.2 General control environment

THE ETHICAL VALUES AND PRINCIPLES OF CONDUCT FOR THE GROUP'S MANAGERS AND EMPLOYEES

GRI *[102-16] [102-17] [103-1 Anti-corruption] [103-2 Anti-corruption] [103-3 Anti-corruption] [205-1] [205-2] [412-1] [412-2]*

The values and principles of conduct for the Group's managers and employees are defined in two of the Group's 3 principal internal documents: the Group's Code of Ethics, the Financial Ethics Charter and the Anti-bribery and Anti-corruption Policy.

Code of Ethics

Created in 1999 and last updated in 2018, the Code of Ethics establishes the foundation of the Group's core values and requires all employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Code of Ethics details the specific rules to guide employees in their day-to-day activities. Technicolor has also adopted several additional key policies including a Whistleblower Policy, Anticorruption Policy and Manual, and Ethical Sourcing Policy. Indeed, Technicolor is committed to uncompromising integrity in all of our actions. A reputation for integrity benefits Technicolor in countless large and small ways – we are a trusted advisor and service provider to our customers, a dependable collaborator for our business partners, a valuable member of our communities, and a reliable long-term investment for our shareholders. Ethical behavior and observance of laws are two main ingredients in building our reputation for uncompromising integrity.

The Group also created an Ethics Compliance Committee in 2006, which is responsible for all ethical issues related to Technicolor's activities and which is governed by the Code of Ethics and the charter for the Ethics Compliance Committee. This includes implementing any new policies if needed, training on existing policies, and investigating any and all reports of unethical behavior. It meets at least three times per year and more frequently when required.

Over the last several years, the Group has deployed many ethics training programs. Several online training sessions were launched to educate employees on various ethical rules and obligations, including bribery, competition and fraud. Some dedicated training sessions were also organized on specific sites or for specific functions and *via* Webex conferencing.

Financial Ethics Charter

To reinforce awareness of the ethical dimension of finance activities, Technicolor has published an Ethics Charter specific to Finance personnel and activities. It is an extension of the Company's Code of Ethics, which applies to all employees.

The Financial Ethics Charter was first published in December 2005, is signed by the Chief Executive Officer and the Chief Financial Officer, and is distributed to key persons within the Finance organization.

This policy promotes the following rules: acting honestly and with integrity and avoiding conflicts of interest, providing accurate, complete and objective information, compliance with all rules and regulations, public and private, to which the Group is subject, acting in good faith without misrepresenting material facts or allowing one's judgment to be unduly influenced, respecting confidentiality of information, sharing and maintaining appropriate knowledge and skills, promoting ethical behavior in one's environment, using and controlling responsibly assets under one's supervisions and reporting known or suspected violations of the charter.

A copy of the Code of Ethics and the Financial Ethics Charter is available on the Company's website at www.mytechnicolor.com or upon request to the Company.

GROUP MANAGEMENT AND DECISION-MAKING PROCESSES

GRI *[102-19] [102-26]*

The Group Management is organized around 2 principal bodies:

- the Executive Committee;
- the Management Committee.

Placed under the authority of the Group's Chief Executive Officer, the Executive Committee currently comprises 13 members consisting of Senior Executive Vice-Presidents and Executive Vice-Presidents in charge of Technicolor's major businesses and of the principal corporate functions (Strategy, Finance, Human Resources, Communication). The Executive Committee meets to analyze and evaluate the financial performance (sales, operating income and cash flow) of the Group's various businesses compared with the budget, strategic developments, and major events affecting the Group (sales contracts, partnerships, investments, etc.).

The Management Committee includes the Executive Committee Members as well as leaders of Technicolor's main functions and business operations. Its responsibilities are to ensure achievement of the Group's objectives and to provide leadership across Technicolor. Depending on the topics, these Management Committee Meetings can be extended to some specific internal or external guests.

Together, the 2 senior management bodies help ensure rapid, responsive decision-making as well as smooth, efficient implementation of such decisions.

The Group holds quarterly Business Reviews for each business, during which the management reviews the performance of the business, the progress of the key programs in each business, key performance indicators, and any specific operational topic which requires management attention. These programs cover mainly key customer issues, new product introduction, operational performance, transformation programs, cost reduction, and HR-related programs.

The Group established an Investment Committee in 2010 to drive prioritization and optimization of resource allocation across the Company's organization. The Investment Committee is composed of the CEO, the CFO, Senior Executive Vice-Presidents, the HR Director and the Group General Counsel. The Investment Committee reviews all significant investment decisions, including material customer opportunities, capital expenditures, restructuring, M&A and joint ventures, asset disposals, pension contributions, large procurement contracts, leases, and financing commitments. The Investment Committee ensures compliance with the Board Internal Regulations and debt agreement obligations and is a key part of the Group's internal control procedures.

In 2014, the Group established the Technicolor Innovation Council. Composed of Excom members, its mission is to review and approve innovation strategies, plans, and initiatives. Such innovation decisions include, without limitation, opex/capex expenditures/financial investments (including equity investments), mergers & acquisitions, restructurings, partnerships related to innovation and strategy execution. The Committee is a governance body and as such is required to ensure that innovation decisions comply with corporate documentation (bylaws, Internal Board Rules), internal control procedures, regulatory obligations, and generally, Group corporate policies. It also ensures that innovation decisions will not have an adverse effect on the Group's contractual commitments and are consistent with the Group's strategy, budget and Business Plan.

RISK MANAGEMENT

GRI *[102-15] [102-30] [102-33] [102-34]*

The Group started evaluating its risks on a worldwide basis in 2005, with the Enterprise Risk Assessment (ERA) program. The risk management process evolved in 2010 to follow the strategic evolution of the Group. It is now under the Executive Committee responsibility using large support of the Management Committee and is called Technicolor Risk Management (TRM).

The purpose of this annual four-step-process, supported by the Internal Audit Department, is to identify, assess, manage and monitor risks that may impact the Group's ability to achieve its near and long-term objectives.

The risk identification and analysis process consist of a top-down structured approach, summarized as follow:

- risk identification through a questionnaire completed by each member of the Executive Committee and the Management Committee and an individual interview led by the Internal Audit Department;
- synthesis of main risk areas;
- ranking of risks according to criteria in terms of potential impact and vulnerability, performed by Executive Committee and Management Committee members.

Every year, the Risk Mapping is reviewed and reassessed with any potential new risk.

Consecutive to the risk ranking step, the CEO appoints risk owner(s) for each of the top 10 risks, among members of the Executive Committee or a direct report. These risk owners assess further the risk assigned to them, monitor and mitigate them. Status reports on each top risk are presented to the Audit Committee.

3.2.3 Internal Audit

GRI *[102-33] [102-34]*

As defined in the "Internal Audit Charter", Internal Audit performs independent and objective assurance, and consulting audits that are dedicated to adding value and improving Technicolor's performance. It conducts risk assessments at all levels within the Group, identifies and proposes improvements in financial and operational processes, and helps the organization define action plans to mitigate risks and reinforce the control environment and governance principles.

The Internal Audit Department reports its results to the Group's management. The Audit Committee reviews and approves the annual Internal Audit Plan based on the pluri-annual Internal Audit plan and is informed of the main audit results. The Internal Audit Department also provides support in the Technicolor Risk Management process.

Since 2013, Internal Audit and Internal Control Central Departments have been regrouped under the responsibility of the Chief Audit Executive to increase coordination and integration. It allows Internal Audit recommendations to be better embedded in the Internal Control framework, and deficiencies reported during the 8TIC'S campaign to be closely followed up by Internal Audit.

Twice a year, the Internal Audit Department presents the audit schedule to the External Auditors, provides updates and shares conclusion of the reports resulting from audit reviews. In Addition, the Internal Audit Department coordinates control processes/sites reviews with the External Auditors to ensure coverage of various areas.

The Internal Audit Department consists of approximately 9 auditors who have past experience in a large range of domains like finance, accounting, operations, engineering, and IT/Security. The team is located in several key sites for the Group: Paris (France), Lawrenceville, Georgia (U.S.), Montreal (Canada), Guadalajara (Mexico), Warsaw (Poland) and Bangalore (India). The Chief Audit Officer is located in New York (U.S.). She operationally reports to the Chief Financial Officer, and functionally to the Audit Committee.

The Internal Audit Department conducts audits in various domains, covering operational and financial processes, financial audits, review of contracts or projects, compliance, fraud prevention, security audits, and follow-up audits at transversal and local levels.

In 2019, 12 audit engagements were performed (both assurance and assistance types) compared to 15 audits in 2018.

These audits were carried out in accordance with the methodology and procedures set by the Internal Audit Department, including in particular:

- performance of tests (walkthroughs and detailed testing) and interviews with the control owners of the cycles reviewed on a risk-based approach;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the site/department, in accordance with a precise action plan and deadlines. The Internal Audit Department report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

In 2020, the Internal Audit Department will continue to focus on processes and efficiency improvements, testing of operational effectiveness of key controls and enhancing the overall review process.

3.2.4 Internal control procedures relating to the preparation and treatment of accounting and financial information

GRI *[103-2 Economic performance]*

The internal control related to the preparation and treatment of accounting and financial information relies on the Controlling organization with its processes and controls (budgetary process, monthly reporting and forecasting, quarterly reporting of financial and operational performance review) as well as on the Group's Accounting Department (regrouping accounting standards and methods and share services centers teams) and the Internal Audit Department.

Under the authority of the Group's Chief Financial Officer, the dedicated teams are responsible for:

- the establishment of the Group's consolidated financial statements and Technicolor's statutory accounts;
- the preparation of the budget and the analysis of its execution through monthly management and performance reporting; and
- the implementation of the Group's accounting and Controlling methods, procedures and standards and their adaptation in accordance with changes.

The Group's financial organization follows its operational organization, based on four segments (Home Entertainment Services, Production Services, Connected Home and Corporate & Other), organized in several activities. Each one of these businesses and activities is under the responsibility of a controller and is assisted by a controlling supporting team, in charge of budget, reporting follow-up, performance analysis and estimates. Accounting operations within the legal entities are for the most part managed through two internal shared services centers. The accounting teams work according to Group accounting standards and methods and liaise with the Controlling organization through Services Level Agreements.

BUDGETARY PROCESS

The budgetary process is mandatory for all of the Group's segments and businesses. The principal stages in the budgetary process are the following:

- in September and October, preparation by each business of a budget of the following year, based on market analysis and projections, analyses trends, costs base structure, customers & suppliers base analysis, and capex needs. It includes also key strategic initiatives and their financial impact in the budget (and going forward) and a risks and opportunities analysis;
- in November and December, review and approval by Senior Executive management and corporate finance teams of proposed Action Plans and budgets prepared at the business level;
- approval of the budget by the Board of Directors; at the latest, at the beginning of the following year;
- split of the budget into monthly periods and by legal entities to serve as a reference for the Group's monthly reporting.

In the context of the budgetary procedure, Key Performance Indicators (KPIs) are presented by each business, and analyzed and monitored on a monthly basis.

PERIODIC PERFORMANCE REVIEW

The Controlling organization reviews the Group financial performance periodically:

- on a monthly basis:
  - the reporting on actual performance is managed by the Controlling organization and a detailed review, performed during the closing period of the financial accounts (analysis of variance *vs.* budget, previous forecast and last year), is presented to management including a review of risks and opportunities of each business *vs.* Budget.
- on a quarterly basis:
  - reporting of operational performance through a business review with management (review of major KPIs, risks and opportunities, market trend and competition, customer portfolio analysis, strategic programs and key initiatives) and closing of financial statements,
  - the forecasting of the current and next three quarters is performed at the beginning of each quarter by each business (including main income statement indicators such as revenue and Adjusted EBITDA as well as Free Cash Flow items) and reviewed at Group level.

ACCOUNTING, MANAGEMENT REPORTING AND CLOSING PERIOD WORK AT THE GROUP LEVEL

The Group accounting and financial data are consolidated into one Group reporting system.

At the end of each month, the Group's entities report their financial data into this system. The Group reporting system uses a common chart of accounts, which is regularly updated. The main accounting and financial figures of the operational and functional departments consolidated at the Group level are analyzed by the Group's financial controlling team and reviewed by the Group's Executive Committee.

The closing process for the half-year and annual consolidated financial statements occurs in two steps. The first step consists of a "hard close" completed for the May and October closings. This review is initiated by the circulation of instructions prepared by the Group's Accounting Department. Procedures define the controls and actions which must be undertaken at the entity level (entries in accounting books, reconciliations, etc.) and the persons authorized to implement them.

This step leads to a first review by the Statutory Auditors, completed initially at the subsidiary level within a majority of the Group's legal entities, then at the Group level. This "hard close" aims at identifying the most complex issues, which may be reported to the Senior Management Team.

The second step occurs in July and in January/February and involves the finalization of half-year and annual consolidated financial statements under International Financial Reporting Standards ("IFRS").

After each monthly closing, the Group's financial results for month and the current quarter are presented to the Executive Committee. After each quarterly closing, the quarterly financial results (including half-year and annual results) are presented to the Audit Committee. These results are also presented to the Board of Directors.

The Group's accounting principles are defined in a set of documents entitled "Technicolor Accounting Principles and Methods", which are available on the Company's Intranet site and provided to all the Group's Finance Departments. These documents outline the accounting treatment of such items as tangible and intangible assets, provisions, intercompany transactions, revenues and hedges.

In addition, the Group publishes and distributes procedures that accountants and financial controllers must respect in terms of purchasing, management of inventories, sales, payments, cash flow, or taxes.

PREPARATION OF FINANCIAL INFORMATION

The Group's financial information is prepared by the Finance Department. It is based on information reported through the Annual Reporting and consolidation processes and on operational and market information, which is specifically centralized for the preparation of the Company's Universal Registration Document. The latter is prepared jointly by the Finance Department and the General Secretary of the Company.

The quarterly, half-yearly and annual financial information is reviewed by the Audit Committee and the Board of Directors.

Prior to being published, the above financial information is also reviewed by members of the management team and senior managers within the Corporate Finance and Legal Departments, each for their respective fields.

3.2.5 Other internal control procedures

INFORMATION TECHNOLOGY SECURITY PROCEDURES

GRI *[103-2 Customer privacy]*

The Chief Information Officer (hereafter the "CIO") leads the Technicolor's IT organization and is supported by a leadership team composed of senior IT managers and business managers. The IT managers either directly support each of the Technicolor businesses or support shared service IT functions and applications used worldwide by the entire organization (Global Infrastructure & Risk Management, Information Security, Enterprise Applications and Corporate Functions). IT organizations collaborate closely with other internal security entities, such as the Technicolor Security Office (TSO), to align IT solutions, services and products with established security policies, procedures and best practices.

These individuals are experienced IT professionals with a broad background and are well versed with the businesses and technologies they support. They ensure that the IT tools, services, and applications used by all Technicolor sites and businesses (*e.g.* e-mail, networks, phone systems, cloud platform evolution and operation, collaboration tools, video conferencing, web technologies, business intelligence tools, business and risk management tools and processes, the Technicolor Production Network) are operated and managed in an efficient, cost-effective, safe and secure manner. In addition, the IT organization provides Enterprise Architecture for new technologies, IT Vendor Management and Enterprise Project & Portfolio Management used to govern, regulate, and manage the IT organization (regulatory compliance, internal IT standards and best practices, project and project portfolio management processes) ensuring that IT is properly aligned with Technicolor's strategic objectives. This IT organization leverages the IT 3-year Plan to ensure that proposed new technology and applications are planned and executed in a rational and holistic manner; the plan encompasses both technical and business process impacts and encourages use across the corporation.

SECURITY OF PEOPLE AND ASSETS, INCLUDING CYBERSECURITY

GRI *[103-1 Customer privacy]*
[103-2 Customer privacy]
[103-3 Customer privacy]

Security is key priority and an overall enterprise topic that affects each of our Business Groups in different ways. For Entertainment Services, Studios assign their projects only to companies that meet their content security standards. Technicolor's facilities and digital networks must pass customer initiated, security audits to win new contracts and to maintain client relationships. The TSO (Technicolor Security Office) play a strong role in preparing and assisting in such audits.

Security is also important for the Connected Home business. As devices are increasingly more open and complex, they are exposed to greater security risks. Security can be a real market differentiator. TSO helps Connected Home to deliver secure devices to their customers, and to adapt its product security posture to current threat levels.

As such the TSO, was established in 2011 to define the Security Strategy at the Group level. Led by the Chief Security Officer, the TSO establishes priorities, defines best practices, monitors current implementations, develops common metrics and promotes the security tools for the Group.

The key areas of focus for the TSO are physical, digital and business security which are all covered as part of a Security 3YP that is organized around four main pillars: Protect, Detect, Respond & Recovery. Each pillar contains categories of initiatives (33 in total) that highlight the key areas of focus and progress. A cross function security team is in place being the main contributor in executing the 3YP. This team is comprised of: TSO-Assessment Team (AT), TSO-Physical Security, Content Security, Security Operating Center (SOC), Security and Governance, Risk and Compliance (GRC), and Business/Product Security.

The TSO-AT act as internal security assessors and advisors. The TSO-Physical Security team establish standards, conduct assessments and manage the global incident management processes The Content Security team provides assistance and guidance across all Production Services sites for all security initiatives. The Security Operating Center (SOC) manage day to day security elements (tools, process and data). The GRC arm of the TSO manage policies, global awareness program, tools, vendor assessments and the design of new processes and/or policies, as needed. The Product Security organization establish policies, procedures and best practices around security for the product development lifecycle.

The Group Security program is governed through a dedicated Security Steering Committee including each Business Heads, Head of HR, IT and TSO representatives. The Security Steering Committee meets at least twice during a twelve (12) month period. Business division/overall program security reviews take place on a quarterly basis.

In 2019, over 153 site security audits were conducted across the global perimeter. These audits were performed by using a combination of internal TSO Assessment team and external audits conducted by customers, studios, MPAA and other security organizations All audit findings have been incorporated into the 3YP which are prioritized based upon risk. In addition, following the Schrems decision by European Court of Justice, the TSO has acted as the central coordination point for the remediation of the internal legal framework to reinforce the Security clauses applicable to our providers related to EU data privacy and ensure GDPR compliance. The TSO also ensures other relevant privacy laws and regulations are complied with.

Employee Awareness & Safety: For all employees, security conscious behavior is key. As such, within the GRC arm of the TSO a formal awareness program was developed to include: on-line training program (GEM) with courses selected by the security working teams annually with compliance tracking metrics, Security videos and communications sent globally on key relevant topics (such as phishing, password management, etc.). These programs are regularly reviewed as part of external audits conducted by customers. Additionally, in 2019 several email phishing awareness campaigns were launched using an industry-leading service. In 2019 a new Phishing Awareness platform was deployed with enhanced capabilities to conduct more effective phishing awareness.

Regarding travel and employee safety, updates to the process were made and administrative responsibilities were expanded to better respond to critical incidents. A supplemental procedure exists for travel to high risk countries. An employee safety program has been established with an industry leader that enables alerts and communication to employees who are traveling or are situated near or at a location where an incident such as earthquake, fire, social disturbance, etc. has been reported.

3.3 INSURANCE

ORGANIZATION AND POLICY

The "Corporate Insurance" Department arranges global insurance programs covering the major risks related to Technicolor's activities that are underwritten with well-known insurers *via* global brokers.

These programs, established at Group level, are implemented through a "Master" insurance policy that strengthens the coverage offered by local policies and provides "difference in conditions" and "difference in limits" over these policies.

The total amount of premiums represents less than 0.2% of the Group's total sales.

In addition, in partnership with its insurers, Technicolor has developed a loss prevention program to reduce its exposure to its assets and operating losses that may occur in case such risks should materialize. Thanks to this program, several key sites have obtained the "Highly Protected Risk" status (which is the best grade in the assessment implemented by the Group's insurer) and the Group's loss prevention level has globally improved.

The Corporate Legal Department has established internal procedures and rules to manage contractual risk. It ensures, in conjunction with the Corporate Insurance team, that these rules are applied throughout the world.

The Group intends to continue its policy of comprehensive coverage for all its exposure to major risks, expand its coverage when necessary, and reduce costs through self-insurance when it is deemed appropriate.

To date, the Group does not have a captive insurance or reinsurance company.

CORE INSURANCE PROGRAMS

The Group's insurance policies are issued on an "all risks" basis, with standard market exclusions.

The deductible levels are determined and applied according to the assets and operational risks of the business units.

The main insurance policies contracted by Technicolor are:

- **property insurance:** This program provides cover for risks of fire, water damage, natural events, terrorism (depending on the legal restrictions in each relevant country or state) and business interruption resulting from these events.

  This cover is generally set on the basis of property value; Where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints.

  Generally, when damage to insured assets could lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place.

  The Group carries exposures in high risk natural hazard areas and has purchased adequate specific insurance coverage in this regard.

  In addition, Technicolor has also covered the risk of damage to goods in transit;
- **liability insurance:** This program provides cover for general and professional liability in the course of business operations as well as product liability for the entire Group. Technicolor has insurance for the risks associated with the liability of its Directors and officers as well as environmental damage caused by pollution;
- **workplace accident:** Insurance policies are purchased whenever required by law or when activities or circumstances render them necessary (*e.g.* Employer's Liability in the United Kingdom, Workers' Compensation insurance in the United States).

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

The Group does not foresee difficulties in setting up insurance policies in the future.

CORPORATE GOVERNANCE AND COMPENSATION

4

A renewed, strengthened and independent Board:

- **7 new** Directors
- **45%** women
- **82%** independents

A new Chairperson,
Ms. Anne Bouverot

A new Chief Executive Officer,
Mr. Richard Moat

A new compensation policy
designed to enable the Group's transformation and long-term value creation

4.1 CORPORATE GOVERNANCE

GRI *[102-18] [102-22]*

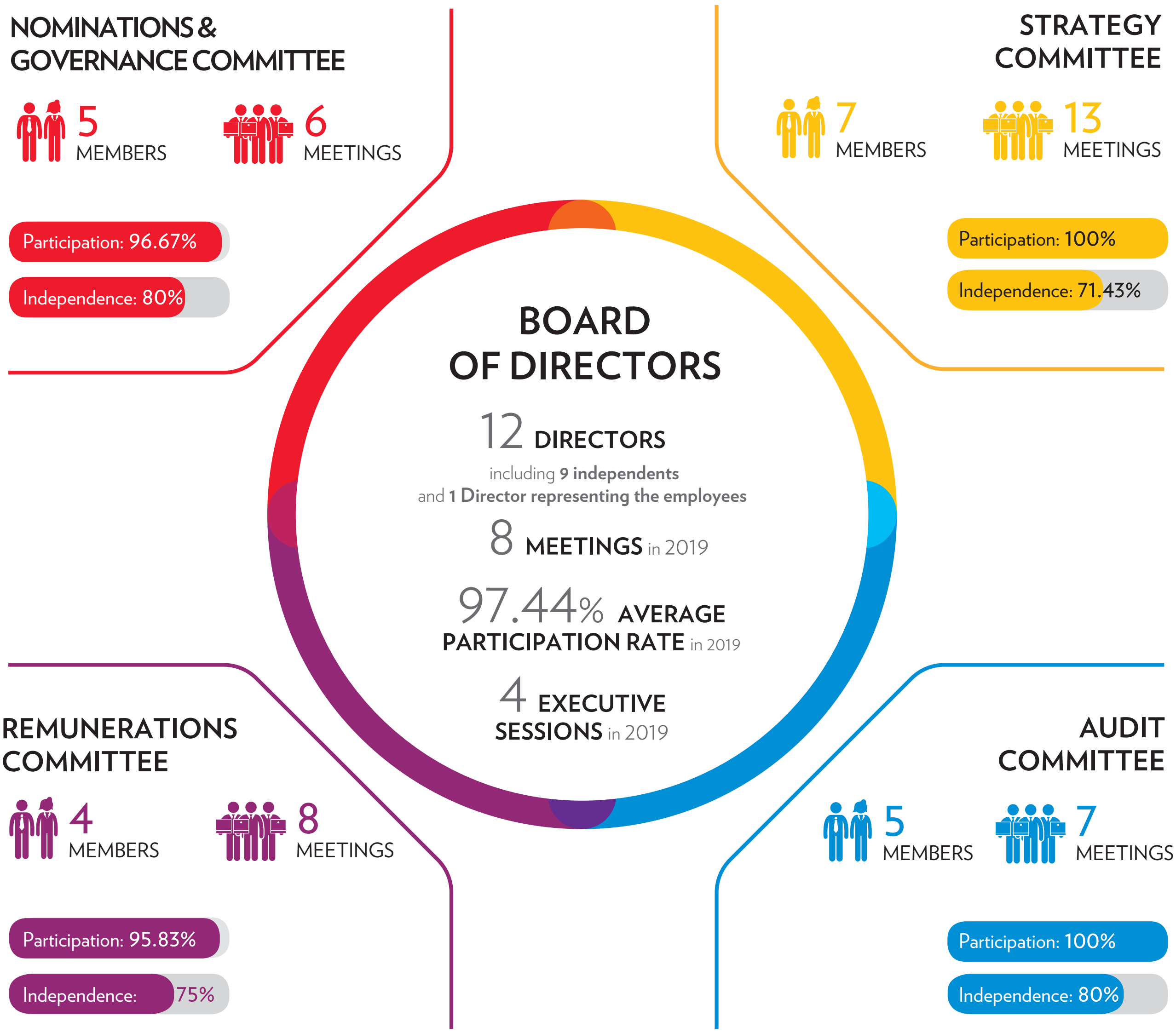
2019 was a year of major changes in governance. Mr. Bruce Hack, member of the Board of Directors for nine years and Chairperson of the Board since 2017, did not seek the renewal of his term of office.

The Board of Directors appointed Ms. Mindy Mount as Vice Chairperson of the Board and asked the Nominations & Governance Committee to work on renewing and strengthening the Board of Directors.

Considering the need for renewal and transformation of the Company, and additional business and financial skills required to strenghten the Board's capabilities, the Committee recommended 5 candidates to the Board of Directors which proposed their appointment at the 2019 Shareholders' Meeting: Ms. Anne Bouverot, Mr. Xavier Cauchois, Mr. Dominique D'Hinnin, Ms. Christine Laurens and Mr. Brian Sullivan.

Following these 5 appointments at the Shareholders' Meeting on June 14, 2019 strongly supported by shareholders, the Board of Directors appointed Ms. Anne Bouverot as Chairperson of the Board of Director. The Board also appointed Ms. Cécile Frot-Coutaz as observer, with a view to proposing her appointment as Director at the next Shareholders' Meeting. She was appointed as a Director at the Shareholders' Meeting on March 23, 2020. These new Directors bring US and European Technology and Media sector expertise, strong knowledge of governance of French and global publicly listed companies and increased and broadened financial experience.

On November 5, 2019, after a process driven by the Nominations & Governance Committee, the Board of Directors of Technicolor appointed Mr. Richard Moat as Chief Executive Officer in replacement of Mr. Frédéric Rose. The Board considered that Mr. Richard Moat was the right person to focus the Company towards operational excellence and value creation for all its stakeholders, considering his considerable experience as a CEO, having successfully led a number of business transformations in the telecoms and media industries.



Board of Directors skilled in the fields of Media & Entertainment, Technology, Finance, Connected Home, Strategy, Cybersecurity, Mergers & Acquisitions and group Knowledge.

COMPOSITION OF THE BOARD OF DIRECTORS AS OF THE DATE OF PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT

Anne Bouverot (P) Strategy Committee – chair; Nominations & Governance Committee
Independent Chairperson of the Board of Directors

Richard Moat Strategy Committee
Chief Executive Officer

Dominique D'Hinnin Nominations & Governance Committee; Strategy Committee
Independent Director

Maarten Wildschut Audit Committee; Nominations & Governance Committee; Strategy Committee
Director

Ana Garcia Fau (P) Nominations & Governance Committee – chair; Audit Committee
Independent Director

Yann Debois Remunerations Committee
Director representing the employees

Christine Laurens Remunerations Committee
Independent Director

Brian Sullivan Audit Committee; Strategy Committee
Independent Director

Bpifrance Participations Strategy Committee; Nominations & Governance Committee
Represented by Thierry Sommelet Independent Director

Melinda J. Mount (P) Audit Committee – chair; Remunerations Committee
Vice-Chairperson and Independent Director

Xavier Cauchois Audit Committee; (P) Remunerations Committee – chair
Independent Director

Cécile Frot-Coutaz Strategy Committee
Independent Director

82% OF INDEPENDENT DIRECTORS (1)

45% OF FEMALE DIRECTORS (1)

6 DIFFERENT NATIONALITIES

54 years AVERAGE AGE OF DIRECTORS

P COMMITTEE'S CHAIR

● NOMINATIONS & GOVERNANCE COMMITTEE ● STRATEGY COMMITTEE ● REMUNERATIONS COMMITTEE ● AUDIT COMMITTEE

(1) Pursuant to the AFEP-MEDEF Corporate Governance Code, the Director representing the employees was not included in this percentage.

4.1.1 Board of Directors

4.1.1.1 CORPORATE GOVERNANCE STRUCTURE

GRI *[102-18] [102-19] [102-20] [102-23] [102-26]*

The Company is governed by a Board of Directors and a Chief Executive Officer.

The choice to separate the offices of Chairperson of the Board and Chief Executive Officer was made in 2009 in order (i) to allow the Chief Executive Officer to focus on the execution of the Group's strategy and management and (ii) to ensure the best balance of powers between the Board of Directors and the executive management. The separation of roles has been considered again in 2019 to be best suited to the current circumstances and needs for Technicolor.

4.1.1.2 COMPOSITION AND EXPERTISE OF THE BOARD OF DIRECTORS

GRI *[102-22] [102-23] [102-24] [102-25] [405-1]*

As of the date of this Universal Registration Document, the Board of Directors is composed of:

- 12 Directors, including the Chief Executive Officer and the Chairperson of the Board of Directors, of which:
  - 9 independent Directors,
  - 3 non-independent Directors, and
  - 1 Director representing employees;
- 5 women;
- 5 foreign Directors.

2019's highlights are:

- the end of office of Mr. Bruce Hack, Chairperson of the Board of Directors, and Ms. Laura Quatela on June 14, 2019;
- the appointment of 5 new Directors including Ms. Anne Bouverot as Chairperson of the Board of Directors, Mr. Xavier Cauchois, Mr. Dominique D'Hinnin, Ms. Christine Laurens and Mr. Brian Sullivan as Directors on June 14, 2019;
- the appointment of Ms. Cécile Frot-Coutaz as Board Observer on June 14, 2019 and as Director on March 23, 2020;
- the appointment of Mr. Richard Moat as Chief Executive Officer and Director in replacement of Mr. Frédéric Rose on November 5, 2019.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2019 AND UNTIL THE DATE OF THIS UNIVERSAL REGISTRATION DOCUMENT

	Name	Gender	Nationality	Date on which term of office began	Date on which term of office ends
Directors whose term of office was renewed at the 2019 AGM*	Ana Garcia Fau	F	Spanish	April 2016	2020 AGM*
	Melinda Mount	F	American	April 2016	2021 AGM*
	Maarten Wildschut	M	Dutch	October 2018	2020 AGM*
Directors who left the Board of Directors in 2019	Bruce Hack	M	American	February 2010	2019 AGM*
	Laura Quatela	F	American	May 2013	2019 AGM*
	Frédéric Rose	M	Franco-American	October 2008	November 2019
Directors who joined the Board of Directors in 2019	Anne Bouverot	F	French	June 2019	2022 AGM*
	Xavier Cauchois	M	French	June 2019	2022 AGM*
	Dominique D'Hinnin	M	French	June 2019	2022 AGM*
	Christine Laurens	F	French	June 2019	2022 AGM*
	Brian Sullivan	M	American	June 2019	2020 AGM*
	Richard Moat	M	Anglo-Irish	November 2019	2021 AGM*
Directors who joined the Board of Directors in 2020	Cécile Frot-Coutaz	F	French	March 2020	2023 AGM*
Board Observer who joined the Board of Directors in 2019	Cécile Frot-Coutaz	F	French	June 2019	March 2020

* *Annual General Shareholders' Meeting.*

CHANGES IN THE COMPOSITION OF THE COMMITTEES OF THE BOARD OF DIRECTORS IN 2019, AND UNTIL THE DATE OF THIS UNIVERSAL REGISTRATION DOCUMENT

	Name	Date on which appointed to the Committee	Date on which left the Committee
Audit Committee	Xavier Cauchois	June 2019	N/A
	Brian Sullivan	June 2019	N/A
Nominations & Governance Committee	Bruce Hack	February 2010	June 2019
	Laura Quatela	January 2016	June 2019
	Anne Bouverot	June 2019	N/A
	Dominique D'Hinnin	June 2019	N/A
Remunerations Committee	Laura Quatela	January 2016	June 2019
	Xavier Cauchois	June 2019	N/A
	Christine Laurens	June 2019	N/A
Strategy Committee	Bruce Hack	February 2010	June 2019
	Laura Quatela	May 2013	June 2019
	Frédéric Rose	October 2008	November 2019
	Anne Bouverot	June 2019	N/A
	Dominique D'Hinnin	June 2019	N/A
	Brian Sullivan	June 2019	N/A
	Cécile Frot-Coutaz	June 2019	N/A
	Richard Moat	November 2019	N/A

The duration of the Directors' term of office is defined by the Company's bylaws and is set at three years. Directors may be re-elected and can be dismissed at any time by the Ordinary Shareholders' Meeting.

INFORMATION ON DIRECTORS PRESENT IN 2019

Age	Gender	Nationality	Start of term of office	Expiration of term of office	Length of service (in years)	Number of terms in public companies (including Technicolor)	Technicolor Share holding	Attendance rate at Board meetings	Average attendance rate at committees' meetings (as of December 31, 2019)	Audit Committee (as of December 31, 2019)	Nominations & Governance Committee (as of December 31, 2019)	Remunerations Committee (as of December 31, 2019)	Strategy Committee (as of December 31, 2019)
Current members of the Board:													
Anne Bouverot, Independent Chairperson of the Board of Directors													
54	F	French	June 2019	2022 AGM(1)	0,5	4	50,000	100%	100%		Member		Chairperson
Melinda J. Mount, independent Director and Vice-Chairperson													
60	F	U.S.	April 2016	2021 AGM(1)	4	2	21,000(2)	100%	100%	Chairperson		Member	
Richard Moat, Chief Executive Officer and Director													
65	M	British and Irish	November 2019	2021 AGM(1)	0,5	2	0(3)	100%	100%				Member
Bpifrance Participations, represented by Thierry Sommelet, independent Director													
50	M	French	January 2016	2021 AGM(1)	4	4	31,534,510	100%	100%		Member		Member
Xavier Cauchois, independent Director													
62	M	French	June 2019	2022 AGM(1)	0,5	2	20,000	100%	100%	Member		Chairperson	
Yann Debois, Director representing the employees													
40	M	French	July 2017	July 2020	2.5	1	127	100%	86%			Member	
Dominique D'Hinnin, independent Director													
60	M	French	June 2019	2022 AGM(1)	0,5	4	10,000	100%	100%		Member		Member
Cécile Frot-Coutaz, independent Director													
53	F	French	March 2020	2023 AGM(1)	0,5	1	0	100%	100%				Member
Ana Garcia Fau, independent Director													
51	F	Spanish	April 2016	2020 AGM(1)	4	4	1,000	88%	100%	Member	Chairperson		
Christine Laurens, independent Director													
49	F	French	June 2019	2022 AGM(1)	0,5	1	15,000	100%	100%			Member	
Brian Sullivan, independent Director													
58	M	U.S.	June 2019	2020 AGM(1)	0,5	2	0	100%	100%	Member			Member
Maarten Wildschut, Director													
47	M	Dutch	October 2018	2020 AGM(1)	1.5	1	0(4)	100%	100%	Member	Member		Member
Former members of the Board:													
Bruce Hack, Chairperson of the Board of Directors													
71	M	U.S.	February 2010	June 2019	9,5	1	518,000	75%	100%				
Laura Quatela, independent Director													
61	F	U.S.	May 2013	June 2019	6	1	1,000	100%	100%				
Frédéric Rose, Chief Executive Officer and Director													
57	M	Franco-American	October 2008	November 2019	11	1	660,565	100%	100%				

(1) Annual General Shareholders' Meeting.
(2) Ms. Mount holds 21,000 Technicolor American Depositary Receipts.
(3) Richard Moat intends to personally acquire Technicolor Shares in the framework of the capital increase authorized by the Shareholders' Meeting on March 23, 2020.
(4) RWC held, as of the date of publication of this Universal Registration Document, 42,000,000 shares (representing 10.13% of the share capital).

Independence of Directors

The independence of the Board of Directors, in the absence of any controlling shareholder, is of great importance for the Company in order to ensure that the Board of Directors, as a body, represents not only the whole community of shareholders, but also the interests of the Company and of other stakeholders, employees and partners.

At their meetings of February 2020, the Nominations & Governance Committee and the Board of Directors reviewed the independence of its members according to the definition and criteria set forth in the Corporate Governance Code of Listed Companies published by the *Association française des entreprises privées* (AFEP) and the *Mouvement des entreprises de France* (MEDEF) (the "AFEP-MEDEF Corporate Governance Code"), to which the Company adheres to (see paragraph 4.1.2.1 below). According to this Code, *"a Director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or its management that may interfere with his or her freedom of judgment"*.

Should a "business relationship" exist between the Company and the Group in which the Director is an employee or an executive, the Board of Directors shall conduct, where appropriate, a quantitative and qualitative review of such relationship to determine whether, from the perspective of the two parties, they are significant enough to be an obstacle to the Director's independence. The specific criteria taken into consideration by the Board are:

1. the percentage of each party's total revenue accounted for by the flow of business in question;
2. whether or not this is a strategic relationship for the Company;
3. the financial terms of the business relationship;
4. any calls for tender;
5. the length of the relationship;
6. the organization of the business relationship (decision-making powers of the Director with regard to the contract, whether the Director receives compensation, *etc.*).

As of the date of publication of this Universal Registration Document, 9 of the 12 Directors were deemed to be independent. See below the summary of the assessment made at the Board of Directors meeting of March 9, 2020.

<table>
<tr><th>Name</th><th colspan="7">Discussion</th><th>Independent</th></tr>
<tr><td rowspan="3">Anne Bouverot</td><td colspan="7">Ms. Bouverot meets all requisite criteria to be considered as independent Director.</td><td rowspan="3">Yes</td></tr>
<tr><td>Not an employee/ Executive Officer over the last five years</td><td>No cross-directorships</td><td>No significant business relations</td><td>Family ties</td><td>Statutory Auditor</td><td>Term of office of less than 12 years</td><td>Shareholding below 10% of Technicolor share capital</td></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="3">Melinda J. Mount</td><td colspan="7">Ms. Mount meets all requisite criteria to be considered as independent Director.</td><td rowspan="3">Yes</td></tr>
<tr><td>Not an employee/ Executive Officer over the last five years</td><td>No cross-directorships</td><td>No significant business relations</td><td>Family ties</td><td>Statutory Auditor</td><td>Term of office of less than 12 years</td><td>Shareholding below 10% of Technicolor share capital</td></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="3">Richard Moat</td><td colspan="7">Mr. Moat is Chief Executive Officer of the Company.</td><td rowspan="3">No</td></tr>
<tr><td>Not an employee/ Executive Officer over the last five years</td><td>No cross-directorships</td><td>No significant business relations</td><td>Family ties</td><td>Statutory Auditor</td><td>Term of office of less than 12 years</td><td>Shareholding below 10% of Technicolor share capital</td></tr>
<tr><td>×</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="3">Bpifrance Participations, represented by Thierry Sommelet</td><td colspan="7">Bpifrance Participations holds less than 10% of the share capital.</td><td rowspan="3">Yes</td></tr>
<tr><td>Not an employee/ Executive Officer over the last five years</td><td>No cross-directorships</td><td>No significant business relations</td><td>Family ties</td><td>Statutory Auditor</td><td>Term of office of less than 12 years</td><td>Shareholding below 10% of Technicolor share capital</td></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>

Name	Discussion							Independent
Xavier Cauchois	Mr. Cauchois meets all requisite criteria to be considered as independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Yann Debois	Mr. Debois is Employee Director.							No
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	×	✓	✓	✓	✓	✓	✓	
Dominique D'Hinnin	Mr. D'Hinnin meets all requisite criteria to be considered as independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Cécile Frot-Coutaz	Ms. Frot-Coutaz meets all requisite criteria to be considered as independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Ana Garcia Fau	Ms. Garcia Fau meets all requisite criteria to be considered as independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Christine Laurens	Ms. Laurens meets all requisite criteria to be considered as independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	

Name	Discussion							Independent
Brian Sullivan	Mr. Sullivan meets all requisite criteria to be considered as independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	**No cross-directorships**	**No significant business relations**	**Family ties**	**Statutory Auditor**	**Term of office of less than 12 years**	**Shareholding below 10% of Technicolor share capital**	
	✓	✓	✓	✓	✓	✓	✓	
Maarten Wildschut	RWC holds more than 10% of Technicolor share capital.							No
	Not an employee/ Executive Officer over the last five years	**No cross-directorships**	**No significant business relations**	**Family ties**	**Statutory Auditor**	**Term of office of less than 12 years**	**Shareholding below 10% of Technicolor share capital**	
	✓	✓	✓	✓	✓	✓	✗ (1)	

✓: *Condition met.*
✗: *Condition not met.*
(1) *Maarten Wildschut is Co-Head of RWC European Focus Fund whose funds held, as of the date of publication of this Universal Registration Document, 42,000,000 shares (representing 10.13% of the share capital).*

The members of the Board of Directors have no family relationship with one another.

Expertise of Board Members

Members of the Board of Directors were selected by the Nominations and Governance Committee and by the Board taking into account not only their own expertise but also the complementary nature of the skills of each member with those of other members, so that the combined expertise of Board Members spans at all times all activity sectors of the Company and required skills. The table below lists the expertise of the Company Directors which are relevant to Technicolor businesses, its environment and current economic situation:

Name	Skills
Anne Bouverot	• Strong background in the Technology and Telecom sectors • Wealth of experience as Director of listed companies, both in France and abroad • Recognized strategic and leadership skills
Melinda J. Mount	• Financial skills* • Good knowledge and understanding of cybersecurity matters • Specific experience in the Media & Entertainment sector • In-depth experience with mergers & acquisitions deals
Richard Moat	• In-depth knowledge of Telecommunications and Connected Home • Strong operational and financial experience
Xavier Cauchois	• Highly qualified in audit matters through his 37-year experience at PwC* • Working knowledge of the Technology, Telecommunication and Media sectors • Compensation expertise
Yann Debois	• In-depth experience in the Group • Connected Home • Experience in Sourcing
Dominique D'Hinnin	• Strong financial skills • Thorough knowledge of the Technology sectors • Extensive experience in the Media & Entertainment sector
Cécile Frot-Coutaz	• Strong knowledge of the Media & Entertainment sector • Good strategic skills • In-depth knowledge of the Production services sector

Name	Skills
Ana Garcia Fau	• International financial profile* • Strong strategy experience acquired as Strategy consultant at McKinsey, Strategic Planning at Telefonica and Chief Strategist Officer at Hibu • In-depth comprehension and apprehension of external and internal development operations
Christine Laurens	• International financial profile • High competence in mergers and acquisitions • Strong leadership skills • Good knowledge and understanding of cybersecurity matters
Thierry Sommelet	• Significant experience in the technology, Connected Home and media industries • Financial background accentuated by private-equity experience • Good strategic skills
Brian Sullivan	• More than 30 years of experience in the Media & Entertainment sector • Financial skills • Strategic skills through several executive positions
Maarten Wildschut	• Significant financial experience acquired as analyst and in investment experiences* • Understanding of strategic matters • Considerable experience in external development transactions

* Specific financial or accounting expertise as required by article L. 823-19 of the French Commercial Code.

FIELDS OF EXPERTISE OF THE BOARD OF DIRECTORS ON THE DATE OF PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT

The numerous changes to the composition of the Board of Directors in 2019 were undertaken with the mindset to create a skillful, complementary and committed Board. The Board of Directors is confident with the complementarity of the Board Members' expertise, the right balance between the different skills and the level of experience of the Board Members, which demonstrates the Board's ability to address key issues and to support the Company's strategy. The involvement of the Board Members in the Board's activity (see in paragraph 4.1.2.3 below the individual Board meeting attendance rates) is also an indication of the good functioning of the Board.

The biographies of the members of the Board of Directors are detailed in paragraph 4.1.1.3 below.

Diversity policy within the Board of Directors and committees

The Board of Directors is committed to promote diversity in its composition, with the understanding it will ensure both a good quality and creativity of discussions and decisions.

In this regard, the Board of Directors has outlined a policy regarding its composition to achieve a balanced composition and ensure a fair and balanced representation of genders, ages, cultures, skills, experience and nationalities. The Board thus ensured during its May, 2019 meeting that:

- its members' skills as well as its Committee's composition are varied and in line with the long-term strategy of the Group but also matters becoming of importance to the Group, such as cybersecurity;
- different nationalities are represented so as to match to the diversity of the Group's businesses (especially with an important representation of U.S. citizens) and increase the diversity of cultures present in every discussion; and
- all genders are well represented at the Board and in every Committee (three committees' Chairperson and 45% of the Directors are women).

At its meeting of October 2018, and in accordance with Article R. 225-29 of the French Commercial Code, the Board of Directors decided to confer upon Mr. Sommelet a special mission regarding diversity and Corporate Social Responsibility matters. It was also decided that Mr. Sommelet would report to the Board of Directors on this mission, which would not give the right to any additional compensation.

4.1.1.3 OTHER INFORMATION ABOUT MEMBERS OF THE BOARD OF DIRECTORS

GRI *[102-22]*

Biographies, positions and directorships of Directors

This section contains the biographies and information about the directorships held by Directors in office during fiscal year 2019.

Directors who are members of the Board of Directors as of the date of this Universal Registration Document

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris

Nationality: French

Born March 21, 1966

Start of term of office: June 2019

Expiration of term of office: 2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 50,000

Anne BOUVEROT

Chairperson of the Board of Directors

Main position: Chairperson of the Board of Directors of Technicolor and Senior Advisor for TowerBrook Capital Partners and Company Director

Length of service: 0.5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Technology
- Connected Home
- Strategy
- Cybersecurity

Committees' memberships:

- Strategy Committee (Chairperson)
- Nominations & Governance Committee

Biography

Ms. Anne Bouverot currently is a Senior Advisor for TowerBrook Capital Partners, as well as a Company Director. Presales Operations manager of Global One in the USA from 1996 to 2002, she was then appointed Vice-President at Equant's IT services unit that same year. She was then appointed Chief of Staff for the Chief Executive Officer of Orange in the United Kingdom in 2004 before she took on the office of Executive Vice-President, Mobile Services, for Orange and Executive Vice-President, International Business Development in 2006. From 2011 to 2015, she was Chief Executive Officer and member of the Board of the GSMA, the international association of mobile network operators. She was appointed Chair and Chief Executive Officer of Morpho (then Safran Identity & Security) in 2015, a position she held until 2017. She has been Senior Advisor for TowerBrook Capital Partners since then and has held various directorships in public companies.

Ms. Bouverot is the Founder and Chair of Fondation Abeona (Data Science for Fairness and Equality). Graduate of École Normale Supérieure and of Télécom Paris and holding a PhD in Artificial Intelligence(1991), she received the awards of *Chevalier de l'Ordre National du Mérite* and *Chevalier de la Légion d'Honneur* (France).

Current Directorships

Company	Office and directorship held
In France	
Capgemini SE(1)	Director
Edenred SA(1)	Director
Fondation Abeona (Data Science for Fairness and Equality)	Founder and Chair
Abroad	
Cellnex Telecom(1)	Director
TowerBrook Capital Partners	Senior Advisor

Directorships held during the past five years

Company	Office and directorship held
In France	
Safran Identity & Security (Morpho)	Chair and CEO
Outside France	
MorphoTrak, LLC	President
Morpho Detection International, LLC	President
Morpho Cards GmbH	Member of the Supervisory Board
Morpho USA, Inc.	President
GSMA SV	Chief Executive Officer
GSMA Ltd.	Director

(1) Publicly traded company.

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: American

Born June 29, 1959

Start of term of office:
April 2016

Expiration of term of office:
2021 Annual General Meeting

Number of ADR held as of the date of publication of this Universal Registration Document: 21,000

Melinda J. MOUNT

Independent Director and Vice-Chairperson

Main position: Company Director

Length of service: 4 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Media & Entertainment
- Finance
- Cybersecurity
- Mergers & Acquisitions

Committees' memberships:
- Audit Committee (Chairperson)
- Remunerations Committee

Biography

Ms. Melinda J. Mount, who currently is a Company Director, is the former President of Jawbone, a company that develops wearable technology. Prior to that she spent 7 years at Microsoft in various finance and operational roles including Corporate Vice-President and Chief Financial Officer for the Online Services Division (Bing, MSN and the data centers) and the Corporate Vice-President and Chief Financial Officer for the Entertainment & Device Division (Xbox, Windows Phone, and Mediaroom).

Prior to Microsoft, Ms. Mount spent 9 years at Time Warner in various finance and strategy management leadership roles and spent eight years at Morgan Stanley as an investment banker specializing in mergers and acquisitions.

She is currently an independent Director of Cerner Corporation, a company that provides health information technology solutions and services to health care providers around the world. She is also on the Board of Directors of the Learning Care group, the second largest day care provider in the U.S. in terms of revenue, and advises a variety of start-ups on business strategy, business models and rapidly scaling operations.

Ms. Mount has an MBA with distinction from Harvard and a BBA from the University of Wisconsin-Madison. She is a member of the Board of Directors of the University of Wisconsin Foundation.

Current Directorships	
Company	**Office and directorship held**
The Learning Care group	Director
Cerner Corporation[(1)]	Director

Directorships held during the past five years
None

(1) Publicly traded company.

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationalities: British and Irish

Born September 8, 1954

Start of term of office:
November 2019

Expiration of term of office:
2021 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 0*

Richard MOAT

Non-independent Director

Main position: Chief Executive Officer of Technicolor

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Telecommunications
- Finance •
- Connected Home •
- Strategy •

Committees' memberships:
- Strategy Committee

Biography

Mr. Richard Moat was appointed as Chief Executive Officer of Technicolor by the Board of Directors on November 5, 2019.

He has a strong track record as a CEO successfully leading business transformations in the telecoms and media industries.

His most recent role was as CEO of Eir Limited, the largest telecom operator in Ireland, where he led a successful turnaround creating shareholder value in excess of €1 billion. He joined Eir as CFO in 2012 and was its CEO from 2014 to 2018.

Previously, Mr. Richard Moat was Deputy CEO and CFO of Everything Everywhere Limited, the largest UK mobile telecoms company. Before that he spent 17 years at Orange group, including as CEO of Orange Romania, CEO of Orange Denmark and CEO of Orange Thailand.

Mr. Richard Moat holds a Diploma in Corporate Finance and Accounting from London Business School and has a master's degree in Law from St Catharine's College, Cambridge. He holds both British and Irish citizenships.

* Richard Moat intends to personally acquire Technicolor Shares in the framework of the capital increase authorized by the Shareholders's Meeting on March 23, 2020.

Current Directorships

Company	Office and directorship held
Eircom Holdings (Ireland) Limited	Director
International Personal Finance PLC(1)	Director
Tiaxa Inc.	Director
Eircom MEP SA	Director

(1) Publicly traded companies.

Directorships held during the past five years

Company	Office and directorship held
Eircable Limited	Director
Eircom (Holdings) Limited	Director
Eircom (Infonet Ireland) Limited	Director
Eircom (UK) Limited	Director
Eircom Cloud Limited	Director
Eircom Finance Designated Activity Company	Director
Eircom Finco SARL	Director
Eircom group Plc(1)	Director
Eircom Holdco SA	Director
Eircom Limited	Director
Eircom Limited Jersey (Irish Branch)	Director
Eircom Limited (Jersey)	Director
Eircom Lux Holdings 1 SARL	Director
Eircom Lux Holdings 2 SARL	Director
Eircom MEP Intermediary SCS	Director
Eircom Sport Limited	Director
Irish Telecommunications Investments Designated Activity Company	Director
Lan Communications Unlimited Company	Director
Lercie	Director
Meteor Ireland Holdings LLC	Director
Meteor Mobile Communications Limited	Director
Meteor Mobile Holdings Limited	Director
Tetra Ireland Communications Limited	Director
The Peter Jones Foundation	Director

(1) Publicly traded companies.

4

Xavier CAUCHOIS

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris

Nationality: French

Born August 4, 1957

Start of term of office: 2019 Annual General Meeting

Expiration of term of office: 2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 20,000

Independent Director

Main position: Company Director

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Technology
- Finance
- Mergers & Acquisitions
- Media & Entertainment
- Telecoms

Committees' memberships:

- Remunerations Committee (Chairperson)
- Audit Committee

Biography

Mr. Xavier Cauchois started his career at PwC where he spent over 37 years, combining auditing and advisory activities. There, he supported French and international clients, startups, mid-sized companies and large groups in their growth, specializing in the technology sector. He was head of PwC Europe and France in the Technology, Telecom and Media practice until 2009, member of the Global Strategic Committee for the Audit from 2005 to 2008 and a member of PwC France Executive Committee from 2013 to 2016.

Current Directorships

Company	Office and directorship held
Dassault Systèmes SE(1)	Director

(1) Publicly traded companies.

Directorships held during the past five years

Company	Office and directorship held
PwC Business Services	Manager
GIE PricewaterhouseCooper	Director
PwC Audit	Partner

Yann DEBOIS

Main business address: Technicolor Connected Home France, 975, av. des Champs Blancs, 35576 Cesson-Sévigné

Nationality: French

Born June 8, 1979

Start of term of office: July 2017

Expiration of term of office: July 2020

Number of shares held as of the date of publication of this Universal Registration Document: 127

Director representing the employees

Main position: Senior Project manager for Production Services

Length of service: 2.5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Group Knowledge
- Sourcing expertise
- Connected Home

Committees' memberships:

- Remunerations Committee

Biography

Mr. Yann Debois is in charge of supporting cross-business units integration and communication within Production Services, with a particular focus on digital transformation projects. He joined Technicolor in 2006 and has since held a number of positions within Sourcing, especially in Hong Kong where he managed key suppliers for the Connected Home business unit.

Mr. Debois is a law graduate (2000) and holds a diploma from the University of Rennes I as well as a Master degree in Value Chain & Logistics Management from the University of Macquarie Sydney (2004).

Current Directorships

Company	Office and directorship held
None	

Directorships held during the past five years

Company
None

Dominique D'HINNIN

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris
Nationality: French
Born August 4, 1959
Start of term of office: 2019 Annual General Meeting
Expiration of term of office: 2022 Annual General Meeting
Number of shares held as of the date of publication of this Universal Registration Document: 10,000

Independent Director

Main position: Chairperson of Eutelsat Communications SA

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Technology
- Connected Home
- Finance
- Media & Entertainment
- Strategy

Committees' memberships:
- Nominations & Governance Committee
- Strategy Committee

Biography

Mr. Dominique D'Hinnin, now Company Director, began his career as a civil servant in 1986 but soon joined the Lagardère group, where he held several executive positions, starting as Chief Internal Auditor, then becoming Executive Vice-President with Grolier Inc., then Chief Financial Officer of Lagardère group. He held the position of Co-Managing Partner of the Lagardère group SCA between 2009 and 2016. After more than 25 years at Lagardère and with his expertise in the media and technology sectors, he decided to build a portfolio of non-executive mandates by joining the Board of Eutelsat Communications SA, which he has been chairing since 2017, the Spanish press group Prisa as well as Edenred and the retail group LouisDelhaize SA (Belgium).

Mr. Dominique D'Hinnin is a graduate of École Normale Supérieure and École Nationale d'Administration.

Current Directorships

Company	Office and directorship held
In France	
Eutelsat Communications SA[(1)]	Director and Chaiperson
Edenred SA[(1)]	Director
Abroad	
Promotora de Informaciones SA[(1)]	Director
Louis Delhaize SA	Director

(1) Publicly traded company.

Directorships held during the past five years

Company	Office and directorship held
In France	
Marie-Claire Album	Director
Holding Evelyne Prouvost	Director
Canal+ France	Director
Editions Amaury SA	Director
EADS[(1)]	Director

(1) Publicly traded company.

Cécile FROT-COUTAZ

Main business address: 6 Pancras Square London N1C 4AG
Nationality: French
Born April 18, 1966
Start of term of office: June 2019
Expiration of term of office: 2023 Annual General Meeting
Number of shares held as of the date of publication of this Universal Registration Document: 0

Independent Director

Main position: Head of EMEA for YouTube

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Media & Entertainment
- Production Services
- Strategy

Committees' memberships:
- Strategy Committee

Biography

Ms. Cécile Frot-Coutaz is Head of EMEA for YouTube, based in London. She started her career in strategy consulting at Mercer Management Consulting, in London, where she stayed for four years. In 1994, after obtaining her MBA, she joined the Pearson group headquarters in London. She was subsequently named Corporate Strategy Executive for Pearson TV, where she spearheaded the acquisition and integration of All American Fremantle into the Pearson Television group. In 2001, she relocated to Burbank as the U.S. commercial lead for the renamed FremantleMedia group. She held several executive roles and positions within the group, eventually ending as Chief Executive Officer in 2012. There she led a restructuring of the business and the strategy and was able to drive a successful transformation. She joined YouTube in October 2018 as Head of EMEA.

Ms. Frot-Coutaz is a graduate of ESSEC (BA, 1988) and of INSEAD (MBA, 1994).

Current Directorships

None

Directorships held during the past five years

Company	Office and directorship held
In France	
Groupe M6	Director
Abroad	
Fremantle Ltd. (subsidiary of RTL group)	Director

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: Spanish

Born November 3, 1968

Start of term of office:
April 2016

Expiration of term of office:
2020 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 1,000

Ana GARCIA FAU

Independent Director

Main position: Company Director

Length of service: 4 years

Attendance rate at the Board of Directors' meetings: 88%

Skills:

- Finance
- Strategy
- Group knowledge
- Mergers & Acquisitions

Committees' memberships:

- Audit Committee
- Nominations & Governance Committee (Chairperson)

Biography

Ms. Ana Garcia Fau, who currently is a Company Director, began her career in management consulting at McKinsey&Co in Madrid, Wolff Olins and the M&A Department of Goldman Sachs in London.

She built her career at the Telefonica group, serving as Corporate Development Officer and Chief Financial Officer of TPI-Páginas Amarillas (yellow pages and e-commerce) from 1997 until 2006. She was responsible for the international expansion of the Company, business development and strategy, serving in parallel at the Boards of Telfisa in Madrid, Publiguías in Chile, TPI in Brazil, Telinver in Argentina and TPI in Peru, amongst others.

In 2006 she was appointed Chief Executive Officer of Yell/Hibu for the Spanish and Latin-American businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas.

In 2010, she joined the International Executive Committee of Yell/Hibu and was later appointed Chief Global Strategy Officer of Yell/Hibu, responsible for strategic partnerships and digital strategy.

Ms. Garcia Fau is a graduate in Economics, Business Administration and Law from Universidad Pontificia Comillas (ICADE, E-3) in Spain, and holds an MBA from the Sloan School of Management of the Massachusetts Institute of Technology (MIT) in the United States.

Current Directorships	
Company	**Office and directorship held**
In France	
Eutelsat SA(1)	Director
Abroad	
Merlin Properties SA(1)	Director
Gestamp Automocion SA(1)	Director
DLA Piper LLP	Director
Globalvia SA	Director

(1) *Publicly traded companies.*

Directorships held during the past five years	
Company	**Office and directorship held**
Abroad	
Cape Harbour Advisors SL	Director
Renovalia Energy group SA	Director

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: French

Born August 8, 1970

Start of term of office:
2019 Annual General Meeting

Expiration of term of office:
2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 15.000

Christine LAURENS

Independent Director

Main position: Chief Financial Officer and Partner at A.T. Kearney

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Technology
- Mergers & Acquisitions
- Cybersecurity
- Finance
- Strategy

Committees' memberships:

- Remunerations Committee

Biography

Ms. Christine Laurens, is currently Chief Financial Officer and Partner at A.T. Kearney, based in Chicago since 2014. She started as a manager for the Telecommunications and Media practice within the audit and Transaction Services Departments of Ernst & Young (EY) in Paris from 1994 to 1998. She then continued her career as Managing Director of the French subsidiary of Agency.com, in Paris up to 2001, before joining Keyrus as Chief Financial Officer. In 2002, she joined AT Kearney in Paris as the Southwest European Finance Director until 2005. Within the same company, she held various finance positions as Finance and Administration Director of France from 2006 to 2008, EMEA Finance Director from 2009 to 2012 and VP of Global Finance in 2013.

Ms. Christine Laurens is a Certified Public Accountant, a graduate of HEC Paris (Master's Degree in Management), of the CEMS program at ESADE Barcelona (Master's Degree in International Management). She also completed the Leading Professional Services Firms program at Harvard Business School Executive Education.

Current Directorships	
Company	**Office and directorship held**
Abroad	
A.T. Kearney FZ LLC (UAE)	Director
A.T. Kearney - Abu Dhabi (UAE)	Director
A.T. Kearney Finance Limited (UK)	Director
PT A.T. Kearney (Indonesia)	Director
A.T. Kearney K.K. (Japan)	Director
A.T. Kearney New Zealand Limited (New Zealand)	Director
ATK U.S., Inc. (U.S.)	Director

Directorships held during the past five years	
Company	**Office and directorship held**
None	

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Main business address:
Bpifrance Investissement SA
6-8 Boulevard Haussmann
75009 Paris

Nationality: French

Born December 10, 1969

Start of term of office:
January 2016

Expiration of term of office:
2021 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 31,534,510

Bpifrance Participations, represented by Thierry SOMMELET

Independent Director

Main position: Managing Director Capital Development – Head of technology, media, telecom at Bpifrance Investissement

Length of service: 4 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Technology
- Media & Entertainment
- Finance
- Strategy
- Connected Home

Committees' memberships:

- Nominations & Governance Committee
- Strategy Committee

Biography

Mr. Thierry Sommelet is Managing Director within the Capital Development Department of Bpifrance Investissement, in charge of the technology, media and telecom sector.

Mr. Sommelet has sixteen years of private and public equity investment experience in the telecom and technology sectors, with Caisse des Dépots et Consignations where he was responsible for investment in telecom networks, and with Fonds Stratégique d'Investissements where he realized several transactions in the semi-conductor, technology and Internet sectors.

Before that, Mr. Sommelet held several positions in capital markets with Crédit Commercial de France, in Paris and New York, with Los Altos based Renaissance Software (now part of Sungard) and with media company InfosCE.

Mr. Sommelet graduated from ENPC civil engineering school in Paris and holds an MBA from Insead.

Directorships held as Permanent representative of Bpifrance Participations

Company	Office and directorship held
Current Directorships	
In France	
Idemia SAS	Director
Directorships held during the past five years	
In France	
Inside Secure SA(1)	Member of the Supervisory Board
Tyrol Acquisition 1 SAS	Director
Mersen SA(1)	Director

(1) Publicly traded company.

Directorships held in his own name

Company	Office and directorship held
Current Directorships	
In France	
Ingenico SA(1)	Director
Talend SA(1)	Director
Soitec SA(1)	Director
Greenbureau SA	Member of the Supervisory Board
Directorships held during the past five years	
In France	
Sipartech SAS	Member of the Supervisory Board
Cloudwatt SA	Member of the Supervisory Board
TDF SAS	Director

(1) Publicly traded company.

Brian SULLIVAN

Main business address:
Technicolor
8-10, rue du Renard
75004 Paris

Nationality: American

Born January 7, 1962

Start of term of office:
2019 Annual General Meeting

Expiration of term of office:
2020 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 0

Independent Director

Main position: Company Director

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Technology
- Media & Entertainment
- Finance
- Strategy
- Telecommunications

Committees' memberships:
- Audit Committee
- Strategy Committee

Biography

Mr. Brian Sullivan has more than 30 years of experience in the television and entertainment sector, beginning with Showtime Networks, where he stayed 5 years, in roles of increasing responsibility. In 1994, he joined the database marketing firm Eagle Direct as Vice-President Sales & Marketing, then moved to Sky UK, where he stayed 14 years. There he held several senior management positions covering Strategy, Product, Content, Sales & Marketing, Streaming and CRM, culminating as the Managing Director of the Customer group. In 2010, he became Chief Executive Officer of Sky Deutschland, managing one of the largest turnarounds in European media history. In 2015, he moved to 21st Century Fox in LA to run the Digital Consumer group, including serving on the Hulu and National Geographic Partners Boards, and subsequently become President and Chief Operating Officer for Fox Networks group. He is currently a Senior Advisor to McKinsey & Co. within the Consumer, Media & Technology sector.

Mr. Brian Sullivan is a former student of Villanova University in Business Administration and Management.

Current Directorships
None

Directorships held during the past five years	
Company	**Office and directorship held**
Abroad	
Hulu	Director
National Geographic Partners	Director
AVG Technologies(1)	Director
Sky Deutschland(1)	Director

(1) Publicly traded company.

Maarten WILDSCHUT

Main business address:
RWC, Verde 4th Floor,
10 Bressenden Place,
5DH United Kingdom

Nationality: Dutch

Born September 22, 1972

Start of term of office:
October 2018

Expiration of term of office:
2020 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 0

Reminder:
RWC held as of the date of publication of this Universal Registration Document 42,000,000 shares (representing 10.13% of the share capital)

Non-independent Director

Main position: Co-Head of RWC European Focus Fund

Length of service: 1.5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Finance
- Mergers & Acquisitions
- Strategy

Committees' memberships:

- Audit Committee
- Nominations & Governance Committee
- Strategy Committee

Biography

Mr. Maarten Wildschut joined RWC as part of Hermes Focus Asset Management in October 2012. He joined the Hermes Team in August 2005 and became the lead fund manager in February 2009.

Mr. Wildschut has over 20 years of experience in value-based investing and bottom-up company analysis, and more than 13 years of experience in active ownership investing and working with companies and shareholders to create value creating change. Previously, he worked at Robeco Asset Management where he co-managed their highly rated European Small Cap funds and where he was responsible for institutional mandates. Prior to that, he worked as an analyst on U.S. and Latin American Equities. Before joining Robeco, Mr. Wildschut worked at ABN AMRO Investment Banking in Risk Management.

Mr. Wildschut is a member of the Advisory Board of Monolith Investment Management, a European small cap fund with a similar investment strategy to the RWC European Focus Fund.

Mr. Wildschut holds a M.Sc. in Business Economics from the Erasmus University in Rotterdam and is a CFA charter holder. Mr. Wildschut is a Dutch citizen and native speaker, fluent in English and speaks French and German.

Current Directorships	
Company	**Office and directorship held**
None	

Directorships held during the past five years	
Company	**Office and directorship held**
None	

Directors who have left the Board of Directors as of the date of this Universal Registration Document

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris

Nationality: American

Born February 15, 1949

Start of term of office: February 2010

Expiration of term of office: June 2019

Number of shares held as of the date of publication of this Universal Registration Document: 518,000

Bruce HACK

Chairperson of the Board of Directors until June 2019

Main position: Company Director

Length of service: 9.5 years

Attendance rate at the Board of Directors' meetings: 75%

Skills:

- Finance
- Mergers & Acquisitions
- Technology
- Strategy
- Media & Entertainment
- Group Knowledge

Biography

Mr. Bruce Hack is the founder and the Chief Executive Officer of BLH Venture, LLC, a provider of strategy and operating advice to Media & Entertainment companies.

He is currently Director or Advisor to numerous early/mid stage online media or video gaming firms.

Mr. Hack was Vice-Chairperson of the Board of Directors and Chief Corporate Officer of Activision Blizzard until 2009.

From 2004 to 2008, he was Chief Executive Officer of Vivendi Games, and from 2001 to 2003, Executive Vice-President of Development and Strategy at Vivendi Universal.

From 1998 to 2001, he was Vice-Chairperson of the Board of Directors of Universal Music group and, between 1995 and 1998, Chief Financial Officer of Universal Studios.

He joined the Seagram company Ltd. in 1982, after serving as a trade negotiator at the U.S. Treasury in Washington, DC. Amongst his roles at Seagram were Chief Financial Officer of Tropicana Products, Inc. and Director, Strategic Planning, at The Seagram company Ltd.

Mr. Hack holds a BA from Cornell University and an MBA from the University of Chicago.

Current Directorships

Company	Office and directorship held
Outside France	
Overwolf	Director
Games for Change	Director

Directorships held during the past five years

Company	Office and directorship held
MiMedx group, Inc.[1]	Director
Fusic	Director
Story 2	Director
DemeRx Inc.	Director
Gong!	Chairperson

(1) *Publicly traded companies.*

Laura QUATELA

Independent Director until June 2019

Main position: Senior Vice-President and Chief Legal Officer, Lenovo group

Founder, Quatela Lynch Intellectual Property

Former co-COO and President, Consumer Businesses, Eastman Kodak Company

Length of service: 6 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Technology
- Group Knowledge
- Strategy
- Mergers & Acquisitions
- Cybersecurity

Main business address:
Technicolor
8-10, rue du Renard
75004 Paris

Nationality: American

Born July 18, 1957

Start of term of office:
May 2013

Expiration of term of office:
June 2019

Number of shares held as of the date of publication of this Universal Registration Document:
1,000

Biography

Ms. Laura Quatela is Senior Vice-President and Chief Legal Officer of Lenovo, a Hong Kong-listed technology company and world's #1 PC provider. She is a member of the Company's Executive Committee.

Ms. Quatela is also a Co-Founder of Quatela Lynch LLC, a consulting practice helping global operating companies leverage Intellectual Property assets. In addition, she is a member of the Board of managers of Provenance Asset group LLC. She was the President of Eastman Kodak Company from January 2012 to February 2014, and led Kodak's consumer film, photographic paper, retail photo kiosk and event imaging businesses. In January 2011, she was appointed General Counsel and Senior Vice-President. She was appointed Chief Intellectual Property Officer in January 2008 and remained in this position while managing the Company's Legal Department. In this role, she oversaw the monetization of Kodak's patent portfolio, generating more than U.S.$4.0 billion in revenue for the Company. In August 2006, she was appointed Corporate Vice-President.

Prior to joining Kodak in 1999, Ms. Quatela worked in various positions in legal and finance at Clover Capital Management, Inc., SASIB Railway GRS, and Bausch & Lomb Inc. In private practice, she was a defense litigator specializing in mass tort cases. Ms. Quatela is a graduate of Denison University, BA, International Politics (1979) and Case Western Reserve University School of Law, J.D. (1982).

Current Directorships

Company	Office and directorship held
Provenance Asset group LLC	Member of the Board of managers

Directorships held during the past five years

Company	Office and directorship held
None	

Frédéric ROSE

Chief Executive Officer until November 2019

Length of service: 11 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Technology
- Media & Entertainment
- Group Knowledge
- Mergers & Acquisitions
- Strategy

Nationalities:
French and American

Born June 24, 1962

Start of term of office:
October 2008

Expiration of term of office:
November 2019

Number of shares held as of the date of publication of this Universal Registration Document: 660,565

Biography

Mr. Frédéric Rose was a Director and Chief Executive Officer until November 5, 2019. Prior to joining Technicolor, he held various positions between 1993 and 2008 within Alcatel-Lucent, and was a member of its Executive Committee. Mr. Rose is a graduate in foreign affairs and law from the University of Georgetown.

Current Directorships

Company	Office and directorship held
None	

Directorships held during the past five years

Company	Office and directorship held
MediaNaviCo LLC(1)	Director
Technicolor SFG Technology Co., Ltd.(1)	Director and Vice-Chairperson
Technicolor USA, Inc.(1)	President
Technicolor Limited (UK)(1)	Chairperson
Technicolor SA	Chief Executive Officer

(1) Companies belonging to the Group.

4.1.1.4 ARRANGEMENTS OR AGREEMENTS MADE WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS OR OTHERS PURSUANT TO WHICH THE BOARD MEMBERS AND EXECUTIVE COMMITTEE MEMBERS WERE SELECTED

GRI *[102-25] [102-44]*

There is no arrangement or agreement with major shareholders, customers, suppliers or other parties, by virtue of which a member of the Board of Directors or a member of the Executive Committee has been selected.

4.1.1.5 DIRECTORS' HOLDINGS IN THE COMPANY'S SHARE CAPITAL

Article 11.2 of the Company's bylaws provides that Directors are each required to hold at least 200 shares of Technicolor stock during their term of office.

Moreover, in accordance with the Board Internal Regulations, as modified by the Board of Directors on July 24, 2019, the Board considers that for the purpose of aligning Directors' interests with those of shareholders, it is desirable that each Director personally holds a substantial number of shares. Consequently, each Director must acquire Technicolor shares in an amount equivalent to at least one-third of the fixed annual compensation due to him/her as Director. Such acquisition must occur within 12 months from the date of his/her appointment. Should a Director fail to do so, 50% of his/her fixed compensation as Director will be forfeited.

Under the terms of a decision of the Board of Directors of October 24, 2013, the Chairperson and the Chief Executive Officer are bound by a minimum investment requirement in Technicolor shares equivalent to the investment of one year of the average Director's fee. This number of shares is doubled in the event of a renewal of the term of office.

Except for the above obligations, members of the Board of Directors are not subject to any contractual restriction regarding the shares they hold in the Company's share capital. The memorandum entitled Corporate Policy on the Purchase and Sale of Company Shares, Insider Trading and Protection of Inside Information reiterates, however, the rules applicable to trading in Technicolor securities and provides for blackout periods during which such trading is prohibited. This policy also provides that Corporate Officers holding stock options and/or performance shares (i) are not authorized to carry out risk hedging transactions in accordance with the AFEP-MEDEF Corporate Governance Code and (ii) are subject to blackout periods for the exercise of options.

To the Company's knowledge, the Directors' shareholdings in the Company's registered capital as of the date of publication of this Universal Registration Document are as follows:

Directors present on the date of publication of this Universal Registration Document	Technicolor shares
Anne Bouverot	50,000
Melinda J. Mount	21,000(1)
Richard Moat	0(2)
Bpifrance Participations	31,534,510
Xavier Cauchois	20,000
Yann Debois	127
Dominique D'Hinnin	10,000
Cécile Frot-Coutaz	0
Ana Garcia Fau	1,000
Christine Laurens	15,000
Brian Sullivan	0
Maarten Wildschut	0(3)
TOTAL	**21,959,997**

(1) Ms. Mount holds 21,000 Technicolor American Depositary Receipts.
(2) Richard Moat intends to personally acquire Technicolor Shares in the framework of the capital increase authorized by the Shareholders' Meeting on March 23, 2020.
(3) RWC held, as of the date of publication of this Universal Registration Document, 42,000,000 shares (representing 10.13% of the share capital).

The table below shows the transactions in Technicolor securities carried out during fiscal year 2019 and until the publication of this Universal Registration Document, and notified to the *Autorité des marchés financiers* in accordance with Article 19 of Regulation n° 596/2014 of April 16, 2014 on Market Abuse and Article L. 621-18-2 of the French Monetary and Financial Code:

First name and last name	Transaction date	Transaction type	Description of the financial instrument	Number of securities/ instruments	Unit price *(in euros)*	Amount of the transaction *(in euros)*
Anne Bouverot	July 29, 2019	Acquisitions	Share	50,000	0.7668	38,340.00
Xavier Cauchois*	August 8, 2019	Acquisitions	Share	20,000	0.7595	15,264.28
Christine Laurens*	September 12, 2019	Acquisitions	Share	15,000	0.8229	12,404.40
Dominique D'Hinnin*	March 3, 2020	Acquisitions	Share	10,000	0.2418	2,417.60

* *Transactions not notified to the Autorité des marchés financiers in consideration of their amount which was below the threshold of the notification.*

Details regarding stock options and performance shares granted to Executive Directors are set forth in below in the sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document.

4.1.1.6 STATEMENT ON THE ABSENCE OF CONVICTIONS FOR FRAUD, BANKRUPTCY AND INCRIMINATION DURING THE PAST FIVE YEARS

To the Company's knowledge, no member of the Board of Directors has been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) sanctioned by any statutory or regulatory authorities (including professional organizations), or (iv) disqualified by a court decision from (a) acting as a member of the administrative, management or supervisory bodies of a public company or (b) acting in the management or conduct of the affairs of a public company during the past five years.

4.1.1.7 SERVICE AND OTHER CONTRACTS BETWEEN BOARD MEMBERS AND THE GROUP

To the Company's knowledge, there are no service contracts between Board Members and the Group or any of its subsidiaries that provide for benefits upon termination of such contracts.

4.1.1.8 LOANS AND GUARANTEES GRANTED TO BOARD MEMBERS

None.

4.1.2 Preparation and organization of the Board of Directors' work

GRI *[102-18] [102-26] [102-31]*

4.1.2.1 COMPLIANCE WITH AFEP-MEDEF CORPORATE GOVERNANCE CODE

GRI *[102-12]*

The Company refers to the AFEP-MEDEF Corporate Governance Code, last updated on January 2020 and available on the website of both the AFEP (http://www.afep.com) and the MEDEF (http://www.medef.com/en/), for the preparation of the report required by Article L. 225-37 of the French Commercial Code.

The Company complies with all recommendations of the AFEP-MEDEF Corporate Governance Code.

4.1.2.2 ORGANIZATION OF BOARD OF DIRECTORS' WORKS – INTERNAL BOARD REGULATIONS

GRI *[102-18] [102-19] [102-20] [102-21] [102-23] [102-26] [102-27] [102-31]*

The Board of Directors reviews at least once a year its membership, organization, operation and committees. In 2019, committee memberships were reviewed in June.

The preparation and organization of the Board of Directors' works are described in the Board of Directors' Internal Regulations, the main provisions of which are summarized below (for the full Board of Directors' Internal Regulations, see sub-section 4.1.4: "Internal Board Regulations" of this Universal Registration Document).

The Board of Directors

Powers vested by law

- determines the Group's strategic directions and ensures their implementation, in doing so, the Board shall act in accordance with the corporate interest and shall take into account social and environmental matters;
- examines all matters relating to the proper functioning of the Company and decides on all issues that impact it;
- carries out all audits and controls that it deems necessary;
- deliberates on an annual basis on Company policy regarding equal employment and wages;
- authorizes any regulated agreements on a preliminary basis;
- appoints the Chairperson of the Board of Directors and sets his/her compensation; and
- appoints the Chief Executive Officer and sets his/her compensation.

Additional powers arising from Internal Board Regulations

- may appoint one or two Vice-Chairperson;
- may appoint up to two Board Observers;
- approves the strategic plan prepared and presented by the Chief Executive Officer;
- oversees the quality of the information supplied to shareholders and to the market, in particular through the financial statements and in connection with major transactions;
- performs regular reviews of opportunities and risks, including risks of a financial, legal, operational, social or environmental nature, and assess their impact on the strategy determined by the Board and the measures taken as a consequence, and to that end receive all information necessary to fulfil its remit, especially from the Executive Officers;
- ensures the compliance of the Group with all regulations relating to bribery and influence peddling and any other compliance matter;
- obtains assurance that senior management is applying a policy of non-discrimination and diversity, especially in terms of gender balance on executive bodies;
- seeks assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will detect, respond and recover from any attack that may happen;
- authorizes the Chief Executive Officer to carry out the following strategic transactions:
  - **(i)** any material transaction outside the scope of Technicolor's stated strategy or that is likely to materially affect the operational or financial situation of the Group,
  - **(ii)** the conclusion of any material strategic partnership,
  - **(iii)** any transaction (contribution, acquisition, disposal, merger, transfer of any entity, activity or assets) by any member of the Group for an amount of more than €25 million, either per operation or per series of related operations,
  - **(iv)** the conclusion of new finance contracts increasing the Group's level of indebtedness by more than €25 million,
  - **(v)** the appointment of a Statutory Auditor who is not part of a network of international repute,
  - **(vi)** any decision, by any company of the Group, to settle litigation where such settlement would result in a payment of more than €10 million to the relevant counterparty, and
  - **(vii)** any significant changes to accounting principles applied by Technicolor or any company of the Group, other than changes made in application of applicable law or required by the Statutory Auditors of Technicolor or the relevant company.

