PRESS RELEASE

Technicolor: Third Quarter 2021 Results

Significant demand for original content and high-performance broadband products but continuing supply constraints resulting from the pandemic

Technicolor on track to meet its 2021 and 2022 guidance

Paris (France), November 04, 2021 – [Technicolor](#) (Euronext Paris: TCH; OTCQX: TCLRY) is today announcing its results for the third quarter of 2021.

Richard Moat, Chief Executive Officer of Technicolor, stated:

"Technicolor benefited from strong and growing demand across all activities during the third quarter of 2021. Results are robust, and demonstrate significant profitability improvement, reflecting our disciplined operational focus. Demand for creative VFX artistry and technology continues to improve across media and entertainment, boosted by the increasing desire for original content. Live action production is ramping up as expected, with almost all of our 2021 Visual Effects and Animation pipeline committed, and more than 75% of our 2022 pipeline. Revenue and profitability in DVD Services was ahead of expectations, driven by higher-than-anticipated strength in back catalog, and ongoing growth in supply chain activity. 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 2022. However, our customers are now committing on volumes and have agreed on pass through contracts to secure components supply. Based on business activity for the first nine months and the continued successful optimization of its businesses, the Group is confirming its outlook for 2021 and 2022."

Technicolor delivered a positive third quarter 2021, and a significant improvement in profitability, despite supply constraint challenges affecting both Connecting Home and Technicolor Creative Studios.

For the first nine months of the year, Technicolor reported:

- **Revenues of €2,050 million, a (4.4)% decrease at constant exchange rate, negatively impacted by key component shortages, which prevented the business from fully servicing its growing demand and despite a strong recovery in Visual Effects and Animation;**
- **Adjusted EBITDA of €176 million, up 71.3% at constant rate, reflecting operational and financial improvements, mainly in Technicolor Creative Studios;**
- **Adjusted EBITA of €46 million, representing a robust €111 million year-on-year improvement at current exchange rate;**
- **Free cash flow (before financial results and tax) from continuing operations of €(206) million, representing a €72 million year-on-year improvement at current exchange rate.**

All Technicolor activities are benefiting from sustained market demand

- **Technicolor Creative Studios has an almost full committed revenue pipeline for Film & Episodic Visual Effects and Animation & Games for the remainder of 2021. The division continued to be awarded multiple new projects and, as a result, around 75% of its 2022**

pipeline is also committed. Adjusted EBITDA and Adjusted EBITA are also benefiting from the positive impact of operating efficiencies.

- **Connected Home revenues were down (13.1)% year-on-year at constant exchange rate as a result of unprecedented logistics challenges and key component shortages, which have slowed delivery capacity. At the same time, there has been very strong worldwide market demand, with customers committing on volumes until the end of 2022 and agreeing on pass through contracts to secure component supply. This situation is expected to continue well into 2022.**
- **DVD Services revenues are driven by continued higher than expected back catalog sales and ongoing growth in non-disc related supply chain activity. Profitability improvement has benefited from the acceleration of cost saving actions, and higher activity in freight and logistics despite continued labor and material cost pressures.**

The Group is on track to achieve the c. €115 million cost savings planned for calendar year 2021, with €75 million cost savings realized in the first 9 months. The target of delivering a cumulative €325 million in savings by the end of 2022 is confirmed.

Based on business activity for the first 9 months, the Group is reiterating the outlook presented in its FY 2020 results press release issued on March 11, 2021.

