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PRESS RELEASE

Technicolor: First Half 2021 Results

Strong recovery from the pandemic slowdown

Improving delivery capacity to boost second half and 2022 performance

Technicolor on track to meet its 2021 and 2022 guidance

Paris (France), July 29, 2021 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) is today announcing its results for the first half of 2021.

Richard Moat, Chief Executive Officer of Technicolor, stated:

"Technicolor's first half of 2021 results are positive and in line with expectations. The Group is experiencing growing demand across all of its businesses, and is benefiting from improved profitability as a result of our disciplined operational focus. Demand for creative VFX artistry and technology continues to improve across media and entertainment, in combination with the progressive return of live action production. In particular, we are pleased by the fact that we have secured our target VFX sales pipeline for 2021 and a material part of 2022, a milestone which clearly demonstrates the tangible recovery of the Media and Entertainment industry. The creation of Technicolor Creative Studios was well timed in the light of the upcoming surge in content. The division is led by a strong new leadership team focused on redefining content experiences across film, episodic, gaming, marketing, and advertising through a powerful combination of storytelling and innovation. In Connected Home, despite very strong demand in North America and in Eurasia, revenue has been impacted by component shortages leading to sales being pushed into the second half of the year. In DVD Services we saw a 4% increase in total replicated disc activity, showing the attractiveness of back catalog and the resiliency of packaged media. Based on business activity for the first half and the continued successful optimization of its businesses, the Group is confident of achieving its outlook for 2021 and 2022."

Despite the continuing challenging environment, Technicolor delivered a positive first half 2021, with results in line with expectations and delivering significant improvement in profitability:

- **Revenues of €1,359 million, a (5.2)% decrease year-on-year at current exchange rate but a +1.2% increase at constant exchange rate;**
- **Adjusted EBITDA of €100 million, doubled at constant rate reflecting operational and financial improvements across all activities;**
- **Adjusted EBITA of €15 million represents an €83 million year-on-year improvement at constant rate;**
- **Free cash flow (before financial results and tax) from continuing operations of €(208) million, representing a €35 million year-on-year improvement at current rate, highlighting the end of the payment terms normalization in Connected Home.**

All Technicolor activities are benefiting from sustained market demand:

- **Technicolor Creative Studios were awarded several new projects, securing around 95% of their expected 2021 revenue pipeline for Film & Episodic Visual Effects and Animation**

& Games. Demand for VFX technology continues to improve in line with a growing number of theatrical and episodic projects being launched and awarded to Technicolor Creative Studios. Adjusted EBITDA and Adjusted EBITA are also benefiting from the positive impact of operating efficiencies.

- **Connected Home revenues were down (1.0)% year-on-year at constant rate and (8.2)% at current rate. Despite very strong demand in North America and in Eurasia, the division has been impacted by component shortages leading to sales being pushed to the second half, and a challenging Latin American market.**
- **DVD Services revenue resilience was driven predominantely by a 4% increase in total replicated disc activity, strong pricing improvement, and ongoing growth in non-disc related supply chain activity. The amount of high margin new release products, although growing, remains lower than in the first half of 2020.**

The Group is on track to achieve the c. €115 million cost savings planned for calendar year 2021, with €42 million cost savings realized in the first half, en route to delivering a cumulative €325 million by the end of 2022.

Based on business activity for the first half, the Group is confident of achieving the outlook presented in its FY 2020 results press release issued on March 11, 2021.

First Half year 2021 results and forward outlook – key highlights

	First Half			
In € million	**2021**	**2020**	At current rate	At constant rate
Revenues from continuing operations	**1,359**	1,433	(5.2)%	+1.2%
Adjusted EBITDA from continuing operations	**100**	53	+90.6%	+101.6%
As a % of revenues	**7.4%**	3.7%		
Adjusted EBITA from continuing operations	**15**	(67)	+123.0%	+124.1%
Free Cash Flow from continuing before Tax & Financial	**(208)**	(243)	+14.3%	+7.4%

First Half 2021 key indicators for continuing operations

- Revenues of €1,359 million were up 1.2% at constant rate reflecting:
  - a good performance in Technicolor Creative Studios driven by demand for VFX technology and continued strong performance in Advertising and Animation & Games;
  - a (1)% decrease in Connected Home sales as a result of key component constraints, but continuing revenue resilience in DVD Services with a 4% increase in total replicated disc activity.
- Adjusted EBITDA of €100 million was up 101.6% at constant rate. This reflects operational improvements across all activities, particularly in Creative Studios and DVD Services. The Adjusted EBITDA margin for the Group expanded from 3.7% to 7.4%, with all three main Technicolor divisions reporting a significant margin improvement compared to first half 2020.
- Adjusted EBITA of €15 million represents an €83 million year-on-year improvement at constant rate. This resulted from the EBITDA increase and the positive impact of efficiency measures, in particular

lower D&A, following lower equipment spend for Creative Studios and lower IP depreciation for DVD Services.