For any of the above decisions that request Board approval, the Chief Executive Officer will make sure that the Board is informed sufficiently promptly in the process and on a regular basis (information to include relevant financial, legal, name of advisors and other) so as to be able to make an informed judgement when decision time comes.

Chairperson of the Board of Directors **Ms. Anne Bouverot**
Powers vested by law
• organizes and directs the work of the Board, reporting thereon to the Annual General Meeting;
• ensures the proper functioning of the Company's management bodies; and
• ensures Directors are capable of performing their duties.
Additional powers arising from Internal Board Regulations
• regularly consulted by the Chief Executive Officer on all events of significance regarding the Group's strategy, external growth projects or financial transactions;
• monitors extraordinary transactions (external and internal) affecting the Group's scope of consolidation or structure;
• monitors the implementation of the strategic plans decided by the Board;
• organizes her activity so as to ensure that she is available and that she shares her market knowledge and extensive experience with the Chief Executive Officer (at the Chief Executive Officer's invitation, the Chairperson may attend internal meetings with Company executives and teams, so as to share her opinion on strategic issues);
• meets the main executives of the Group;
• promotes the values and image of Technicolor, both internally and externally;
• coordinates the work of the Board of Directors with its committees; and
• has sole authority, among Directors, to meet investors on behalf of the Company during roadshows and one-to-one meetings, so as to discuss long-term strategy, governance and compensation matters of the Company, it being understood that any such discussions should be in the presence of a Company's representative (Head of Investor Relations, the Board Secretary, *etc.*) and that the Chairperson shall update the Board on any such discussions.
The Chair's duties is to chair the Board of Directors and this is a non-executive role.

Chief Executive Officer **Mr. Richard Moat**
Powers vested by law
Empowered with the broadest powers to act in any circumstances on behalf of the Company, subject to limitations imposed by the corporate purpose and those matters expressly reserved by law to the General Shareholders' Meeting or the Board of Directors.
Limits imposed by Board Internal Regulations
• prior authorization by the Board for certain strategic decisions (see above).
Additional powers
• specific annual authorization from the Board to issue warranties and guarantees in the name of the Company up to a certain amount.

Board committees

The Board of Directors is assisted in the performance of its tasks by four committees: the Audit Committee, the Nominations and Governance Committee, the Remunerations Committee and the Strategy Committee.

Each committee formulates proposals, recommendations and assessments in its area of expertise, which is defined by its charter. To this end, it may decide to conduct any study that could assist the Board of Directors in its deliberations.

The Chairperson of each committee draws up the agenda for the meetings, which is then communicated to the Chairperson of the Board of Directors. Proposals, recommendations and assessments produced by committees are compiled in a report to the Board of Directors.

Board meetings

Each year, the Board of Directors draws up a schedule of its meetings for the coming year, based on a proposal from the Chairperson.

This schedule sets the dates for the Board of Directors' regular meetings (in conjunction with the release of quarterly financial information, previous year's annual results, half year results, meeting preceding the Ordinary Shareholders' Meeting, *etc.*). In addition to the meetings included in the schedule, the Board of Directors holds meetings whenever required by the Company's circumstances. If necessary, the Directors meet in working sessions. In addition, the Directors may meet in executive sessions, in which the Chief Executive Officer does not participate.

Directors' right to information

The Chairperson is required to communicate to each Director all documents and information necessary to carry out his or her work. The Board Internal Regulations stipulates that "*Other than in connection with Board meetings, Directors shall be kept informed, on a regular basis and by any mean, of the financial and liquidity situation, of the Company's commitments, as well as any significant event and transaction relating to the Company*".

During its meetings, the Board of Directors may consult with the Company's outside financial and legal advisors.

Directors' duties

Members of the Board of Directors are bound by a general duty of confidentiality with respect to the deliberations of the Board and its committees, and any information that is confidential in nature or presented by its Chairperson as such.

The Board Internal Regulations stipulate that each Director is required to inform the Lead Independent Director or, in the absence of a Lead Independent Director, the Chairperson, of any situation that is likely to create a conflict of interest with the Company or any of the Group's companies. If necessary, the Lead Independent Director shall ask for an assessment from the Nominations and Governance Committee.

Directors' training

Members of the Board of Directors benefit from regular business sessions that are organized with all Board Members and business unit managers in order to update them on the Company's activities and to inform them on the organization and functioning of each business unit as well as on its strategy and future development. As an example, there were 3 business sessions in 2019, focusing equally on each business unit of the Group: Production Services, DVD Services and Connected Home.

In addition, each new member of the Board of Directors beneficiates from an induction session in corporate governance and is provided with the Technicolor *Vademecum*. This document allows each new Director to be up to date with:

1. the Company's life and especially Board and committees' composition, Board Members contacts, Board schedule for the year ahead;
2. all Corporate documents such as the By-Laws, the Internal Board Regulations or the Insider Trading Policy;
3. corporate governance documentation such as the AFEP-MEDEF Corporate Governance Code for Listed Companies to which the Company refers or an explanation of their duties and responsibilities;
4. the Group Directors & Officers Insurance Policy.

Considering the appointment of an important number of new Directors in June 2019 and in order to enable them to be in a position to have sufficient knowledge of the Group, 6 induction sessions were organized in June and July 2019 on the following topics:

- Production Services;
- Connected Home;
- Home Entertainment Services;
- Trademark Licensing;
- Finance;
- Strategy update;
- Human Resources;
- Finance;
- IT/Cybersecurity;
- Tools & Software.

4.1.2.3 BOARD OF DIRECTORS' ACTIVITIES IN 2019

GRI *[102-18] [102-26] [102-27] [102-28] [102-31] [102-34]*

ATTENDANCE RATES TO BOARD MEETINGS HELD IN 2019

Name	Attendance rate
Ms. Anne Bouverot (since June 2019)	100%
Ms. Melinda J. Mount	100%
Mr. Richard Moat (since November 2019)	100%
Bpifrance Participations	100%
Mr. Xavier Cauchois (since June 2019)	100%
Mr. Yann Debois	100%
Mr. Dominique D'Hinnin (since June 2019)	100%
Ms. Cécile Frot-Coutaz (since June 2019)	100%
Ms. Ana Garcia Fau	87.50%
Ms. Christine Laurens (since June 2019)	100%
Mr. Brian Sullivan (since June 2019)	100%
Mr. Maarten Wildschut (since October 2018)	100%
Mr. Bruce Hack (left the Board in June 2019)	75%
Ms. Laura Quatela (left the Board in June 2019)	100%
Mr. Frédéric Rose (left the Board in November 2019)	100%
AVERAGE	**97.50%**

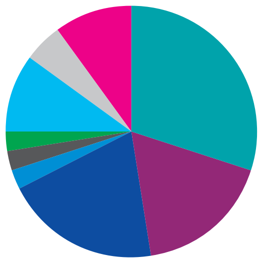
Board of Directors

8 MEETINGS IN 2019	8 THEN 12 MEMBERS	97.44% AVERAGE PARTICIPATION RATE	82% INDEPENDENCE RATE*

ACTIVITIES IN 2019

- **Financial issues:** reviewed the Company's quarterly, half-yearly and annual financial information and the preparation process (2019 annual budget, consolidated and statutory financial statements for 2018 and for the first half of 2019, revenues for the first and third quarters of 2019), reviewed major accounting issues (such as impairment tests of goodwill), reviewed press releases issued after Board meeting, as well as the Universal Registration Document, after examination by the Audit Committee, the Remunerations Committee and the Nominations & Governance Committee for the sections falling under their respective areas of expertise.
- **Strategy of the Group:** conducted a strategic review of the company's businesses and markets in which it operates, as well as a review of its capital structure, with the help of external advisors; and monitored the Company's strategic plan and corresponding action plans.
- **Compensation and governance:** decided on the compensation of the Chairperson and the Chief Executive Officer, reviewed the Board's composition and proposed the appointment of 5 new Directors, appointed a new Chairperson of the Board and a new Chief Executive Officer, reviewed the independence of each Board Member, deliberated on Company policy regarding equal employment and wages, deliberated on Board of Directors' assessment.

* *This percentage excludes the Director representing the employees.*



MAIN BOARD DECISIONS FOR 2019 (IN ADDITION TO RECURRING ISSUES DESCRIBED ABOVE)

BOARD MEETING HELD ON FEBRUARY 7, 2019 — ATTENDANCE OF 100%

- Discussed strategic transaction relating to the Research & Innovation activity
- Discussed the Board and committees' composition
- Appointed an external firm to perform the Board's assessment
- 2018 Directors Fees

BOARD MEETING HELD ON FEBRUARY 27, 2019 — ATTENDANCE OF 100%

- Approved the 2018 financial statements and relevant reports
- Approved the Group's variable compensation plan structure and objectives
- Discussed the Board and committees' composition
- Discussed the Succession Plan
- Appointed a new Vice-Chairperson of the Board of Directors
- Reviewed Directors' independence
- Discussed cybersecurity issues
- Reviewed the impacts of Brexit
- Executive session to assess the performance of the Chief Executive Officer for the year 2018 and set the performance objectives for his variable compensation for 2019

BOARD MEETING HELD ON APRIL 25, 2019 — ATTENDANCE OF 85.71%

- Discussed a new Long-Term Incentive Plan
- Discussed the qualitative objectives of the CEO variable compensation
- Convened the Annual General Shareholders' Meeting
- Discussed the Board and committees' composition
- Reviewed the conclusion of the Board's assessment
- Discussed Corporate Social Responsibility and Diversity issues

BOARD MEETING HELD ON MAY 14, 2019 — ATTENDANCE OF 100%

- Discussed the Board composition
- Amended the Agenda of the Annual General Shareholders' Meeting
- Set the qualitative objectives of the CEO variable compensation

BOARD MEETING HELD ON JUNE 14, 2019 — ATTENDANCE OF 100%

- Appointed a new Chairperson
- Reviewed committees' composition
- Grant of Restricted Shares

BOARD MEETING HELD ON JULY 24, 2019 — **ATTENDANCE OF 100%**

- Approval of the June 30, 2019 financial statements and half-year report
- Amended the Board's Internal Regulations
- Grant of Restricted Shares
- Appointed a Board Observer

BOARD MEETING HELD ON NOVEMBER 5, 2019 — **ATTENDANCE OF 90.90%**

- Decided the end of Office of the Chief Executive Officer
- Appointed a new Chief Executive Officer
- Set the compensation of the new Chief Executive Officer
- Grant of Restricted Shares
- Authorized the merger of Technicolor Home Entertainment of America (a subsidiary owned at 100%) into Technicolor SA
- Discussed the anti-bribery compliance program of the Group

BOARD MEETING HELD ON DECEMBER 20, 2019 — **ATTENDANCE OF 100%**

- Financial terms of the departure of Mr. Frédéric Rose (Chief Executive Officer of Technicolor until November 5, 2019)

REMINDER: EVALUATION IN 2019

Procedure: An external evaluation was conducted in February-March 2019 by Spencer Stuart under the supervision of the Nominations & Governance Committee. Following this assessment which revealed that there was a need to review the Board composition, the Board addressed the concerns raised by working on reshaping the Board of Directors and renew Technicolor's governance.

EVALUATION IN 2020

Procedure: Questionnaire drawn up by the Nominations and Governance Committee sent to all Directors.

Themes: Board composition and structure, Board effectiveness, working methods, relationship between Board Members, executive management, shareholders and stakeholders, Succession planning, Committee's activities, approval and oversight of corporate strategy.

Result and analysis: All Directors and the observer filled in the Board assessment form. Summary of key points:

- Strong level of engagement from all Board members with a shared commitment to the success of Technicolor, demonstrated through the time dedicated to their duties.
- Good level of diversity and complementary skills amongst Directors.
- Efficient and rapid integration of the new Board members ensured through comprehensive onboarding sessions.
- Freedom to speak and express opinions is perceived as very positive by all Directors.
- Good quality of information and presentations during meetings.
- Positive perception of the Committees' work and of the ability to follow activities of other committees.
- Unanimity on the good leadership provided by the Chairperson.

Areas for improvement:

- Several Board members would like to have more regular update on market information (eg. competition).
- Some asked to spend more time on Risk assessment and Succession planning.
- Some dashboard with more operational KPIs, complementing existing financial reporting, would be helpful.
- Presentations should be sent to the Board earlier.

4.1.2.4 CHAIRPERSON OF THE BOARD'S MISSIONS AND ACHIEVEMENTS IN 2019

As Chairperson of the Board of Directors, Ms. Anne Bouverot was vested with additional powers, in addition to those vested by law. In the framework of this governance change, the Internal Board Regulations were amended to reflect these additional powers, explained in Chapter 4: "Corporate governance and Compensation", section 4.1: "Corporate governance" and paragraph 4.1.2.2 "Organization of Board of Directors' works – Internal Board Regulations" of this Universal Registration Document.

In 2019, in addition to the powers vested to her by the law and within the scope of her additional powers, the Chairperson of the Board:

1. effectively led the Strategy Committee's meetings as well as the other strategy discussions held during the year;
2. engaged regularly in discussions with general management on various subjects at their proposal.

4.1.2.5 COMPOSITION AND ACTIVITIES OF THE BOARD COMMITTEES

GRI *[102-18] [102-26] [102-31] [102-34] [102-36]*

The composition of the Board committees was reviewed by the Board of Directors on June 14, 2019, further to the appointment of new Directors by the Annual General Shareholders' Meeting.

The Audit Committee

AMF's report on Audit committees

The Company refers to the AMF's report on Audit committees issued on July 22, 2010 to prepare this report.

7 MEETINGS IN 2019	5 MEMBERS	100% AVERAGE PARTICIPATION RATE	80% INDEPENDENCE RATE

Composition as of June 14, 2019

Ms. Melinda J. Mount (Chairperson, Independent) Mr. Xavier Cauchois (Independent) Ms. Ana Garcia Fau (Independent) Mr. Brian Sullivan (Independent) Mr. Maarten Wildschut (Non-Independent)	Meets the requirements of Article L. 823-19 of the French Commercial Code, four members have specific skills in finance or accounting.

Individual attendance rates to Audit Committee meetings held in 2019

- **Ms. Melinda J. Mount:** 100%
- **Mr. Xavier Cauchois:** 100%
- **Ms. Ana Garcia Fau:** 100%
- **Mr. Brian Sullivan:** 100%
- **Mr. Maarten Wildschut:** 100%

Mission

Defined by applicable law, its charter, and the Board Internal Regulations:

- assists the Board of Directors in fulfilling its responsibilities regarding financial information and its publication, internal control procedures and risk management, Internal Audit, and internal procedures to check compliance with applicable laws and regulations;
- in particular, examines the draft parent company financial statements and consolidated financial statements prior to their presentation to the Board of Directors;
- examines material off-balance sheet commitments;
- checks the procedures adopted ensure the accounts provide a true and fair view of the Company's financial position and are in compliance with applicable accounting standards;
- expresses its opinion and makes proposals to the Board of Directors regarding the nomination, missions, activities, compensation and dismissal of the Statutory Auditors;
- gives its authorization, or adopts procedures for authorization of non-audit services by the Statutory Auditors;
- assesses the effectiveness of internal control and risk management systems;
- reviews the work of the Ethics Committee, such as whistleblowing procedure investigations (see Chapter 3, section 3.2.2: "General control environment" above).

Organization of the Audit Committee's activities

At least four meetings per year, and whenever necessary before a Board of Directors' meeting, according to a predetermined annual workplan.

The Committee can:

- directly discuss with the Statutory Auditors in the absence of officers or individuals contributing to the preparation of the financial statements;
- upon request, directly discuss matters with the Internal Auditors in the absence of Executive Management;
- call upon the services of internal or external experts, in particular, lawyers, accountants or other advisors or independent experts.

The Statutory Auditors participate in each Audit Committee meeting.

Review process for annual and interim financial statements:

- initial meeting to review the initial closing items;
- second meeting to review the financial statements (for practical reasons due to the attendance of Directors on the Audit Committee who live abroad, such second meeting may at times take place on the day before the meeting of the Board of Directors).

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7 MEETINGS IN 2019	5 MEMBERS	100% AVERAGE PARTICIPATION RATE	80% INDEPENDENCE RATE

Audit Committee's activities

- reviewed parent company and consolidated financial statements for 2018 and for the first half of 2019, and revenue for the first and third quarter of 2019 (the review having been the subject of presentations by the Company's Chief Financial Officer and the Statutory Auditors);
- reviewed the financial press releases and investor presentations for the closing of fiscal year 2018, the first quarter of 2019, the first half of 2019 and the third quarter of 2019;
- accounting issues related to the closing of accounts for fiscal year 2018, the first half of 2019 and fiscal year 2019;
- reviewed this Universal Registration Document;
- in-depth review of impairment tests of goodwill and key accounting issues surrounding the closing of accounts;
- discussed the last developments of the Group's litigations;
- discussed the equity structure of the Company.
- reviewed the Company insurance policy;
- in-depth review of certain risks (Technicolor Risk Management);
- reviewed the organization of Internal Audit, the biannual audit plans and their results, the internal control procedures, and security procedures for the Group;
- reviewed cybersecurity matters and strategy;
- reviewed pension schemes;
- reviewed the impacts of the General Data Privacy Regulation;
- discussed compliance;
- examinated the Statutory Auditors' audit plan and reviewed the matter of their independence;
- heard regularly the Chief Financial Officer, the Director of Norms and Consolidation, the Director of Treasury and Credit Management and the Director of Central Controlling;
- met in executive sessions and met with Statutory Auditors without management on a regular basis.

The Nominations & Governance Committee

6 MEETINGS IN 2019	5 MEMBERS	96,67% AVERAGE PARTICIPATION RATE	80% INDEPENDENCE RATE

Composition as of June 14, 2019

- Ms. Ana Garcia Fau (Chairperson, Independent)
- Ms. Anne Bouverot (Independent)
- Mr. Dominique D'Hinnin (Independent)
- Mr. Thierry Sommelet (Independent)
- Mr. Maarten Wildschut (Non-Independent)
- 4 Committee members out of 5 are independents under the AFEP-MEDEF Corporate Governance Code.
- The Chief Executive Officer is involved in the work of this Committee.

Individual attendance rates to Nominations & Governance Committee meetings held in 2019

- **Ms. Ana Garcia Fau:** 100%
- **Ms. Anne Bouverot:** 100%
- **Mr. Dominique D'Hinnin:** 100%
- **Mr. Thierry Sommelet:** 100%
- **Mr. Maarten Wildschut:** 100%

Mission

- submits proposals relating to the Company's governance, in particular, in respect of the organization and operation of the Board of Directors;
- also makes proposals to the Board of Directors for the appointment of the Board Members, the Chairperson, the Chief Executive Officer and Board committee members.

Activities of the Nominations & Governance Committee

- analyzed the composition of the committees and the Board of Directors;
- examined the Board's policy regarding new Directors and the skill set required for further appointments;
- searched for candidates to recommend their appointment as Directors;
- discussed the appointment of a new Board Observer;
- searched for a new Chief Executive Officer;
- set up a succession plan for the Chief Executive Officer, the Chairperson of the Board of Directors and Executive Committee's members;
- reviewed the external assessment performed in 2019 and prepared and followed-up the self-assessment of the Board of Directors for 2020.

The Remunerations Committee

8 MEETINGS IN 2019	4 MEMBERS	95.83% AVERAGE PARTICIPATION RATE	75% INDEPENDENCE RATE

Composition as of June 14, 2019

Mr. Xavier Cauchois (Chairperson, Independent)
Mr. Yann Debois (Non-Independent)
Ms. Christine Laurens (Independent)
Ms. Melinda J. Mount (Independent)

A majority of Committee members are independent under the AFEP-MEDEF Corporate Governance Code.

Individual attendance rates to Remunerations Committee meetings held in 2019

- **Mr. Xavier Cauchois:** 100%
- **Mr. Yann Debois:** 87,50%
- **Ms. Christine Laurens:** 100%
- **Ms. Melinda J Mount:** 100%

Mission

- issues recommendations to the Board of Directors regarding the compensation of the Executive Directors and the amount of Directors' fees to be submitted to the Shareholders' Meeting;
- makes proposals regarding grants of stock options and performance shares to the Group's employees, and more generally regarding employee shareholding and employee savings programs;
- issues recommendations on the consistency of the compensation of Executive Directors as compared with that of the other managers and employees.

Activities of the Remunerations Committee

- reviewed the Group's variable compensation plan and its application;
- reviewed the Company's policy regarding equal employment and wages;
- discussed the elaboration of a new project of long-term compensation plan in the form of restricted shares (LTIP 2019);
- studied the compensation of the Chief Executive Officer involving, in particular, setting variable compensation targets;
- made recommendation regarding the compensation of the new Chief Executive Officer;
- studied the financial conditions of the departure of the former Chief Executive Officer.

The Strategy Committee

13 MEETINGS IN 2019	7 MEMBERS	100% AVERAGE PARTICIPATION RATE	71.43% INDEPENDENCE RATE

Composition as of June 14, 2019

- Ms. Anne Bouverot (Chairperson, Independent)
- Mr. Richard Moat (Non-independent)
- Mr. Dominique D'Hinnin (Independent)
- Ms. Cécile Frot-Coutaz (Independent)
- Mr. Thierry Sommelet (Independent)
- Mr. Brian Sullivan (Independent)
- Mr. Maarten Wildschut (Non-independent)

Individual attendance rates to Strategy Committee meetings held in 2019

- **Ms. Anne Bouverot:** 100%
- **Mr. Richard Moat:** 100%
- **Mr. Dominique D'Hinnin:** 100%
- **Ms. Cécile Frot-Coutaz:** 100%
- **Mr. Thierry Sommelet:** 100%
- **Mr. Brian Sullivan:** 100%
- **Mr. Maarten Wildschut:** 100%

Mission

- assists the Board in monitoring the implementation of the Company's strategic plan;
- prepares the Board's decisions in relation to the monitoring of the implementation of the strategic plan under execution and, generally speaking, reviews the Company's overall strategy.

Activities of the Strategy Committee

- conducted a strategic review of the company's businesses and markets in which it operates, as well as a review of its capital structure, with the help of external advisors;
- monitored the company's strategic plan and corresponding action plans.

It is to be noted that any Board Member can assist to the Strategy Committee's meetings, even if he or she is not a member of such committee.

4.1.3 Regulated agreements

4.1.3.1 REGULATED AGREEMENTS – CONFLICTS OF INTEREST

GRI *[102-25] [102-44]*

French law provides specific rules for all "regulated agreements", *i.e.* all agreements which are entered into directly or through an intermediary between the Company and its Chief Executive Officer, or one of its Directors or certain shareholders (shareholders holding more than 10% of the voting rights or, in the case of a corporate shareholder, its parent company) and which do not relate to ordinary transactions concluded under normal conditions.

In accordance with Article L. 225-38 *et seq.* of the French Commercial Code, these agreements must be submitted to the Board of Directors for prior authorization, which must be substantiated. The agreements must also be examined in a special report by the Statutory Auditors and the Shareholders' Meeting must be consulted. See section 4.1.3.2: "Statutory Auditors' special report on Regulated Agreements and Commitments" below.

During the fiscal year 2019, no regulated agreement was authorized by the Board of Directors and signed by the Company. Two regulated agreements previously approved by the General Meeting were continued and implemented in 2019:

1. one pertaining to Mr. Rose's severance package in the event of his dismissal from the position of CEO, which was approved by the General Meeting held on June 16, 2009, in its 9th resolution;
2. the other pertaining to Mr. Rose's non-compete indemnity in the event of his dismissal from the position of CEO, which was approved by the General Meeting held on June 16, 2009, in its 8th resolution.

Subsequent to the close of the fiscal year 2019, RWC Asset Management LLP and Bpifrance Participations SA have each entered into a commitment to subscribe to the capital increase. These two agreements were authorized by the Board of Directors at its meeting of February 5, 2020.

The Company is not aware of potential conflicts of interest between the obligations of Directors and Company managers towards Technicolor and their private interests and/or other obligations.

In accordance with article L. 225-39 of the French Commercial Code, an Internal Charter on related-party agreements and on the procedure for the review of agreements entered into the ordinary course of business and on arms' length terms (the "Charter") has been approved by the Board of Directors of Technicolor SA of March 9, 2020. The Charter is available on the Company's website. This Charter formalises the process implemented to identify the related-party agreements, remind the regulatory framework that applies to these, and set a procedure within Technicolor SA for the proper assessment of agreements entered into in the ordinary course of business and on arms' length terms.

The Charter provides for an annual review by the Audit Committee of agreements entered into in the ordinary course of business and on arms' length terms. The persons who have a direct or indirect interest in the agreement do not take part in the review of the agreement. In the event of doubt as to the characterization of an agreement, the Audit Committee submit it to the Board of Directors' review. The opinion of the statutory auditors may be requested. Each year, the Audit Committee presents a report on the implementation of this evaluation procedure to the Board of Directors.

4.1.3.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

GRI *[102-56]*

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the regulated agreements and commitments.

We are required to inform you, based on information provided to us, on the principal terms, conditions and the interests of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness nor ascertaining whether any other agreement and commitments exist. It is your responsibility, pursuant to article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the benefits resulting from the conclusion of these agreements and commitments prior to their approval.

Moreover, it is our responsibility, if any, to give you the information specified in article R. 225-31 of the French Commercial Code *(Code de commerce)* relating to the implementation, during the past year, of agreements and commitments that have already been approved by previous Shareholders' Meetings.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Statutory auditors' special report on regulated agreements and commitments

Regulated agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code.

Regulated agreement and commitments authorized since the year then ended

We hereby inform you that we have been advised of the agreements or commitments authorized since the year then ended, which had been submitted to the approval of the Shareholders' Meeting gathered February 5, 2020:

Shareholder's engagement of RWC Asset Management LLP and Bpifrance Participations SA for the underwriting of capital increase which initiative have been announced February 13, 2020.

Shareholders and persons concerned:

- RWC Asset Management LLP, shareholders of your firm up to 10,13% of the equity and M. Maarten Wildschut, Co-director of RWC European Focus Fund, member of the board of directors of your firm.
- Bpifrance Participations SA, member of the board of directors of your film, represented by M. Thierry Sommelet.

Nature and purpose: Subscription commitment for the capital increase which initiative have been announced February 13, 2020, and holding shares in consideration of commission.

Terms and conditions:

These agreements and commitments had been signed February 13, 2020 in anticipation of the capital increase considered by your firm with the preservation of the preferential subscription right of the shareholders for a total amount about 300 million euros, share premium included *("l'Augmentation de Capital")*.

Throughout this agreement, RWC Asset Management LLP et Bpifrance Participations SA committed themselves to:

- May subscribe irreducibly to the capital increase in due proportion of their actual shareholding in your firm equity
- May consent a lock up engagement conservation for a period of 90 days since the date of acquittance-transfer of the capital increase.

RWC Asset Management LLP et Bpifrance Participation SA engagement are submitted to common market conditions, on line with the one conclude with the banks in the framework of pre-guarantee engagement.

In consideration of their engagement of subscription:

- RWC Asset Management LLP will receive a commission of 1 150 000 euros
- Bpifrance Participations SA will receive a commission of 600 000 euros

Reasons justifying the interest for you firm:

Your board of directors considered the two agreements and commitments should be finalised in the view of the increase of capital to ensure its success, the engagements taken represent a prerequisite for the outcome of a guarantee contract of capital increase with a banking union.

Agreements and commitments already approved by the shareholder's meeting

Agreements and commitments already approved during previous years and having continuing effect during the year

Pursuant to article L. 225-30 of the French Commercial Code, we have been informed of the execution during the financial year of the following agreements, already approved during the previous year by the General Meeting

The financial conditions of departure of M. Frédéric Rose, on November 5, 2019, former Chief Executive Officer, had been determined once the Board of Directors of December 20, 2019 had adjudicated on the following agreements:

Severance pay in case of dismissal of the Chief Executive Officer

this commitment was authorized by your Board of Directors on March 9, 2009 and approved by the Shareholders' Meeting of June 16, 2009.

The payment of the indemnity would be subject to compliance with performance conditions-based half on the achievement of the EBITDA target and half on the achievement of the Group's consolidated Free Cash Flow objective over a period of three years, determined annually by the Board of Directors.

Your Board of Directors considered the performance conditions on which was based the severance pay had not been reached, and thus the severance pay of dismissal is not due to M. Frédéric Rose.

Non-compete obligation as of the date of termination of the duties of Chief Executive Officer

This commitment was authorized by your Board of Directors on July 23, 2008 and March 9, 2009 and approved by the Shareholders' Meeting of June 16, 2009.

Following the termination of M. Frédéric Rose duties of his function as Chief Executive Officer of November 5, 2019, Frédéric Rose will be held by a commitment of 9-month period, applicable to Europe, Asia and the United States, in return for which he will receive a monthly allowance calculated on the basis of his fixed and variable remuneration, determined according to the principles applied to the determination of severance pay; this allowance will be reduced by half in case of resignation. M. Frédéric Rose will receive for this reason an allowance of non-competition for a total amount of 824 400 euros, which will be contribute monthly by the French, American, and English entities according to the following distribution: 20%, 40%, 40%.

During the financial year, M. Frédéric rose perceived allowances for a total amount of 167 930,65 euros.

The Statutory Auditors

Paris-La Défense, March 2, 2020

Deloitte & Associés	Mazars
Bertrand Boisselier	Jean-Luc Barlet
Associé	*Associé*

4.1.4 Internal Board regulations

GRI *[102-18] [102-19] [102-21] [102-25] [102-26] [102-28] [102-29]*

The internal Board Regulations explain the functioning of the Board of Directors, the powers of the different bodies in the Company and the duties of each Director. They are regularly reviewed by the Board of Directors and were last amended on July 24, 2019.

ARTICLE 1. MEMBERSHIP

1.1. The Board shall be composed of at least five (5) members. Save for the Employee Director, Directors are elected by the General Shareholders' Meeting upon recommendation by the Board.

1.2. In the event of a vacancy due to the death, incapacity or resignation of one or more Directors, the Board may, in between General Shareholders' Meetings, nominate Directors on a provisional basis. Such nominations shall be subject to ratification by the next General Shareholders' Meeting. A Director appointed in replacement of another Director shall serve for the duration of the term of the Director being replaced.

1.3. Directors shall serve for a term of three (3) years, subject to any legal provision relating to age limitations. Save for the Employee Director, a Director's term shall expire at the close of the General Shareholders' Meeting having approved the accounts of the prior fiscal period and held in the year of the expiration of such Director's term.

ARTICLE 2. CHAIRPERSON OF THE BOARD

2.1. The Board shall elect from among its members a Chairperson. The Board can also elect one or two Vice-Chairpersons. The Vice-Chairperson can qualify as "Lead Independent Director".

2.2. The Board determines the term of office of the Chairperson and Vice-Chairperson, which may not in any case exceed their respective terms as Director. They may be re-elected.

2.3. Notwithstanding the provisions of the previous section, the office of the Chairperson shall expire when the Chairperson reaches the age of seventy-five (75) years.

2.4. In case of absence or unavailability of both the Chairperson and the Vice-Chairperson, the Board shall designate for each meeting a Director to chair the meeting.

2.5. In addition to the powers vested to him by applicable laws and other provisions of this Internal Board Regulations, the Chairperson:

- can be regularly consulted by the Chief Executive Officer on all events of significance regarding the Group's strategy, external growth projects or financial transactions (the Group meaning the Company and its consolidated affiliates, hereafter altogether the "Group");
- monitors exceptional operations (external and internal) affecting the Group's scope or structure;
- monitors the implementation of the strategic plans decided by the Board;
- organizes his activity in such a way that he ensures his availability and shares his knowledge of the market and his deep experience with the Chief Executive Officer (at the invitation of the Chief Executive Officer, the Chairperson can participate to internal meetings with managers and teams of the Company, so as to bring his opinion and experience on strategic issues);
- can meet the main executives of the Group;
- promotes the values and image of Technicolor, both internally and externally;
- coordinates the work of the Board of Directors with its committees; and
- has sole authority, among Directors, to meet investors on behalf of the Company during roadshows and one-to-one meetings, so as to discuss long-term strategy, governance and compensation matters of the Company, it being understood that any such discussions should be in the presence of a Company's representative (Head of Investor Relations, the Board Secretary, etc.) and that the Chairperson shall update the Board on any such discussions.

ARTICLE 3. COMBINATION OR SEPARATION OF THE OFFICES OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

When appointing or renewing the term of the Chairperson or the Chief Executive Officer, the Committee responsible for governance shall submit to the Board an opinion on whether the Company is best served by separating or combining the offices of Chairperson and Chief Executive Officer.

ARTICLE 4. BOARD OBSERVERS (*CENSEURS*)

4.1. The Board may select up to two Board Observers (*Censeurs*). The Board Observers are appointed for a term of up to 18 (eighteen) months, and are eligible for re-appointment, as stated in Article 11.5 of the by-laws.

4.2. Board Observers shall be convened in the same manner as Directors and shall participate in meetings of the Board in an advisory capacity only. The Board may appoint Board Observers as Committee members.

ARTICLE 5. SECRETARY

Upon recommendation by the Chairperson, the Board may appoint a Secretary. Each Board Member can consult the Secretary and benefit from his/her services. The Secretary ensures the observance of the procedures related to the Board's functioning and draws up the minutes of each meeting.

The Secretary is empowered to certify the copies or extracts of the minutes of the Board.

ARTICLE 6. DUTIES OF THE BOARD

6.1. The Board shall deliberate on issues that are within its competence by law or under the By-laws or these Internal Board Regulations. It shall in all circumstances act in the corporate interests of the Company, seeking to promote long-term value creation in all aspects of the Company's operations. Subject to the authority expressly granted to shareholders' meetings and within the limit of the corporate purpose, the Board shall address any issue of relevance to the proper conduct of the Company's affairs and shall, through its deliberations, settle matters concerning the Company.

6.2. The Board determines the Group's strategic directions and ensures their implementation. In doing so, the Board shall act in accordance with the corporate interest and shall take into account social and environmental matters. The Board gives its opinion on all decisions relating to the Company's general strategic, financial and technological policies and supervises the implementation of these policies by senior management. The strategic direction of the Group is defined in a strategic plan. The draft of the strategic plan is prepared and presented by the Chief Executive Officer and approved by the Board. The Chief Executive Officer presents an annual budget in line with the strategic plan. The Chief Executive Officer implements the strategic plan. The Chief Executive Officer shall notify the Board promptly of any problem or, more generally, any event that could affect the implementation of a direction of the strategic plan. This implementation is overseen by the Board.

6.3. In addition to the remits mentioned in Article 6.1 and 6.2 above and decisions listed in Article 8 below which require its approval, the Board shall have *inter alia* the following powers:

(i) appoint and dismiss the Company officers, sets their compensation, selects the form of organization and governance (separation of the offices of Chairperson and Chief Executive Officer or combination of such offices);

(ii) oversee the quality of the information supplied to shareholders and to the markets, in particular through the financial statements and in connection with major transactions;

(iii) perform regular reviews of opportunities and risks, including risks of a financial, legal, operational, social or environmental nature, and assess their impact on the strategy determined by the Board and the measures taken as a consequence, and to that end receive all information necessary to fulfil its remit, especially from the Executive Officers;

(iv) ensure the compliance of the Group with all regulations relating to bribery and influence peddling and any other compliance matter;

(v) obtain assurance that senior management is applying a policy of non-discrimination and diversity, especially in terms of gender balance on executive bodies;

(vi) seek assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will detect, respond and recover from any attack that may happen.

ARTICLE 7. MEETINGS OF THE BOARD - AGENDA

7.1. The Board shall meet as often as necessary and as may be required in the interest of the Company and pursuant to applicable legal and regulatory requirements. The Board shall meet no fewer than four (4) times per year.

7.2. Each year, upon recommendation by the Chairperson, the Board shall approve a calendar of regular Board meetings for the coming year. In addition to the regular Board meetings, specific meetings may be organized as needed.

7.3. The Board shall be convened by the Chairperson, or if the Chairperson is prevented from performing his/her duties, by the Vice-Chairperson or if the Vice-Chairperson is prevented from performing his/her duties, by the Chairperson of the Nominations & Governance Committee.

In all circumstances, the Board can also be convened by half of the Directors.

7.4. Meetings of the Board shall be held at the corporate headquarters, or at any other location indicated in the convening notice. Convocations of Board meetings may be provided by any means, including by letter, facsimile, email or orally.

7.5. The Chairperson is responsible for setting the agenda for each meeting in consultation with the Chairpersons of the committees of the Board and the Chief Executive Officer and communicates the agenda to the Directors in a timely manner by any appropriate means. Upon recommendation by the Chairperson, the Board may deliberate on issues not on the agenda which have been brought to the attention of the Board.

7.6. Upon request by the Chairperson, members of the Group's management, internal and external auditors and outside advisors may attend meetings of the Board as appropriate in light of the agenda.

7.7. Upon request by the Chairperson, Non-executive Directors may meet in "executive" sessions, in which the Chief Executive Officer does not participate. An executive session is scheduled once a year for the Chairperson and Chief Executive Officer's performance review.

7.8. The duration of the meetings of the Board shall be sufficient to permit an in-depth review and discussion of the issues by the Board. The Chairperson is responsible for guiding the discussion at Board meetings.

7.9. Meetings of the Board may be held by videoconference or other telecommunications facilities. In such case, the Board ensures that the videoconference or telecommunication facilities are compliant with applicable legal requirements and standards. First, appropriate measures shall be taken to ensure the identification of each participant and the verification of the quorum. Failing this, the meeting shall be adjourned. Second, the facilities used must permit continuous and simultaneous transmission of the discussions.

Members of the Board participating in a meeting by videoconference or other telecommunication means shall be deemed to be present for the calculation of the quorum and majority, except for meetings during which matters referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code (approval of the Company financial statements and management report and approval of the Group consolidated financial statements and management report) are addressed.

ARTICLE 8. LIMITATIONS OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER

In addition to decisions that require Board approval under applicable laws, the Chief Executive Officer must obtain prior Board approval for:

- **(i)** any material transaction outside the scope of Technicolor's stated strategy or that is likely to materially affect the operational or financial situation of the Group;
- **(ii)** the conclusion of any material strategic partnership;
- **(iii)** any transaction (contribution, acquisition, disposal, merger, transfer of any entity, activity or assets) by any member of the Group for an amount of more than €25 million, either per operation or per series of related operations;
- **(iv)** the conclusion of new finance contracts increasing the Group's level of indebtedness by more than €25 million;
- **(v)** the appointment of a Statutory Auditor who is not part of a network of international repute;
- **(vi)** any decision, by any member of the Group, to settle a litigation where such settlement would result in a payment of more than €10 million to the relevant counterparty; and
- **(vii)** any significant changes to accounting principles applied by Technicolor or any company of the Group, other than changes made in application of applicable law or required by the Statutory Auditors of Technicolor or the relevant company.

For any of the above decisions that request Board approval, the Chief Executive Officer will make sure that the Board is informed sufficiently promptly in the process and on a regular basis (information to include relevant financial, legal, name of advisors and other) so as to be able to make an informed judgement when decision time comes.

ARTICLE 9. DIRECTORS' AND BOARD OBSERVERS' RIGHT TO INFORMATION

9.1. Each Director shall receive all information needed to perform his/her duties and may request any documents he or she considers appropriate. The Chairperson may deny such requests for additional documents when such request does not appear reasonably warranted by the corporate interest or useful to the Director in carrying out his or her duties. The Chairperson shall inform the Board regarding the follow-up provided to each such request.

9.2. Directors shall be provided in advance with the documents necessary to cast an informed vote based on full knowledge of the facts regarding the matters on the agenda.

9.3. Other than in connection with Board meetings, Directors shall be kept informed, on a regular basis and by any mean, of the financial and liquidity situation, of the Company's commitments, as well as of any significant event and transaction relating to the Company.

9.4. Directors may request to visit a place of business of the Company, as may be required to perform their duties. Such requests shall be sent to the Chairperson and to the Chief Executive Officer. Any visit of a company place of business shall be organized so as to minimize disruptions to the functioning of the business.

9.5. Any Director shall be entitled to meet with the Group's senior management without the presence of Executive Officers (*dirigeants mandataires sociaux*) of the Company, after having informed the Chairperson and the Chief Executive Officer.

ARTICLE 10. BOARD COMMITTEES

10.1. The Board shall create one or more specialized committees and shall define their composition, powers and responsibilities. Members of the committees shall be chosen among Board Members. The role of the committees shall be to examine and prepare matters to be put to the Board and to assist the Board in its work. Each committee presents its opinions, proposals and recommendations to the Board.

10.2. The following matters shall be subject to a preparatory work carried out by a specialized Board Committee: (i) the examination of the financial statements and internal procedures to verify compliance with applicable laws and regulations, (ii) the follow up of the Internal Audit, (iii) the review of the internal and risk management procedures, (iv) the selection of the Statutory Auditors, the control of their independence and the follow-up of their work, (v) corporate governance, (vi) nomination of the members of the Board of Directors and its committees, (vii) remuneration and (vii) the monitoring of the implementation of the strategic plan.

10.3. As of the date hereof, there are four committees of the Board, (i) the Audit Committee, (ii) the Nominations and Governance Committee, (iii) the Remunerations Committee and (iv) the Strategy Committee. The number of committees may change as decided by the Board. The matters set forth in Article 10.2 must however remain covered.

10.4. Each committee shall draw up a draft charter defining its duties and responsibilities, its powers, and its method of functioning, which shall be presented to the Board for approval. The charter of each committee shall, among other things, define the number of independent Directors who shall serve on each committee.

10.5. In the performance of their duties, and after informing the Chairperson, the committees may conduct or commission, at the Company's expense, any studies or investigations that such committee deems useful in the fulfilment of its mission and which may be useful in assisting the Board in its deliberations. The committees shall report to the Board on the results of any study or investigation carried out pursuant hereto. The committees can request, under the conditions described above, the assistance of external counsels.

10.6. The committees shall also have access to Group's executives and internal and external auditors as they may deem useful in preparing their works.

10.7. The Chairperson of each committee shall report to the Board on its works. The opinions, proposals and recommendations made by each committee shall, if necessary, be recorded in minutes.

ARTICLE 11. DIRECTORS' AND BOARD OBSERVERS' DUTY OF CONFIDENTIALITY

11.1. Directors and Observers are bound by a general duty of confidentiality with respect to the deliberations, discussions and resolutions of the Board and its committees and any information presented at Board meetings.

11.2. The Chief Executive Officer informs the Directors of the information to be disclosed to the markets as well as the text of statements or releases issued for this purpose on behalf of the Company.

11.3. The Chief Executive Officer shall take appropriate measures to ensure that employees of the Group who, by virtue of their functions, have access to material non-public information keep such information confidential.

ARTICLE 12. DIRECTORS' DUTY OF INDEPENDENCE AND CONFLICTS OF INTEREST

12.1. In the performance of their duties, each Director must make decisions in consideration of the sole interest of the Company.

12.2. Each Director is required to inform the Lead Independent Director, or in the absence of a Lead Independent Director, the Chairperson of any situation that could create a conflict of interests with the Company or one of the companies of the Group and must refrain from taking part in discussions and voting on any related resolutions. A Director must resign in the event of a permanent conflict of interests.

12.3. The Lead Independent Director, or in its absence the Chairperson, must disclose to the Board any situation of conflict of interest for which he/she has been informed.

12.4. The Board shall review any "regulated agreements" governed by Section L. 225-38 of the French Commercial Code to ensure that the interest of the Company is protected in all respects in the event of a possible conflict of interest between the Company and persons covered by Article L. 225-38 of the French Commercial Code. If there is any doubt regarding the application of Section L. 225-39 of the French Commercial Code to a particular transaction, the Board shall assume that such provision applies.

ARTICLE 13. DIRECTORS' DUTY OF DILIGENCE

13.1. The Board collectively represents all shareholders and shall act in the interests of the Company in all circumstances.

13.2. Prior to accepting an appointment as Director, each Director is responsible for familiarizing himself or herself with the laws, regulations and duties relating to their office, the Company's by-laws, these Internal Board Regulations, the Group's Code of Ethics and Financial Ethics Charter, the Insider Trading Policy, as well as the charter of any committee on which such Director is intended to serve.

13.3. Each Director undertakes to discharge fully the duties and responsibilities of his/her office, including:

- devoting the necessary time, care and attention to his/her duties and to analyze the issues brought before the Board and any committee on which such Director serves;
- ensuring that these Internal Regulations are meticulously followed;
- attending all meetings of the Board and of committees on which such Director serves, and all Shareholders' Meetings;
- requesting any additional information he/she may deem necessary to perform his/her duties and to form an opinion on matters on the agenda of any meeting of the Board or any committee on which he/she serves;
- working continually to improve the effectiveness of the Board and any committees on which such Director serves and to advance the interests of the Company and the shareholders.

13.4. Each Director undertakes to resign his/her position on the Board when such Director believes in good faith that he/she is no longer capable of faithfully executing the duties and obligations of the position.

ARTICLE 14. COMPANY SHARES HELD BY DIRECTORS

14.1. Directors must hold at a minimum the number of shares stipulated in the Company's by-laws promptly after they become Directors.

14.2. The Board considers that for the purpose of aligning Directors' interests with those of shareholders, it is desirable that each Director personally holds a substantial number of shares. Consequently, each Director must acquire Technicolor shares in an amount equivalent to at least one-third of the fixed annual compensation due to him/her as Director. Such acquisition must occur within 12 months from the date of his/her appointment. Should a Director fail to do so, 50% of his/her fixed compensation as Director will be forfeited. The 200 shares the holding of which is imposed by the Company's by-laws are taken into account for the purposes of this paragraph.

14.3. Directors shall hold any shares they hold in the Company in registered form.

14.4. Directors must declare to the *Autorité des marchés financiers* and to the Board any transactions in the Company's securities pursuant to and in compliance with the terms of Article L. 621-18-2 of the French Monetary and Financial Code and the General Regulations of the *Autorité des marchés financiers*. The Company may, upon request, declare those transactions on behalf and in the name of Directors.

14.5. Directors shall refrain from:

- engaging in any transaction involving securities of the Company or the Group while in possession of material, non-public information regarding the Group;
- directly or indirectly conducting short sales involving the Company's shares.

As a general rule, Directors shall comply with the provisions of the Company's Insider Trading Policy.

ARTICLE 15. DIRECTORS' COMPENSATION

15.1 Directors shall receive an annual compensation, the maximum amount of which is determined by the Shareholders' Meeting. The Remunerations Committee proposes to the Board the global Directors' compensation to be submitted for approval to the Shareholders' Meeting, as well as the allocation of such amount amongst the Directors.

15.1 The annual allocation of Directors' compensation is determined by the Board according to the effective attendance of Directors at meetings of the Board and its committees.

15.2 As permitted by law, Directors may be entitled to compensation for the execution of a mandate or a specific mission. The amount of this compensation is determined by the Board upon recommendation of the Remunerations Committee.

15.3 Board Observers may be entitled to compensation. The amount of this compensation is determined by the Board upon recommendation of the Remunerations Committee, using the same principles as those applicable to Directors' compensation.

15.4 Directors shall be entitled to reimbursement for any reasonable expenses incurred in connection with their attendance of meetings of the Board or any committee on which they serve.

15.5 As a general matter, the remuneration of Directors must be determined in such a manner as for their independence to be preserved.

ARTICLE 16. PERFORMANCE EVALUATION

16.1 The Board shall conduct an evaluation of its composition, organization and that of its committees on a regular basis, the objective being once a year. The Board dedicates one of the points on its agenda to a debate concerning its operation once a year and performs a formal evaluation at least once every three years. The purposes of the formal evaluation shall be notably to assess the way the Board operates, to check that the important matters are addressed and efficiently prepared and discussed, and to assess the contribution of Directors to the Board's activities.

16.2 The Board may require the assistance of an external company for the conduction of such evaluation.

16.3 The Board shall consider the opportunity to review those Internal Board Regulations according to the results of the evaluation.

16.4 The results of the evaluation carried out are reported in the Company's Annual Report communicated to the shareholders.

4.1.5 Executive Committee

4.1.5.1 MEMBERS OF THE EXECUTIVE COMMITTEE

GRI *[102-32] [405-1]*

As of the date hereof, the Executive Committee comprises 12 members. The following table shows their responsibilities and year of appointment.

Name of Executive Committee Member	Age	Responsibility	Appointed
Richard Moat	65	Chief Executive Officer	2019
Pat Byrne	58	Interim Head of Home Entertainment Services	2020
Adrien Cadieux	50	Group General Counsel and Company Secretary	2018
Laurent Carozzi	55	Chief Financial Officer	2018
Olga Damiron	51	EVP, Human Resources & Corporate Social Responsibility	2020
Gilles Gaillard	47	SVP, Animations & Games Service Line	2020
Luis Martinez-Amago	57	Deputy CEO, President of Connected Home	2016
David Patton	52	President, Customer Experience & Advertising, Production Services	2019
Sherri Potter	47	President, Worldwide Post production	2020
Christian Roberton	47	EVP, Film and TV VFX, Production Services	2019
Tim Sarnoff	60	Deputy CEO, President of Production Services	2014
Tim Spence	48	Chief Operating Officer	2020

4.1.5.2 BIOGRAPHIES OF EXECUTIVE COMMITTEE MEMBERS

Mr. Richard Moat was appointed to the position of Chief Executive Officer in November 2019. For more information about his biography, please refer to paragraph 4.1.1.3 above.

Mr. Pat Byrne was appointed Interim CEO of the Home Entertainment Services Business Division in March 2020 and became as such a temporary member of the Executive Committee. In this role he is in charge of sales and operations for the DVD Services. Mr Byrne joined Technicolor in November 1988 where he is leading operations globally for the division on the top of his current role. Originally from Ireland, where he studied Chemical Engineering, he began his career as an engineer for companies like Fujitsu Microelectronics.

Mr. Adrien Cadieux is the Group General Counsel and Company Secretary. In such capacity, he is in charge of legal, compliance and insurance matters for the Group and assists the Board of Directors in their works. He was appointed to the Executive Committee in July 2018. Adrien Cadieux joined Technicolor in 2012. Prior to that, he was a partner at De Pardieu Brocas Maffei, a leading French law firm where he spent 8 years. He also held different positions in the Legal Department of AXA, a global insurance group, and in the capital markets division of CACIB, the investment bank of the Crédit Agricole group. He began his career in New York, working for Crédit Lyonnais, a global investment bank.

Mr. Laurent Carozzi is Chief Financial Officer and a member of the Executive Committee since he joined the Group in March 2018. Previously, he was deputy of the CFO at Publicis from early 2017. Prior to this, he spent 12 years at Lagardère group, where he held the positions of Head of Investor Relations, then of Head of Group Financial Control. From 2011, he focused on the turnaround of the Sports & Entertainment Business Unit as Chief of Operations and Chief Financial Officer. As part of his responsibilities he was a member of the Executive Committee of Lagardère Sports & Entertainment.

Ms. Olga Damiron was appointed as EVP Human Resources & Corporate Social Responsibility and a member of the Executive Committee in February 2020. Prior to joining Technicolor in April 2017 as Connected Home Human Resources Business Partner, she held significant Chief Human Resources Officer positions within global organizations such as Keolis, Algeco Scotsman, Honeywell, ESI Group, some of them publicly listed. She brings a wide experience of managing diverse workforce, organic and external growth projects, change and turn-around initiatives. Olga holds a master degree in Labor Law from Paris Assas University and is certified in a number of programs including Lean Management (Kaizen, Ishikawa), System Thinking Leadership and Licensed Human Element Practitioner (LHEP). She is also General Secretary of RH&M and a member of Feminin Pluriel network.

Mr. Gilles Gaillard was appointed as Head of the Animation and Games Service Line in November 2017 and became a member of the Executive Committee in April 2020. In this role, he is in charge of the brands Mikros Animation, Technicolor Animation Productions and Technicolor Animation & Games. Mr Gaillard joined Technicolor in June 2015 as a result of the acquisition of Mikros Image. During his time at Mikros Image, which he had joined in 1999, he led the digital cinema department and developed the company's worldwide presence, first in Belgium, then in Luxemburg and Canada, while strengthening the company's activities in France. He was appointed CEO in 2013. He began his career as a freelancer working notably for Canal+ and Game One. He is a graduate of Ecole Nationale Louis Lumière, Paris.

Mr. Luis Martinez-Amago is President of the Connected Home Division since January 2018 and Deputy CEO since March 2019. He joined Technicolor in October 2015 as Head of Connected Home North America and has been a member of the Executive Committee since January 2016. Coming to Technicolor from Alcatel-Lucent, Mr. Martinez-Amago has carried out multiple roles and responsibilities during his 27 years with Alcatel. Most recently he was the CEO of Alcatel-Lucent Shanghai Bell in China. Prior to this, he spent several years as President of the Europe, CIS, Middle East and Africa region. Prior to that, Customer Experience and Advertising, Production Services he held the responsibility of several worldwide business divisions as its President, from Fixed Broadband Networks Division, to Applications Business Division, to Wireless Transmission Division. Before this he was COO of the Integration and Services Division of the Company. Mr. Martinez-Amago holds a Technical degree in Telecommunications Engineering from the University La Salle, Barcelona; as well as PDD in General Management from IESE Business School.

Mr. Tim Sarnoff is Head of the Production Services Division. As a Deputy CEO since February 2015, he also manages the marketing function and the development of closeness with Technicolor's key entertainment customers. Mr. Sarnoff joined Technicolor in 2009 as President of Technicolor Digital Production. Prior to joining Technicolor, Mr. Sarnoff was President of Sony Pictures ImageWorks for 12 years, and previously created Warner Digital Studios as a division of Warner Bros., and shepherded the start-up and growth of Warner Bros. Animation. Mr. Sarnoff holds Bachelor's Degrees in Psychology and in Journalism from Stanford University.

Mr. David Patton is Head of Customer Experience and Advertising, Production Services, and a member of the Executive Committee since he joined Technicolor in April 2019. Previously, he was Global President at Young & Rubicam (Y&R), a WPP company. In this position, he was tasked to drive the transformation of the business from an advertising-led structure towards a technology-led, digital first operation. Prior to Y&R, Patton spent 10 years at Grey, as President of EMEA and CEO of Grey London, where he oversaw the agency's strong performance across Europe, the Middle East, and Africa, transforming the business from a traditional advertising agency to a leading digital and communications company. He also held a variety of senior marketing roles at Sony Europe, Sony PlayStation EMEA and Nintendo UK. During his 15 years on the client-side, Patton built a reputation as a creative disruptor producing award-winning television campaigns such as Sony Balls, PlayStation Mountain and PlayStation Double Life.

Ms. Sherri Potter has been Head of Worldwide Post-Production since March 2016. She joined Technicolor in 2004 after the Company acquired the Canadian assets of Alpha Cine and Command/Toybox where she was Vice-President Sales for Canada. In 2008 she relocated to Los Angeles to lead the Sales team for Technicolor North America. Prior to her current role, she held a number of positions of increasing responsibility within Post-Production. She attended the Northern Alberta Institute of Technology in Alberta, Canada. She is an associate member of the American Society of Cinematographers and an active member at large of the Academy of Motion Picture Arts and Sciences.

Mr. Christian Roberton is Head of Film & Episodic Visual Effects, Production Services, since November 2017 and a member of the Executive Committee since April 2019. He joined MPC in 2003, where he started as a VFX Production manager and within 5 years became Managing Director of Film. During his time as Managing Director, MPC Film have opened studios in Vancouver, Los Angeles, Bangalore and Montreal and now have more than 2,000 artists and production crew working with them. Roberton started his career in the traditional drawn animation business in the mid-90's, working for a number of London based companies on commercial and television series production. This led him to the animation production company Uli Meyer Studios where he became Company manager running all aspects of the business from commercial through to feature production.

Mr. Tim Spence joined Technicolor in December 2019 as Chief of Staff to the CEO and was appointed Chief Operating Officer and a member of the Executive Committee in March 2020. Mr Spence has over 18 years' experience in the communications industry, holding senior roles in finance and operations. He started his career at Price Waterhouse in Melbourne, and after moving to Europe in 2000 worked for 12 years at T-Mobile UK /Everything Everywhere Ltd (EE) where he held various roles in finance. His most recent role was as Managing Director Customer Operations at Eir Ireland where he led the transformation of the company's Service Operations and Customer Experience. He has extensive experience of initiating and leading complex organizations, digital and IT transformation programs to deliver efficiency and customer experience improvements.

4.1.5.3 ROLE OF THE EXECUTIVE COMMITTEE

The Executive Committee meets every two weeks under the direction of the Chief Executive Officer, with an agenda determined collectively by its members. It examines questions relating to the activities of the Group. In this regard, it deals primarily with business activities, specific projects, following up on transactions and financial results, and the identification and assessment of risks.

Please refer to section 3.2.2: "General control environment – Group management and decision-making processes" of this Universal Registration Document.

4.2 COMPENSATION

4.2.1 Compensation and benefits of Corporate Officers

4.2.1.1 COMPENSATION POLICY FOR CORPORATE OFFICERS

GRI *[102-35] [102-36] [102-37]*

This report on the compensation policy for Corporate Officers (*mandataires sociaux*) was adopted on February 18, 2020 by the Board of Directors upon recommendation by the Remunerations Committee. It describes, in accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for the determination, allocation and distribution of the fixed, variable and exceptional elements of the total remuneration and the benefits of all kinds that may be granted to Corporate Officers.

The compensation policy is applicable to the Directors, the Chairperson of the Board of Directors and the Chief Executive Officer.

Upon recommendation by the Remunerations Committee, the Board approved the following changes:

- reduce the fixed and variable annual compensation of the Chief Executive Officer;
- increase the alignment of interest among the Chief Executive Officer and shareholders by reviewing the performance objectives of the annual variable compensation and implementing a new Long-Term Incentive Plan and an Incentive & Investment Plan;
- do not grant the Chief Executive Officer any indemnity in case of end of office.

The Board believes that this new policy answers shareholders' expectations expressed at the 2019 Shareholders' Meeting. The Board remains fully committed to the alignment of shareholders' and Executive Officers' interests.

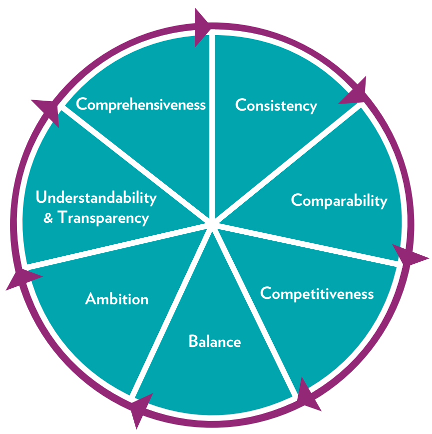
This report will be submitted to shareholders' approval at the Annual General Meeting to be held to approve the financial statements for the fiscal year ended December 31, 2019.

4.2.1.1.1 General principles for Corporate Officers' compensation

The compensation policy applicable to Corporate Officers is determined by the Board of Directors on the basis of recommendations made by the Remunerations Committee and is reviewed annually. The Remunerations Committee is entirely comprised of independent Directors, except for the Director representing employees in accordance with the AFEP-MEDEF recommendations. The Remunerations Committee may use the services of external advisors specialized in Corporate Officers' compensation. It also takes into account feedback from shareholders.

The compensation policy is determined in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code.

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and operating context and that its purpose is to enhance Technicolor's medium and long-term performance and competitiveness. This Policy respects Technicolor's corporate interest (*intérêt social*) by aligning the Corporate Officers' interest with those of its shareholders' and make sure that the compensation plan rewards executive management for good financial performance. When setting this policy, the Board of Directors bases its decisions on the following principles:



- **Consistency:** The policy applicable to the compensation of the Chief Executive Officer is consistent with the general compensation policy that applies to Group senior executives:
  - the components of the compensation package are the same as those provided to senior executives (fixed compensation, variable compensation and long-term plans);
  - the financial performance criteria applicable to the Chief Executive Officer's variable and long-term compensation are the same for the Chief Executive Officer and for other executives.

- **Comparability:** The general policy for the compensation of the Corporate Officers has been developed in light of market practices. To that effect, the Remunerations Committee established with the assistance of outside advisors a peer group of public companies which are comparable to Technicolor by size, industry and geographical presence. The peer group's composition is reviewed every year by the Remunerations Committee. It reflects in particular:
  - the Group's strong presence in the United States: the Group generates more than half of its revenues in the United States, 4 out of the 12 Executive Committee members and the Group's main competitors are U.S. based;
  - the business diversity of the Group: Technicolor being a worldwide Technology leader operating in the Media & Entertainment industry, the peer group is made up of direct competitors or clients in its key operating segments and of other companies in the broader Technology, Media & Entertainment industries.

The peer group thus determined is made up of the following companies[(1)]: • Arnoldo Mondadori Editore SpA • Cineworld group Plc • CommScope, Inc. • Criteo • Daily Mail and General Trust plc • ITV plc • JCDecaux SA • Lagardère SCA • Mediaset SPA • Millicom International Cellular SA • Pearson plc • Prosiebensat.1 Media • Telenet Group Holding NV • TF1.

- **Competitiveness:** Competitiveness of the compensation attributed to Corporate Officers is key in attracting, retaining and motivating the talents necessary to the Group's success and the protection of shareholders' interest. As such, it is considered by the Board of Directors when setting the compensation.
- **Balance:** The Board of Directors and the Remunerations Committee ensure that there is a proper balance between (i) fixed and variable components of the compensation, (ii) short and long-term components and (iii) cash and equity-based components. The Chief Executive Officer's compensation is made up of 3 main components: fixed, short-term variable and long-term variable compensation. These components aim to remunerate the work done by the Chief Executive Officer, tie compensation to the results achieved, and partly align the Chief Executive Officer's interest with that of shareholders.
- **Ambition:** The purpose of the annual variable compensation is to incentivize Corporate Officers to achieve the annual performance objectives set for them by the Board of Directors, consistent with the Company's strategy. All variable compensation plans are thus subject to challenging performance objectives for all beneficiaries who are more than 2,000 around the world. The financial objectives used are performance indicators set out by the Group in its financial communication. These quantifiable objectives are also the objectives used for determining the variable compensation of all Group employees who receive such variable compensation.

  Moreover, the Performance Shares awarded to management are subject to a continued presence condition in the Group and, as laid down in the Corporate Policy on the Purchase and Sale of Company Shares, Insider Trading and Protection of Inside Information, Corporate Officers who have been awarded stock options and/or performance shares (i) are not allowed to carry out risk hedging transactions pursuant to the AFEP-MEDEF Corporate Governance Code and (ii) are subject to black-out periods during which they must not exercise their options.
- **Understandability of the rules and Transparency:** The variable compensation and long-term compensation plans are linked to stringent and transparent criteria of quantifiable and qualitative performance for which targets are clearly defined and set out in advance.
- **Comprehensiveness:** The Board of Directors and the Remunerations Committee take into consideration all components of the Corporate Officer's compensation in their overall appraisal of the compensation.

In accordance with the Article R. 225-29-1 of the French Commercial Code, if the Board of Directors considers that there has been an exceptional event or that there have been exceptional circumstances which justify to adapt this policy, it could proceed with such amendment upon recommendation of the Remunerations Committee. Such amendments would have to be publicly disclosed in the Board of Directors' corporate governance report established at the end of the year. For example, if during a performance period, an exceptional event or exceptional circumstances have made materially easier or harder for the Group to achieve a performance measure, the Board of Directors may adjust the extent to which an award vests to mitigate the effect of the exceptional event or circumstances while making sure that executives remain align with shareholders.

4.2.1.1.2 Compensation policy for the Directors

In accordance with Article L. 225-37 of the French Commercial Code, the principles and rules defined by the Board of Directors to determine Directors' fees granted to Board Members are set out below.

The maximum annual amount of Directors' fees that can be paid to the Directors was set at €850,000 by the Annual General Meeting held on April 29, 2016. The rules governing the allotment of the Directors' fees payable for 2020 will be the following:

- a fixed fee of €30,000 for each Director;
- a fee for each meeting of the Board of Directors of:
  - €4,000 in case of physical attendance,
  - €2,000 in case of videoconference,
  - an additional Director's fee of €2,500 for each meeting that requires overseas or U.S. Coast to Coast travel;
- a fixed fee for each committee Chairperson of:
  - €15,000 for the Audit Committee's Chairperson,
  - €10,000 for the other committees' Chairpersons;
- a fee for each meeting of the Committee of:
  - for the Audit Committee, €3,000 in case of physical attendance and €1,500 in case of videoconference,
  - for the other committees, €2,000 in case of physical attendance and €1,000 in case of videoconference;
- a maximum of €15,000 could be granted to Directors who handled a specific mission during the year.

(1) *Upon recommendation from the Remunerations Committee of February 18, 2019, the Board of Directors decided to amend the peer group's composition (i) to delete Dassault Systèmes, Hexagon AB, Ingenico group, Publicis groupe SA, Vivendi and Wolters Kluwer NV and (ii) to add Arnoldo Mondadori Editore SpA, Cineworld group Plc, Mediaset SPA, Millicom International Cellular SA, Prosiebensat.1 Media SA.*

It is to be noted that:

- there will be no payment of fees for meetings lasting under one hour;
- no fees will be paid to the Chief Executive Officer and to Employee Directors;
- all attendance fees are a maximum which could be reduced in case of a high number of meetings in order to respect the envelope of fees granted by the Annual General Meeting.

4.2.1.1.3 Compensation policy for the Chairperson of the Board of Directors

The office of Chairperson being separated from that of Chief Executive Officer, the compensation of the Chairperson will consist of the following items:

Fixed compensation | **Director's fees** | **Benefit in kind**

(in compliance with the rules applicable to all Directors of the Company except the CEO and the Employee Director)

The Board of Directors has chosen to compensate its Chairperson solely *via* the grant of a fixed compensation and Directors' fees, in order to guarantee her total independence in the exercise of his duties. The Chairperson of the Board will not be awarded any annual or multi-annual variable compensation and stock options or performance shares, nor will she benefit from any commitment in the event of termination of her duties.

- **The fixed compensation** will aim at adequately remunerating her specific involvement as Chairperson of the Board. Upon recommendation by the Remunerations Committee, the Board of Directors decided to set the fixed compensation at €150,000 in consideration of the extended scope of his responsibilities (see Article 2.5 of the Internal Board Regulations, available on sub-section 4.1.4: "Internal Board Regulations" above).
- **Directors' fees** will be due as for all other Directors. As a reminder, the rules governing the allotment of the Directors' fees include a significant variable portion in line with the AFEP-MEDEF Corporate Governance Code (see sub-section 4.2.1.1.2: "Compensation policy for the Directors" hereafter).

These two items were determined after benchmarking the proposed compensation policy with those of the non-executive independent Chairpersons of the peer group detailed above in point 4.2.1.1.1 "General principles for Corporate Officers' compensation".

The Board of Directors may decide to grant to the Chairperson of the Board a benefit in kind relating to transportation (car allowance or similar benefit).

4.2.1.1.4 Compensation policy for the Chief Executive Officer

Compensation items of the Chief Executive Officer during his term of office

Fixed compensation

The Chief Executive Officer benefits from a fixed annual compensation which is determined by taking into account the level and complexity of his responsibilities, his experience in similar positions and market practices for comparable companies.

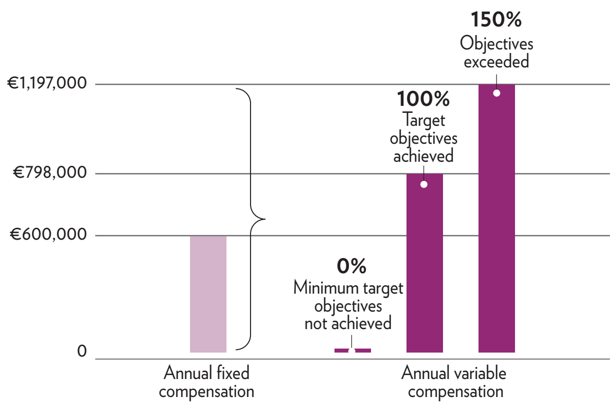
The Board of Directors reviews the amount of the fixed compensation at relatively long intervals. However, should it be decided to revise the fixed compensation, the rationale for such revision would be clearly disclosed to shareholders.

The Chief Executive Officer's fixed annual compensation will be €600,000 payable in 12 monthly installments.

Annual variable compensation

The Chief Executive Officer is entitled to an annual variable compensation for which the Board of Directors, upon recommendation by the Remunerations Committee, defines each year performance objectives that are diverse and challenging, precise and pre-set, allowing for a comprehensive performance analysis, aligned with shareholders' interests.

The variable compensation is subject to the achievement of minimum targets with respect to the financial objectives set by the Board each year. The same minimum targets are applicable to all Group employees benefiting from the variable compensation plan.

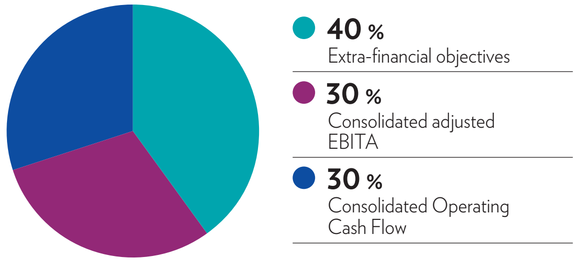


Subject to the achievement of the performance objectives, the annual variable compensation will amount to:

- €0 in case of non-achievement of the objectives;
- a target bonus of €798,000 in case of achievement of 100% of the objectives (representing 133.33% of is fixed compensation);
- up to 150% of the target bonus in case of overachievement of the objectives (*i.e.* €1,197,000 representing 199.5% of his fixed compensation).

The Board of Directors defined the performance objectives for the Chief Executive Officer's 2020 variable compensation as follows:

- **Financial objectives** (accounting for 60% of the amount of the target bonus):
  - a consolidated adjusted EBITA objective accounting for 30% of the target bonus:
    - if the consolidated adjusted EBITA does not amount to a minimum objective set by the Board of Directors, no compensation will be paid in respect of that objective;
    - if the consolidated adjusted EBITA amounts to a target objective set by the Board of Directors, 100% of the target bonus will be paid in respect of that objective;
    - if the consolidated adjusted EBITA exceeds this target objective, the compensation paid in respect of that objective could be up to 150% of the target bonus;
  - a consolidated Operating Cash Flow objective accounting for 30% of the amount of the target bonus:
    - if the consolidated Operating Cash Flow does not amount to a minimum objective set by the Board of Director, no compensation will be paid in respect of that objective;
    - if the consolidated Operating Cash Flow amounts to a target objective set by the Board of Directors, 100% of the target bonus will be paid in respect of that objective;
    - if the consolidated Operating Cash Flow exceeds this target objective, the compensation paid in respect of that objective could be up to 150% of the target bonus.
- **Extra-financial objectives** (the fulfillment of each of the four extra-financial objectives accounting together for 40% of the amount of the target bonus will be assessed by the Board of Directors and, in case of overachievement, an amount of up to 150% of the target bonus will be paid in respect of these objectives):
  - 10% of the target bonus will depend upon the successful completion of the capital increase authorized by the Shareholders' Meeting on March 23, 2020 in its 5th resolution;
  - 10% of the target bonus will depend upon a strategic objective involving to provide the Board options for delivering against the Group strategy and demonstrate continued tactical progress (*i.e.* aligned to long-term plans) for each of the 3 businesses;
  - 10% of the target bonus will depend upon an objective relating to Talent management to ensure that the transformation is driven through (strengthen and renew the leadership team, reorganize and simplify group structure, inspire and motivate the workforce (People survey), retain key talents, present talent and succession planning action plan);
  - 10% of the target bonus will depend upon an objective of promotion of diversity across the organisation.



The financial objectives are performance indicators used by the Group in its financial communication.

These financial objectives are also those used for determining the variable compensation of all Group employees who receive such compensation.

Payment to the Chief Executive Officer of his variable compensation will be subject to approval of his compensation package by the shareholders at the Annual General Meeting, in accordance with Article L. 225-100 of the French Commercial Code.

<u>Benefits in kind</u>

The Chief Executive Officer will enjoy benefits in kind which are usual (mandatory pension scheme benefitting all Group personnel, health insurance and disability coverage, Directors and officers' liability insurance) and benefits consistent with the policies applied within the Group for senior manager expatriation and mobility (advisors' fees).

<u>Equity based compensation</u>

Long-term incentive compensation

As other senior executives of the Group, the Chief Executive Officer will be entitled to benefit from a Long-Term Management Incentive Plan aimed at involving employees in the Group's performance and development, within the framework of the Group strategic plan. Such plan allows to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talents is a key factor to success.

The Long-Term Management Incentive Plan will be based on the grant of performance shares or stock options or other equity instruments. Such plan will be subject to the following challenging performance conditions:

- ***Internal Financial Performance Conditions:*** 50% of the equity instrument granted will be subject to an consolidated adjusted EBITA objective assessed over a three-year (3) period. The Board of Directors will determine:
  - a target cumulative consolidated adjusted EBITA objective that the Company has to achieve over a three-year (3) period in order to vest all instrument (50%) under this condition;
  - a minimum cumulative consolidated adjusted EBITA threshold under which there will be no vesting if the Company does not exceed the threshold; and

- there will be a vesting on a progressive linear basis if the cumulative consolidated adjusted EBITA achievement over a three-year (3) period is between the minimum cumulative threshold and the target cumulative objective.
- ***External Financial Performance Condition:*** 50% of the equity instrument granted will be subject to aTotal Shareholder Return (TSR) Performance Condition assessed over a three-year (3) period. The Board of Directors will determine:
  - a target achievement level under which 50% of the instrument granted will vest;
  - a minimum achievement level under which there will be no vesting;
  - between the minimum achievement level and the target achievement level, the number of instrument to be vested will vary on a linear basis.

It is specified that:

- the Board of Directors shall review whether the performance conditions determined upon grant are achieved;
- these performance conditions should be assessed over a minimum period of three years;
- the vesting of such instrument should be subject to the CEO's continued employment in the Group (the CEO must not leave the Group before the expiration of the vesting period, except in certain early exit situations provided for by law and other customary exceptions approved by the Board).

In addition to these principles, the Board of Directors decided that:

- the long-term instruments which could be granted under a Long-Term Incentive Plan, valued in accordance with IFRS standards, should not represent a disproportionate percentage of the Chief Executive Officer's overall compensation (not more than 150% of his fixed and targeted variable compensations);
- the award to the Chief Executive Officer should also not represent an excessive portion of the total Plan (maximum 15% of the total allocation);
- the Chief Executive Officer should formally undertake not to use hedging instruments for the duration of the lock-up period. The sale of the shares definitively vested to the Chief Executive Officer is not possible during black-out periods, in accordance with applicable legal and regulatory provisions and Group procedures;
- should the Chief Executive Officer leave the Company and keep his rights to long-term instruments previously granted, the number of instruments to be delivered would remain subject to performance conditions and would be strictly *pro-rata* to the number of days elapsed from the date of the grant to his departure date, as compared to the total duration of the plan;
- in accordance with applicable law and Group procedures, the Chief Executive Officer must hold a significant and increasing number of shares and is required to hold in registered form and for as long as he remains in office, 20% of the shares that he acquires under such plans at the end of the vesting period.

Incentive & Investment Plan

The Board intends to put in place a one-off Incentive & Investment Plan based on a significant personal financial investment of the Chief Executive Officer who would invest personaly in Technicolor's Shares and would undertake to keep this investment for a certain period. In this context, the Board of Directors could grant him a certain number of Additional Performance Shares. Other key members of the senior management would also benefit from this plan.

The Board intends to encourage and promote personal investments and equity ownership from senior executives in Technicolor's share capital. The main objective is to ensure that the CEO and other senior executives are fully commmitted to the Group's transformation and long-term strategy while aligning them with shareholders' interests. To this end, selected senior executives may benefit from the grant of Additional Performance Shares that would be subject to the following challenging performance conditions:

- ***Internal Financial Performance Condition:*** 50% of the Additional Performance Shares granted will be subject to a consolidated adjusted EBITA objective assessed over a two-year (2) period. The Board of Directors will determine:
  - a target cumulative consolidated adjusted EBITA objective that the Company has to achieve over a two-year (2) period in order to vest all Additional Performance Shares (50%) under this condition;
  - a minimum cumulative consolidated adjusted EBITA threshold under which there will be no vesting if the Company does not exceed the threshold; and
  - there will be a vesting on a progressive linear basis if the cumulative consolidated adjusted EBITA achievement over a two-year (2) period is between the minimum cumulative threshold and the target cumulative objective.
- ***External Financial Performance Condition:*** 50% of the Additional Performance Shares granted will be subject to a Total Shareholder Return (TSR) Performance Condition assessed over a two-year (2) period. The Board of Directors will determine:
  - a target achievement level under which 50% of the Additional Performance Shares granted will vest;
  - a minimum achievement level under which there will be no vesting;
  - between the minimum achievement level and the target achievement level, the number of Additional Performance Shares to be vested will vary on a linear basis.

It is specified that:

- the Board of Directors should acknowledge that the performance conditions determined upon grant have been achieved;
- these performance conditions should be assessed over a minimum period of two years;
- the vesting of Additional Performance Shares should be subject to the CEO's continued employment in the Group (the CEO must not leave the Group before the expiration of the vesting period, except in certain early exit situations provided for by law and other customary exceptions approved by the Board).

In addition to these principles, the Board of Directors decided that:

- the grant of Additional Performance Shares to each beneficiary shall not represent more than three times of the amount invested by them in Technicolor Shares, the Board of Directors fixing discretionnary the individual ratio applicable for each member of the senior management eligible;

- the Additionnal Performance Shares which could be granted to the Chief Executive Officer under the Incentive & Investment Plan, valued in accordance with IFRS standards, should not represent more than 220% of both his fixed and target variable compensations;
- the award to the Chief Executive Officer should also not represent an excessive portion of the total Plan (maximum 60% of the total allocation as authorized by the Shareholders Meting);
- the Chief Executive Officer should formally undertake not to use hedging instruments for the duration of the lock-up period. The sale of the shares definitively vested to the Chief Executive Officer is not possible during black-out periods, in accordance with applicable legal and regulatory provisions and Group procedures;
- should the Chief Executive Officer leave the Company and keep his rights to the Additional Performance Shares previously granted, the number of Additional Performance Shares to be delivered would remain subject to performance conditions and would be strictly *pro-rata* to the number of days elapsed from the date of the grant to his departure date, as compared to the total duration of the plan;
- in accordance with applicable law and Group procedures, the Chief Executive Officer must hold a significant and increasing number of shares and is required to hold in registered form and for as long as he remains in office, 20% of the shares that he acquires under such plans at the end of the vesting period.

Directors' compensation

The Chief Executive Officer does not receive compensation in his capacity as a Director.

Compensation items of the Chief Executive Officer upon leaving office

Severance indemnity and non-compete indemnity

The Chief Executive Officer will not benefit from a severance indemnity nor a non-compete indemnity.