Third quarter 2021 results and forward outlook – key highlights

	Third Quarter				YTD September			
In € million	**2021**	**2020**	At current rate	At constant rate	**2021**	**2020**	At current rate	At constant rate
Revenues from continuing operations	**690**	798	(13.4)%	(14.6)%	**2,050**	2,230	(8.1)%	(4.4)%
Adjusted EBITDA from continuing operations	**76**	53	+42.8%	+41.4%	**176**	106	+66.6%	+71.3%
As a % of revenues	**11.0%**	6.7%			**8.6%**	4.7%		
Adjusted EBITA from continuing operations	**31**	2	*na*	*na*	**46**	(65)	*na*	*na*
Free Cash Flow from continuing before Tax & Financial	**3**	(35)	*na*	*na*	**(206)**	(278)	+26.0%	+22.1%

End of September 2021 year-to-date Group key indicators for continuing operations:

- Revenues of €2,050 million were down (4.4)% at constant rate compared to the prior year, reflecting:
  - A strong performance in Technicolor Creative Studios, up c.18% at constant rate, driven by (i) demand for VFX technology, and (ii) a continued strong performance in Advertising and Animation & Games;
  - A (13)% decrease in Connected Home sales mainly due to supply constraints and transportation delays, but revenue growth in DVD Services.
- Adjusted EBITDA of €176 million was up 71.3% at constant rate. This reflects operational improvements particularly in Technicolor Creative Studios and DVD Services. The Adjusted EBITDA margin for the Group expanded from 4.7% to 8.6%, with Technicolor Creative Studios and DVD Services reporting a significant margin improvement compared to end of September 2020 year-to-date.

- Adjusted EBITA of €46 million represents a €111 million year-on-year improvement at current rate. This resulted from the EBITDA increase and the positive impact of efficiency measures, in particular lower D&A, following lower equipment spend for Technicolor Creative Studios and lower IP depreciation for DVD Services.
- Restructuring costs amounted to €(31) million at current rate, including €(15) million year-to-date in DVD Services driven by footprint rationalization.
- The change in working capital of €(240) million reflects Connected Home payment terms normalization that occurred in first half 2021. The key component shortage has, however, created a risk of unfinished goods inventory build-up that the group is addressing through active cooperation with its clients and suppliers.
- Free cash flow[1] (before financial results and tax) from continuing operations of €(206) million represents a €72 million year-on-year improvement at current rate, driven mainly by profitability improvement in Technicolor Creative Studios, and the ongoing implementation of our cost transformation program. Free cash flow[1] in the third quarter alone was €3m, representing a €38m improvement at current rate compared to third quarter 2020's free cash flow of €(35) million.
- Net debt at nominal value amounts to €1,258 million, and IFRS net debt amounts to €1,183 million. The difference mainly relates to the mark-to-market debt valuation, 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 continue to be impacted by key component delivery and pricing challenges in the fourth quarter and in 2022. Nonetheless, efficiency measures, progressive improvements in delivery and constant discussions with both suppliers and customers should help compensate these negative factors.
- After achieving €171 million of cost savings in 2020, the Group will continue to drive efficiency, 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 communicated in the first quarter results, 2021 guidance and updated 2022 guidance are as follows:
    - <u>In 2021:</u>
        - 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.

[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).*

- In 2022:
  - Adjusted EBITDA of €385 million;
  - 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 will be €(40) million on Adjusted EBITDA and €(23) million on Adjusted EBITA.

- As of the end of the third quarter 2021, IFRS16 impacts Technicolor's KPIs as follows:
  - Adjusted EBITDA improved by €38 million and decreased by €15 million vs. the impact in the first 9 months of 2020;
  - Adjusted EBITA improved by €10 million and increased by €2 million vs. the impact in the first 9 months of 2020;
  - FCF before financial results and tax improved by €50 million, but decreased by €(7) million vs. the impact in the first 9 months of 2020;
  - Capital leases (principal repayment and interest) cash out totaled c. €10 million and decreased by €11 million vs. the impact in the first 9 months of 2020.