- Restructuring costs amounted to €(26) million at current rate, including €(15) million in DVD Services driven by footprint rationalization.
- The change in working capital of €(210) million reflects mainly payment terms normalization, and the seasonality trend at Connected Home which has been amplified by sales delays from second quarter to third quarter. With a cash-out impact of €(179) million in the first half 2021, Connected Home has finalised its cycle of payment terms reductions, benefiting from a normalized and de-risked working capital contribution as well as positive seasonality in the second half partly subject to the evolution of component shortages.
- Free cash flow[1] (before financial results and tax) from continuing operations of €(208) million represents a €35 million year-on-year improvement at current rate, driven by working capital improvement in Technicolor Creative Studios and DVD Services, and the ongoing implementation of our cost transformation program.
- Net debt at nominal value amounts to €1,174 million, and IFRS net debt amounts to €1,096 million. The difference mainly relates to the mark-to-market debt valuation on issuance, and will be reversed through non-cash interest charges over the life of the debt.

Outlook

- Demand for Technicolor's products and services, in particular Connected Home broadband boxes and Technicolor Creative Studios VFX technology, is expected to continue to grow significantly throughout the remainder of the year and into 2022.
- Connected Home will be impacted by key component delivery and pricing issues in the third quarter as expected. Nonetheless, efficiency measures and progressive improvements in delivery should help compensate for these factors throughout H2.
- After achieving €171 million of cost savings in 2020, the Group will continue to drive efficiency and productivity throughout 2021, and is maintaining its target of a total of €325 million in run rate cost savings by the end of 2022, with €115 million coming in 2021.
- Technicolor confirms its operating guidance for Adjusted EBITDA, Adjusted EBITA and FCF in 2021 and 2022. As already advised in the first quarter results, 2021 guidance and updated 2022 guidance are as follows:
    - In 2021:
        - Revenues from continuing operations broadly stable versus 2020;
        - Adjusted EBITDA of around €270 million;
        - Adjusted EBITA of around €60 million;
        - Continuing FCF before financial results and tax at around breakeven;
        - Net debt to Adjusted EBITDA covenant ratio below 4x level at year end.
    - In 2022:
        - Adjusted EBITDA of €385 million;

[1] *Free cash flow defined as: Adj. EBITDA – (net capex + restructuring cash expenses + change in pension reserves + change in working capital and other assets & liabilities + cash impact of other non-current result).*

- Adjusted EBITA of €180 million;
- Continuing FCF before financial results and tax at around €230 million.

Continuing Operations – post IFRS 16

€ million, FYE Dec post IFRS-16	**2020**	**2021e**	**2022e**
Adjusted EBITDA from continuing operations	**167**	**270**	**385**
Adjusted EBITA from continuing operations	**(56)**	**60**	**180**
Continuing FCF before financial results and tax	**(124)**	**c.0**	**230**

- The 2021 and 2022 objectives are calculated assuming constant exchange rates.
- In 2022, the cumulative impact of foreign exchange fluctuations and change in Group perimeter as a result of the sale of Post Production is €(40) million on Adjusted EBITDA and €(23) million on Adjusted EBITA.

- As of the end of the first half 2021, IFRS16 impacts Technicolor's KPIs as follows:
  - Adjusted EBITDA improved by €26 million and decreased by €11 million vs. the impact in first half 2020;
  - Adjusted EBITA improved by €7 million and increased by €2 million vs. the impact in first half 2020;
  - FCF before financial results and tax improved by €34 million and decreased by €(5) million vs. the impact in first half 2020;
  - Capital leases (principal repayment and interest) cash out totalled c. €8 million and decreased by €7 million vs. the impact in first half 2020.