Impact of the Chief Executive Officer's departure on long-term compensation

If the Chief Executive Officer left the Group before the expiration of the vesting period, he would forfeit his rights to the long-term compensation.

By exception, the Chief Executive Officer will keep his rights to part of the shares granted in the event of death, disability, leaving on retirement and termination of office at the initiative of the Company without cause and other customary exceptions approved by the Board. In these events, subject to the achievement of the performance conditions, the number of shares to be delivered will be pro-rated by the number of days elapsed from the date of the plan to the date of such event, as compared to the total duration of the plan.

Supplementary pension plan

The Chief Executive Officer does not benefit from any supplementary pension plan.

Compensation items of the Chief Executive Officer on taking up of his office

Should a new outside Chief Executive Officer be hired, the Board of Directors may decide, upon recommendation from the Remunerations Committee, to compensate the appointee for some or all of the benefits he may have forfeited on leaving his previous employer. In that case, the terms on which the Chief Executive Officer would be hired would aim at replicating the compensation that was forfeited, with a comparable level of risk (variable portion, medium-term equity-based or cash compensation). The new Chief Executive Officer would then be paid in accordance with the compensation policy set forth above.

In this case, Technicolor would release, at the time it is set, the amount and information relating to such indemnity.

4.2.1.2 COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

GRI *[102-35] [102-37] [201-3]*

4.2.1.2.1 Compensation and benefits of Ms. Anne Bouverot, Chairperson since June 2019

Ms. Anne Bouverot, who was appointed Chairperson of the Board of Directors with effect on June 14, 2019, is also Chairperson of the Strategy Committee and member of the Nominations & Governance Committee.

Ms. Bouverot's compensation as Chairperson of the Board was set by the Board of Directors on June 14, 2019 and is composed of a fixed compensation and Directors' fees.

Pursuant to a decision of the Board of Directors on October 24, 2013, the Chairperson is bound by a minimum investment requirement in Technicolor shares. This requirement is for a number of shares equal to investing one year's average Directors' fees over a three-year term of office, or around €90,000 as of the date of the Board's decision. This number of shares is doubled in the event of a renewal of his term. As of the date hereof, Ms. Bouverot holds 50,000 shares.

In accordance with Article L. 225-100 of the French Commercial Code, the Company will submit to the shareholders' vote the following compensation items paid during or granted to Ms. Bouverot for the last fiscal year (resolution to be approved by the shareholders at the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2019).

Compensation items paid or granted to Ms. Anne Bouverot for fiscal year 2019

	Gross amounts	Comments
FIXED COMPENSATION	**€81,875**	Ms. Bouverot's fixed compensation, set at €150,000 per year, adequately remunerates her involvement as Chairperson of the Board and takes into consideration the extended scope of her responsibilities. For 2019, her fixed compensation was pro-rated to the duration of her term as Chairperson (since June 14, 2019).
DIRECTORS' FEES	**€49,667**	Ms. Bouverot received Directors' fees as for all other Directors for a total of €49,667, following the same allocation rules as any other Director, *i.e.*: • a fixed amount of €16,250; • a fixed amount of €5,417 for the Chairpersonship of the Strategy Committee; • a variable amount depending on her attendance at Board and Committee meetings, set at €4,000 per Board meeting and €2,000 per meeting of the Nominations & Governance Committee and of the Strategy Committee, in a total amount of €18,000; and • a Directors' fee of €10,000 for participation to strategy meetings.

For 2019, Ms. Bouverot was not awarded nor did she benefit from the following: annual or multi-annual variable compensation, exceptional compensation, stock options, performance shares or other long-term instrument, welcome bonus, severance pay, non-compete indemnity, supplemental retirement plan or benefit in kind.

She is not linked to the Company, nor to any other company of the Group, by an employment contract, nor is she an officer of any other company of the Group.

TABLE SUMMARIZING THE COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO MS. ANNE BOUVEROT (TABLE NO. 1 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

(in euros)	2018	2019
Compensation due	N/A	131,542
Value of options granted	N/A	N/A
Value of performance shares granted	N/A	N/A
Value of other long-term compensation plans	N/A	N/A
TOTAL	**N/A**	**131,542**

TABLE SUMMARIZING THE COMPENSATION OF MS. ANNE BOUVEROT (TABLE NO. 2 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	2018		2019	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed	N/A	N/A	81,875(1)	81,875(1)
Variable	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	49,667(2)	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**131,542**	**81,875**

(1) Fixed compensation for 2019 was pro-rated to take into account the fact that she was appointed in the course of the year.
(2) Amount of Directors' fees paid in 2020 for 2019.

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TABLE SUMMARIZING THE BENEFITS AWARDED TO MS. ANNE BOUVEROT (TABLE 11 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Employment Contract		Supplementary pension plan		Indemnifications or benefits due or likely to be due as a result of termination or change of position		Indemnifications relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X		X		X

4.2.1.2.2 Compensation and benefits of Mr. Bruce Hack, Chairperson until June 2019

Mr. Bruce Hack who was Chairperson of the Board of Directors until June 14, 2019, was also Chairperson of the Strategy Committee and a member of the Nominations & Governance Committee.

Mr. Hack's compensation as Chairperson of the Board was set by the Board of Directors on April 26, 2017 and was composed of a fixed compensation and Directors' fees.

In accordance with Article L. 225-100 of the French Commercial Code, the Company will submit to the shareholders' vote the following compensation items paid during or granted to Mr. Bruce Hack for the last fiscal year (resolution to be approved by the shareholders at the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2019).

Compensation items paid or granted to Mr. Bruce Hack for fiscal year 2019

	Gross amounts	Comments
FIXED COMPENSATION	**€68,125**	Mr. Hack's fixed compensation, set at €150,000, adequately remunerates his involvement as Chairperson of the Board and takes into consideration the extended scope of his responsibilities. For 2019, his fixed compensation was pro-rated to the duration of his term as Chairperson (until June 14, 2019).
DIRECTORS' FEES	**€28,833**	Mr. Hack received Directors' fees as for all other Directors for a total of €28,833, following the same allocation rules as any other Director, *i.e.:* • a fixed amount of €13,750; • a fixed amount of €4,583 for the Chairpersonship of the Strategy Committee; and • a variable amount depending on his attendance at Board and Committee meetings, set at €4,000 per Board meeting and €2,000 per meeting of the Nominations & Governance Committee and of the Strategy Committee, in a total amount of €10,500.

For 2019, Mr. Bruce Hack was not awarded nor did he benefit from the following: annual or multi-annual variable compensation, exceptional compensation, stock options, performance shares or other long-term instrument, welcome bonus, severance pay, non-compete indemnity, supplemental retirement plan or benefit in kind.

He was not linked to the Company, nor to any other company of the Group, by an employment contract, nor was he an officer of any other company of the Group.

TABLE SUMMARIZING THE COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO MR. BRUCE HACK (TABLE NO. 1 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

(in euros)	2018	2019
Compensation due	239,000	96,958
Value of options granted	N/A	N/A
Value of performance shares granted	N/A	N/A
Value of other long-term compensation plans	N/A	N/A
TOTAL	**239,000**	**96,958**

TABLE SUMMARIZING THE COMPENSATION OF MR. BRUCE HACK (TABLE NO. 2 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	2018		2019	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed	150,000	125,000(1)	68,125	150,000
Variable	N/A	N/A	N/A	N/A
Directors' fees	89,000(2)	103,000(3)	28,833(4)	89,000(2)
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**239,000**	**228,000**	**96,958**	**239,000**

(1) For the year 2017, the fixed compensation of €150,000 was pro-rated to €125,000 to take into account the fact that he was appointed in the course of the year.
(2) Amount of Directors' fees paid in 2019 for 2018.
(3) Amount of Directors' fees paid in 2018 for 2017.
(4) Amount of Directors' fees paid in 2020 for 2019.

TABLE SUMMARIZING THE BENEFITS AWARDED TO MR. BRUCE HACK (TABLE 11 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Employment Contract		Supplementary pension plan		Indemnifications or benefits due or likely to be due as a result of termination or change of position		Indemnifications relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X		X		X

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4.2.1.2.3 Compensation and benefits of Mr. Richard Moat, Chief Executive Officer since November 2019

Mr. Richard Moat is Chief Executive Officer of the Company since November 5, 2019.

Pursuant to a decision by the Board of Directors on October 24, 2013, Mr. Moat is bound by a minimum investment requirement in Technicolor shares. This obligation is for a number of shares equal to investing one year's average Directors' fees over a three-year term of office, or around €90,000 as of the date of the Board's decision, which is doubled in the event of a renewal of his term.

In accordance with Article L. 225-100 of the French Commercial Code, the Company will submit to the shareholders' vote the following compensation items paid during or granted to Mr. Richard Moat for the last fiscal year (resolution to be approved by the shareholders at the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2019).

Compensation items paid or granted to Mr. Richard Moat for fiscal year 2019

	Gross amounts	Comments
FIXED COMPENSATION	**€95,238**	Mr. Moat's total fixed compensation for his position as Chief Executive Officer, is set at €600,000 payable in 12 monthly installments, by a decision of the Board on November 5, 2019. For 2019, his fixed compensation was pro-rated to the duration of his term as Chief Executive Officer (since November 5, 2019).
ANNUAL VARIABLE COMPENSATION	**€124,133**	For 2019, Mr. Moat will exceptionally benefit from a *pro-rata* annual target variable compensation which will not be subject to performance objectives since his appointment took place in the last quarter of the year. This decision was made by the Board of Directors considering the work done by Mr. Richard Moat during these first months of office including the launch of a new 2020-2022 Strategic Plan supported by a comprehensive strengthening of the capital structure as announced on February 13, 2020. Payment to the CEO of the variable compensation is subject to approval by the shareholders at the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2019 of his compensation package, in accordance with Article L. 225-100 of the French Commercial Code.
PERFORMANCE SHARES	€0 No shares	Mr. Moat was not awarded any performance share or stock option in 2019.
SEVERANCE PACKAGE	No payment	Mr. Moat does not benefit from a severance package.
NON- COMPETE INDEMNITY	No payment	Mr. Moat does not benefit from a non-compete package.
BENEFITS IN KIND		None

For 2019, Mr. Moat was not awarded nor did he benefit from director's fee, multi-annual variable compensation, exceptional compensation, performance shares, stock options, welcome bonus, supplemental retirement plan or Directors' fees.

Employer contributions paid by the Group's companies in respect of Mr. Richard Moat's compensation amounted to €40,022 in 2019.

TABLE SUMMARIZING THE COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO MR. RICHARD MOAT (TABLE NO. 1 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Gross amounts *(in euros)*	**2018**	**2019**
Compensation due	N/A	219,371
Value of options granted	N/A	N/A
Value of performance shares granted	N/A	N/A
Value of other long-term compensation plans	N/A	N/A
TOTAL	**N/A**	**219,371**

TABLE SUMMARIZING THE COMPENSATION OF MR. RICHARD MOAT (TABLE NO. 2 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	2018		**2019**	
Gross amounts *(in euros)*	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed	N/A	N/A	95,238	95,238
Annual variable	N/A	N/A	124,133	N/A
Multi-annual variable	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**219,371**	**95,238**

SUMMARY OF THE COMPENSATION OF MR. RICHARD MOAT

	2018	2019
	Amounts due	Amounts due
Fixed	N/A	95,238
Variable	N/A	124,133
Directors' fees	N/A	N/A
Benefits in kind	N/A	N/A
Multi-annual variable	N/A	N/A
TOTAL	**N/A**	**219,371**
Performance shares (LTIP): number of performance shares granted	N/A	N/A
Value of the shares on the grant date	N/A	N/A

STOCK OPTIONS GRANTED TO MR. RICHARD MOAT DURING 2019 (TABLE NO. 4 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the plan	Nature of options	Valuation of the options	Number of options	Exercise price	Exercise period
None	None	None	None	None	None

Mr. Moat was not granted any stock options during the course of the 2019 fiscal year.

STOCK OPTIONS EXERCISED BY MR. RICHARD MOAT DURING 2019 (TABLE NO. 4 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the Plan	Number of options exercised during the fiscal year	Exercise price
None	None	None

PERFORMANCE SHARES GRANTED TO MR. RICHARD MOAT DURING 2019 (TABLE NO. 6 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the Plan	Number of shares granted during the year	Valuation of the shares	Acquisition date	Availability date	Performance conditions
None	None	None	None	None	None

PERFORMANCE SHARES GRANTED TO MR. RICHARD MOAT THAT HAVE BECOME AVAILABLE IN 2019 (TABLE NO. 7 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Performance shares that became available in 2019	Number of performance shares
None	None

Tables 8 and 9 of the Annex 4 to the AFEP-MEDEF Corporate Governance Code are included in sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document.

SUMMARY OF THE BENEFITS AWARDED TO MR. RICHARD MOAT (TABLE NO. 11 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Employment Contract		Supplementary pension plan		Indemnifications or benefits due or likely to be due as a result of termination or change of position		Indemnifications relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X		X		X

4.2.1.2.4 Compensation and benefits of Mr. Frédéric Rose, Chief Executive Officer until November 2019

Mr. Frédéric Rose was Chief Executive Officer of the Company since September 1, 2008 and until November 5, 2019.

In agreement with the Board of Directors, Mr. Frédéric Rose had been performing, since 2015, a large part of his duties in the United States and the United Kingdom. Thus, in addition to his position as Chief Executive Officer of the Company, Mr. Rose held the following positions:

- President of Technicolor USA, Inc., the Group's holding company in the United States; and
- Chairperson of Technicolor Limited (UK), holding company for the Group in the UK.

These positions were positions of leadership and supervision of the Group's operations in the United States and in the United Kingdom. They were tied to his term of office as Chief Executive Officer and ceased with such term. He did not receive any Directors' fees for his terms held in Group companies.

In accordance with Article L. 225-100 of the French Commercial Code, the Company will submit to the shareholders' vote the following compensation items paid during or granted to Mr. Frédéric Rose for the last fiscal year (resolution to be approved by the shareholders at the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2019).

Compensation items paid or granted to Mr. Frédéric Rose for fiscal year 2019

	Gross amounts	Comments
FIXED COMPENSATION	**€866,634**(1) (for reference, **€1,022,402**(2) in 2018)	Mr. Rose's total fixed compensation for his position as Chief Executive Officer, initially determined by a decision of the Board on March 9, 2009, was revised by the Board of Directors on July 25, 2013. It has not been reviewed since. At its meeting of April 22, 2015, the Board of Directors resolved to proceed with a partial conversion of this compensation into U.S. dollars and pounds sterling, due to the relocation of Mr. Rose's activities, on the basis of the average exchange rates over the second half of 2014. Since July 1, 2015, the fixed compensation of Mr. Rose has thus been paid in part in each one of the following currencies, *prorata* to the time dedicated to each one of his offices within the Group's companies: euros, U.S. dollars and pounds sterling. For 2019, the fixed portion of his compensation was paid in part in euros, U.S. dollars and pounds sterling as for previous years and was pro-rated to his duration of office (*i.e.* until November 5, 2019):

	Euros	Pounds Sterling	U.S. Dollars
Distribution keys:	20%	40%	40%
For his position held at:	Technicolor SA	Technicolor Limited (UK)	Technicolor USA, Inc.
Annual amount:	€200,000.00	£317,000.00	$516,800.00
Amounts paid for 2019:	€169,444.38	£267,824.39	$439,280.15

(1) *The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.*

(2) *Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rate for 2019.*

	Gross amounts	Comments

ANNUAL VARIABLE COMPENSATION	**€483,235**(1)
	(for reference, **€382,378**(2) in 2018)
		The variable compensation of Mr. Rose depended upon the achievement of objectives which were precisely defined and determined according to the results of the Group after the close of the fiscal year. The variable compensation amounted to 100% of the annual gross fixed compensation if the target objectives were achieved, and up to 150% if the target objectives were exceeded. It was paid in euros, U.S. dollars and pounds sterling according to the same distribution key as the fixed compensation.
		The variable portion of Mr. Rose's compensation for 2019 was subject to the following performance objectives:
		• a consolidated adjusted EBITDA target accounting for 20% of the target bonus:
		  • if the consolidated adjusted EBITDA does not amount to at least €206 million, no compensation would be paid in respect of that objective,
		  • if the consolidated adjusted EBITDA amounts to €226 million, 100% of the compensation would be paid in respect of that objective,
		  • if the consolidated adjusted EBITDA exceeds €246 million, the compensation paid in respect of that objective could be up to 150% of the target compensation;
		• a consolidated adjusted EBITA target accounting for 20% of the target bonus:
		  • if the consolidated adjusted EBITA does not amount to at least €20 million, no compensation would be paid in respect of that objective,
		  • if the consolidated adjusted EBITA amounts to €40 million, 100% of the target compensation would be paid in respect of that objective,
		  • if the consolidated adjusted EBITA exceeds €60 million, the compensation paid in respect of that objective could be up to 150% of the target compensation;
		• a consolidated Free Cash Flow objective accounting for 40% of the amount of the target bonus:
		  • if the consolidated Free Cash Flow does not amount to at least €(22) million, no compensation would be paid in respect of that objective,
		  • if the consolidated Free Cash Flow amounts to €0 million, 100% of the target compensation would be paid in respect of that objective,
		  • if the consolidated Free Cash Flow exceeds €20 million, the compensation paid in respect of that objective could be up to 150% of the target compensation;
		• a qualitative objective, the fulfillment of which was assessed by the Board of Directors, accounting for 20% of the amount of the target bonus which was linked:
		  • for 5% to Gender diversity: implementation of programs to ensure gender equality and the promotion of diversity,
		  • for 5% to Cybersecurity: maintaining of information security management system efficiency, to ensure the protection of information, content, systems and data,
		  • for 10% to a Strategic objective: continued transformation of Technicolor with a focus on strengthening Production Services.
		The quantifiable objectives are the performance indicators set out by the Group in its financial communication. They are also those used for determining the variable compensation of all Group employees who receive this type of compensation.
		The Board of Directors decided on December 20, 2019 that Mr. Rose would be entitled to keep his right to his 2019 variable compensation for the time he was CEO of Technicolor which would be pro-rated to the duration of his office (*i.e.* until November 5, 2019).
		On February 18, 2020, the Board of Directors reviewed the performance of Mr. Rose for 2019(3):
		• as the consolidated adjusted EBITDA amounted to €244 million, the consolidated adjusted EBITDA objective was achieved with a grade of 1.463 (on a scale of 0 to 1.5);
		• as the consolidated adjusted EBITA amounted to €36 million, the consolidated adjusted EBITA objective was partially achieved with a grade of 0.825 (on a scale of 0 to 1.5);
		• as the consolidated Free Cash Flow amounted to €(161) million, the consolidated Free Cash Flow objective was not achieved;
		with regard to the qualitative objective, the Board, considered inter alia that:
		(i) the criterion related to gender diversity was achieved considering the implementation and monitoring of awareness tool (salary gap, promotion per gender, *etc.*), the number of women in the Management Committee and the improvement of several indicators such as training gap between men and women, percentage of women in top 200, hiring rate of women, *etc.*;
		(ii) the criterion related to cybersecurity was achieved considering the progress of the Cybersecurity program and the improvement of metrics such as training, implementation of new tools, completion of third party assessment, *etc.*;

(1) The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.

(2) Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rate for 2019.

(3) Figures calculated at budget rate (EUR = 1,15 USD) and excluded IFRS 16 (see note 3.1 of the consolidated financial statements for the fiscal year ended December 31, 2019).

	Gross amounts	Comments
ANNUAL VARIABLE COMPENSATION	**€483,235**[(1)] (for reference, **€382,378**[(2)] in 2018)	(iii) the criterion linked to strategy was not achieved. Thus, the qualitative objective was partially achieved with a grade of 0.5 (on a scale of 0 to 1.5). The overall achievement rate of Mr. Rose's objectives for 2019 is thus 55,76% and his variable compensation amounts to €483,235 on a pro-rata basis (after conversion into euros at the reference exchange rates). Payment to the CEO of the variable compensation is subject to approval by the shareholders at the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2019 of his compensation package, in accordance with Article L. 225-100 of the French Commercial Code. It is reminded that an amount of 382,378[(2)] was paid in 2019 to Mr. Frédéric Rose for his variale compensation due for the fiscal year 2018 after its approval by the Shareholders' Meeting on June 14, 2019 (cf. p. 109 of the 2018 Registration document).

Annual variable compensation of Mr. Frédéric Rose (2019 fiscal year)[(1)]

	2019						
	Rules set at the beginning of the fiscal year				Appraisal by the Board		Reminder: 2018
	Target amount		Maximum amount				
	As % of fixed compen-sation	Pro-rata target amount *(in euros)*	As % of fixed compen-sation	Pro-rata maximum amount *(in euros)*	Achieved	Pro-rata corres-ponding amount *(in euros)*	Achieved
EBITDA objective	20%	€173,327	30%	€259,990	29.26%	€253,577	26.40%
EBITA objective	20%	€173,327	30%	€259,990	16.50%	€142,995	N/A
Free Cash Flow objective	40%	€346,654	60%	€519,980	0.00%	€0	0.00%
Qualitative objective	20%	€173,327	30%	€259,990	10.00%	€86,663	11%
Total variable	**100%**	**€866,634**	**150%**	**€1,299,951**	**55.76%**		**37.40%**
Annual variable compensation *(in euros)*						€483,235	€382,378[(2)]

(1) The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$ 1.12058 for €1.
(2) Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rates for 2019.

	Gross amounts	Comments
PERFORMANCE SHARES	**€0** **No shares**	Mr. Rose was not awarded any performance share or stock option in 2019. For more details on all Long-Term Incentive Plans, see sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document.

(1) The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.
(2) Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rate for 2019.

	Gross amounts	Comments

SEVERANCE PACKAGE	**No payment**	In the event of his dismissal from the position of Chief Executive Officer, except in cases of serious or gross misconduct, Mr. Rose was entitled to receive an indemnity which was compliant with the AFEP-MEDEF Corporate Governance Code and the provisions of Article L. 225-42-1 of the French Commercial Code, according to the following principles.
		• The indemnity would amount to a maximum of 15 months of his fixed and variable compensation, determined on the basis of a fixed compensation of €800,000 and variable compensation of €800,000 (corresponding to his fixed and variable compensation prior to the amendment of July 2013). The compensation elements other than the annual fixed and variable compensation, and in particular, the Long-Term Incentive Plans, would not be taken into account in the determination of the indemnity.
		• The indemnity would be determined and paid in euros, according to the principles determined by the Board of Directors on July 23, 2008 and March 9, 2009, without taking into account the splitting into currencies in effect after.
		• The payment of the indemnity would be subject to compliance with the performance conditions over a three-year period as determined annually by the Board of Directors which were the same as those used for Mr. Rose's annual variable compensation:
		  • half of the indemnity payment is subject to the achievement of a consolidated EBITDA target; and
		  • the remaining half is subject to the achievement of a consolidated Free Cash Flow target.
		• The achievement of operational consolidated EBITDA and Free Cash Flow targets would be measured, on the basis of a constant scope of consolidation, by comparison to the average EBITDA and Free Cash Flow targets determined for the three fiscal years prior to the dismissal date:
		  • if at least 80% of either the EBITDA or Free Cash Flow performance target was not achieved, no indemnity would be due;
		  • should the percentage of achievement of either target fall between 80% and 100%, the indemnity would be reduced accordingly.
		This commitment was authorized by the Board of Directors meeting of March 9, 2009 and approved by the Ordinary Shareholders' Meeting on June 16, 2009, in its 9th resolution.
		The Board of Directors reviewed on December 20, 2019 the performance conditions. It noted that they were not satisfied, and that the severance indemnity was therefore not due to Mr. Rose following his departure.

NON-COMPETITION INDEMNITY	**€824,400**	In the event of termination from his duties, Mr. Rose was required, for a period of nine months following termination, not to work, in whatever manner it may be, for the benefit of any entity carrying on operations which are in competition with Technicolor in Europe and/or in the United States, and/or in Asia, in exchange for a monthly indemnity calculated on the basis of his fixed and variable compensation, determined according to the principles applied to the determination of the severance pay. This commitment was authorized by the Board of Directors meeting of July 23, 2008 and modified on March 9, 2009 and was approved by the Ordinary Shareholders' Meeting on June 16, 2009 in its 8th resolution. Therefore, further to the end of office as Chief Executive Officer and in order to protect the Company's interests, Mr. Rose is entitled to receive a non-compete indemnity of €824,400 which will be paid in monthly installments. In 2019, an amount of €167,930.65 was paid, the remaining part of the non-compete indemnity will be paid in 2020.
BENEFITS IN KIND	**€10,108**(1) (for reference, **€11,964**(2) in 2018)	Mr. Rose benefited from a car allowance in the amount of £8,871 for 2019, corresponding to €10,108 on the basis of the reference exchange rate.

(1) The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.

(2) Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rate for 2019.

For 2019, Mr. Frédéric Rose was not awarded nor did he benefit from multi-annual variable compensation, exceptional compensation, performance shares, stock options, welcome bonus, supplemental retirement plan or Directors' fees.

Employer contributions paid by the Group's companies in respect of Mr. Frédéric Rose's compensation amounted to €220,300 in 2019.

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TABLE SUMMARIZING THE COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO MR. FRÉDÉRIC ROSE (TABLE NO. 1 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Gross amounts *(in euros, at comparable exchange rates)*(1)	**2018** *(restated data)*(2)	**2019**
Compensation due	1,416,745	1,359,977
Value of options granted	N/A	N/A
Value of performance shares granted	N/A	N/A
Value of other long-term compensation plans	N/A	N/A
TOTAL	**1,416,745**	**1,359,977**

(1) *The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.*

(2) *Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rates for 2019.*

TABLE SUMMARIZING THE COMPENSATION OF MR. FRÉDÉRIC ROSE (TABLE NO. 2 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	2018 *(restated data)*(2)		**2019**	
Gross amounts *(in euros, at comparable exchange rates)*(1)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed	1,022,402	1,022,402	866,634	866,634
Annual variable	382,378(3)	430,294(4)	483,235(5)	382,378(3)
Multi-annual variable	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	11,964(6)	11,964(6)	10,108(7)	10,108(7)
TOTAL	**1,416,745**	**1,464,660**	**1,359,977**	**1,259,121**

(1) *The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.*

(2) *Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rates for 2019.*

(3) *Variable compensation for 2018, paid in 2019.*

(4) *Variable compensation for 2017, paid in 2018.*

(5) *Variable compensation for 2019, to be paid in 2020 after approval by the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2019.*

(6) *Car allowance in the amount of 10,500, corresponding to €11,964 on the basis of the average exchange rate of fiscal year 2019.*

(7) *Car allowance in the amount of 8,871, corresponding to €10,108 on the basis of the average exchange rate of fiscal year 2019.*

REMINDER

In the 2018 Universal Registration Document, this data was presented as follows (p. 111):

Gross amounts *(in euros, at comparable exchange rates)*[(1)]	2018 Amounts due	2019 Amounts paid
Fixed	995,214	995,214
Annual variable	372,210[(3)]	418,851[(2)]
Multi-annual variable	N/A	N/A
Directors' fees	N/A	N/A
Benefits in kind	11,840[(4)]	10,108[(4)]
TOTAL	**1,379,264**	**1,425,905**

(1) The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2018, i.e. £0.88686 for €1 and U.S.$1.18052 for €1.
(2) Variable compensation for 2017, paid in 2018.
(3) Variable compensation for 2018, paid in 2019.
(4) Car allowance in the amount of £10,500, corresponding to €11,840 on the basis of the average exchange rate of fiscal year 2018.

SUMMARY OF THE COMPENSATION OF MR. FRÉDÉRIC ROSE

	2018[(1)(2)] Amounts due	2019[(1)] Amounts due
Fixed	1,022,402	866,634
Variable	382,378	483,235
Directors' fees	N/A	N/A
Benefits in kind	11,964	10,108
Multi-annual variable	N/A	N/A
TOTAL	**1,416,745**	**1,359,977**
Performance shares (LTIP): number of performance shares granted	N/A	N/A
Value of the shares on the grant date[(3)]	N/A	N/A

(1) The amounts reported are converted into euros, even though they are paid in part in U.S. dollars and in pounds sterling, based on the average exchange rates for 2019, i.e. £0.8776 for €1 and U.S.$1.12058 for €1.
(2) Restated at the exchange rate used for the conversion of the 2018 and 2019 compensation: average exchange rates for 2019.
(3) According to IFRS 2, this valuation is re-estimated at the end of each fiscal year depending on the level of achievement of the performance conditions of the plan.

STOCK OPTIONS GRANTED TO MR. FRÉDÉRIC ROSE DURING 2019 (TABLE NO. 4 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the plan	Nature of options	Valuation of the options	Number of options	Exercise price	Exercise period
None	None	None	None	None	None

Mr. Rose was not granted any stock options during the course of the 2019 fiscal year.

STOCK OPTIONS EXERCISED BY MR. FRÉDÉRIC ROSE DURING 2019 (TABLE NO. 4 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the Plan	Number of options exercised during the fiscal year	Exercise price
May 23, 2013 Plan	None	€3.19

PERFORMANCE SHARES GRANTED TO MR. FRÉDÉRIC ROSE DURING 2019 (TABLE NO. 6 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the Plan	Number of shares granted during the year	Valuation of the shares	Acquisition date	Availability date	Performance conditions
None	None	None	None	None	None

PERFORMANCE SHARES GRANTED TO MR. FRÉDÉRIC ROSE THAT VESTED IN 2019 (TABLE NO. 7 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Performance shares vested in 2019	Number of performance shares
LTIP 2016	0

The Board of Directors also reviewed the performance conditions (three-year EBITDA and Free Cash Flow averages) for the Long-Term Incentive Plan (LTIP 2017) approved by the Board on January 6, 2017.

The Board of Directors of December 20, 2019 decided that Mr. Rose would keep his right to the Performance Shares granted under the LTIP 2017 subject to achievement of the performance conditions set out in the Plan and pro-rated to the duration of his term of office compared to the total duration of the Plan (*i.e.* until November 5, 2019).

The performance conditions were partially met and therefore 160,731 shares will vest to Mr. Rose under that plan (for more details see sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document).

Tables 8 and 9 of the Annex 4 to the AFEP-MEDEF Corporate Governance Code are included in sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document.

SUMMARY OF THE BENEFITS AWARDED TO MR. FRÉDÉRIC ROSE (TABLE NO. 11 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Employment Contract		Supplementary pension plan		Indemnifications or benefits due or likely to be due as a result of termination or change of position		Indemnifications relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X	X		X	

4.2.1.3 DIRECTORS' FEES AND OTHER COMPENSATION

GRI *[102-35] [102-37]*

In accordance with Article L. 225-37 of the French Commercial Code, the principles and rules defined by the Board of Directors to determine Directors' fees granted to Board Members are set out below.

The Remunerations Committee recommends to the Board of Directors the total amount of Directors' fees to be submitted for shareholders' approval at the Annual General Meeting, and their allocation among the Directors. The maximum annual amount of Directors' fees that can be paid to the Directors was set at €850,000 by the Annual General Meeting held on April 29, 2016. The rules governing the allotment of the Directors' fees payable for 2019 are the following:

- a fixed fee of €30,000 for each Director;
- a fee of €4,000 for each meeting of the Board of Directors and an additional Director's fee of €2,500 for each meeting that requires overseas or U.S. Coast to Coast travel;
- a fixed fee of €10,000 for each committee Chairperson;
- a fee of €3,000 for each meeting of the Audit Committee and €2,000 for other committees; and
- an exceptional Directors' fees set at €10,000 per Director involved in the 2019 summer strategic review.

It is to be noted that there is no payment of fees for teleconference meetings or meetings lasting under one hour, nor any fees paid to the current Director representing employees or Mr. Maarten Wildschut in accordance with RWC's policy.

Except for Mr. Richard Moat, Ms. Anne Bouverot, Mr. Frédéric Rose and Mr. Bruce Hack, the Directors received no compensation other than Directors' fees for fiscal year 2019. Except for Mr. Frédéric Rose, the Directors held no offices in other Group companies.

DIRECTORS' FEES AND OTHER COMPENSATION PAID TO DIRECTORS IN 2019 AND 2020 (TABLE NO. 3 OF THE ANNEX 4 OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	Gross amounts due in respect of fiscal year 2018 and paid in 2019		Gross amounts due in respect of fiscal year 2019 and paid in 2020	
Name *(in euros)*	**Directors' fees**	**Other compensation items**	**Directors' fees**	**Other compensation items**
Anne Bouverot	-	-	49,667	81,875(7)
Bpifrance Participations	81,500	-	76,000	-
Xavier Cauchois	-	-	53,667	-
Birgit Conix(1)	28,500	-	-	-
Dominique D'Hinnin	-	-	44,250	-
Yann Debois(2)	-	-	-	-
Ana Garcia Fau	91,000	-	91,000	-
Bruce Hack(3)	89,000	150,000(8)	28,833	68,125(8)
Christine Laurens	-	-	49,750	-
Melinda Mount	98,500	-	119,000	-
Laura Quatela(4)	93,000	-	41,333	-
Hilton Romanski(5)	54,000	-	-	-
Brian Sullivan	-	-	55,750	-
Maarten Wildschut(6)	-		-	-
TOTAL	**535,500**	**150,000**	**609,250**	**150,000**

(1) Ms. Birgit Conix resigned from his office in September 2018.
(2) Mr. Yann Debois is Employee Director since July 2017.
(3) Mr. Bruce Hack's term of office as Director ended in June 2019.
(4) Ms. Laura Quatela's term of office as Director ended in June 2019.
(5) Mr. Hilton Romanski resigned from his office in October 2018.
(6) In compliance with RWC's policy, Mr. Maarten Wildschut does not receive any Directors' fees.
(7) In compliance with the Compensation policy applicable to the Chairperson of the Board, Ms. Anne Bouverot receives a fixed compensation of €150,000. For the year 2019, this fixed compensation was pro-rated to €81,875 to take into account the fact that she was appointed in the course of the year. This amount was paid in 2019.
(8) In compliance with the Compensation policy applicable to the Chairperson of the Board, Mr. Bruce Hack receives a fixed compensation of €150,000. For the year 2019, this fixed compensation was pro-rated to €68,125 to take into account the fact that his term ended in the course of the year.

Cécile Frot-Coutaz who was Board Observer was paid according to the same principles that those apply to Directors (as provided by the Board of Directors Internal Regulations). She received an amount of €38,250 for her participation to the Board of Directors' meetings in 2019.

4.2.2 Pay equity ratio

GRI *[102-38]*

This information is disclosed in accordance with the "PACTE" law, which introduces new transparency requirements on executive pay disclosure. The pay equity ratio is defined as the ratio between the compensation paid to the Company's Corporate Executive Officers and the average and median compensation received by the Company's employees.

The ratios set out below include for each fiscal year:

- the fixed compensation paid;
- the variable compensation paid;
- the performance or restricted shares granted during the same periods, assessed at fair value.

The non-compete indemnity for the former CEO is not included.

This information is based upon Technicolor SA full time equivalent employees.

The performance of the Company is based on the EBITDA Adjusted as used in the annual variable compensation.

EQUITY RATIO – CORPORATE EXECUTIVE OFFICERS

Fiscal year	2015	2016	2017	2018	2019
Chief Executive Officer					
Ratio – average compensation	19.5	32.0	25.6	13.1	12.5
Ratio – median compensation	27.7	50.4	37.8	18.2	17.1
Chairperson of the Board					
Ratio – average compensation	1.2	1.0	1.9	2.4	3.0
Ratio – median compensation	1.7	1.6	2.8	3.4	4.1

Evolution of these ratios over the 5 years of exercise from earliest to latest

Fiscal year	2016/2015	2017/2016	2018/2017	2019/2018
Chief Executive Officer				
Ratio – average compensation	64%	(20)%	(49)%	(4)%
Ratio – median compensation	82%	(25)%	(52)%	(6)%
Chairperson of the Board				
Ratio – average compensation	(14)%	85%	26%	23%
Ratio – median compensation	(4)%	73%	19%	21%

Comparison of paid compensation evolution with financial performance of the Company

Fiscal year	2016/2015	2017/2016	2018/2017	2019/2018
Company Performance	0%	(37)%	(24)%	(10)%
Chief Executive Officer compensation paid	92%	(25)%	(53)%	(6)%
Chairperson of the Board compensation paid	1%	74%	15%	22%

4.2.3 Executive Committee compensation

GRI *[102-35]*

4.2.3.1 EXECUTIVE COMMITTEE COMPENSATION

In 2019, the total compensation paid by the Company and/or companies of the Group to Members of the Executive Committee (including that paid to the CEO) present at December 31, 2019 amounted to €8.2 million for a total of 13 members (excluding charges and including variable components – short-term plans – of €2.7 million, partly calculated on the basis of the 2018 Group financial results).

In 2018, the total compensation paid by the Company and/or other companies of the Group to the Members of the Executive Committee, including the CEO, was €8 million (excluding charges and including a variable component of €2.5 million partly calculated on the basis of the 2017 Group financial results).

The total amount provided for pensions and retirement and other similar benefits granted to the Members of the Executive Committee amounted to €0.32 million in 2019.

4.2.3.2 LOANS AND GUARANTEES GRANTED OR ESTABLISHED FOR THE MEMBERS OF THE EXECUTIVE COMMITTEE

None.

4.2.4 Stock options plans and performance or restricted shares plans

GRI *[102-35] [201-3] [401-2]*

4.2.4.1 STOCK OPTION PLANS

This section constitutes the Board of Directors' report to shareholders made in accordance with Article L. 225-184 of the French Commercial Code, describing the allocation by the Board of Directors of share subscription or purchase options under Articles L. 225-177 to L. 225-186 of the French Commercial Code during fiscal year 2019.

The Shareholders' Meeting of May 23, 2013, in its 15th resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization was valid until July 23, 2016. Options granted under this authorization would not give right to a total number of shares greater than 26,843,507 representing 8% of the share capital at the date of the Shareholders' Meeting held on May 23, 2013.

STOCK OPTION PLANS IN EXISTENCE AS OF DECEMBER 31, 2019 (TABLE NO. 8 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	Plan MIP 2015	Plan MIP 2016	Plan MIP June 2017	Plan MIP October 2017
Date of Shareholders' Meeting	**May 23, 2013**	**May 23, 2013**	**May 23, 2013**	**May 23, 2013**
Date of Board of Directors' meeting	May 23, 2013 June 7, 2013 October 24, 2013 December 18, 2013 March 26, 2014	June 20, 2014 October 21, 2014 April 9, 2015	June 26, 2015	October 19, 2015
Type of options	Subscription			
Number of options initially granted, including: *Number of options granted to Directors and officers*[(1)]:	17,188,000	5,145,000	250,000	1,710,000
Frédéric Rose				
• before adjustments and performance condition review	2,685,000	-	-	-
• after 2015 adjustments[(2)]	2,786,864			-
Number of options granted to the first ten employee beneficiaries – before adjustments and performance condition review when applicable	*4,345,000*	*1,790,000*	*250,000*	*1,310,000*
• after adjustments and performance condition review[(2)]	4,490,875	1,857,913	259,485	1,310,000
Beginning of the exercise period	May 23, 2015	June 20, 2016 October 21, 2016	June 26, 2017	October 19, 2017
Plan life	8 years	8 years	8 years	8 years
Expiration date	May 23, 2021	June 20, 2022 October 21, 2022	June 26, 2023	October 19, 2023
Exercise price at grant time	May 23: €3.31 June 7: €3.31 October 24: €4.07 December 18: €3.81 March 26: €4.70	June 20: €6.00 October 21: €5.10 April 9: €6.05	June 26: €6.10	October 19: €7.11
Exercise period	50%: May 23, 2015	50%: June 20, 2016 October 21, 2016	50%: June 26, 2017	50%: October 19, 2017
	75%: May 23, 2016	75%: June 20, 2017 October 21, 2017	75%: June 26, 2018	75%: October 19, 2018
	100%: May 23, 2017	100%: June 20, 2018 October 21, 2018	100%: June 26, 2019	100%: October 19, 2019
Number of shares subscribed as of December 31, 2019	7,084,221	41,517	-	-
Number of options cancelled since the beginning of the plan	4,401,467	2,091,728	181,640	1,290,000
Number of options cancelled during the 2019 exercise	62,277	275,056	25,949	435,000
Number of outstanding options at the end of the exercise (after adjustment)[(2)]	6,169,401	3,186,485	77,845	420,000
Exercise price (after adjustments)[(2)]	May 23: €3.19 June 7: €3.19 October 24: €3.93 December 18: N/A[(3)] March 26: €4.53	June 20: €5.79 October 21: €4.92 April 9: €5.83	June 26: €5.88	October 19: €7.11

(1) Information provided pursuant to Article L. 225-184 of the French Commercial Code.
(2) November 2015 capital share increase adjustment coefficient: 1,037937866.
(3) All beneficiaries of this attribution have left the Company.

As of December 31, 2019, the total outstanding options under the plans amounted to 9,853,731 subscription options to the benefit of 70 beneficiaries. If all subscription options under the Stock Option Plans mentioned above were exercised, Technicolor's share capital would be composed of 424,314,909 ordinary shares, *i.e.* a 2.38% increase in the number of shares from December 31, 2019.

In accordance with Article L. 225-184 of the French Commercial Code, it is noted that no option was exercised in 2019.

Management Incentive Plans 2017 – MIP June 2017 and MIP October 2017

Upon recommendation by the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of May 23, 2013 in its 15th resolution, granted stock options on June 26, 2015 (MIP June 2017) and October 19, 2015 (MIP October 2017). The table below summarizes the characteristics of both plans (MIP June 2017 and MIP October 2017).

Management Incentive Plans 2017 – MIP June 2017 and MIP October 2017

Shareholders' Meeting authorizing the grants	May 23, 2013 (15th resolution)	
Plan	**MIP June 2017**	**MIP October 2017**
Remunerations Committee recommending the grants	June 26, 2015	October 19, 2015
Board of Directors approving the grants	June 26, 2015	October 19, 2015
Beneficiaries	Additional key contributors promoted or hired since autumn 2014 or coming from the newly acquired companies	
Number of beneficiaries (as of December 31, 2019)	10	
Number of outstanding stock options (as of December 31, 2019)	497,845 representing 0.12% of the share capital(1)	
Exercise price	No discount (€5.88 for MIP June 2017 and €7.11 for MIP October 2017)	
Conditions for exercise	• Performance condition (consolidated Free Cash Flow) • Condition of presence (loss of the right to exercise the option if departure from the Group before the exercise date of the options)	

(1) after the November 17, 2015 share capital increase adjustment.

Characteristics of the MIP

		1st tranche	2nd tranche	3rd tranche
Performance condition		Generation of consolidated Free Cash Flow		
	MIP June 2017	for fiscal year 2016 equal or greater than €100 million	for fiscal year 2017 equal or greater than €75 million	for fiscal year 2018 equal or greater than €100 million
	MIP October 2017	for fiscal year 2016 equal or greater than €240 million	for fiscal year 2017 equal or greater than €260 million	for fiscal year 2018 equal or greater than €320 million
Options becoming exercisable		50% of the options awarded	25% of the options awarded If performance objective for 2016 not achieved: 75% of the options	25% of the options awarded If performance objective for 2016 and/or 2017 not achieved: options that had not become exercisable in 2017 and/or 2018
Review of the level of achievement of the performance condition		Board of Directors of February 22, 2017	Board of Directors of February 21, 2018	Board of Directors of February 27, 2019
Number of options *acquired* at Board date	**MIP June 2017**	51,897	25,948	0
	MIP October 2017	740,000	0	0
Period of exercise	**MIP June 2017**	From June 26, 2017 to June 26, 2023, subject to fulfillment of the presence condition	From June 26, 2018 to June 26, 2023, subject to fulfillment of the presence condition	N/A
	MIP October 2017	From October 19, 2017 to October 19, 2023, subject to fulfillment of the presence condition	N/A	N/A

4.2.4.2 PERFORMANCE OR RESTRICTED SHARE PLANS

This section constitutes the Board of Directors' report to shareholders made in accordance with Article L. 225-197-4 of the French Commercial Code, describing the allocations by the Board of Directors of performance and restricted shares under Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code during fiscal year 2019.

The Shareholders' Meeting of April 29, 2016, in its 28th resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and was valid until June 29, 2018. The shares to be issued pursuant to this authorization shall not represent more than 2% of the share capital on February 29, 2016 (*i.e.* 8,239,744 shares).

Upon recommendation by the Remunerations Committee, on April 29, 2016, the Board of Directors, making use of this authorization, approved the establishment of a Long-Term Incentive Plan designed to retain key Group employees while aligning their interests with those of the Company and its shareholders (the 2016 Long-Term Incentive Plan).

The Board of Directors made other uses of this same authorization, upon recommendation by the Remunerations Committee, on January 6, 2017 to establish the 2017 Long-Term Incentive Plan and April 25, 2018 to establish the 2018 Long-Term Incentive Plan designed to retain key Group employees while aligning their interests with those of the Company and its shareholders.

The Shareholders' Meeting of June 14, 2019, in its 20th resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and is valid until June 13, 2020. The shares to be issued pursuant to this authorization shall not represent more than 0.72% of the share capital as of December 30, 2018 (*i.e.* 3,000,000 shares).

Upon recommendation by the Remunerations Committee, on June 14, 2019, the Board of Directors, making use of this authorization, approved the establishment of a Long-Term Incentive Plan designed to retain key Group employees while aligning their interests with those of the Company and its shareholders (the 2019 Long-Term Incentive Plan).

These plans allow Technicolor to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talent is a key factor to success.

PERFORMANCE AND RESTRICTED SHARE PLANS IN EXISTENCE AS OF DECEMBER 31, 2018 (TABLE NO. 9 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019
Date of Shareholders' Meeting	**Apr. 29, 2016**	**Apr. 29, 2016**	**Apr. 29, 2016**	**June 14, 2019**
Date of Board of Directors' meeting	Apr. 29, 2016 Jul. 27, 2016 Oct. 20, 2016	Jan 6, 2017 March 9, 2017 Apr. 26, 2017 Jul. 26, 2017	Apr. 25, 2018 June 25, 2018	June 14, 2019 Jul. 24, 2019 Nov. 5, 2019
Number of shares initially granted, including:	3,040,500	4,507,500	637,000	2,657,000
Number of shares granted to Directors and officers(1):				
Frédéric Rose	***270,000***	***380,000***	***0***	***0***
Number of shares granted to the top ten employee beneficiaries	*840,000*	*1,509,000*	*575,000*	*850,000*
Acquisition date	Apr. 30, 2019	Apr. 30, 2020	Apr. 30, 2021	June 14, 2022
End of the holding period	N/A	N/A	N/A	N/A
Performance conditions	Yes	Yes	Yes	No
Number of shares acquired as of December 31, 2019	0	-	-	-
Number of forfeited shares since the beginning of the plan	3,040,500	1,245,780	37,000	47,694
Number of forfeited shares cancelled during the 2019 exercise	2,338,278	276,823	7,000	47,694
Number of shares susceptible to be acquired on December 31, 2019	0	3,261,720	600,000	2,609,306

(1) Information provided pursuant to Article L. 225-184 of the French Commercial Code.

As of December 31, 2019, the total outstanding shares under the plans amounted to 6,471,026 shares, *i.e.* 1.56% of the share capital as of December 31, 2019.

In accordance with Article L. 225-184 of the French ACommercial Code, it is noted that no share was acquired in 2019 under those plans.

Long-Term Incentive Plan – LTIP 2019

Upon recommendation by the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of June 14, 2019 in its 20th resolution, granted Restricted Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2019 – LTIP 2019

Shareholders' Meeting authorizing the attributions	June 14, 2019 (20th resolution)		
Remunerations Committee recommending the grants	-		Apr. 16, 2019
Board of Directors approving grants	June 14, 2019	July 24, 2019	November 5, 2019
Number of beneficiaries (as of December 31, 2019)	177		
Number of outstanding shares (as of December 31, 2019)	2,609,306 representing 0.63% of the share capital		
Vesting period	3 years		
Holding Period	None except for the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares		
Delivery Date	June 14, 2022 or as promptly as possible thereafter (subject to presence condition on that date)		

Characteristics of the LTIP – Performance conditions

Performance conditions	None

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Restricted shares who would leave the Group before the expiration of the vesting period of at least three years.
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors.

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the restricted shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

Long-Term Incentive Plan – LTIP 2018

Upon recommendation of the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of April 29, 2016 in its 28th resolution, granted Performance Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2018 – LTIP 2018

Shareholders' Meeting authorizing the attributions	April 29, 2016 (28th resolution)	
Remunerations Committee recommending the grants	-	June 21, 2018
Board of Directors approving grants	April 25, 2018	June 25, 2018
Number of beneficiaries (as of December 31, 2019)	12	
Number of outstanding shares (as of December 31, 2019)	600,000 representing 0.14% of the share capital	
Vesting period	3 years	
Holding Period	None except for the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares	
Delivery Date	April 30, 2021 or as promptly as possible thereafter (subject to presence condition on that date)	

Characteristics of the LTIP – Performance conditions

Performance conditions	2 complementary financial objectives reflecting the key indicators tracked by investors and analysts					
	Adjusted EBITDA objective assessed over a three-year period: • if the sum of the annual adjusted EBITDA realized over a three-year period were greater or equal to the sum of the objectives of the annual adjusted EBITDA for the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.			Group Free Cash Flow objective assessed over a three-year period: • if the sum of the Group's yearly Free Cash Flow realized over three years were greater than or equal to the sum of the annual Free Cash Flow objectives for the Group over the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.		
Detailed objectives		**2018**		**2019**		**2020**
	Set objectives for the plan	Objective	Achieved	Objective	Achieved	Determined objective by the Board of Directors
	Adjusted EBITDA	€250 million	€270 million	€206 million	€244 million	The objectives will be determined in February 2020 and will be disclosed in February 2021
	Group Free Cash Flow	€40 million	€(47.9) million	€(22) million	€(161) million	
Review of the level of achievement of the performance condition				Review of this achievement shall be realized in 2021 by the Board		

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Performance Shares who would leave the Group before the expiration of the vesting period of at least three years.
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors.

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the performance shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

Long-Term Incentive Plan – LTIP 2017

Upon recommendation of the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of April 29, 2016 in its 28th resolution, granted Performance Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2017 – LTIP 2017

Shareholders' Meeting authorizing the attributions	April 29, 2016 (28th resolution)			
Remunerations Committee recommending the grants	January 6, 2017	February 22, 2017	April 25, 2017	July 25, 2017
Board of Directors approving grants	January 6, 2017	March 9, 2017	April 26, 2017	July 26, 2017
Number of beneficiaries (as of December 31, 2019)	182			
Number of outstanding shares (as of December 31, 2019)	3,261,720 representing 0.79% of the share capital			
Vesting period	3 years			
Holding Period	None except for: • the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares; • the CEO who should retain in registered form, until the end of his term of office, 20% of the vested Performance Shares.			
Delivery Date	April 30, 2020 or as promptly as possible thereafter (subject to presence condition on that date)			

Characteristics of the LTIP – Performance conditions

Performance conditions

2 complementary financial objectives reflecting the key indicators tracked by investors and analysts

Adjusted EBITDA objective assessed over a three-year period:
- if the sum of the annual adjusted EBITDA realized over a three-year period were greater or equal to the sum of the objectives of the annual adjusted EBITDA for the same period, 50% of the Performance Shares would be definitively earned;
- in the opposite case, no Performance Shares would be earned.

Group Free Cash Flow objective assessed over a three-year period:
- if the sum of the Group's yearly Free Cash Flow realized over three years were greater than or equal to the sum of the annual Free Cash Flow objectives for the Group over the same period, 50% of the Performance Shares would be definitively earned;
- in the opposite case, no Performance Shares would be earned.

Detailed objectives

Set objectives for the plan	2017 Objective	2017 Achieved	2018 Objective	2018 Achieved	2019 Objective	2019 Achieved	Total Cumulative objective	Total Achieved
Adjusted EBITDA	€326 million	€306 million	€250 million	€270 million	€206 million	€244 million	€782 million	€820 million
Group Free Cash Flow	€32 million	€66 million	€40 million	€(47.9) million	€(22) million	€(161) million	€50 million	€(142,9) million

Review of the level of achievement of the performance condition

The Board of Directors of February 18, 2020 reviewed the level of achievement of the performance conditions set by the plan and noted that:
- while the Total Adjusted EBITDA Target for the LTIP 2017 is €782 million, the total Actual Adjusted EBITDA achieved during 2017, 2018 and 2019 is equal to €820 million, above the Total Adjusted EBITDA Target, hence 50% of the Performance Shares could vested under this performance condition; and
- while the Total Group Free Cash Flow Target for the LTIP 2017 is €50 million, the total Actual Group Free Cash Flow achieved during 2017, 2018 and 2019 is equal to €(142,9) million, below the Total Actual Group Free Cash Flow Target, hence no Performance Shares could vested under this performance condition.

As per the LTIP 2017 plan rules, the Board subsequently states that 50% of the Performance Shares could vest subject to the Presence Condition on April 30, 2020.

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Performance Shares who would leave the Group before the expiration of the vesting period of at least three years
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the performance shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

Long-Term Incentive Plan – LTIP 2016

Upon recommendation of the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of April 29, 2016 in its 28th resolution, granted Performance Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2016 – LTIP 2016

Shareholders' Meeting authorizing the attributions	April 29, 2016 (28th resolution)		
Remunerations Committee recommending the grants	April 27, 2016	July 26, 2016	October 11, 2016
Board of Directors approving grants	April 29, 2016	July 27, 2016	October 20, 2016
Number of beneficiaries (as of December 31, 2018)	177		
Number of outstanding shares (as of December 31, 2018)	2,338,278 representing 0.56% of the share capital		
Vesting period	3 years		
Holding Period	None except for: • the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares; • the CEO who should retain in registered form, until the end of his term of office, 20% of the vested Performance Shares.		
Delivery Date	April 30, 2019 or as promptly as possible thereafter (subject to presence condition on that date)		
Number of shares to be delivered at the Delivery Date	0		

Characteristics of the LTIP – Performance conditions

Performance conditions	2 complementary financial objectives reflecting the key indicators tracked by investors and analysts	
	Adjusted EBITDA objective assessed over a three-year period: • if the sum of the annual adjusted EBITDA realized over a three-year period were greater or equal to the sum of the objectives of the annual adjusted EBITDA determined by the Board of Directors for the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.	Group Free Cash Flow objective assessed over a three-year period: • if the sum of the Group's yearly Free Cash Flow realized over three years were greater than or equal to the sum of the annual Free Cash Flow objectives for the Group determined by the Board of Directors for the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned

Detailed objectives

	2016		2017		2018		Total	
Set objectives for the plan	**Announced objective**	**Achieved**	**Objective**	**Achieved**	**Objective**	**Achieved**	**Cumulative objective**	**Achieved**
Adjusted EBITDA	€600 million	€565 million	€326 million	€306 million	€250 million	€270 million	€1,176 million	€1,141 million
Group Free Cash Flow	€240 million	€248 million	€32 million	€66 million	€40 million	€(47.9) million	€312 million	€266.1 million

The Board of Directors of February 27, 2019 reviewed the level of achievement of the performance conditions set by the plan and noted that they weren't met. As a consequence, no share was definitively acquired and none was delivered on April 30, 2019

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Performance Shares who would leave the Group before the expiration of the vesting period of at least three years
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the performance shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

DISCLOSURE ON EXTRA-FINANCIAL PERFORMANCE

5

Ambitious Talent **Acquisition** and **Development** programs

A policy of **continuous improvement** of the energy efficiency of products

Recognition of CSR performance by rating agencies (Gold rating by EcoVadis, C+ Prime rating by ISS ESG, Top performer rating by Vigeo-Eiris and Gaia-Ethifinance)

This Chapter aims at presenting the set of Corporate Social Responsibility initiatives of the Group. It includes the Declaration on Extra-Financial Performance (DPEF) pursuing Article L. 225-102-1 of the French Commercial Code and the Vigilance Plan, pursuing Article L. 225-102-4 of the French Commercial Code.

GRI SUSTAINABILITY REPORTING STANDARDS (GRI STANDARDS) AND DISCLOSURES

GRI *[102-12] [102-54]*

Since 2014, Technicolor has been following the Global Reporting Initiative (GRI), a worldwide reporting framework on sustainability, to structure its economic, environmental and social reporting.

The Group prepares its Sustainability report in accordance with the **GRI Standards: Comprehensive option**, thereby demonstrating that its non-financial information and disclosures are exhaustive. The Sustainability report includes a GRI Content Index, which lists all GRI Standards and Disclosures reported. Technicolor Sustainability reports are available on the Technicolor website in the CSR section: https://www.Technicolor.com/corporate-social-responsibility

GRI Disclosure labels are included in both the Universal Registration Document and in the Sustainability report. Disclosure labels (for example GRI [102-1], GRI [302-3]) help readers locate the information that they are looking for as indicated in the GRI Content Index. They contribute to give more control over the transparency, comparability, quality and accountability of the Group's sustainability data.

5.1 CORPORATE SOCIAL RESPONSIBILITY'S CHALLENGES OF THE GROUP

GRI *[102-32] [103-1 Economic performance] [103-1 Market presence] [103-1 Indirect economic impacts] [103-1 Procurement practices] [103-1 Anti-corruption] [103-1 Anti-competitive behavior] [103-1 Materials] [103-1 Energy] [103-1 Water and effluents] [103-1 Emissions] [103-1 Effluents and waste] [103-1 Environmental compliance] [103-1 Supplier environmental assessment] [103-1 Employment] [103-1 Labor/Management relations] [103-1 Occupational health and safety] [103-1 Training and education] [103-1 Diversity and equal opportunity] [103-1 Non-discrimination] [103-1 Freedom of association and collective bargaining] [103-1 Child labor] [103-1 Forced or compulsory labor] [103-1 Human Rights assessment] [103-1 Local communities] [103-1 Supplier social assessment] [103-1 Public policy] [103-1 Marketing and labeling] [103-1 Customer health and safety] [103-1 Customer privacy] [103-1 Socioeconomic compliance]*

Within the Group, the Corporate Social Responsibility Department supervises the CSR (Corporate Social Responsibility) processes in relation with the Business divisions. CSR is backed by the Human Resources network and the Environment Health and Safety network, each network with responsible local members located in the main sites. CSR reports to the Human Resources and Corporate Social Responsibility EVP, who is a member of the Executive Committee of the Group, and who defines HR & CSR strategic priorities in-line with Technicolor's strategic plan, and drives initiatives across the Group's activities.

5.1.1 Business models

Technicolor's activities, as well as their business models, are presented in sections 1.2: (Organization and business overview) and 1.3: (Strategy).

5.1.2 The CSR risks

GRI *[102-11] [102-15] [102-44] [102-46] [102-47]*

Beyond the global risk factors of the Group's businesses presented in section 3.1, and regarding the implementation of Articles L. 225-102-1 and L. 225-102-4 of the French Commercial Code, the Group has identified 6 macro risks resulting in 22 CSR issues. Policies and results regarding these issues are detailed throughout this Chapter.

	Macro risk		CSR Challenges at stake relating to macro risk
1	Human capital	1	**Management and development of talents (acquisition, retention and training)*** (see section 5.2.1)
	In a context of on-going and rapid transformation of our business, and while the profile of talents may vary according to our business, in all cases, the diversity, availability, and development of talent are at the core of our production and competitive capabilities, in creative activities, in research and development and in distribution.	2	Management of business cycles – fixed-term/temporary staff (see section 5.2.2)
		3	**Diversity and inclusiveness – creative industries – gender equality and access for women to positions of responsibility*** (see section 5.2.3)
		4	Business transformation and social dialogue (see section 5.2.4)
		5	Safety at work (injuries, illnesses and severity) (see section 5.2.5)
		6	Community impact and regional development (see section 5.2.7)
		7	Absenteeism (see section 5.2.6)
2	Human Rights and working conditions	8	**Human Rights and working conditions, including suppliers and sub-contractors*** (see section 5.3.1)
	The global organization and performance of our supply chain with multiple contributors require strong and consistent attention while national legislations related to human rights are increasing	9	Fight against discriminations (see section 5.3.2)
3	Climate change	10	Carbon emissions generated by production, supply chain (logistics and purchasing) and data centers (see section 5.4.1)
	Climate change requires improvement of efficiency at every step of the life cycle of our products and services.	11	**Energy efficiency: carbon emissions generated by products' use*** (see section 5.4.2)
		12	Renewable energy (see section 5.4.3)
4	Circular economy	13	Recycling of waste and optimization of raw material consumption (see section 5.5.1)
	Depletion of raw material and of water resources creates a risk for both our business and the communities in which we operate. Resources must be saved or reused or recycled.	14	Environmental footprint of products – eco-design (see section 5.5.2)
		15	Environmental responsible procurement (see section 5.3.1)
		16	Sustainable water management (see section 5.5.3)
5	Fairness of practices	17	Anti-bribery (see section 5.7.1)
	In an internationalized and competitive business environment with increasing business ethics requirements, any non-compliance generates major risks	18	Compliance with competition rules – business ethics (see section 5.7.1)
		19	Fight against tax evasion (see section 5.7.2)
6	Safety of customers and protection of customers' content	20	Product compliance and ban of hazardous materials (see section 5.6.1)
	Physical safety of end customers is vital to sustainable relationships with our customers. Intellectual Property rights of our customers are critical assets and must be highly protected in content production and in physical and digital content distribution	21	**Content security and respect of Intellectual Property*** (see section 5.6.2 and 3.2.5)
		22	**Cyber risks – protection of networks and of data*** (see section 5.6.2 and 3.2.5)

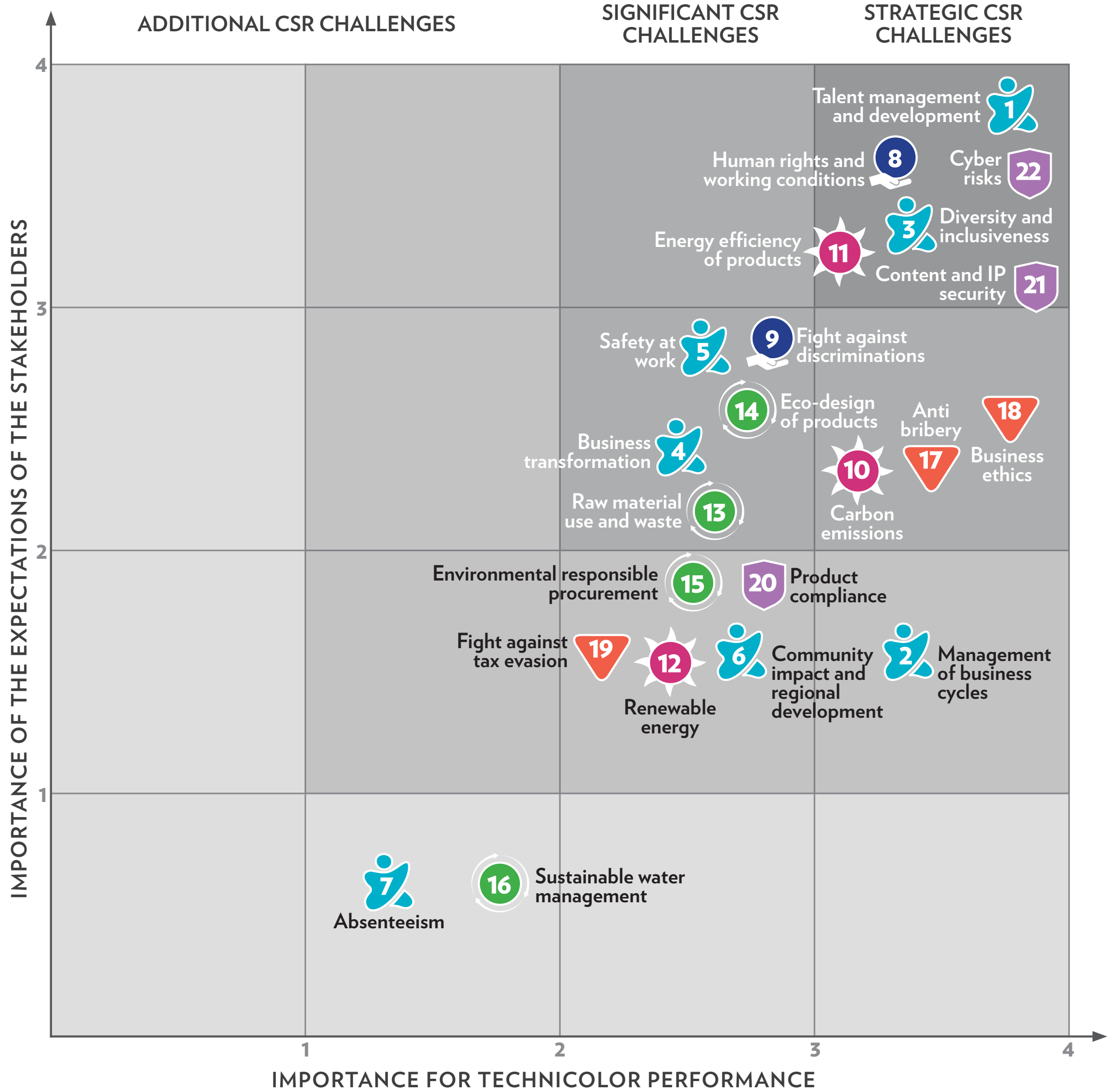
* *Strategic CSR challenges.*

This challenges list is derived from the materiality matrix which prioritizes the 22 CSR challenges.

Identification of the CSR challenges is based on the CSR requests from customers and rating agencies, on peer evaluation, and on internal analysis of key levers to anticipate evolution of customers and markets and of regulations. It was updated in 2018.

5.1.3 The materiality matrix

GRI *[102-42] [102-44] [102-46] [102-47]*



MACRO RISKS

HUMAN CAPITAL	HUMAN RIGHTS AND WORKING CONDITIONS	CLIMATE CHANGE	CIRCULAR ECONOMY	FAIRNESS OF PRACTICES	SAFETY OF CUSTOMERS AND PROTECTION OF CONTENT

The importance of each CSR challenge for the Group was determined by assessment and dialogue based on:

- the operational, the business, and the reputational impacts on the Group (the most important across the 3 business divisions, as the impact of any single CSR challenge on a business division may differ widely from one issue to the next);
- the likelihood of occurrence;
- the likelihood of generation of risk by the Supply Chain (suppliers and subcontractors).

The importance for the Stakeholders was determined based on:

- the focus of customers' requests per CSR issue;
- the feedback from employees;
- the focus of questions and alignment with subjects judged important by CSR rating agencies.

5.1.4 The approach to sustainability

GRI *[102-43]*

Technicolor's approach to sustainability relies on 3 pillars:

- **Attracting and developing a diverse talent pool of creative individuals.**

  Creative industries require significant diversity of imagination, experience, culture, and profiles to stimulate innovative ideas and visual creations in order to bring to life the ideas of project directors (film, series, games...) or advertising agencies. Developing the skills of talented creatives on a continuous basis to keep them at the state of the art is another permanent challenge.

- **Enabling sustainable content distribution.**

  Content distribution requires energy in all cases:

  - energy consumption based on the raw materials used within and by manufacturing and distribution operations of physical media,
  - energy consumption of products (Set-Top Box and modems) used for digital distribution and raw material of these products during production and the associated waste at end of life.

  At the same time, video content resolution increases regularly, leading to associated increases in the volume of data to deliver and the energy required to do it.

  Innovation in electronic product design and in video technologies must support energy efficiency of Set-Top Box together with improved video performances and resolution.

  The improvement of physical distribution networks, of logistic resources, the reduction in volume of packaging, and improvements in recyclable waste must provide a reduction of the environmental footprint of physical media.

- **Ensuring a safe and healthy work environment throughout the supply chain.**

  All workers, our employees but also the employees of our suppliers, must be able to work freely in a safe, secure, and healthy environment, with decent wages and working hours, without discrimination and harassment. Recurrent activity cycles and project management principles in our business require significant flexibility from employees but also recruitment of temporary employees to offset peak production periods while maintaining quality. In a competitive labor market, long-term relationships and commitment from employees are key to worker retention and satisfaction, and a safe and healthy work environment is a driver.

5.2 HUMAN CAPITAL

5.2.1 Management and development of talent

GRI *[103-1 Employment] [103-2 Employment] [103-3 Employment] [103-1 Training and Education] [103-2 Training and Education] [103-3 Training and Education]*

5.2.1.1 A GLOBAL ORGANIZATION

Except for administration and support functions, most profiles of Technicolor's employees are business division specific:

- Production Services: creative digital talent combining media and technology skills with artistic skills for visual effects, animation and post-production, including artists, supervisors and producers. This activity, as in any creative industry, is project driven, with an important quantity of artists hired using a fixed-term contract tied to the project, and is subject to significant turnover and recruitment rates: artists move easily worldwide from one company to another, to join a more technically challenging project in order to improve their track record and experience, their employability and their remuneration, leading to the creation of some tensions on the labor market. Diversity of employees is a critical success factor for this creative industry. Therefore, volume recruitment is significant and permanent and is managed on a worldwide basis, making critical Technicolor's attraction and retention policies;
- DVD Services: line operators, warehouse and material handling workers, content security specialists, facilities and equipment maintenance technicians, health and safety specialists, supervisors and managers. Activity is seasonal and regularly requires large staffing variations using temporary recruitment (employees and agency workers), in addition to overtime, to offset peak production requirements. Recruitment is local;
- Connected Home: mainly engineer's skills, with R&D hardware and software engineers, quality engineers, technical customer support, sourcing and manufacturing engineers, sales engineers, and a limited percentage of production workers. Turnover is limited and recruitment is mainly in Asia and Americas, allowing a relative level of diversity complemented by the diversity of site locations and the internal mobility of employees.

Therefore, the management and the development of talent require a flexible organization to match with these different requirements. The operating model of Technicolor's Human Resources & Corporate Social Responsibility (HR & CSR) organization has three dimensions:

- strong partnership with Business divisions;
- global Centers of Expertise (CoE);
- regional Human Resources shared Services (HR Competence Centers – HRCC), reinforced with HR leaders at the main sites.

The integration of business strategy within the HR processes is constantly reinforced through the HR Business Partner (HRBP) function. HR Business Partners work closely with each business leader to analyze and plan the evolution of Technicolor's workforce skills and competencies, and to ensure they are in line with their development goals. They have a key role in the domains of organizational development, define career paths and development strategies aligned with business priorities. They leverage the Company's HR Global Centers of Expertise and Regional Competence Centers to deliver high quality and cost-efficient services.

The HR Global Centers of Expertise ensure consistency and delivery of key Group HR projects and provide specialized advice and expertise across the whole organization in the following areas:

- Compensation & Benefits focusing on rewards, incentive programs, international mobility programs, performance management, pension schemes, medical care and other benefits;
- Talent and Development focusing on people development to develop people performance programs;
- HR Information Systems, HR Processes and KPIs focusing on implementing coherent and sustainable tools supported with adequate processes;
- Corporate Social Responsibility (CSR) focusing on all areas pertaining to Sustainable Responsibility: Human rights, Health and Safety, Environmental care, Ethics, and Social Responsibility.

Under a unique HR leader, the Regional HR Competence Centers, built on a shared service model, ensure a consistent HR approach across sites and functions within each geographical region, and guarantee that Technicolor remains compliant with local employment laws and practices. The Group has regrouped countries and regions under a unique organization: Europe, India, Asia-Pacific, Americas: including India, China, Malaysia, Hong Kong, Japan, Singapore, Taiwan, Korea, Australia, France, Belgium, Germany, the United Kingdom, the Netherlands, Sweden, Norway, Italy, Spain, Poland, Brazil, Chile, Mexico, Canada and the USA.

HR Leaders, reporting to the Regional Competence Centers, are appointed in each of the main sites to better support business activities which have common processes and regulations at the site level by delivering all necessary HR transactional activities. HR Site Leaders also contribute to the implementation of Corporate HR programs and facilitate coherent local communications. HR Sites Leaders report to their respective Regional HR Competence Centers. Starting 2019, the HR Competence Center has developed a HR Back Office in India to handle all European and Asian data management, transactional & hiring activities in a unique model.

In Europe, the HR Competence Center manages all Labor Relations, focusing on keeping a consistent set of relationships and interactions with all European union's representatives. The Head of HR & CSR, a Member of Technicolor's Executive Committee, defines HR & CSR strategic priorities in line with Technicolor's strategic plan, implements and adapts the HR & CSR model, identifies organizational needs and related resources, and pilots HR & CSR initiatives across all of the Group's activities.

In order to better support business developments, Technicolor's management and talent development efforts essentially rest on HR division business partners (HRBPs) – in collaboration with local HR – who not only have the most detailed knowledge of strategy and jobs development within their business division but are also closer to the needs of managers and employees.

On the basis of the Resource & Development Plans drawn up each year by the divisions, the HRBPs define and lead hand-in-hand with the management of their organization a HR strategy for their scope which is based on 3 pillars: Talent Acquisition, Performance, Recognition and Retention, and Talent Development.

5.2.1.2 TALENT ACQUISITION

Within each division, managers and HR generally identify the types of profiles and skills needed to ensure the success of current and future projects and initiatives. When the profiles or skills identified are not available in the Company, the entire HR team (HRBP and HRCC and CoE) is mobilized to recruit the best talents for our businesses, our projects and our culture.

In the case of animation and visual effects studios of Production Services, the project driven nature of the activities requires the launching of massive recruitment campaigns several times a year – recruiting for several hundred highly qualified jobs – and sometimes multi-country campaigns to accompany the swift launching of large projects (film, series, games…). In the past, each division in Film & Episodic VFX had individual Talent Acquisition Departments, which included Talent Acquisition managers and Recruitment Coordinators. This team and managers from the studios mobilized to recruit the best talents for our businesses, our projects and our culture. These departments worked with Talent managers to identify the types of profiles and skills needed to ensure the success of current and future projects and initiatives.

In the case of individual recruitments (replacements, job creations, creation of teams), the need is initially qualified by the manager with the help of the local HR who will then ensure appropriate research, contact, and recruitment of candidates.

To address these different situations, the Group has invested heavily in the development of its recruitment organization and teams and accompanied the professionalization of their practices.

In that respect, we created in 2018 *The Focus* as our new in-house recruitment agency, hiring for Technicolor's award-winning VFX studios – MPC Film, Mr. X, Mikros, Technicolor Academy and Mill Film.

The Focus as a brand is using its own unique website to make it easy for candidates to find the right jobs, latest news and career development opportunities (whether they are a recent graduate or already established in the industry), while ensuring the Brands are effectively utilizing the resources among themselves and within the industry.

With more than 50 major movies and TV projects in our portfolio, candidates working within the setup of *The Focus* are able to receive better service to their career aspirations and personal affiliations since we can attract and retain talent across our multiple locations and brands.

The Focus leverages experienced Recruiters to represent the Brands and their proposition/values, but also takes care to create harmonization in hiring practices and to manage the price point for the most economical values across the businesses and the brands. When there is a high volume need in a specific department, these Recruiters are partnered with Sourcers to ensure each brand has the best access to the talent in the industry. 3,100 people were hired in 2019 through *The Focus*, due to the demand for the world's best VFX artists being greater than ever.

In 2020, the Group will be looking to develop The Focus online platform further with the creation of user profiles, personalized push notifications, virtual academies and masterclasses. As always, we look to pioneer the way in which talent is engaged, managed and acquired within the VFX industry.

For all other businesses, since 2016, 30 recruiters in all organizations and regions covered by our businesses have had access to and benefitted from support in their professional use of online applicant tracking platform ad access to external recruitment sites (such as *LinkedIn*). A specific priority is given to Animation and Games to scale their recruitment processes to new massive hiring in Europe, India and Canada. This on-going practice allows Technicolor to extend its scope of research and to reach candidates traditionally invisible to the Group.

Lastly, the Group worked in 2015 and has since capitalized on the local deployment of an attractive Employer branding that allows candidates to better recognize Technicolor as an employer of choice with its culture and values.

5.2.1.3 PERFORMANCE, RECOGNITION AND RETENTION

GRI *[102-36] [401-2] [403-6] [404-3]*

Since 2010, Technicolor has been evaluating the individual performance of all employees as part of an annual plan called STEP. This system is built around 2 key moments in the year (January: setting of objectives – November/December: assessment of individual performance based on interviews between employees and managers to assess the achievement of objectives).

However, committed to offer the best support possible in alignment with the constant evolution of businesses (project mode, constant technological changes, continuous improvement…) and the needs of employees (purpose, transparency, feedback in real time…), in March 2018 the Group launched a project to overhaul the system of performance evaluation and employee development. This tool called "TEAM" is based on 4 fundamental principles:

- contribution replaces the notion of performance: the contribution is defined in this tool as the global appreciation of the concrete contribution of an individual to the results and successes of the collective;

- observed behaviors (the "how") are taken into account in the evaluation of the contribution as well as the results obtained (the "what");
- "continuous" conversations aim at ensuring frequent exchanges between employees and their managers: setting or modifying objectives or missions, feedback loops on obtained results and observed behaviors;
- and finally, for those who wish to do so, integration into the contribution assessment of the justified and formalized opinions of relevant third parties who collaborated with the person evaluated (360 ° feedback).

After the pilot phase, TEAM is expanding progressively to other business units. 28% of the employees are now using it, as well as 62% of the employees having a variable compensation.

In a competitive environment, the compensation and benefits policies, including the total remuneration policy, are a key pillar of retention of acquired talent.

The remuneration policy is tailored to acknowledge and fairly recognize an employee's contribution to the short and longer-term success of the Group.

Technicolor keep using a classification structure based upon *Willis Towers Watson* methodology, with grades and bands that ultimately emphasize and reinforce the strong link between contribution and remuneration. Technicolor is steadily reviewing its job definitions and levels and reflects the evolutions of the Group. Such classification allows the Group to ensure the internal equity of remuneration packages. Moreover, Technicolor participates to relevant salary surveys to assess the competitiveness of remuneration in the proper marketplaces. This provides Technicolor with sustainable, objective and equitable means of remunerating employees while closely controlling its wage bill.

In 2018, this job architecture has been rebuilt for Production Services jobs, to cope with the evolution of this domain, of its work organization and of its skills. It has been rolled out in 2019.

The remuneration policy is structured around flexible and competitive fixed and variable compensation elements driven by market best practices and the Group's objectives for long-term value creation appropriate to circumstances and goals:

- **competitiveness:** appropriate market benchmarks of total compensation against comparable companies allow Technicolor to offer competitive compensation packages to employees in accordance with competitive pressures in the marketplace. This ensures that Technicolor continues to attract, motivate and retain high potentials and key contributors for which Technicolor competes in an international market place, while controlling cost structures;
- **equitable approach/internal fairness:** Technicolor believes that it remunerates its employees on an fair basis in each of its geographical locations in a way that aligns with both local market standards and proposed corporate programs. The remuneration policy is set according to the Group's "broadbanding policy" which allows consistent assessment of responsibility, contribution and levels of expertise on an international business basis across all businesses and functions. In addition, the remuneration policy of top executives is managed by Corporate Human Resources to facilitate consistency of various remuneration components and ease international and cross-business mobility;
- **business and skills focus:** the remuneration of professionals, engineers and managers is a sound, market-driven policy and ultimately administered to stimulate business performance. A substantial part of the total remuneration package is composed of variable elements which drive a performance culture and support the Company's strategy. These variable elements are meant to stimulate, recognize and reward not only individual contribution, especially innovation and risk-taking, but also and in particular, solid and consistent Group and division performances.