Segment Review – Third quarter 2021 Results Highlights

Technicolor Creative Studios* In € million	Third Quarter 2021	Third Quarter 2020	Change QoQ At current rate	Change QoQ At constant rate	YTD September 2021	YTD September 2020	Change YoY At current rate	Change YoY At constant rate
Revenues	**157**	**111**	*+41.2%*	*+37.9%*	**452**	**390**	*+15.9%*	*+17.9%*
Adj. EBITDA	**33**	**(2)**	*na*	*na*	**74**	**0**	*na*	*na*
As a % of revenues	+21.3%	(1.5)%			+16.4%	+0.1%		
Adj. EBITA	**16**	**(24)**	*na*	*na*	**22**	**(75)**	*na*	*na*
As a % of revenues	+10.1%	(21.1)%			+4.8%	(19.2)%		

(*) including Post Production

- **Technicolor Creative Studios revenues** amounted to €157 million in the third quarter of 2021, up 37.9% at constant rate and 41.2% at current rate quarter-on-quarter. The division is benefiting from a surge in demand for original content in the Film & Episodic VFX and Animation & Games service lines, combined with an outstanding performance from the Advertising service line.

- **Adjusted EBITDA** amounted to €33 million, up €35 million quarter-on-quarter at constant rate, and Adjusted EBITA was €16 million, up €40 million year-on-year, as a result of higher margin volume growth in conjunction with permanent cost reduction measures.

- **Business Highlights**
  - Film & Episodic Visual Effects: Revenues in the third quarter more than doubled year-on-year, as the business continued to recover from pandemic-related impacts.
    - During the quarter, VFX teams worked on over 20 theatrical films, including *The Lion King* prequel (Disney), *The Little Mermaid* (Disney), *Resident Evil: Welcome to Raccoon City* (Constantin Film / Sony), *Sonic the Hedgehog 2* (Paramount), and *Transformers: Rise of the Beasts* (Paramount); and
    - Over 35 Episodic and/or Streaming projects, including *Chip 'n' Dale: Rescue Rangers* (Disney+), *Foundation* (Skydance/Apple TV+), *Hawkeye* (Marvel/Disney+) *Vikings: Valhalla* (MGM/Netflix), and *The Wheel of Time* (Amazon/Sony).
    - In September, MPC and Mikros announced an alliance of their episodic and film divisions. Mikros, a French company with over 35 years in the VFX industry, has been a Technicolor brand since 2015. The combined studios will operate under the MPC Episodic brand and will continue to service the French entertainment industry.
    - After the end of the quarter, MPC Film received an HPA Award nomination for Outstanding Visual Effects - Theatrical Feature for its work on Legendary's *Godzilla vs. Kong*.
  - Advertising: Double-digit growth as momentum continues to build, particularly with repeat direct-to-brand business with major advertisers.

- During the third quarter, Technicolor's Advertising businesses delivered approximately 660 commercials, while winning several prestigious industry awards such as:
    - Seven Creative Circle Awards, including The Mill winning Gold for Most Creative Post Production Company;
    - Four Kinsale Shark Awards, including MPC taking Gold for Best CGI/Visual Effects for its contribution to Burberry *'Festive'*; and
    - MPC winning Gold for VFX for their work on Vasen 'Professional Makes Greatness' at Shots Awards Asia Pacific.
- Notable projects delivered in the quarter include LEGO's latest global *'Rebuild the World'* campaign (MPC), Nike's latest *'Play New'* campaign featuring Megan The Stallion (The Mill), and *Pentakill: Lost Chapter: An Interactive Album Experience* - a metaverse concert for Riot Games (The Mill).
- Technicolor Creative Studios announced in September the launch of a global network of Creative Hubs, hosting The Mill and MPC brands in co-located studios, beginning in London and New York City. In conjunction with this announcement, Technicolor Creative Studioshave appointed Josh Mandel and Mark Benson, CEOs of The Mill and MPC respectively, to co-lead the Advertising offering globally.