Perimeter Change

- As communicated previously, Technicolor announced on April 30, 2021 the closing of the disposal of its Post Production business (part of Technicolor Creative Studios) for €30 million. The sale of Post Production simplifies Technicolor Creative Studios' portfolio of activities, and allows management to increasingly focus on Technicolor Creative Studios' remaining core CGI activities.

Segment Review – First Half 2021 Results Highlights

Technicolor Creative Studios* In € million	**First Half** 2021	 2020	**Change YoY** Reported	 At constant rate
Revenues	**295**	**279**	*+5.8%*	*+9.9%*
Adj. EBITDA	**40**	**2**	*ns*	*ns*
As a % of revenues	+13.7%	+0.8%		
Adj. EBITA	**6**	**(51)**	*ns*	*ns*
As a % of revenues	+1.9%	(18.4)%		

(*) including Post Production

- **Technicolor Creative Studios revenues** amounted to €295 million in the first half of 2021, up 9.9% at constant rate and 5.8% at current rate year-on-year. The division is benefiting from the recovery in demand for creative technology and productive services from Film & Episodic VFX and Animation & Games, combined with an outstanding performance from the Advertising service line.

- **Adjusted EBITDA** amounted to €40 million, up €40 million year-on-year at constant rate, and Adjusted EBITA was €6 million, up €57 million year-on-year, as a result of higher margin volume growth in conjunction with aggressive permanent cost reduction measures.

- **Business Highlights**
  - Film & Episodic Visual Effects: Double-digit year-on-year growth during the first half, driven by clients' return to live-action shooting beginning in the latter half of 2020 and by the expansion of MPC Episodic launched in the first quarter of 2020.
    - VFX teams worked on over 18 theatrical films for the major studios, including *Cruella* (Disney), *The Lion King* prequel (Disney), *The Little Mermaid* (Disney), *Mortal Kombat* (Warner Bros./New Line), and *Transformers: Rise of the Beasts* (Paramount).
    - And over 35 Episodic and/or Streaming projects, including *Foundation* (Skydance/Apple TV+), *The Nevers* (HBO), *Sex/Life* (Netflix), *Vikings: Valhalla* (MGM/Netflix), *WandaVision* (Marvel/Disney+), and *The Wheel of Time* (Amazon/Sony).
    - During the first quarter, MPC Film received Oscar® and BAFTA nominations for its work on Disney's *The One and Only Ivan*; and Mr. X received its first Oscar® nomination for Paramount's *Love and Monsters*.
    - In July, Mr. X received an Emmy nomination for Outstanding Special Visual Effects in a Single Episode for its work on *Vikings "The Signal"*; this is Mr. X's seventh VFX Emmy nomination for the *Vikings* franchise since 2013 (winner in 2020).

  - Advertising: Strongest first half performance in recent memory as Advertising revenues grew significantly year-on-year and margins continued to improve.
    - During the first half, Technicolor's Advertising businesses delivered nearly 1,900 commercials, including approximately 20 Super Bowl spots, while winning several prestigious industry awards such as:

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      - Three Cannes Lions for contributions to Burberry *'Festive'* and PlayStation *'Feel the Power of Pro'*;
      - Three VES Awards, including Outstanding Visual Effects in a Commercial for Walmart *'Famous Visitors'*;
      - MPC Advertising recognized as *Ad Age's* VFX Company of the Year for the second year running; and
      - Two Adweek Experiential Awards by The Mill for Best Use of Video in an Experiential Activation for Respawn Entertainment's *'Apex Legends at the Game Awards'* and Best Use of Virtual Event Technology for HBO's *'HBO: Lovecraft Country Sanctum'.*
    - Other notable projects included BMW *'The Ultimate Self-Driving Machine'*, Dell *'Youniverse'*, Ford *'Ford F-150 Lightning'*, Samsung *'Chromebook'*, and Verizon *'The Reset'*.
    - Key hires/appointments include Josh Mandel, appointed CEO of The Mill, and Anna Watkins, former managing director of Verizon Media, hired as global vice-president of growth and brand partnerships.

  - Animation & Games: Significant double-digit growth year-on-year driven by strong work-for-hire volume in addition to the prior year period being negatively impacted by a temporary studio closure because of the pandemic.
    - Feature: Mikros was in production on three features, including Spin Master's *PAW Patrol: The Movie* which delivered in the second quarter, and Paramount's *The Tiger's Apprentice*. Three additional projects were verbally awarded during the period.
    - Episodic: Mikros continues to work on several series, including *ALVINNN!!! and the Chipmunks* (M6), *Chicken Squad* (Wild Canary/Disney), *Gus* (TF1), *Kamp Koral: SpongeBob's Under Years* (Nickelodeon/Paramount+), *Mira, Royal Detective* (Wild Canary/Disney), and *Rugrats* (Nickelodeon/Paramount+).
    - In June, TCS announced the consolidation of the Animation businesses under the Mikros Animation brand with new senior management led by Andrea Miloro who joined as President of Mikros Animation earlier in the year.