In accordance with the principles and rules established by the Group, any Group or division entity is entitled to recognize the potential and encourage the development of its employees by using the different compensation elements in force within the Group.

The evolution of remuneration is measured at constant currency rate exchange (end of year) and at constant population of employees (all employees present both in the reporting year and the past year), and on the evolution of the base salary payroll mass (without variable elements and social contributions paid by the employer).

	2019	2018	2017
Evolution of remuneration	5.01%	4.50%	4.12%

As part of this total remuneration policy, Technicolor expands regularly its benefits policy with the double objective of fairness and equity between employees of the different countries and divisions and of attractiveness.

In 2019, the following extensions were implemented:

Area of action	Type of action	Description of the extension	Country
Health	Wellness	Onsite 12-minute chair massages provided by professional therapists offered to employees – 640 available sessions; over 450 participants. Onsite Wellness Biometric Screenings ("mini preventive check-ups" offered to employees); over 1,000 participants. Onsite flu shot clinics during Open Enrollment benefits fairs.	U.S.
Retirement	Wellness	Onsite Retirement Seminars; 12 sessions; 4 targeted topics from Social Security & Medicare Benefits to "Take the 1st step to investing".	U.S.
Health	Wellness	Personalized telephonic health coaching offered to employees.	U.S.
All benefit plans	Communications & Engagement Digitalization	Launch of Benefits website to educate employees on all benefit programs; easy navigation; valuable "at a glance" information; video library with over 15 short educational videos including topics such as medical overview & preventive care, Health Savings Account, 401(k) retirement, life & disability, etc. www.MyTechnicolorBenefits.com	U.S.
All benefit plans	Digitalization	Implementation of the new MyADP Benefits Enrollment website. New look. Easy navigation. Enhanced functionalities.	U.S.
Health	Benefits Enhancement & Innovation	Implementation of Telemedicine: immediate, personal and professional medical support from the laptop, iPhone or any Android device. Telemedicine service is available at no cost to employees.	Canada
Benefits	Communications & Engagement Digitalization	Implementation of the new Flexit360 Health Benefits Administration and Enrollment Tool allowing employees to independently enroll in the benefits plan as well as supporting them to complete life events and modify beneficiary information. Educational videos are also part of the Flexit360 tool in order to better assist and support our employees in making smart & informed decisions in regard to their benefits plans.	Canada
All benefit plans	Communications & Engagement	Launch Bilingual Benefits educational videos for both permanent and contractual population	Canada
Health & Dental	Harmonization	Mr. X Toronto harmonization for Group benefits plan under the Technicolor Flex program for permanent and contractual employees.	Canada
Retirement	Implementation	Implementation of the Technicolor group Retirement plan for Mr. X Toronto employees.	Canada
Life	Benefits Enhancement	Addition of a Funeral coverage to help employees covering funeral expenses in case of the death of a direct relative. The funeral expenses provide coverage to Employees, Spouse and children up to age 25	Mexico
Health	Benefits Enhancement	• Air ambulance coverage increased • No restriction on n° of children • Same gender Partner cover for all entities (parents of such same gender partners cannot be covered) • Voluntary Top-up policy option for employees	India
Wellness	Wellness & Preventive	Implementation of "quality of life" actions at work	France
Retirement	Benefits Enhancement	Implementation of an occupational Pension plan in Poland (PKK) as per new legal requirements	Poland

As explained in this Chapter, the retention of our talents is key. Therefore, beyond the processes and initiatives described above, we strive to detect any significant trend that may hamper this objective.

Employee satisfaction surveys were also conducted for all MPC advertising employees and on selected sites for Post Production services in Canada, the United Kingdom and USA, for DVD Services in Mexico and USA, and Connected Home activities in Brazil concerning a total of 19 sites and of 3,150 employees.

In Film & Episodic VFX (FEV), we have promoted annual Employee Engagement Surveys since 2016. Employee participation has increased year on year. We remain committed to receiving and acting on that employee feedback – utilizing an internal communications strategy of "You Said, We Did". This ensures that employee feedback is worked into our internal strategies of Talent Management. This is then communicated to all employees to show that we are taking their feedback seriously.

Throughout the employee lifecycle, there are several effective processes to ensure continual feedback. This is through qualitative Onboarding and Exit Surveys as vital touchpoints on the employee journey, as well as engaging continually in the year with our employee committees (Balance and Culture Champions – more information below) who are the employees with their ears on the ground in the business. The new campaign has been launched in January 2020 covering more than 4,000 employees.

5.2.1.4 TRAINING AND DEVELOPMENT

GRI *[203-1] [203-2] [404-1] [404-2] [404-3]*

In order to guarantee a constant match between expectations of our customers and skills of our employees, the Group has set up a training and pragmatic development approach that is as aligned as possible to the business challenges.

5.2.1.4.1 Training

Training priorities are set, based on the evolution of existing jobs and technologies, on the identification of new capabilities to develop and on the individual needs of employees in terms of job performance and/or of professional evolution. The creation of specific learning tracks per job has been encouraged in each division, resulting in an optimization of training resources and in an increased number of training opportunities. In order to ensure the same quality level as well as alignment and consistency, development programs regarding Leadership, Management and Technical or Functional skills are coordinated at the corporate level.

In addition, the Talent Development Center of Expertise advises operational managers and HR Business Partners on all aspects of training and development, particularly on leadership and management aspects. HR Business Partners coordinate the construction and monitoring of Development Plans at division or function level. Trainings are organized at the local level by the HR Competence Centers who are responsible for ensuring that training initiatives are optimized across divisions and that they comply with local regulations.

	Women	Men	Total
Number of hours of training delivered	82,556	238,511	321,068
Number of employees trained	3,919	8,949	12,868
Number of hours of training per employee trained	21.07	26.65	24.95

Overall, training initiatives offered in 2019 encompassed 340,619 hours of training for both employees and external persons working under the Group supervision, of which 321,068 hours were delivered to 12,868 Technicolor employees. This represents 24.95 hours of training per employee trained on an annualized basis.

Focus on divisions

Based on an in-depth analysis of training and development needs, and in line with the strategy, many divisional programs identify and develop essential skills, technical and non-technical, to be promoted in the coming years.

The results of these programs establish the foundation of the global training and skills development strategy.

<u>Production Services</u>

The Technicolor Academy

- The core training initiative of Production Services is the Technicolor Academy. It supports globally the efforts to develop excellence in leading-edge VFX skills. Capitalizing on the VFX Academy practice, Academy sessions programs were initiated for Animation. This program is an endeavor to bring in raw talent freshly graduated from University and to provide training to prepare them to work on shots; it targets graduate level artists who are recognized as high potential but have yet to show a full level of competency. Participants benefit from 6 to 12 weeks of training while being paid, followed by 12 months of employment. This program impacted a total of 712 artists (of whose 602 new trainees in 2019) in three locations in 2019 (Bangalore, Montreal and Adelaide) – representing 240,929 hours of training. More details are provided in section 5.2.7.

An updated definition of Skills

- In 2018, MPC Film went through a change management program which transformed how artists are categorized (job architecture) but more importantly defined the competencies and skills within the levels. The competencies have been developed into learning pathways which will be launched in first quarter of 2020.

A New Learning Management System (LMS) for FEV VFX

- In 2018, a new online LMS system (GEM – Grow, Evolve, Master) was developed, which has been initially launched by harmonizing the orientation program for all employees within MPC Film. In alignment with this, we have also been developing learning pathways which are specific e-learning and upskilling programs for each discipline, which are specifically linked to the new competency framework as described above. It was originally launched with one discipline and the remaining disciplines were rolled out during early 2019 and were extended to the FEV service line.

New Production Training programmes

- The Production Department within VFX released several new in-house training programs for 2020 – Production Academy powered by The Focus, a Production Graduate program and Producer Training Scheme. These are in-house training programs using real-life examples, problems and challenges of our industry that students will encounter every day at work. Such training also provides a solid understanding of our Brands culture and identifies the exact skills and knowledge that participants need to succeed in their jobs. All Production Training programmes are hired for locally. The gender identity for sign ups is 13 women out of 20 sign ups for the first round.
  - The Production Academy, Powered by The Focus:

    is a 12-week program to train future VFX Production Coordinators. The first 2020 class starts in Q1 and a second class will run during Q3. The program is made-up of classroom-based learning, online training, interactive workshops and a series of Subject Matter Expert (SME) masterclasses to provide trainees with the contextual grounding for the direct on-the-show Production experience. After 7 weeks of intensive learning and shadowing, the students will be placed onto show teams across our FEV studios for 5 weeks. During their placement, participants will benefit from experienced co-workers to develop their soft skills and ability to interact with production team, artists and supervisors. Participants will gain a complete overview of the role and acquire the skills to operate as a successful VFX Production Coordinator.

    This program does not replace the traditional hiring path to enter the Production Department as Runners, VFX Production Assistants, VFX Production Coordinators, etc. The aim of the program is to respond more quickly to the pressing needs for VFX Production Coordinators across the VFX industry and to expand our diversity profile whilst ensuring that everyone in the team has a strong foundation of knowledge to effectively deliver our shows. We look to expand the diversity in our production team as we hire individuals from outside the industry who are experienced in customer-facing roles, and fast-paced environments.
    - The Graduate program is an 18-week training including 12 weeks at the Academy and 6 weeks placement as a VFX Production manager. This program is for recent university graduates to give them the skills they need to be successful VFX Production manager at MPC Film, Mill Film or Mr. X.
    - The Producer Training Scheme targets Business graduates with 3-5 years' experience in commercial business or large-scale project management roles. After following the Academy and Graduate program, our future VFX Producers will focus on the business management aspects of a show including gaining skills in production accounting and workforce planning. They will then experience a 7-week placement as Digital Producers within our studios.

<u>Connected Home</u>

Training plans have been developed to match the global resource development plans with dedicated programs targeting:

- critical jobs implementation;
- Customer Delivery managers, HW Delivery Lead, SW Delivery Lead, Test Delivery Lead, Platform Delivery manager: 3 rounds of training around Technical, project management, tools, New Product Introduction, Finance, risk management, Microsoft Project, compliance and Security. 39 training sessions were delivered in 7 locations to 368 trainees for a total of 468 hours;
- product unit engineers, with in-house training on processes, were given access to two e-learning platforms Pluralsight and Safari, which includes live mentoring to provide software development training, technology and business learning.

A specific executive coaching program has been implemented for the North American Cable Leadership.

Global soft skills webex training have also been delivered around building awareness on cultural differences, building trust, risk management.

5.2.1.4.2 Talent Review and Leadership Development

A yearly Leadership Talent Review process is conducted in all divisions. The process involves managers at all levels of the organization as well as the members of the Executive Committee and of the Management Committee. All these stakeholders participate in the identification of employees with the right level of potential and performance to feed the pool of future managers at the division or Group level. The members of this talent pool are eligible to benefit from dedicated leadership development trainings, activities and events during the year.

Several programs are managed at the Group level:

- **the Leadership Talent Pool and the Leadership Development program**

  Each business has unique learning and development needs. The Talent and Development expertise Center is designed to be an ***internal full-service consultancy*** to support and offer custom solutions for these diverse businesses and enhance existing initiatives.

  The Talent & Development Center works with businesses to tailor content and delivery modalities to fit the business culture.

The mission is to shift our culture and improve effectiveness through cultivating awareness, common language, interpersonal skills, and connection in our talent across the globe.

Using the 2017 customized leadership competencies model as a foundation, a more agile approach to development was taken in 2019 to support the development of employee soft skills aligned with Technicolor's vision, values and strategy. The 2019 development initiatives had less focus on "High Potential" labels and more focus on behavior change across all businesses and levels. The result was more employee exposure training to better prepare them to deal with change and get along in their teams, businesses, and in the marketplace. A shift to more virtually delivered sessions, for shorter periods of time, allowed for more participation and increased exposure to colleagues across the globe. This shift allowed 619 unique employees to participate in training and training reinforcements across the organization. This resulted the Talent & Development Center sponsoring 3,912 individual training hours focused on creating a best-in-class baseline for employee soft skills. HRBPs prioritized employees and roles to participate and the T & D Center managed and facilitated the program. Global areas of focus were personal and professional effectiveness, building trust and influence, project management skills, feedback, and change management.

- **the Management Academy**

  In addition to the so-called "business" training programs (technical or non-technical) offered within the divisions, the Management Academy plays an important role in the support provided by the Group to managers in all business lines and divisions/functions. Created in 2014, this program defines the common base of management skills expected at Technicolor and maintains a sense of belonging to the Group within the community of 220 managers who already participated in this program.

  After a 2014 pilot period during which Management Academy sessions were organized, both internally and externally, in the United States, the United Kingdom, France and Belgium, the program evolved periodically in order to create a true reference program dedicated to the management of skills across the Group in 2015-2018. In 2019, 3 sessions of the new program were created and took place between January and March 2019: 2 days of collaborative training sessions occurred in France, the United States and India, impacting 42 managers from all divisions and functions. Managers participated in a complementary session *via* Webex to reinforce their learning and give them an opportunity to keep working on certain topics that were covered during the sessions. Moving forward, the Management Academy will become more agile and continuous. The course "6 Critical Practices for Leading a Team" will be offered periodically throughout the year with business-specific sessions being conducted in Connected Home, HES, and Production Services.

Focus on divisions

A Leadership program in the Production Services Division

2018 LEAP (Lead, Energize, Accelerate, Performance) has been piloted within MPC Film. This is a management development program designed to equip and up-skill anyone with management responsibilities. In 2019, this program was extended to the other brands within Technicolor FEV brands. Coaching is offered to all those in Senior Management and can be requested throughout the business. As well as this, the program is being re-energized, ensuring a range of soft skills and diversity and inclusion modules are included. Further in 2020, we hope to digitalize this and bring it in line with our continuous learning ethos.

Implementing Progression and Succession

As talent mobility is higher in the visual effects' domain, MPC Film reviews succession and progression plans on a quarterly basis, and on average promotes 10-15% of the population into new roles on an annual basis. By the end of 2019, there were 366 internal promotions across FEV.

In 2018, MPC developed a talent evaluation system in order to leverage the contribution and other performance data we have within our production systems, so that a more objective means of identifying and assessing talent is routinely used to equip managers to make more consistent and objective decision making about staff movements and developments while providing fair and accurate feedback to the workforce. In 2020, we are looking at how this can be embedded and expanded across all brands within FEV

In 2019, we introduced a new feedback tool combined with a talent evaluation system to support the notion of talent development and transparent feedback. The Continuous Feedback App is accessible throughout the FEV Brands and has changed the way employees think about and track feedback. It empowers individuals to own their development and learning, and to take control of their career trajectory. This tool also works to promote a culture of recognition, between peers and between manager and employee.

Job transformation in the Connected Home segment

In 2018, as part of its transformation journey, the Connected Home segment initiated a review of all jobs based on 2 axes: "impact in winning deals" and "impact in generating cash". As a first step, a specific project ("competency quadrant") was launched in June 2018 for 9 critical jobs before being extended to 13 in 2019. The scope is the following:

- review of current scope of work, RACI matrix, social map;
- definition of "target profile" per individual;
- definition of a "target A team profile";
- assessment of all relevant population according to technical and professional (common to all jobs) competences defined as part of the "target profile";
- analyze gaps;
- define and implement individual action plan aligned with yearly contribution objectives and reviewed as part of the yearly contribution assessment;
- collective action plans such as training for the whole population of a defined critical job.

In December 2019, the completion rate for this project is 74%. It should be fully completed by summer 2020.

5.2.1.5 EMPLOYEE PROFIT-SHARING

GRI *[401-2]*

The Holding Company and eight French subsidiaries of the Company offer employees incentive plans based on the related subsidiary's results.

The total annual bonuses distributed to employees in connection with these incentive plans over the three most recent years amount to the following:

- amounts distributed in 2017 for year 2016: €2,140,252;
- amounts distributed in 2018 for year 2017: €1,751,839; and
- amounts distributed in 2019 for year 2018: €1,677,168.

In addition, several of our locations offer their employees profit-sharing plans based on Company results and/or achievement of objectives.

5.2.1.6 SHARES HELD BY EMPLOYEES

GRI *[401-2]*

As of December 31, 2019, the number of shares held by the Group's employees in the Group Saving Plan (*Plan d'épargne entreprise*), by employees and former employees through Technicolor's Savings Plan (*Fonds communs de placement d'entreprise*) was 250,000 shares, representing 0.06% of the share capital.

5.2.1.7 EMPLOYMENT FIGURES

GRI *[102-7] [102-8] [401-1] [405-1]*

On December 31, 2019, the Group employed 17,189 employees (71% male and 29% female), compared to 17,745 employees on December 31, 2018, a decrease of 3.1%.

The highly competitive and rapidly-changing Media & Entertainment sector in which the Group provides its products, technology and services requires continuing adjustment to the workforce.

The table below shows Technicolor's total workforce as of December 31, 2019, 2018 and 2017, as well as the distribution of personnel across geographical regions.

	2019	2018	2017
Europe	3,194	3,886	3,853
North America	6,013	6,745	6,767
Asia(1)	6,291	5,361	3,955
Latin America(2)	1,691	1,753	1,732
TOTAL NUMBER OF EMPLOYEES	**17,189**	**17,745**	**16,307**
Number of employees in entities accounted for under the equity method	42	45	46
Permanent contracts	*14,079*	*14,225*	*13,712*
Fixed-term contracts	*3,110*	*3,520*	*2,595*
(1) Including India:	*5,374*	*4,687*	*3,247*
(2) Including Mexico:	*1,466*	*1,425*	*1,334*

Total workforce figures above account for executives, non-executives and workers. Agency workers, trainees and apprentices are excluded.

French "Intermittent" contracts are not part of the above table. They represent the equivalent of 168 full time jobs over 2019 while their number decreased from 235 in December 2018 to 225 in December 2019. Over the year, 512 "intermittent" persons have worked for Technicolor.

	2019	2018	2017
Number of Intermittents having worked in December	225	235	413
Full time equivalent over the year	168	272	347

The following table indicates the number of Group employees by segment as of December 31, 2019. French "Intermittent" contracts are not part of the table.

Segment	Number of employees	Percentage
Entertainment Services	14,586	85%
Connected Home	1,377	8%
Corporate and Other	1,226	7%
TOTAL	**17,189**	**100%**

Split by gender and age

At the end of December 2019, the Group employed 4,935 women (representing 29% of Technicolor headcount) and 12,254 men (representing 71% of Technicolor headcount), "intermittents" excluded. The breakdown per age is a follows:

Age	Women	Men	Total
< 20	12	35	47
20 to 29	1,370	3,690	5,060
30 to 39	1,576	4,457	6,033
40 to 49	1,042	2,375	3,417
50 to 59	716	1,294	2,010
60+	219	403	622
TOTAL	**4,935**	**12,254**	**17,189**

Hiring and termination

During 2019, 8,500 employees have been hired of which 2,470 were retained as permanent employees and 1,118 were made redundant, "intermittents" excluded.

	2019	2018
Hiring of permanent employees	2,470	3,088
Hiring of fixed-term contracts	6,030	5,415
Acquisitions	-	-
Divestitures	204	253
End and resignations of fixed-term contracts	5,420	3,464
Dismissals	1,118	1,199
Resignations of permanent employees	2,260	2,080
Other (retirement…)	54	69

Methodology

Employees and workforce figures are extracted from the Technicolor worldwide HR repository system currently implemented in all Technicolor.

5.2.2 Management of business cycles

GRI *[102-8] [103-1 Employment] [103-2 Employment] [103-3 Employment]*

Working time is managed according to the needs of Technicolor's various business activities in both the parent company and its subsidiaries. The Group complies with regulatory obligations and contractual commitments in terms of working time in each country in which it operates. Through various working time management tools, the Group ensures employees do not exceed legal thresholds and are appropriately compensated for any overtime according to their employment agreement. However, a large part of Technicolor's workforce is exempt and paid a flat rate for a number of days worked per year: worked days are then monitored.

Part-time and remote working are authorized on a case-by-case basis according to the Group policies and depending on the occupational requirements. During 2019, Technicolor had in average 142 employees working less than 5 days per week. Over the year, part time employees working at least half time represent 96% of part time employees and part time employees working at least the equivalent of 4 days per week (80% of a full-time worker's time) represent 59% of part time employees. French "intermittent" contracts are not considered as part time employees.

Some activities of Technicolor experience seasonal peak workloads (such as DVD Services) and require significant interim (agency workers) and temporary (fixed-term) workers to support client requirements, mainly in the distribution and warehouse sites, in addition to overtime. These seasonal workers are typically directly hired over a period of a few months (temporary) or contracted through a third-party labor services company (interim), while overtime is more achievement-related and is used to complete very time-limited peak activity (manufacturing or project development achievement). Interim workers are not included in the year-end Group headcount figures as they are not employees of the Group. The main countries employing seasonal workers are the United States, Mexico, Poland and to a lesser extent Canada and Australia.

Production Services activities such as Visual Effects, Animation and Post-production are mainly project-driven activities and project staffing relies for a significant part on fixed-term contracts (including "Intermittents" contracts) to be able to adapt team skills mix, experience and size to the requirement and the timeline of the productions, as this is the common rule in this industry. Although we are fully dependent on the timeline of our customers, we strive to reduce the percentage of the fixed-term contracts in our workforce and to increase proportionally the percentage of permanent employees.

Overall, seasonal interim workers represent about 4,415 full time equivalent jobs while at the peak they may more than double the number of workers present on the relevant sites.

Fixed-term contracts and "intermittents" represent about 3,831 full time equivalent jobs across the Group activities.

Across Technicolor, total overtime represents about 606 full time equivalent jobs.

Working time is managed in the Group's various sites *via* software such as ProTime, ADP, Punchout, Kronos, Solus, Sisnom and Casnet. There are also some additional manufacturing related tools that track working time such as ScheduAll, Laserbase and CETA.

	2019	2018	2017
Average number of part time employees	142	205	285
% of part time employees working at least half time	96%	96%	97%
% of part time employees working at least 4 days per week	59%	63%	57%
Full time equivalent number of fixed term contract (including "intermittents")	3,831	2,723	2,890
Full time equivalent number of agency workers	4,415	5,414	5,960
Full time equivalent of overtime (including "intermittents")	606	598	580

5.2.3 Diversity and inclusiveness

GRI *[103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity] [103-3 Diversity and equal opportunity] [103-1 Non-discrimination] [103-2 Non-discrimination] [103-3 Non-discrimination] [405-1] [406-1]*

DIVERSITY & INCLUSION IN THE WORKPLACE

At the end of 2015, a global plan for Diversity and Inclusion was launched. The objective of this plan is to improve processes globally to ensure that practices are not discriminatory at any stage in the Group, but also to promote a mindset of openness and inclusiveness globally and a willingness to bring support and assistance to persons or groups who may be under-represented compared to their regional demographics. The 4 key areas of the plan are gender diversity, disability, age, and ethnicity.

During 2019, at Group level, work continued to focus on action planning, internal communication and awareness building, with several business units launching programs and networks related to diversity and inclusion in alignment with their workforce requirements. More specifically, in our VFX brands, a pledge was developed to ensure all groups of people are fairly represented within each brand, to use the Technicolor Academies to actively improve diversity in the short-term, and to work long-term with education and industry events to improve the awareness of VFX as a career option for all groups. VFX operate in locations where there is a critical talent shortage, meaning there has never been a more important time to focus on equality, inclusion and diversity. We have an obligation within our businesses to reflect the diverse society in which we operate, and Technicolor also has the potential to provide greater opportunities and to be a leader in changing the employment landscape of the future.

Following this pledge, initiatives have continued with plans to integrate them into a longer-term strategy. For example, the Balance program, a global initiative focusing on improving gender diversity within operations, continues to grow and to develop within FEV.

Seven FEV Balance committees have been set up and developed in different regions, with each region identifying issues that are more prevalent to their local community (*e.g.*, a higher focus on ethnicity equality in one region, compared to LGBTQ+ at another). MPC Film has worked in conjunction with an external diversity network, Access: VFX, and local schools to encourage young people to join the VFX industry. Access: VFX is now a global group, and all brands are looking to replicate the work done in their own regions.

Five Diversity committees were also set up in DVD Services, and one Diversity Committee was set up in Advertising in London.

GENDER DIVERSITY

A first program was launched in 2014 under the sponsorship of the Executive Committee (EXCOM), in order to better balance gender diversity and increase the ratio of women in business roles, management levels and leadership pipeline. Actions were put in place through a full range of processes and progress continued during 2019:

- three women are members of the EXCOM, representing 23% of the total number of members on December 31, 2019. At the Management Committee (MCOM) level, members are three additional women, together with nine men. Women are reaching 24% of the total number of members including EXCOM members;
- a recruitment policy was adopted to encourage gender diversity in Senior Management positions: Technicolor requires recruitment and personnel search professionals worldwide to ensure that the curriculum vitae of at least one qualified woman is included in every list of finalists submitted for open Senior Management positions within the Company;
- leadership talent criteria are adapted to secure equity between men and women in leadership positions, and gender diversity is integrated in each division's Talent reviews, which outcomes are presented to the EXCOM, including dedicated action plans as needed.

In addition, initiatives to promote gender diversity are encouraged locally as in India, France, the UK, Canada, Poland and Australia:

- in India, we continued our Women's day celebrations in 2019. In the year 2019, we organized yoga sessions specific for women employees, selecting women's health as the focus. Quarterly women's group catch-up sessions were launched within the Business units, to understand the concerns and to solve the issues as they surface. A POSH Committee Internal Audit was conducted in 2019, to make sure that the process is abided by the law and if at all there is a gap, we work on the same and implement solutions so that these gaps do not persist. In 2019, as part of the learning initiatives, the learning and development function began to keep aside 10% of the training seats for women employees in order to ensure spaces were available for any interested woman. These seats were later opened for all only if there were no eligible women employees for the training on offer;
- in France, actions about "Gender Equity" were implemented. These actions included compensation alignment between men and women, with a dedicated budget, training for managers to appreciate gender diversity, and training to support women in developing their leadership skills and promoting their career. During 2019, Technicolor hosted for the 4th consecutive year the *Estim'numérique* event that aims to promote gender diversity in the digital sector of the Brittany region. Technicolor encouraged employees to participate during the French national day for *Sciences de l'ingénieur au féminin* during which professionals in Sciences and Engineering dedicate some time to sensitize school students to scientific and engineering careers. Internally, Technicolor organized a leadership training program, from which 10 women from Connected Home, R&I and Corporate transversal functions benefited, based on 2 aspects: a collective one with group sessions to provide participants with tools to work on leadership aspects, develop internal networks and share questions, experiences and best practices, and an individual aspect with each participant being personally coached by a mentor. In 2019, an action plan was decided about gender equity. In line with the agreement signed in 2016, it authorizes a dedicated budget to align compensation between men and women, trainings to support women and to promote their careers;

- in the UK, The Mill continued to rollout equal opportunities training including unconscious bias awareness for hiring managers and staff, as well as events that champion women as an output from The Mill's internal inclusion network. An International Women's Day breakfast was held for all female employees at The Mill, giving female staff a forum to discuss the challenges and issues they're facing in a male-dominated industry and workplace. While several delicate subjects were discussed, it was a really positive morning that generated a number of great ideas and actions for change, including the rollout of mandatory anti-harassment training for all staff, a revised maternity policy, a 3 month reverse mentoring pilot, a diversity survey shared with all staff and mental-health first aiders assigned to the London studio. The Mill also offers internal mentoring to new parents under a group mentoring program.

  Following The Mill's gender pay gap results a flexible working training session was developed and is now delivered regularly for staff at all levels. The Mill continues to partner with industry to deliver VFX apprenticeships. The Mill participated in World Skills Live UK at the Birmingham NEC, the largest school careers event in the UK attracting upwards of 70,000 students across 3 days. Mill Film made public its gender parity goals with an aim of having 50/50 women in creative roles by 2020, see: http://www.millfilm.com/millchannel/1941/celebrating-diversity-in-vfx-the-way-forward. Mill Film is on the Board for Women in Animation (WIA). Founded in 1995, WIA is the only organization dedicated to advancing women in the field of animation. Mill Film envisions a world where women share equally in the creation, production and rewards of animation, and provides resources and connections to make it happen, see: https://womeninanimation.org/our-mission. Mill Film partnered with Technicolor Academy to create an inclusion award that highlights inclusive behaviors amongst future generations of VFX artists. By simply making students more aware of the inclusive traits to foster and informing them of a plan to reward the ones that demonstrate them best – they can speak it into being.

  During the FEV induction and onboarding process, the balance committees are highlighted, and employees are encouraged to join or to attend up-coming events. In 2019, training on mental health awareness and unconscious bias has been rolled out. During National Inclusion Week 2019, there were events and activities focused on different identities and cultures, such as Celebrate Diversity Month and Black History Month Screenings. Work is in process to create a multi-faith room in MPC London. A Diversity and Inclusion component was added to MPC, Mr. X and Mill Film's periodic engagement survey, and gender-neutral washrooms were facilitated worldwide;
- in Canada, The Balance Forum recorded a 55 min podcast for the entire crew, celebrating and educating gender identity with the idea that by having frank, open and honest roundtable discussions with crew from various points of reference and experience, what gender identity means today can be brought to light on a continuing education basis;
- in Poland, women candidates make up at least 50% of the short list for any open permanent position, and the industrial operation actively manages lifestyle expectation concerning shift duration, physical capability, on-site restaurant offerings, and social events. In 2019, 47 women were hired out of a total 79 hiring which makes 59%. Women are represented in the same proportion as employment for the site's Stakeholder Representatives Committee, which reviews operational changes and provides input to management. As a new initiative for 2020 a flexible home office (teleworking) system is planned for the Warsaw offices in response to women staff's request to improve work – life balance;
- in Australia, in an afternoon of inspiring conversation and networking, "Women in Focus" saw over 100 creatives come together to hear five women in leadership share stories, offer advice and connect with other industry locals. The event, hosted by The Focus, was in line with Mill Film's commitment to creating real industry change.

All FEV locations continued to work with their local Balance committees during 2019, which have expanded to include different representations of diversity, such as the LGBTQ+ community, religion and ethnicity. Committees meet on a bi-monthly basis to discuss initiatives, with regular interviews, video updates and events promoted on Brand Intranets to help reinforce messaging and celebrate diversity. These types of events include "Inspiring Women" panels; workshops aimed at women to develop their leadership skills. There has also been the development of a Women Steering group, to ensure gender equity is kept to the foreground. There is now a stream called Pride, open to everyone, focusing on creating a welcoming space for all LGBTQ+ employees.

Globally, the Balance program was originally an initiative focused on improving gender diversity within operations, FEV VFX service line. Currently, at least half of the Senior Management Team in each location is female and slightly more in the overall leadership team. The hiring of women for Technicolor Academy outside India reached 34.4% in 2019. As part of FEV, Mill Film achieved an overall 43% women talent hiring at entry level during its first year, and 43.8% during its second year.

A Diversity and Inclusion component was added to MPC, Mr. X and Mill Film's periodic engagement survey, and gender-neutral washrooms were facilitated worldwide.

EMPLOYMENT AND INTEGRATION OF DISABLED PEOPLE

Depending on national legislations, legal requirements to integrate disabled persons or to hire a specified number or percentage of disabled employees, and thus the definition of a disabled employee, may strongly vary, or may not even exist. Also, labeling, categorizing, or making a record of an employee as disabled may be legally prevented in certain countries or subject to the individual authorization by each concerned employee who may refuse. Therefore, statistics cannot reflect the reality with accuracy.

However, beyond the legal requirements when they exist, Technicolor strives to adapt our working places, including factories, to provide equal employment opportunities with no discrimination against disabled people with regard to hiring, training, allocation of work, promotion, or reward, and seeks to eliminate employment barriers and to accommodate disabled employees. In that regard, employment of disabled is part of our non-discrimination policy, and Technicolor has been and continues to be willing to integrate different needs including modified duties, adapted hours, and adapted workspaces:

- in France, a new agreement was signed in 2019 with labor representatives in support of Technicolor's *Mission Handicap – France* program. Aligned with our CSR engagements, this new agreement reaffirms the determination of Technicolor to include and support employees with disabilities. Focused on three critical aspects, the agreement aims to: increase recruitment of persons with disabilities; encourage job retention and career development of employees with disabilities; increase the use of service providers with disabled employees;
- in Canada, Technicolor policy recognizes and promotes the hiring of persons with disability, and all staff participate in awareness sessions or periodic refresher training;
- in Australia, Technicolor continues to partner with a disability employment agency to hire employees with disabilities;
- in the UK, a joint industry network continued under the name of Access: VFX, which is a global, industry-led, non-profit comprised of 40 leading companies, industry bodies and educational establishments in the VFX, animation and games industries. It focuses on actively pursuing and encouraging inclusion, diversity, awareness and opportunity under its four pillars of Inspiration, Education, Mentoring and Recruitment. It's ethos – is that anyone can actively pursue a career in VFX. https://www.accessvfx.org/about-us. The Mill, Mill Film, MPC, MPC film, and Technicolor Post-Production are all key correspondents in the Access: VFX initiative, including hosting seminars and workshops on-site for small groups of targeted individuals and membership within the Board of Directors.

  The Mill continues to run an established internal inclusion network with a roving spotlight across protected characteristics, including a number of events promoting difference. Unconscious bias training remains available for all hiring managers and staff. All managers are trained in core management and people skills under the Mill Masters leadership program. The Mill continues to drive creative industry diversity movement, promoting VFX careers globally, targeting school-age and entry level talent including an annual appearance at the World Skills Live UK at the Birmingham NEC. In 2019, Post Production UK has worked on its commitment to a work environment that is more diverse and inclusive. Representation has been provided at both UK Screen Alliance and Access VFX monthly meetings to discuss initiatives, surveys and events that reinforces our commitment. In October 2019, through Access VFX, Post Production UK participated in New Scientist Live UK at London ExCeL, attracting upwards of over 40,000 curious minds from students to school groups to families and friends across 4 days. Participation at this event has allowed Post Production UK to pursue further inclusion, diversity, awareness and opportunities for all across the industry as a whole. A Global Post-Production survey was launched in December 2019 aimed at understanding employees views and experiences around diversity and inclusion within the workplace and providing a platform for feedback. These results will help formulate improvement plans for Post Production UK in 2020. A communication campaign was also launched in Post Production UK around the World Mental Health Day which aimed at continuing our journey in raising awareness of mental health issues through encouraging open conversations and ending the stigma. Ultimately, the objective is to strive for a more inclusive environment where everyone feels supported. Further to the communication campaign, Mental Health First Aiders are also available to support any mental health matters.

  At the FEV level globally, just under 10% of the employee base who participated in the employee engagement survey, self-declared that they were living with a disability. This was further broken down relatively equally, into those with a mental health condition or those with a physical health condition, or those living with both. As a result in 2019 in London, FEV undertook the Lord Mayors Mental Health Awareness pledge and trained and mobilized Mental Health First Aiders. FEV continues to look into ways the industry may be opened further to those with physical disabilities;
- in Poland, Technicolor extended efforts into families of workers who care for children with disability, providing increased benefits to the family *via* the worker in these cases.

5.2.4 Business transformation and social dialogue

GRI *[103-1 Labor/Management relations] [103-2 Labor/Management relations] [103-3 Labor/Management relations] [103-1 Freedom of association and collective bargaining] [103-2 Freedom of association and collective bargaining] [103-3 Freedom of association and collective bargaining]*

TRANSFORMATION PLANS

GRI *[404-2] [413-2]*

Due to the continuous changes in the Media & Entertainment industry and its associated Technicolor business divisions, Technicolor divested in the past years from several domains with the objective to sell such businesses to an external party. When such sale of the impacted activities was not achievable, the Group committed significant resources and support, according to its existing policies, in order to mitigate the impact for the concerned stakeholders.

The Research & Innovation activity was sold to InterDigital, who took over all employees (see section 1.2.5).

Several activities of the Group are subject to fast changing competitive environments requiring regular adaptation of their organization and of the production tool.

A transformation plan of the Connected Home segment has been launched to adapt globally this activity and to match with the drastic industry and market changes (see section 1.2.3). This plan was implemented worldwide and strives to minimize the impact on the employees. A dialog was engaged with the employees' representatives, where present, about the transformation plan and its accompanying measures in order to promote a contractual approach.

The DVD Services Division strives to anticipate the evolution of the DVD markets and to optimize progressively its operation footprint (see section 1.2.2).

LABOR RELATIONS

GRI *[102-41]*

Labor relations with Technicolor employees are the responsibility of Site managers in each country with the support of Human Resources.

With respect to its European operations, Technicolor entered into a labor agreement with a European council of employee representatives (the "European Council") confirming the Group's labor practices. This council, which meets several times each year, comprises union representatives or Members of local works councils in European countries.

The European Works Council is composed with:

Country	Number of European Works Council seats
Belgium	1
France	3
Poland	1
United Kingdom	3

Technicolor's European Works Council is a supranational body, the purpose of which is to address topics of a transnational nature. The European Works Council is informed of Technicolor's European operations in respect of personnel, finance, production, sales, and research and development, and their impacts upon employment and working conditions. It is also informed of major structural, industrial and commercial changes as well as organizational transformations within the Group. It met one time in 2019.

In accordance with applicable law in the European Union, Technicolor's managers of each European country meet annually with labor organizations to discuss remuneration and working conditions.

In accordance with domestic laws, data regarding the level of unionization is not available in most European countries (the laws in these countries do not allow this type of statistic to be published). In 2019, Technicolor entered into 35 collective bargaining agreements: 2 in Australia, 1 in Belgium, 6 in Brazil, 21 in France, 3 in Mexico, 1 in the United Kingdom and 1 in the United States of America.

In several countries, collective bargaining agreements are negotiated on a pluriannual basis (three years or more), and therefore agreements may not have to be renewed in 2019 in certain countries, due to this calendar.

In France, a collective agreement was signed with the Unions in 2019 for a 3 years period of time (2019–2021) on Rennes site about GPEC (for *Gestion Prévisionnelle des Emplois et des Compétences* that is to say provisional jobs and skills management). This agreement includes the publication of a cartography (to be revised on an annual basis) of existing jobs along with their anticipated quantitative and qualitative evolution within the next 3 years and propose bridges from one job to another. The objective of giving these perspectives is to increase visibility for all Rennes employees on the Company's vision of the jobs evolution and thus allow employees to become more actors on their career. In order to support these evolutions, the agreement also includes measures about training, secured external mobility, and possibility to get into early retirement program for eligible employees as defined by the agreement.

In addition, 7 Health and Safety agreements were signed in Mexico, Brazil and France.

5.2.5 Safety at work

GRI *[102-44] [103-1 Occupational health and safety] [103-2 Occupational health and safety] [103-3 Occupational health and safety] [103-1 Training and education] [103-2 Training and education] [103-3 Training and education] [403-1] [403-2] [403-3] [403-4] [403-5] [403-6] [403-8] [403-9] [403-10] [404-1]*

An effective occupational Health and Safety (H&S) program, as defined by Technicolor, looks beyond specific requirements of law to address all hazards. The aim of the occupational health and safety program is to prevent injuries and illnesses, whether or not compliance is an issue. The Group believes that the necessary elements of an effective program include, at a minimum, provisions for systematic identification, evaluation, and prevention or control of general workplace hazards, specific job hazards, and potential hazards that may arise from foreseeable conditions.

Technicolor's health and safety programs are designed to identify potential risks and take appropriate prevention and severity reduction measures. Accident and injury prevention programs include active local Safety committees and specialized task forces, job safety analysis, written plans and procedures, employee training, monitoring for potential chemical, physical, biological, and ergonomic risks, inspections and audits, incident investigations and the implementation of appropriate corrective actions.

CHARTER, POLICIES AND GUIDELINES

Standards and direction begin with Technicolor's Code of Ethics and then flow to the EHS Charter, authorized by top management. After that comes a library of more than 50 EH&S Policies and Guidelines, beginning with the Health and Safety policy, supported by numerous topical guidelines such as hazard communication, personal protective equipment, or emergency preparedness.

The EH&S Charter has been translated in six languages and is available on the Group's Intranet, along with all the EH&S policies and guidelines.

TRAINING

Technicolor understands that each employee has the ability to impact Environment, Health and Safety (EH&S) efforts and performance, thus it is critical that they are provided with the appropriate tools, resources and knowledge. EH&S training programs develop awareness and skills that allow employees and contractors to perform their jobs in such a manner that will not only ensure compliance with appropriate laws, regulations and policies, but also so that they may prevent accidents which may lead to injuries or harm to the environment. Training programs are evaluated during the EH&S Audit process and are a core requirement in the EH&S performance measurement process. In 2019, 42,902 hours of EHS documented training reported through the EHS reporting system (*Enablon*) on a wide variety of environmental and safety compliance and protection, injury prevention, emergency preparation and response, and occupational health topics were provided to employees and contractors throughout Technicolor.

GOALS AND OBJECTIVES 2019-2022

Related to safety at work, Technicolor established the following EH&S goals and objectives for the Group, to be met by its worldwide operations by the end of 2022:

- 5% annual reduction in incident rate;
- reporting to satisfy GRI (Global Reporting Initiative) Sustainability Reporting Standards.

SAFETY PERFORMANCE

What follows are results of key safety metrics that were tracked in 2019.

In 2019, Technicolor experienced a 31% decrease in work-related injury and illness incident rate (1) from 0.99 in 2018 to 0.68 in 2019. The work-related lost workday incident rate (2), decreased 48% to 0.30 from 0.58 in 2018.

Technicolor records all days lost due to work-related injuries or illnesses as calendar days, beginning on the day after the injury or illness occurs. Severity is viewed using a variety of definitions, from French regulatory definition which equals average number of days lost per 1,000 hours worked (0.03), to average lost days per incident (8.7), to average lost days per equivalent full-time worker (0.059).

(1) Work-related injury and illness incident rate is calculated as number of injuries and occupational illnesses per 200,000 hours worked.

(2) Work-related lost workday incident rate is calculated as number of lost workday injuries and occupational illnesses per 200,000 hours worked.

WORK-RELATED INCIDENT RATES FOR 200,000 HOURS WORKED

	Injury and Occupational Illness		Lost workday incidents for Injury and Occupational Illness	
	Number of Incidents	**Rate(1)**	**Number of Incidents**	**Rate(2)**
2017	243	1.14	114	0.53
2018	225	0.99	132	0.58
2019	163	0.68	71	0.30

(1) Work-related injury and illness incident rate is calculated as number of injuries and occupational illnesses per 200,000 hours worked.
(2) Work-related lost workday incident rate is calculated as number of lost workday injuries and occupational illnesses per 200,000 hours worked.

2019 INCIDENT RATE AND LOST WORKDAY INCIDENT RATES FOR 200,000 HOURS WORKED

	Injury and Occupational Illness		Lost workday incidents for Injury and Occupational Illness	
	Number of Incidents	**Rate(1)**	**Number of Incidents**	**Rate(2)**
Connected Home	5	0.34	1	0.07
Entertainment Services	158	0.71	70	0.31
Corporate & Other	-	-	-	-

(1) Work-related injury and illness incident rate is calculated as number of injuries and occupational illnesses per 200,000 hours worked.
(2) Work-related lost workday incident rate is calculated as number of lost workday injuries and occupational illnesses per 200,000 hours worked.

LOCAL INITIATIVES

There were many notable H&S achievements during 2019 and several of them are summarized below. In industrial locations, the prevention of physical injury remains the focal point when reducing hazards around the operational areas and warehouses. At non-industrial sites, many initiatives and programs were implemented to improve working condition, to address specific risks, and to develop well-being while ensuring the safety of the workplace.

In Mexico, successful programs to improve health and safety have continued with the Mexicali site awarded the certificate of *Empresa Segura* by the government for the fourth year in a row. In Tultitlan, the site continued to relay national health campaigns to the workers. Australian DVD and distribution sites in Melbourne and Sydney worked towards obtaining the ISO 45001 certification, planned for 2020, reviewing existing safety management systems in place, multiplying safety related training and meetings, reviewing procedures and workplace instructions to minimize risks, such as risks linked to manual handling. A new situational alarm system was put in place, signaling presence of pedestrian in forklifts areas. Before a pedestrian enters forklifting areas, all forklifts must be parked. Conversely, forklifts entering pedestrian areas also need to activate a signal. In Manaus, digitalization of all safety instructions for easy update and display at in production areas was made to comply with the Brazilian legislation. In Rugby, UK, improvements were made to the induction program which covers new employees and contractors.

In non-industrial sites, many initiatives were undertaken to improve the safety and well-being of employees. In Bangalore, India, late night male and female taxi drops benefit from an automated employee transport tool. In the new Paris offices, new risks assessments and action plans were made covering all employees. All through the year management meetings were organized to organize work and social life in the new environment. A website was created to help orientation for newcomers.

Technicolor sites facilitated a variety of community outreach and employee protection initiatives in 2019, including medical exams, vaccinations, flu shots, blood drives, wellness programs, massage, yoga, ergonomic evaluations, first aid training, and other cash, product, and time donations. Of particular note, Manaus welcomes children of employees and neighbors to play soccer on the facility's recreational grounds, while several Creative Services sites welcomed groups of young creatives or children on their premises. MPC sites in Canada and the U.S. were involved in initiatives to develop diversity and inclusion within the VFX industry.

5.2.6 Absenteeism

Absences are generally defined on an annual basis in terms of holidays, vacations, personal and family medical leave or other possible unplanned absence such as jury duty, or as may be specifically described by bargaining unit contract, employment contract, or regulation. Throughout the year, each employee categorizes any absence according to its definition, and all absences are subsequently reviewed and approved inside the applicable working time tracking software solution.

The average rate of employee absenteeism for sickness and unauthorized absence at the Group level in 2019 was 3.1%.

	2019	2018	2017
Absenteeism rate (%)	3.1%	3.2%	2.8%

ABSENTEEISM METHODOLOGY

Population coverage: 99% of the employees are covered for the calculation. All employees with an active and not terminated working contract with Technicolor are included in the scope (interns, apprentices, contracted workers, employees under a notice period are excluded).

Absence reported: paid and unpaid medical leave up to 12 continuous week of absence, work accidents absence, short-term and long-term disability if employment working contract is not suspended, unauthorized absences – Unpaid leave/absence – other unjustified unpaid absence. All other categories of absence are not included.

Absenteeism rate divides volume of recorded absence (days) by the product of theoretical number of days worked during the year and the monthly full-time equivalent average headcount of the covered population.

5.2.7 Community impact and regional development

GRI *[102-40] [102-42] [102-43] [102-44] [103-1 Indirect economic impacts] [103-2 Indirect economic impacts] [103-3 Indirect economic impacts] [103-1 Training and education] [103-2 Training and education] [103-3 Training and education] [103-1 Local communities] [103-2 Local communities] [103-3 Local communities] [202-2] [203-1] [203-2] [404-2] [413-1]*

Technicolor strives to hire locally most of its employees in order to sustain local employment. Technicolor's locations are usually in very large cities and surrounding metropolitan areas and, as a result, Technicolor holds a minority employer position in most employment areas where it is located and has limited direct local economic influence. However, Technicolor employment may sometimes represent, at the regional level, a significant percentage of the related industry, due to its leadership position and the specific skills required for its business.

Therefore, where there is a local talent shortage requiring the hiring of employees from abroad, in addition to its internal Academy training initiative, Technicolor supports the regional development or expansion of education bodies targeting the required skills. Technicolor also contributes actively and dedicates time and resources to industry associations and to cooperative initiatives aiming at developing education and employment at the regional level (Canada, France, UK, India). As part of these cooperative actions, Technicolor representatives chair France and Québec film industry associations, and one Film school.

Technicolor focuses its involvement in community initiatives on digital artist education. In addition to its support to the Training Academies (see section 5.2.7.1), and to the close and sustained relationships established by our studios with the major visual effects and animation schools and universities, the Group supports broader educational initiatives to give opportunities to young talent to access studios and to develop their skills: training students in schools (for example SCAD, Sheridan,and Centre NAD, Montreal) Master classes, Educator's week, consulting of curriculum design (for example with UK Screen Alliance or AI, Seattle), online tests for potential trainees, and supporting third-party digital artists schools.

In 2019, a school-oriented awareness-raising pilot was set up in London to focus working with local schools in less advantaged areas to support our campaign promoting diversity and to have a program to eventually feed into our entry level talent streams. We visited (School 21, East London and The Green School, Middlesex) and did talks and spoke with Year 9s & 10s encouraging them to think of VFX as a career choice

We currently partner with an apprenticeship provider (White Hat) setting up a program over 12 months where 20% of participant's time is on learning. The program is designed to take participants through business-based learning modules, training of the job as well as having class-based learnings. We are looking to develop this scheme further in 2020 as it supports our campaign around diversity. In late 2019, we set up a graduate scheme to help support the next generation leaders and producers. The Graduate program is an 18-week training including 12 weeks at the Technicolor Academy and 6 weeks placement as a VFX Production manager. This program is for recent university graduates to give them the skills they need to be successful VFX Production manager at MPC Film, Mill Film or Mr. X. We have also developed a Producer Training Scheme, to launch in 2020. This targets Business graduates with 3-5 years' experience in commercial business or large-scale project management roles. After following the Academy and Graduate program, our future VFX Producers will focus on the business management aspects of a show including gaining skills in production accounting and workforce planning. They will then experience a 7-week placement as Digital Producers within our studios.

The Group partners with ChildFund in India to support the SPLASH (Splendid Platform for Learning Arts towards Sustainable Happiness) program and the STEM (Science Technology Engineering Math) program in schools, but also participates to a Women day and an Artathon showcasing works from students in supported schools. The Group supports also the India Foundation for the Arts to help advance projects of cinematographers, with again two projects currently underway over two years. In partnership with Oxfam India, Technicolor supports the WASH (Water Sanitation and Hygiene) educative program with three schools in rural Bangalore. These partnerships represent a yearly commitment of €90 thousand.

It also continues to support activities in various environments relating to the world of film: launching festivals for new talent, supporting charities, and developing new experimental technologies or supporting joint initiatives with students to foster product and service innovation.

5.2.7.1 THE TECHNICOLOR ACADEMY

Technicolor Academy's Creative Academies (formerly MPC Academy) is a global initiative of the Group to help bring new talent into the Visual Effects business. It is an in-house finishing school. We hire candidates with some education in a specialty within our field, and work with them until they are ready to work on feature film Visual Effects. In 2018, MPC Film Academy transitioned to Technicolor Academy, with the aim to support the business units that form Technicolor's FEV VFX Service Line which includes Mr. X and Mill Film as well as Mikros.

With continued growth in the Montreal, London and Bangalore studios, the launch of a new Adelaide studio continues to create large demands for talent. The educational institutions in these areas do not graduate talent with the necessary skill sets in the quantity demanded by the industry. In response, the development and expansion of the Creative Academies aim at developing our own talent. We created in-house training space with industry standard equipment in Montreal, Adelaide and Bangalore. We offer paid employment where individuals will spend from 6-12 weeks in full time training. Those who graduate transition into their department where they begin to work on feature films.

Our first Creative Academy in our Canadian studios was in the autumn of 2014 and in our Indian studio mid-2015, with Adelaide & London starting in 2018. The departments we have trained for are compositing, lighting, FX, Digital Matte Painting (DMP), Animation, Roto Prep, Assets, Software and match-move. Since this project began, the training team has trained over 1,600 artists and developers globally. The project has been a success and continues to be a central part of our talent strategy especially as we explore new territories. It represents an excellent opportunity for young people in the communities in which we operate to break into the film Visual Effects business. It is challenging to get a chance to work in Visual Effects and the Creative Academies opens the door and provides this opportunity. It is an investment not only in our own future talent, but in the communities where we operate. Access is not limited to the national citizens, but open to talent around the world, wherever they come from. We have welcomed Academy students from Mexico, Brazil, Thailand, Columbia, Indonesia, China, Japan, Korea, together with India, North American and Europe. Hundreds of young people, who may not have otherwise been given a chance, have been provided an opportunity to join our creative community. They have the support of a full-time trainer in the department they are preparing for, and they are given detailed feedback along the way, so they understand what they need to do to succeed.

A large proportion of those hired into the Academy have graduated and continued to employment within MPC Film, Mr. X and Mill Film. Many have received subsequent contracts and others have gone on to work for our competitors; we see that as a validation of the success of the Creative Academies. As Visual Effects is a show-based cyclical business, artists tend to be contract based and move between a variety of companies on different projects. We believe that since we took a risk and invested on emergent talent and created an excellent experience for their entry to the business, that they are likely to return to one of Technicolor's FEV units because of the loyalty inspired. Overall, this program allows us to contribute to local economies and employment and can help grow a larger available talent pool for the industry cluster.

We aim to source a significant proportion of our future junior talent in compositing, lighting, FX and DMP, Assets, Animation and Roto Prep from Academy graduates. Our heads of department have expressed satisfaction with their performance, and we have many cases of Creative Academies graduates performing well above expectations.

We see this as a partnership between the Group and local education establishments which helps make the countries we work in attractive to creative talent. To this end, further steps are being taken to better prepare students while they are still in school. Through the robust "Education Partnerships and Engagement strategy", we continue to work with c.30 local colleges and universities to build an affiliation basis and offer our help to better prepare their students to work in Visual Effects.

Our Creative Academies represents both a central strategic talent initiative and a way for the Group to give back to the community. It helps bring social and economic benefits to the cities we work in as every Academy student will need to live, travel, eat and play in their communities. As these communities become recognized as great places for creative talent it will attract new work and companies as well as stimulate other spin-off businesses. It is a great example of a win-win situation where doing the right thing is also good business.

5.2.8 Relations with external stakeholders

GRI *[102-21] [102-40] [102-42] [102-43] [102-44] [103-1 Indirect economic impacts] [103-2 Indirect economic impacts] [103-3 Indirect economic impacts] [103-1 Training and education] [103-2 Training and education] [103-3 Training and education] [103-1 Local communities] [103-2 Local communities] [103-3 Local communities] [103-1 Public policy] [103-2 Public policy] [103-3 Public policy]*

Technicolor's main activities are in the field of Entertainment Services and Connected Home devices. They require creative talents for innovation of technologies and services and for development of products. This leads Technicolor to maintain relationships with a variety of key stakeholder groups to ensure growth and sustainability of its businesses, primarily:

- clients and customers;
- investors and shareholders;
- education bodies;
- communities;
- suppliers and subcontractors;
- public authorities.

Within these general categories, specific stakeholders are identified as engagement opportunities based on their nearness to or connection with critical aspects of Technicolor (people, products, services, or property). Dialog may take place in a variety of ways, such as face-to-face meetings, memberships, surveys, contracts, or public event/forum/webinar/panel, as detailed in the below descriptive examples.

Customer satisfaction is monitored and managed through regular face-to-face structured meetings with individual customers and executive review of any customer complaints for all activities. In addition, Connected Home also drives customer satisfaction surveys (10 in 2019) for its activities as they involve a large number of customers. Findings of these surveys and meetings are used to correct processes and improve relationships and quality of products and services.

We maintain strong relationships with our shareholders and investment community. Technicolor participated to 178 events (roadshows, conference calls and conferences), met 159 institutions (institutional investors) and had 30 contacts with analysts during the course of the year. Overall Technicolor handled 199 meetings or calls with investors and analysts over the course of the year.

Long-term cooperation with education bodies is key for fast growing and/or changing business domains to enable Technicolor to access to young highly educated talent pool whose skills fit with our requirements. See section 5.2.7.

Technicolor maintains close relations with local communities in order to limit the impacts of the Company's industrial activities on the local environment (*e.g.* noise pollution, light pollution, air pollution and road traffic). The Group strives to take the necessary steps in these contexts in order to achieve a satisfactory outcome for all concerned.

Relations with suppliers and subcontractors are described in section 5.3.1 as well as in the Vigilance Plan (section 5.10)

Technicolor continues to develop trusted relations with public authorities where it operates in order to secure a favorable business, social and technological environment. Such relations are managed either directly or indirectly through industry associations, and follow strictly our business ethics rules, especially competition and anti-bribery rules as well as transparency through the national registration processes of declaration of interest.

5.3 HUMAN RIGHTS AND WORKING CONDITIONS

GRI *[102-12] [102-13] [103-1 Procurement practices] [103-2 Procurement practices] [103-3 Procurement practices] [103-1 Supplier environmental assessment] [103-2 Supplier environmental assessment] [103-3 Supplier environmental assessment] [103-1 Occupational health and safety] [103-2 Occupational health and safety] [103-3 Occupational health and safety] [103-1 Child labor] [103-2 Child labor] [103-3 Child labor] [103-1 Forced or compulsory labor] [103-2 Forced or compulsory labor] [103-3 Forced or compulsory labor] [103-1 Human Rights assessment] [103-2 Human Rights assessment] [103-3 Human Rights assessment] [103-1 Supplier social assessment] [103-2 Supplier social assessment] [103-3 Supplier social assessment]*

Technicolor closely follows the international principles laid out in the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work in its approach to Ethics and Social Responsibility, a standard reinforced in the Group's Ethics policy and in its membership with the UN Global Compact. In this way, the Company pledges to ensure freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor and elimination of discrimination in respect of employment and occupation. These principles carry through into the supply chain, and supplier compliance with the Company's policies and principles relating to ethics and human rights is monitored through a Supplier Ethics and Social Responsibility program or as part of the compliance activities aligned with Technicolor's membership in the *Responsible Business Alliance*.

Technicolor has been a Member of the United Nations Global Compact since 2003. The Global Compact is a United Nations initiative which challenges Member companies to align their operations and strategies around 10 universally accepted principles in the areas of human rights, labor standards, environmental practices and anti-corruption and to develop best practices in these fields. Technicolor seeks to comply with the highest ethical standards, to take into account the legitimate and ethical interests of all its stakeholders as well as the United Nations founding principles and each year submits a Communication on Progress as part of its support and engagement in favor of the Global Compact. The Communication on Progress is available as part of the Sustainability report on the Group's website at the following location under the Governance and Ethics section:

https://www.technicolor.com/corporate-social-responsibility

Since 2017, Technicolor is member of the *Responsible Business Alliance* (formerly *Electronics Industry Citizenship Coalition*) after having implemented its Code of Conduct in 2016.

5.3.1 Human Rights and working conditions in the supply chain

GRI *[102-9] [102-12] [102-44] [308-1] [308-2] [403-7] [406-1] [407-1] [408-1] [409-1] [412-1] [412-2] [412-3] [414-1] [414-2]*

Through meetings, contracts, and other methods of formal communication, the Group shares its expectations that suppliers and their subcontractors provide safe and healthy working conditions for their employees, abide by Human Rights laws and standards, and strives for continual improvement in their environmental management systems, processes and products.

Technicolor requires its suppliers and sub-contractors to actively support its EH&S Principles. Suppliers are required to comply with the legal requirements and standards of their service or industry as applicable under the national law of the countries in which they operate. Technicolor suppliers and sub-contractors also ensure the compliance of their components and products with specific legal requirements applicable in the countries where their products are being sold.

Beyond raw material and component purchasing, the main areas where Technicolor subcontracts production and services are the manufacturing of Set-Top Box and gateways of the Connected Home segment, and part of the logistics of the DVD Services Division in Europe. In addition, to manage seasonal peak workloads within DVD Services, Technicolor uses contracted labor services to provide additional workforce on packaging and distribution sites.

To ensure that suppliers respect established principles, and as part of Technicolor's Supplier Responsibility program, since 2003, Technicolor sourcing management:

- determines when CSR audits, always performed by Technicolor selected auditors, are required;
- requires all suppliers to sign the General Rules of Conduct Compliance Certificate;
- periodically reviews all suppliers according to the Technicolor Suppliers Responsibility program requirements.

The Technicolor Supplier Responsibility program:

- ensures that Technicolor suppliers respect our policies and program requirements;
- promotes economic and social welfare through the improvement of living standards and support for non-discriminatory employment practices. Technicolor actively seeks suppliers with similar interests and ethics commitments.

Suppliers are expected to adhere to these basic principles:

- tolerate no discrimination and encourage diversity;
- promote best working conditions;
- use no child labor or forced labor or involuntary labor;
- protect worker health and safety;
- respect the environment;
- support worker development;
- respect fair market competition;
- strive to be a good corporate citizen wherever Technicolor operates;
- prevent and avoid all forms of bribery, corruption, or other unfair and unlawful action;
- respect consumer and personal privacy;
- avoid potential conflicts of interests.

52 on-site Supplier Ethics audits were performed in 2019 by Technicolor concerning 45 sites as some sites have been audited two times. Through these audits and other methods, Technicolor shares its expectations that suppliers and their subcontractors provide safe and healthy working conditions for their employees, abide by human rights laws and standards, and strive for continual improvement in their environmental management systems, processes and products. During the audit process, instances of child labor are classified as "critical," resulting in an immediate stoppage of business. Audits revealing employee discrimination, forced labor, safety violations, permanent disabilities or fatal injuries are classified as "major," and require immediate corrective action.

Only 1 audit revealed a critical violation that was child labor related. 77% of detected violations relate to health and safety, and 13% to working hours. Health and safety violations represent 92% of major violations, while the remaining categories of major violations detected are discrimination, young workers and forced labor by decreasing order.

Technicolor added a more systematic risk assessment of suppliers in 2018 with the implementation of the EcoVadis assessment platform (*EcoVadis Rating Framework*) for suppliers representing a yearly spending of more than €1 million. In 2019, such category represents 90.4% of the total spending of the Group.

Suppliers representing about 69% of total spend of this category of Technicolor's suppliers are already assessed by EcoVadis.

The primary sub-contracting scope within the Group is within the Connected Home business, where sub-contracting represents the majority of units sold, and thus almost all audits originating as part of the Supplier Responsibility program are targeting suppliers and sub-contractors for the Connected Home business as sub-contracting is very low profile in Entertainment Services. Conversely, the year-end seasonal labor peaks are strongly represented in Entertainment Services and the Group ensures that all temporary workers receive all required EH&S training, information, and equipment for their responsibilities, no matter how limited the duration of employment, the same as any other worker within the Group.

Technicolor monitors key performance indicators according to SA 8000 criteria for key active electronics manufacturing service partners to ensure they comply with Corporate Social Responsibility regulations and practices. Technicolor Sourcing gives preference to suppliers who have achieved ISO 9001 certification and who are certified to meet such EH&S standards such as ISO 14001 and OHSAS 18001.

Additionally, the *Responsible Business Alliance* (RBA) may perform on-site audits to monitor and verify the implementation of the RBA Code of Conduct.

Mindful of regulations banning or restricting certain chemical substances, Technicolor implemented a process for obtaining and tracking information about its suppliers. This system allows for the identification and estimation of relevant chemical substances in Technicolor's products and ensures that banned substances are not included. In 2016, Technicolor's commitment was confirmed by a Technicolor public statement on Conflict Minerals available on www.technicolor.com, along with other Technicolor statements on compliance with UK and California anti-human trafficking laws.

5.3.2 Fight against harassment and discrimination

GRI *[103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity] [103-3 Diversity and equal opportunity] [103-1 Non-discrimination] [103-2 Non-discrimination] [103-3 Non-discrimination] [406-1]*

A diverse workforce is a business imperative to Technicolor in its competitive environment. It must be able to recruit and retain the most talented candidates from a broad range of disciplines and experiences. Technicolor's policy is not only to provide equal employment opportunity without regard to race, sex, religion, national origin, age or disability status, but also to fight actively against harassment and discrimination that are illegal and also hamper our ability to perform and to retain talented employees.

Beyond existing legislations, we strive to track pay discrimination cases between women and men and to reduce such gaps. An improved gender pay gap analysis process based on current and revamped business' job architectures is under preparation to identify and help to prevent pay gap creation at every step of women's career.

The non-discrimination and equal employment opportunity policies, based upon the Ethics Charter and locally augmented according to specific legal requirements if needed, including the anti-harassment policy, are implemented at all Technicolor sites.

In addition to the role of the management, detection of discrimination cases also relies on the whistleblower policy allowing any employee to confidentially disclose their situation or the situation of a co-worker, without fear of publicity or adverse reaction. Such cases are reported to the Ethics Committee and investigated. Some countries implement in addition an official trust person or advocate for employees if there is a discrimination issue. Overall, 50 cases of discrimination and harassment were reported in 2019.

3,179 hours of training including fight against unconscious bias, discrimination and harassment were delivered to 1,198 employees in 2019, of which 1,048 hours of anti-harassment focused training to 643 employees.

In several countries, managers and supervisors are provided Legal awareness training sessions about anti-harassment and non-discrimination. Several new or on-going initiatives were active during 2019:

- in India, a PoSH (Prevention, Prohibition and redressal of Sexual Harassment at workplace) liability survey and awareness and training campaigns with all the service line management teams and key talent was conducted. Based on the survey results, an experiential training on "unconscious bias" was conducted for the leadership team. PoSH Internal Complaint Committee (IC) was revamped with on-boarding a new external consultant, and all were inducted to the complaint handling process. In continuation of this, all the employees were trained on PoSH with the help of video-based modules, and awareness posters were put up on the notice board at all floors. This training covered employees from all the service lines at Bangalore and Mumbai (Trace VFX). 1,242 employees attended such training through 33 sessions. Through various avenues, we continue to educate employees on the unconscious bias. In India, the practice continued to make provision for mutually agreeable extension of employment for senior workers, past the national retirement age of 58. The Bangalore operation also provides a written document concerning local community conditions and advice for new workers moving in from other areas. Partnering with Oxfam India, the Technicolor team supported 98 local teams in the 2018 Trailwalker "Walk for Equality" event, with walks of 50 and 100 km over three days, while also staffing a checkpoint along the route for support and hospitality during the 3-day event;

- in the UK, during the Film & Episodic VFX (FEV) induction and onboarding process, the employee engagement committees are highlighted, and employees are encouraged to join or attend up-coming events. In 2019, training on mental health awareness and unconscious bias has been rolled out. We have recently rolled out our Mental Health Pledge and moved to core hours in order to promote positive work life balance. During National Inclusion Week 2019, there were events and activities focused on different identities and cultures, such as Celebration Diversity Month and Black History Month Screenings. Throughout the VFX brands in the Balance committees, there is now a stream called Pride, open to everyone, focusing on creating a welcoming space for all LGBTQ+ employees, as well as Women Steering groups;
- in Australia, workshops were facilitated for Women in Leadership, to inspire current and future female leaders in the workplace. Development needs were discussed, and personalized succession plans developed and continuous action is planned for 2020.

5.4 CLIMATE CHANGE

GRI *[102-44] [103-1 Energy] [103-2 Energy] [103-3 Energy] [103-1 Emissions] [103-2 Emissions] [103-3 Emissions] [201-2]*

This report provides an overview of the activities that Technicolor is taking to fulfill its responsibilities as a global corporate citizen with respect to Climate Change. As such, Technicolor is reporting on what it has determined to be the most significant aspects and impacts, both globally and by business unit, for the fiscal year 2019.

Climate change is integrated into Technicolor's business strategy along two primary axes: development of eco-friendly products and services and infrastructure improvements to reduce emissions or to maintain performance when faced with climate impacts. The development strategy has Technicolor joining or leading various industry groups, regulatory committees, or trade collaborations as a way to find or to create improvements and manage them into the product or service offerings. The infrastructure strategy is to seek out improved efficiencies in technology or human process/behavior.

CHARTER, POLICIES AND GUIDELINES

Standards and direction begin with Technicolor's Code of Ethics and then flow to the Group's EH&S Charter, authorized by top management. After that comes a library of more than 50 EH&S Policies and Guidelines, beginning with the Environmental Policy, supported by numerous topical guidelines such as resource conservation and pollution prevention.

The EH&S Charter has been translated into six languages and is available on the Group's Intranet, along with all the policies and guidelines.

ORGANIZATION

EH&S is managed transversally within Technicolor and by extension becomes the duty of each Executive Committee Member, Technicolor business manager, and Site manager. Technicolor established a Corporate EH&S group in 1993 to develop, direct and oversee the development of global policies, guidelines, programs and initiatives. The Corporate EH&S organization reports to Corporate Social Responsibility, headed by the Director of Human Resources and Corporate Social Responsibility, who is a Member of Technicolor's Executive Committee. Overseeing EH&S is a Corporate manager, who directs the efforts of EH&S personnel throughout the business. Business Unit liaisons work to ensure that initiatives relevant to their particular business are shared quickly among sites with similar activity. Legal support and counsel for issues such as product safety, environmental protection and workplace safety is provided by Technicolor in-house attorneys.

It is the responsibility of the Corporate EH&S Organization to develop policies, programs, processes and initiatives to help the business meet the principles and commitments outlined within the EH&S Charter. Each Technicolor location identifies personnel who, along with the support of local EH&S committees, are responsible for reviewing and localizing Corporate Policies and Guidelines and applicable governmental laws and regulations, and for implementing site-specific programs and procedures which will ensure compliance and minimize the potential for their operation to cause harm to human health or the environment.

REPORTING PERIMETER AND RISK PROFILE

This report contains data from 50 operating locations, of which 13 are industrial. Prior year data are reported for the same locations when available, although some newly acquired sites may not have data values for years prior to acquisition or sites may have been closed or sold. By Technicolor's definition an industrial location is a facility where DVDs are produced, packaged or distributed or where any Connected Home product is made. To provide finished products and services, Technicolor utilizes purchased materials, chemicals, components, energy, and water. As a result of the products and services it provides, there are a number of potential activities that may result in adverse impacts to the environment.

Given the diversity of the Group's operations, the environmental aspects and potential impacts vary by location, thus not every location is required to report on each of the established metrics. Environmental aspects reviewed in this report include waste management (total waste generated, landfilled, and recycled), energy consumption (electricity, fossil fuels, steam, and chilled water), water consumption, air emissions (greenhouse gas emissions), main materials used, and processing wastewater effluents. The 51 sites included in this report may be reviewed in the subsection "Data collection method and rationale" (5.5.5) herein.

The Corporate EH&S Organization has identified key information that is tracked and reported on either a monthly, quarterly, or annual basis. This information includes utility consumption, waste generation, recycling and disposal, air emissions, main raw materials used, and water effluent from industrial locations.

Technicolor is firmly committed to continually assessing the impacts of its facilities and products. Technicolor's goal is to continually evaluate information needs and collection processes to ensure that it remains consistent, with a focus on present activities and issues as well as anticipated future requirements.

TRAINING

Please refer to section 5.5 for Environmental training.

GOALS AND OBJECTIVES 2019-2021

Technicolor established the following climate change goals and objectives for the Group, to be met by its worldwide operations by the end of 2021:

- 30% minimum proportion of electricity coming from renewable sources;
- reporting to satisfy GRI (Global Reporting Initiative) Sustainability Reporting Standards.

5.4.1 Carbon emissions

GRI *[102-12] [103-1 Energy] [103-2 Energy] [103-3 Energy] [103-1 Emissions] [103-2 Emissions] [103-3 Emissions] [302-1] [302-2] [302-3] [302-4] [305-1] [305-2] [305-3]*

ENERGY CONSUMPTION

In 2019, worldwide energy use was approximately 1,214 terajoules, a decrease of about 11% compared with 2018. Of the total energy consumed, 88.4% was in the form of electricity (of which 24% was from renewable sources), 11.2% was in the form of fossil fuels, and 0.3% was in the form of purchased steam or chilled water. When compared to total revenue, average energy intensity was 0.319 TJ/M€ across the business in 2019.

ENERGY CONSUMPTION

	Total *(terajoules)*	Electricity *(terajoules)*	Fuel sources *(terajoules)*	Total per revenue *(terajoules per M€)*
2017	1,452(1)	1,314	124	0.333
2018	1,368(2)	1,200	151	0.342
2019	1,214(3)	1,073	137	0.319

(1) Total energy includes about 14 TJ steam or chilled water purchase.
(2) Total energy includes about 18 TJ steam or chilled water purchase.
(3) Total energy includes about 4 TJ steam or chilled water purchase.

2019 ENERGY CONSUMPTION

	Total Energy *(terajoules)*	% Total Group *(%)*	Electricity *(terajoules)*	% Total Segment *(%)*	Fuels *(terajoules)*	% Total Segment *(%)*
Connected Home	44.4(1)	3.7%	41.0	92.3%	1.2	2.7%
Entertainment Services	1,168.3(2)	96.2%	1,030.6	88.2%	136.0	11.6%
Corporate & Other	1.4	0.1%	1.2	85.7%	0.2	14.3%

(1) Total energy includes about 2.2 TJ chilled water purchase.
(2) Total energy includes about 1.7 TJ steam purchase.

GREENHOUSE GAS EMISSIONS

Upon evaluation of its operations, Technicolor determined the most significant but limited air emission contaminant resulting from the Group's operations (Scope 1) to be equivalent carbon dioxide (CO_{2eq}) associated with on-site combustion of fuels for heating and cooling, back-up power generation, fire-suppression equipment, or other typical engine-driven equipment.

In 2019, a total of 7,846 metric tons of CO_{2eq} were emitted from combustion sources within Technicolor's industrial plants and larger non-industrial locations. This figure was calculated using the 1996 Intergovernmental Panel on Climate Change (IPCC) Emission factors.

AIR EMISSION

Scope 1 emissions	CO_{2eq} *(metric tons)*
2017	7,087
2018	8,638
2019	7,846

Indirect emissions from consumption of electricity, steam, and chilled water (Scope 2) were 134,064 metric tons CO_{2eq} and were estimated using the 2018 International Energy Agency emissions factors.

Scope 2 emissions	CO_{2eq} *(metric tons)*
2017(1)	199,036
2018(1)	172,836
2019	134,064

(1) In prior years, Scope 2 emissions were estimated using the 2014 GHG Protocol version 4.5 emissions factors.

Beyond scope 1 and scope 2 greenhouse gas emissions, the most significant contributions to scope 3 greenhouse gas emissions are shown below, in decreasing significance. Where quantitative estimates are shown, the values are approximate due to assumptions required and potential absence of exact knowledge for specific type of transportation equipment and fuel. Necessary assumptions are based on industry standards or surveys for collective vehicle performance or consumer behavior:

- electricity consumption during the use of Connected Home devices (Set-Top Box and gateways) in their targeted markets during their estimated product lifetime of 5 years. The total impact of all Connected Home devices produced during 2019 is estimated to be an equivalent 1.07 million tons of CO_{2eq} during each full year of product operation. The assumed product operation that may be controlled in part by the network operator and the consumer, includes active hours during use, standby hours when not actively in use, and switched-off hours, aligned primarily with the customer habits for using their television at home. For any individual piece of equipment, the true equivalent emission will depend on the country and region of operation as emission factors vary significantly depending on electricity generation methods and sources in each country;
- raw materials and distribution of DVD and Blu-ray™ discs. The estimated impact of all inbound and outbound traffic controlled by Technicolor during 2019 for DVD products was 65,745 tons CO_{2eq};
- raw materials, manufacturing, distribution, and dismantling (cradle-to-cradle) of Connected Home devices (Set-Top Box and gateways). The estimated impact of all inbound and outbound traffic controlled by Technicolor during 2019 for Connected Home devices was 11,817 tons CO_{2eq};
- employee commuting;
- business travel, primarily air travel, had an estimated impact of 28,040 tons CO_{2eq} during 2019;
- data centers supporting all businesses and functions within Technicolor, but primarily attributable to Production Services generated an estimated impact during 2019 of 16,340 tons CO_{2eq}.

In 2019, Technicolor participated for the twelfth consecutive year in the Carbon Disclosure Project (CDP), targeting collaboration between large international firms and investors related to global warming. Technicolor's emissions disclosure is available on the CDP's website: http://www.cdp.net/

5

DATA CENTERS

In addition to Group IT requirements, Production Services businesses related to film, video, animation, and special effects have an on-going need for fast and efficient data centers (computational capacity plus storage capacity). Technicolor uses a mix of public cloud-based infrastructure as a service, in addition to on-site or co-located data centers managed by Technicolor resources in conjunction with other partner companies in order to meet these requirements, depending on data security, response time, availability, and other aspects. As a first step, Technicolor has mapped its requirements and its current infrastructure and continues to work toward reduced energy consumption and increased energy efficiency for data centers while working to understand the power usage effectiveness methodology (PUE) and definitions that could be further implemented to improve the business performance while reducing carbon emissions. The combined impact of all data centers utilized by the Group during 2019 was estimated to be 16,340 tons CO_{2eq}.

5.4.2 Energy efficiency

GRI *[102-12] [103-1 Energy] [103-2 Energy] [103-3 Energy] [302-5]*

Technicolor started to implement eco-design guidelines in 2008 and has long taken a positive stance towards environmental and efficiency issues in the development, manufacture, and use of its products. The Connected Home segment complies with all the laws, regulations and industry guidelines endorsed by Technicolor. These include the European Union Code of Conduct on Energy Efficiency of Digital TV Service and Energy Consumption of Broadband Equipment, the European Union's Industry Voluntary Agreement to improve energy consumption of Complex Set-Top Box (CSTB), the U.S. Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Set-Top Box (STB), the U.S. Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Small Network Equipment (SNE), and the Canadian Pay-TV Set-Top Box Energy Efficiency Voluntary Agreement (STB CEEVA). In 2019, Technicolor decided to sign the Canadian Energy-Efficiency Voluntary Agreement for Small Network Equipment (CEEVA SNE) to extend its existing energy saving initiatives into the Canadian market.

As it relates to Customer Premises Equipment (CPE), Technicolor was the first CPE vendor to sign the Code of Conduct for Broadband Equipment, putting itself in a leading role for low energy consumption residential gateways. By designing devices compliant with regulations as well as various Voluntary Agreements, Technicolor is committing to improve energy efficiency and to reduce the carbon footprint of Gateways and Set-Top Box. By anticipating the revision of Voluntary Agreement release and the elaboration of the European energy efficiency regulation, Technicolor acts for the improvement of energy efficiency of Gateways and Set-Top Box.

As it relates to electricity consumption during the use of Connected Home devices (Set-Top Box and gateways) in their targeted markets during their estimated product lifetime of 5 years, the total impact of all Connected Home devices produced during 2019 is estimated to be an equivalent 1.07 million tons of CO_{2eq} during each full year of product operation. The assumed product operation that may be controlled in part by the network operator and the consumer, includes active hours during use, standby hours when not actively in use, and switched-off hours, aligned primarily with the customer habits for using their television at home. For any individual piece of equipment, the true equivalent emission will depend on the country and region of operation as emission factors vary significantly depending on electricity generation methods and sources in each country.

5.4.3 Renewable energy

GRI *[103-1 Energy] [103-2 Energy] [103-3 Energy] [103-1 Emissions] [103-2 Emissions] [103-3 Emissions] [302-4]*

As part of its pledge to conduct business safely and responsibly, Technicolor has always measured environmental impact and sought to reduce it through monitoring programs and projects focused on its activities. As the industrial footprint of the Group continues to transform away for energy-intensive processes due to industry closures in glass, tubes, and motion picture film, and the non-industrial footprint continues to evolve and to grow in digital media and the cloud, the energy focus has evolved, resulting in a growing emphasis on increasing the proportion of renewable energy as a percentage of electricity consumed at all the Group sites.

In Brazil, the Connected Homes manufacturing plant dedicated to the production of Set-Top Box for the Americas has a long-term plan to improve its carbon footprint, in part by increasing its proportion of energy from renewable sources. While some portion of electricity available on the market is from renewable sources, the site also installed solar panels, energy storage systems, and control systems sufficient to generate 10% of the electricity consumed by the site.