- Animation & Games: Significant double-digit growth year-on-year driven by strong volume across all business units.
    - Feature: Mikros is in production on Paramount's *The Tiger's Apprentice* and GCI Film's *Ozi*, while beginning to ramp-up production on four additional feature films.
    - Episodic: During the quarter, Mikros completed work on Disney Junior's brand-new Halloween special, *Mickey's Tale of Two Witches,* and continues to work on multiple episodic series, including *ALVINNN!!! and the Chipmunks* (M6), *The Croods: Family Tree* (DreamWorks/Hulu/Peacock), *Gus – the Itsy Bitsy Knight* (TF1), *Kamp Koral: SpongeBob's Under Years* (Nickelodeon/Paramount+), *Mickey Mouse Funhouse* (Disney), *Mira, Royal Detective* (Wild Canary/Disney), *Rugrats* (Nickelodeon/Paramount+) and *Star Trek: Prodigy* (Nickelodeon/Paramount+).
    - Games: Technicolor Games contributed to recent AAA releases like *NBA 2K22* (2K), *FIFA 22* (EA), and *NHL 22* (EA). In October, the Division announced the appointment of Jeaneane Falkler as the President of Technicolor Games, a newly created position to lead growth in the games sector.

- **Covid-19 situation update**
    - Abiding by evolving local and national government regulations and in consultation with local business leadership, Technicolor Creative Studios continues to adjust capacity limits, on-premise protocols, and remote work policies and support on a local basis to ensure the safety of our talent, clients and others.
    - The pandemic continues to affect both immigration and travel, negatively impacting the industry's ability to attract talent to locations where the demand for talent exceeds local supply. Furthermore, immigration policy changes in Canada and in the U.K. & Europe as a result of Brexit are also having an adverse impact on the acquisition of talent. To support its strong backlog, Technicolor Creative Studios continues to invest in its Academies across multiple locations as a strategy to generate new talent pipelines into the business as well as the industry as a whole.

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Connected Home In € million	Third Quarter 2021	2020	Change QoQ At current rate	At constant rate	YTD September 2021	2020	Change YoY At current rate	At constant rate
Revenues	**330**	**488**	*(32.4)%*	*(33.9)%*	**1,100**	**1,327**	*(17.1)%*	*(13.1)%*
Adj. EBITDA	**17**	**31**	*(45.5)%*	*(50.9)%*	**73**	**85**	*(13.6)%*	*(11.0)%*
As a % of revenues	+5.1%	+6.3%			+6.7%	+6.4%		
Adj. EBITA	**1**	**15**	*(90.7)%*	*na*	**31**	**35**	*(12.9)%*	*(13.0)%*
As a % of revenues	+0.4%	+3.0%			+2.8%	+2.7%		

- **Connected Home revenues** totaled €330 million in the third quarter 2021, down c. 34% quarter-on-quarter at constant rate. However, the worldwide semiconductor/key component crisis, combined with supply chain dislocation, has further deteriorated during the third quarter, creating renewed challenges for the Connected Home business:
    - Continued difficulties in obtaining components, delaying production to final customers;
    - Challenges with logistics from Asia, extending delivery times to our customers;
    - Cost increases across multiple categories of components and logistics.

  The division has intensified its collaboration with clients and suppliers to maximize deliveries, and to mitigate potential profitability and working capital impacts.

  New wins and product launches are driven by better user experience in the home with Wi-Fi 6, while innovation is coming with new technologies in the field of sound and far-field voice. Public announcements for the quarter were:
    - The next-generation Wi-Fi 6-enabled Super Wi-Fi boosters with Alexa built-in as part of the latest Vodafone UK Pro Broadband offering;
    - The deployment of SKY Connect, a next generation set-top box (STB) based on Android TV and integrating Google Assistant far-field voice technology for Sky Brazil;
    - The deployment of next-generation Android TV set-top boxes for TIM, enabling Italian consumers to access premium broadcast and OTT Services;
    - The U+tv Soundbar Black, a high-end, multi-service home-entertainment platform developed in partnership with HARMAN's Embedded Audio group and LGU Plus, with Dolby Vision and Dolby Atmos sound experience.
- **Adjusted EBITDA** amounted to €17 million in the third quarter 2021, or 5.1% of revenue, down €(16) million at constant rate due the sales shortfall and higher component prices, partially offset by reductions in OPEX. Year-to-date Adjusted EBITDA was €73 million, down €(9) million. Adjusted EBITA in the third quarter of €1 million decreased by €(15) million compared to the prior year at constant rate.