- **Covid-19 situation update**
  - Despite the risks of spreading Covid-19 variants, the Media & Entertainment industry continues to increase production throughput and invest in greater production capacity around the world under relatively successful and strict Covid-19 protocols.
  - Abiding by frequently evolving local regulations and in consultation with local business leadership, TCS continues to adjust capacity limits, on-premise protocols, and remote work policies and support on a local basis in order to ensure the safety of our talent, clients and others.

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Connected Home In € million	**First Half** 2021	2020	**Change YoY** Reported	At constant rate
Revenues	**770**	**839**	*(8.2)%*	*(1.0)%*
Adj. EBITDA	**56**	**54**	*+4.5%*	*+11.8%*
As a % of revenues	+7.3%	+6.4%		
Adj. EBITA	**29**	**20**	*+43.1%*	*+51.9%*
As a % of revenues	+3.8%	+2.4%		

- **Connected Home revenues** totaled €770 million in the first half 2021, down (1.0)% year-on-year at constant rate and (8.2)% at current rate. Despite demand remaining very strong, particularly in North America and in Eurasia, the division has been negatively impacted by key component shortages, and a difficult Latin American market.

  The overall worldwide market situation has multiple consequences for the Connected Home business:

    - Continued difficulties in obtaining components, delaying production to our final customers;
    - Challenges in finding transportation for our components and finished goods, delaying deliveries to our customers;
    - Cost increases across multiple categories of components and logistics, for which Connected Home is actively getting commercial support from its customers.

  Connected Home will continue to work with its partners and customers to minimize supply disruptions.

  The Connected Home division has strengthened its leadership in key market segments:

    - In DOCSIS 3.1, over the second quarter Connected Home reached the milestone of over 20 million RDK broadband gateways deployed, and won deals with major operators across Europe and Latin America, confirming its leadership across the RDK community;
    - On Android TV, Connected Home reached the figure of over 10 million set-top boxes worldwide, winning customers in Europe and Latin America. This quarter, the division continued to show its innovation capabilities by launching with Sky Brazil the first hands-free voice control set-top box integrating Google Assistant;
    - On Fiber, Connected Home has won new customers in EMEA, and a first deal outside of Brazil in Latin America.

- **Adjusted EBITDA** amounted to €56 million in the first half 2021, or 7.3% of revenue, up €6 million at constant rate despite the sales shortfall, assisted by continuing reductions in OPEX. Adjusted EBITA of €29 million increased by c.€11 million compared to the prior year at constant rate. This positive evolution in profitability is the result of the significant transformation plan launched 3 years ago**.**

- **Business highlights**
    - **Americas**
        - *North America:* revenues remained strong, driven by increased demand from cable customers for upgrades to higher power broadband.
        - *Latin America:* the difficult macroeconomic situation, FX and components costs continue to create difficult trading conditions.
    - **Eurasia**
        - *Europe, Middle East & Africa*: 10% growth year-on-year driven by strong demand for DOCSIS 3.1, Android TV and Fiber products, but shortages were creating a significant backlog. We scored new wins in the three technologies in several markets including Poland, Israel and Austria.
        - *Asia Pacific:* constraints were experienced in Broadband technologies for the Australian market, in spite of strong demand. The Indian STB market remains strong, maintaining growth year-on-year in traditional and Android TV technologies. Manufacturing, for Indian customers, is now taking place in India.

The division continues to focus on selective investments in key customers, platform-based products and partnerships that will lead to improved margins over the year.