RENEWABLE ENERGY

Group	As a percentage of electricity (%)	As a percentage of total energy (%)
2017	16.8%	15.2%
2018	19.0%	16.6%
2019	24.1&	21.3%

Business Segment	As a percentage of electricity (%)	As a percentage of total energy (%)
Connected Home	25.3%	23.3%
Entertainment Services	24.0%	21.2%
Corporate & Other	17.5%	14.9%

CLIMATE CHANGE HIGHLIGHTS

Sites, both industrial and non-industrial try equally to reduce their energy consumption. Efforts to reduce energy consumption locally continued in 2019. Typical efforts involve lighting fixtures changeover to LED appliances, HVAC improvements (heating, ventilation and air-conditioning), and shutting down of light or systems during week-ends or holidays as possible, raising setpoint temperatures in data centers or other technical rooms, selecting equipment according to energy efficiency criteria, and using window solar control screen films to improve insulation in exposed offices. Many initiatives took place at the site level in 2019 to reduce carbon emissions in addition to energy saving initiatives implemented in both Industrial and non-industrial sites:

- indirect energy saving initiatives continued such as replacing travel by an array of teleconferencing, messaging, and various video calls applications (such as in London The Mill), or teleworking which benefits both people and planet, saving time and fuel wasted in commutes. Some sites also have put in place local bus commutes or are organizing smart routes for transporting workers from or to their homes when need be (India, Bangalore), or are encouraging employees to use bicycles (Paris Mikros site has a bike space, Edegem participates in a bicycle day program, offering breakfast to employees riding their bicycles on that day);
- purchasing green energy or developing renewable energy on site: a couple non-industrial sites have shifted to 100% green energy contracts (New York The Mill, and London MPC), and the Connected Home factory located in Manaus Brazil continues to produce solar energy;
- offsetting emissions also takes place either through mandatory participation schemes such as in Hollywood where the site purchases CO_2, NOx, and VOC emission credits, or through voluntary action such as at Montreal Mikros Image where the site organized a fundraiser to offset travel emissions, donating money to the *Carbone Boréale* scientific organization which manages reforestation in primary forests in North Quebec;
- other initiatives and experiences are beneficial in more than one way, as they raise awareness and knowledge of life cycle assessment tools and carbon footprint approaches in a way that influences local selection of products or services. Many sites have opted for new choices, shifting to eco-office paper, eco-friendly hygiene products, ceramic mugs or disposable paper cups versus disposable plastic cups, replacing plastic cutlery by durable metal cutlery, replacing bottled water by chilled water fountains or faucets, (Mikros Paris, Montreal MPC).

5.5 CIRCULAR ECONOMY

GRI *[102-44] [103-1 Materials] [103-2 Materials] [103-3 Materials] [103-1 Water and effluents] [103-2 Water and effluents] [103-3 Water and effluents] [103-1 Effluents and waste] [103-2 Effluents and waste] [103-3 Effluents and waste]*

This report provides an overview of the activities that Technicolor is taking to fulfill its responsibilities as a global corporate citizen with respect to the Circular Economy. As such, Technicolor is reporting on what it has determined to be the most significant aspects and impacts, both globally and by business unit, for the fiscal year 2019.

CHARTER, POLICIES AND GUIDELINES

Please refer to section 5.4 for their description.

ORGANIZATION

Please refer to section 5.4 for its description.

REPORTING PERIMETER AND RISK PROFILE

Please refer to section 5.4 for their presentation.

ANNUAL PERFORMANCE MEASUREMENT PROCESS

A process was implemented in 1997 to allow for the consistent internal benchmarking of key management programs and requirements within each of the Group's industrial locations, and tracking of site progress toward environmental, safety and resource conservation improvement goals. This process was revised during 2012 to better support the wider network and diversity within the Group's mix of industrial and non-industrial locations, and it assesses benchmark criteria, helping the Group create consistent global focus and action plans on key programs, requirements and initiatives.

EMERGENCY PREPAREDNESS AND RESPONSE

Even the best designed programs and procedures cannot eliminate the occurrence of unforeseen events. The development and periodic review of emergency preparedness and response plans is critical to the success of Technicolor's EH&S program, making these, along with associated training and testing, key components of the EH&S performance measurement process.

One of the many challenges that are present in a globally operated business is ensuring effective communication, particularly in the event of a crisis. At Technicolor, a system was designed to provide a consistent worldwide approach for managing and mitigating significant EH&S incidents. The Significant Business Incident (SBI) system enables timely communication to and involvement of top management and ensures the quick and effective allocation of appropriate resources with consistent crisis management measures throughout the world. This process also serves as a valuable tool for identifying potential concerns within each of Technicolor's businesses and to ensure that appropriate preventive measures are effectively implemented.

In 2019, three SBIs associated with EH&S aspects were reported, and penalties or fines in the amount of €35 thousand were incurred as a result of SBI events.

AUDITS AND INTERNAL GOVERNANCE

GRI *[403-2]*

EH&S audits and inspections are a key part of Technicolor's continued efforts to improve EH&S management and performance, and to prevent incidents from occurring. A comprehensive corporate audit program was implemented in 1996. The aim of the audit program is to review the Group's industrial locations' compliance with Corporate EH&S Policies and Guidelines and specific applicable EH&S laws and regulations. The audit program has also been demonstrated to be a valuable tool for increasing EH&S awareness, identifying best practice opportunities, communicating successful initiatives between plants, creating opportunities for different approaches to problem solving, and introducing EH&S personnel to other aspects of the Group's multi-faceted business.

The audits include physical inspections of the location, review of documents and records, and examination of activities within the EH&S scope. The use of Technicolor specific audit protocols helps ensure and maintain consistency in approach while also bringing renewed focus to key corporate requirements. In addition, the protocols allow for, and require, the inclusion of location-specific regulatory and business requirements. Issues and recommendations identified during the audit process are reviewed and discussed with members of the location's management.

In 2019, five locations were internally audited as part of Technicolor's objective of auditing each industrial location at least every three years. As a result of these audits potential improvement items were identified and evaluated, and more importantly, appropriate associated action plans developed.

ACQUISITIONS AND CLOSURES

Technicolor has established a process for reviewing locations prior to acquisition and upon closure to identify and understand the likelihood and extent of potential environmental contamination associated with the locations' activities. This process not only helps limit financial liability, but also to understand the type and level of support required to ensure that the Group's corporate policies and guidelines are effectively implemented. Once acquired, locations are expected to comply with Technicolor's EH&S policies and guidelines, which include, as an example, the development of chemical and waste management practices to minimize the potential for uncontrolled releases to air, water and land.

Newly acquired businesses are reviewed by Technicolor to identify EH&S aspects of their operations, to evaluate the status and effectiveness of existing management and control systems, to determine compliance with Technicolor EH&S Policies and Guidelines, to communicate Technicolor's EH&S initiatives and requirements, and finally, to assist in the establishment of location-specific programs that conform to Technicolor's requirements and meet the needs of the Group.

TRAINING

GRI *[403-5]*

Technicolor understands that each employee has the ability to impact the Environment, Health and Safety (EH&S) efforts and performance, thus it is critical that they are provided with appropriate tools, resources and knowledge. EH&S training programs develop awareness and skills that allow employees and contractors to perform their jobs in such a manner that will not only ensure compliance with appropriate laws, regulations and policies, but also so that they may prevent accidents which may lead to injuries or harm to the environment. Training programs are evaluated during the EH&S audit process and are a core requirement in the EH&S performance measurement process. In 2019, 42,902 hours of EHS documented training reported through the EHS reporting system (*Enablon*) on a wide variety of environmental and safety compliance and protection, injury prevention, emergency preparation and response, and occupational health topics were provided to employees and contractors throughout Technicolor.

GOALS AND OBJECTIVES 2019-2022

Related to the circular economy, Technicolor established the following EH&S goals and objectives for the Group, to be met by its worldwide operations by the end of 2022:

- 75% minimum waste recycling rate;
- reporting to satisfy GRI (Global Reporting Initiative) Sustainability Reporting Standards.

5.5.1 Recycling of waste and optimization of raw material

GRI *[103-1 Materials] [103-2 Materials] [103-3 Materials] [103-1 Effluents and waste] [103-2 Effluents and waste] [103-3 Effluents and waste] [301-1] [306-2]*

WASTE GENERATION AND RECYCLING

Technicolor has a long-standing commitment to the principles of sound and environmentally responsible management of waste. Establishing the hierarchy of internal re-use, recycling and reclaiming followed by treatment and then landfill as the last option, Technicolor has developed and implemented programs to reduce waste generation, decrease the amount of hazardous waste, decrease waste sent to landfill, and increase recycling.

Hazardous waste is defined at each site using guidance from local governing agencies, but in general it means waste chemicals, fuels, oils, solvents, batteries, fluorescent light bulbs, or other items that may have been in contact with the hazardous material, for example, cleaning materials or empty containers. All these hazardous wastes are handled, stored, and disposed in compliance with local regulation and Group Policy.

Total waste generated was 37,288 tons (about 8.6% of total waste was generated by non-industrial sites). The recycling rate was 69.9% decreasing significantly compared to 2018. When compared to total revenue, the average waste generation rate across the business was 9.81 M-Ton/M€ in 2019.

WASTE

	Total Waste Generated *(metric tons)*	% Treated Hazardous *(%)*	% Recycled *(%)*	Total per Revenue *(metric tons per M€)*
2017	37,773	2.0%	74.5%	8.66
2018	35,657	2.4%	75.6%	8.93
2019	37,288	2.5%	69.9%	9.81

2019 WASTE GENERATION

	Total Waste Generated *(metric tons)*	% Total *(%)*	% Treated Hazardous *(%)*	% Recycled *(%)*
Connected Home	435.9	1.2%	11.5%	81.1%
Entertainment Services	36,836.7	98.8%	2.4%	69.8%
Corporate & Other	15.7	-	0%	29.2%

The primary industrial waste streams that were recycled were cardboard packaging, wood pallets, and plastics related to products or packaging.

New questionnaires about waste were sent to non-industrial sites for the first time during 2013 in recognition of their increased significance in the Group EHS profile due to headcount and surface area. It helped these sites begin to focus on their waste streams, although work remains to more completely measure and categorize this waste generation.

For 2019, the overall reported non-industrial waste was significant at about 8.6% of the Group total tonnage, with approximately 170 tons of hazardous waste from non-industrial locations (batteries, mercury-containing bulbs, e-waste). New for 2016 was the first recognition of organic composting as part of recycled waste, with about 33 tons reported during 2019.

RAW MATERIAL USAGE

The Group sources all raw materials externally. These are always industrially processed raw materials. The main raw materials consumed by the Group's businesses in 2019 were:

RAW MATERIALS

(metric tons)	
Polycarbonate molding plastic	17,885
Wood packaging	11,138
Cardboard and paper packaging	9,117
DVD bonding resin	1,104
Plastic packaging	901

WASTE HIGHLIGHTS

Waste reduction, reuse and recycle efforts continued in 2019. DVD manufacturing, packaging, and distribution sites pursued efforts to reduce out-of-order equipment or damaged pallets through specific programs, engaging employees, and through dialogue with waste management service providers. Non-industrial sites are also increasingly reducing waste produced by discontinuing the use of disposable paper cups, plastic cutlery, or bottled water, shifting to durable options. More both-sides paper printing takes place. Composting is being discussed at two more sites in 2019 for implementation in 2020 (about a total of 30 metric tons were composted in 2019 from 5 sites).

5.5.2 Environmental footprint of products

PRODUCT DESIGN AND LIFE CYCLE ASSESSMENT

As a leading supplier of Set-Top Box (STBs) and Home Gateways, Technicolor has acquired experience and decided to incorporate eco-design principles and methodology into its main new products families. Rigorous product environmental performance analysis has been used in past years to measure the impact of innovations and to target key areas of focus. Specific eco-design studies have been completed on many aspects of core product design (*e.g.*, energy consumption, electronic cards and components, casing and cable materials, accessories, etc.) as well as on related elements including packaging and transportation. For more information, please refer also to section 5.4.2 on energy efficiency.

PRODUCT REUSE

GRI *[417-1]*

Beginning in 2016, as part of its reuse strategy, the Group began to recover used units from the American market in partnership with a major network provider capable of taking back product from individual consumers. Using its network of post-sales locations, Technicolor inspects, refurbishes, and requalifies the returned products whenever feasible, and then sells them as a clearly labeled refurbished product and at a reduced price. Since the program commenced in 2016, the destruction and disposal of 2.9 million units as 4,200 tons of waste was avoided. At the same time, the need for an equivalent amount of raw materials and manufacturing effort required to produce new products for these markets was eliminated.

5.5.3 Sustainable water management

GRI *[102-12] [102-13] [103-1 Water and effluents] [103-2 Water and effluents] [103-3 Water and effluents] [303-1] [303-2] [303-3] [303-4] [303-5]*

In 2019, water consumption at the Technicolor reporting locations decreased by about 14.3% *versus* 2018 to 511 thousand cubic meters. When compared to revenues, average water consumption rate was 134 m^3/M€ across the business in 2018.

Where raw water is developed on-site from local wells, all consumption and pre-treatment is in accordance with granted permissions and approved processes. All water consumption, other than that related to building and facilities, is linked to DVD replication or Set-Top Box manufacturing. Locations experiencing periodic water shortages, such as DVD replication in Australia, invest in rainwater harvesting, while other manufacturing locations in Brazil, Mexico, and Poland may invest in process water recycling so that overall source consumption is reduced. Including laboratory operations in Rennes, France and industrial sites in Australia, Brazil, and Mexico, total rainwater harvested and consumed during 2019 was about 3,203 m^3.

WATER CONSUMPTION

	Total consumption *(thousands of cubic meters)*	**Total per revenue** *(cubic meters per M€)*
2017	668	153
2018	596	149
2019	511	134

2019 WATER CONSUMPTION

	Total consumption *(thousands of cubic meters)*	**% Total** *(%)*
Connected Home	12.9	2.5%
Entertainment Services	496.6	97.2%
Corporate & Other	1.4	0.3%

PROCESS WASTE WATER

Within Technicolor's facilities, 5 sites utilize water within their manufacturing processes. In order to assess the potential environmental impact of the discharge of this treated water, the Group referenced both the European Community (EC) and U.S. Environmental Protection Agency (EPA) criteria for "priority pollutants." Based upon these lists, and information provided by Technicolor's sites regarding the parameters that require monitoring and reporting, 13 pollutants were identified on either the EC or EPA list.

For 2019, the amount of treated water discharged was 76,244 cubic meters, and the total estimated amount of discharged priority pollutants was 80 kilograms.

WATER HIGHLIGHTS

Throughout the year, many sites explored new ways of saving water. Manaus reuses air conditioning condensation for cleaning up outside the buildings, and Melbourne, Rennes, Guadalajara and Manaus sites collect and store rainwater (together they harvested and consumed some 3,203 cubic meters of rainwater in 2019). In non-industrial sites, awareness campaigns and signage are a complement to the refurbishment of toilets with more efficient or sensor driven appliances, as well as equipping faucets with aerators. Dishwashers are selected for their energy efficiency rating and eco-wash cycles are used.

DISCHARGED PRIORITY POLLUTANTS

	Total discharged *(kilograms)*	**Total per revenue** *(grams per M€)*
2017	80	18.8
2018	123	30.8
2019	80	21.0

In addition, due to effluent characteristics, 3 sites are required to monitor biological oxygen demand (BOD) or chemical oxygen demand (COD), in 2019 an estimated total of 1,301 and 160 kilograms were discharged within process effluent respectively.

All above quantities of discharged pollutants are fully compliant with authorized limits. Summary weights of pollutants are calculated using volume-averaged, full year, average concentrations, based on periodic laboratory sampling. Periodic effluent sampling is performed in accordance with local regulatory requirements, and in general pollutants are not monitored continuously.

SUSTAINABLE WATER HIGHLIGHTS

Regardless of site geographical location, in drought affected areas or in more temperate climates, sites endeavor to reduce their water footprint as well.

To conserve water, equipment upgrades have taken place such as in Melbourne, where the site renovated its cooling tower, changing to higher efficiency fill packs, which improved cooling efficiency while reducing water need, or in Camarillo, where the Microfluidics pilot operation replaced a heat press which used one-time-through city water with a closed system with recirculated process-cooling water. In other sites, aerators in taps or water pipes reduced flow of water for sanitary purposes.

On the non-technical side, campaigns to remind staff to make a conservative use of water are in place, as is water-conscious gardening by planting drought resistant species in California, and re-use of condensate water from the air conditioning systems to irrigate an organic garden at Manaus.

5.5.4 Additional environmental aspects

GRI *[103-1 Environmental compliance] [103-2 Environmental compliance] [103-3 Environmental compliance]*

ENVIRONMENTAL MANAGEMENT SYSTEMS

An Environmental Management System (EMS) is a continual cycle of planning, implementing, evaluating and improving practices, processes and procedures to meet environmental obligations and successfully integrate environmental concerns into normal business practices. An effective EMS helps identify and eliminate the causes of potential environmental problems, establish and achieve environmental goals, reduce potential risk and liability, and operate a more effective environmental program.

ISO 14001 is the most widely accepted international standard for an EMS. In today's global market, participation in the ISO 14001 process is one way for an organization to demonstrate its commitment to the environment. To receive certification, organizations are required to develop detailed plans and procedures to identify, evaluate, quantify, prioritize and monitor environmental impacts of its activities.

During 2019, a total of six industrial sites held an ISO 14001 certification and one recently acquired operation is working toward it. The Group makes an environmental risk assessment of each site before concluding an ISO 14001 certification is required. A few sites work beyond the Group requirement and achieve the certification even though the risk threshold is not exceeded.

TECHNICOLOR LOCATIONS WITH ISO 14001 CERTIFIED EMS

Site	Segment	Original certification date
Guadalajara	Entertainment Services	October 2004
Manaus	Connected Home	February 2004
Melbourne	Entertainment Services	December 2005
Piaseczno	Entertainment Services	December 2004
Rugby	Entertainment Services	November 2004
Sydney	Entertainment Services	December 2005

ENVIRONMENTAL INVESTMENTS, REMEDIATION, AND POLLUTION PREVENTION

GRI *[306-3] [307-1]*

In total, approximately €1.42 million was spent on environmental remediation projects in 2019.

A certain number of Technicolor's current and previously-owned manufacturing sites have an extended history of industrial use. Soil and groundwater contamination, which occurred at some sites, may occur or be discovered at other sites in the future. Industrial emissions at sites that Technicolor has built or acquired expose the Group to remediation costs. The Group has identified certain sites at which chemical contamination has required or will require remedial measures:

- soil and groundwater contamination was detected at a former production facility in Taoyuan, Taiwan that was acquired from GE in 1987. In 1992, the facility was sold to a local developer. Soil remediation was completed in 1998. In 2002, the Taoyuan County Environmental Protection Bureau ("EPB") ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway. EPB and TCETVT continue to negotiate over the scope of that work. Technicolor has reached an agreement with General Electric with respect to allocation of the responsibility related to the soil and groundwater remediation (for further information, please refer to note 10 of Technicolor's consolidated financial statements for 2018, included in this report);
- during site closure at an Indiana (USA) CRT factory, soil contamination was discovered while de-commissioning storage pits and liners. Site assessment work was begun in 2005 and Technicolor entered into a Voluntary Remediation Agreement with the appropriate environmental agency in 2006. Initial soil clean-up actions took place in 2006 and groundwater assessment was completed during 2009. The remediation work plan for this site has been approved and completed and the site is in the final stages of project closure;
- as a result of a minor groundwater contamination discovered at a former Technicolor site in North Carolina (USA), an exhaustive environmental site assessment and corrective action plan was completed in 2005. The corrective action plan was approved by the appropriate environmental agency in September 2006, and remediation activities at the site were completed in 2007. Monitoring of the declining groundwater contamination is on-going;
- during site redevelopment at a closed Hollywood film lab with a prior history of contaminated groundwater, soils underneath the buildings were assessed and contaminated soils removed where possible and disposed of properly. Additionally, installations of sub-surface soil vapor extraction systems and passive soil-vapor barriers were completed prior to replacement of the concrete flooring. These works were reviewed and approved by the governing agency prior to implementation and construction activities were completed during 2013. Soil vapor extraction processes and site groundwater monitoring continued during 2019.

The Group believes that their environmental accounting provisions and the contractual guarantees provided by its contracts for the acquisition of certain production assets will enable it to reasonably cover its safety, health and environmental obligations. However, potential problems cannot be predicted with certainty and it cannot be assumed that these reserve amounts will be sufficient. In addition, future developments such as changes in governments or in safety, health and environmental laws or the discovery of new risks could result in increased costs and liabilities that could have a material effect on the Group's financial condition or results of operations. Based on current information and the provisions established for the uncertainties described above, the Group does not believe it is exposed to any material adverse effects on its business, financial condition or results of operations arising from its environmental, health and safety obligations and related risks.

In addition, Technicolor has initiated a number of environmental projects at various locations to ensure that they are in compliance with applicable laws and regulations and Technicolor standards, or to reduce or prevent unwanted emissions. Potential pollution not directly related to chemicals or waste, such as noise pollution or noise restrictions, are assessed at the site level and mitigating measures are taken where appropriate.

BIODIVERSITY

All 50 locations confirm annually whether or not they operate in an area that provides an environmentally sensitive habitat to one or more species of plant or animal. During 2019, no sites reported any impact on sensitive habitats.

Many Creative Services sites are embracing environmental initiatives that foster biodiversity and friendlier working atmospheres, greening outdoor terraces with plants (New York The Mill, Montreal Mikros Image) or farming beds (Adelaide The Mill), or welcoming bee-hives (Montreal Mikros Image, Chicago The Mill). The Montreal Mikros Image donates money to plant trees in Northern Quebec primary forests, to compensate for air travel.

NOISE

Potential pollution not directly related to chemicals or waste, such as noise pollution or noise restrictions, are assessed at the site level and mitigating measures are taken where appropriate. For many locations, any requirements for periodic noise measurement at property boundaries are sufficient to prove compliance. However, any stakeholder or neighboring community concerns will receive additional attention and generally result in operational or technical solutions such as limited delivery hours, improved smoothness of on-site roadways to avoid noise from bouncing trucks, re-design of rotating fans to reduce blade tip speed, additional noise-reduction devices on reciprocating equipment, or limited hours of operation for other specialized equipment.

LAND USE

Technicolor does not use, alter, mine, quarry, or process soil or minerals as part of its activities. Leased or owned property is used solely as real estate on which the Group locates its facilities (manufacturing and production sites, offices and warehouses).

ACTIONS TAKEN TO REDUCE FOOD WASTE

This subject is non-material in view of our activities.

5.5.5 Data collection method and rationale

GRI *[102-4]*

This report contains data from 50 locations. Given the diversity of the Group's operations, environmental impacts vary by location, thus not every location is required to report on each of the established metrics.

The Corporate EH&S Organization has identified key information that is tracked and reported. This information includes utility consumption, waste generation, recycling and disposal, air emissions and water effluent from the identified locations. To ensure the timely and consistent reporting of information from Technicolor's worldwide locations, the Group has developed its own electronic reporting system. This system serves as a vital tool for identifying and acting upon trends at the reporting site, business unit, regional and global levels. The reporting locations provide required data through the electronic system on a monthly and annual basis, depending upon the information provided. Data is organized and consolidated globally and is communicated to the Vice-President, Corporate EH&S and others as appropriate.

The collection period runs from January 1, 2019 to December 31, 2019.

Data Verification: Data reporting requirements, and data collection and consolidation systems are developed by the Corporate EH&S organization communicated to individual locations. Each location is responsible for developing internal systems for the collection of required data and reporting that data to the Corporate EH&S group. Corporate EH&S reviews the submitted data for accuracy and works directly with the locations to clarify and when necessary, resolve inconsistencies. In addition, the location's data are reviewed during scheduled Corporate EH&S audits.

Scope of Data Collection: the following sites provided data for this report:

Site	Segment (ref 2019)	Location	2017		2018		2019	
			Industrial profile	Non-industrial profile	Industrial profile	Non-industrial profile	Industrial profile	Non-industrial profile
Adelaide Mill Film	Entertainment Services	Australia						X
Avon	Entertainment Services	France		X		X		X
Bangalore	Entertainment Services	India		X		X		X
Beijing	Connected Home	China		X		X		X
Boulogne	Entertainment Services	France		X		X		X
Burbank	Entertainment Services	California, USA		X		X		X
Camarillo	Entertainment Services	California, USA		X		X		X
Camarillo MFL	Entertainment Services	California, USA			X		X	
Chennai	Connected Home	India		X		X		X
Chicago The Mill	Entertainment Services	Illinois, USA		X		X		X
Culver City MPC	Entertainment Services	California, USA		X		X		X
Edegem	Connected Home	Belgium		X		X		X
Guadalajara	Entertainment Services	Mexico	X		X		X	
Guadalajara FSSC	Corporate & Other	Mexico		X		X		X
Hollywood	Entertainment Services	California, USA		X		X		X
Huntsville	Entertainment Services	Alabama, USA	X		X		X	
Indianapolis(1)	Connected Home	Indiana, USA		X				
Issy(1)	Corporate & Other	France		X		X		
LaVergne	Entertainment Services	Tennessee, USA	X		X		X	
Lawrenceville	Connected Home	Georgia, USA		X		X		X
London MPC	Entertainment Services	UK		X		X		X
London Post	Entertainment Services	UK		X		X		X
London The Mill	Entertainment Services	UK		X		X		X
Los Altos(1)	Corporate & Other	California, USA		X		X		
Los Angeles The Mill	Entertainment Services	California, USA		X		X		X
Manaus	Connected Home	Brazil	X		X		X	
Melbourne	Entertainment Services	Australia	X		X		X	
Memphis	Entertainment Services	Tennessee, USA	X		X		X	
Mexicali	Entertainment Services	Mexico	X		X		X	
Montreal Mr. X	Entertainment Services	Canada				X		X
Montreal Mikros Image	Entertainment Services	Canada		X		X		X
Montreal Mill Film	Entertainment Services	Canada						X
Montreal MPC	Entertainment Services	Canada		X		X		X

			2017		2018		2019	
Site	Segment (ref 2019)	Location	Industrial profile	Non-industrial profile	Industrial profile	Non-industrial profile	Industrial profile	Non-industrial profile
Montreal Post	Entertainment Services	Canada		X		X		
Mumbai	Entertainment Services	India		X		X		X
New York MPC	Entertainment Services	New York, USA		X		X		X
New York The Mill	Entertainment Services	New York, USA		X		X		X
Olyphant(1)	Entertainment Services	Pennsylvania, USA	X		X			
Ontario(2)	Corporate & Other	California, USA		X				
Paramount	Entertainment Services	California, USA		X		X		X
Paris Renard	Corporate & Other	France						X
Paris Hauteville		France						X
Paris Mikros Image(1)	Entertainment Services	France		X				
Piaseczno	Entertainment Services	Poland	X		X		X	
Princeton(1)	Corporate & Other	New Jersey, USA		X		X		
Rennes – Cesson	Connected Home	France		X		X		X
Rugby	Entertainment Services	UK	X		X		X	
Seoul	Connected Home	South Korea				X		X
Shanghai(3)	Connected Home	China		X				
Shanghai MPC	Entertainment Services	China				X		X
Sydney	Entertainment Services	Australia	X		X		X	
Tokyo	Connected Home	Japan				X		X
Toronto DVD Services	Entertainment Services	Canada	X		X		X	
Toronto Mr. X	Entertainment Services	Canada		X		X		X
Toronto Post	Entertainment Services	Canada		X		X		X
Tultitlan	Entertainment Services	Mexico	X		X		X	
Vancouver MPC	Entertainment Services	Canada		X		X		X
Vancouver Post	Entertainment Services	Canada		X		X		X
Warsaw	Corporate & Other	Poland		X		X		X

All Sites report information about work injury and illness, water, and power.
Industrial profiles also report extensive waste data monthly, and wastewater/effluent and raw materials annually.
Non-Industrial profiles also report summary waste data annually.

(1) These sites have been moved or closed or sold.
(2) The prior Ontario location stopped Industrial during 2014 and remaining non-industrial operations moved to a different facility beginning 2015 and was closed mid-year 2017.
(3) Shanghai operations were merged into Beijing operations mid-year 2017.

5.6 SAFETY OF CUSTOMERS AND PROTECTION OF CONTENT

5.6.1 Product compliance and ban of hazardous materials

GRI *[102-12] [102-13] [103-1 Procurement Practices] [103-2 Procurement Practices] [103-3 Procurement Practices] [103-1 Materials] [103-2 Materials] [103-3 Materials] [103-1 Environmental Compliance] [103-2 Environmental Compliance] [103-3 Environmental Compliance] [103-1 Supplier Environmental Assessment] [103-2 Supplier Environmental Assessment] [103-3 Supplier Environmental Assessment] [103-1 Public policy] [103-2 Public policy] [103-3 Public policy] [103-1 Customer health and safety] [103-2 Customer health and safety] [103-3 Customer health and safety] [308-1] [308-2] [416-1] [417-1]*

Manufacturers of electronic products face growing sustainability requirements and increasing regulations concerning Eco-design and energy efficiency. The variety and proliferation of environmental regulations as well as norms, standards, frameworks, and customer standards influenced both by stakeholders and in-process regulations, has reinforced the need for better environmental management. Resource efficiency requirements are now set to become a reality for many products manufacturers supplying the EU market. The Group has put into place the necessary processes and initiatives to comply with law restricting the use of hazardous substances, such as the European Restriction of Hazardous Substances (RoHS) directive and the Restriction, Evaluation and Authorization of Chemical substances (REACH) regulation.

KEY PRODUCT ENVIRONMENTAL AND SAFETY REQUIREMENTS COMPLIANCE

Technicolor operates in a worldwide market and thus has to deal with a wide variety of national and regional initiatives governing the environmental performance and risk management associated with its products.

In particular, energy consumption, which is the main significant environmental impact for our products remains a key priority across the industry and regions.

In Europe, therefore, Technicolor continues to support voluntary EU industry initiatives such as the Industry Voluntary Agreement (VA) for Complex Set-Top Box, and the Code of Conduct (CoC) for Broadband equipment.

Technicolor has actively contributed to new or revision of eco-design regulation by providing inputs to the EU commission, *via* its membership of the *Digital Europe* organization of leading Digital Technology European companies. The scope of Technicolor contributions and monitoring are extended on non-energy related topics such as Reusability/Recyclability/Recoverability (RRR). Each eco-design regulation contains provisions for its future evaluation and possible revision, taking into account the experience gained with their implementation and technological progress. As such, in 2019, Technicolor has continued to provide key contributions to the EU eco-design work plan 2016-2019 including the published revision of 278/2009 regulation with regards to eco-design requirements for no-load condition electric power consumption and average efficiency of External Power Supply, the revision of 1275/2008 and 801/2013 regulation on standby and network standby, the CoC for Broadband Equipment version 7 (CoC BBV7), and to the Voluntary Industry Agreement (VIA) for Set-Top Box (STB) Version 6 (VIA V6), which are all impacting significantly the design, development, and cost of Technicolor Gateways and Set-Top Box.

In the Americas, in Australia, in Asia, in Africa, and in the same manner, Technicolor monitors and follows environmental regulations and standards. In the United States for example, Technicolor follows the Department of Energy proposed amendment on external power supplies and rulemaking initiatives on efficiency standards for Set-Top Box and Network Equipment. For a number of years, most of Connected Home STB models marketed in U.S. met the Energy-Star STB energy efficiency levels. Currently, Technicolor is signatory of the U.S. Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Small Network Equipment and the U.S. Voluntary Agreement for the Ongoing Improvement to the Energy Efficiency of Set Top Box Equipment. In Canada, Technicolor is signatory of the Canadian Pay-TV Set-Top Box Energy Efficiency Voluntary Agreement (STB CEEVA). In 2019, to extend its existing energy saving initiatives into the Canadian market, Technicolor decided to sign the Canadian Energy-Efficiency Voluntary Agreement for Small Network Equipment (CEEVA SNE). In Australia, Technicolor is an Associate Member of the *Subscription Television Industry Voluntary Code* for improving the energy efficiency of conditional access Set-Top Box.

Compliance methods and actions are in place with regard to the RoHS (Restriction on Hazardous Substances), and WEEE (Waste Electrical and Electronic Equipment) European directives, and the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) European regulation, or similar legislation in regions other than EU Member States, dealing with the Restriction on the use of Hazardous Substances within products and systems, and preparing for better end-of-life handling of Electrical and Electronic Equipment Waste.

In 2014, companies in scope of U.S. Law were first required to check and report on the use of conflict minerals in their products. Our approach is to rely on the *Responsible Business Alliance* (RBA), formerly *Electronics Industry Citizenship Coalition*, and *Global e-Sustainability Initiative* (GeSI) Conflict Minerals Due Diligence reporting template and dashboard as a standard questionnaire for conducting inquiries into our supplier database. The *Responsible Minerals Initiative* (RMI), formerly *Conflict-Free Sourcing Initiative* (CFSI), a combined initiative of RBA and GeSI, defined a common industry approach to support the due diligence information requirements. They develop a reporting template for downstream suppliers called the *Conflict Mineral Reporting Template* (CMRT), and the *Responsible Minerals Assurance Process* (RMAP), formerly the *Conflict-Free Smelter Program* (CFSP), that enable companies to work with their supply chains through a common interface: the CMRT is the standard for Conflict Minerals reporting between customers and suppliers. The RMAP is the industry standard for audited smelter conflict-free status. RMI calls on more smelters and refiners to join the efforts to become conflict-free by undergoing the RMI's independent third-party conflict minerals audit. We extended supplier's Conflict Mineral surveys to the European market during 2015 through 2019. As such, Technicolor is exercising a due diligence approach by asking its suppliers to conduct investigations in their own supply chain, so as to determine the origin of any 3 TGs conflict minerals (tin, tantalum, tungsten and gold) provided to Technicolor. Note that based on current knowledge and suppliers surveyed in 2019, 100% of the smelters identified in the Connected Home supply chain are classified under the RMI. Some are still engaged in the RMAP. The majority of smelters are located in South East Asia and China. In 2019, Technicolor has also started to conduct supplier surveys and due diligence on cobalt sourcing.

Technicolor takes actions to comply with *California Proposition 65*, a standalone program affecting all commercial goods sold in the state of California. Businesses are required to provide warnings if their products can expose consumers or workers to a listed chemical above identified threshold levels, known to the State of California to cause cancer or reproductive harm.

Regarding consumer product health and safety, the Group ensures that all products sold comply with all consumer safety regulations applicable in each country where the product is marketed. Additionally, in some emerging markets where safety regulations may not yet be robust, the Group applies its knowledge of appropriate product safety regulations and ensures that emerging market products comply with a higher product safety standard.

5.6.2 Content security, cyber risks and respect of Intellectual Property

GRI *[103-1 Customer privacy] [103-2 Customer privacy] [103-3 Customer privacy]*

As major stakeholder of the content creation and distribution industry, Technicolor is eager to carefully respect and protect Intellectual Property of its own assets and of its customers and suppliers assets.

The Group policies and practices cover protection of invention, of physical media content, of physical and online content distribution, and of content creation within our premises and using our network.

Respective risks description and risks management are presented in section 3.1.2: (Operational risks):

- cyber and physical content security for the Production Services Division (post production, visual effects, animation and games);
- physical security for the DVD Services Division;
- products development and cybersecurity for the Connected Home segment.

Technicolor information technologies security procedures as well as security processes of people and assets are presented in section 3.2.5.

As a major actor involved in all steps of the delivery of Media & Entertainment content to the end user, Technicolor has anticipated the new threats in cybersecurity, and implemented an internal program to address them. Organized at the corporate level around an Information Security Management System (ISMS), this program is now further implemented in the three Business Units (Production Services, DVD Services, Connected Home) focusing on their specific risks.

Prevention of growing cybersecurity issues is critical for Technicolor. Hence, Technicolor has decided to achieve certification of its services against the ISO 27001:2013 standard. Technicolor was awarded its first ISO 27001:2013 certificate on December 12, 2019. Technicolor's certified scope targets its operational service to Connected Home customers, starting with its key management systems. The cryptographic keys are the fundamental bricks of cybersecurity. In Technicolor Connected Home products, they protect the confidentiality of the video content, the integrity of the devices, the authenticity of the firmware. This scope will progressively extend beyond this initial service to certify other operational services that are key to our customers' security.

An internal team of certified hackers assesses the security of Technicolor products, sites and systems. A responsible disclosure process is also implemented together with a public form to report vulnerabilities on Technicolor products and systems. Relations are established with skilled cybersecurity partners, and the CERT-CC to coordinate response to cybersecurity incidents.

Besides the traditional objective of Content & IP protection, the Connected Home products have a key role to play in Privacy protection, and defense against massive scale cyberattacks. Physically positioned at the border between the private sphere of the end-user, and the Internet operators' networks, the Technicolor Customer Premise Equipment (CPE) need to achieve best-in-class protection to contribute to global security and privacy efforts, and to provide security added value to our customers.

As a French company with headquarters in Paris, the Group has also nominated a global Data Protection Officer (DPO) to the French Data Protection Authority (CNIL). Technicolor Data Control Organization (DCO) is in place worldwide, to support compliance to Technicolor Privacy Policy and the General Data Protection Regulation (GDPR). The DCO supports the DPO and works in close relation with Legal and Security teams. Even if Technicolor activity does not directly collect sensitive personal information of private customers, a privacy-by-design approach is used for Technicolor products and systems, and the DCO is involved when a Data Protection Impact Analysis seems relevant.

5.7 FAIRNESS OF BUSINESS PRACTICES

GRI *[102-17] [103-1 Anti-corruption] [103-2 Anti-corruption] [103-3 Anti-corruption] [103-1 Anti-competitive behavior] [103-2 Anti-competitive behavior] [103-3 Anti-competitive behavior] [103-1 Public policy] [103-2 Public policy] [103-3 Public policy] [103-1 Socioeconomic compliance] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance]*

5.7.1 Competition rules and anti-bribery

GRI *[205-1] [205-2]*

Following regulatory evolutions, especially the Sapin II Law adopted on December 9, 2016, the Group has strengthened its Ethics and Compliance program so as to be in compliance with the new regulatory requirements and business practices.

The anti-bribery program now includes the following:

- Technicolor top management has shown its engagement (i) by issuing several communications to all employees explaining that a zero-tolerance policy against bribery is part of Technicolor's core values and (ii) by requiring regular updates on the anti-bribery program at the Audit Committee of the Company's Board of Directors and at the Board itself;
- Code of Ethics & Anti-bribery Policy: These Code and Policy were updated in 2018. The Anti-bribery Policy provides practical examples showing employees how to do the right thing when faced with a dilemma. The Travel and Customer Entertainment policy has also been updated to harmonize processes across businesses;
- Whistleblowing system: A Whistleblowing system is available and enables all Technicolor employees and partners to report anything that they suspect to be unethical, illegal or unsafe, through a dedicated website or by phone;
- Risk mapping: The Risk mapping done in 2018 is currently being reviewed to identify new risks specific to business conduct and to re-assess all of them;
- Third-party assessments: The Group's suppliers are required to respect the Anti-bribery Policy and the Third Party policy covering our relationship and engagement with agents, consultants, advisors among others, has been reviewed and communicated to sales and legal teams, in specific training. The sales agent template contract has been updated to streamline it and to take into account new anti-bribery requirements;
- Training: Specific training courses on anti-bribery are developed and delivered within the Group to the staff categories with the highest level of exposure. E-learning training targeting as well as on-site training for specific employees categories such as sales team, legal team, finance team or human resource team have been put in place;
- Accounting control procedures: The internal control and risk management procedures relating to the preparation and processing of financial and accounting information form an integral part of the Group's anti-ribery measures;
- Internal control and audit procedures: Internal and external audits are performed on a regular basis, notably covering the anti-bribery matter.

Compliance with competition rules with more general business ethics rules, are at the core of our Code of Ethics. Our overall approach regarding these two aspects are presented in section 3.2.2: "General control environment".

5.7.2 Tax management

The Group operates in many countries around the world. We take a zero-tolerance approach to Tax Evasion or facilitation of Tax Evasion under the law of any city, state or country we operate in or do business. Our strategy is to pay the fair and right amount of tax in all jurisdictions in which we operate, as dictated by local requirements. We pay corporate all applicable taxes such as income taxes, property and local taxes, green tax, stamp duties, employment and other taxes. We also collect and pay employee income taxes, and indirect taxes such as import duties and VAT. The taxes we pay and collect form a significant part of our economic contribution to the countries in which we operate.

Our tax strategy accords with the following principles:

TAX PLANNING

We engage in efficient tax planning that supports our business activities and reflects commercial and economic substance. We adhere to relevant tax laws and disclosure requirements in every jurisdiction in which we operate and seek to minimize the risk of uncertainty or disputes.

Acquisitions, Group's reorganizations and simplifications are driven by commercial factors as opposed to tax savings.

We conduct transactions between Group's companies on an arm's-length basis and in accordance with current OECD guidelines.

Technicolor will take into account the underlying policy objectives, of relevant tax laws and will comply with current practices. Where tax incentives and exemptions are implemented to encourage investment, employment and economic development, we aim to apply these in the manner intended to minimize the tax cost of conducting our business. We do not use artificial arrangements to generate a tax advantage.

The Group does not have an overall target effective tax rate.

TAX RISK

Our tax policies aim to ensure that we identify tax risks and take actions to address them. Tax risk is considered as part of our management process and is overseen by the Company's Board of Directors. To prevent any tax risk, a worldwide tax guideline is sent annually to all the Group's finance team to prevent, identify and mitigate the occurrence of risks.

The Group has a dedicated tax team with the necessary experience and skill set, which works with the Group's businesses to provide the required tax advice and guidance.

Our controls and governance ensure that tax risks that could affect our business plans, shareholder value and reputation are identified and addressed by the Finance and Tax Departments.

Tax returns are prepared by the Group's internal departments or delegated to external advisors (including elements of tax compliance). In addition, where uncertainty regarding the tax treatment in a particular situation cannot be resolved internally, we refer the matter to external tax or legal advisors. Where it is still not possible to obtain certainty regarding the tax treatment, we aim to resolve the matter by discussion with the local tax authorities. Risks of this type may arise due to the complexity of legislation and because scenarios sometimes arise in practice that were not envisaged when legislation was drafted.

Where agreement cannot be reached through discussion, we would consider seeking formal tax authorities' opinion and potentially litigation to resolve the uncertainty, depending on the materiality involved.

GOVERNANCE

The Group head of tax is responsible for our approach to tax, and major changes to tax policies are approved by the Company's Board of Directors and Audit Committee.

The local tax manager has responsibility for local tax and ensures that adequate controls are in place so that the correct amount of taxes are identified and paid.

Tax controls are subject to annual review by the Internal Audit Department.

In addition, Technicolor has a Financial Ethics Charter which senior employees are asked to sign each year, when they are involved in preparing and reporting Technicolor's financial results.

5.8 CSR PERFORMANCE ASSESSMENT

GRI *[102-54] [103-3 Economic performance] [103-3 Market presence] [103-3 Indirect economic impacts] [103-3 Procurement practices] [103-3 Anti-corruption] [103-3 Anti-competitive behavior] [103-3 Materials] [103-3 Energy] [103-3 Water and effluents] [103-3 Emissions] [103-3 Effluents and waste] [103-3 Environmental compliance] [103-3 Supplier environmental assessment] [103-3 Employment] [103-3 Labor/Management relations] [103-3 Occupational health and safety] [103-3 Training and education] [103-3 Diversity and equal opportunity] [103-3 Non-discrimination] [103-3 Freedom of association and collective bargaining] [103-3 Child labor] [103-3 Forced or compulsory labor] [103-3 Human Rights assessment] [103-3 Local communities] [103-3 Supplier social assessment] [103-3 Public policy] [103-3 Customer health and safety] [103-3 Marketing and Labeling] [103-3 Customer privacy] [103-3 Socioeconomic compliance]*

Over the past two years, Technicolor has been assessed by *ISS ESG* (formerly *oekom-research*), *EcoVadis*, *Vigeo Eiris*, *Gaïa-Ethifinance*, and is member of the *Responsible Business Alliance* (RBA) which also performs audits on portions of Technicolor's Supply Chain. The Group Sustainability report has been prepared in accordance with the *GRI Standards: Comprehensive option*. Results are in the table below.

Rating or assessment body	Rating in 2018	Rating in 2019/20	Comment
ISS ESG	C+ – Prime	Not assessed in 2019	Technicolor achieved a *Prime* status for its first year of assessment
EcoVadis	68/100 – Gold	70/100 – Gold	Third year of *"Gold"* rating (february 2020)
Vigeo Eiris (*Moody's*)	68/100	Not assessed in 2019	Rated *"Top performer"*
Gaïa – Ethifinance	78/100	87/100	*Rank 3* out of 230 companies
RBA *(Responsible Business Alliance)*	Member in full compliance	Member in full compliance	Since 2017
GRI (*Global Reporting Initiative*)	Comprehensive option	Comprehensive option	Since 2015

5.9 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD-PARTY, ON THE CONSOLIDATED NON FINANCIAL STATEMENT PUBLISHED IN THE GROUP MANAGEMENT REPORT

GRI *[102-56]*

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31, 2019

To the shareholders,

In our capacity as Statutory Auditor of Technicolor SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the Company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the Company's website or on request from its headquarters.

Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business activity and the description of the principal risks associated;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important [1], our work was carried out on the consolidating entity;
- we verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- we carried out, for the key performance indicators and other quantitative outcomes [2] that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities [3] and covered between 5% and 79% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement in relation to our knowledge of the Company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of six people between December 2019 and February 2020.

To assist us in conducting our work, we referred to our Corporate Social Responsibility and sustainable development experts. We conducted around six interviews with people responsible for preparing the Statement.

(1) Working-time management and absenteeism; Health & Safety management; programs, systems and activities; Environmental investments, remediation and pollution prevention; Supplier and sub-contractor relations; Stakeholder relations and local impacts of the Company's activities.

(2) Total workforce at the end of the year; split by gender; hirings and terminations; number of dismissals, number of seasonal interim workers; number of hours person of training; number of people trained; Work Related lost workday incident rate for 200,000 hours worked; severity rate; total waste generated; process waste water; water consumption; energy consumption; C02 emissions related to energy consumption.

(3) Bangalore (India – HR indicators), Montréal (Canada – HR indicators), Guadalajara (Mexique – total waste generated and process waste water), Piaseczno (Poland – environmental indicators, Health & Safety).

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Paris-La Défense, February 18, 2020

One of the Statutory Auditors,

Deloitte & Associés

Bertrand Boisselier
Partner, Audit

Éric Dugelay
Partner, Sustainability Services

5.10 VIGILANCE PLAN

GRI *[102-11] [102-15] [102-44] [102-46] [102-47] [103-2 Economic performance] [103-2 Market presence] [103-2 Indirect economic impacts] [103-2 Procurement practices] [103-2 Anti-corruption] [103-2 Anti-competitive behavior] [103-2 Materials] [103-2 Energy] [103-2 Water and effluents] [103-2 Emissions] [103-2 Effluents and waste] [103-2 Environmental compliance] [103-2 Supplier environmental assessment] [103-2 Employment] [103-2 Labor/Management relations] [103-2 Occupational health and safety] [103-2 Training and education] [103-2 Diversity and equal opportunity] [103-2 Non-discrimination] [103-2 Freedom of association and collective bargaining] [103-2 Child labor] [103-2 Forced or compulsory labor] [103-2 Human Rights assessment] [103-2 Local communities] [103-2 Supplier social assessment] [103-2 Public policy] [103-2 Customer health and safety] [103-2 Marketing and Labeling] [103-2 Customer privacy] [103-2 Socioeconomic compliance]*

Pursuant to Article L. 225-102-4 of the French Commercial Code, this section presents the Vigilance Plan set up to implement reasonable measures of vigilance that are designed to identify risks and to prevent serious breaches of human rights and fundamental liberties and to ensure health and safety of persons and protection of the environment arising from:

- the activities of the Group and its controlled subsidiaries;
- the activities of subcontractors or suppliers with which an established commercial relationship is maintained.

The presentation and report are done according to this subdivision of scope:

Scope: Activities of the Group and its controlled subsidiarie	Scope: Activities of subcontractors or suppliers
1 Risk mapping	
Through the analysis of materiality of risks set in 2018 by the Ethics Compliance Committee, the Group identified six macro risks translating into 22 CSR issues (see section 5.1). It included the Internal Audit, HR, Legal, CSR, IT Security Departments and the business divisions. CSR inquiries received from and focus points expressed by external stakeholders to the Group were also integrated.	The methodology to assess risks is the *EcoVadis Rating Framework*, using country risk and industry risk (See section 5.3.1).
2 Procedures for regular assessment of the situation, with regard to risk mapping	
• Internal controls and management of risks (see sections 3.1 and 3.2). • Internal Audits and other periodic monitoring (EH&S) (see section 5.5 and 5.2.5).	• Assessment of suppliers by an external third party EcoVadis. It covers all direct suppliers with purchasing exceeding €1 million of spending per year. It represents 90.4% of spending of the Group. About 69% of spending are already assessed. • Physical on-site Internal Audits of critical suppliers for higher risk country and industry. • RBA *(Responsible Business Alliance)* audits.
3 Appropriate actions to mitigate risks or prevent serious harm	
• Policies are described in Chapter 5 with regard to CSR issues.	• Agreement with Group's Suppliers Ethic policy as part of terms and conditions of contract. • Implementation of corrective/remediation measures in case of violation/breaches of critical principles discovered during on site audits. Certain violations generate immediate breach of contract (see section 5.3.1).

Scope: Activities of the Group and its controlled subsidiarie	Scope: Activities of subcontractors or suppliers
4 Warning and collection process of alerts relating to the existence or the materialization of risks	
• Global whistleblowing procedure (phone, email, website) in place since more than 10 years for breach of the Group's Code of Ethics and Code business ethics. It covers harassment, discrimination and human rights topics and any breach of compliance of fraud (see section 3.2.2). • In several countries/sites, additional local procedures to collect and investigate about harassment/discrimination complaints are in place and include protection of the complainer.	• Internal physical on-site audits with finding reports available to business division and sourcing (see section 5.3.1). • Global whistleblowing procedure access progressively extended to Supplier's employees in countries of presence. • NGO and CSR agencies reports and inquiries.
5 Monitoring the measures implemented and evaluating their effectiveness	
• Internal control procedures (see sections 3.1 and 3.2). • EHS audits and other periodic monitoring (see section 5.5 and section 5.2.5).	• Verification of effective implementation of corrective actions requested to suppliers. • Evolution of nature and volume of violations of Ethics conditions by suppliers. • Monitoring the evolution of EcoVadis rating of suppliers.

FINANCIAL STATEMENTS

2019 REVENUES

Production Services
893 million euros

DVD Services
882 million euros

Connected Home
1,983 million euros

6.1 TECHNICOLOR 2019 CONSOLIDATED FINANCIAL STATEMENTS

GRI *[201-1]*

6.1.1 Consolidated statement of operations

(in million euros)	*Note*	Year ended December 31, 2019	2018
CONTINUING OPERATIONS			
Revenues		3,800	3,988
Cost of sales		(3,375)	(3,521)
Gross margin		**425**	**467**
Selling and administrative expenses	(3.3)	(323)	(292)
Research and development expenses	(3.3)	(114)	(127)
Restructuring costs	(10.1)	(31)	(62)
Net impairment gains (losses) on non-current operating assets	(4.5)	(63)	(81)
Other income (expense)	(3.3.3)	(15)	(24)
Earnings before Interest & Tax (EBIT) from continuing operations		**(121)**	**(119)**
Interest income		1	3
Interest expense		(70)	(43)
Other financial income (expense)		(15)	(11)
Net financial income (expense)	**(8.5)**	**(84)**	**(51)**
Share of gain (loss) from associates		(1)	-
Income tax	(6)	(3)	(54)
Profit (loss) from continuing operations		**(208)**	**(224)**
DISCONTINUED OPERATIONS			
Net gain (loss) from discontinued operations	(12)	(22)	157
Net income (loss)		**(230)**	**(67)**
Attributable to:			
• *equity holders of the parent*		*(230)*	*(68)*
• *non-controlling interest*		*-*	*1*

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

(in euro, except number of shares)	Note	Year ended December 31, 2019	2018
Earnings per share			
Weighted average number of shares outstanding (basic net of treasury shares held)	(7.3)	413,660,087	413,440,227
Earnings (losses) per share from continuing operations			
• basic		(0.50)	(0.54)
• diluted		(0.50)	(0.54)
Earnings (losses) per share from discontinued operations			
• basic		(0.05)	0.38
• diluted		(0.05)	0.38
Total earnings (losses) per share			
• basic		(0.56)	(0.16)
• diluted		(0.56)	(0.16)

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

6.1.2 Consolidated statement of comprehensive income

(in million euros)	Note	Year ended December 31, 2019	2018
Net income (loss) for the year		**(230)**	**(67)**
Items that will not be reclassified to profit and loss			
Remeasurement of the defined benefit obligations	(9.2)	(44)	14
Deferred tax relating to these items		(1)	-
Items that may be reclassified subsequently to profit or loss			
Fair value gains/(losses), gross of tax on cash flow hedges:			
• reclassification adjustments when the hedged forecast transactions affect profit or loss	(8.5)	3	(1)
Deferred tax relating to these items		1	-
Currency translation adjustments:			
• currency translation adjustments of the year		23	13
• reclassification adjustments on disposal or liquidation of a foreign operation		10	-
Total other comprehensive income		**(8)**	**26**
TOTAL OTHER COMPREHENSIVE INCOME OF THE PERIOD		**(238)**	**(41)**
Attributable to:			
• *equity holders of the parent*		*(238)*	*(42)*
• *non-controlling interest*		*-*	*1*

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

6.1.3 Consolidated statement of financial position

(in million euros)	*Note*	December 31, 2019	December 31, 2018
ASSETS			
Goodwill	(4.1)	851	886
Intangible assets	(4.2)	632	705
Property, plant and equipment	(4.3)	191	233
Right-of-use assets	(4.4)	285	-
Other operating non-current assets	(5.1)	32	41
Total operating non-current assets		**1,991**	**1,865**
Non-consolidated investments	(8.1)	17	14
Other non-current financial assets	(8.1)	22	10
Total financial non-current assets		**39**	**24**
Investments in associates and joint ventures	(2.4)	1	2
Deferred tax assets	(6.2)	52	210
Total non-current assets		**2,082**	**2,101**
Inventories	(5.1)	243	268
Trade accounts and notes receivable	(5.1)	507	677
Contract assets		79	77
Other operating current assets	(5.1)	184	264
Total operating current assets		**1,013**	**1,286**
Income tax receivable		36	40
Other financial current assets	(8.1)	13	14
Cash and cash equivalents	(8.1)	65	291
Assets classified as held for sale	(12)	-	28
Total current assets		**1,127**	**1,658**
TOTAL ASSETS		**3,210**	**3,759**

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

(in million euros)	*Note*	December 31, 2019	December 31, 2018
EQUITY AND LIABILITIES			
Common stock (414,461,178 shares at December 31, 2019 with nominal value of 1 euro per share)	(7.1)	414	414
Treasury shares	(7.2)	-	(158)
Subordinated Perpetual Notes		500	500
Additional paid-in capital & reserves		(540)	(113)
Cumulative translation adjustment		(339)	(372)
Shareholders equity attributable to owners of the parent		**36**	**271**
Non-controlling interests		-	1
TOTAL EQUITY		**36**	**272**
Retirement benefits obligations	(9.2)	342	320
Provisions	(10.1)	30	19
Contract liabilities		3	4
Other operating non-current liabilities	(5.1)	25	38
Total operating non-current liabilities		**400**	**382**
Borrowings	(8.3)	979	1,004
Lease liabilities	(1.2)	224	-
Other non-current liabilities	(8.1)	1	-
Deferred tax liabilities	(6.2)	27	193
Total non-current liabilities		**1,631**	**1,579**
Retirement benefits obligations	(9.2)	33	26
Provisions	(10.1)	70	113
Trade accounts and notes payable		825	1,135
Accrued employee expenses		134	116
Contract liabilities		40	100
Other current operating liabilities	(5.1)	302	310
Total operating current liabilities		**1,404**	**1,799**
Borrowings	(8.3)	8	20
Lease liabilities	(1.2)	87	-
Income tax payable		41	34
Other current financial liabilities	(8.1)	2	4
Liabilities classified as held for sale	(12)	-	51
Total current liabilities		**1,542**	**1,908**
TOTAL LIABILITIES		**3,173**	**3,487**
TOTAL EQUITY & LIABILITIES		**3,210**	**3,759**

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

6.1.4 Consolidated statement of cash flows

(in million euros)	*Note*	December 31, 2019	2018
Net income (loss)		**(230)**	**(67)**
Income (loss) from discontinuing activities		**(22)**	**157**
Profit (loss) from continuing activities		**(208)**	**(224)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations			
Depreciation and amortization (1)		322	234
Impairment of assets		63	91
Net changes in provisions		(48)	(14)
Gain (loss) on asset disposals		17	(8)
Interest (income) and expense	(8.5)	69	40
Other non-cash items (including tax)		-	50
Changes in working capital and other assets and liabilities (1)		(69)	2
Cash generated from continuing activities		**146**	**171**
Interest paid on lease debt		(21)	(2)
Interest paid		(44)	(40)
Interest received		1	3
Income tax paid		(12)	(14)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)		**70**	**118**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(11.1)	(3)	1
Proceeds from sale of investments, net of cash	(11.1)	1	5
Purchases of property, plant and equipment (PPE)		(70)	(68)
Proceeds from sale of PPE and intangible assets		-	-
Purchases of intangible assets including capitalization of development costs		(99)	(94)
Cash collateral and security deposits granted to third parties		(6)	(3)
Cash collateral and security deposits reimbursed by third parties		5	3
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)		**(171)**	**(156)**
Disposal of treasury shares	(11.2)	1	-
Proceeds from borrowings	(11.2)	1	-
Repayments of lease debt	(11.2)	(91)	(23)
Repayments of borrowings	(11.2)	(5)	(93)
Fees paid linked to the debt and capital operations	(11.2)	(1)	(3)
Other		4	23
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)		**(91)**	**(96)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(12.1)**	**(33)**	**105**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR		**291**	**319**
Net decrease in cash and cash equivalents (I + II + III + IV)		**(226)**	**(29)**
Exchange gains/(losses) on cash and cash equivalents		-	1
Cash and cash equivalents at the end of the year		**65**	**291**

In the segment reporting information prepared according IFRS 8, the Free cash flow and the adjusted EBITDA are restated from the IT capacity use for rendering in Production Services. If such restatement was considered for the Cash flow statement, depreciation and amortization would amount to €356 million, and changes in working capital and other assets and liabilities would amount to €(96) million.

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

6.1.5 Consolidated statement of changes in equity

(in million euros)	Share Capital	Treasury shares	Additional paid-in capital	Perpetual Notes	Other reserves	Retained earnings	Cumulative translation	Equity attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance as of December 31, 2017	**414**	**(158)**	**1,211**	**500**	**(78)**	**(1,171)**	**(385)**	**333**	**3**	**336**
Net income (loss)	-	-	-	-	-	(68)	-	(68)	1	(67)
Other comprehensive income	-	-	-	-	13	-	13	26	-	26
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**13**	**(68)**	**13**	**(42)**	**1**	**(41)**
Reclassification of retained earnings in additional paid in capital as of April 26, 2018	-	-	(1,211)	-	-	1,211	-	-	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-
Change in Non-controlling interests	-	-	-	-	-	-	-	-	(3)	(3)
Variation of treasury shares	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Shared-based payment to employees(1)	-	-	-	-	(9)	-	-	(9)	-	(9)
Tax impact on equity(2)	-	-	-	-	-	(1)	-	(1)	-	(1)
IFRS 9 – AR Depreciation	-	-	-	-	-	(10)	-	(10)	-	(10)
IFRS 9 – AFS Opening restatement	-	-	-	-	(1)	1	-	-	-	-
Balance as of December 31, 2018	414	(158)	-	500	(75)	(38)	(372)	271	1	272
Net income (loss)	-	-	-	-	-	(230)	-	(230)	-	(230)
Other comprehensive income	-	-	-	-	(41)	-	33	(8)	-	(8)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(41)**	**(230)**	**33**	**(238)**	**-**	**(239)**
Capital increases	-	-	-	-	-	-	-	-	-	-
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Variation of treasury shares	-	158	-	-	-	(157)	-	1	-	1
Dividend paid	-	-	-	-	-	-	-	-	-	-
Shared-based payment to employees(1)	-	-	-	-	2	-	-	2	-	2
Tax impact on equity	-	-	-	-	-	-	-	-	-	-
BALANCE AS OF DECEMBER 31, 2019	**414**	**-**	**-**	**500**	**(114)**	**(426)**	**(339)**	**36**	**-**	**36**

(1) Fair value of Share Based Compensation plans.
(2) Depreciation of French deferred tax assets allocated to equity.

The accompanying notes on pages 202 to 262 are an integral part of these consolidated financial statements.

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6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GRI *[103-1 Economic performance] [103-2 Economic performance] [103-3 Economic performance] [201-1]*

NOTE 1 General information

Technicolor is a leader in Media & Entertainment Services, developing, creating and delivering immersive augmented digital life experiences. Please refer to note 3.1 for details on Group's operating segments.

In these consolidated financial statements, the terms "Technicolor group", "the Group" and "Technicolor" mean Technicolor SA together with its consolidated subsidiaries. Technicolor SA or the "Company" refers to the Technicolor group parent company.

1.1 Main events of the year

GRI *[102-10] [102-49]*

APPOINTMENT OF RICHARD MOAT AS CHIEF EXECUTIVE OFFICER OF THE GROUP

At its meeting of November 5, 2019, the Board of Directors of Technicolor has appointed Richard Moat as Chief Executive Officer in replacement of Frédéric Rose.

Richard Moat has successfully led business transformations in the telecoms and media industries. Mr. Moat has also been appointed by the Board of Directors as Director of Technicolor in replacement of Mr. Rose, who resigned from his position as Board member.

Richard Moat is based in Paris.

PATENT LICENSING AND RESEARCH & INNOVATION BUSINESSES

On July 30, 2018, the Group concluded the sale to InterDigital of its Patent Licensing business excluding some mobile patents, a small number of patents for nascent technologies and some patents associated with patents pools, for a total price of €188 million (see note 2.3).

On May 31, 2019, the Group concluded the transfer of its Research & Innovation activity to InterDigital (see note 2.2).

1.2 Accounting policies

GRI *[102-48]*

1.2.1 BASIS FOR PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2019 and adopted by the European Union as of February 18, 2020.

The standards approved by the European Union are available on the following website:

https://ec.europa.eu/info/publications/eu-accounting-rules_en

Technicolor financial statements are presented in euro and has been rounded to the nearest million. This may in certain circumstances lead to non-material differences so that the sum of the figures equals the sub-totals that appear in the tables.

The consolidated financial statements were approved by the Board of Directors of Technicolor SA on February 18, 2020. According to French law, the consolidated financial statements will be considered as definitive when approved by the Company's shareholders at the Ordinary Shareholders' Meeting, which should take place in April 30, 2020.

The accounting policies applied by the Group are consistent with those followed last year except for standards, amendments and interpretations which have been applied for the first time in 2019 (see note 1.2.2.1. hereunder).

1.2.2 IFRS TRANSITION & NEW STANDARDS

1.2.2.1 Main standards, amendments and interpretations effective and applied as of January 1, 2019

New standard and interpretation	Main provisions
IFRS 16 – Leases	IFRS 16 specifies how to measure, present and disclose leases. The standard provides a single lease accounting model, requiring the lessee to recognize assets and liabilities for all leases unless the term lease is 12 months or less or the underlying asset has low value. Lessors continue to classify leases as operating or finance leases, applying substantially a comparable methodology from its predecessor, IAS 17. Method choice and impacts are detailed in the below note.
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	These amendments clarify the classification of particular prepayable financial assets and the accounting for financial liabilities following a modification. The adoption of this amendment had no significant impact on the Group's accounts.
Amendments to IAS 19 – Plan Amendments, Curtailment or Settlement	The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. In that circumstances, IAS 19 already required to update actuarial assumptions to remeasure the net defined benefit liability (asset). These amendments clarify that an entity is required to use these updated actuarial assumptions to determine the current service cost and the net interest for the remainder of the period after the plan amendment, curtailment or settlement.
IFRIC 23 – Uncertainty over Income Tax Treatments	IAS 12 – Income Taxes contains dispositions related to the recognition of current or deferred tax assets and liabilities particularly in the case of uncertain tax positions. The consequences for the Group are not significant Tax risks and litigations are now shown as tax.
Amendments to IAS 28 – Long-term interests in associates and Joint Ventures	In this amendment the IASB clarified that the exclusion in IFRS 9 applies only to interests a company accounts for using the equity method. A company applies IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.
Improvements to IFRS 2015-2017	These amendments are related to IFRS 3 – Business Combinations and IFRS 11 – Joint Arrangements, IAS 12 – Income Taxes and IAS 23 – Borrowing Costs. The consequences of these amendments for the Group are not significant.

The Group has adopted IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments – on their effective date as of January 1, 2019. The impacts of the adoption on the Group's financial statements and accounting policies are described below. In accordance with the transitional provision of IFRS 16, the Group has not restated prior year comparatives.

The following table shows the adjustments recognized for each line item in the Statement of financial position. Line items that were not impacted by the changes have not been included, and as a result, the sub-totals and totals cannot be calculated from the numbers provided.

(in million euros)	December 31, 2018	IFRS 16	IFRIC 23	January 1, 2019
Assets				
Tangible assets	233	(42)	-	191
Right-of-use assets	-	327	-	327
Other non-current financial assets	10	11	-	21
Total non-current assets	**2,101**	**296**	**-**	**2,396**
Total current assets	**1,658**	**-**	**-**	**1,658**
TOTAL ASSETS	**3,759**	**296**	**-**	**4,055**
Equity & liabilities	**-**	**-**	**-**	
Total equity	**272**	**-**	**-**	**272**
Borrowings	1,004	(27)	-	978
Lease debt	-	268	-	268
Deferred tax liabilities	193	-	10	203
Total non-current liabilities	**1,579**	**241**	**10**	**1,829**
Provisions	113	(8)	(10)	96
Borrowings	20	(14)	-	6
Lease debt	-	77	-	77
Total current liabilities	**1,908**	**56**	**(10)**	**1,954**
TOTAL EQUITY & LIABILITIES	**3,759**	**296**	**-**	**4,055**

IFRS 16 – Leases

IFRS 16 provides a single lease accounting model requiring the lessee to recognize a right-of-use on the assets and a lease debt on the liabilities. On the income statement, lessee recognizes a depreciation and an interest cost.

IFRS 16 adoption is mainly impacting the Group accounts through leases for real estate which represents 96% of off-balance sheet items on December 31, 2018. The remaining balance is mainly composed of Group IT equipment leases.

The Group has adopted the modified retrospective approach and therefore the comparative information has not been restated. On January 1, 2019 the Group has accounted for lease liabilities that equal total net present value of rents, and rights-of-use assets for corresponding value (before impairment).

	January 1, 2019	
	Before adoption	**After adoption**
Assets – Rights-of-use	42	327
Liabilities	41	345

Main assumptions

The analysis of rent period, mainly for buildings, consider the non-cancellable contract period, cancellable contract period and extension options, when the Group is reasonably certain to exercise these extension options. The Group reassesses whether it is reasonably certain through appreciation of the following information:

- the depreciation period of the fittings;
- the rent evolution compared to market prices;
- visibility regarding business activity for each site.

For buildings, the marginal borrowing rate has been determined for each lease based on the remaining duration of the lease and for each country by the addition of swap rate, gap rate due to rating of the Group at December 31, 2018.

Transition options and exemptions applied by the Group

- **Scope:** The Group has elected to keep unchanged past measurement applying to leases previously identified in accordance with IAS 17. Consequently, conclusion made in accordance with IAS 17 et IFRIC 4 – Determining whether an Arrangement contains a Lease – are still valid. No change has been made to finance leases previously accounted for.
- **Exemptions:** The Group applied the exemption not to recognize leases that have a lease term of 12 months or less and leases of low-value assets (less than 5,000 U.S. dollars), on a straight-line cost basis.
- **Right-of-use:** The Group has elected to measure the right-of-use asset at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. Initial direct costs incurred before January 1, 2019 has been excluded from measuring.
- **Impairment:** The Group has elected to use the option to adjust the right-of-use assets by the amount of the onerous lease provision previously booked according to IAS 37.

LEASE LIABILITIES RECONCILIATION AS OF JANUARY 1, 2019 BASED ON OFF BALANCE SHEET COMMITMENTS AS OF DECEMBER 31, 2018

(in million euros)	**December 31, 2018**
Off-balance sheet commitment on continuing operations	**306**
Off-balance sheet commitment on discontinued operations	**26**
Differences on contract estimate terms	83
Other effects	5
Commitment before discounted	**420**
Discounting effect	(116)
Operating lease liabilities as of January 1, 2019	**304**
Capital lease liabilities as of January 1, 2019	**41**
TOTAL LEASE LIABILITIES AS OF JANUARY 1, 2019	**345**

IFRS 16 impacts on financial statements as of December 31, 2019

The weighted average marginal borrowing rate is 6.6% at December 31, 2019.

The weighted average maturity of the rental debt repayment is 3.9 years.

PROFIT & LOSS COMPARATIVE TABLE AS OF DECEMBER 31, 2019, WITH AND WITHOUT IFRS 16 APPLICATION

(in million euros)	December 2019	December 2019 excluding IFRS 16	IFRS 16
CONTINUING OPERATIONS			
Revenues	3,800	3,800	-
Cost of sales	(3,375)	(3,381)	6
Gross margin	**425**	**419**	**6**
Selling and administrative expenses	(323)	(323)	-
Research and development expenses	(114)	(114)	-
Restructuring costs	(31)	(31)	(1)
Net impairment gains (losses) on non-current operating assets	(63)	(61)	(1)
Other income (expense)	(15)	(17)	2
Earnings before Interest & Tax (EBIT) from continuing operations	**(121)**	**(127)**	**6**
Interest income	1	1	-
Interest expense	(70)	(50)	(20)
Other financial income (expense)	(15)	(15)	-
Net financial income (expense)	**(84)**	**(64)**	**(20)**
Share of gain (loss) from associates	(1)	(1)	-
Income tax	(3)	(4)	-
Profit (loss) from continuing operations	**(208)**	**(195)**	**(13)**
DISCONTINUED OPERATIONS			
Net gain (loss) from discontinued operations	(22)	(21)	-
Net income (loss)	**(230)**	**(217)**	**(13)**
Attributable to:			
• *equity holders of the parent*	*(230)*	*(217)*	*(13)*
• *non-controlling interest*	-	-	-

CASH FLOW STATEMENT COMPARATIVE TABLE AS OF DECEMBER 31, 2019, WITH AND WITHOUT IFRS 16 APPLICATION

(in million euros)	December 31, 2019	December 31, 2019 Excluding IFRS 16	IFRS 16 impact
Net income (loss)	**(230)**	**(217)**	**(13)**
Income (loss) from discontinuing activities	(22)	(21)	-
Profit (loss) from continuing activities	**(208)**	**(195)**	**(13)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations			
Depreciation and amortization	322	249	73
Impairment of assets	63	62	1
Net changes in provisions	(48)	(51)	3
Gain (loss) on asset disposals	17	17	-
Interest (income) and expense	69	49	20
Other non-cash items (including tax)	-	-	-
Changes in working capital and other assets and liabilities	(69)	(69)	-
Cash generated from continuing activities	**146**	**62**	**84**
Interest paid on lease debt	(21)	(1)	(20)
Interest paid	(44)	(44)	-
Interest received	1	1	-
Income tax paid	(12)	(12)	-
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**70**	**6**	**64**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(3)	(3)	-
Proceeds from sale of investments, net of cash	1	1	-
Purchases of property, plant and equipment (PPE)	(70)	(70)	-
Proceeds from sale of PPE and intangible assets	-	-	-
Purchases of intangible assets including capitalization of development costs	(99)	(99)	-
Cash collateral and security deposits granted to third parties	(6)	(6)	-
Cash collateral and security deposits reimbursed by third parties	5	4	1
Loans (granted to)/reimbursed by third parties	-	-	-
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(171)**	**(172)**	**1**
Disposal of treasury shares	1	1	-
Proceeds from borrowings	1	1	-
Repayments of lease debt	(91)	(26)	(66)
Repayments of borrowings	(5)	(5)	-
Fees paid linked to the debt and capital operations	(1)	(1)	-
Dividends and distributions paid to Group's shareholders	-	-	-
Other	4	4	-
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**(91)**	**(26)**	**(66)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(33)**	**(33)**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**291**	**291**	
Net decrease in cash and cash equivalents (I + II + III + IV)	**(226)**	**(226)**	
Exchange gains/(losses) on cash and cash equivalents	-	-	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**65**	**65**	

1.2.2.2 Main standards, amendments and interpretations that are not yet effective and have not been early adopted by Technicolor

New standards and interpretation	Effective Date	Main provisions
Amendments to references to Conceptual Framework in IFRS Standards	January 1, 2020	Following the revision of the Conceptual Framework published in March 2018, the IASB had revised several standards to refer to this new framework. The Group reviews these amendments and does not expect significant impacts.
Amendment to IFRS 3 – "Definition of a business"	January 1, 2020	These amendments seek to clarify the distinction between a company and a group of assets under IFRS 3 application. The amended definition emphasizes that the purpose of a business is to provide goods and services to customers while the previous one refers to the economic benefits for investors and third parties.
Amendments to IAS 1 & IAS 8 – Definition of "material"	January 1, 2020	Former definition: "Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements". New definition: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".
Amendments to IAS 28 – Long-term interests in Associates and Joint Ventures	January 1, 2020	These amendments have been added to clarify that an entity applies IFRS 9 to long-term interest in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. They are not adopted by the European Union yet.

1.2.3 BASIS OF MEASUREMENT & ESTIMATES

The financial information has been prepared using the historical cost convention with some exceptions regarding various assets and liabilities, for which specific provisions recommended by the IFRS have been applied.

- non-financial assets are initially recognized at acquisition costs or manufacturing costs including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Long-term assets are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses;
- financial assets & liabilities are initially recognized at fair value or at amortized cost (see note 8.1).

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period of the consolidated financial statements. These assumptions and estimates inherently contain some degree of uncertainty.

Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable and relevant. Actual results may differ from these estimates, while different assumptions or conditions may yield different results.

Management regularly reviews its valuations and estimates based on its past experience and various other factors considered reasonable and relevant for the determination of the fair estimates of the assets and liabilities' carrying value and of the revenues and expenses.

Technicolor's management believes the following to be the critical accounting policies and related judgments and estimates used in the preparation of its consolidated financial statements:

- impairment of goodwill and intangible assets with indefinite useful lives (see notes 4.1, 4.2);
- determination of expected useful lives of tangible and intangible assets (see notes 4.2 & 4.3);
- determination of the term of the rents for the estimation of the right of use (see note 4.4);
- presentation in other income (expense) (see note 3.3.3);
- determination of inventories net realizable value (see note 5.1.2);
- deferred tax assets recognition (see note 6.2);
- assessment of actuarial assumptions used to determine provisions for employee post-employment benefits (see note 9.2);
- measurement of provisions and contingencies (see note 10);
- determination of royalties payables (see note 5.1.4).

1.2.4 TRANSLATION

Translation of foreign subsidiaries

For the financial statements of all the Group's entities for which the functional currency is different from that of the Group, the following methods are applied:

- the assets and liabilities are translated into euro at the rate effective at the end of the period;
- the revenues and costs are translated into euro at the average exchange rate of the period.

The translation adjustments arising are directly recorded in Other Comprehensive Income.

Translation of foreign currency transactions

Transactions in foreign currency are translated at the exchange rate effective at the trade date. Monetary assets and liabilities in foreign currency are translated at the rate of exchange prevailing at the consolidated statement of financial position date. The differences arising on the translation of foreign currency operations are recorded in the consolidated statement of operations as a foreign exchange gain and loss.

The non-monetary assets and liabilities are translated at the historical rate of exchange effective at the trade date.

The main exchange rates used for translation (one unit of euro converted to each foreign currency) are summarized in the following table:

	Closing rate		Average rate	
	2019	2018	2019	2018
U.S. Dollar (U.S.$)	1.1234	1.1427	1.1206	1.1805
Pound sterling (GBP)	0.8508	0.9011	0.8776	0.8869
Canadian Dollar (CAD)	1.4598	1.5571	1.4878	1.5338

The average rate is determined by taking the average of the month-end closing rates for the year, unless such method results in a material distortion.

NOTE 2 Scope of consolidation

GRI *[102-45]*

2.1 Scope and consolidation method

SUBSIDIARIES

All the entities that are controlled by the Group (including special purpose entities) *i.e.* in which the Group has the power to govern the financial and operating policies in order to obtain benefits from the activities, are subsidiaries of the Group and are consolidated. Control is presumed to exist when the Group directly or indirectly owns more than half of the voting rights of an entity (the voting rights taken into account are the actual and potential voting rights which are immediately exercisable or convertible) and when no other shareholder holds a significant right allowing veto or the blocking of ordinary financial and operating decisions made by the Group. Consolidation is also applied to special purpose entities that met the criteria of IFRS 10, whatever their legal forms are, even where the Group holds no shares in their capital.

ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decisions of the investee without having either control or joint control over those policies. Investments in associates are accounted for under the equity method in accordance with IFRS 11. The goodwill arising on these entities is included in the carrying value of the investment.

JOINT VENTURES

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Investments in joint ventures are consolidated under the equity method in accordance with IFRS 11 since January 1, 2012.

For the years ended December 31, 2019 and 2018, Technicolor's consolidated financial statements include the accounts of all investments in subsidiaries, jointly controlled entities and associates. Their location is summarized below and main entities are listed in note 15.

Number of companies as of December 31, 2019	France	Europe (exc. France)	U.S.	Other	Total
Parent company and consolidated subsidiaries	15	39	19	30	103
Companies accounted for under the equity method	1	-	1	3	5
TOTAL	**16**	**39**	**20**	**33**	**108**

Number of companies as of December 31, 2018	France	Europe (exc. France)	U.S.	Other	Total
Parent company and consolidated subsidiaries	17	41	23	29	110
Companies accounted for under the equity method	1	-	1	3	5
TOTAL	**18**	**41**	**24**	**32**	**115**

2.2 Change in the scope of consolidation of 2019

GRI *[102-10] [102-49]*

RESEARCH & INNOVATION ACTIVITY

On May 31, 2019, the Group concluded the sale to Interdigital of its Research & Innovation business.

Compensation received amounted to one euro; in addition to assets and liabilities transferred, the transaction ends the research agreement by which Interdigital benefited from R&I research. As a part of the transaction, Technicolor also renounces to part of the potential cash flows from the earn-out clause of the Patent Licensing disposal. Finally, Technicolor commits to funding part of the research led by Interdigital until 2022. As patentable innovation ownership will be kept by Interdigital, this contract will be considered as negative compensation. Research & Innovation activity is presented in discontinued activities.

(in million euros)	
Total compensation	(21)
Net liabilities transferred	29
CAPITAL GAIN IN DISCONTINUED ACTIVITIES	**8**

No other significant acquisition or divestiture occurred during 2019.

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2.3 Change in the scope of consolidation 2018

GRI *[102-10] [102-49]*

PATENT LICENSING DIVISION

On July 30, 2018, the Group concluded the sale to InterDigital of its Patent Licensing Division excluding some mobile patents, some patents for nascent technologies and some patents associated with patents pools, and a Research Cooperation Agreement.