- **Business highlights**
    - **Americas**
        - North America: Revenues were down due to supply constraints and transportation delays despite continued increased demand from cable operators. The division aims to continue to secure new wins and grow share in Tier II and Tier III customer groups in both Broadband and Android TV. The latter has been a strong growth area during 2021.

- Latin America: Demand is up across the region due to key wins in Wifi 6 on both DOCSIS and Fiber, but revenues were down in Q3 due to global supply constraints.

- **Eurasia**
  - Europe, Middle East & Africa: DOCSIS and Fiber demand and supply remained strong whilst sales of legacy technologies like DSL reduced sequentially. Video demand remained stable whilst highly constrained by IC components supply. DOCSIS 3.1. revenues continued growing strongly in the region; among new projects launched there was the Wi-Fi 6 DOCSIS product with Vodafone.
  - Asia Pacific: Demand remained strong for BB and Video, though highly constrained by SOCs and ICs.

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

- **Revenue Breakdown for Connected Home**

In € million		Third Quarter 2021	Third Quarter 2020	Third Quarter % Change*	YTD September 2021	YTD September 2020	YTD September % Change*
Total revenues		**330**	488	*(33.9)%*	**1,100**	1,327	*(13.1)%*
By region	**Americas:**	**212**	327	*(36.9)%*	**729**	902	*(15.3)%*
	- *North America*	**185**	282	*(36.2)%*	**633**	745	*(11.5)%*
	- *Latin America*	**27**	45	*(41.0)%*	**96**	157	*(33.2)%*
	Eurasia:	**118**	161	*(27.8)%*	**371**	425	*(8.2)%*
	- *Europe, Middle East and Africa*	**63**	92	*(33.2)%*	**218**	246	*(6.3)%*
	- *Asia-Pacific*	**55**	69	*(20.6)%*	**153**	179	*(11.0)%*
By product	**Video**	**137**	187	*(28.2)%*	**415**	505	*(14.0)%*
	Broadband	**193**	302	*(37.4)%*	**685**	822	*(12.5)%*

(*) Change at constant rate

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DVD Services In € million	Third Quarter 2021	Third Quarter 2020	Change QoQ At current rate	Change QoQ At constant rate	YTD September 2021	YTD September 2020	Change YoY At current rate	Change YoY At constant rate
Revenues	**198**	**193**	*+2.5%*	*+3.6%*	**481**	**495**	*(2.9)%*	*+1.2%*
Adj. EBITDA	**29**	**27**	*+6.1%*	*+9.9%*	**39**	**29**	*+37.3%*	*+42.6%*
As a % of revenues	+14.6%	+14.1%			+8.2%	+5.8%		
Adj. EBITA	**18**	**15**	*+18.6%*	*+25.4%*	**8**	**(14)**	*na*	*na*
As a % of revenues	+9.0%	+7.8%			+1.6%	(2.9)%		

- **DVD Services** revenues totaled €198 million in the third quarter of 2021, up 4% at constant rate and 3% at current rate compared to the third quarter 2020. Revenue growth was driven by an increase in Blu-ray™ volume and ongoing growth in non-disc related supply chain activity. The impact of Covid-19 on disc volumes eased somewhat in the third quarter, with an increased level of new release activity, which helped drive the higher mix of Blu-ray volume in the quarter.

- **Adjusted EBITDA** amounted to €29 million at current rate in the third quarter, or 15% of revenue, slightly better than expectations given stronger than anticipated disc volumes, the acceleration of cost saving actions and higher activity in freight and logistics. This upside was partially offset by continued labor and material cost pressures. Lower depreciation & amortization and renewal of contracts helped to deliver an Adjusted EBITA at €18 million compared to €15 million in the third quarter 2020.

- **Business Highlights**
  - Standard Definition DVD volumes declined by 11% in third quarter of 2021 but remain up 1% year-to-date, with 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 up 8% in the third quarter of 2021 driven by the aforementioned increase in major studio new release activity. Year-to-date, Blu-ray volumes were down 4% vs. 2020.