- **Revenue Breakdown for Connected Home (at current rate)**

		First Half		
In € million		**2021**	**2020**	*% Change(*)*
Total revenues		**770**	839	*(1.0)%*
By region	**Americas:**	**517**	575	*(3.1)%*
	- *North America*	**449**	*463*	*+3.5%*
	- *Latin America*	**69**	*112*	*(30.0)%*
	Eurasia:	**253**	264	*+3.7%*
	- *Europe, Middle East and Africa*	**155**	*154*	*+9.9%*
	- *Asia-Pacific*	***98***	*110*	*(4.9)%*
By product	**Video**	**278**	318	*(5.7)%*
	Broadband	**492**	521	*+2.0%*

(*) Change at constant rate

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DVD Services In € million	**First Half** 2021	 2020	**Change YoY** Reported	 At constant rate
Revenues	**283**	**302**	*(6.4)%*	*(0.3)%*
Adj. EBITDA	**11**	**1**	*ns*	*ns*
As a % of revenues	+3.7%	+0.5%		
Adj. EBITA	**(10)**	**(29)**	*+65.7%*	*+62.2%*
As a % of revenues	(3.5)%	(9.7)%		

- **DVD Services** revenues totaled €283 million in the first half 2021, in line with 2020. Revenue resilience was driven predominately by a 4% increase in total replicated disc activity, driven by continued strong demand for back catalog titles. We also saw the significant positive impact of new pricing, and ongoing growth in non-disc related supply chain activity. Covid-19, however, continued to have a negative impact in the first half, with a significantly lower level of new release activity, which in turn resulted in a reduced mix of higher priced Blu-ray volume as compared to the first half of 2020, negatively impacting the year-over-year revenue trend.

- **Adjusted EBITDA** amounted to €11 million at current rate, or 3.7% of revenue, slightly better than expectations given stronger than anticipated disc volumes and the acceleration of cost saving actions, partially offset by continued labor and material cost pressures. Lower depreciation & amortization and renewal of contracts helped to deliver an Adjusted EBITA at €(10) million compared to €(29) million in the first half 2020.

- **Business Highlights**
    - Standard Definition DVD volumes were up 12% in the first half of 2021 driven by the continued aggressive marketing of back catalog product by the major studios and their retail partners, particularly in the North American region.

- Blu-ray™ volumes were down (13)% in the first half year-on-year, due to the aforementioned lack of new release content, and less mitigating benefit from catalog promotions.

- CD volumes were down (11)% year-on-year on a combination of expected structural declines and Covid-19 retail impacts.

- Non-disc activity: non-studio supply-chain business revenue and profitability have both exceeded assumptions, while Logistics and Freight have performed well.

DVD Services continued to progress previously announced structural division-wide initiatives to adapt distribution and replication operations, and related customer contract agreements, in response to continued volume reductions. Two significant North American facility closures were effected in the first half of 2021 as part the ongoing transformation plan. Executive and management teams have been implementing multiple cost reduction and business improvement and efficiency programs, and these are ahead of plan at first half, and expected to deliver the full-year savings and efficiencies projected.

		First Half		
In million units		**2021**	**2020**	*% Change*
Total Combined Volumes		**338.9**	326.3	*+3.9%*
By Format	SD-DVD	**245.8**	220.1	*+11.7%*
	Blu-ray™	**77.4**	88.6	*(12.5)%*
	CD	**15.6**	17.6	*(11.3)%*
By Segment	Studio/Video	**315.4**	297.4	*+6.1%*
	Games	**4.8**	6.3	*(23.7)%*
	Music & Software	**18.7**	22.5	*(17.0)%*

- **Covid-19 situation update**
  - Theatrical new release activity remains partially suppressed, but demonstrated an accelerating trend of improvement over the course of the first half of 2021, with multiple major releases in the second quarter generating significant box office results, with the majority of theaters in the US reopening and drawing strong consumer interest.

  - While studios continue to experiment with various premium video-on demand and day and date strategies, in almost all cases studios are still electing to have a DVD/BD release in the normal windowing sequence.

  - Most major retailers continue to remain open and are operating normally. With limited new release content, some retailers are continuing to allocate shelf space to catalog/library content promotions, which helped to support DVD replication volumes in the first half of 2021.

  - Some production facilities continue to experience temporary staffing shortages, but the overall impact on operations remains limited.

- The ongoing Covid-19 impact will be dependent on the extent and duration of ongoing restrictions (driven by the rate of new Covid-19 case growth). The specific timing and extent of the reopening of movie theaters will impact the level of new disc release activity. DVD Services has accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts.