The consideration received for this sole transaction is composed of 4 items:

a) U.S.$150 million (€129 million) cash paid up-front;

b) an earn-out consisting in a variable contingent consideration equal to 42.5% of all future cash receipts from InterDigital's licensing activities in the Consumer Electronics field beyond operating expenses over 20 years;

c) a perpetual grant-back licensing agreement, which gives Technicolor freedom to run its operating businesses and benefit from existing and future patents, over their remaining life, whilst providing Technicolor with an adequate level of Intellectual Property protection. This grant-back is a non-cash consideration received in the sale transaction;

d) a funded research cooperation agreement, under which InterDigital Labs and Technicolor R&I Labs will collaborate in the development of research programs in the areas of video coding, connected home and immersive technologies until December 31, 2021.

The Research Cooperation Agreement cannot be considered as a separate transaction to the sale. The research projects developed under this Agreement extensively use the patents-portfolio, which has been sold to InterDigital. By allocating 50 searchers on a full-time basis on projects which can become patentable under the sole ownership of Interdigital, the Group is providing services, at a price, which, as defined in the contract, is not a market price.

The total value of the transaction is then based on the addition of the fair value of each of above-identified item.

As a result, the accounting treatment of the sale transaction is resulting in a net gain of €210 million presented in the Net profit from discontinued operations in the consolidated statement of operations (see note 12.1) and detailed as follows:

(in million euros)	**December 31, 2018**
Up-front payment (U.S.$150 million)(1)	129
Earn-out(2)	-
Grant back(3)	92
Net commitment under research cooperation agreement(4)	(33)
CONSIDERATION PRICE	**188**
Assets and liabilities transferred net of transaction costs	22
CAPITAL GAIN BEFORE TAX	**210**

(1) *the up-front payment is recognized at spot rate.*

(2) *earn-out: the contingent variable consideration will be recognized when earned by analogy to the principles of IFRS 15 – Revenue recognition on variable consideration. As the Group does not control InterDigital licensing activities, the contingent variable consideration will be recognized only when it becomes highly probable.*

(3) *the perpetual grant-back licensing agreement is an intangible asset evaluated €92 million on the basis of royalty rates used by other licensors for similar license programs applied to the forecasted volumes over 11 years. This intangible asset is amortized over the average remaining life of the patents according to the method described in 4.2.2 by the 2 operating segments using the asset.*

(4) *the cooperation agreement generates a deferred income, recorded at transaction date as a decrease of the transaction consideration and recognized over time as the services are rendered. Its fair value is the difference between the contractual price to be paid by InterDigital (U.S.$5 million per year, ie €15 million in total) and the fair value of the services to be rendered over 3 years and 5 months (€48 million).*

The net impact on the cash flows statement amounts to €116 million and is presented in the line Net cash from discontinued operations.

2.4 Investments in associates & joint ventures

The Group has less than €1 million investments accounted for using the equity method or joint ventures (see main entities in note 15).

All investments are private companies; therefore, no quoted market prices are available for its shares. Neither associate nor joint venture is individually material to the Group.

The consolidated financial statements include transactions made by the Group with associates and joint ventures. These transactions are performed in normal market conditions.

In 2019 and 2018, there is no significant transaction with the Group associates and joint ventures.

NOTE 3 Information on operations

3.1 Information by business segments

Technicolor has three continuing businesses and reportable operating segments under IFRS 8: Production services, DVD services and Connected Home.

The Group's Executive Committee makes its operating decisions and assesses performances based on three operating businesses. All remaining activities, including unallocated corporate functions, are grouped in a segment "Corporate & Other". Therefore, Technicolor activities are disclosed as follows:

PRODUCTION SERVICES

Technicolor provides high-end services to content creators, including Visual Effects/Animation and video Post Production Services.

DVD SERVICES

The DVD Services segment replicates, packages and distributes video, game and music CD, DVD and Blu-ray™ discs.

CONNECTED HOME

Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment ("CPE") to Pay-TV operators and Network Service Providers (NSPs), including broadband modems and gateways, digital Set-Top Box, and Internet of Things (IoT) connected devices.

CORPORATE & OTHER

This segment includes:

- Trademark Licensing business, which monetizes valuable brands such RCA© and Thomson© which were operated by the Group when it was a leading stakeholder in the Consumer Electronics business;
- Patent Licences, which have not been sold to InterDigital and which monetizes valuable patents;
- Post-disposal service operations and commitments related to former consumer electronics operations, mainly pension and legal costs;
- Unallocated Corporate functions, which comprise the operation and management of the Group's Head Office, together with various Group functions centrally performed, such as Human Resources, IT, Finance, Marketing and Communication, Corporate Legal Operations and Real Estate Management, and that cannot be strictly assigned to a particular business within the three operating segments.

STATEMENT OF OPERATIONS

	Year ended December 31, 2019				
(in million euros)	Production Services	DVD Services	Connected Home	Corporate & Other	Total
Revenues	893	882	1,983	43	3,800
Intersegment sales	-	-	-	-	-
Earnings before Interest & Tax (EBIT) from continuing operations	**3**	**(94)**	**(24)**	**(6)**	**(121)**
Of which:					
Amortization of purchase accounting items	(8)	(10)	(36)	-	(54)
Net impairment losses on non-current operating assets	(2)	(60)	(1)	-	(63)
Restructuring costs	(12)	(7)	(10)	(2)	(31)
Other income (expenses)	(2)	(10)	(1)	(1)	(15)
Adjusted EBITA	**28**	**(6)**	**23**	**(2)**	**42**
Of which:					
Depreciation & amortization (excl. PPA items)	(105)	(87)	(72)	(3)	(267)
IT capacity use for rendering in Production Services	(31)	-	-	-	(31)
Other non-cash items(1)	-	-	16	-	16
Adjusted EBITDA	**164**	**81**	**79**	**1**	**324**
Statements of financial position items					
Segment assets	685	710	1,327	277	2,999
Unallocated assets					211
TOTAL CONSOLIDATED ASSETS					**3,210**
Segment liabilities	232	253	904	415	1,804
Unallocated liabilities					1,370
TOTAL CONSOLIDATED LIABILITIES					**3,173**
Other information					
Net capital expenditures	(62)	(36)	(68)	(3)	(169)
Capital employed	411	187	43	212	853

(1) Mainly variation of provisions for risks, litigations and warranties.

STATEMENT OF OPERATIONS

(in million euros)	Year ended December 31, 2018				
	Production Services	DVD Services	Connected Home	Corporate & Other(2)	Total
Revenues	785	942	2,218	44	3,988
Intersegment sales	-	-	-	-	-
Earnings before Interest & Tax (EBIT) from continuing operations	**16**	**(88)**	**(39)**	**(8)**	**(119)**
Of which:					
Amortization of purchase accounting items	(8)	(9)	(32)	-	(50)
Net impairment losses on non-current operating assets	(1)	(78)	(2)	-	(81)
Restructuring costs	(17)	(10)	(34)	(2)	(62)
Other income (expenses)	(9)	(5)	(3)	(7)	(24)
Adjusted EBITA	**51**	**14**	**33**	**-**	**98**
Of which:					
Depreciation & amortization	(61)	(55)	(65)	(3)	(184)
Other non-cash items(1)	2	1	11	2	16
Adjusted EBITDA	**110**	**68**	**87**	**2**	**266**
Statements of financial position items					
Segment assets(3)	575	771	1,530	269	3,145
Unallocated assets					614
TOTAL CONSOLIDATED ASSETS					**3,759**
Segment liabilities	277	322	1,190	392	2,181
Unallocated liabilities					1,306
TOTAL CONSOLIDATED LIABILITIES					**3,487**
Other information					
Net capital expenditures	(50)	(31)	(79)	(2)	(162)
Capital employed(3)	271	142	13	190	617

(1) *Mainly variation of provisions for risks, litigations and warranties.*
(2) *Following the strategic transaction relating to the Patent Licensing business, the Group transferred the divisions "Trademark & Technology Licensing" and "Technology Research & Innovation", formerly reported as part of Technology segment, to the Corporate & Other segment.*
(3) *For comparison purpose, we reclassified Technicolor trademark from Entertainment Services to Corporate & Other.*

The following comments are applicable to the two tables above:

- the caption "Adjusted EBITDA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties); "Adjusted EBITDA" at budget rate (EUR = USD 1.15) and without IFRS 16 impact amounts to €244 million;
- the caption "Adjusted EBITA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense) and amortization of purchase accounting items;
- the captions "Total segment assets" and "Total segment liabilities" include all operating assets and liabilities used by a segment;
- the caption "Unallocated assets" includes mainly financial assets, deferred and income tax assets, cash and cash equivalents and assets classified as held for sale;
- the caption "Unallocated liabilities" includes mainly the financial debt, deferred and income tax liabilities and liabilities classified as held for sale;
- the caption "Net capital expenditures" includes cash used related to tangible and intangible capital expenditures, net of cash received from tangible and intangible asset disposals;
- the caption "Capital employed" is defined as being the aggregate of both net tangible and intangible assets (excluding goodwill), operating working capital and other current assets and liabilities (except for provisions including those related to employee benefits, income tax, payables on acquisition of companies and payables to suppliers of PPE and intangible assets).

3.2 Revenue & geographical information

GRI *[102-7]*

Under IFRS 15 revenue is recognized to reflect the transfer of promised goods and services to customers for amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods and services.

When either the Group or the customer as party to a contract has performed, the contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the goods delivered or services rendered and the customer's payment. Any unconditional rights to consideration is presented separately as a receivable.

CONNECTED HOME SEGMENT

Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment (CPE) and develops software solutions. The contracts signed have no multiple performance obligations and there is no variable consideration over time. Software inside modems or digital Set-Top Box are specific to each customer and are not marketed separately. Revenue is then recognized over at goods delivery.

DVD SERVICES SEGMENT

Our DVD Services Division provides turnkey integrated supply-chain solutions including mastering, replication, packaging, direct-to-retail distribution through two separate contracts (a replication contract and a distribution contract). In case of variable price over the contract term, the revenue is already adjusted to anticipate the probable discount.

In case of a contract advance paid to the customer, the consideration payable to the customer is already accounted for as a reduction of the transaction price and amortized based on the units of production.

Revenues is recognized upon the rendering of services.

PRODUCTION SERVICES SEGMENT

Our Production Services Division provides a full set of award-wining services around Visual Effects (VFX), Animation and Games activities, as well Postproduction Services. The services are generally rendered over a short period except for VFX services and Animation where services may be provided over a longer period. Our contracts stipulate that we have a right to payment for performance completed to date in case of a termination by the customer, and no milestones are used for measuring the progress. Revenue is recognized upon the rendering of services.

In respect of IFRS 15 – Revenue from contracts with customers, continuing revenue per method of recognition, contract assets and liabilities are disaggregated in the following way:

(in million euros)	December 31, 2019	Connected Home	Production Services	DVD Services	Corporate & Other	December 31, 2018*
Revenue recognized at delivery of goods or services	3,329	1,983	464	882	-	3,637
Revenue recognized over time(1)	429	-	429	-	-	307
Revenue from licenses(2)	43	-	-	-	43	44
REVENUE OF CONTINUING OPERATIONS	**3,800**	**1,983**	**893**	**882**	**43**	**3,988**

* *2018 amounts are re-presented to reflect the impacts of Discontinued Operations (see note 12).*

(1) *Revenue recognized over time are related to certain VFX and animation production services provided over a long period.*

(2) *Trademark licensing and remaining patent licensing revenue are recognized based on volumes reported or cash received depending on information available.*

Relating to performance obligations still to be satisfied, only VFX activities included in Productions Services business divisions are part of contracts that have an original expected duration of one year or more. For these services, the performance obligations still to be performed under contract in force at the end of the reporting period amount to €262 million as of December 31, 2019; it will be recognized mostly in 2020.

INFORMATION ON MAIN CLIENTS

As of December 31, 2019, one external customer represents 18% of the Group's consolidated revenues (€682 million), one external customer represents more than 10% (€391 million) and one external customer represents more than 5% (€185 million).

As of December 31, 2018, one external customer represents 15% of the Group's consolidated revenues (€597 million) and three external customers representing more than 5% each (respectively €281million, €252 million and €207 million).

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INFORMATION BY GEOGRAPHICAL AREA

(in million euros)	France	UK	Rest of Europe	U.S.	Rest of Americas	Asia-Pacific	Total
Revenues							
2019	749	235	163	1,718	708	227	3,800
2018	733	223	178	1,934	625	295	3,988
Segment assets							
2019	619	265	68	1,581	332	134	2,999
2018	618	229	69	1,719	357	153	3,145

Revenues are classified according to the location of the entity that invoices the customer.

3.3 Operating income & charges

GRI *[201-4]*

3.3.1 RESEARCH & DEVELOPMENT EXPENSES

	Year ended December 31,	
(in million euros)	**2019**	**2018**
Research and Development expenses, gross	(105)	(127)
Capitalized development projects	41	53
Amortization of capitalized projects	(53)	(57)
Subsidies[(1)]	3	4
RESEARCH AND DEVELOPMENT EXPENSES, NET	**(114)**	**(127)**

(1) *Includes mainly research tax credit granted by the French State.*

3.3.2 SELLING & ADMINISTRATIVE EXPENSES

	Year ended December 31,	
(in million euros)	**2019**	**2018**
Selling and marketing expenses	(111)	(111)
General and administrative expenses	(212)	(181)
SELLING AND ADMINISTRATIVE EXPENSES	**(323)**	**(292)**

3.3.3 OTHER INCOME (EXPENSES)

Other operating income (expense) is defined under Recommendation 2013-03 of the French CNC relating to the format of consolidated financial statements prepared under international accounting standards, and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to Technicolor's current activities. These mainly include gains and losses on disposals of fully consolidated companies, incurred or estimated costs related to major litigation, as well as items in connection with Revised IFRS 3 and Revised IAS 27 such as acquisition costs related to business combinations and changes in earn-outs related to business combinations.

	Year ended December 31,	
(in million euros)	**2019**	**2018**
Capital gains and losses	(17)	1
Litigations and others	(2)	(25)
OTHER INCOME (EXPENSE)	**(15)**	**(24)**

In 2019, the other expenses mainly include a loss on a small business disposal from the Connected Home Business.

In 2018, the other expenses mainly included litigations with customers and vendors within Connected Home segment for €9 million and Production Services segment for €4 million, as well as a €5 million provision in the DVD Services Division.

NOTE 4 Goodwill, intangible & tangible assets

4.1 Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any previously owned non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Under option, for each business combination, any non-controlling interest in the acquiree is measured either at fair value (thus increasing the goodwill) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Once control is achieved, further acquisition of non-controlling interest or disposal of equity interest without losing control are accounted as equity transaction.

Goodwill is recognized in the currency of the acquired subsidiary/associate and measured at cost less accumulated impairment losses and translated into euros at the rate effective at the end of the period. Goodwill is not amortized but is tested annually for impairment.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss, except if contingent consideration is classified in equity.

The following table provides the allocation of the significant amounts of goodwill to each Goodwill Reporting Unit (GRU) based on the organization effective as of December 31, 2019 (refer to note 4.5 for detail on impairment tests).

(in million euros)	Connected Home	Production Services	DVD Services	Total
At December 31, 2017, net	**422**	**183**	**337**	**942**
Exchange difference	8	3	10	20
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	(77)	(77)
Other	-	-	-	-
At December 31, 2018, net	**430**	**186**	**270**	**886**
Exchange difference	7	6	5	18
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	(53)	(53)
Other	-	-	-	-
AT DECEMBER 31, 2019, NET	**437**	**192**	**222**	**851**

4.2 Intangible assets

Intangible assets consist mainly of trademarks, rights for use of patents, capitalized development projects and acquired customer relationships.

Intangibles acquired through a business combination are recognized at fair value at the transaction date. For material amounts, Technicolor relies on independent appraisals to determine the fair value of intangible assets. Separately acquired intangible assets are recorded at purchase cost and internally generated intangibles are recognized at production cost.

Purchase cost comprises acquisition price plus all associated costs related to the acquisition and set-up. All other costs, including those related to the development of internally generated intangible assets such as brands, customer files, etc., are recognized as expenses of the period when they are incurred.

Intangible assets considered to have a finite useful life are amortized over their estimated useful lives and their value written down in the case of any impairment loss. Depending on the nature and the use of the intangible assets, the amortization of these assets is included either in "Cost of sales", "Selling and administrative expenses", "Other income (expense)" or "Research and development expenses".

Intangible assets with indefinite useful lives are not amortized but are attached to GRU and tested for impairment annually (see note 4.5).

ACCOUNTING ESTIMATES AND JUDGMENTS

Regarding intangible assets with finite useful lives, significant estimates and assumptions are required to determine (i) the expected useful life of these assets for purpose of their depreciation and (ii) whether there is an impairment of their value requiring a write-down of their carrying amount. Estimates that are used to determine their expected useful lives are defined in the Group's accounting policy manual and consistently applied throughout the Group.

Regarding intangible assets with indefinite useful lives, significant estimates and assumptions are required to determine the recoverable amount of such assets. See note 4.5. for detail on the accounting policy related to impairment review on such assets.

(in million euros)	Trademarks	Patents & Customer Relationships	Other intangibles	Total Intangible Assets
At December 31, 2017, net	**248**	**254**	**123**	**625**
Cost	*255*	*642*	*389*	*1,286*
Accumulated depreciation	*(7)*	*(388)*	*(266)*	*(661)*
Exchange differences	9	9	2	20
Scope Changes	-	89	-	89
Additions	-	3	90	93
Disposal	-	-	-	-
Depreciation charge	-	(54)	(82)	(136)
Impairment loss	-	(5)	(1)	(6)
Other(1)	-	6	15	21
At December 31, 2018, net	**257**	**302**	**146**	**705**
Cost	*264*	*710*	*455*	*1,429*
Accumulated depreciation	*(7)*	*(408)*	*(309)*	*(724)*
Exchange differences	5	5	2	12
Acquisitions of business	-	-	-	-
Additions	-	10	76	85
Disposal	-	-	-	-
Depreciation charge	-	(67)	(79)	(146)
Impairment loss	(1)	(3)	-	(3)
Other	-	3	(23)	(20)
AT DECEMBER 31, 2019, NET	**261**	**249**	**122**	**632**
Cost	*269*	*753*	*482*	*1,504*
Accumulated depreciation	*(8)*	*(504)*	*(360)*	*(872)*

(1) In 2018, includes patents transferred to assets held for sale

4.2.1 TRADEMARKS

Trademarks are considered as having an indefinite useful life and are not amortized, but are tested for impairment annually, on a stand-alone basis. The main reasons retained by the Group to consider a trademark as having an indefinite useful life were mainly its positioning in its market expressed in terms of volume of activity, international presence and notoriety, and its expected long-term profitability.

As of December 31, 2019, trademarks total €261 million and consist mainly of Technicolor® trademark for €201 million, RCA® trademark for €29 million and The Mill® tradename for €22 million.

The fair market value of Technicolor Trademark is based on a methodology developed in 2014 by Sorgem, a company specialized in valuation of trademarks. Such methodology defines for each business, through a matrix of key success factors of the business and intangible assets used, the contribution of the trademark to the discounted cash flow using an excess profit method.

Except if a trigger event is changing the business environment, the matrix of contribution as defined by Sorgem in 2014 is considered permanent and only the discounted cash flows are updated internally each year to check if the fair value of the Technicolor trademark is above its net book value.

A decrease of earnings before interest and tax of each business by 1 point would not lead to an impairment of the Technicolor trademark.

The recoverable value of RCA® trademark is estimated using the discounted cash flows method based on Budget and cash flow projections on a 5-year period with a post-tax discount rate of 8%. No reasonably expected change in assumptions would result in any impairment.

Other trademarks include Thomson® in the Corporate & Other and MPC®, Mr. X®, and Mikros Image® in the Production Services.

4.2.2 PATENTS, CUSTOMER RELATIONSHIPS & OTHER INTANGIBLE ASSETS

PATENTS AND PATENT LICENSES

Patents are amortized on a straight-line basis over the expected period of use. Patent licences amortization pattern is determined by the timing of future economic benefits, generally measured on the basis of volumes benefitting from these licenses. When the economic benefits are evenly or uncertainly spread over the period of use, the asset is amortized on a straight-line basis. In the case of decreasing volumes, the asset is amortized based on volumes sold, and the amortization rate reviewed at each closing.

CUSTOMER RELATIONSHIPS

Customer relationships that are acquired through business combinations are amortized over the expected useful life of such relationships, which range from 8 to 20 years, taking into account probable renewals of long-term customer contracts that last generally from 1 to 5 years. The initial valuation methodology is generally the excess profit method using the attributable discounted future cash flows expected to be generated. They are tested for impairment only if management identifies triggering events that may result in a loss of value of such assets.

OTHER INTANGIBLES

Other intangibles comprise mainly capitalized development projects, acquired or internally developed software and acquired technologies.

Research expenditures are expensed as incurred. Development costs are expensed as incurred, unless the project to which they relate meets the IAS 38 capitalization criteria. Recognized development projects correspond to projects whose objectives are to develop new processes or to improve significantly existing processes, considered as technically viable and expected to provide future economic benefits for the Group. Development projects are recorded at cost less accumulated depreciation and impairment losses, if any. The costs of the internally generated development projects include direct labor costs (including pension costs and medical retiree benefits), costs of materials, service fees necessary for the development projects and reduced of tax credits if any. They are amortized over a period ranging from one to five years starting from the beginning of the commercial production of the projects, based on units sold or based on units produced or using the straight-line method.

4.3 Property, plant & equipment

All Property, Plant and Equipment (PPE) are recognized at cost less any depreciation and impairment losses. They are essentially amortized using the straight-line method over the useful life of the asset which ranges from 20 to 40 years for buildings and from 1 to 12 years for materials and machinery. Each material component of a composite asset with different useful lives or different patterns of depreciation is accounted for separately for the purpose of depreciation and for accounting of subsequent expenditure.

LEASES

Leases which transfer substantially all risks and rewards incidental to the ownership of the leased asset are classified as finance leases. This transfer is based on different indicators analyzed such as:

- the transfer of ownership at the end of the lease;
- the existence of a bargain price option in the agreement;
- the fact that the lease term is for the major part of the economic life of the asset; or
- the present value of minimum lease payments amounts to substantially all of the fair value of the leased asset.

The assets held under finance leases are capitalized at the lower of the present value of future minimum payments and the fair value of the leased assets and the corresponding financial liability is accounted for by the Group. They are amortized using the straight-line method over the shorter of the estimated useful life of the asset and the duration of the lease. The costs related to the assets acquired through these contracts are included within the amortization allowances in the statement of operations.

Leases which are not classified as finance leases are operating leases. The payments related to these contracts are recorded as expenses on a straight-line basis over the lease term.

The aggregate benefits of lease incentives received from the lessor are recognized as a reduction of rental expense over the lease term, on a straight-line basis.

ACCOUNTING ESTIMATES AND JUDGMENTS

Significant estimates and assumptions are required to determine (i) the expected useful lives of these assets for purposes of their depreciation and (ii) whether there is an impairment of their value requiring a write-down of their carrying amount. Estimates that are used to determine their expected useful lives are defined in the Group's accounting policy manual and consistently applied throughout the Group.

(in million euros)	Land	Buildings	Machinery & Equipment	Other Tangible Assets[(1)]	Total
At December 31, 2017, net	**3**	**21**	**100**	**118**	**243**
Cost	*3*	*63*	*1,132*	*371*	*1,570*
Accumulated depreciation	-	*(42)*	*(1,032)*	*(254)*	*(1,327)*
Exchange differences	-	1	1	1	3
Additions	-	-	8	96	104
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	(1)	(1)
Depreciation charge	-	(3)	(48)	(38)	(89)
Impairment loss	-	-	(2)	(7)	(9)
Other[(2)]	-	-	30	(48)	(18)
At December 31, 2018, net	**3**	**19**	**89**	**122**	**233**
Cost	*3*	*62*	*1,110*	*387*	*1,562*
Accumulated depreciation	-	*(43)*	*(1,021)*	*(265)*	*(1,329)*
Exchange differences	-	-	1	3	4
Additions	-	-	2	65	67
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	(3)	(39)	(28)	69
Impairment loss	-	-	(2)	(2)	(4)
Other[(3)]	-	-	18	(58)	(40)
AT DECEMBER 31, 2019, NET	**3**	**16**	**69**	**103**	**191**
Cost	*3*	*60*	*1,075*	*382*	*1,520*
Accumulated depreciation	-	*(44)*	*(1,006)*	*(279)*	*(1,329)*

(1) Includes assets in progress.
(2) Corresponds mainly to the transfer of tangible assets in progress to Machinery and Equipment.
(3) In 2019, includes reclassification to Right-of-Use assets.

4.4 Right-of-use assets

According to IFRS 16, a right of use is recognized on the assets with a lease debt as a counterpart on the liabilities. The analysis of rent period, mainly for buildings, considers the non-cancellable contract period, cancellable contract period and extension options, when the Group is reasonably certain to exercise these extension options. The Group reassesses whether it is reasonably certain through appreciation of the following information:

- the depreciation period of the fittings;
- the rent evolution compared to market prices.

(in million euros)	Real Estate	Others	Total Right-of-use assets
At December 31, 2018, net	-	-	-
IFRS 16 application	277	51	327
New contracts	9	23	32
Change in contract	19	-	19
Depreciation charge	(68)	(31)	(99)
Impairment loss	(3)	-	(3)
Other	7	2	9
AT DECEMBER 31, 2019, NET	**241**	**44**	**285**

4.5 Impairment on non-current operating assets

Goodwill, intangible assets having an indefinite useful life and development projects not yet available for use are tested annually for impairment during the last quarter of the year and updated at the end of December and whenever circumstances indicate that they might be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash outflows that are largely independent of the cash flows of other assets or CGU. Goodwill arising from a business combination is allocated to CGUs or group of CGUs (Goodwill reporting units – GRUs) that are expected to benefit from the synergies. The Group identified 3 GRUs corresponding to its 3 operating segments.

PPE and intangible assets having a definite useful life are tested for impairment at the consolidated statement of financial position date only if events or circumstances indicate that they might be impaired. The main evidence indicating that an asset may be impaired includes the existence of significant changes in the operational environment of the assets, a significant decline in the expected economic performance of the assets, or a significant decline in the revenues or margin versus prior year and budget or in the market share of the Group.

The impairment test consists of comparing the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of its fair value (less costs to sell) and its value in use.

The fair value (less costs to sell) corresponds to the amount that could be obtained from the sale of the asset (or the CGU/GRU), in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal. It can be determined using an observable market price for the asset (or the CGU/GRU) or using discounted cash flow projections, that include estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance but exclude any synergies with other CGU/GRU of the Group.

Value in use is the present value of the future cash flow expected to be derived from an asset or CGU/GRU.

For determining the recoverable value, the Group uses estimates of future pre-tax discounted cash flows generated by the asset including a terminal value when appropriate. These flows are consistent with the most recent budgets approved by the Board of Directors of the Group. Estimated cash flows are discounted using pre-tax long-term market rates, reflecting the time value of money and the specific risks of the assets.

For the purpose of the impairment test in 2019, lease expenses have been included in the estimates of future cash flows while right-of-use assets have been excluded from the asset tested.

An impairment loss corresponds to the difference between the carrying amount of the asset (or group of assets) and its recoverable amount and is recognized in "Net impairment losses on non-current operating assets" for continuing operations unless the impairment is part of restructuring plans, or related to discontinued operations in which case it is recognized in "Restructuring expenses". In accordance with IAS 36, impairment of goodwill cannot be reversed.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Group reviews annually goodwill and other indefinite-lived intangible assets for impairment in accordance with the accounting policy.

Technicolor's management believes its policies related to such annual impairment testing are critical accounting policies the recoverable involving critical accounting estimates because determining amount of GRU requires (i) determining the appropriate discount rate to be used to discount future expected cash flows of the cash-generating unit and (ii) estimating the value of the operating cash flows including their terminal value, the growth rate of the revenues generated by the assets tested for impairment, the operating margin rates of underlying assets for related future periods and the royalty rates for trademarks.

In addition to the annual review for impairment, Technicolor evaluates at each reporting date certain indicators that would result, if applicable, in the calculation of an additional impairment test in accordance with the Group accounting policy.

Management believes the updated assumptions used concerning sales growth, terminal values and royalty rates are reasonable and in line with updated market data available for each GRU.

(in million euros)	Production services	DVD Services	Connected Home	Discontinued operations	Total
2019					
Impairment loss on goodwill	-	(53)	-	-	(53)
Impairment losses on intangible assets	(1)	(3)	-	(1)	(4)
Impairment losses on tangible assets	-	(3)	-	-	(4)
Impairment losses on non-current operating assets	**(1)**	**(59)**	**-**	**(1)**	**(61)**
Impairment reversal on intangible assets	-	-	-	-	-
NET IMPAIRMENT LOSSES ON NON-CURRENT OPERATING ASSETS	**(1)**	**(59)**	**-**	**(1)**	**(61)**
2018					
Impairment loss on goodwill	-	(77)	-	-	(77)
Impairment losses on intangible assets	-	(1)	(1)	(4)	(6)
Impairment losses on tangible assets	(7)	(1)	(1)	-	(9)
Impairment losses on non-current operating assets	**(7)**	**(79)**	**(2)**	**(4)**	**(92)**
Impairment reversal on intangible assets	-	-	-	-	-
NET IMPAIRMENT LOSSES ON NON-CURRENT OPERATING ASSETS(1)	**(7)**	**(79)**	**(2)**	**(4)**	**(92)**

(1) Includes €(81) million in Net impairment and €(7) million in Restructuring of continuing result.

The impairment tests performed in 2019 on the carrying value of the CGU related to DVD Services resulted in an impairment of €59 million of assets.

4.5.1 MAIN ASSUMPTIONS AT DECEMBER 31, 2019

In order to perform the annual impairment test, the Group used the following assumptions to determine the recoverable amount of the main goodwill reporting units:

	Production Services	DVD Services	Connected Home
Basis used to determine the recoverable amount	Value in use	Fair Value	Fair Value
Description of key assumptions		Budget and Business Plans	
Period for projected future cash flows	5 years	*	5 years
Growth rate used to extrapolate cash flow projections beyond projection period:			
• as of December 31, 2019	2.0%	*	0%
• as of December 31, 2018	2.0%	*	2.0%
Post-tax discount rate applied(1):			
• as of December 31, 2019	8.0%	8.0%	9.0%
• as of December 31, 2018	8.0%	8.0%	10.0%

(1) The corresponding pre-tax discount rates are within a range from 10.6% to 12.2%.
** The main activities of the DVD Services Division have been considered to have a finite life. Accordingly, no terminal value has been applied for this activity.*

For the DVD Services GRU, in the absence of a binding sale agreement at closing date, of an active market and of comparable recent transactions, discounted cash flow projections have been used to estimate fair value less costs to sell. Technicolor management considers that fair value less costs to sell is the most appropriate method to estimate the value of its GRU as it takes into account the future restructuring measures the Group will need to make against a rapid technological environment change. Such restructuring actions would be considered by any market participant given the economic environment of the business.

The discounted cash flow of DVD Services is computed over a finite life of circa twenty years and accordingly the goodwill will be impaired over this period depending on the evolution of the fair value as determined through the discounted cash flow.

The Group recorded an impairment charge of €(53) million on goodwill as of December 31, 2019. An impairment charge of €(77) million on goodwill was recorded in 2018.

4.5.2 SENSITIVITY OF RECOVERABLE AMOUNTS AT DECEMBER 31, 2019

For Production Services:

- a decrease of 1 point in the long-term growth rate assumption would decrease the enterprise value by €276 million without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2019 would decrease the enterprise value by €142 million without generating any impairment;
- an increase of 0.5 point in the WACC rate assumption would decrease the enterprise value by €138 million without generating any impairment.

For DVD Services:

- a decrease of 5% on BD volumes from 2023 would decrease the enterprise value by €6 million, generating an impairment of the same amount;
- an increase of 0.5 point in the WACC rate assumption would decrease the enterprise value by €17 million, generating an impairment of the same amount;
- a decrease of 1 point of the EBITDA margin from 2023 would decrease the enterprise value by €36 million, generating an impairment of the same amount.

For Connected Home:

- an increase of 1 point in the post-tax discount rate assumption would decrease the enterprise value by €85 million without generating any impairment;
- a decrease of 1 point of the Adjusted EBITDA margin from 2019 would decrease the enterprise value by €183 million without generating any impairment.

NOTE 5 Other operating information

5.1 Operating assets & liabilities

5.1.1 NON-CURRENT OPERATING ASSETS & LIABILITIES

(in million euros)	2019	2018
Customer contract advances and up-front prepaid discount	13	17
Other	19	24
OTHER OPERATING NON-CURRENT ASSETS	**32**	**41**
Payable on acquisitions of business & fixed assets	(8)	(12)
Other	(17)	(26)
OTHER OPERATING NON-CURRENT LIABILITIES	**(24)**	**(38)**

As part of its normal course of business, Technicolor makes cash advances and up-front prepaid discount to its customers, principally within its DVD Services segment. These are generally in the framework of a long-term relationship or contract and can take different forms. Consideration is typically paid as an advance to the customers in return for the customer's various commitments over the life of the contracts. These contracts award to the Group a customer's business within a particular territory over the specified contract period (generally from 1 to 5 years). The contracts contain provisions that establish pricing terms for services and volumes to be provided and other terms and conditions.

Such advanced payments are classified under "Non-current assets", recorded as "Contracts advances and up-front prepaid discount" and are amortized as a reduction of "Revenues" on the basis of units of production or film processed.

5.1.2 INVENTORIES

Inventories are valued at acquisition or production cost. The production costs include the direct costs of raw materials, labor costs and a part of the overheads representative of the indirect production costs, and exclude general administrative costs. The cost of inventory sold is determined based on the weighted average method or the FIFO (first in – first out) method, depending on the nature of the inventory. When the net realizable value of inventories is lower than its carrying amount, the inventory is written down by the difference.

ACCOUNTING ESTIMATES AND JUDGMENTS:

The management takes into consideration all elements that could have an impact on the inventory valuation, as declining sales forecasts, expected reduction in selling prices, specific actions engaged as rework or incentive plans, and obsolescence of products or slow rotation.

(in million euros)	2019	2018
Raw Materials	83	102
Work in progress	10	14
Finished goods and purchase goods for resale	172	175
Gross Value	**265**	**291**
Less: valuation allowance	(22)	(23)
TOTAL INVENTORIES	**243**	**268**

5.1.3 TRADE ACCOUNTS RECEIVABLES

The trade receivables are part of the current financial assets. At the date of their initial recognition, they are measured at the fair value of the amount to be received. This generally represents their nominal value because the effect of discounting is generally immaterial between the recognition of the instrument and its realization.

Further to IFRS 9 implementation, the loss allowances on trade receivables are determined from expected credit losses. The Group chose the simplified approach which allows the recognition of an allowance based on the lifetime expected credit losses at each reporting date.

The expected credit losses are determined from the trade date the following way:

- application to non-major customer segments of each division of a matrix determined on the Group's historical credit loss experience;
- specific follow-up of the credit risk for major customers based on their credit rating.

(in million euros)	2019	2018
Trade accounts and notes receivable	531	703
Less: valuation allowance	(24)	(26)
TOTAL TRADE ACCOUNTS AND NOTES RECEIVABLE	**507**	**677**

As of December 31, 2019 and 2018 trade accounts receivable include past due amounts respectively for €94 million and €91 million for which a valuation allowance was recorded for an amount of €(23) million and €(22) million.

The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets €507 million as of December 31, 2019 compared to €677 million as of December 31, 2018.

5.1.4 OTHER CURRENT ASSETS & LIABILITIES

ESTIMATION OF ACCRUED ROYALTY INCOME

In the normal course of its business, the Group may use certain technology protected by patents owned by third parties. In the majority of cases, the amount of royalties payable to these third parties for the use of this technology will be defined in a formal licensing contract. In some cases, and particularly in the early years of an emerging technology when the ownership of Intellectual Property rights may not yet be ascertained, management's judgement is required to determine the probability of a third party asserting its rights and the likely cost of using the technology when such assertion is probable. In making its evaluation, management considers past experience with comparable technology and/or with the particular technology owner. The royalties payable are presented within the captions "Other current liabilities" and "Other non-current liabilities" in the Group's balance sheet.

DERECOGNITION OF ASSETS

A receivable is derecognized when it is sold without recourse and when it is evidenced that the Group has transferred substantially all the significant risks and rewards of ownership of the receivable and has no more continuing involvement in the transferred asset.

(in million euros)	2019	2018
Value added tax receivable	31	46
Research tax credit and subsidies	5	1
Prepaid expenses	37	40
Other	111	177
OTHER CURRENT OPERATING ASSETS	**184**	**264**
Taxes payable	(41)	(44)
Accrued royalties expense	(44)	(42)
Payables for fixed assets	(17)	(47)
Other	(200)	(177)
OTHER CURRENT OPERATING LIABILITIES	**(301)**	**(310)**

5.2 Related party transactions

A party is related to the Group if:

- directly or indirectly the party (i) controls, is controlled by or is under common control with the Group, (ii) has an interest in the Group that gives it significant influence over the Group;
- the party is an associate or a joint venture in which the Group is a venture;
- the party or one of its Directors is a Member of the Board of Directors or of the Executive Committee of the Group or a close Member of the family of any individual referred to above.

Related party transactions with associates & joint ventures are detailed in note 2.4.

Remuneration of key management is detailed in note 9.4.

In 2019 there are no related party transactions.

NOTE 6 Income Tax

6.1 Income tax recognized in profit and loss

6.1.1 INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Deferred tax is recognized in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss (either in OCI or directly in equity). Moreover, IAS 12 does not specify whether tax benefits arising from tax losses should be allocated to the source of the loss or the source of the realization of the benefit. The Group has accounted for any tax benefits arising from tax losses from discontinued activities in continuing operations since these tax losses will be used by future benefits from continuing operations.

Further to the application of IFRIC 23 – Uncertainty over Income Tax Treatments, current taxes also include uncertain tax positions previously included in Provisions.

(in million euros)	2019	2018
Current income tax		
France	(1)	2
Foreign	(9)	(1)
Total current income tax	**(10)**	**1**
Deferred income tax		
France	-	-
Foreign	7	(55)
Total deferred income tax	**7**	**(55)**
INCOME TAX ON CONTINUING OPERATIONS	**(3)**	**(54)**

In 2019, the current income tax charge is mainly attributable to current taxes due in India, Mexico and Poland.

In 2018, the deferred tax expense was mainly attributable to the depreciation of deferred tax asset in the United States, as there is no probability anymore to use the tax losses carried forward in the next five years.

Please see section 6.2.1 for more details on the variation of deferred taxes.

6.1.2 GROUP TAX PROOF

The following table shows the reconciliation of the expected tax expense – using the French corporate tax rate of 34% – and the reported tax expense. The items in reconciliation are described hereafter:

(in million euros)	2019	2018
Profit (loss) from continuing operations	**(208)**	**(224)**
Income tax	(3)	(54)
Pre-tax accounting income on continuing operations	**(205)**	**(170)**
	34%	*34%*
Expected tax expense	**70**	**59**
Effect of unused tax losses and tax offsets not recognized as deferred tax assets(1)	(46)	(84)
Effect of permanent differences	(23)	(14)
Effect of different tax rates applied(2)	(2)	(14)
Effect of change in applicable tax rate	(1)	-
Withholding taxes not recovered	(1)	(1)
Effective tax expense on continuing operations	**(3)**	**(54)**

(1) In 2019, mainly due to the depreciation of deferred tax assets generated on the losses of the period, i.e €32 million for France and €21 million for the United States.
(2) In 2018, the amounts include mainly the impact of the tax differential rate with the United States.

6.2 Tax position in the statement of financial position

Deferred taxes result from:

- temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the Group consolidated balance sheets; and
- the carry forward of unused tax losses and tax credits.

Deferred taxes for all temporary differences are calculated for each taxable entity (or group of entities) using the balance sheet liability method.

All deferred tax liabilities are recorded except:

- when the deferred tax liability results from the initial recognition of goodwill, or from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the trade date, affects neither the net income nor the taxable income or loss; and
- for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recorded:

- for all deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these temporary differences can be utilized, except when the related deferred tax asset results from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the trade date, affects neither the net income nor the taxable income or loss; and
- for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

The recoverable amount of the deferred tax assets is reviewed at each balance sheet date and adjusted to take into account the level of taxable profit available to allow the benefit of part or all of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are valued using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred taxes are classified as non-current assets and liabilities.

Deferred tax assets and liabilities are set off by taxable entity for the same maturities.

ACCOUNTING ESTIMATES AND JUDGMENTS

Management judgment is required to determine the Group's deferred tax assets and liabilities. When a specific subsidiary has a history of recent losses, future positive taxable income is assumed improbable, unless the asset recognition can be supported for reasons such as

- the losses having resulted from exceptional circumstances which are not expected to re-occur in the near future; and/or
- the expectation of exceptional gains; or
- future income to be derived from long-term contracts.

The Group considered tax-planning in assessing whether deferred tax assets should be recognized.

6.2.1 CHANGE IN NET DEFERRED TAXES

(in million euros)	Deferred tax assets	Deferred tax liabilities	Total, net deferred tax assets
Year ended December 31, 2017	**275**	**(193)**	**82**
Changes impacting continuing profit or loss	(54)	(1)	(55)
Other movement	(10)	1	(9)
Year ended December 31, 2018	**210**	**(193)**	**17**
Changes impacting continuing profit or loss	33	(26)	7
Other movement(1)	(191)	192	1
YEAR ENDED DECEMBER 31, 2019	**52**	**(27)**	**25**

(1) *Mainly set off of deferred tax assets and liabilities of same maturities by taxable entity.*

As of December 31, 2019, the net deferred tax assets of €25 million mainly relate to the recognition of losses carried forward in Australia, Canada, India, Mexico and Poland. Net deferred tax assets amounted to €17 million as of December 31, 2018. This increase was primarily due to the changes in the projections of our activities in Australia and Mexico.

6.2.2 SOURCE OF DEFERRED TAXES

(in million euros)	2019	2018
Tax losses carried forward	**1,278**	**1,365**
Tax effect of temporary differences related to:		
Property, plant and equipment	20	21
Goodwill	10	13
Intangible assets	(86)	(101)
Investments and other non-current assets	3	(3)
Inventories	7	8
Receivables and other current assets	19	18
Borrowings	142	131
Retirement benefit obligations	59	51
Restructuring provisions	3	6
Other provisions	19	22
Other liabilities current and non-current	38	40
Total deferred tax on temporary differences	**234**	**206**
Deferred tax assets/(liabilities) before netting	**1,512**	**1,571**
Valuation allowances on deferred tax assets	(1,487)	(1,554)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**25**	**17**

Technicolor benefits, from tax losses carried forward in countries where the Group still conducts business, amount to €3.6 billion. These losses mainly arise from France (€1.8 billion) and the United States (€1.6 billion).

In the United States, they will expire mainly after 2024.

NOTE 7 Equity & Earnings per share

GRI *[102-10] [201-1]*

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded for the proceeds received, net of direct issue costs.

EQUITY TRANSACTION COSTS

Incremental and external costs directly attributable to the equity transactions are accounted for as a deduction from equity.

7.1 Change in share capital

(in euros, except number of shares)	Number of shares	Per value	Share capital in euros
Share capital as of December 31, 2017	**414,461,178**	**1**	**414,461,178**
Share capital as of December 31, 2018	**414,461,178**	**1**	**414,461,178**
Share capital as of December 31, 2019	**414,461,178**	**1**	**414,461,178**

Plans described in note 9.3.

In 2019, the Group did not declare any change in its share capital.

As of December 31, 2019, and to the Company's knowledge, the following entities held more than 5% of the Company' share capital:

- RWC Asset Management LLP held, 42,000,000 shares which represent 10.13% of the share capital and 10.13% of the voting rights of the Company;
- J O Hambro Capital Management Ltd held 35,146,422 shares which represent 8.48% of the share capital and 8.48% of the voting rights;
- The Caisse des Dépôts et Consignations held, jointly with Bpifrance Participations S.A., 32,970,309 shares which represent 7.95% of the share capital and 7.95% of the voting rights of the Company;
- Invesco Advisers, Inc. held 29,964,739 shares which represent 7.23% of the share capital and 7.23% of the voting rights of the Company;
- Bain Capital Credit, LP held 29,062,798 shares which represent 7.01% of the share capital and 7.01% of the voting rights of the Company;
- Kinney Asset Management LLC, held 22,928,815 shares which represent 5.53% of the share capital and 5.53% of the voting rights of the Company;
- Fidelity International held 22,784,339 shares which represent 5.50% of the share capital and 5.50% of the voting rights of the Company.

7.2 Other elements of equity

7.2.1 TREASURY SHARES

Treasury shares are recorded at purchase cost and deducted from shareholders' equity. The gain or loss on disposal or cancellation of these shares is recorded directly in equity.

Global amount of Treasury shares includes treasury shares purchased in the frame of the Share Management Agreement authorized by the Combined Shareholder's Meetings on May 23, 2013, and confirmed by the annual shareholders general meeting. As no share purchase program was submitted for approval at the combined shareholder's meeting convened on April 26, 2018, Share Management Agreement was suspended during the year.

	2019	2018
Number of Treasury shares at opening	**1,074,994**	**978,051**
Variation related to the Share Management Agreement	-	96,943
Disposal	(1,074,994)	-
Number of Treasury shares at closing	**-**	**1,074,994**

In the course of second half of 2019, all the treasury shares have been disposed.

7.2.2 SUBORDINATED PERPETUAL NOTES

On September 26, 2005, Technicolor issued deeply subordinated perpetual notes (TSS) in a nominal amount of €500 million. No derivative was identified because the provisions of the notes fall outside the scope of the definition of a derivative under IAS 39.

Because of their perpetual and subordinated nature and the optional nature of the coupon, the notes were recorded under IFRS in shareholder's equity for the net value received of €492 million (issue price less offering discount and fees).

Further to the restructuring of the Group's debt in 2010, the characteristics of the notes are now as follows:

- they are not repayable other than (i) at Technicolor's sole option in specific contractually defined events or (ii) in case of liquidation of the Company;
- they no longer bear interest, since an amount of €25 million was paid to TSS holders as final payment of all interest claims in 2010.

7.2.3 DIVIDENDS AND DISTRIBUTION

In connection with 2017 and 2018 periods, Shareholders' Meetings held respectively on April 26, 2018 and June 14, 2019, did not vote any payment of dividend.

7.2.4 NON-CONTROLLING INTERESTS

In 2019, no change in non-controlling interests.

In 2018, the main changes in non-controlling interests result from:

- liquidation of Thomson Investment India, decreasing non-controlling interests by €2 million;
- acquisition of the remaining 49% of Technicolor Pioneer Japan shares, decreasing non-controlling interests by €1 million.

7.3 Earnings (Loss) per share

Basic earnings per share are calculated by dividing income (loss) attributable to ordinary equity holders of the parent entity by the weighted-average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share is calculated by dividing income (loss) attributable to ordinary equity holders of the parent entity by the weighted-average number of shares outstanding during the period assuming that all potentially dilutive securities were exercised and that any proceeds from such exercises were used to acquire shares of the Company's stock at the average market price of the period or the period the securities were outstanding.

Potentially dilutive securities comprise:

- outstanding options, if dilutive;
- the securities to be issued under the Company's Management Incentive Plan, to the extent the average market price of the Company's stock exceeded the adjusted exercise prices of such instruments.

Diluted earnings (loss) per share:

	2019	2018
Net income *(in million euros)*	**(230)**	**(67)**
Net (income) loss attributable to non-controlling interest	-	(1)
Net (gain) loss from discontinued operations	22	(157)
Numerator		
Adjusted profit "Group share" from continuing operations attributable to ordinary shareholders	**(208)**	**(225)**
Basic weighted average number of outstanding shares ('000)	413,660	413,440
Dilutive impact of stock-option & Free Share Plans	-	-
Denominator		
Weighted shares *('000)*	**413,660**	**413,440**

Some of stock-options plans have no dilution impact in 2019 due to stock price but could have a dilution impact in the future depending on the stock price evolution (see details of these plans in note 9.3).

NOTE 8 Financial assets, financing liabilities & derivative financial instruments

8.1 Classification & measurement

FINANCIAL ASSETS (EXCLUDING DERIVATIVES)

Management determines the classification of its financial assets at initial recognition in the light of the Group's business model for the management of financial assets, as well as the characteristics of the asset's contractual cash flows.

Further to IFRS 9 implementation, the Group chose to classify its financial assets between financial assets at amortized costs and financial assets at fair value through profit and loss.

FINANCIAL ASSETS AT AMORTIZED COST

This category is used for a financial asset when the objective is to receive its contractual cash flows, corresponding only to repayments of principal and, where applicable, interest on principal.

These assets are initially recognized at fair value less any transaction costs. They are then recognized at amortized cost using the effective interest rate method.

Where applicable, an impairment loss is recognized for the amount of expected credit losses at 12 months, unless the credit risk has increased significantly since initial recognition, in which case the impairment is calculated for the amount of expected credit losses over the life of the asset. For trade receivables and assets on trade contracts, the Group applies a simplified impairment method (see note 5.1.3.).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category is used when the financial asset is not recognized at amortized cost. For these financial assets carried at fair value, changes in value are recognized in the income statement under "Other net financial income (expense)".

A financial asset is derecognized when the contractual rights to the cash flows associated with it expire or have been transferred, and substantially all the risks and rewards of ownership of the asset.

FINANCIAL LIABILITIES (EXCLUDING DERIVATIVES)

Borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Any difference between (i) net proceeds of transaction costs and (ii) redemption value is recognized in financial income over the life of the borrowings using the effective interest rate method.

Borrowings are presented as current liabilities, unless the Group has an unconditional right to defer repayment of the liability beyond a period of 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

DERIVATIVES

Derivatives are recorded at fair value. Changes in value are recognized in the income statement and/or in equity within other comprehensive income, in accordance with the principles set out in note 8.6.

In accordance with IFRS 13 – Fair Value measurement, 3 levels of fair value measurement have been identified for financial assets & liabilities:

- Level 1: quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: internal models with observable parameters including the use of recent arm's length transactions (when available), reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs;
- Level 3: internal models with non-observable parameters.

The table below shows the breakdown of the financial assets and liabilities by accounting category.

		Fair value measurement by accounting categories as of December 31, 2019					
(in million euros)	At December 31, 2019, net	Amortized costs	Fair value through profit & loss	Fair value through equity	Derivative instruments (see note 8.5)	Fair Value measurement	At December 31, 2018, net
Non-consolidated Investments	**17**	**-**	**17**	**-**	**-**	**Level 2**	**14**
Cash collateral & security deposits	13	12	1	-	-	Level 1	9
Loans & others	1	1	-	-	-		1
Subleases receivables	8	8	-	-	-		-
Other non-current financial assets	**22**						**10**
Total non-current financial assets	**39**						**24**
Cash collateral and security deposits	12	1	11	-	-	Level 1	12
Other current financial assets	-	-	-	-	-		2
Derivative financial instruments	1	-	-	-	1	Level 2	-
Other financial current assets	**13**						**14**
Cash	58	-	58	-	-	Level 1	134
Cash equivalents	7	-	7	-	-	Level 1	157
Cash and cash equivalents	**65**						**291**
Total current financial assets	**78**						**305**
Non current borrowings[(1)]	(979)	(979)	-	-	-		(977)
Borrowings	**(979)**						**(977)**
Derivative financial instruments	(1)	-	-	-	(1)	Level 2	-
Other non-current liabilities	**(1)**						**-**
Lease liabilities	**(224)**	**(224)**	**-**	**-**	**-**		**(27)**
Total non-current financial liabilities	**(1,204)**						**(1,004)**
Borrowings[(1)]	**(8)**	**(8)**	**-**	**-**	**-**		**(6)**
Lease liabilities	**(87)**	**(87)**	**-**	**-**	**-**		**(14)**
Other current financial liabilities	**(2)**	**-**	**-**	**-**	**(2)**	**Level 2**	**(4)**
Total current financial liabilities	**(97)**						**(24)**
TOTAL FINANCIAL LIABILITIES	**(1,301)**						**(1,028)**

(1) Borrowings are recognized at amortized costs. The fair value of the Term Loan debt is €853 million as of December 31, 2019 (€972 million as of December 31, 2018). This fair value is based on quoted prices in active markets for term loan debts (Level 1).

Some cash collaterals for U.S. entities are classified as current because of their short maturity but are renewed automatically for periods of 12 months.

8.2 Management of financial risks

GRI *[102-15]*

8.2.1 GOVERNANCE

Technicolor faces a wide variety of financial risks including market risk (due to fluctuations in exchange rates and interest rates), liquidity risk and credit risk.

Technicolor's financial risks are managed centrally by the Group Treasury Department in France and its regional treasury department in Ontario (California – U.S.) in accordance with the policies and procedures of the Group.

All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Audit Committee *via* various reports showing the company's exposures to these risks with details of the transactions undertaken to reduce them.

These risks are managed in a strict framework with specific limits and authorizations approved by the Investment Committee for each type of transaction and monitoring by the Group Internal Control Department.

8.2.2 MARKET RISK MANAGEMENT

8.2.2.1 Operational foreign exchange risk

Translation Risk

The Group's consolidated financial statements are presented in euro. Thus, assets, liabilities, revenues and expenses denominated in currencies other than euro must be translated into euro at the applicable exchange rate to be included in the consolidated financial statements. The fluctuation of exchange rates can have an impact on the value of the assets, liabilities, revenues and expenses in the consolidated financial statements, even if the value of these items has not changed in their original currency.

The Group's policy is not to hedge translation risk.

Translation risk is measured by doing sensitivity analyses on the main exposures in the subsidiaries where the functional currency is different from the euro (see below).

Transaction Risk

Foreign currency transaction risk occurs when purchases and sales are made by Group entities in currencies other than their functional currencies.

The Group's main transaction risk is its U.S. dollar exposure versus euro. After offsetting the U.S. dollar revenues of its European activities with the U.S. dollar costs related to purchases of finished goods and components by its European affiliates, the net U.S. dollar exposure versus euros for continuing operations was net costs of U.S.$132 million in 2019 (net costs of U.S.$82 million in 2018).

The policy of the Group is to have its subsidiaries:

- to the extent possible denominate their costs either in the same currencies as their sales;
- regularly report their projected foreign currency needs and receipts to the Group Treasury Department which then nets purchases and sales in each currency on a global basis. Exposures that remain after this process are generally hedged with banks using foreign currency forward contracts.

For products with a short business cycle which represent the majority of the exposures, the Group's policy is to hedge on a short-term basis up to six months. For products and services which are sold on a longer-term basis, hedges may be put in place for periods greater than six months.

Regardless of the term of the hedging, the Treasury department uses short-term foreign currency derivatives (maturity of several days to several months) that it rolls over as a function of is global exposure which is monitored on a daily basis. The derivative instruments used are described in note 8.6.

Transaction risk on commercial exposures is measured by consolidating the Group's exposures and doing sensitivity analyses on the main exposures (see below).

Risk on investments in Foreign Subsidiaries

The Group's general policy is to examine and hedge on a case by case basis the currency risk on its investments in foreign subsidiaries. The variations in the euro value of investments in foreign subsidiaries are booked under "Cumulative translation adjustment" in the Group's consolidated statement of financial position. At December 31, 2019, no hedges of this type were outstanding.

Sensitivity Analysis

The Group's main exposure is the fluctuation of the U.S. dollar against the euro.

The Group believes a 10% fluctuation in the U.S. dollar versus the euro is reasonably possible in a given year and thus the table below shows the impact of a 10% increase in the U.S. dollar versus the euro on the Group's Profit from continuing operations before tax and net finance costs and on the currency translation adjustment component of equity. A 10% decrease in the U.S. dollar versus the euro would have a symmetrical impact in the opposite amount. These calculations assume no hedging is in place.

2019 *(in million euros)*	Transaction	Translation	Total
Profit from continuing operations before tax and net finance costs(1)	(12)	(6)	(18)
Equity Impact (cumulative translation adjustment)(2)			82

(1) Profit impact:
- *transaction impact calculated before hedging by applying a 10% increase in the U.S. dollar/euro exchange rate to the net U.S. dollar exposure (sales minus purchases) of affiliates which have the euro as functional currency;*
- *translation impact calculated before hedging by applying a 10% increase in the U.S. dollar/euro exchange rate to the profits of the affiliates with the U.S. dollar as functional currency.*

(2) Equity impact: calculated by applying a 10% increase in the U.S. dollar/euro exchange rate to the unhedged net investments in foreign subsidiaries that are denominated in U.S. dollar.

8.2.2.2 Financial foreign exchange risk

The Group's policy is to centralize to the extent possible its financing and the associated currency risk, if any, at the level of the Group treasury.

As a result, the majority of the Group's subsidiaries borrow, and lend their surplus cash, to the Group treasury, which in turn satisfies liquidity needs by borrowing externally. Subsidiaries that cannot enter into transactions with the Group Treasury because of local laws or restrictions may borrow or invest with local banks in accordance with the rules established by the Group treasury.

The Group's policy is also that subsidiaries borrow or invest excess cash in their functional currency. In order to match the currencies that Technicolor's Group Treasury Department borrows with the currencies that it lends, Technicolor may enter into currency swaps primarily (i) to convert euro borrowings into U.S. dollars and British pounds which are lent to the Group's U.S. and U.K subsidiaries respectively and (ii) to convert U.S. dollars borrowed externally or from the Group's U.S. subsidiaries into euros. The forward points on these currency swaps which are accounted for as interest, resulted in income of 4 million euro in 2019 and in income of 2 million euro in 2018.

8.2.2.3 Interest rate risk

Exposure to interest rate risk

Technicolor is mainly exposed to interest rate risk on its deposits and indebtedness:

- At December 31, 2019 the portion of the Group's financial debt exposed to floating interest rates, after taking into account hedging operations, is as shown below:

(in million euros)	2019
Debt	1,298
Percentage at floating rate*	64%

* *Includes €95 million of debt with maturity of less than 1 year which the Group considers to be at floating rate.*

- in 2019 the Group's deposits were entirely at floating rate;
- the Group is exposed to interest rate risk which can have an impact on net interest expense.

Sensitivity to interest rate movements

The Group believes a 100 basis point fluctuation in interest rates is reasonably possible in a given year and the table below shows the maximum annual impact of such a change.

Maximum impact over one year on the net exposure as of December 31, 2019 of a variation versus current rates(1)(2)

(in million euros)	Impact on cash net interest	Impact on equity before taxes
Impact of interest rate variation of +1%	(6)	(6)
Impact of interest rate variation of -1%	3	3

(1) At December 31, 2019, 3-month EURIBOR and 3-month LIBOR were -0.38% and 1.91% respectively.
(2) After taking into account interest rate hedging operations.

Interest rate risk management

At December 31, 2019, the Groupe has outstanding interest rate hedging operations the characteristics of which are given in note 8.6.1.

8.2.3 LIQUIDITY RISK AND MANAGEMENT OF FINANCING AND OF CAPITAL STRUCTURE

Liquidity risk is the risk of being unable to raise funds in the financial markets necessary to meet upcoming obligations. In order to reduce this risk, the Group pursues policies with the objectives of having continued uninterrupted access to the financial markets at reasonable conditions.

These policies are developed based on regular reviews and analysis of its capital structure, including the relative proportion of debt and equity in the context of market conditions and the Group's financial projections.

Among other things these reviews take into account the Group's debt maturity schedule, covenants, projected cash flows and financing needs.

To implement these policies, the Group uses various long-term and committed financings which may include equity (see note 7.1), debt (see note 8.3), subordinated debt (see note 7.2.2) and committed credit lines.

The tables below show the future contractual cash flow obligations due on the Group's debt. The interest rate flows due on floating rate instruments are calculated based on the rates in effect at December 31, 2019 and December 31, 2018, respectively.

	At December 31, 2019						
(in million euros)	2020	2021	2022	2023	2024	There after	Total
Floating rate Term Loan Debt – principal	3	3	2	976	-	-	984
Term Loan Debt – accrued interest	3	-	-	-	-	-	3
Lease liabilities – principal and accrued interest	87	61	42	31	26	65	312
Other debt – principal and accrued interest	2	-	1	-	-	-	3
TOTAL DEBT PRINCIPAL PAYMENTS	**95**	**64**	**45**	**1,007**	**26**	**65**	**1,302**
IFRS Adjustment							**(4)**
Debt in IFRS							**1,298**
Floating rate Term Loan Debt – interest	37	37	36	34	-	-	144
Lease liabilities – interest	18	13	9	7	5		52
Other debt – interest	-	-	-	-	-	-	-
TOTAL INTEREST PAYMENTS	**55**	**50**	**45**	**41**	**5**	**-**	**196**

	At December 31, 2018						
(in million euros)	2019	2020	2021	2022	2023	There after	Total
Floating rate Term Loan Debt – principal	3	2	3	3	972	-	983
Term Loan Debt – accrued interest	3	-	-	-	-	-	3
Other debt – principal and accrued interest	14	13	14	2	-	-	43
TOTAL DEBT PRINCIPAL PAYMENTS	**20**	**15**	**17**	**5**	**972**	**-**	**1,029**
IFRS Adjustment							**(5)**
Debt in IFRS							**1,024**
Floating rate Term Loan Debt – interest	38	38	38	38	35	-	187
Other debt – interest	2	1	-	-	-	-	3
TOTAL INTEREST PAYMENTS	**40**	**39**	**38**	**38**	**35**	**-**	**190**

The contractual cash flow obligations of the Group due to its current debt are considered to be equal to the amounts shown in the consolidated statement of financial position.

Credit Lines

(in million euros)	2019	2018
Undrawn, committed lines expiring in more than one year	361	359

The Group's committed credit lines consist of:

- a receivables backed committed credit facility in an amount of U.S.$125 million, €111 million at the December 31, 2019 exchange rate, (the "WF Line") which matures in 2021, the availability of this credit line varies depending on the amount of receivables; and
- a €250 million revolving credit facility maturing in 2021 (the "RCF").

None of these facilities was drawn at December 31, 2019.

Derecognised transferred financial assets

The Group may use factoring agreements to assign some of its receivables. As of December 31, 2019, the Group has not entered into any agreement for which it has continuing involvement beyond commercial risk and normal representations and warranties relating to fraudulent transfer and concepts of reasonableness, good faith and fair dealings that could invalidate a transfer as a result of legal action. The amount assigned as at December 31, 2019 is equal to €53 million. The cost associated is about €1 million and presented in the other financial expense line.

The Group is also party to several discount programs and reverse factoring programs set up by its customers. These programs allow the Group to benefit from shortened payment terms, especially for some customers with exceptionally long payment terms compared to habitual business practices. As the commercial risk is extinguished or estimated to be nil through acknowledgement of the receivables by the customer, there is no continuing involvement associated with these programs.

8.2.4 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Credit risk arises from the possibility that counterparties may not be able to perform their financial obligations to Technicolor:

- credit risk on trade receivable is managed by each operational division based on policies that take into account the credit quality and history of customers. From time to time, the Group may decide to insure or factor without recourse trade receivables in order to manage underlying credit risk. The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets;
- the maximum credit risk exposure on the Group's cash and cash equivalents was €65 million at December 31, 2019. The Group minimizes this risk by limiting the deposits made with any single bank and by making deposits primarily with banks that have strong credit ratings or occasionally by investing in diversified, highly liquid money market funds. As of December 31, 2019, 88% of the Group cash deposits are made with banks that have a counterparty rating of, at least A-1 according to Standard & Poor's;
- the financial instruments used by the Group to manage its interest rate and currency exposure are all undertaken with counterparts having a rating of at least A-2 according to Standard & Poor's. Credit risk on such transactions is minimized by the foreign exchange policy of trading short-term operations. The marked-to-market carrying values are therefore a good proxy of the maximum credit risk.

8.3 Borrowings

8.3.1 MAIN FEATURES OF THE GROUP'S BORROWINGS

The Group's debt consists primarily of Term Loan Debt in U.S. dollars and in euros, issued by Technicolor SA in December 2016 and March 2017 and maturing in 2023 and lease liabilities.

Details of the Group's debt as of December 31, 2019 are given in the table below:

(in million euros)	Currency	Nominal Amount	IFRS Amount	Type of rate	Nominal rate(1)	Effective rate(1)	Repayment Type	Final maturity
Term Loan Debt	USD	259(2)	258	Floating(2)	4.66%	4.76%	Amortizing(3)	Dec. 6, 2023
Term Loan Debt	EUR	275	274	Floating(4)	3.00%	3.11%	Bullet	Dec. 6, 2023
Term Loan Debt	EUR	450	448	Floating(5)	3.50%	3.62%	Bullet	Dec. 6, 2023
Subtotal	**EUR**	**984**	**980**		**-**	**-**		
Lease liabilities(6)		312	312		6.53%	6.53%		
Other Debt(7)		6	6		0.03%	0.03%		
TOTAL		**1,302**	**1,298**		**4.34%**	**4.42%**		

(1) Rates as of December 31, 2019.
(2) 3-month LIBOR with a floor of 0% +275bp.
(3) Amortization of U.S.$750,000 per quarter.
(4) 3-month EURIBOR with a floor of 0% +300bp.
(5) 3-month EURIBOR with a floor of 0% +350bp.
(6) Of which €40 million are capital leases and €272 million is operating lease debt under IFRS 16.
(7) Of which €3 million is accrued interest.

8.3.2 ANALYSIS BY MATURITY

The table below gives the contractual maturity schedule of the Group's debt.

(in million euros)	2019	2018
Less than 1 month	14	6
Between 1 and 6 months	31	3
Between 6 months and less than 1 year	50	11
Total current debt less than 1 year	**95**	**20**
Between 1 and 2 years	64	15
Between 2 and 3 years	45	17
Between 3 and 4 years	1,007	5
Between 4 and 5 years	26	972
Over 5 years	65	-
Total non-current debt	**1,207**	**1,009**
Total nominal debt	**1,302**	**1,029**
IFRS Adjustment(1)	**(4)**	**(5)**
DEBT UNDER IFRS	**1,298**	**1,024**

(1) Debt issuance costs amortized via the effective interest rate method.

8.3.3 FINANCIAL COVENANTS AND OTHER LIMITATIONS

In respect of the:

- term Loan Debt Agreement entered into in December 2016 as amended in March 2017; and
- the RCF entered into in December 2016;

together the "Debt instruments", the Group is required to meet financial covenants and is subject to several limitations described below.

Security Package

Technicolor granted security interests to secure the Debt Instruments with the pledge of the shares of the main subsidiaries of Technicolor S.A. and of certain intra-group loans and material cash pooling bank accounts.

Early repayment and mandatory prepayments

In case of default or change of control of Technicolor, creditors will have the ability to immediately demand payment of all or a portion of the outstanding amounts.

The events of default apply in whole or in part to Technicolor SA. The events of defaults include among other things and subject to certain exceptions, thresholds and grace periods:

- failure by Technicolor S.A. to meet the payment dates of the Debt Instruments or of any other financial indebtedness or to comply with material obligations related to the Debt Instruments;
- any auditor's report qualification made to the Technicolor S.A.'s ability to continue as a going concern or the accuracy of the information given.

Under the mandatory prepayment terms of the Debt Instruments, the Group is required to apply funds towards the repayment of outstanding amounts of the loans under the Debt Instruments in certain circumstances, including the following:

- asset disposals: the net proceeds in respect of any disposal of any of its assets to an unaffiliated third party will be applied, subject to a minimum threshold, to repay the outstanding amounts of the term loans unless the proceeds are reinvested in assets useful for its business within 365 days;
- excess cash flow: a percentage of the Company's excess cash flow will be applied to prepay the term loans. The applicable percentage depends on the leverage ratio of the Group, and ranges from 0% to 50%. Excess cash flow is defined for purposes of the term loan prepayments, as the aggregate of net cash from operating and investing activities, subject to certain adjustments and minus the total funding costs, which comprise all voluntary or mandatory prepayments of the term loans during the year;
- other: net proceeds in respect of payments related to a casualty event (giving rise to insurance reimbursements or condemnation awards) shall be applied to the repayment of the debt under the Debt Instruments, subject to certain minimum thresholds and with certain carve-outs.

Technicolor can also, at its election, prepay all or part of its outstanding Term Loan Debt without penalty.

Covenants

Application scope

The Term Loan Debt does not contain a financial affirmative covenant.

The RCF contains a single affirmative financial covenant which requires that the total gross debt be no more than 4.00 times Adjusted EBITDA on a trailing twelve-month basis ("Leverage covenant") on June 30 and December 31 of each financial year, but this covenant is only applicable if there is an outstanding drawing of more than 40% of the RCF amount on June 30 or December 31 of each financial year.

The U.S.$125 million credit line agreement signed with Wells Fargo in November 2017 contains the same financial covenant but this covenant is only applicable if outstanding availability under the line is less than U.S.$25 million on June 30 or December 31 of each financial year.

Because the outstanding drawings on the RCF were not more than 40% of the RCF amount and the outstanding availability under the Wells Fargo credit line was not less than U.S.$25 million, the covenant did not apply at December 31, 2019.

Leverage covenant

Had the covenant applied at December 31, 2019, total gross debt of the Group could not have been more than 4.00 times the EBITDA of the Group in 2019. Under the terms of the RCF and the WF Line the gross debt does not include lease liabilities that became financial debt due to the application of IFRS 16 (see note 1.2.2).

For information purposes, the calculation at December 31 was:

Gross Debt*	€1,026 million
Covenant Adjusted EBITDA*	€324 million
Gross Debt/Covenant Adjusted EBITDA Ratio	3.17

* *Gross debt and Adjusted EBITDA in respect of the leverage covenant definition.*

Since 3.17 is less than the maximum allowed level of 4,00, the Group meets this financial covenant.

8.4 Cash and cash equivalents

Cash corresponds to cash in bank accounts as well as demand deposits.

Cash equivalents corresponds to very liquid short-term investments, with an original maturity not exceeding three months, which are easily convertible at any time into a known amount of cash and for which the risk on the principal amount is negligible.

(in million euros)	2019	2018
Cash	58	134
Cash equivalents	7	157
CASH AND CASH EQUIVALENTS	**65**	**291**

8.5 Net financial income (expense)

	Year ended December 31,	
(in million euros)	2019	2018
Interest income	1	3
Interest expense(1)	(70)	(43)
Net interest expense	**(69)**	**(40)**
Net interest expense on defined benefit liability	(7)	(6)
Change in fair value of on financial instruments	4	-
Foreign exchange gain/(loss)(2)	(2)	10
Other	(11)	(15)
Other financial income (expense)	**(15)**	**(11)**
NET FINANCIAL INCOME (EXPENSE)	**(84)**	**(51)**

(1) *In 2019 interest expense includes €23 million of interests on lease debts.*
(2) *In 2018 the exchange result is mainly due to the impact of the depreciation of the BRL vs. the USD on an intercompany lending denominated in USD from the Group's subsidiary in Brazil to Technicolor SA.*

8.6 Derivative financial instruments

GENERAL PRINCIPALS

The Group uses derivative instruments notably to hedge its exposure to foreign currency risk and changes in interest rates. The financial derivatives are executed in the over the counter market and are governed by standard ISDA (International Swaps and Derivatives Association, Inc.) agreements or agreements standard for the French market.

HEDGE ACCOUNTING

Derivative instruments may be designated as hedging instruments in one of three types of hedging relationships:

- fair value hedge, corresponding to a hedge of the exposure to the change in fair value of an asset or a liability;
- cash flow hedge, corresponding to a hedge of the exposure to the variability in cash flows from future assets or liabilities;
- net investment hedge in foreign operations, corresponding to a hedge of the amount of the Group's interest in the net assets of these operations.

Derivative instruments qualify for hedge accounting when at the inception of the hedge:

- there is a formal designation and documentation of the hedging relationship when put in place;
- the hedge is expected to be highly effective;
- its effectiveness can be reliably measured and it has been highly effective throughout the financial reporting periods for which the hedge was designated.

The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognized in the balance sheet at fair value. The gain or loss from remeasuring the hedged item at fair value is recognized in profit or loss and is offset by the effective portion of the loss or gain from remeasuring the hedging instrument at fair value;
- for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income (OCI), because the change in the fair value of the hedged portion of the underlying item is not recognized in the balance sheet, and the ineffective portion of the gain or loss on the hedging instrument, if any, is recognized in profit or loss. Amounts recognized in OCI are subsequently recognized in profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Such periods are generally less than 6 months except for the licensing activity.

TERMINATION OF HEDGE ACCOUNTING

The termination of hedge accounting may occur if the underlying hedged item does not materialize or if there is a voluntary revocation of the hedging relationship at the termination or the arrival of maturity of the hedging instrument. The accounting consequences are then as follows:

- in case of cash flow hedges, the amounts recorded in other comprehensive income are taken to profit or loss in the case of the disappearance of the hedged item;
- in all cases, the result on the hedging instrument is taken into profit or loss when the hedging relationship is terminated.

8.6.1 FINANCIAL DERIVATIVE PORTFOLIO

At December 31, 2019 and December 31, 2018 the fair value of the Group's financial derivatives was as follows:

	2019		2018	
(in million euros)	Assets	Liabilities	Assets	Liabilities
Foreign currency hedges	1	2	1	4
Interest rate hedges	-	1	-	1
TOTAL	**1**	**3**	**1**	**5**

Foreign currency hedge characteristics

The foreign currency hedges outstanding at December 31, 2019 are shown in the table below:

	Currencies	Notional(1)	Maturity	Fair value(2)
Forward purchases/sales and currency swaps	USD/EUR	337	2020	(1)
Forward purchases/sales and currency swaps	PLN/EUR	81	2020	-
Forward purchases/sales and currency swaps	Other currencies			1
FAIR VALUE				**-**

(1) Net forward purchases/(sales), in millions of the first currency of the pair.
(2) Market value in millions of euros at December 31, 2019.

Interest rate hedge characteristics

The Group has two interest rate hedging instruments outstanding at December 31, 2019. These instruments hedge future interest charges of the Group, which are principally indexed on a floating rate as shown in the table in note 8.3.2.

The main characteristics are as follows:

	Notional	Hedge	Issuance	Maturity	Fair value(1)
Interest rate swap	€240 million	Receive 3m EURIBOR(2)/pay 0.22%	May 2018	November 2021	(1)
Cap	U.S.$145 million	3m LIBOR capped at 3.00%	May 2018	November 2021	-
FAIR VALUE					**(1)**

(1) Market value in millions of euros at December 31, 2019.
(2) EURIBOR floored at 0%.

Characteristics of instruments not documented as hedges

At December 31, 2019 the Group does not have any outstanding instruments that are not documented as hedges.

8.6.2 IMPACT OF DERIVATIVE FINANCIAL INSTRUMENTS ON GROUP PERFORMANCE

As indicated in note 8.2.2.1, due to the practice of the Group treasury for its foreign currency exposure of executing mainly short-term derivative instruments, which are rolled over as a function of its global exposure which is monitored daily, the characteristics of its portfolio of hedging instruments at the closing date is not representative of the impact on the year's results nor that of future years.

The table below presents the impact of hedging instruments on the Group's performance in 2019.

	Foreign currency hedges		Interest rate hedges		Instruments not documented as hedges
(in million euros)	Impact of effective portion[(1)]	Impact of ineffective portion[(2)]	Impact of effective portion[(1)]	Impact of ineffective portion	Impact of changes in value
Gross margin	**-**	**-**	**-**	**-**	**-**
Net interest expense	-	4	(1)	-	-
Foreign currency gain (loss)	-	-	-	-	-
Other	-	-	-	-	-
Net financial result	**-**	**4**	**(1)**	**-**	**-**
NET OPERATING RESULTAT BEFORE TAX	**-**	**4**	**(1)**	**-**	**-**
Gains/(losses) before tax resulting from the valuation at fair value of instruments hedging future cash flows	-	-	(1)	-	-
OTHER ELEMENT OF GLOBAL RESULT	**-**	**-**	**(1)**	**-**	**-**

(1) The effective portions of the hedges are recorded in the same item of the financial statement as the underlying hedged elements.

(2) The ineffective portions of foreign exchange hedges come mainly from forward points on forward exchange operations and foreign currency swaps, which the Group excludes from hedging relationships and from the foreign exchange gains and losses on the reduction of overhedges. Forward points related to the hedges of financial exposures are recorded in "Net interest expense". The forward points related to the hedges of commercial exposures as well as the foreign exchange result on the reduction of these hedges are recorded in "Foreign exchange gain / (loss)".

The impact of the hedges of future cash flows is represented by the gains/(losses) before taxes on the fair value of instruments hedging such cash flows and is recorded in net equity. At December 31, 2019 the impact was nil.

NOTE 9 Employee benefit

GRI *[201-1] [201-3] [401-2]*

9.1 Information on employees

The total headcount of the Group consolidated entities as of December 31, 2019 is 17,414 employees (17,745 as of December 31, 2018). Please refer to Chapter 5.1 of the Universal Registration Document for more detail on employees of the Group.

The employee benefits expenses (including only employees in the consolidated entities) are detailed below:

(in million euros)	2019	2018
Wages and salaries	746	713
Social security costs	151	109
Compensation expenses linked to share-based payments granted to directors and employees (note 9.3.3)	2	(9)
Pension costs – defined benefit plans (note 9.2.2)	7	8
Termination benefits	24	38
TOTAL EMPLOYEE BENEFITS EXPENSES (EXCLUDING DEFINED CONTRIBUTION PLANS)	**930**	**858**
Pensions costs – Defined contribution plans	20	21

The termination benefits are presented in restructuring expenses within continuing operations in the consolidated statement of operations.

9.2 Post-employment & long-term benefits

POST-EMPLOYMENT OBLIGATIONS

The Group operates various post-employment schemes for some employees. Contributions paid and related to defined contribution plans, *i.e.* pension plans under which the Group pays fixed contributions and has no legal or constructive obligation to pay further contributions (for example if the fund does not hold sufficient assets to pay to all employees the benefits related to employee service in the current and prior periods), are recorded as expenses when employees have rendered services entitling them to the contributions.

The other pension plans are analyzed as defined benefit plans (*i.e.* pension plans that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation) and are recognized in the balance sheet based on an actuarial valuation of the defined benefit obligations being carried out at the end of each annual reporting period.

The method used for determining employee benefits obligations is based on the Projected Unit Credit Method. The present value of the Group benefit obligations is determined by attributing the benefits to employee services in accordance with the benefit formula of each plan. The provisions for these benefits are determined annually by independent qualified actuaries based on demographic and financial assumptions such as mortality, employee turnover, future salaries, benefit levels and discount rates.

Remeasurement, comprising actuarial gains and losses, the effect of changes in asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in OCI. Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be classified in profit or loss.

Defined benefit costs are classified as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) to be recognized in profit or loss;
- net interest expense or income, to be recognized as financial expense and financial income (note 8.5).

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus between the present value of the Group's defined benefit obligation and the fair value of plan asset. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

OTHER LONG-TERM BENEFITS

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs. The obligations related to other long-term benefits (for example jubilee award) are also based on actuarial valuations. Actuarial gains or losses are recognized in the consolidated statement of operations.

The liability related to other long-term benefits are not presented within the retirement benefit obligation but within the restructuring provision or other liabilities.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's determination of its pension and post-retirement benefits obligations, expenses and OCI impacts for defined benefit plans is dependent on the use of certain assumptions used by actuaries in calculating such amounts, among others, the discount rate and annual rate of increase in future compensation levels. Assumptions regarding pension and post-retirement benefits obligations are based on actual historical experience and external data.