  - CD volumes were down 10% year-on-year in the third quarter on a combination of expected structural declines and Covid-19 retail impacts. CD volume year-to-date was down 10% vs. 2020.

  DVD Services continued to progress previously announced structural division-wide initiatives to adapt distribution and manufacturing operations, and related customer contract agreements, in response to continued volume reductions. Two significant North American facility closures were completed in the first half of 2021 as part the ongoing transformation plan.

		Third Quarter			September YTD		
In million units		**2021**	**2020**	*% Change*	**2021**	**2020**	*% Change*
Total Combined Volumes		**242.9**	260.2	*(6.7)%*	**582.0**	586.4	*(0.8)%*
By Format	SD-DVD	**168.0**	189.3	*(11.2)%*	**413.9**	409.4	*1.1%*
	Blu-ray™	**66.5**	61.5	*7.8%*	**143.9**	150.0	*(4.4)%*
	CD	**8.5**	9.4	*(9.8)%*	**24.2**	27.0	*(10.4)%*
By Segment	Studio/Video	**226.4**	240.1	*(5.7)%*	**541.9**	537.5	*0.7%*
	Games	**5.9**	7.7	*(23.4)%*	**10.7**	14.0	*(23.6)%*
	Music & Software	**10.6**	12.4	*(14.6)%*	**29.3**	34.9	*(16.0)%*

- **Covid-19 situation update**

  - Theatrical new release activity remains partially suppressed, but continues to show an accelerating trend of improvement, with multiple major releases in the third quarter generating significant box office results with 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 new release content increasing, retailers are expected to begin to re-allocate shelf space away from catalog/library content promotions in favor of higher priced new release product.

  - Some production facilities continue to experience temporary staffing shortages, but the overall impact to 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 case growth. DVD Services has accelerated certain aspects of its future restructuring plans in an effort to adapt to these potential impacts.

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Corporate & Other In € million	Third Quarter		Change QtQ		YTD September		Change YoY	
	2021	2020	At current rate	At constant rate	2021	2020	At current rate	At constant rate
Revenues	**5**	**5**	*+3.0%*	*+3.0%*	**16**	**18**	*(7.9)%*	*(7.9)%*
Adj. EBITDA	**(3)**	**(3)**	*+2.3%*	*(0.4)%*	**(11)**	**(8)**	*(27.9)%*	*(30.0)%*
As a % of revenues	(58.0)%	(58.4)%			(64.0)%	(46.1)%		
Adj. EBITA	**(4)**	**(4)**	*(3.9)%*	*(1.8)%*	**(14)**	**(11)**	*(22.9)%*	*(24.8)%*
As a % of revenues	(77.9)%	(77.3)%			(83.2)%	(62.4)%		

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

Corporate & Other recorded revenues of €16 million at the end of September 2021 YTD, decreasing compared to last year as a result of a reduction in retained patent revenue. Adjusted EBITDA amounted to €(11) million and Adjusted EBITA was €(14) million.

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- **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	371	381	Floating	12.00%(2)	Bullet	Jun. 30, 2024	Caa1/B
New Money Term Loans	USD	110	113	Floating	12.15%(3)	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	467	398	Floating	6.00%(4)	Bullet	Dec. 31, 2024	Caa3/CC
Reinstated Term Loans	USD	126	107	Floating	5.90%(5)	Bullet	Dec. 31, 2024	Caa3/CC
Subtotal	**EUR**	**1,074**	**999**		**8.69%**			
Lease Liabilities(6)	Various	186	186	Fixed	8.20%			
Accrued PIK Interest	EUR+USD	5	5	NA	0%			
Accrued Interest	Various	4	4	NA	0%			
Wells Fargo Line	USD	37	37	Floating	5.25%	Revolving	Dec.31, 2023	
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,307**	**1,232**		**8.46%**			
Cash & Cash equivalents	Various	49	49					
Total Net Debt		**1,258**	**1,183**					