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Corporate & Other In € million	**First Half** 2021	2020	**Change YoY** Reported	At constant rate
Revenues	**11**	**13**	*(12.5)%*	*(12.5)%*
Adj. EBITDA	**(7)**	**(5)**	*(43.5)%*	*(48.4)%*
As a % of revenues	(67.0)%	(40.9)%		
Adj. EBITA	**(9)**	**(7)**	*(34.0)%*	*(38.4)%*
As a % of revenues	(85.9)%	(56.1)%		

- **Corporate & Other** includes the Trademark Licensing business.

Corporate & Other recorded revenues of €11 million in the first half 2021, decreasing compared to last year as a result of the decrease of the retained patent revenue. Adjusted EBITDA amounted to €(7) million and Adjusted EBITA was €(9) million.

##

- **Debt details**

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

In million currency	**Currency**	**Nominal Amount**	**IFRS Amount**	**Type of rate**	**Nominal rate** (1)	**Repayment Type**	**Final maturity**	**Moodys / S&P rating**
New Money Notes	EUR	350	361	Floating	12.00%(2)	Bullet	Jun. 30, 2024	Caa1/B
New Money Term Loans	USD	104	107	Floating	12.23%(3)	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	453	380	Floating	6.00%(4)	Bullet	Dec. 31, 2024	Ca/CCC
Reinstated Term Loans	USD	119	100	Floating	5.95%(5)	Bullet	Dec. 31, 2024	Ca/CCC
Subtotal	**EUR**	**1,026**	**948**		**8.67%**			
Lease Liabilities(6)	Various	160	160	Fixed	8.68%			
Accrued PIK Interest	EUR+USD	35	35	NA	0%			
Accrued Interest	Various	16	16	NA	0%			
Wells Fargo Line	USD	35	35	Floating	5.25%	Revolving	Dec.31, 2023	
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,273**	**1,195**		**8.23%**			
Cash & Cash equivalents	Various	99	99					
Total Net Debt		**1,174**	**1,096**					

(1) Rates as of June 30, 2021.

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

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

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

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

(6) Of which €11 million are capital leases and €149 million is operating lease debt under IFRS 16

Summary of consolidated results for the first half

In € million	First Half 2021	First Half 2020	Change*
Revenues from continuing operations	**1,359**	**1,433**	**(5.2)%**
Change at constant currency (%)	-	-	+1.2%
o/w *Technicolor Creative Studios*	295	279	+5.8%
DVD Services	283	302	(6.4)%
Connected Home	770	839	(8.2)%
Corporate & Other	11	13	(12.5)%
Adjusted EBITDA from continuing operations	**100**	**53**	**+90.6%**
Change at constant currency (%)	-	-	+101.6%
As a % of revenues	+7.4%	+3.7%	370bps
o/w *Technicolor Creative Studios*	40	2	*n.a.*
DVD Services	11	1	*n.a.*
Connected Home	56	54	+4.5%
Corporate & Other	(7)	(5)	(43.5)%
Adjusted EBITA from continuing operations	**15**	**(67)**	**+123.0%**
Change at constant currency (%)	-	-	+124.1%
As a % of revenues	+1.1%	(4.7)%	583bps
Adjusted EBIT from continuing operations	**(3)**	**(89)**	**+96.5%**
Change at constant currency (%)	-	-	+95.7%
As a % of revenues	(0.2)%	(6.2)%	597bps
EBIT from continuing operations	**(4)**	**(194)**	**+97.7%**
Change at constant currency (%)	-	-	+96.2%
As a % of revenues	(0.3)%	(13.6)%	*n.a.*
Financial result	(62)	(67)	-
Income tax	(11)	(3)	-
Share of profit/(loss) from associates	0	0	-
Profit/(loss) from continuing operations	**(78)**	**(264)**	**-**
Profit/(loss) from discontinued operations	(1)	(1)	-
Net income	**(79)**	**(265)**	**-**

(*) Change at current rate

- Restructuring costs accounted for €(26) million at current rate, including €(15) million in DVD Services, largely resulting from optimization of sites.

- EBIT from continuing operations amounted to a loss of €(4) million in the first half 2021 compared to €(194) million in the first half 2020, due to better operational performance, DVD Services impairment and higher restructuring accruals.

- The financial result totaled €(62) million in the first half 2021 compared to €(67) million in the first half 2020, reflecting:
    - Net interest costs of €(61) million, up from last year's €(40) million, primarily due to the higher interest rates on the new debt structure;
    - Other financial income improved to €(2) million in the first half 2021 compared to €(28) million in the prior year, which was mainly due to the financial fees incurred on the bridge loan and the financial restructuring.