The Group is exposed to actuarial risks such as interest rate risk, investment risk, longevity risk, salary increase risk and inflation risk. The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Capital markets experience fluctuations that cause downward or upward pressure on the quoted values and higher volatility. While Technicolor's management believes the assumptions used are appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension and post-retirement benefits net obligations under such plans and related future expense.

9.2.1 SUMMARY OF THE PROVISIONS AND PLANS DESCRIPTION

	Pension plan benefits		Medical Post-retirement benefits		Total	
(in million euros)	2019	2018	2019	2018	2019	2018
At December 31, 2018	**340**	**376**	**6**	**6**	**346**	**382**
Net periodic pension cost	10	9	-	-	10	9
Curtailment	(5)	(1)	-	-	(5)	(1)
Benefits paid and contributions	(26)	(26)	-	-	(26)	(26)
Change in perimeter	3	(6)	-	-	3	(6)
Actuarial (gains) losses recognized in OCI	45	(14)	-	-	45	(14)
Currency translation adjustments and other	2	2	-	-	2	2
AT DECEMBER 31, 2019	**369**	**340**	**6**	**6**	**375**	**346**
Of which current	*33*	*26*	-	-	*33*	*26*
Of which non-current	*336*	*314*	*6*	*6*	*342*	*320*

9.2.1.1 Defined contribution plans

The pension costs of these plans correspond to the contributions paid by the Group to independently administered funds. These plans guarantee employee benefits that are directly related to contributions paid.

The total contributions paid by Technicolor amounted to €20 million in 2019 (€21 million in 2018).

9.2.1.2 Defined benefit plans

These plans mainly cover pension benefits, retirement indemnities and medical post-retirement benefits. In 2019, the geographical breakdown of such net obligations was as follows:

(in million euros)	Germany	U.S.	UK	France	Others	Total
Present value of defined benefit obligation	273	118	147	16	25	579
Fair value of plan assets	-	(79)	(113)	-	(12)	(204)
RETIREMENT BENEFIT OBLIGATIONS	**273**	**39**	**34**	**16**	**13**	**375**
Cash flows	(17)	(4)	(4)	-	(1)	(26)
Average duration (in years)	12	8	17	11	N/A	N/A

Pension benefits and retirements indemnities

Pension plans maintained by the Group are mainly the following:

In Germany, employees are covered by several vested unfunded defined benefit and defined contribution pension plans. These plans mainly provide employees with retirement annuities and disability benefits. Employees participate in plan based on final pay and services. The pension plans are no longer available to new entrants.

The retirement age is between 60 and 63 years old.

In the United States, the employees of Technicolor are covered by a defined benefit pension plan. Technicolor mainly operates two defined benefit pension plans: a cash balance pension plan that covers substantially all non-union employees, funded through a trust fund, and an additional pension plan for executive employees, closed to new participants. Benefits are equal to a percentage of the plan Member's earnings each year plus a guaranteed rate of return on earned benefits until retirement.

A hard freeze occurred over 2009 on U.S. pension plans. The rights as of January 1, 2010 remain vested but no additional pay-based credits are added to the cash balance account under the Plans. Interest credit, however, continue to be added to employees' account.

The retirement age is 65 years old.

In the United Kingdom, Technicolor mainly maintains a dedicated funded pension plan, which provides retirement annuity benefits. This plan is no longer available to new entrants.

The retirement age is 65 years old.

In France, the Group is legally required to pay lump sums to employees when they retire. The amounts paid are defined by the collective bargaining agreement in force and depend on years of service within the Group and employee's salary at retirement.

The retirement age is 62 years old but the average retirement age observed is 64 years old.

In other countries, Technicolor maintains pension plans in Mexico, in Belgium, in South Korea and in Japan. The benefits are mainly based on employee's pensionable salary and length of service.

Medical Post-retirement benefits

In the U.S. & in Canada, Technicolor provided to certain employees a post-retirement medical plan. The medical plan in the U.S. includes basic medical and dental benefits and has been closed to new entrants. The medical plan in Canada includes life insurance, health and dental care benefit coverage and was closed to new entrants.

9.2.1.3 Multi-employer plan

Since August 2009, Technicolor participates in the Motion Picture Industry multi-employer defined benefit plan in the U.S. As the information about the dividing up of plan financial position and performance between each plan Member are not available, Technicolor accounts for this plan as a defined contribution plan.

The average expense incurred each year is around €3 million.

9.2.2 ELEMENTS OF THE STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

9.2.2.1 Statements of operations

(in million euros)	Pension plan benefits 2019	Pension plan benefits 2018	Medical Post-retirement benefits 2019	Medical Post-retirement benefits 2018	Total 2019	Total 2018
Service cost:						
• Current service cost	(3)	(2)	-	-	(3)	(2)
• Past service cost and gain from settlements	3	1	-	-	3	1
Financial interest expense, net:						
• Interest cost on obligation	(13)	(12)	-	-	(13)	(12)
• Interest income on plan assets	6	5	-	-	6	5
COMPONENTS OF DEFINED BENEFIT COSTS RECOGNIZED IN PROFIT OR LOSS	**(7)**	**(8)**	**-**	**-**	**(7)**	**(8)**

9.2.2.2 Other comprehensive income

(in million euros)	Pension plan benefits 2019	Pension plan benefits 2018	Medical Post-retirement benefits 2019	Medical Post-retirement benefits 2018	Total 2019	Total 2018
OPENING					**(178)**	**(192)**
Actuarial gains/(losses) arisen on plan assets:						
• due to the return on plan assets	20	(14)	-	-	20	(14)
Actuarial gains/(losses) arisen on benefit obligation:						
• due to changes in demographic assumptions	(2)	6	-	-	(2)	6
• due to changes in financial assumptions[(1)]	(53)	19	-	-	(53)	19
• due to experience adjustments	(9)	3	-	-	(9)	3
COMPONENTS OF DEFINED BENEFIT COSTS RECOGNIZED IN OCI	**(44)**	**14**	**-**	**-**	**(44)**	**14**
CLOSING					**(222)**	**(178)**

(1) In 2019, the decrease in discount rates (see note 9.2.5) resulted in actuarial losses for €45 million. In 2018, the increase in discount rates resulted in actuarial gains for €19 million.

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9.2.3 ANALYSIS OF THE CHANGE IN BENEFIT OBLIGATION AND IN PLAN ASSETS

	Pension plan benefits		Medical Post-retirement benefits		Total	
(in million euros)	2019	2018	2019	2018	2019	2018
Benefit obligation at opening	**(518)**	**(573)**	**(6)**	**(6)**	**(524)**	**(579)**
Current service cost	(2)	(2)	-	-	(2)	(2)
Interest cost	(13)	(12)	-	-	(13)	(12)
Remeasurement – actuarial gains/(losses) arising from:						
• changes in demographic assumptions	(2)	6	-	-	(2)	6
• changes in financial assumptions	(53)	19	-	-	(53)	19
• experience adjustments	(10)	3	-	-	(10)	3
Past service cost, including gains/(losses) on curtailments	2	1	-	-	2	1
Benefits paid	34	38	-	-	34	38
Currency translation adjustments	(10)	(3)	-	-	(10)	(4)
Others (Change in Pension system)	-	6	-	-	-	6
Benefit obligation at closing	**(572)**	**(518)**	**(6)**	**(6)**	**(578)**	**(523)**
Benefit obligation wholly or partly funded	*(266)*	*(231)*	-	-	*(266)*	*(231)*
Benefit obligation wholly unfunded	*(306)*	*(287)*	*(6)*	*(6)*	*(312)*	*(293)*
Fair value of plan assets at opening	**178**	**197**	**-**	**-**	**178**	**197**
Interest income	6	5	-	-	6	5
Remeasurement gains/(losses)	20	(14)	-	-	20	(14)
Employer contribution	7	7	-	-	7	7
Benefits paid	(15)	(19)	-	-	(15)	(19)
Currency translation adjustments	7	2	-	-	7	2
Others (Change in Pension system)	-	-	-	-	-	-
Fair value of plan assets at closing	**203**	**178**	**-**	**-**	**203**	**178**
RETIREMENT BENEFIT OBLIGATIONS	**(369)**	**(340)**	**(6)**	**(6)**	**(375)**	**(346)**

The Group expects the overall 2020 benefits paid to be equal to €34 million for defined benefits plans, of which €21 million directly by the company to the employees and €13 million by the plans.

9.2.4 PLAN ASSETS

9.2.4.1 Funding policy and strategy

When defined benefit plans are funded, mainly in the U.S. and in the UK, the investment strategy of the benefit plans aims to match the investment portfolio to the membership profile.

In the UK, contributions are negotiated with the Trustees as per the triennial valuation. Trustees are advised by an external leading global provider of risk management services regarding investment policy. The average yearly funding contribution is GBP 3 million (€4 million at 2019 average rate).

In the U.S., Technicolor's policy is to contribute on an annual basis in an amount that is at least sufficient to meet the minimum requirements of the U.S. law. The average yearly contribution is 4 million of U.S. dollars (€3 million at 2019 average rate).

Periodically an asset-liability analysis is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles.

- In the U.S., as the pension plan is frozen, the investment strategy aims to increase the funded ratio towards termination liability while simultaneously attempting to minimize the volatility of the funded ratio (currently funded ratio is above 75%). Asset mix is fully based on bonds and cash equivalents. Over the past several years, the return of the plan has on average exceeded the expected return.
- In the UK, the funded status is above 77%. Asset mix is based on 33% of insurance contracts that cover obligations with pensioners, 42% of bonds and cash equivalents, 19% of equity instruments, and 6% of properties. The annualized performance of the plan exceeds the expected return on a 3-year basis.

9.2.4.2 Disaggregation of the fair value by category

(in % and in millions euros)	Plan assets allocation at December 31		Fair value of plan assets at December 31	
	2019	2018	2019	2018
Cash and cash equivalents	3%	2%	6	3
Equity investments	10%	9%	21	16
Debt securities	67%	69%	137	123
Properties	1%	2%	2	4
Annuity contracts	19%	18%	38	33
TOTAL	**100%**	**100%**	**204**	**178**

The fair value of the above equity and debt instruments is determined based on quoted market prices in active markets. The fair value of the plan assets did not include any Technicolor's own financial instruments or any asset used by the Group.

The 2019 actual return on plan assets amounts to €25 million (€(9) million in 2018).

9.2.5 ASSUMPTIONS USED IN ACTUARIAL CALCULATION

	Pension plan benefits		Medical post-retirement benefits	
	2019	2018	2019	2018
Weighted average discount rate	1.60%	2.50%	2.80%	3.90%
Weighted average long-term rate of compensation increase	1.20%	1.20%	N/A	N/A

Discount rate methodology

The projected benefit cash flows under the U.S. schemes are discounted using a specific yield curve based on AA rated corporate bonds. The discount rates used for the Euro zone and the UK are determined based on AA rate corporate bonds common indexes and are as follows:

(in %)	Pension plan benefits	Early retirement	Medical post-retirement benefits	Index Reference
Euro zone	0.77%	0.00%	N/A	Iboxx AA10+
UK	2.00%	N/A	N/A	Aon Hewitt AA curve
U.S.	2.65%	N/A	2.87%	Citigroup pension discount curve

9.2.6 RISK ASSOCIATED TO THE PLANS & SENSITIVITY ANALYSIS

Pension plans are mainly exposed to:

- longevity risk due to mortality assumption;
- financial risks due to discount rate and salary increase rate assumptions.

Medical plans are mainly exposed to:

- longevity risk due to mortality assumption;
- financial risks due to discount rate and medical trend rate assumptions.

The sensitivity of the actuarial valuation is described below:

- if the discount rate is 0.25% higher, the obligation would decrease by €17 million;
- if the discount rate is 0.25% lower, the obligation would increase by €19 million;
- if the healthcare costs are 1% higher, the obligation would increase by less than €1 million;
- if the healthcare costs are 1% lower, the obligation would decrease by less than €1 million;
- if the salary increase rate is 0.25% higher, the obligation would increase by €1 million;
- if the salary increase rate is 0.25% lower, the obligation would decrease by less than €1 million.

The sensitivity analysis presented have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

9.3 Share-based compensation plans

The Group issues equity-settled and cash-settled share-based payments to certain employees. According to IFRS 2, the advantage given to the employees regarding the grant of stock options or free shares consists of an additional compensation to these employees estimated at the grant date.

Equity-settled share-based payments are measured at fair value at the grant date. They are accounted for as an employee expense on a straight-line basis over the vesting period of the plans, based on the Group's estimate of instruments that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognized at the current fair value determined at each balance sheet date with any changes in fair value recognized in profit or loss for the period within "Other financial income (expense)". In addition, for plans based on non-market performance conditions, the probability of achieving the performance is assessed each year and the expense is adjusted accordingly.

The fair value of instruments, and especially of options granted, is determined based either on a binomial option pricing model or on the Black-Scholes valuation model that takes into account an annual reassessment of the expected number of exercisable options. The Monte Carlo model may also be used for taking into account some market conditions.

9.3.1 STOCK-OPTIONS PLANS GRANTED BY TECHNICOLOR

Management Incentive Plans (MIP)

The Shareholders' Meeting of May 23, 2013, in its fifteenth resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization has been given for a 38-month period, and is valid until July 23, 2016. Options granted under this authorization shall not give rights to a total number of shares greater than 26,843,507.

As of December 31, 2019, 9,853,731 subscription options are still outstanding (respectively 6,169,401 options, 3,186,485 options, 77,845 options and 420,000 options related to MIP 2015, MIP 2016, MIP June 2017 and MIP October 2017).

2016, 2017, 2018 Long-Term Incentive Plan (LTIP)

The Shareholders' Meeting of April 29, 2016, in its twenty-eight resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and is valid until June 29, 2018. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 8,239,744.

Making use of this authorization, the Board of Directors approved on April 29, 2016, on January 6, 2017 and on April 25, 2018 the implementation of respectively 2016, 2017 and 2018 Long-Term Incentive Plan.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the cumulative achievement of Adjusted EBITDA and Free Cash Flow targets for the three years from 2016 through 2019 (LTIP 2016), from 2017 through 2019 (LTIP 2017), from 2018 through 2020 (LTIP 2018) and the satisfaction of a continued employment condition for the full duration of the Plan (through April 30, 2019 for LTIP 2016, through April 30, 2020 for LTIP 2017 and through April 30, 2021 for LTIP 2018).

The Board of Directors of February 27, 2019 found that targets for the LTIP 2016 were not met and therefore no Performance Shares were delivered.

As of December 31, 2019, the outstanding share rights under the plans amounts to 3,261,720 & 600,000 performance shares rights for respectively LTIP 2017 and LTIP 2018.

2019 Long-Term Incentive Plan (LTIP)

The Shareholders' Meeting of June 14, 2019, in its twentieth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and is valid until June 13, 2020. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 3,000,000.

Asking use of this authorization, the Board of Directors approved on June 14, 2019, the implementation of 2019 Long-Term Incentive Plan.

This three-year plan provides conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the satisfaction of a continued employment condition through June 14, 2022.

As of December 31, 2019, the outstanding share rights under the plan amounts to 2,609,306 performance shares rights.

As of December 31, 2019, the total number of outstanding stock options amounted to a maximum of 9,853,731 options and the total number of rights to receive shares amounted to 6,471,026 rights granted to employees and Directors.

The details of these options and shares are disclosed hereafter.

	Type of plan	Grant date	Number of instruments initially granted	Number of instruments outstanding	Initial number of beneficiaries	Vesting date	Contractual instrument life	Exercise price [(1)]	Estimated fair values granted[(1)]
MIP 2015 Options*	Subscription options	May 23, 2013 and June 7, 2013	16,398,000	5,998,141	94	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€3.19	€1.06
MIP 2015 Options*	Subscription options	October 24, 2013	200,000	103,794	1	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€3.93	€1.40
MIP 2015 Options*	Subscription options	March 26, 2014	215,000	67,466	2	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€4.53	€1.73
MIP 2016 Options*	Subscription options	June 20, 2014	2,830,000	1,642,545	40	June 2016 (50%) June 2017 (25%) June 2018 (25%)	8 years	€5.79	€1.82
MIP 2016 Options*	Subscription options	October 21, 2014	1,915,000	1,128,764	24	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€4.92	€1.45
MIP 2016 Options*	Subscription options	April 9, 2015	400,000	415,176	1	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€5.83	€1.88
MIP June 2017 Options*	Subscription options	June 26, 2015	250,000	77,845	2	June 2017 (50%) June 2018 (25%) June 2019 (25%)	8 years	€5.88	€1.91
MIP October 2017 Options*	Subscription options	December 3, 2015	1,710,000	420,000	22	October 2017 (50%) October 2018 (25%) October 2019 (25%)	8 years	€7.11	€2.27
2016 LTIP**	Performance shares	April 29, 2016	2,760,500	-	187	April 2019	-	-	€5.69
2016 LTIP**	Performance shares	July 27, 2016	66,000	-	12	April 2019	-	-	€5.47
2016 LTIP**	Performance shares	October 20, 2016	214,000	-	18	April 2019	-	-	€5.14
2017 LTIP**	Performance shares	January 6, 2017	162,000	125,643	10	April 2020	-	-	€3.78
2017 LTIP**	Performance shares	March 9, 2017	4,003,000	2,850,841	218	April 2020	-	-	€3.78
2017 LTIP**	Performance shares	April 26, 2017	200,000	200,000	1	April 2020	-	-	€4.33
2017 LTIP**	Performance shares	July 26, 2017	142,500	85,236	15	April 2020	-	-	€3.38
2018 LTIP**	Performance shares	April 25, 2018	307,000	300,000	2	April 2021	-	-	€1.27
2018 LTIP**	Performance shares	June 25, 2018	330,000	300,000	12	April 2021	-	-	€1.27
2019 LTIP**	Performance shares	June 14, 2019	200,000	200,000	1	June 2022	-	-	€0.77
2019 LTIP**	Performance shares	July 24, 2019	2,383,000	2,335,306	175	June 2022	-	-	€0.77
2019 LTIP**	Performance shares	November 5, 2019	74,000	74,000	4	June 2022	-	-	€0.77

* *Management Incentive Plans (MIP) (see description above).*
** *Long-Term Incentive Plan (LTIP) (see description above).*
(1) *Exercise prices and number of options outstanding were modified following the 2015 capital increases.*

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9.3.2 CHANGES IN OUTSTANDING OPTIONS & FREE SHARES

Movements in the number of options and free shares outstanding with their related weighted average exercise prices are as follows for 2019 and 2018:

	Number of options and free shares	Weighted Average Exercise Price *(in euros)*
Outstanding as of December 31, 2017 (with an average remaining contractual life of 5 years – excluding free shares)	**19,431,172**	**4.48** *(ranging from 0 to 7)*
Of which exercisable	*11,087,249*	*4.27*
Granted*	637,000	na
Delivered (Free Share Plan)	-	na
Delivered (MIP)	-	na
Forfeited & other	(2,932,338)	5.48
Outstanding as of December 31, 2018 (with an average remaining contractual life of 4 years – excluding free shares)	**17,135,834**	**4.30** *(ranging from 0 to 7)*
Of which exercisable	*10,652,013*	*4.30*
Granted*	2,657,000	0.77
Delivered (Free Share Plan)	-	-
Delivered (MIP)	-	-
Forfeited & other	(3,468,077)	5.70
Outstanding as of December 31, 2019 (with an average remaining contractual life of 3 years – excluding free shares)	**16,324,757**	**3.43**
Of which exercisable	*9,853,731*	*4.14*

* *Related to 2018 and 2019 Long-Term Incentive Plan (LTIP).*

Significant assumptions used

The estimated fair values of the options granted were calculated using the Black&Scholes valuation model. The inputs into the model were as follows:

	Stock options plan granted in							
(in % and in euro)	**December 2015**	**June 2015**	**April 2015**	**October 2014**	**June 2014**	**March 2014**	**October 2013**	**May & June 2013**
Weighted average share price at measurement date	7.05	6.13	6.06	4.71	5.68	4.88	4.06	3.2
Weighted average exercise price	7.11	5.88	5.83	4.92	5.79	4.53	3.93	3.19
Expected volatility	40%	40%	40%	40%	40%	40%	40%	40%
Expected option life*	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Risk free rate	0.12%	0.17%	0.17%	0.13%	0.31%	0.62%	0.77%	0.62%
Expected dividend yield	0.70%	0.8%	0.80%	0%	0%	0%	0%	0%
Fair value of option at measurement date	2.27	1.91	1.88	1.45	1.82	1.73	1.4	1.06

* *Expected option life is shorter than the contractual option life as it represents the period from grant date to the date on which the option is expected to be exercised.*

Factors that have been considered in estimating expected volatility for the long-term maturity Stock Option Plans include:

- the historical volatility of Technicolor's shares over the longest period available;
- adjustments to this historical volatility based on changes in Technicolor's business profile.

For shorter maturity options, expected volatility was determined based on implied volatility on Technicolor's share observable at grant date.

For the 2013 free shares granted as part of Free Share Plan, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €3.87 and a dividend rate of 0%.

For the 2016 performance shares granted as part of the 2016 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €5.65 and a 3-years expected yearly dividend of €0.18.

For the 2017 performance shares granted as part of the 2017 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €3.79 and a 3-years expected yearly dividend of €0.18.

For the 2018 performance shares granted as part of the 2018 LTIP, Technicolor considered an expected turnover of 10% based on historical data of related beneficiaries, an average initial share price of €1.27 and a 3-years expected yearly dividend of €0.

For the 2019 performance shares granted as part of the 2019 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €0.77 and a 3-years expected yearly dividend of €0.

9.3.3 COMPENSATION EXPENSES CHARGED TO INCOME

The compensation charged to income for the services received during the period amount to €2 million (expense) and €9 million (income) for the years ended December 31, 2019 and 2018. The counterpart of this expense has been credited to equity.

9.4 Key management compensation

Directors' fees and compensation expenses (incl. Social security costs) amounted to €0.9 million in 2019 and €0.7 million in 2018. The amounts due to Directors who are non-resident for French tax purposes are subject to a withholding tax. Fees due to Directors and advisors in respect to fiscal year 2019 will be paid in 2020.

Compensation expenses allocated by the Group to Members of the Excutive Committee (including those who left this function during 2019 and 2018), during 2019 and 2018 are shown in the table below:

(in million euros)	**2019(1)**	**2018(1)**
Short-term employee benefits(1)	15	12
Termination benefits(2)	-	1
Share-based payment	1	(3)
TOTAL	**16**	**10**

(1) 15 members in 2019 and 13 members in 2018.
(2) Amounts accrued under post-employment obligations are almost nil as of December 31, 2018 and 2019.

The share-based payment is a €3 million income in 2018 as the expense for services rendered related to incentive plans has been reversed further to non-achieved targets.

In addition, a non-compete indemnity of €0.8 million is due to Mr Frédéric Rose of which €0.2 million relate to Technicolor's commitment for 2019.

The Members of the Executive Committee can benefit from severance packages in case of an involuntary termination and in absence of fault, which represent a total estimated amount of €9 million.

NOTE 10 Provisions & contingencies

Provisions are recorded at the balance sheet date when the Group has an obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

The obligation may be contractual, legal, regulatory or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the Group has indicated to other parties that it will accept certain responsibilities, and as a result, has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The recorded provision represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded but details of the obligation are disclosed in the notes to the consolidated financial statements.

Where the discounting effect is material, the recorded amount is the present value of the expenditures expected to be required to settle the related obligation. The present value is determined using pre-tax discount rates that reflect the assessment of the time value of money. Unwinding of discounts is recognized in the line item "Net financial income (expense)" in the consolidated statement of operations.

ACCOUNTING ESTIMATES AND JUDGMENTS

Technicolor's management is required to make judgments about provisions and contingencies, including the probability of pending and potential future litigation outcomes that, by their nature, are dependent on future events that are inherently uncertain. In making its determinations of likely outcomes of litigation and tax matters, management considers the opinion of outside counsel knowledgeable about each matter, as well as developments in case law.

PROVISIONS FOR RESTRUCTURING

Provisions for restructuring costs are recognized when the Group has a constructive obligation towards third parties, which results from a decision made by the Group before the balance sheet date and supported by the following items:

- The existence of a detailed and finalized plan identifying the sites concerned, the location, the role and the approximate number of headcounts concerned, the nature of the expenses that are to be incurred and the effective date of the plan; and
- The announcement of this plan to those affected by it.

The restructuring provision only includes the costs directly linked to the plan.

10.1 Detail of provisions

		Provisions for risks & litigations related to		Provisions for restructuring related to		
(in million euros)	Provisions for warranty	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Total
As of December 31, 2018	**36**	**29**	**39**	**28**	**-**	**132**
Current period additional provision	12	9	19	33	-	73
Release	(12)	(6)	(3)	(3)	-	(24)
Usage during the period	(10)	(18)	(23)	(35)	-	(86)
Other movements and currency translation adjustments(1)	-	(9)	21	(7)	-	5
AS OF DECEMBER 31, 2019	**26**	**5**	**53**	**16**	**-**	**100**
Of which current	*26*	*3*	*25*	*16*	*-*	*70*
Of which non-current	*-*	*2*	*28*	*-*	*-*	*30*

(1) Includes:

- *Mainly the restatement of IFRIC 23 tax provisions for €(10) million. Please refer to note 1.2.2 for more details.*
- *Mainly the restatement of provisions for onerous lease for €(7) million as transitory method applying IFRS 16. Please refer to note 1.2.2 for more details.*

The provisions for restructuring are mainly composed of termination costs related to continuing operations (for both employees and facilities).

10.2 Contingencies

GRI *[103-2 Anti-competitive behavior] [103-3 Anti-competitive behavior] [103-2 Environmental compliance] [103-3 Environmental compliance] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance] [206-1] [307-1] [419-1]*

In the ordinary course of the business, the Group is involved in various legal proceedings and is subject to tax, customs and administrative regulation. The Group's general policy is to accrue a reserve when a risk represents a contingent liability towards a third-party and when the probability of a loss is probable and it can be reasonably estimated. Significant pending legal matters include the following:

BRAZILIAN TAX LITIGATION

The Brazilian Tax Authorities have raised a tax assessment on Technicolor Brasil Midia E Entretenimento LTDA for fiscal years 2014 and 2015. Technicolor appealed to the first-tier tribunal to challenge the whole tax assessment.

TAOYUAN COUNTY FORM RCA EMPLOYEES' SOLICITUDE ASSOCIATION

Technicolor, certain of its subsidiaries and General Electric are being sued by an association of former employees (or heirs of former employees) at a former manufacturing facility in Taiwan (TCETVT). They allege exposure to various contaminants while living and working at the facility, which allegedly caused them to suffer various diseases, including cancer, or caused emotional distress from fear that living and working at the facility increased their risk of contracting diseases.

After a first ruling of the Taiwan court and an appeal before the Taiwan High Court (first appeals court), the Taiwan Supreme Court, in August 2018:

(i) confirmed the Taiwan High Court decision of awarding NTD 517.75 million (c. €15.4 million at the exchange rate as of December 31, 2019) in damages to 260 claimants; and

(ii) remanded the claims of 246 claimants for further proceedings at the High Court.

General Electric paid to the Court the full amount of the decision in December 2019.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on 27 December 2019 and awarded approximately NTD $2.3 billion (c. €68.5 million at the exchange rate as of December 31, 2019) plus late interest penalty. Technicolor and General Electric were held jointly and severally liable. Technicolor intends to appeal this decision.

Technicolor and its subsidiaries claim, among other reasons, that TCETVT operated for less than four years after its purchase from General Electric, while General Electric and its predecessor-in-interest RCA Corporation, owned and operated TCETVT for approximately twenty years.

Should the Group or any of the subsidiaries ultimately be held liable or settle the claims, the amounts of any such liability or settlement could be high. There are currently too many uncertainties to assess the extent of any liability that Technicolor or its subsidiaries may incur as a consequence of this lawsuit. Technicolor also has various avenues to mitigate any risk, including contractual indemnities owed to it by General Electric and others.

CATHODE RAY TUBES CASES

United States

Between 2014 and 2017, Technicolor settled with all plaintiffs in the legal actions that Technicolor had been defending in the United States pertaining to alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry.

However, the District Court decision approving the settlement in 2015 for U.S.$13.75 million in June 2015 of a class action brought by a group of indirect purchasers of CRT was remanded in February 2019 to the U.S. District Court by the California Court of Appeals so that the District Court may reconsider its approval of the settlement. As part of the remand process, the settlement agreement was amended by agreement of the parties in September 2019, which, if approved by the Court, will result in a small part of the settlement amount being returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states being excluded from the settlement. Approval of the amended settlement agreement is pending with the District Court. Since September 2019, motions to intervene and complaints were filed by consumers from those nine states. Those motions also are pending with the District Court. Technicolor believes that its exposure is limited in size and that it has valid means of defense.

Europe

Since 2014, Technicolor has also been defending, along with other defendants (Samsung, LG, Philips, etc.), several similar legal actions in various European jurisdictions alleging damages suffered as a result of anticompetitive behaviour in the CRT industry until 2005. All such cases are in the wake of the EU Commission decision of December 2012 pursuant to which Technicolor was fined €38.6M as a result of alleged involvement in a cartel. The cases are as follows:

- in the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds in January 2019;
- in the Netherlands, a case filed by three Brazilian TV manufacturers under Brazilian law;
- in Germany, two cases against three German former TV manufacturers (Grundig and Loewe/Metz) under German law. In 2018 and 2019, the German first instance court found all defendants liable in principle. Technicolor appealed these decisions.

At this time, Technicolor is unable to assess the potential outcome from those cases and the resulting potential liability due to the complexity of the cases, as Technicolor is still defending certain of these on procedural grounds and/or as the claims have not all been fully substantiated. Depending on jurisdictions, decisions on quantum are not expected before 2021 or 2022.

Technicolor also defended a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020.

ENVIRONMENTAL MATTERS

Some of Technicolor's current and previously-owned manufacturing sites have a history of industrial use. Soil and groundwater contamination, which occurred at some sites, may occur or be discovered at other sites in the future. Industrial emissions at sites that Technicolor has built or acquired expose the Group to remediation costs. The Group has identified certain sites at which chemical contamination has required or will require remedial measures.

Soil and groundwater contamination were detected at a former manufacturing facility in Taoyuan, Taiwan that was acquired from GE in a 1987 transaction. In 1992, the facility was sold to a local developer. Soil remediation was completed in 1998. In 2002, the Taoyuan County Environmental Protection Bureau ("EPB") ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway. EPB and TCETVT continue to negotiate over the scope of that work. Technicolor has reached an agreement with General Electric with respect to allocation of responsibility related to the soil and groundwater remediation.

In addition to soil and groundwater contamination, the Group sells or has sold in the past products which are subject to recycling requirements and is exposed to changes in environmental legislation affecting these requirements in various jurisdictions.

The Group believes that the amounts reserved and the contractual guarantees provided by its contracts for the acquisition of certain production assets will enable it to reasonably cover its safety, health and environmental obligations. However, potential problems cannot be predicted with certainty and it cannot be assumed that these reserve amounts will be precisely adequate.

NOTE 11 Specific operations impacting the consolidated statement of cash flows

GRI *[102-10] [102-49]*

11.1 Acquisitions and disposals of subsidiaries & investments

The details for the acquisition of subsidiaries and investments, net of cash position of companies acquired, are as below:

(in million euros)	2019	2018
LG	(2)	2
Others	(1)	(1)
Acquisition of investments	**(3)**	**1**
Less cash position of companies acquired	-	-
ACQUISITION OF INVESTMENTS, NET	**(3)**	**1**

The details for the disposal of subsidiaries and activities, net of cash position of companies disposed off, are as below:

(in million euros)	2019	2018
Digital Cinema activity(1)	**3**	**7**
Others	(2)	1
Disposal of investments	**1**	**8**
Less cash position of companies disposed off	-	(3)
DISPOSAL OF INVESTMENTS, NET	**1**	**5**

(1) Activity transfered to Deluxe in 2015, with annual earnout payments.

11.2 Cash impact of debt repricing and financing operations

(€ in million)	2019	2018
Proceeds from non-current borrowings	-	-
Reimbursement of non-current borrowings to debt holders	-	-
Cash impact of non-current borrowings variation	**-**	**-**
Proceeds from current borrowings	1	-
Reimbursement of current borrowings to debt holders(1)	(97)	(122)
Cash impact of current borrowings variation	**(96)**	**(122)**
Disposal of treasury shares (net of fees paid)(2)	1	-
Fees paid for debt(3)	(1)	(3)
TOTAL CASH IMPACT OF REFINANCING AND SHARE CAPITAL OPERATIONS	**(96)**	**(125)**

(1) *In 2019, €91 million related to repayments of lease debts and €2 million related to 2018 Term Loan Debt.*
In 2018, €90 million related to the EIB loan were repaid and €3 million related to 2018 Term Loan Debt.
(2) *In 2019, Technicolor sold treasury shares for consideration of €1 million.*
(3) *Fees paid directly linked to the Group's debt have been recorded as financing cash flows:*
In 2019, it includes mainly fees related to the Group's credit lines for €1 million.
In 2018, it includes €4 million for the new Term Loan Debt issued in March 2018, €1 million for the Term Loan Debt done in December 2016, and €2 million for revolving credit facility fees.

The tables below show the Group's borrowing variation in the Balance Sheet:

(in million euros)	December 31, 2018	Cash impact of borrowing variation(1)	Non cash variation: IFRS 16 adoption	New leases	IFRS discount of debts	Currency Translation Adjustments	Transfer Current – Non current	Other movements	December 31, 2019
Non current borrowing	1,004	(3)	(27)	-	5	-	-	-	979
Current borrowing	20	-	(14)	-	-	-	-	2	8
TOTAL BORROWING	**1,024**	**(3)**	**(41)**	**-**	**5**	**-**	**-**	**2**	**987**
Non current lease laibilities	-	(68)	331	24	20	8	(91)	-	224
Current lease liabilities	-	(26)	14	8	-	-	91	-	87
TOTAL LEASE LIABILITIES	**-**	**(94)**	**345**	**32**	**20**	**8**	**-**	**-**	**311**

(1) *In 2019, €2 million are related to cash flows from discountinued activities.*

(in million euros)	December 31, 2017	Cash impact of borrowing variation	Non cash variation: Capital leases recognition	IFRS discount of Term Loan Debt	Currency Translation Adjustments	Transfer Current – Non current	Other movements	December 31, 2018
Non current borrowing	1,077	-	21	(10)	11	(92)	(3)	1,004
Current borrowing	20	(93)	10	(14)	1	92	4	20
TOTAL BORROWING	**1,097**	**(93)**	**31**	**(24)**	**12**	**-**	**1**	**1,024**

11.3 Contractual obligations and commercial commitments

The following table provides information regarding the aggregate maturities of contractual obligations and commercial commitments as of December 31, 2019 for which the Group is either obliged or conditionally obliged to make future cash payments but cannot be recognized in the balance sheet. This table includes firm commitments that would result in unconditional or conditional future payments but excludes all options since the latter are not considered as firm commitments or obligations. When an obligation leading to future payments can be cancelled through a penalty payment, the future payments included in the tables are those that management has determined most likely to occur.

(in million euros)	2019	Amount of commitments by maturity			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Off-balance sheet obligations	-	-	-	-	-
Unconditional future payments	**-**	**-**	**-**	**-**	**-**
Operating leases (see note 4.5)	3	-	2	-	-
Other unconditional future payments[(1)]	11	-	5	4	2
TOTAL UNCONDITIONAL FUTURE PAYMENTS	**14**	**-**	**7**	**4**	**2**
Conditional future payments	**-**	**-**	**-**	**-**	**-**
Guarantees given and other conditional future payments	10	-	3	-	7
TOTAL CONDITIONAL FUTURE PAYMENTS	**10**	**-**	**3**	**-**	**7**

(1) Other unconditional future payments relate mainly to the maintenance costs associated with the lease.

The Group provides certain guarantees to third parties (financial institutions, customers, partners and government agencies) to ensure the fulfilment of contractual obligations by Technicolor and its consolidated subsidiaries in the ordinary course of their business. The guarantees are not shown in the table above as they do not increase the Group's commitments in relation to the initial commitments undertaken by the entities concerned.

Subsidiaries within the DVD Services segment may provide guarantees to its customers on the products stored and then distributed against any risk or prejudice that may occur during manufacturing, storage or distribution. Such guarantees provided are covered by insurance and are therefore excluded from the table above.

The disclosed guarantees comprise:

- a parental guarantee provided by Technicolor SA to secure the UK pension plan under section 75 for €6 million;
- various operational guarantees granted to customs administrations in order to exempt from duties goods transiting through customs warehouses for re-exportation, and transit guarantees in order that taxes on goods are only paid at their final destination in the import country. The maturity of these bank guarantees matches the one-month renewable term of the agreements.

Guarantees and commitments received amount to €95 million as of December 31, 2019. This amount is mainly related to the royalties from Trademarks licensees.

Total off-balance sheet unconditional future payments and conditional future payments as of December 31, 2018, amounted respectively to €323 million and €50 million on continuing entities. Excluding operating leases, this amount would have been €67 million.

NOTE 12 Discontinued operations and held for sale operations

GRI [102-10] [102-48] [102-49]

12.1 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of (by sale or otherwise) or is held for sale. In accordance with IFRS 5, to be disclosed as discontinued:

- the operation must have been stopped or be classified as "asset held for sale";
- the component discontinued must clearly be distinguishable operationally and for reporting purposes;
- it must represent a separate major line of business (or geographical area of business);
- it must be part of a single major plan of disposal or is a subsidiary acquired exclusively for resale.

The profit (loss) from discontinued operations is presented as a separate line item on the face of the statement of operations with a detailed analysis provided below. The statement of operations data for all prior periods presented are reclassified to present the results of operations meeting the criteria of IFRS 5 as discontinued operations.

In the statement of cash flows, the amounts related to discontinued operations are disclosed separately.

When a non-current asset or disposal group no longer meet the held for sale criteria, the asset or disposal group ceases to be classified as held for sale.

It is then measured at the lower of:

- its carrying value before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization that would have been recognized had the asset (or disposal group) not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell. Recoverable value is the higher of fair value less costs to sell and value in use.

Any adjustment to the carrying amount is included in profit and loss from continuing operations in which the assets ceased to be classified as held for sale.

On July 30, 2018, the Group concluded the sale to InterDigital of its Patent Licensing Division for a total price of U.S.$220 million (€188 million) which generated a €210 million gain and a €116 million cash impact (see note 2.3 for details).

On February 11, 2019, the Group announced being in exclusive negotiations with InterDigital for the divestiture of its Research & Innovation activity. As the sale was highly probable according to IFRS 5, the Research & Innovation activity was classified as Discontinued Operations and assets and liabilities classified as Assets and Liabilities held for sale in the Consolidated Statement of Financial Position as of December 2018.

On May 31, 2019, the Group concluded the sale to Interdigital of its Research & Innovation business

Other discontinued activities relate to remaining subsequent impacts of activities disposed of or abandoned such as Cathode Tubes activities from 2004 and 2005.

12.1.1 RESULTS OF DISCONTINUED OPERATIONS

(in million euros)	Year ended December 31, 2019	2018
DISCONTINUED OPERATIONS		
Revenues	6	18
Cost of sales	(3)	(15)
Gross margin	**3**	**3**
Selling and administrative expenses	(7)	(14)
Research and development expenses	(11)	(20)
Restructuring Costs	(0)	(1)
Net impairment gains (losses) on non-current operating assets	(1)	(4)
Other income (expenses)	(9)	205
EARNING BEFORE INTEREST & TAX FROM DISCONTINUED OPERATIONS	**(25)**	**169**
Financial net income (expenses)	2	(1)
Income tax	1	(11)
NET INCOME (LOSS)	**(22)**	**157**

In 2019, the statements of operations incudes 5 months of the activity Research & Innovation. The gain on sale of the Research & Innovation business, which amounts to €8 million, is presented in Other income.

In 2018, the statement of operations includes 7 months of the activity of Patent Licensing business and 12 months of the activity of Research& Innovation Activity. The gain on sale of the Patent Licensing business, which amounts to €210 million, is presented in Other income.

12.1.2 NET CASH FROM DISCONTINUED OPERATIONS

(in million euros)	December 31, 2019	2018
Profit (loss) from discontinued activities	**(22)**	**157**
Summary adjustments to reconcile profit from discontinued activities to cash generated from discontinued operations:		
Depreciation and amortization	*1*	*1*
Impairment of assets	*1*	*4*
Net change in provisions	7	(15)
Profit (loss) on asset disposals(1)	(9)	(210)
Other non-cash items (including tax)	3	10
Changes in working capital and other assets and liabilities	2	50
Income tax paid	5	(1)
NET OPERATING CASH GENERATED FROM DISCONTINUED ACTIVITIES (I)	**(11)**	**(4)**
NET INVESTING CASH USED IN DISCONTINUED ACTIVITIES (II)(2)	**(20)**	**115**
Repayments of borrowings	(2)	(6)
NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)	**(2)**	**(6)**
NET CASH FROM DISCONTINUED ACTIVITIES (I+II+III)	**(33)**	**105**

(1) In 2018, it includes the gain on sale of Patents Licensing business for €210 million.
(2) In 2019, it includes mainly payment of liablities covered by Technicolor in connection with disposal of Patents Licensing and Research & Innovation businesses. In 2018, it includes the cash impact from the sale of Patents Licensing Business for €115 million.

12.2 Assets & liabilities held for sale

A non-current asset (or disposal group) is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This means the asset (or disposal group) is available for immediate sale and its sale is highly probable. A non-current asset (or disposal group) classified as held for sale is measured at the lower of its fair value less costs to sell and its carrying amount. Any impairment loss for write-down of the asset (or disposal group) to fair value (less costs to sell) is recognized in the statement of operations.

(in million euros)	December 31, 2019	December 31, 2018
Assets classified as held for sale	-	28
LIABILITIES CLASSIFIED AS HELD FOR SALE	**-**	**51**

As of December 31,2019, no assets and liabilities were held for sale.

As of December 31, 2018, assets and liabilities held for sale include:

- the assets and liabilities resulting from the cooperation agreement with InterDigital, *i.e.* the deferred income corresponding to the services to be rendered by the research cooperation (€42 million);
- the assets and liabilities of Research & Innovation activity.

NOTE 13 Subsequent events

GRI *[102-10] [102-15] [103-1 Economic performance] [103-2 Economic performance]*

On Febuary 13, 2020, the Group announced its 2020-2022 strategic plan, focused on a more disciplined approach to business selection whilst continuing to provide market leading products and services. Concurrently the Group announced three transactions aimed at strengthening its capital structure and restoring its strategic flexibility:

- a Capital increase with preferential subscription rights for shareholders for a total gross amount of circa €300 million. An Extraordinary General Meeting of Shareholders will be held on March 23, 2020 which will vote on resolutions related to the Rights Issue. It is anticipated that the equity issuance will be launched in the second quarter of 2020, subject to approval from Technicolor's shareholders, regulatory authorities, and market conditions;
- an 18-month extension of its existing RCF from December 2021 to June 2023, conditional on the successful execution of the Rights Issue. Similarly, the Wells Fargo facility will be extended by 18 months from September 2021 to March 2023;
- an additional U.S.$110 million short-term facility which has been arranged by J.P. Morgan. The facility will provide additional liquidity headroom and will be repayable following the receipt of proceeds of the Rights Issue.

NOTE 14 Table of auditors' fees

(in thousands of euros)	Deloitte 2019	Deloitte 2018	Mazars 2019	Mazars 2018	Total 2019	Total 2018
Statutory audit, certification, consolidated and individual financial statements						
• Technicolor SA	862	788	1,120	1,059	1,982	1,847
• Subsidiaries	1,636	1,513	1,133	1,116	2,769	2,629
Subtotal	**2,498**	**2,302**	**2,253**	**2,175**	**4,751**	**4,477**
Services other than certification of financial statements as required by laws and regulations(1)						
• Technicolor SA	34	34	-	-	34	34
• Subsidiaries	7	-	5	5	12	5
Subtotal	**41**	**34**	**5**	**5**	**46**	**39**
Services other than certification of financial statements provided upon the entity's request(2)						
• Technicolor SA	67	135	-	445	67	580
• Subsidiaries	76	295	15	14	91	309
Subtotal	**143**	**430**	**15**	**459**	**158**	**889**
TOTAL	**2,681**	**2,766**	**2,273**	**2,639**	**4,954**	**5,405**

(1) *Include capital increase and capital decrease reports, comfort letters and other services required by laws and regulation.*
(2) *Include services upon request of Technicolor or its subsidiaries (due diligence, legal and tax assistance, and various reports).*

NOTE 15 List of main consolidated subsidiaries

GRI *[102-45]*

The following is a list of the principal consolidated holding entities and subsidiaries:

COMPANY – (Country)	% share held by Technicolor (% rounded to one decimal) 2019	2018
Fully consolidated		
Technicolor SA 8-10 rue du Renard, 75004 Paris (France)	Parent company	Parent company
Connected Home		
Technicolor Japan KK (Japan)	100.0	100.0
Technicolor Delivery Technologies (France)	100.0	100.0
Technicolor Connected Home Rennes SNC (France)	100.0	100.0
Technicolor Connected Home India Private Ltd (India)	100.0	100.0
Technicolor Korea Yuhan Hoesa (Korea Republic)	100.0	100.0
Technicolor Connected Home USA LLC (USA)	100.0	100.0
Technicolor Connected Home de Mexico SA De CV (Mexico)	100.0	100.0
Technicolor Asia Ltd (Hong-Kong)	100.0	100.0
Technicolor Delivery Technologies Australia Pty Limited (Australia)	100.0	100.0
Technicolor Brasil Midia E Entretenimento LTDA (Brazil)	100.0	100.0
Technicolor Delivery Technologies Belgium (Belgium)	100.0	100.0
Beijing Technicolor Management Co., Ltd (China)	100.0	100.0
Production Services		
The Mill Group Inc. (USA)	100.0	100.0
The Mill (Facility) LTD (USA)	100.0	100.0
MPC (Shanghai) Digital Technology Co., Ltd (China)	89.8	89.8
Mikros Image SAS (France)	100.0	100.0
Mikros Image Belgium SA (Belgium)	100.0	100.0
Technicolor India Pvt Ltd (India)	100.0	100.0
Trace VFX LLC (USA)	100.0	100.0
Technicolor Animation Productions SAS (France)	100.0	100.0
Technicolor Creative Services USA, Inc (USA)	100.0	100.0
Technicolor Canada, Inc (Canada)	100.0	100.0
Technicolor Pty, Ltd (Australia)	100.0	100.0
Technicolor Ltd (UK)	100.0	100.0
Thomson Multimedia Distribution (Netherlands) BV (The Netherlands)	100.0	100.0
Trace VFX Solutions Private India Ltd (India)	100.0	100.0
The Moving Picture Company Limited (UK)	100.0	100.0
DVD Services		
Technicolor Global Logistics, LLC (USA)	100.0	100.0
Technicolor Distribution Australia PTY LTD (Australia)	100.0	100.0
Technicolor Home Entertainment Services Inc (USA)	100.0	100.0
Technicolor Home Entertainment Services de Mexico, S. de R.L. de C.V. (Mexico)	100.0	100.0
Technicolor Videocassette of Michigan, Inc (USA)	100.0	100.0
Technicolor Home Entertainment Services Canada ULC (Canada)	100.0	100.0

COMPANY – (Country)	% share held by Technicolor (% rounded to one decimal) 2019	2018
Technicolor Home Entertainment Services Southeast, LLC (USA)	100.0	100.0
Technicolor Distribution Services France SARL (France)	100.0	100.0
Technicolor Milan S.R.L. (Italy)	100.0	100.0
Technicolor Polska sp Z.o.o (Poland)	100.0	100.0
Technicolor Disc Services International Ltd (UK)	100.0	100.0
Technicolor Mexicana, S. de R.L. de C.V. (Mexico)	100.0	100.0
Technicolor Export de Mexico, S. de R.L. de C.V. (Mexico)	100.0	100.0
Technicolor Pty, Ltd (Australia)	100.0	100.0
Corporate & Other		
Technicolor Treasury USA LLC (USA)	100.0	100.0
Technicolor USA Inc (USA)	100.0	100.0
Technicolor Asia Pacific Holdings Pte. Ltd (Singapore)	100.0	100.0
Gallo 8 SAS (France)	100.0	100.0
Sté Fr.d'Invest. et d'Arbitrage – Sofia SA (France)	100.0	100.0
Deutsche Thomson OHG (Germany)	100.0	100.0
Technicolor Trademark Management (France)	100.0	100.0
RCA Trademark Management SAS (France)	100.0	100.0
Consolidated by Equity method		
Technicolor SFG Technology Co. Ltd (China)	49.0	49.0
Vancouver Lab Inc (Canada)	50.0	50.0
Canada Cinema Distribution Inc (Canada)	50.0	50.0
3DCD LLC (USA)	50.0	50.0
Techfund Capital Europe FCPR (France)	19.8	19.8

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

GRI *[102-56]*

This is a translation into English of the statutory auditors' report on the consolidated financial statements of Technicolor issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Technicolor Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Technicolor for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

EMPHASIS OF MATTER

We draw attention to the following matter described in Note 1.2.2.1 "Main standards, amendments and interpretations effective and applied as of January 1, 2019" to the consolidated financial statements relating to the first application of the new IFRS standard IFRS 16 "*Leases*" and the interpretation of IFRIC 23 *"Uncertainty over Income Tax Treatments*". Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment testing of goodwill

Note 4 to the consolidated financial statements

RISK IDENTIFIED

Goodwill is recorded in the balance sheet as of December 31, 2019 at a net carrying amount of €851 million, compared with total assets of €3.210 million. Goodwill is recognized in the currency of the acquired subsidiary/associate and measured at cost less accumulated impairment losses and translated into euros at the effective rate at the end of the period. Goodwill is not amortized but is tested annually for impairment. The Group performs impairment tests on goodwill as disclosed in Notes 4.1 (Goodwill) and 4.5 (Impairment on non-current operating assets) of the notes to the consolidated financial statements.

We considered the valuation of goodwill to be a key audit matter given the relative importance of these assets in the consolidated financial statements and since the determination of their recoverable amount, generally based on discounted cash flow forecasts, is based on assumptions, estimates and management assessments and judgements, notably concerning business forecasts, long-term growth rates and discount rates.

We focused, in particular, on goodwill of the DVD services segment due to the finite useful life of this asset, to the uncertainties surrounding the future of the physical media of the DVD services division and to the importance of the decrease in volumes, notably in the distribution activity, which lead to a division goodwill impairment and fixed asset impairment of €59,2 million in the 2019 financial consolidated statements.

OUR RESPONSE

We reviewed the implementation of impairment tests by the Group and focused our procedures on the divisions where intangible assets represent a significant portion of net assets and are highly sensitive to changes in budget assumptions.

We reviewed the Group's process for preparing business plans and assessed the reasonableness of the key assumptions and estimates by:

- verifying the consistency of cash flow forecasts with past performance and budget that will be approved by the February 18 Board of Directors,
- comparing growth rates used to extrapolate cash flows beyond the forecast period and discount rates with market data and our benchmarks, and,
- reviewing sensitivity analysis disclosed in the notes to the consolidated financial statements.

We verified the appropriateness of disclosures in the notes to the consolidated financial statements.

These analyses were performed with the assistance of our valuation experts.

Financing and cash management

Notes 8.2.3 and 8.3 to the consolidated financial statements

RISK IDENTIFIED

To regularly measure the Group's liquidity risk, management assesses liquidity forecasts based on projected consolidated cash flows, including operating cash flows, debt repayment schedules and other financing requirements.

Based on these forecasts and at each quarterly closing date, the Board of Directors examines whether the Group's liquidity and cash flows are sufficient to finance current activities and the Group's working capital requirement, at least for the twelve months after the closing, taking into account available credit lines.

As of December 31, 2019, available cash totalled €65 million. Net financial debt amounted to €1,030 million as of December 31, 2019, up by €1 million compared to December 31, 2018. In 2019, the Group therefore consumed net cash of €226 million. Available credit lines not drawn at the closing date totalled €250 million and USD 125 million.

On February 13, 2020, Technicolor Board of Directors has decided to implement a plan over the Group financial situation. This plan includes:

- A capital increase with preferential subscription rights for shareholders for a total gross amount of c. €300 million, issue premium included;
- An extension of credit lines (RCF and bi-lateral ABL with Wells Fargo), originally maturing in 2021, to 2023 subject to the successful completion of the Rights Issue; the RCF will be reduced from €250m to €225m starting from January 1st, 2021 and to €202.5m starting from December 22nd, 2021;
- A new $110m short-term facility providing additional liquidity headroom.

In this context and insofar as management judgment is essential in determining cash flow forecasts, we considered the assessment of liquidity risk to be a key audit matter.

OUR RESPONSE

We familiarized ourselves with the information systems and processes used by Technicolor Management to estimate the Group's cash flow forecasts:

We assessed the controls set up to prepare these cash forecasts and in particular:

- based on our knowledge of the Group, assessed the design of the procedures and controls set up to prepare short and medium-term cash forecasts;
- tested the automated controls in the financial information systems used daily to monitor cash positions to improve the reliability of the closing date cash position;
- assessed the consistency of the assumptions used to prepare cash forecasts with the budget prepared by Management and approved by the Board of Directors on February 18, 2020 and with regard to our knowledge of the acquired activity as part of our engagement, particularly business operating assumptions, debt repayment schedules, the roll-out of current refinancing plans and various available credit lines;
- inquired whether Management had knowledge of events or circumstances which have occurred or may occur subsequent to December 31, 2019 that would be likely to compromise the Group's liquidity;
- validated the accounting treatment of the factoring programs in order to corroborate the deconsolidating nature of these programs;
- finally, compared 2019 actual performance with the budget to understand any differences and their possible impact on our assessment of the forecast preparation process.

We also verified the appropriateness of the liquidity risk information disclosed in Notes 8.2.3 "Liquidity risk and management of financing and capital structure" and 8.3 "Borrowings" to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's information given in the management report, it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein which should be reported on by an independent third party.

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Technicolor by the Shareholders' Meeting held on June 20, 2012 for Deloitte & Associés and on May 29, 1985 for Mazars.

As at December 31, 2019, Deloitte & Associés were in the 8th year of total uninterrupted engagement and Mazars were in the 35th year of total uninterrupted engagement, including 21 years since the securities were admitted to a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris-La-Défense, February 24, 2020

Deloitte & Associés	Mazars
French originally signed by	French originally signed by
Bertrand Boisselier	Jean-Luc Barlet
Partner	Partner

6.4 TECHNICOLOR S.A. PARENT COMPANY FINANCIAL STATEMENTS

GRI [201-1]

6.4.1 Statement of operations

(in million euros)	*Note*	December 31, 2019	2018
Revenues	(2)	54	55
Other operating revenues		1	2
Total operating income		**55**	**57**
Wages and salaries		(16)	(17)
Other operating expenses		(46)	(57)
Depreciation, amortization and provisions		(1)	(5)
Loss from operations		**(8)**	**(22)**
Interest income (expense)		(48)	(29)
Dividends from subsidiaries		459	39
Depreciation on financial assets		(613)	115
Other net financial gain (losses)		2	(2)
Net financial profit (loss)	**(3)**	**(200)**	**123**
NET PROFIT (LOSS) AFTER FINANCIAL RESULT		**(208)**	**101**
Capital gain/(loss) on asset disposals		(106)	(1)
Other exceptional profit (expenses)		(19)	8
Exceptional profit (loss)	**(4)**	**(125)**	**7**
Income tax	(5)	(11)	45
NET PROFIT (LOSS)		**(344)**	**153**

The accompanying notes on pages 270 to 288 are an integral part of these financial statements.

6.4.2 Statement of financial position

(in million euros)	*Note*	December 31, 2019	2018
ASSETS			
Intangible assets		20	20
Depreciation, amortization and provisions		(13)	(12)
Intangible assets, net value	**(6)**	**7**	**8**
Property and Equipment		-	-
Depreciation, amortization and provisions		-	-
Property and equipment, net value	**(6)**	**-**	**-**
Shares in subsidiaries, net value		2,148	2,752
Other financial assets		2	6
Financial assets, net value	**(7)**	**2,150**	**2,758**
NON-CURRENT ASSETS		**2,157**	**2,766**
Trade Receivables	(12.1)	41	29
Current accounts and loans with subsidiaries	(12.1)	648	779
Depreciation of current accounts and loans with subsidiaries	(12.1)	(7)	(62)
Other current assets	(12.1)	16	32
Cash and cash equivalents		11	133
CURRENT ASSETS		**709**	**911**
PREPAYMENTS, DEFERRED CHARGES AND UNREALIZED LOSSES ON FOREIGN EXCHANGE	**(12.3)**	**2**	**4**
TOTAL ASSETS		**2,868**	**3,681**
EQUITY & LIABILITIES			
Common stock *(414,461,178 shares, at December 31,2019, at per value of €1.00)*		414	414
Additional paid-in capital		-	-
Legal reserve		-	-
Other reserves and retained earnings		(49)	(202)
Net profit/(loss) for the year		(344)	153
Total shareholders' equity	**(8.1)**	**21**	**365**
Other equity instruments	(8.3)	500	500
SHAREHOLDERS' EQUITY AND EQUITY INSTRUMENTS		**521**	**865**
PROVISIONS FOR LOSSES AND CONTINGENCIES	**(11)**	**37**	**22**
Current accounts and loans with subsidiaries	(9.1)	1,281	1,245
Financial debts	(9.1)	989	987
Trade payables	(12.1)	15	16
Other current liabilities	(12.1)	24	545
Deferred income and unrealized gains on foreign exchange		1	1
LIABILITIES		**2,310**	**2,794**
TOTAL EQUITY & LIABILITIES		**2,868**	**3,681**

The accompanying notes on pages 270 to 288 are an integral part of these financial statements.

6.4.3 Statement of changes in equity

(in million euros, except number of shares)	Number of shares	Nominal Value	Common Stock	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Net income (loss) for the year	Total
At December 31, 2017	**414,461,178**	**1**	**414**	**917**	**7**	**100**	**117**	**(1,343)**	**212**
Allocation of 2017 balance	-	-	-	(917)	(7)	(100)	(319)	1,343	-
Net profit of the year	-	-	-	-	-	-	-	153	153
At December 31, 2018	**414,461,178**	**1**	**414**	**-**	**-**	**-**	**(202)**	**153**	**365**
Allocation of 2018 balance	-	-	-	-	-	-	153	(153)	-
Net profit of the year	-	-	-	-	-	-	-	(344)	(344)
AT DECEMBER 31, 2019	**414,461,178**	**1**	**414**	**-**	**-**	**-**	**(49)**	**(344)**	**21**

See note 8.1 for detail on the changes in equity.

The accompanying notes on pages 270 to 288 are an integral part of these financial statements.

6.5 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

GRI *[103-1 Economic performance] [103-2 Economic performance] [103-3 Economic performance] [201-1]*

NOTE 1 General Information

Technicolor is a leader in Media & Entertainment Services, developing, creating and delivering immersive augmented digital life experiences. Technicolor SA is the holding company of the Group and manages the cash of the Group's subsidiaries.

These notes are an integral part of these annual financial statements. They contain additional information relating to the statements of financial position and of operations and give a true and fair view of the Company's assets, financial position and results. Information which is not mandatory is disclosed only if material.

1.1 Main events of the year

APPOINTMENT OF 5 NEW BOARD MEMBERS

Considering recent changes to the Company's businesses, the Board proposed the appointment of 5 new Directors at the Shareholders' Meeting on June 14, 2019: Ms. Anne Bouverot, Mr. Xavier Cauchois, Mr. Dominique D'Hinnin, Ms. Christine Laurens and Mr. Brian Sullivan.

Following these 5 appointments at the Shareholders' Meeting, the Board of Directors appointed Ms. Anne Bouverot as Chairperson of the Board of Directors.

APPOINTMENT OF RICHARD MOAT AS CHIEF EXECUTIVE OFFICER OF THE GROUP

At its meeting of November 5, 2019, the Board of Directors of Technicolor has appointed Richard Moat as Chief Executive Officer in replacement of Frédéric Rose.

Richard Moat has successfully led business transformations in the telecoms and media industries. Mr. Moat has also been appointed by the Board of Directors as Director of Technicolor in replacement of Mr. Rose, who resigned from his position as Board member.

Richard Moat is based in Paris.

1.2 Accounting Policies

1.2.1 BASIS OF PREPARATION

The annual financial statements are drawn up according to the accounting standards defined by the French General Chart of Accounts (*Plan Comptable Général*) and the French Commercial Code. The guidelines and recommendations of the *Autorité des normes comptables*, the *Ordre des Experts Comptables* and the *Compagnie Nationale des Commissaires aux Comptes* are also applied.

The financial statements were approved by the Board of Directors of Technicolor SA on February 18, 2020. According to French law, the financial statements will be considered as definitive when approved by Company's shareholders at the Ordinary Shareholders' Meeting, which should take place in April 30, 2020.

The methods used to prepare the 2019 accounts remain unchanged compared to previous year.

The Company applies the provisions of the ANC 2015-05 regulation, approved by decree on December 28, 2015. This regulation, mandatory from January 1, 2017, aims to specify the accounting treatments of forward financial instruments and hedging operations. In this context, the Company has supplemented information in the notes relating to hedging transactions (see notes 9.4 and 12.4). The impact of this regulation on the Company's balance sheet and income statement is not significant.

These financial statements are presented in euro, the functional currency of Technicolor SA and have been rounded to the nearest million.

1.2.2 USE OF ESTIMATES

The process of drawing up the parent company financial statements involves using certain estimates and assumptions to calculate the figures presented in the Statements of Financial Position and of Operations. The Company periodically reviews its valuations and estimates based on its past experience and various other factors considered reasonable and relevant for the determination of the fair estimates of the assets and liabilities' carrying value and of the revenues and expenses. The actual results could significantly differ from these estimates depending on different conditions and assumptions.

1.2.3 ACCOUNTING FOR FOREIGN CURRENCIES TRANSACTIONS

Global treasury management

Management of the Group's market and liquidity risks is centralized in its Group Treasury Department in France in accordance with Group procedures covering, among other aspects, responsibilities, authorizations, limits, permitted financial instruments and tracking tools.

All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Executive Committee *via* various reports showing the Company's exposures to these risks with details of the transactions undertaken to reduce them.

To reduce interest rate and currency exchange rate risk, the Group enters into hedging transactions using derivative instruments. However, Technicolor's policy is not to use derivatives for any purpose other than for hedging its commercial and financial exposures:

- from an operational point of view, the Company is contracting foreign exchange guarantees with its subsidiaries, under which subsidiaries' transaction risk is hedged for a given period (up to twelve months or longer when justified). These commitments are described further in note 12.4;
- the Group treasury is then hedging the Company exposure towards its subsidiaries with first ranking banks using currency derivative contracts. Ultimately there is no or neglectable residual remaining exposure for the Company.

Impacts of translation of foreign currency transactions

Foreign currency transactions are translated into euros at the exchange rate effective on the trade date. Receivables and payables in foreign currency are revalued at closing rate. The differences arising on the translation compared to the historical rate are recorded as translation adjustments in the balance sheet (a provision for exchange risk is recognized when unfavorable translation differences occur on receivables or debt).

Realized gains and losses on foreign exchange transactions are booked under "Other net financial gains/(losses)".

Corporate Treasury manages its foreign currency exposure globally and does not take foreign exchange risk on its financial debt and loans in foreign currencies. Accordingly, the Term Loan Debt in foreign currency of the holding is only used to grant loans and current accounts in the foreign currency of the foreign affiliates and finally the global exchange result is totally symmetrical and neutral in the income statement.

Forward foreign currency contracts (set up between subsidiaries and the Group Treasury Department to cover their trade exposures) as well as external transactions with banks are accounted for by the Group Treasury Department. They are valued at market price at closing rate with gains and losses booked entirely in the statement of operations together with the result on the underlying hedged item. The forward points are recognized in the financial result prorate-temporis over the period of the contract.

Should a derivative exceptionally not qualify as hedge (isolated open position), its market value is reported in Other current assets and liabilities, in counterparty of the deferred income/charges. Any unrealized losses are covered by a provision for exchange risk. The realized gain or loss at maturity is recognized in financial result.

Information on exchange derivative instruments will be found in note 9.4.

NOTE 2 Revenues

(in million euros)	2019	2018
Intra-group invoicing	32	44
Trademark royalties	22	7
Other external revenues	-	4
TOTAL REVENUES	**54**	**55**
Including revenues in France	*18*	*27*

NOTE 3 Financial result

(in million euros)	2019	2018
Dividends received	459	39
Depreciation on financial investments, treasury shares, current accounts and risk provisions regarding subsidiaries, net of reversal	(613)	115
Net interest income/(expenses)	(48)	(29)
Other net financial profit/(expenses)	2	(2)
NET FINANCIAL PROFIT (LOSS)	**(200)**	**123**
The financial result is mainly impacted by the following subsidiaries:		
• **Thomson Licensing SAS**		
depreciations on shares in 2019 and 2018.	(22)	(111)
• **Technicolor USA Inc.**		
depreciations on shares in 2019 and 2018.	(113)	(155)
• **Technicolor Delivery Technologies SAS**		
depreciations on shares in 2019 and 2018.	(37)	(15)
• **Société Française d'Investissement et d'Arbitrage – Sofia SA**		
depreciations: €(25) million of depreciation on shares in 2019 and reversal on depreciation on shares for €13 million in 2018.	(25)	13
• **Gallo 8 SAS**		
dividends	453	-
depreciations: €(390) million of depreciation on shares in 2019 and reversal on depreciation on shares for €390 million in 2018.	(390)	390

NOTE 4 Exceptional result

Exceptional items include income or charges of which the nature and amount are not recurring.

(in million euros)	2019	2018
Capital gains/(losses) on disposals of intangible and financial assets(1)	(106)	(1)
Restructuring costs (accruals net of reversals and expenses for the year)	(2)	(1)
Other net extraordinary profit/(expenses)(2)	(17)	9
TOTAL EXCEPTIONAL PROFIT (LOSS)	**(125)**	**7**

(1) *In 2019, relates mainly to the impact of Gallo 8 SAS capital reduction by cancellation of shares (€151 million) and reimbursement to the shareholder (€45 million).*
(2) *In 2019 and 2018, corresponds mainly to provisions on legacy risks.*

NOTE 5 Income tax

Under French tax law, Technicolor SA is the head Company of the French tax consolidation group consisting in 14 companies. Therefore, Technicolor SA is responsible to the French Tax Authorities for all corporate income tax matters and is allowed to collect from other members of the French tax consolidation group the amount of corporate income tax they would have paid if they were taxable separately on a standalone basis.

The Company tax losses to carry forward indefinitely by the French tax consolidation group are estimated at €1.8 billion as of December 31, 2019 due mainly to the Cathode Ray Tubes activity disposed in 2005.

5.1 Breakdown of booked income tax

(in million euros)	2019	2018
Income tax booked by French subsidiaries and passed on to Technicolor SA(1)	(11)	49
Tax consolidated research tax credit	5	16
Tax consolidated Audiovisual tax credit	2	1
Provision for income tax expense under tax consolidation	-	(8)
Prior Year Adjustment of income tax expense under tax consolidation	1	4
Unused foreign tax credits	(1)	-
Other(2)	(7)	(17)
TOTAL INCOME TAX	**(11)**	**45**

(1) Under French consolidation regime, Technicolor gets a tax income from consolidated French subsidiaries. This year, tax cost related to tax Group concerns mainly a previous year adjustment towards Thomson Licensing SAS for €12 million.

(2) Corresponds mainly to research tax credit, and Audiovisual tax credit, to be repaid to subsidiaries.

There is no provision for the income tax expense under tax consolidation in 2019 as Technicolor SA tax consolidation is no longer tax payer.

In the absence of tax integration, the Company would only show some unused tax credits for €1 million.

5.2 Variation of deferred or latent tax bases

Temporarily non-deductible expenses related to Technicolor SA are the following:

(in million euros)	December 31, 2018	Variation	December 31, 2019
• To be deducted the following year			
Paid vacations	2	(1)	1
Provisions for risks	5	11	16
Other	2	(1)	1
• To be deducted at a later date			
Provisions for retirement	3	-	3
Depreciation on current accounts	6	(3)	3
Provisions for risks	6	6	12
Other	17	(6)	11

NOTE 6 Property, equipment and intangible assets

INTANGIBLE ASSETS

Intangible assets consist mainly of capitalized IT development projects, the cost of software, trademarks and rights to use patents.

Ongoing software development projects are classified under "Intangibles in progress". Once development is achieved, the software is capitalized or delivered to the subsidiaries concerned. Software developed or used internally is amortized from the date of use. Other IT development costs are capitalized and amortized on a straight-line basis over a maximum of three years, with some exceptions. Minor IT expenses are amortized over the financial year they are put in use.

Software acquired or developed as well as licenses are amortized on a straight-line basis over the duration of their protection or over their useful life, whichever is shorter.

(in million euros)	Intangible assets	Tangible assets
At December 31, 2018, Net	**8**	**-**
Cost	*20*	-
Accumulated depreciation	*(12)*	-
Acquisitions	1	-
Disposals (net of cumulated amortization)	(1)	-
Depreciation and amortization	(1)	-
AT DECEMBER 31, 2019, NET	**7**	**-**
Cost	*20*	-
Accumulated depreciation	*(13)*	-

NOTE 7 Financial assets

Financial assets include investments in subsidiaries that the Company intends to keep as well as other financial assets, such as loans.

Investments are recorded at acquisition cost. When the value in use of such investments is less than their gross value, a valuation allowance is set up for the difference. Provision for current accounts and loans are made if the net financial position is negative. In addition, a provision for risk is set aside for the surplus over the residual net negative balance.

Investments in subsidiaries and associates held for the long-term are valuated, based on their value in use which is determined case by case based on the portion of equity represented by the shares, on re-evaluation of net assets or on recoverable value.

7.1 Variation of financial assets

(in million euros)	Shares in subsidiaries	Other financial assets[1]	Total financial assets
At December 31, 2018, Net	**2,752**	**6**	**2,758**
Cost	*11,915*	*79*	*11,994*
Accumulated depreciation	*(9,163)*	*(73)*	*(9,236)*
Acquisitions/recapitalizations[2]	158	-	230
Disposals[3]	(303)	(72)	(447)
Depreciation[4]	(612)	-	(612)
Reversals of depreciation provisions[5]	153	68	221
AT DECEMBER 31, 2019, NET	**2,148**	**2**	**2,150**
Cost	*11,770*	*7*	*11,777*
Accumulated depreciation	*(9,622)*	*(5)*	*(9,627)*

(1) In 2019, includes, net of depreciation, €2 million of cash collateral.
(2) Corresponds mainly to the recapitalization of Technicolor Delivery Technologies SAS (€150 million) and Mikros Image SAS (€7 million).
(3) Corresponds mainly to the impact of Gallo 8 SAS capital reduction (€151 million), to the liquidation of Thomson Television España S.A.U. (€128 million) regarding Shares in subsidiaries and mainly to the sale of treasury shares regarding Other financial assets.
(4) In 2019, depreciation on shares in subsidiaries concerns mainly the subsidiaries Gallo 8 SAS (€390 million), Technicolor USA Inc. (€113 million), Technicolor Delivery Technologies SAS (€37 million), Sofia SA (€25 million), Thomson Licensing SAS (€22 million) and Mikros Image SAS (€14 million).
(5) In 2019, reversal of depreciation on shares in subsidaries concerns mainly Thomson Television España S.A.U. (€128 million) and the reversal of depreciation of other financial assets relates mainly to Technicolor treasury shares (€56 million).

The value in use of each of the securities is intrinsically linked to the cash flow forecasts set by the management, for each of the operational activities, controlled by the Group.

The value in use of Thomson Licensing SAS was determined on the estimated fair value (future discounted cash flow increased of the cash available). This recoverable value takes into account notably the earnout related to the sale of Patent Licensing business, dated July 2018. The depreciation of the shares equals to €22 million. A 10% decrease of the earnout would generate additional depreciation of €8 million.

In relation with the shares in subsidiaries, depreciation on current accounts and loans to subsidiaries amounts to €7 million (see note 12.1).

7.2 Maturities of receivables included in other financial assets

(in million euros)	
2020	2
2021 and later	-
GROSS VALUE	**2**
Depreciation	-
NET VALUE	**2**

7.3 Subsidiaries and investments at December 31, 2019

(in million euros, except number of shares)	Holding percentage (%)	Holding Number of shares	Gross value	Net value	Equity after allocation of results	Revenues of the year	Net income	Gross advances, loans and current accounts
Affiliates (more than 50% holding percentage)								
Technicolor USA, Inc.(1)	100.00%	1,005	5,217	368	368	2,088	(107)	17
Thomson Licensing SAS(1)(2)	100.00%	2,800,000	2,444	152	152	26	35	66
Gallo 8 SAS(1)	100.00%	28,000,000	940	264	264	414	(49)	-
Technicolor Delivery Technologies SAS(1)(3)	98.68%	15,393,360	973	315	315	942	(33)	4
Sté Fr.d'Invest.et d'Arbitrage – Sofia SA(1)	100.00%	3,017,994	543	46	46	3	5	-
Technicolor Canada, Inc.(2)(5)	87.74%	47,801	418	418	65	484	8	69
Thomson Angers SAS(4)	100.00%	4,630,001	289	-	-	-	-	-
Technicolor Trademark Management SAS	100.00%	13,616,129	214	214	267	3	2	-
Thomson Multimedia Distribution (Netherlands) BV	100.00%	500	187	1	1	3	-	1
Technicolor Brasil Midia E Entretenimento LTDA	100.00%	34,589,668	100	92	151	160	21	-
The Moving Picture Company Ltd(2)	100.00%	200	100	100	39	155	(7)	-
Technicolor Entertainment Services Spain SA	100.00%	120,000	66	-	-	1	-	-
Thomson Consumer Electronics (Bermuda) Ltd	100.00%	1,000	66	22	22	-	(4)	-
Technicolor Mexicana, S. de R.L. de C.V.	100.00%	250,000	58	58	63	-	4	-
Technicolor Asia Pacific Holdings Pte Ltd	100.00%	37,948,000	37	37	58	97	6	-
Mikros Image SAS(1)	100.00%	2,800,000	25	1	1	31	(13)	10
RCA Trademark Management SAS	100.00%	1,668,025	25	25	37	-	2	-
Technicolor Animation Productions SAS	100.00%	17,020,409	21	18	18	11	(2)	5
Technicolor Export de Mexico, S. de R.L. de C.V.	100.00%	250,000	14	14	16	-	(1)	-
Technicolor Hong Kong Ltd	100.00%	1,000,000	7	-	-	-	-	-
Thomson Sales Europe SAS(1)	100.00%	2,466	6	1	1	-	(1)	-
Technicolor Milan S.r.l.	100.00%	6,000	2	-	-	1	-	-
Thomson Purchasing and Liaison Company N.V.	100.00%	1,000	2	1	-	-	-	-
Total affiliates	**N/A**	**N/A**	**11,754**	**2,147**	**N/A**	**N/A**	**N/A**	**172**
Investments (between 10% and 50% holding percentage)								
TechFund Capital Europe FCPR	19.80%	500	-	-	N/A	N/A	N/A	N/A
Other	N/A	N/A	16	1	N/A	N/A	N/A	N/A
Total investments	**N/A**	**N/A**	**16**	**1**	**N/A**	**N/A**	**N/A**	**N/A**
TOTAL	**N/A**	**N/A**	**11,770**	**2,148**	**N/A**	**N/A**	**N/A**	**N/A**

N/A: Not applicable

(1) When shares are those of a consolidated Technicolor sub-group, the figures correspond to the sub-group, except for the gross advances, loans and current accounts.
(2) Net value based on Discounted Cash Flow adjusted with available cash.
(3) The 1.32% other shares are held by Sofia SA.
(4) Thomson Angers is in the process of being liquidated.
(5) The 12.26% other shares are held by Technicolor Delivery Technologies SAS.

In order to simplify the structure of the Group, Technicolor SA has merged with its 100% owned subsidiary, Technicolor Home Entertainment Services of America SAS with retroactive effect as from January 1, 2019. The merger based on the net book value, has produced a goodwill of €46 million which has been fully allocated to the shares owned by the subsidiary: Technicolor Mexicana, S. de R.L. de C.V. and Technicolor Export de Mexico, S. de R.L. de C.V.

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NOTE 8 Shareholders' equity and equity instrument

8.1 Capital and additional paid-in capital

On December 31, 2019, the capital of Technicolor SA was €414,461,178 (414,461,178 shares with a per value €1). It did not change compared to the previous year.

8.2 Treasury shares

Treasury shares are recorded at purchase cost. A depreciation charge is recorded when the purchase cost is higher than the average stock price for the last month of the financial period. Gains and losses on disposal are booked under "extraordinary profit/(expense)".

	2019	2018
Number of treasury shares at opening	1,074,994	978,051
Net movement of the year related to the share repurchase program(2)	*(703,925)*	*96,943*
Net movement of the year related to the treasury shares part of the stock options and free shares plans(3)	(371,069)	-
Number of treasury shares at closing	-	1,074,994
Net Value in euros(1)	**-**	**1,121,643**

(1) In 2019, Technicolor SA does not hold treasury shares as all of them have been sold during the second half.
In 2018, the gross value of treasury shares held was €56,405,049 depreciated for €55,283,406.
(2) In 2019, sale of all the treasury shares related to the share repurchase program.
In 2018, 1,114,523 shares were repurchased for a total amount of €2,367,109 and 1,017,580 shares were sold for a total amount of €2,308,920.
(3) In 2019, sale of all the treasury shares related to the stock options and free shares plans.

Treasury shares were held for the purpose of meeting the obligations under debt securities giving access to capital or stock-option schemes or any other form of allocation of shares to employees and Directors of the Company.

8.3 Other equity instruments

The deeply subordinated perpetual notes (Titres Super Subordonnés – TSS) are booked as other equity instruments. Further to the restructuring of the Company's debt in 2010, the characteristics of these perpetual notes are now as follow:

- they are not repayable other than (i) at Technicolor's sole option in specific contractually defined events or (ii) in case of liquidation of the Company;
- they no longer bear interest, since an amount of €25 million was paid to TSS holders as final payment of all interest claims in 2010.

8.4 Dividends and other distributions

No dividend was proposed by the Board of Directors in 2019, concerning the fiscal year 2018.

No dividend was proposed by the Board of Directors in 2018, concerning the fiscal year 2017.

NOTE 9 Borrowings & Financial instruments

The Group's debt consists primarily of Term Loan Debt in U.S. dollars and in euros, issued by Technicolor SA in December 2016 and March 2017 and maturing in 2023.

9.1 Summary of the debt

(in million euros)	2019	2018
Term Loan Debt	984	983
Accrued interest	5	4
Current Accounts and loans with subsidiaries	1,281	1,245
TOTAL FINANCIAL DEBT	**2,270**	**2,232**
Of which due and payable after 1 year		
Term Loan Debt	*981*	*980*
Loans with subsidiaries	*242*	*217*

9.2 Main features of Term Loan Debt

(in million euros)	Amount in local currency	Currency	Amount(1)	Interest rate type	Final maturity
Term loan	450	EUR	450	EURIBOR(2) +350bps	December 2023
Term loan	275	EUR	275	EURIBOR(2) +300bps	December 2023
Term loan	292	USD	259	LIBOR(3) +275bps	December 2023
			984		

(1) Exchange rate as of December 31, 2019.
(2) 3 months EURIBOR is subject to a 0% floor.
(3) 3 months LIBOR is subject to a 0% floor.