- Income tax amounted to €(11) million, compared to €(3) million in the first half 2020.

- Group net income therefore amounted to a loss of €(79) million in the first half 2021, compared to the €(265) million loss in the first half 2020.

Reconciliation of adjusted indicators

In addition to published results, and with the aim of providing a more comparable view of the evolution of its operating performance in 2021 compared to 2020, Technicolor is presenting a set of adjusted indicators which exclude the following items as per the statement of operations of the Group's consolidated financial statements:

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

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on EBIT from continuing operations of €(1) million in 2021 compared to €(105) million in 2020 (including IFRS 16).

	First Half		
In € million	**2021**	**2020**	Change (*)
EBIT from continuing operations	**(4)**	**(194)**	**190**
Restructuring charges, net	(26)	(41)	16
Net impairment losses on non-current operating assets	-	(72)	72
Other income/(expense)	24	8	16
Adjusted EBIT from continuing operations	**(3)**	**(89)**	**86**
As a % of revenues	(0.2)%	(6.2)%	597bps
Depreciation and amortization ("D&A") (**)	103	139	(36)
IT capacity use for rendering in Technicolor Creative Studios	-	2	(2)
Adjusted EBITDA from continuing operations	**100**	**53**	**48**
As a % of revenues	7.4%	3.7%	370bps

(*) Variation at current rates

(**) including reserves (Risk, litigation and warranty reserves)

Free Cash Flow Reconciliation and Summarized Financial Structure

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

	First half period (IFRS)	
In € million	**June 30, 2021**	**June 30, 2020**
Adjusted EBITDA from continuing operations	**100**	**53**
Changes in working capital and other assets and liabilities	(210)	(197)
IT capacity use for rendering in Creative Studios	-	(2)
Pension cash usage of the period	(13)	(12)
Restructuring provisions – cash usage of the period	(46)	(23)
Interest paid	(32)	(35)
Interest received	-	-
Income tax paid	(9)	(1)
Other items	-	(13)
Net operating cash generated from continuing activities	**(209)**	**(230)**
Purchases of property, plant and equipment (PPE)	(20)	(17)
Proceeds from sale of PPE and intangible assets	2	-
Purchases of intangible assets including capitalization of development costs	(24)	(39)
Net operating cash used in discontinued activities	(14)	(8)
Free cash-flow	**(265)**	**(294)**
Nominal gross debt (including Lease debt)	**1,273**	**1,670**
Cash position	**99**	**63**
Net financial debt at nominal value (non IFRS)	**1,174**	**1,607**
IFRS adjustment	(78)	(6)
Net financial debt (IFRS)	**1,096**	**1,601**

- The change in working capital & other assets and liabilities was negative by €(210) million in the first half 2021, mostly driven by unfavorable changes in supplier payment terms and the normal seasonality trend at Connected Home.
- Pension liabilities are down by €37 million, mainly due to a positive effect from the discount rates of €29 million and payments of €13 million.
- Cash outflow for restructuring totaled €46 million in the first half 2021, up by €23 million year-on-year at current rate, mainly resulting from accelerated implementation of cost savings.
- Capital expenditures amounted to €42 million, down by €14 million year-on-year at current rate, maintaining a strict control of investment expense.
- The cash position at the end of June 2021 was €99 million, compared to €63 million at the end of June 2020.

An analyst audio webcast hosted by Richard Moat, CEO and Laurent Carozzi, CFO will be held today, July 29, 2021 at 6:30pm CEST.

Financial calendar

Q3 2021 results	4 November 2021

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Warning: Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers

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About Technicolor:
www.technicolor.com

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

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	First Half ended June 30, 2021	2020
CONTINUING OPERATIONS		
Revenues	1,359	1,433
Cost of sales	(1,191)	(1,323)
Gross margin	**168**	**110**
Selling and administrative expenses	(128)	(149)
Research and development expenses	(43)	(49)
Restructuring costs	(26)	(41)
Net impairment gains (losses) on non-current operating assets	-	(72)
Other income (expense)	24	8
Earnings before Interest & Tax (EBIT) from continuing operations	**(4)**	**(194)**
Interest income	-	-
Interest expense	(61)	(40)
Other financial income (expense)	(2)	(28)
Net financial income (expense)	**(62)**	**(67)**
Share of gain (loss) from associates	0	-
Income tax	(11)	(3)
Profit (loss) from continuing operations	**(78)**	**(264)**
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations	(1)	(1)
Net income (loss)	**(79)**	**(265)**
Attribuable to:		
- Equity holders	*(79)*	*(265)*
- Non-controlling interest	*0*	*0*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	June 30, 2021	December 31, 2020
ASSETS		
Goodwill	741	716
Intangible assets	522	535
Property, plant and equipment	136	140
Right-of-use assets	135	148
Other operating non-current assets	26	27
TOTAL OPERATING NON-CURRENT ASSETS	**1,560**	**1,566**
Non-consolidated investments	17	14
Other non-current financial assets	35	47
TOTAL FINANCIAL NON-CURRENT ASSETS	**52**	**61**
Investments in associates and joint-ventures	1	1
Deferred tax assets	53	45
TOTAL NON-CURRENT ASSETS	**1,666**	**1,674**
Inventories	168	195
Trade accounts and notes receivable	360	425
Contract assets	79	63
Other operating current assets	224	224
TOTAL OPERATING CURRENT ASSETS	**832**	**907**
Income tax receivable	6	14
Other financial current assets	24	17
Cash and cash equivalents	99	330
Assets classified as held for sale	2	76
TOTAL CURRENT ASSETS	**963**	**1,344**
TOTAL ASSETS	**2,629**	**3,018**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	June 30, 2021	December 31, 2020
EQUITY AND LIABILITIES		
Common stock *(235,819,875 shares at June 30, 2021 with nominal value of 0.01 euro per share)*	2	2
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	84	126
Cumulative translation adjustment	(440)	(456)
Shareholders equity attributable to owners of the parent	**146**	**173**
Non-controlling interests	0	0
TOTAL EQUITY	**147**	**173**
Retirement benefits obligations	287	325
Provisions	25	33
Contract liabilities	2	2
Other operating non-current liabilities	22	21
TOTAL OPERATING NON-CURRENT LIABILITIES	**336**	**381**
Borrowings	983	948
Lease liabilities	97	122
Other non-current liabilities	1	-
Deferred tax liabilities	18	15
TOTAL NON-CURRENT LIABILITIES	**1,435**	**1,466**
Retirement benefits obligations	31	30
Provisions	67	90
Trade accounts and notes payable	455	710
Accrued employee expenses	116	142
Contract liabilities	53	41
Other current operating liabilities	191	215
TOTAL OPERATING CURRENT LIABILITIES	**913**	**1,228**
Borrowings	52	16
Lease liabilities	63	56
Income tax payable	18	21
Other current financial liabilities	1	2
Liabilities classified as held for sale	-	56
TOTAL CURRENT LIABILITIES	**1,047**	**1,379**
TOTAL LIABILITIES	**2,482**	**2,845**
TOTAL EQUITY & LIABILITIES	**2,629**	**3,018**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	Half year ended June 30, 2021	2020
Net income (loss)	**(79)**	**(265)**
Income (loss) from discontinuing activities	(1)	(1)
Profit (loss) from continuing activities	**(78)**	**(264)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	108	144
Impairment of assets	-	75
Net changes in provisions	(33)	4
Gain (loss) on asset disposals	(29)	(4)
Interest (income) and expense	61	40
Other items (including tax)	13	7
Changes in working capital and other assets and liabilities	(210)	(197)
Cash generated from continuing activities	**(168)**	**(195)**
Interest paid on lease debt	(7)	(10)
Interest paid	(24)	(25)
Interest received	-	-
Income tax paid	(9)	(1)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(209)**	**(230)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	-	(2)
Proceeds from sale of investments, net of cash	27	(1)
Purchases of property, plant and equipment (PPE)	(20)	(17)
Proceeds from sale of PPE and intangible assets	2	-
Purchases of intangible assets including capitalization of development costs	(24)	(39)
Cash collateral and security deposits granted to third parties	(3)	(26)
Cash collateral and security deposits reimbursed by third parties	8	-
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(10)**	**(84)**
Increase of Capital	-	-
Proceeds from borrowings	35	394
Repayments of lease debt	(36)	(42)
Repayments of borrowings	-	(2)
Fees paid linked to the debt and capital operations	(1)	(21)
Other	(2)	4
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**(4)**	**333**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(16)**	**(8)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**330**	**65**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(239)**	**10**
Exchange gains / (losses) on cash and cash equivalents	8	(11)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**99**	**63**