9.2.1 ANALYSIS BY MATURITY OF FINANCIAL DEBT

	2019	2018
(in million euros)	Term Loan Debt	Term Loan Debt
Within one year	3	3
1 to 2 years	3	2
2 to 3 years	2	3
3 to 4 years	976	3
4 to 5 years	-	972
More than 5 years	-	-
TOTAL DEBT	**984**	**983**
Of which current debt	*3*	*3*
Of which non-current debt	*981*	*980*

9.2.2 FINANCIAL COVENANTS AND OTHER LIMITATIONS

In respect of the:

- term Loan Debt Agreement entered into in December 2016 as amended in March 2017; and
- the RCF entered into in December 2016;

together the "Debt instruments", the Group is required to meet financial covenants and is subject to several limitations described below.

Security Package

Technicolor granted security interests to secure the Debt Instruments with the pledge of the shares of the main subsidiaries of Technicolor S.A. and of certain intra-group loans and material cash pooling bank accounts.

Early repayment and mandatory prepayments

In case of default or change of control of Technicolor, creditors will have the ability to immediately demand payment of all or a portion of the outstanding amounts.

The events of default apply in whole or in part to Technicolor SA. The events of defaults include among other things and subject to certain exceptions, thresholds and grace periods:

- failure by Technicolor S.A. to meet the payment dates of the Debt Instruments or of any other financial indebtedness or to comply with material obligations related to the Debt Instruments;
- any auditor's report qualification made to the Technicolor S.A.'s ability to continue as a going concern or the accuracy of the information given.

Under the mandatory prepayment terms of the Debt Instruments, the Group is required to apply funds towards the repayment of outstanding amounts of the loans under the Debt Instruments in certain circumstances, including the following:

- asset disposals: the net proceeds in respect of any disposal of any of its assets to an unaffiliated third party will be applied, subject to a minimum threshold, to repay the outstanding amounts of the term loans unless the proceeds are reinvested in assets useful for its business within 365 days;
- excess cash flow: a percentage of the Company's excess cash flow will be applied to prepay the term loans. The applicable percentage depends on the leverage ratio of the Group, and ranges from 0% to 50%. Excess cash flow is defined for purposes of the term loan prepayments, as the aggregate of net cash from operating and investing activities, subject to certain adjustments and minus the total funding costs, which comprise all voluntary or mandatory prepayments of the term loans during the year;
- other: net proceeds in respect of payments related to a casualty event (giving rise to insurance reimbursements or condemnation awards) shall be applied to the repayment of the debt under the Debt Instruments, subject to certain minimum thresholds and with certain carve-outs.

Technicolor can also, at its election, prepay all or part of its outstanding Term Loan Debt without penalty.

Covenants

The Term Loan Debt does not contain a financial affirmative covenant.

The RCF contains a single affirmative financial covenant which requires that the total gross debt be no more than 4.00 times Adjusted EBITDA on a trailing twelve-month basis ("Leverage covenant") on June 30 and December 31 of each financial year, but this covenant is only applicable if there is an outstanding drawing of more than 40% of the RCF amount on June 30 or December 31 of each financial year.

Because there were no drawings on the RCF the covenant did not apply at December 31, 2019.

Leverage covenant

Had the covenant applied at December 31, 2019, total gross debt of the Group could not have been more than 4.00 times the EBITDA of the Group in 2019.

For information purposes, the calculation at December 31 was:

Gross Debt*	€1,026 million
Covenant Adjusted EBITDA*	€324 million
Gross Debt/Covenant Adjusted EBITDA Ratio	3.17

* *Gross debt and Adjusted EBITDA in respect of the leverage covenant definition.*

Since 3.17 is less than the maximum allowed level of 4.00, the Group meets this financial covenant.

9.3 Interest rate hedging operations

The Group has two interest rate hedging instruments outstanding at December 31, 2019. These instruments hedge future interest charges of the Group, which are principally indexed on a floating rate as shown in note 9.2.

The main characteristics are the following ones:

	Notional	Hedge	Issuance	Maturity	Fair value(1)
Interest rate swap	€240 million	Receive 3m EURIBOR(2)/pay 0.22%	May 2018	November 2021	(1)
Cap	U.S.$145 million	3m LIBOR capped at 3.00%	May 2018	November 2021	-
FAIR VALUE					**(1)**

(1) *Market value in millions of euros at December 31, 2019.*
(2) *EURIBOR floored at 0%.*

9.4 Commitments relating to financial instruments

As commented in note 1.2.3, the company uses exchange derivative instruments to hedge the foreign exchange risk arising in particular of the guarantees given to affiliate companies of the Group. As of December 31, 2019, these derivative instruments can be detailed as follows:

	Currency	Notional(1)	Maturity	Market value(2)
Forward and swaps instruments	USD/EUR	337	2020	(1)
Forward and swaps instruments	PLN/EUR	81	2020	-
Forward and swaps instruments	others	-	-	1
MARKET VALUE				-

(1) Forward buy/sale (net amount) in millions of the 1st currency.
(2) Market value in million of euros as of December 31, 2019.

As of December 31, 2019, the company does not have any outstanding instruments that are not documented as hedges.

NOTE 10 Employees benefits

10.1 Information on employees

	2019	2018
Executives	87	94
Employees and supervisory staff	17	16
TOTAL HEADCOUNT	**104**	**110**

10.2 Stock option plan

MANAGEMENT INCENTIVE PLANS (MIP)

The Shareholders' Meeting of May 23, 2013, in its fifteenth resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization has been given for a 38-month period, and is valid until July 23, 2016. Options granted under this authorization shall not give rights to a total number of shares greater than 26,843,507.

As of December 31, 2019, 9,853,731 subscription options are still outstanding (respectively 6,169,401 options, 3,186,485 options, 77,845 options and 420,000 options related to MIP 2015, MIP 2016, MIP June 2017 and MIP October 2017).

2016, 2017, 2018 LONG-TERM INCENTIVE PLAN (LTIP)

The Shareholders' Meeting of April 29, 2016, in its twenty-eight resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and is valid until June 29, 2018. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 8,239,744.

Making use of this authorization, the Board of Directors approved on April 29, 2016, on January 6, 2017 and on April 25, 2018 the implementation of respectively 2016, 2017 and 2018 Long-Term Incentive Plan.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the cumulative achievement of Adjusted EBITDA and Free Cash Flow targets for the three years from 2016 through 2018 (LTIP 2016), from 2017 through 2019 (LTIP 2017), from 2018 through 2020 (LTIP 2018) and the satisfaction of a continued employment condition for the full duration of the Plan (through April 30, 2019 for LTIP 2016, through April 30, 2020 for LTIP 2017 and through April 30, 2021 for LTIP 2018).

The Board of Directors of February 27, 2019 found that targets for the LTIP 2016 were not met and therefore no Performance Shares were delivered.

As of December 31, 2019, the outstanding share rights under the plans amounts to 3,261,720 and 600,000 performance shares rights for respectively LTIP 2017 and LTIP 2018.

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2019 LONG-TERM INCENTIVE PLAN (LTIP)

The Shareholders' Meeting of June 14, 2019, in its twentieth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and is valid until June 13, 2020. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 3,000,000.

Asking use of this authorization, the Board of Directors approved on June 14, 2019, the implementation of 2019 Long-Term Incentive Plan.

This three-year plan provides conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the satisfaction of a continued employment condition through June 14, 2022.

As of December 31, 2019, the outstanding share rights under the plan amounts to 2,609,306 performance shares rights.

As of December 31, 2019, the total number of outstanding stock options amounted to a maximum of 9,853,731 options and the total number of rights to receive shares amounted to 6,471,026 rights granted to employees and Directors.

The details of these options and shares are disclosed hereafter.

	Type of plan	Grant date	Number of instruments initially granted	Number of instruments outstanding	Initial number of beneficiaries	Vesting date	Contractual instrument life	Exercise price(1)	Estimated fair values granted(1)
MIP 2015 Options*	Subscription options	May 23, 2013 and June 7, 2013	16,398,000	5,998,141	94	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€3.19	€1.06
MIP 2015 Options*	Subscription options	October 24, 2013	200,000	103,794	1	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€3.93	€1.40
MIP 2015 Options*	Subscription options	March 26, 2014	215,000	67,466	2	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€4.53	€1.73
MIP 2016 Options*	Subscription options	June 20, 2014	2,830,000	1,642,545	40	June 2016 (50%) June 2017 (25%) June 2018 (25%)	8 years	€5.79	€1.82
MIP 2016 Options*	Subscription options	October 21, 2014	1,915,000	1,128,764	24	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€4.92	€1.45
MIP 2016 Options*	Subscription options	April 9, 2015	400,000	415,176	1	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€5.83	€1.88
MIP June 2017 Options*	Subscription options	June 26, 2015	250,000	77,845	2	June 2017 (50%) June 2018 (25%) June 2019 (25%)	8 years	€5.88	€1.91
MIP October 2017 Options*	Subscription options	December 3, 2015	1,710,000	420,000	22	October 2017 (50%) October 2018 (25%) October 2019 (25%)	8 years	€7.11	€2.27
2016 LTIP**	Performance shares	April 29, 2016	2,760,500	-	187	April 2019	-	-	€5.69
2016 LTIP**	Performance shares	July 27, 2016	66,000	-	12	April 2019	-	-	€5.47
2016 LTIP**	Performance shares	October 20, 2016	214,000	-	18	April 2019	-	-	€5.14
2017 LTIP**	Performance shares	January 6, 2017	162,000	125,643	10	April 2020	-	-	€3.78
2017 LTIP**	Performance shares	March 9, 2017	4,003,000	2,850,841	218	April 2020	-	-	€3.78
2017 LTIP**	Performance shares	April 26, 2017	200,000	200,000	1	April 2020	-	-	€4.33
2017 LTIP**	Performance shares	July 26, 2017	142,500	85,236	15	April 2020	-	-	€3.38
2018 LTIP**	Performance shares	April 25, 2018	307,000	300,000	2	April 2021	-	-	€1.27
2018 LTIP**	Performance shares	June 25, 2018	330,000	300,000	12	April 2021	-	-	€1.27
2019 LTIP**	Performance shares	June 14, 2019	200,000	200,000	1	June 2022	-	-	€0.77
2019 LTIP**	Performance shares	July 24, 2019	2,383,000	2,335,306	175	June 2022	-	-	€0.77
2019 LTIP**	Performance shares	November 5, 2019	74,000	74,000	4	June 2022	-	-	€0.77

* *Management Incentive Plans (MIP) (see description above).*
** *Long-Term Incentive Plan (LTIP) (see description above).*
(1) *Exercise prices and number of options outstanding were modified following the 2015 capital increases.*

The exercise prices of the various plans were set without the application of a discount.

In accordance with Article L. 225-184 of the French Commercial Code:

- In 2019 and 2018, no options were exercised.

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10.3 Key management compensation

Total compensation due by Technicolor SA for the fiscal year 2019 to Board Members of the Company amounts to €759,250. The amounts due to non-resident for French tax purposes are subject to a withholding tax.

The amount of the fixed and variable compensation due by Technicolor SA for the fiscal year 2019 (i) to Mr. Richard Moat, its current CEO, amounts to €219,371 and (ii) to Mr. Frédéric Rose, its former CEO, amounts to €263,926.57.

Mr. Frédéric Rose, as other managers of the Group, was a beneficiary of the 2017 Long-Term Incentive Plan (LTIP 2017) approved by the Board of Directors on March 9, 2017. He has been granted 380,000 shares under this plan. Further to the end of office as CEO, Mr. Frédéric Rose kept his right to these Performance Shares subject to achievement of the performance conditions set out in the Plan. The number of Performance Shares that could vest will be pro-rated to the duration of his term of office compared to the total duration of the Plan (*i.e.* until November 5, 2019). Mr. Rose, therefore, is entitled to receive 321,463 Performance Shares subject to performance conditions. The Board of Directors of February 18, 2020 reviewed the level of achievement of the performance conditions set by the plan and noted that (i) the Performance condition linked to Adjusted EBITDA was achieved and (ii) the Performance condition linked to FCF was not achieved. Mr. Frederic Rose will vest 160,731 shares in 2020.

NOTE 11 Provision & Contingencies

11.1 Detail of provision

PROVISIONS

Provisions are recorded at the balance sheet date when the Company has an obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Company's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities, and as a result, has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The recorded provision represents the best estimate of the expenditure required to settle the obligation at the closing date. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded but details of the obligation are disclosed in the notes to the financial statements.

RESTRUCTURING PROVISIONS

Provisions for restructuring costs are recognized when the Company has a constructive obligation towards third parties, which results from a decision made by the Company before the closing date and supported by the following items:

- the existence of a detailed and finalized plan identifying the sites concerned, the location, the role and the approximate number of headcounts concerned, the nature of the expenses that are to be incurred and the effective date of the plan; and
- the announcement of this plan to those affected by it.

The restructuring provision only includes the costs directly linked to the plan. Restructuring costs encompass estimated shut-down costs, the impact of shorter useful life for property and equipment and the costs linked to employees' lay-off.

POST-EMPLOYMENT OBLIGATIONS

The costs for employee pensions retirement at Technicolor are accounted for progressively as employees acquire their rights to benefits. The valuation method applied takes into account future changes in payroll obligations. Post-employment benefits are accounted for when rights to benefits are acquired and payment thereof becomes probable.

Such payments and provisions are based on the estimated salaries and seniorities of employees at their date of departure.

Actuarial assumptions are as follows:

- discount rate: 0.5%;
- projected long-term inflation rate: 1.7%;
- salary rate of increase: 3.2%.

The Company records its commitments for jubilee awards (médailles du travail), in compliance with the ANC Recommendation n° 2013-02 issued on November 7, 2013. These charges are recognized separately from retirement provisions and actuarial differences are booked immediately in the statement of operations.

PROVISIONS

(in million euros)	As of December 31, 2018	Increases	Usage during the period	Reversals and reclassifications	As of December 31, 2019
Provisions for retirement benefit and jubilee	**3**	**-**	**-**	**-**	**3**
Subsidiaries and other risks	-	-	-	-	-
Restructuring measures relating to employees	-	2	(2)	-	-
Related to activities disposed of(1)	15	17	-	-	32
Other(2)	4	-	(1)	(1)	2
Other provisions for risks	**19**	**19**	**(3)**	**(1)**	**34**
TOTAL PROVISIONS FOR LOSSES AND CONTINGENCIES	**22**	**19**	**(3)**	**(1)**	**37**

(1) Provision relating to the disposal of businesses, notably the former Cathode Ray Tubes activity.
(2) Mainly concerns provisions for litigation (see note 11.2).

11.2 Contingencies

TAOYUAN COUNTY FORMER RCA EMPLOYEES' SOLICITUDE ASSOCIATION

Technicolor, certain of its subsidiaries and General Electric are being sued by an association of former employees (or heirs of former employees) at a former manufacturing facility in Taiwan (TCETVT). They allege exposure to various contaminants while living and working at the facility, which allegedly caused them to suffer various diseases, including cancer, or caused emotional distress from fear that living and working at the facility increased their risk of contracting diseases.

After a first ruling of the Taiwan court and an appeal before the Taiwan High Court (first appeals court), the Taiwan Supreme Court, in August 2018:

(i) confirmed the Taiwan High Court decision of awarding NTD 517.75 million (c. €15.4 million at the exchange rate as of December 31, 2019) in damages to 260 claimants; and

(ii) remanded the claims of 246 claimants for further proceedings at the High Court.

General Electric paid to the Court the full amount of the decision in December 2019.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on 27 December 2019 and awarded approximately NTD $2.3 billion (c. €68.5 million at the exchange rate as of December 31, 2019) plus late interest penalty. Technicolor and General Electric were held jointly and severally liable. Technicolor intends to appeal this decision.

Technicolor and its subsidiaries claim, among other reasons, that TCETVT operated for less than four years after its purchase from General Electric, while General Electric and its predecessor-in-interest RCA Corporation, owned and operated TCETVT for approximately twenty years.

Should the Group or any of the subsidiaries ultimately be held liable or settle the claims, the amounts of any such liability or settlement could be high. There are currently too many uncertainties to assess the extent of any liability that Technicolor or its subsidiaries may incur as a consequence of this lawsuit. Technicolor also has various avenues to mitigate any risk, including contractual indemnities owed to it by General Electric and others.

CATHODE RAY TUBES CASES

United States

Between 2014 and 2017, Technicolor settled with all plaintiffs in the legal actions that Technicolor had been defending in the United States pertaining to alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry.

However, the District Court decision approving the settlement in 2015 for U.S.$13.75 million in June 2015 of a class action brought by a group of indirect purchasers of CRT was remanded in February 2019 to the U.S. District Court by the California Court of Appeals so that the District Court may reconsider its approval of the settlement. As part of the remand process, the settlement agreement was amended by agreement of the parties in September 2019, which, if approved by the Court, will result in a small part of the settlement amount being returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states being excluded from the settlement. Approval of the amended settlement agreement is pending with the District Court. Since September 2019, motions to intervene and complaints were filed by consumers from those nine states. Those motions also are pending with the District Court. Technicolor believes that its exposure is limited in size and that it has valid means of defense.

Europe

Since 2014, Technicolor has also been defending, along with other defendants (Samsung, LG, Philips, etc.), several similar legal actions in various European jurisdictions alleging damages suffered as a result of anticompetitive behaviour in the CRT industry until 2005. All such cases are in the wake of the EU Commission decision of December 2012 pursuant to which Technicolor was fined €38.6M as a result of alleged involvement in a cartel. The cases are as follows:

- in the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds in January 2019;
- in the Netherlands, a case filed by three Brazilian TV manufacturers under Brazilian law;
- in Germany, two cases against three German former TV manufacturers (Grundig and Loewe/Metz) under German law. In 2018 and 2019, the German first instance court found all defendants liable in principle. Technicolor appealed these decisions.

At this time, Technicolor is unable to assess the potential outcome from those cases and the resulting potential liability due to the complexity of the cases, as Technicolor is still defending certain of these on procedural grounds and/or as the claims have not all been fully substantiated. Depending on jurisdictions, decisions on quantum are not expected before 2021 or 2022.

Technicolor also defended a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020.

NOTE 12 Other information

12.1 Trade accounts and other current assets and liabilities

Trade receivables and other current operating assets are valued at historical cost. A depreciation charge is recorded when recoverable value is lower than book value.

Current liabilities mainly consist of debts with a maturity of less than one year. This caption includes tax and social security liabilities, trade payables and fixed assets payables.

Income or charges are accrued when the service has been provided to or supplied by the company before the end of the financial year and when they can be measured with sufficient assurance.

Current assets mainly include current accounts of Group subsidiaries for €640 million (net of depreciation for €7 million).

Accrued income are booked in the following captions:

(in million euros)	2019	2018
Trade receivables	**41**	**29**
of which accrued income	*5*	*4*
Other current assets	**16**	**32**
of which accrued income	*7*	*21*

Accrued charges are booked in the following captions:

(in million euros)	2019	2018
Trade payables	**15**	**16**
of which accrued charges	*4*	*5*
Other current liabilities	**24**	**545**
of which tax and social accrued charges	*8*	*11*
of which other accrued charges	*8*	*11*

Compliance with supplier and customer invoices contractual payment terms:

At year end:

- the amount including VAT of overdue supplier invoices represents 2.2% of fiscal year purchases amount excluding VAT;
- the amount including VAT of overdue customer invoices represents 6.4% of fiscal year revenue sales excluding VAT.

12.2 Related parties

All significant transactions with related parties are concluded with fully owned subsidiaries.

12.3 Prepayments, deferred charges and unrealized losses on foreign exchange

In 2019, corresponds to €1 million prepayments and €1 million deferred charges on debt issuance costs.

In 2018, was corresponding to €2 million prepayments and €2 million deferred charges on debt issuance costs.

12.4 Off balance-sheet contractual obligations and commercial commitments

(in million euros)	2019	2018
Unconditional future payments		
Operating Leases	1	1
Other unconditional future payments	-	-
TOTAL UNCONDITIONAL FUTURE PAYMENTS	**1**	**1**
Conditional future payments		
Guarantees given regarding undertakings by related entities	1,158	730
Other conditional future payments	-	-
TOTAL CONDITIONAL FUTURE PAYMENTS	**1,158**	**730**

As part of its business activities, Technicolor SA may issue performance guarantees for its subsidiaries as well as comfort letters.

In addition, as part of its management of the currency exchange rate risk, Technicolor SA implements over a fixed period foreign exchange guarantees with its subsidiaries under which their trade exposures are hedged at a determined currency exchange rate. The most significant commitments are thereafter summarized:

Subsidiaries	Currency to deliver	Currency to receive	Commitment to deliver(1)	Commitment to receive(1)	Maturity
The Moving Picture Company Ltd					
	GBP	USD	2	3	2020
	USD	GBP	13	10	2020
Technicolor Japan KK					
	USD	JPY	13	1,429	2020
Technicolor Polska Sp. Z o.o					
	EUR	PLN	16	70	2020
	PLN	EUR	150	34	2020
Technicolor Canada, Inc					
	USD	CAD	54	71	2020
	CAD	USD	50	38	2020
Technicolor Disc Services International Ltd					
	GBP	USD	3	4	2020
	USD	GBP	6	4	2020

(1) *Expressed in millions of the corresponding currency.*

NOTE 13 Statutory Auditors fees

	Deloitte		Mazars	
(in million euros)	2019	2018	2019	2018
Audit services	1	1	1	1
TOTAL	**1**	**1**	**1**	**1**

Audit services include all services charged by the Statutory Auditors in completion of their audit of annual consolidated financial statements and the services provided by the Statutory Auditors in meeting the Group's legal and regulatory requirements, including the review of interim financial statements and the audit of the Company's financial statements.

NOTE 14 Subsequent events

On February 13, 2020, the Group announced its 2020-2022 strategic plan, focused on a more disciplined approach to business selection whilst continuing to provide market leading products and services.

Concurrently the Group announced three transactions aimed at strengthening its capital structure and restoring its strategic flexibility:

- a Capital increase with preferential subscription rights for shareholders for a total gross amount of circa €300 million. An Extraordinary General Meeting of Shareholders will be held on March 23, 2020 which will vote on resolutions related to the Rights Issue. It is anticipated that the equity issuance will be launched in the second quarter of 2020, subject to approval from Technicolor's shareholders, regulatory authorities, and market conditions;
- an 18-month extension of its existing RCF from December 2021 to June 2023, conditional on the successful execution of the Rights Issue. Similarly, the Wells Fargo facility will be extended by 18 months from September 2021 to March 2023;
- an additional U.S.$110 million short-term facility which has been arranged by J.P. Morgan. The facility will provide additional liquidity headroom and will be repayable following the receipt of proceeds of the Rights Issue.

6.6 PARENT COMPANY FINANCIAL DATA OVER THE FIVE LAST YEARS (UNDER ARTICLES R. 225-81 AND R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Type of information *(in euros except number of shares, earning per share and number of employees)*	**2015**	**2016**	**2017**	**2018**	**2019**
I – Financial position at year end					
a. Share capital	411,443,290	413,245,967	414,461,178	414,461,178	414,461,178
b. Number of shares issued	411,443,290	413,245,967	414,461,178	414,461,178	414,461,178
c. Maximum number of shares to issue in the future					
Share-based payment	16,885,573	13,968,054	12,562,940	10,652,013	9,853,731
Free and performance shares	1,022,250	3,638,875	6,868,232	6,483,821	6,471,026
II – Statements of operations					
a. Revenues (excluding VAT)	60,366,804	77,630,479	53,706,814	54,905,341	54,494,061
b. Profit (Loss) before tax, amortization and provisions	604,666,914	58,004,385	(289,776,803)	(10,335,190)	42,813,391
c. Income tax profit	61,844,665	51,827,666	23,157,010	44,568,125	(10,859,497)
d. Profit (Loss) after tax, amortization and provisions	(186,468,424)	148,974,598	(1,343,907,218)	153,242,014	(344,312,721)
e. Dividend paid and distributions	24,686,597	24,794,758	-	-	-
III – Earnings (loss) per share*					
a. Profit (Loss) after tax, but before amortization and provisions	1.93	0.27	(0.64)	0.08	0.08
b. Profit (Loss) after tax, amortization and provisions	(0.54)	0.36	(3.25)	0.37	(0.83)
c. Dividend paid and distributions	0.06	0.06	-	-	-
IV – Employees					
a. Average number of employees	211	156	156	110	104
b. Wages and salaries	29,287,684	21,136,752	18,235,451	13,559,747	12,586,654
c. Social security costs	12,465,898	9,795,329	9,259,771	6,320,733	5,004,854

* *No changes in the number of shares in capital during 2019*

As of December 31, 2019, Technicolor SA's shareholders' equity is less than half of the share capital. Accordingly, the Company will implement the procedure required by Article L. 225-248 of the French Commercial Code.

6.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

GRI *[102-56]*

This is a translation into English of the statutory auditors' report on the consolidated financial statements of Technicolor issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Technicolor SA for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principle

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of shares in subsidiaries

Note 7 to the financial statements

RISK IDENTIFIED

Shares in subsidiaries represent one of the most significant line items of the December 31, 2019 balance sheet with a net amount of €2,148 million, which represents 75% of total assets. They are recorded at their historical acquisition cost and impaired based on their value in use.

As indicated in Note 7 to the financial statements, the value in use of investments in subsidiaries is determined case by case based on the portion of equity represented by the shares or on the recoverable value. When the value in use of such investments is less than their gross value, a valuation allowance is set up for the difference. Provision for current accounts and loans are made if the net financial position is negative. In addition, a provision for risk is set aside for the surplus over the residual net negative balance.

The economic environment in which the Group operates is rapidly changing. The subsidiaries can therefore experience changes in their activity with a negative impact on operating income and on their forecast.

In this context and given the significant amount of shares in subsidiaries in Technicolor accounts, we considered the valuation of shares in subsidiaries to be a key audit matter.

OUR ANSWER

To assess the reasonableness of the value in use of the shares in subsidiaries, based on the information communicated to us, our work mainly consisted in:

- Verifying that shares in subsidiaries acquisition of the period are recorded at their acquisition cost;
- Analyzing the procedures used by the Group to realize impairment tests, examining how these impairment tests are performed and verifying the relevance of the method used depending on the share tested;
- For the shares valuated based on the portion of equity they represent, verifying that the equity retained agrees with the accounts of the entities that were audited or the subject of analytical procedures and that adjustments proceeded on equity, if need be, are documented properly;
- For the shares valuated on their recoverable value, obtaining the cash flow forecasts established by the Management and appreciating their consistency;
- Testing the arithmetical accuracy of the value of shares calculation.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of the company the annual general meeting held on June 20, 2012 for Deloitte & Associés and on May 29, 1985 for Mazars.

As at December 31, 2019, Deloitte & Associés was in the 8th year of total uninterrupted engagement and Mazars in the 35th year of total uninterrupted engagement including 21 years since the company's share had been listed.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors

Statutory auditors' responsibilities for the audit of the financial statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris-La-Défense, February 24, 2020

Deloitte & Associés	Mazars
French originally signed by	French originally signed by
Bertrand Boisselier	Jean-Luc Barlet
Partner	Partner

6.8 AUDITORS

6.8.1 Table of Auditors' fees

For a detailed table of auditors' fees, please refer to note 14 to the Group's consolidated financial statements.

6.8.2 Statutory Auditors

Deloitte & Associés – Tour Majunga, 6 place de la Pyramide, 92908 Paris – La Défense represented by Mr. Bertrand Boisselier.

Mazars – Tour Exaltis, 61 rue Henri-Regnault, 92400 Courbevoie represented by Mr. Jean-Luc Barlet.

STARTING DATE OF STATUTORY AUDITORS' FIRST MANDATE

Deloitte & Associés: 2012.

Mazars: 1985.

DURATION AND EXPIRATION DATE OF STATUTORY AUDITORS' MANDATE

Deloitte & Associés: re-appointed by the Combined Shareholders' Meeting of April 26, 2018 until the Shareholders' Meeting to be held for the approval of the financial statements for the fiscal year ended December 31, 2023.

Mazars: re-appointed by the Annual General Shareholders' Meeting held on April 29, 2016 until the Shareholders' Meeting to be held for the approval of the financial statements for the fiscal year ended December 31, 2021.

6.8.3 Substitute Statutory Auditors

CBA - 62 rue Henri Régnault – Tour Exaltis, 92140 Courbevoie

DURATION AND EXPIRATION DATE OF SUBSTITUTE STATUTORY AUDITORS' MANDATE

CBA - appointed by the Combined Shareholders' Meeting of April 29, 2016 until the Shareholders' Meeting to be held for the approval of the financial statements for the fiscal year ended December 31, 2021.

ADDITIONAL INFORMATION

A change of registered office and a new installation **at the heart of Paris**

Shares included in CAC Small, CAC Mid & Small and CAC All-Tradable Indices.

108 subsidiaries and companies accounted for under the equity method

7.1 COMPANY PROFILE

GRI *[102-1] [102-3] [102-5] [102-7] [102-50] [102-52]*

Legal and business name: TECHNICOLOR

Registered office:

8-10, rue du Renard

75004 Paris, France

Tel.: +33 (0)1 88 24 30 00

E-mail: shareholder@technicolor.com

Website: www.technicolor.com (the information on the website does not form part of this Universal Registration Document)

Twitter: twitter.com/technicolor

Domicile, legal form and applicable legislation: Technicolor is a French corporation (*société anonyme*), governed by the French Commercial Code, by all laws and regulations pertaining to corporations, and its bylaws.

The Company is registered with the Trade Registry (*Registre du commerce et des sociétés*) of Paris under No. 333,773,174. Its APE Code, which identifies a Company's type of business and activities, is 7010Z, corresponding to the business of corporate administration.

Date of incorporation and term of the Company: Technicolor was formed on August 24, 1985. It was registered on November 7, 1985 for a term of 99 years, expiring on November 7, 2084.

Fiscal year: January 1 to December 31.

Stock Exchange: Technicolor is listed on the Euronext Paris exchange (symbol: TCH). Technicolor is also trading on OTCQX International Premier, a premium listing Over-the-Counter securities service (symbol: TCLRY).

For more information, please refer to Chapter 1: "Presentation of the Group", section 1.4: "Share capital and shareholding" of this Universal Registration Document.

Activity: Technicolor, a worldwide Technology leader operating in the Media & Entertainment industry, is at the forefront of digital innovation. Technicolor's activities are organized in three business segments, namely Production Services, DVD Services and Connected Home. All other activities and corporate functions (unallocated) are presented within the "Corporate & Other" segment. For a detailed description of the Group's segments, please refer to section 1.2: "Organization & business overview".

In fiscal year 2019, Technicolor generated consolidated revenues from continuing operations of €3,800 million. As of December 31, 2019, the Group had 17,189 employees in 27 countries.

7.2 LISTING INFORMATION

7.2.1 Markets for the Company's securities

Technicolor's shares are listed on Euronext Paris (Compartment B), under the designation "Technicolor", ISIN Code FR0010918292, with the trading symbol TCH (LEI code: 4N6SD705LP5XZKA2A097).

Technicolor's shares are eligible for the Long-only Deferred Settlement Service. With this service, the purchaser may on the determination date, which is the fifth trading day prior to the last trading day of the month, inclusive, either (i) settle the trade no later than the last trading day of such month, or (ii) upon payment of an additional fee, extend to the determination date of the following month the option either to settle no later than the last trading day of such month or postpone again the selection of a settlement date until the next determination date. Such option may be maintained on each subsequent determination date upon payment of an additional fee.

Equity securities traded on a deferred settlement basis are considered to be transferred only after they are registered in the purchaser's account. Under French securities regulations, any sale of a security traded on a deferred settlement basis during the month of a dividend payment date is deemed to occur after the dividend has been paid. Thus if the deferred settlement sale takes place during the month of a dividend payment, but before the actual payment date, the purchaser's account will be credited with an amount equal to the dividend paid and the seller's account will be debited by the same amount.

Prior to any transfer of securities listed on Euronext Paris held in registered form, the securities must be converted into bearer form and accordingly recorded in an account maintained by an intermediary accredited with Euroclear France SA, a registered central security depositary. Trades of securities listed on Euronext Paris are cleared through LCH Clearnet and settled through Euroclear France SA using a continuous net settlement system.

In France, Technicolor's ordinary shares are included in the CAC Small, CAC Mid & Small and CAC All-Tradable Indices.

Since 2014, ADSs have been traded on OTCQX International Premier, a premium OTC securities listing service (symbol: TCLRY).

7.2.2 Listing on Euronext Paris

The tables below set forth, for the periods indicated, the high and low prices (in euros) for Technicolor's outstanding shares on Euronext Paris.

	Euronext Paris					
	Volume of transactions			Share price *(in euros)*		
Years ending December 31	*(in million euros)*	**Number of shares**	**Average volume**	**Average closing price**	**Highest price**	**Lowest price**
2015	1,375.13	227,934,940	890,371	6.03	7.57	4.27
2016	1,473.64	263,351,060	1,024,712	5.62	7.46	4.55
2017	1,141.71	319,188,276	1,251,719	3.71	5.28	2.60
2018	1,232.07	895,492,813	3,511,737	1.50	3.33	0.81
2019	389.66	443,742,931	1,740,168	0.88	1.29	0.65

Source: Euronext.

	Euronext Paris					
	Volume of transactions			Share price *(in euros)*		
Years ending December 31	*(in million euros)*	**Number of shares**	**Average volume**	**Average closing price**	**Highest price**	**Lowest price**
2017						
First quarter	391.18	96,919,844	1,491,075	4.14	5.28	3.48
Second quarter	220.13	49,880,149	804,519	4.49	4.80	3.57
Third quarter	238.83	73,017,564	1,123,347	3.30	4.09	2.84
Fourth quarter	291.57	99,370,719	1,577,313	2.92	3.28	2.60
2018						
First quarter	406.95	214,389,708	3,403,011	2.45	3.33	1.33
Second quarter	432.45	325,649,152	5,169,034	1.36	1.61	0.99
Third quarter	182.81	164,920,314	2,537,236	1.11	1.29	0.99
Fourth quarter	209.86	190,533,639	2,977,088	1.09	1.36	0.81
2019						
First quarter	112.97	107,991,938	1,714,158	1.03	1.29	0.87
Second quarter	95.82	100,120,183	1,614,842	0.98	1.24	0.80
Third quarter	115.79	147,299,814	2,231,815	0.79	0.89	0.69
Fourth quarter	65.08	88,330,996	1,380,172	0.74	0.88	0.65

Source: Euronext.

	Euronext Paris					
	Volume of transactions			Share price *(in euros)*		
Last six months	*(in million euros)*	**Number of shares**	**Average volume**	**Average closing price**	**Highest price**	**Lowest price**
2019						
September	23.95	30,102,785	1,433,466	0.79	0.85	0.75
October	19.08	25,532,476	1,110,108	0.74	0.82	0.71
November	20.71	26,091,599	1,242,457	0.79	0.88	0.72
December	25.28	36,706,921	1,835,346	0.69	0.75	0.65
2020						
January	28.41	42,300,829	1,922,765	0.66	0.73	0.60
February	76.52	219,200,765	10,960,038	0.48	0.69	0.22

Source: Euronext.

7.3 NOTIFICATION OF INTERESTS ACQUIRED IN FRENCH COMPANIES IN 2019 AND 2018

7.3.1 Notification of interests acquired in the share capital of French companies in 2019

In compliance with Article L. 233-6 of the French Commercial Code, the Group notifies that it acquired no interests in any French Company in 2019.

7.3.2 Notification of interests acquired in the share capital of French companies in 2018

In compliance with Article L. 233-6 of the French Commercial Code, the Group notifies that it acquired no interests in any French Company in 2018.

7.4 MEMORANDUM AND BYLAWS

This section contains the information required by item 19.2: "Memorandum and Articles of Association" of Annex 1 of Commission delegated Regulation n°2019/980 of 14 March 2019.

Copies of the Company's bylaws in French are available from the Trade Registry of Paris, France.

7.4.1 Corporate purpose

Technicolor's purpose is, directly or indirectly, in France and in any other country:

- the taking of equity holdings or interests in any business of any nature in any form whatsoever, whether in existence or to be created;
- the acquisition, management, and transfer of any and all real property rights and assets and any and all financial instruments, and the execution of any and all financing transactions;
- the acquisition, transfer and use of any and all Intellectual Property rights, licenses or processes;
- the manufacture, purchase, importation, sale and export, anywhere, of any and all materials and products, as well as the rendering of any and all services.

Technicolor may act directly or indirectly, for its own account or for the account of third parties, whether alone or through an equity holding, agreement, association or Company, with any other legal entity or individual, and carry out, in France or abroad, in any manner whatsoever, any and all financial, commercial, industrial, real property, and personal property transactions within the scope of its purpose or involving similar or related matters (Article 2 of the bylaws).

7.4.2 Board of Directors and Executive Committee members

Information relating to administrative bodies can be found in Chapter 4: "Corporate governance and compensation", section 4.1.: "Corporate Governance" of this Universal Registration Document.

7.4.3 Rights, privileges and restrictions attached to shares

VOTING RIGHTS

"Each shareholder shall have as many votes as the shares that he possesses or represents by proxy. In accordance with paragraph 3 of article L. 225-123 of the French Commercial Code, it is not granted any double voting right for shares for which it is justified of a registered form during at least two years in the name of the same shareholder." (Article 20 of the bylaws).

Under French law, treasury shares are not entitled to voting rights.

OTHER RIGHTS OF SHAREHOLDERS

"In addition to the right to vote that is attributed by law, each share gives the right to the ownership of the corporate assets, to share in the profits, and to the liquidation proceeds, in an amount equal to the portion of the share capital represented by such share.

Whenever it may be necessary to own a certain number of shares in order to exercise a right, it is the responsibility of the shareholders who do not own an adequate number of shares, as the case may be, to group their shares in the amount necessary.

The ownership of a share entails, by operation of law, adherence to the bylaws of the Company and to the decisions of the General Shareholders' Meeting and the Board of Directors, acting by delegation of the General Shareholders' Meeting." (Article 9 of the bylaws).

7.4.4 Actions necessary to change the rights of shareholders

Any amendment to the bylaws must be voted in or authorized by the shareholders' meeting under the conditions of quorum and majority required by the laws or regulations in force for Extraordinary Shareholders' Meetings.

7.4.5 Shareholders' meetings

NOTICE OF SHAREHOLDERS' MEETINGS

"Shareholders' meetings are convened and deliberate pursuant to applicable laws and regulations." (Article 19 of the bylaws).

ATTENDANCE AND VOTING AT SHAREHOLDERS' MEETINGS

"Every shareholder has the right, upon proof of his identity, to participate in General Shareholders' Meetings, by attending in person, by mailing in a voting form, by designating a proxy or (…) by electronic vote during a meeting.

Such participation, in any form whatsoever, is subject to the registration or the recording of the shares, either in the Company's registered share account, or in a bearer share account held by an authorized intermediary, within the time limits and under the conditions provided for by applicable regulations. In the case of bearer shares, the registration or the recording of the shares is confirmed by a certificate of participation delivered by the authorized intermediary." (Article 19 of the bylaws).

7.4.6 Bylaws requirements for holdings exceeding certain percentages

"Without prejudice to applicable law, any legal entity or individual, whether acting alone or in concert, who comes to own directly or indirectly a number of shares or voting rights equal to or greater than 0.5% of the total number of shares or voting rights of the Company, must so inform the Company. This obligation is governed by the same provisions as those governing the legal obligation; the threshold crossing declaration is to be made within the same deadline as for the legal obligation, by registered letter with return receipt requested, by facsimile or by telex, indicating whether the shares or the voting rights are held for the account of, under the control of, or in concert with other legal entities or individuals. An additional notice is required for each additional holding of 0.5% of the share capital or voting rights, without limitation.

This duty to inform applies under the same conditions when the equity holding or the voting rights cross below the thresholds mentioned in the preceding paragraph.

In the event of a failure to comply with the duty to inform provided above, the shareholder may, under the conditions and within the limits of applicable laws and regulations, be deprived of the right to vote in respect of the shares exceeding the relevant threshold. This penalty is independent of any penalty that may be decided by judicial decision upon request by the Chairperson, a shareholder, or the *Autorité des marchés financiers*.

For the purpose of determining the thresholds referred to above, shares or voting rights held indirectly and shares or voting rights associated with the shares or voting rights actually held, as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code, are taken into account.

The declarant must certify that the declaration includes all of the securities giving access immediately or in the future to the share capital of the Company held or owned within the meaning of the preceding paragraph. The declarant must also indicate the date or dates of acquisition.

Mutual fund management firms are required to report this information in respect of all of the voting rights attached to the shares of the Company held by the funds that they manage." (Article 8.2 of the bylaws).

7.5 MATERIAL CONTRACTS

Readers are invited to refer to the description of the agreements relating to the Term Loan documentation described in Chapter 2: "Operating and financial review and prospects", section 2.3.3 "Financial resources" of this Universal Registration Document.

7.6 ADDITIONAL TAX INFORMATION

Total amounts, by category of expenditure, reinstated in the taxable profits following a definitive tax adjustment under Article 223 quinquies of the French Tax Code

None.

Total amount of certain non-deductible expenses under Articles 39-4 and 223 quater of the French Tax Code

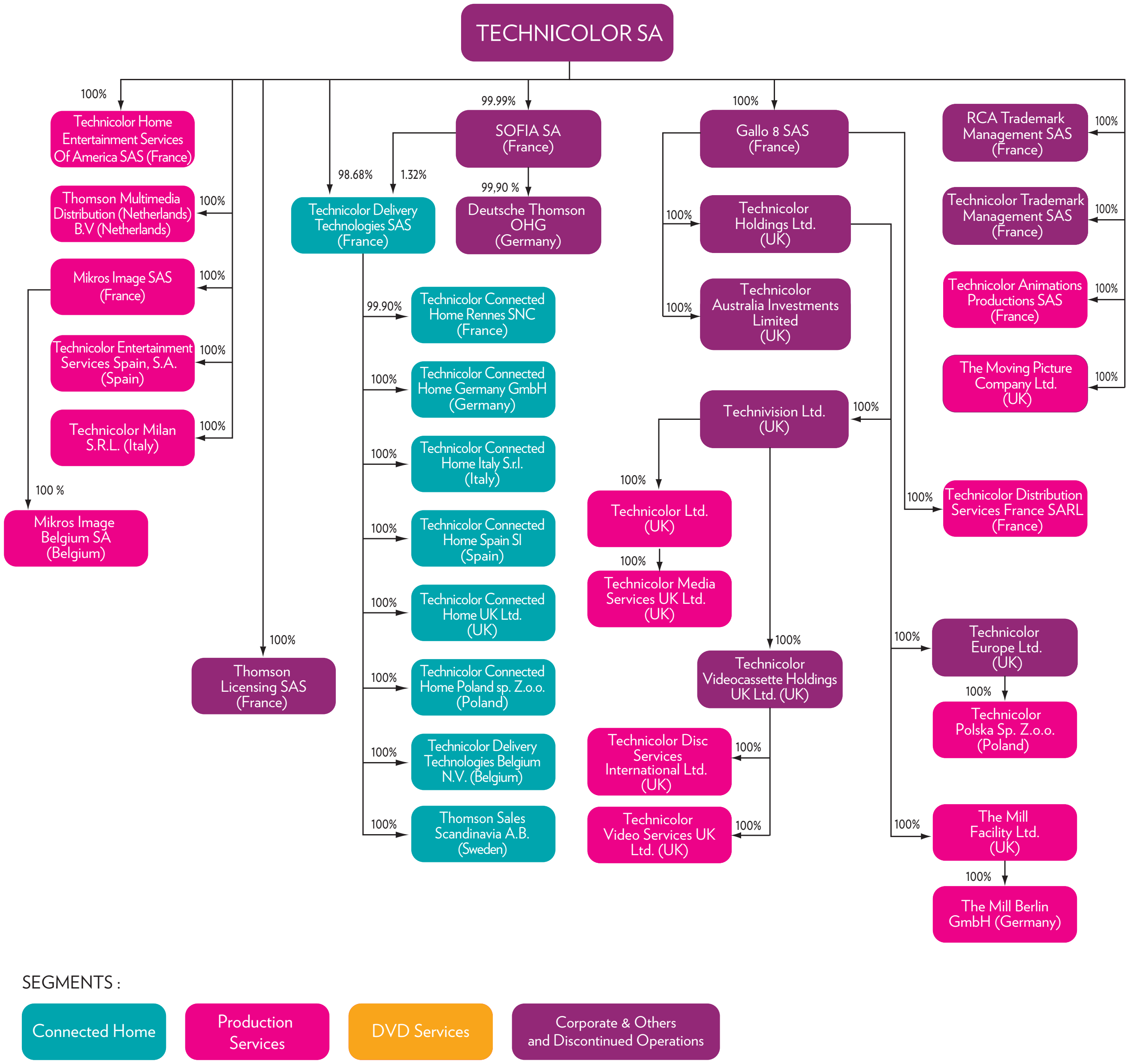
The non-deductible expenses referred to in Article 39-4 of the French Tax Code amounted to €94,793.66 in 2019 for the Company and corresponded to non-deductible lease payments on private vehicles.

7.7 ORGANIZATION OF THE GROUP

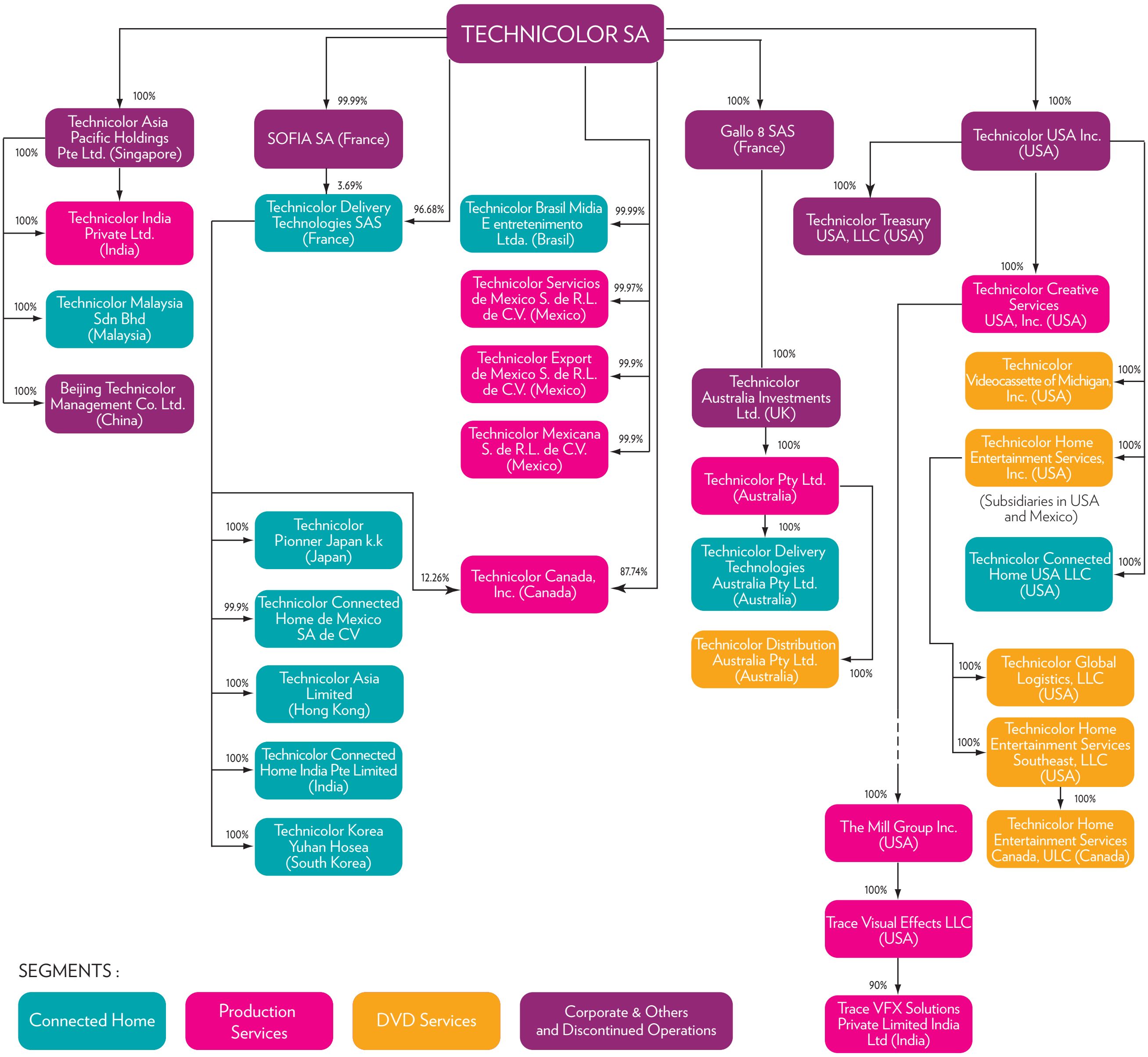
7.7.1 Legal organizational chart of the Group as of December 31, 2019

GRI [102-45]

MAIN LEGAL ENTITIES – EUROPE



MAIN LEGAL ENTITIES – ASIA AND AMERICA



7.7.2 Operational organization of the Group

GRI *[102-45]*

The Group's organizational chart below contains the Group's main operating subsidiaries, classified by segments. These subsidiaries are directly held by Technicolor or indirectly held through holding companies as of December 31, 2019. They have been selected based on their contribution to the Group's revenues (external and intra-group) or on their workforce. Revenues from these subsidiaries represented 99% of the group's revenues (external and intra-group) in 2019.

The list of main consolidated subsidiaries is described in Chapter 6, note 15 to the Group's consolidated financial statements. A summary table sets forth the list of the Group's subsidiaries broken down by the geographic location of the entity (please refer to Chapter 6, note 2.1 to the consolidated financial statements).

Main financial data (revenues, profit (loss) from continuing and discontinuing activities, geographic breakdown of assets and liabilities) as well as goodwill and trademarks are broken down for each segment in the Group's consolidated financial statements in notes 3, 4.1 and 4.2, respectively.

	Entertainment Services	Connected Home	Other
France	Technicolor Distribution Services France SARL Mikros Image SAS Technicolor Animation Productions SAS	Technicolor Delivery Technologies SAS	Thomson Licensing SAS
Europe except France	Technicolor Polska s.p. Z.o.o. The Moving Picture Company Ltd. Technicolor Video Services (UK) Ltd. Technicolor Ltd. The Mill (Facility) Ltd.		
America	Technicolor Global Logistics, LLC Technicolor Videocassette of Michigan, Inc. Technicolor Home Entertainment Services Inc. Technicolor Creative Services USA Inc. Technicolor Canada Inc.(1) Technicolor Home Entertainment Services de Mexico S. de R.L. de C.V. Technicolor Home Entertainment Services Southeast, LLC The Mill Group Inc.	Technicolor Brasil Midia E Entretenimento Ltda Technicolor Connected Home USA LLC Thomson Telecom Mexico, S.A. de C.V. Technicolor Canada Inc.(1)	Technicolor USA Inc
Asia	Technicolor Pty, Ltd.	Technicolor Delivery Technologies Australia Pty, Ltd Technicolor Pioneer Japan KK Technicolor Korea Yuhan Hoesa	

(1) This entity hosts operations on the two segments Entertainment Services and Connected Home.

PARENT COMPANY

On December 31, 2019, Technicolor SA had 104 employees. It mainly hosts the activities of group management, support functions, group treasury and part of the Connected Home segment. The Company's income statement (as presented in the corporate financial statements) shows a net loss of €344 million in 2019 (compared with a net profit of €153 million in 2018) (for more information regarding the parent company, refer to Technicolor SA's corporate financial statements and notes to the financial statements in Chapter 6: "Financial statements", sections 6.4 "Technicolor SA parent company financial statements" and 6.5 "Notes to the parent company financial statements" of this Universal Registration Document).

MAIN CASH FLOWS BETWEEN THE COMPANY AND THE SUBSIDIARIES

The Company ensures the financing of its subsidiaries by loans and current accounts (net payable position of €633 million before depreciation at December 31, 2019) and equity instruments and received €459 million in dividends in 2019 (compared with €39 million in 2018). The Company has organized a system of centralization of the treasury in the main countries where it operates and implements hedge transactions for the Group, in accordance with defined management rules.

The Company also provides services to companies affiliated to the Group in Information Systems, purchases, management, treasury, people and various counsels. These services are invoiced either on the basis of a percentage of the income or/and of the net profit of the subsidiaries, through a fixed fee, or charged for each service.

For more details, see note 12.2 to the Company's statutory accounts for related party transactions.

7.8 SUPPLIERS AND CUSTOMERS PAYMENT TERMS

In compliance with Article L. 441-6-1 of the French Commercial Code, the information on suppliers and customers payment terms is detailed in the table hereafter.

	Article D. 441 I.-1°: Supplier invoices received, overdue but unpaid at year end						Article D. 441 I.-2°: Customer invoices sent, overdue but unpaid at year end					
(in euros)	0 day (indicative) 31/12/2019	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day (indicative) 31/12/2019	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Overdue payments by period												
Number of invoices concerned	36					82	0					43
Total amount including VAT of invoices concerned	534,046	764,248	17,864	68,197	143,628	993,937	0	2,159,406	191,176	772,006	377,026	3,499,614
Percentage of fiscal year purchases amount excluding VAT	1.2%	1.7%	0%	0.1%	0.3%	2.2%						
Percentage of fiscal year revenue sales excluding VAT							0%	4.0%	0.4%	1.4%	0.7%	6.4%
(B) Disputed or unrecorded invoices excluded from (A)												
Number of invoices excluded						-						18
Total amount including VAT of invoices excluded						-						2,284,766
(C) Reference payment terms used (contractual or required by Law – article L. 441-6 or article L. 443-1 from French Comercial Code)												
Payment terms used for calculation of payment delays (Specify)	Contractual payment terms						Contractual payment terms					

7.9 AVAILABLE DOCUMENTS

The bylaws and other corporate documents of the Company, any evaluation or statement prepared by an expert at the request of the Company, part of which is included or mentioned in this Universal Registration Document, and, more generally, all documents sent or made available to shareholders pursuant to French law may be consulted at the Company's registered office, 8-10, rue du Renard, 75004 Paris, France.

Moreover, historical financial information and regulated information of the Group is available on the Company's website (www.technicolor.com).

Paper versions of this Universal Registration Document are available free of charge. This Universal Registration Document may also be consulted on the Technicolor website.

7.10 SOURCES REGARDING COMPETITIVE POSITION

This Universal Registration Document contains statements regarding market trends, market share, market position and products and businesses. Unless otherwise noted herein, market estimates are based on the following outside sources, in some cases in combination with internal estimates:

- IHS Screen Digest, FutureSource Consulting, PwC, Wilkofsky Gruen Associates, Thomson Reuters, Strategy Analytics, Statista, Magna Global, IDATE, Parks Associates, IAB, Nielsen, eMarketer, Harvard Business Review, McKinsey, IDC, and Visual Effects Society for overall market trends in the Media & Entertainment and Technologie industries;
- FutureSource Consulting for information on DVD replication and distribution services;
- IHS Screen Digest, Parks Associates, Generator Research, IDC, Gartner, IDG and Informa for information on consumer electronics (TV, Tablets, smartphones);
- Parks Associates, Dell'Oro Group and Infonetics Research for information on Set-Top Box, DSL and cable modems, routers & gateways.

7.11 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

GRI *[102-53]*

7.11.1 Declaration by the person responsible for the Universal Registration Document and the Annual Financial Report

Mr. Richard Moat, Chief Executive Officer, Technicolor,

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and that there is no omission likely to affect the fairness of the presentation.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of its consolidated subsidiaries, and that the management report, hereby enclosed, fairly presents the evolution of the business, results and financial position of the Company and its consolidated subsidiaries, and describes the principal risks and uncertainties that they face.

Paris, April 17, 2020

Chief Executive Officer of Technicolor,

Richard Moat

7.11.2 Person responsible for information

GRI *[102-53]*

Mr. Laurent Carozzi, Chief Financial Officer of Technicolor, 8-10, rue du Renard, 75004 Paris France Tel.: +33 (0)1 88 24 30 00

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UNIVERSAL REGISTRATION DOCUMENT CROSS-REFERENCE TABLES

Under Article 19 of Regulation (EU) n°2017/1129 of the European Parliament and of the Council of 14 June 2017, the following information is incorporated by reference in the Universal Registration Document:

- the consolidated financial statements of the year 2018 and the Statutory Auditors' reports on the consolidated financial statements are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2018 (pages 172 to 251);
- the consolidated financial statements of the year 2017 and the Statutory Auditors' reports on the consolidated financial statements are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2017 (pages 176 to 257);
- the annual accounts of the Company for the year 2018 and the Statutory Auditors' reports on the annual accounts are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2018 (pages 252 to 280);
- the annual accounts of the Company for the year 2017 and the Statutory Auditors' reports on the annual accounts are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2017 (pages 252 to 289).

The Registration Document of the year 2018 was filed with the *Autorité des marchés financiers* on March 29, 2019 under No. D.19-0223.

The Registration Document of the year 2017 was filed with the *Autorité des marchés financiers* on March 21, 2018 under No. D.18-0160.

To facilitate the reading of the Universal Registration Document, the cross-reference tables below refer to the main headings required by Annexes 1 and 2 of the Commission delegated Regulation n°2019/980 of 14 March 2019 implementing the "Prospectus" Directive and includes the elements of:

- the Annual Financial Report, the management report and the corporate governance report integrated into this Universal Registration Document; as well as
- the information required by Articles L. 225-102-1 and R. 225-105 (disclosure on extra-financial performance) and L. 225-102-4 (vigilance plan) of the French Commercial Code.

Cross-reference table referring to the main headings required by Annexes 1 and 2 of the Commission delegated Regulation (EU) n°2019/980 of 14 March 2019

GRI *[102-46]*

	Information required under Annexes 1 and 2 of the regulation (EU) 2019/980	Corresponding sections and Chapters of the Universal Registration Document	Page no.
1.	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT'S REPORTS AND COMPETENT AUTHORITY APPROVAL**		
1.1	Identity of the persons responsible for the information	Chapter 7, section 7.11.2	305
1.2	Declaration by the persons responsible	Chapter 7, section 7.11.1	305
1.3	Statement of Experts and Declaration of Interest	Chapter 7, section 7.10	305
1.4	Certification on information provided by third parties	N/A	
1.5	Declaration of deposit to the competent authority		1
2.	**STATUTORY AUDITORS**		
2.1	Name and address	Chapter 6, section 6.8	294
2.2	Resignation or departure of Statutory Auditors	Chapter 6, section 6.8.3	294
3.	**RISK FACTORS**	**Chapter 3, section 3.1**	**46**
4.	**INFORMATION ABOUT THE ISSUER**		
4.1	Legal and business name	Chapter 7, section 7.1	296
4.2	Place of registration and registration number	Chapter 7, section 7.1	296
4.3	Issuer's incorporation date and length of life	Chapter 7, section 7.1	296
4.4	Domicile, legal form, applicable legislation, country of incorporation, registered office's address and telephone number	Chapter 7, section 7.1	296
5.	**BUSINESS OVERVIEW**		
5.1	Principal activities	Chapter 1, section 1.1	9
5.1.1	Nature of transactions made by the Company and its principal activities	Chapter 1, section 1.2	12
5.1.2	New products/services launched on the market	Chapter 1, section 1.2	12
5.1.3	Issuer's incorporation date and length of life	Chapter 7, section 7.1	296
5.2	Principal markets	Chapter 1, section 1.2	12
5.3	Exceptional events	Chapter 1, section 1.3	22
5.4	Strategy and Objectives	Chapter 1, section 1.3	22
5.5	Dependence on patents, licenses, contracts or new manufacturing processes	Chapter 2, section 2.3.3 and chapter 3, sections 3.1.1, 3.1.2	42; 47; 50
5.6	Competitive position	Chapter 7, section 7.10	305
5.7	Investments	Chapter 5, section 5.5.4 and chapter 6, section 6.2, notes 3, 10 and 15 to the consolidated financial statements	180; 212; 252; 261
6.	**ORGANIZATIONAL STRUCTURE**		
6.1	Brief description	Chapter 7, sections 7.7	301
6.2	List of main subsidiaries	Chapter 7, section 7.7.2 and chapter 6, section 6.2, note 15 to the consolidated financial statements	303; 261
7.	**OPERATING AND FINANCIAL REVIEW**		
7.1	Financial condition	Chapter 2 and chapter 6	31; 195
7.2	Operating results	Chapter 2, section 2.2	32
7.2.1	Significant factors affecting the income from operations	Chapter 2, sections 2.2	32
7.2.2	Reasons for material changes in net sales or revenues	Chapter 2, sections 2.2.1 and 2.2.3	33; 36

Information required under Annexes 1 and 2 of the regulation (EU) 2019/980		Corresponding sections and Chapters of the Universal Registration Document	Page no.
18.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
18.1	Historical financial information	Chapter 1, chapter 2 and chapter 6	7; 31; 195
18.2	Interim financial information	N/A	
18.3	Auditing of historical annual financial information	Chapter 6, sections 6.3 and 6.7	263; 290
18.4	*Pro forma* financial information	N/A	
18.5	Dividend Policy	Chapter 1, section 1.4.4	30
18.6	Legal and arbitration proceedings	Chapter 3, section 3.1.4 and chapter 6, section 6.2 note 10.2 to the consolidated financial statements	61; 253
18.7	Significant change in the financial or business situation	Chapter 1, sections 1.1.2 and 1.3 and chapter 2, section 2.4	11; 22; 43
19.	**ADDITIONAL INFORMATION**	**Chapter 7**	**295**
19.1	Share capital	Chapter 1, section 1.4	24
19.2	Articles of incorporation and bylaws	Chapter 7, section 7.4	298
20.	**MATERIAL CONTRACTS**	**Chapter 7, section 7.5**	**300**
21.	**DOCUMENTS AVAILABLE**	**Chapter 7, section 7.9**	**304**

Annual Financial Report cross-reference table

GRI *[102-46]*

In application of Article 222-3 of the AMF's General Regulations, the Annual Financial Report referred to in paragraph 1 of Article 451-1-2 of the French Monetary and Financial Code contains the information described in the following pages of the Universal Registration Document:

Annual Financial Report	Corresponding sections and Chapters of the Universal Registration Document	Page no.
STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT	**Chapter 7, section 7.11.1**	**305**
MANAGEMENT REPORT		
• Analysis of results, financial conditions, key performance indicators (financial and non-financial), parent company and consolidated group risks, climate change risks, internal control and risk management procedures for the Company and its consolidated subsidiaries (Article L. 225-100-1 of the French Commercial Code)	Chapter 2 and chapter 3, chapter 5, chapter 6, section 6.2, note 10.2 to the consolidated financial statements	31; 45; 145; 253
• Information about share buybacks (Article L. 225-211, paragraph 2, of the French Commercial Code)	Chapter 1, section 1.4.2	28
FINANCIAL STATEMENT		
• Statutory financial statements	Chapter 6, sections 6.4 and 6.5	267; 270
• Statutory Auditors' report on the statutory financial statements	Chapter 6, section 6.7	290
• Consolidated financial statements	Chapter 6, sections 6.1 and 6.2	196; 202
• Statutory Auditors' report on the consolidated financial statements	Chapter 6, section 6.3	263

Cross-reference table referring to the elements of the management report

GRI *[102-46]*

Information in the management report	Corresponding sections and Chapters of the Universal Registration Document	Page No.
Objective and exhaustive analysis of the business, results' trend and financial situation including the debt situation of the Group during the fiscal year (Articles L. 225-100-1 and L. 233-6 of the French Commercial Code)	Chapter 2, section 2.1 and 2.2	32
Report on the subsidiaries' activity and results (Article L. 233-6 al. 2 of the French Commercial Code)	Chapter 1, section 1.2, chapter 2, section 2.2	12; 32
Analysis of the Company's situation during the last fiscal year, its expected development and the important events occurred since the closing date (Article L. 232-1-II of the French Commercial Code)	Chapter 1, section 1.3 and chapter 6, section 6.2, note 13 to the consolidated financial statements	22; 259
Activities in research and development (Article L. 233-26 and L. 232-1-II of the French Commercial Code)	Chapter 1, section 1.2.4 and chapter 2, section 2.2.3	21; 36
Non-financial key performance indicators (environmental information) (Articles L. 225-100-1, L. 225-102-1, al. 5 and R. 225-105 of the French Commercial Code)	Chapter 5, sections 5.4 and 5.5	171; 176
Non-financial key performance indicators (social information) (Article L. 225-100-1; L. 225-102-1, al. 5 and R. 225-104 of the French Commercial Code)	Chapter 5, sections 5.2 and 5.3	150; 168
Financial key performance indicators (Article L. 225-100-1 of the French Commercial Code)	Chapter 2, section 2.2	32
Financial risks linked to climate change and what has been implemented to reduce them (Article L. 225-100-1 of the French Commercial Code)	Chapter 5, section 5.4	171
Characteristics of internal control procedures and risk management (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, sections 3.1 and 3.2	46; 63
Main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	Chapter 3	45
Information on the risks in the event of interest rate fluctuation, exchange rate fluctuation and market price fluctuation (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.1.3	58
Transactions executed by the Executive Officers on the shares of the Company (Article L. 621-18-2 of the Monetary and Financial Code)	Chapter 4, section 4.1.1.5	95
Retention requirement by the Executive Directors of free shares and/or stock options which were awarded (Article L. 225-197-1-II al. 4 and L. 225-185 al. 4 of the French Commercial Code)	Chapter 4, section 4.1.1.5	95
Stock Options awarded to employees and Executive Officers (Article L. 225-197-1 and L. 225-185 of the French Commercial Code)	Chapter 4, sections 4.1.1.5, 4.2.1 and 4.2.4, Chapter 6, section 6.2, note 9.3 to the consolidated financial statements	95; 115; 135; 248
Shares held by employees (Article L. 225-102 of the French Commercial Code)	Chapter 5, section 5.2.1.6	157
Items of calculation and results of adjustment in case of an issuance of securities giving access to capital	Chapter 1, section 1.4.1	24
Distribution of share capital and information on the crossing thresholds declared to the Company (Article L. 233-13 of the French Commercial Code)	Chapter 1, section 1.4.1	24
Amount of dividends and distribution for the last three fiscal years (Article 243 bis of the French Tax Code)	Chapter 1, section 1.4.4	30
Parent company's results over the last five fiscal year (Article R. 225-102 of the French Commercial Code) and comments on the results	Chapter 6, section 6.6	289
Information on payment terms (Article L. 441-14 of the French Commercial Code)	Chapter 7, section 7.8	304
Information on the number of treasury shares on transactions executed during the fiscal year (Article L. 225-211, al. 2 of the French Commercial Code)	Chapter 1, section 1.4.2	28
Information on participations acquired in the share capital of French companies (Article L. 233-6 of the French Commercial Code)	Chapter 7, section 7.3	298
List of main consolidated subsidiaries	Chapter 6, section 6.2, note 15 to the statutory financial statements	261
Additional tax information (Article 34-9 and 223 *quater* and *quinquies* of the Tax Code)	Chapter 7, section 7.6	300
Policy for preventing technological accidents risks, including the Company's ability to cover its responsibility and means to manage the indemnification of victims (Article L. 225-102-2 of the French Commercial Code)	N/A	

Cross-reference table referring to the elements of the corporate governance report

GRI *[102-46]*

Information in the corporate governance report	Corresponding sections and Chapters of the Universal Registration Document	Page No.
Remuneration policy for Corporate Officers (Article L. 225-37-2 of the French Commercial Code)	Chapter 4, section 4.2.1	115
Directors' compensation of any kind (Article L. 225-37-3 I 1° of the French Commercial Code)	Chapter 4, section 4.2.1	115
Relative proportion of fixed and variable compensation (Article L. 225-37-3 I 2° of the French Commercial Code)	Chapter 4, section 4.2.1	115
Use of the possibility of claiming back variable remuneration (Article L. 225-37-3 I 3° of the French Commercial Code)	NA	
Directors' commitments of any kind (Article L. 225-37-3 I 4° of the French Commercial Code)	Chapter 4, section 4.1.3	106
Remuneration paid or granted by an undertaking included in the scope of consolidation (Article L. 225-37-3 I 5° of the French Commercial Code)	Chapter 4, section 4.2.1	115
Ratios between executive compensation and the compensation of employees other than Corporate Officers (Article L. 225-37-3 I 6° of the French Commercial Code)	Chapter 4, section 4.2.2	134
Evolution of compensation, company performance, average compensation of non-executive employees and ratios referred to above (Article L. 225-37-3 I 7° of the French Commercial Code)	Chapter 4, section 4.2.2	134
Explanation of the way in which the total compensation complies with the adopted compensation policy (Article L. 225-37-3 I 8° of the French Commercial Code)	Chapter 4, section 4.2.1	115
The manner in which the vote of the last General Shareholders' Meeting provided for in Article L. 225-100 of the French Commercial Code has been taken into account (Article L. 225-37-3 I 9° of the French Commercial Code)	Chapter 4, section 4.2.1	115
Any deviation from the procedure for implementing the remuneration policy and any waiver applied (Article L. 225-37-3 I 10° of the French Commercial Code)	Chapter 4, section 4.2.1	115
Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code relating to the suspension of the remuneration of the Board of Directors in the event of non-compliance with the parity rules (Article L. 225-37-3 I 11° of the French Commercial Code)	Chapter 4, section 4.2.1	115
List of Directorships or functions performed by each Director during the last fiscal year (Article L. 225-37-4 1° of the French Commercial Code)	Chapter 4, section 4.1.1.3	83
Regulated agreements (Article L. 225-37-4 2° of the French Commercial Code)	Chapter 4, section 4.1.3	106
Table of the delegations granted to the Board of Directors by the shareholders' meetings and the use of those delegations (Article L. 225-37-4 3° of the French Commercial Code)	Chapter 1, section 1.4.3	29
Distinction made or not between the Chief Executive Officer and the Chairperson of the Board of Directors (Article L. 225-37-4 4° of the French Commercial Code)	Chapter 4, section 4.1.1.1	75
Board of Directors' composition, condition for preparing and organizing the work of the Board (Article L. 225-37-4 5° of the French Commercial Code)	Chapter 4, sections 4.1.1 and 4.1.2	75; 96
Application of the balanced representation of women and men at the Board of Directors (Article L. 225-37-4 6° of the French Commercial Code)	Chapter 4, section 4.1.1.2	75
Limits to the powers of the Chief Executive Officer (Article L. 225-37-4 7° of the French Commercial Code)	Chapter 4, section 4.1.2.2	96
Corporate Governance Code to which the Company adheres, including comply or explain detail (Article L. 225-37-4 8° of the French Commercial Code)	Chapter 4, section 4.1.2.1	96
Participation to shareholders meeting by shareholders (Article L. 225-37-4 9° of the French Commercial Code)	Chapter 7, section 7.4.5	299
Factors likely to affect the outcome of a takeover bid (Article L. 225-37-5 of the French Commercial Code)	Chapter 1, section 1.4.1	24

Cross-reference table pursuant to Article L. 225-102-1, Article R. 225-105 (disclosure on extra-financial performance) and Article L. 225-102-4 (vigilance plan) of the French Commercial Code

GRI *[102-46]*

	Corresponding sections and Chapters of the Universal Registration Document	Page no.
ARTICLES L. 225-102-1 AND R. 225-105		
Company business model	Chapter 1, sections 1.2 and 1.3 Chapter 5, section 5.1.1	12; 22 146
Main CSR risks linked to the Company's business	Chapter 5, sections 5.1.2 and 5.1.3 Chapter 3, section 3.1	147; 148 46
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Glossary

GLOSSARY

In this Registration Document, unless otherwise stated, “Technicolor” and the “Group” refers to Technicolor S.A. together with its consolidated affiliates. The “Company” refers solely to Technicolor S.A., holding company of the Group.

ABBREVIATIONS

$: American dollar

£: pound sterling

€: euro

ADR: American Depositary Receipt

ADS: American Depositary Shares (representing one share of the Company)

AFEP-MEDEF Code: Corporate Governance Code for public companies published by the *Association française des entreprises privées* (AFEP) and the *Mouvement des entreprises de France* (MEDEF)

AGM: Annual General Meeting

AMF: French Financial Markets Authority

AR: augmented reality

ATSC: Advanced Television Systems Committee

BRL: Brazilian real

CAD: Canadian Dollar

CADE: Brazilian Competition Authority (Administrative Council for Economic Defense)

CD: compact disc

CDM: computer display monitor

CGI: computer-generated imagery

CPE: customer-premises equipment

CRT: cathodic ray tubes

CSR: Corporate Social Responsibility

DOCSIS: Data Over Cable Service Interface Specification

DTV: Digital TV

DVB: Digital Video Broadcasting

DVD Services: replication, packing and distribution services for CD, DVD and Blu-rayTM

EBIT: Earnings before interest and tax

EBITDA: Earnings before interest, tax, depreciation and amortization

EHS: environment, health and safety

EIB: European Investment Bank

EU: European Union

EUR: Euro

GBP: Pounds Sterling

GE: General Electric

GRC: Governance, Risk and Compliance

GRI: Global Reporting Initiative

HD: high definition

HES: Home Entertainment Services now DVD services

HR: Human Resources

IFRS: International Financial Reporting Standards

IoT: Internet of Things

KPI: key performance indicators

LSF: french law called ”Loi de sécurisation financière”

LTIP: Long-Term Incentive Plan

M&E: Media & Entertainment

MIP: Management Incentive Plans

MPC: The Moving Picture Company

MXN: Mexican peso

NTD: New Taiwan Dollar

NYSE: New York Stock Exchange

OTT: over-the-top

Production Services: services relating to visual effects, animation and video or audio postproduction

R&D: Research & Development

R&I: Research & Innovation

RCF: revolving credit facility

SA: joint-stock company

SAS: simplified joint-stock company

SBI: significant business incident

SD: standard definition

SME: environmental management system

TRM: Technicolor Risk Management

TSO: Technicolor Security Office

UHD: ultra high definition

UK: United Kingdom

US/USA: United States of America

USD: U.S. Dollar

VFX: visual effects

VR: virtual reality

1-9

4K: resolution of 4,096 × 2,160, *i.e.* slightly higher than the UHD, but with a cinema format. Thin black stripes will appear at the top and the bottom of the screen.

A

Augmented Reality: superposition of reality and elements (sounds, 2D images, 3D images, videos, *etc.*) calculated by a real-time computer system. It often refers to various methods that enables virtual objects to be realistically embedded in a sequence of images.

AAA games: classification term used for video games with the highest or which have received good ratings from professional critics.

AFEP-MEDEF Code: set of recommendations about corporate governance and compensation of executive officers of listed companies, published by the *Association française des entreprises privées* (AFEP) and the *mouvement des entreprises de France* (MEDEF).

At constant perimeter and constant exchange rate: no changes in all group companies which shall be included in the consolidated financial statements prepared and presented by the parent company at a constant exchange rate compared to the last period. It allows to show what would have been the evolution of the company without acquiring other companies or divesting activities within the same foreign exchange environment than the previous period.

B

Blu-ray™: digital disk format ranging from 7,5 gigabytes of capacity (single layer) to 128 gigabytes (quad layer).

C

Compact Disc (CD): is an optical disk used to store digital data. Capacity ranging from 0.21 to 0.91 gigabyte, mostly 0.74 gigabyte.

Connected television: refers to both the television connected directly or indirectly to the Internet and the television offer coming from Internet operators broadcast by TVIP technology.

Continuing operations: operations carried out by the operating units for which the executive officers desire to continue the activity, as opposed to operations decided by the executive officers as being discontinued or sold.

Customer-Premises Equipment (CPE): terminal equipment on the client side used to connect to the network of an Internet service provider.

D

Decoder: physical device/electronic box reproducing encrypted or compressed signals for television.

DOCSIS 3.1: standard that defines interface, communication and configuration rules and protocols, for data transport system and Internet access using old television network by coaxial cable. This leads to add a high-speed data transfers to the existing cable television system.

DRAM memory: type of memory usually used for the data or the program code that a computer's processor, workstations, servers need in order to operate.

DVB: set of digital television standards issued by the European consortium DVB and used in many countries. Its main competitors are the ATSC standards (used in the United States and in Canada) and the ISDB standards (used in Japan and Brazil).

E

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA): defines the earning of a company before the deduction of interests, taxes, depreciation expenses and provisions on fixed assets (but after provisions on inventories and accounts receivables).

F

Free Cash-flow: balancing item indicating the self-financing capacity of a company.

French Financial Markets Authority: independent public authority regulating actors and products on the French financial center.

G

G.fast: DSL Internet connection technology on copper peer. This allows to reach 500 to 1000 Mbps for distances under 100 meters in terminal part of optical fiber connectivity FTTB (optical fiber to the building) or 100 Mbps for distances under 500 meters (optical fiber to sub-distributor).

Global Reporting Initiative (GRI): global initiative to report the economical, environmental and social performances.

H

High Definition: digital image format which have a definition superior to 720 lines x 1,280 pixels. The resolution of a full HD image can reach 1,080 lines x 1,920 pixels.

High-speed gateway: physical device/electronic box enabling the Internet access, also called router or modem.

I

International Financial Reporting Standards (IFRS): accounting standards that shall be applied by listed companies when establishing their accounts in order to harmonize the presentation of their financial statement.

Internet of Things: the extension of the Internet to things and places in the physical world.

L

LIBOR/EURIBOR: main benchmarks interest rate on the money market. They are used as a reference for various contracts and particularly for business credits.

Long-Term Incentive Plan (LTIP): compensation granted to companies' executives, based on their long-term performance. This plan can be spread over several years, and to obtain this compensation, the executive officer shall meet the criteria set out in the plan. He may not receive anything if he does not achieve any of the objectives mentioned above.

M

Mastering: it is the process of transferring one or a set of recordings on a media which shall be used for series production or broadcasting. Its primary purpose is to make this set homogeneous.

N

NAND Flash Memory: Semiconductor-based storage technology which does not requires power supply to store data. It is thus called "non-volatile", because in contrast with a random access memory (DRAM), the data are not erased when the memory is not supplied by electric power anymore.

Net carrying value: gross value of an asset (e.g. purchase price or cost price), minus the amount of amortizations and/or depreciations.

Net treasury: it is the available cash after deduction of the gross debt.

O

Operating income: income calculated from revenues and other recurring operating income from which are deducted the recurring operating expenses

Operating margin: ratio between operating income and turnover. This ratio indicates the economic performance before considering financial income, taxes, and exceptional events.

Over The Top (OTT): bypass service, distribution method for audiovisual contents on Internet without the participation of a traditional network operator.

R

Replication: CD replication is a physical production process that consists in pressing the discs during the manufacture from glass.

S

Standard Definition (SD): 480p resolution.

SWAPS: financial derivative from a contract to exchange a stream of cash flows between two parties, which are generally banks or financial institutions.

T

Total effective rate: interest rate whose main utility is to reflect the real cost of a loan.

U

UHD: resolution of 3,840x2,160, which is thus 4 times more pixels than with the Full HD technology. This 16:9 format is used particularly in order to watch movies on a television.

V

Virtual Reality: computer technology that stimulates the user's physical presence in an environment artificially generated by software.

W

WiFi Repeater: device enabling the extension of wireless coverage.

Working capital requirements: current asset minus current liability (including current provisions, excluding cash-flow, short-term debt and financial instruments).

X

xDSL: refers to DSL ("digital subscriber line") and to all the techniques set up for a digital transport of information over a wireline telephone connection or a dedicated line.

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