(1) Rates as of September 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 €10 million are capital leases and €176 million is operating lease debt under IFRS 16

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Summary of consolidated results for nine months ended

In € million	Third Quarter 2021	Third Quarter 2020	Third Quarter Change*	YTD September 2021	YTD September 2020	YTD September Change*
Revenues from continuing operations	**690**	**798**	**(13.4)%**	**2,050**	**2,230**	**(8.1)%**
Change at constant currency (%)	-	-	(14.6)%	-	-	(4.4)%
o/w *Technicolor Creative Studios*	157	111	+41.2%	452	390	+15.9%
DVD Services	198	193	+2.5%	481	495	(2.9)%
Connected Home	330	488	(32.4)%	1,100	1,327	(17.1)%
Corporate & Other	5	5	+3.0%	16	18	(7.9)%
Adjusted EBITDA from continuing operations	**76**	**53**	**+42.8%**	**176**	**106**	**+66.6%**
Change at constant currency (%)	-	-	+41.4%	-	-	+71.3%
As a % of revenues	+11.0%	+6.7%	434bps	+8.6%	+4.7%	385bps
o/w *Technicolor Creative Studios*	33	(2)	*na*	74	0	*na*
DVD Services	29	27	+6.1%	39	29	+37.3%
Connected Home	17	31	(45.5)%	73	85	(13.6)%
Corporate & Other	(3)	(3)	+2.3%	(11)	(8)	(27.9)%
Adjusted EBITA from continuing operations	**31**	**2**	***na***	**46**	**(65)**	***na***
Change at constant currency (%)	-	-	*na*	-	-	*na*
As a % of revenues	+4.5%	+0.3%	420bps	+2.3%	(2.9)%	518bps
Adjusted EBIT from continuing operations	**21**	**(7)**	***na***	**18**	**(96)**	***na***
Change at constant currency (%)	-	-	*na*	-	-	*na*
As a % of revenues	+3.1%	(0.9)%	400bps	+0.9%	(4.3)%	519bps
EBIT from continuing operations	**12**	**(17)**	***na***	**7**	**(212)**	***na***
Change at constant currency (%)	-	-	*na*	-	-	*na*
As a % of revenues	+1.7%	(2.2)%	385bps	+0.3%	(9.5)%	983bps
Financial result	(31)	172	-	(94)	105	-
Income tax	(8)	(1)	-	(19)	(5)	-
Share of profit/(loss) from associates	0	0	-	0	0	-
Profit/(loss) from continuing operations	**(28)**	**154**	**-**	**(105)**	**(111)**	**-**
Profit/(loss) from discontinued operations	1	(9)	-	(1)	(10)	-
Net income	**(27)**	**144**	**-**	**(106)**	**(121)**	**-**

(*) Change at current rate

- Restructuring costs accounted for €(31) million at current rate, including €(15) million in DVD Services, largely resulting from optimization of sites.

- EBIT from continuing operations amounted to a profit of €7 million in the first 9 months compared to €(212) million year-to-date end of September 2020, due to better operational performance, while 2020 was impacted by DVD Services impairment and higher restructuring accruals.

- The financial result totaled €(94) million year-to-date in the first 9 months, compared to €105 million year-to-date end of September 2020, reflecting:
  - Net interest costs of €(93) million, up from last year by €(39) million, primarily due to the higher interest rates on the new debt structure;
  - Other financial income lower at €(1) million in the first 9 months 2021 compared to €159 million in the prior year, mostly explained by a non-cash gain on the equity and debt initial valuations in 2020 following the financial restructuring process.

- Income tax amounted to €(19) million, compared to €(5) million in the first 9 months 2020.

- Group net income therefore amounted to a loss of €(106) million in the first 9 months 2021, compared to the €(121) million loss in the first 9 months 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 €(11) million in 2021 compared to €(116) million in 2020 (including IFRS 16).

	YTD September		
In € million	**2021**	**2020**	Change (*)
EBIT from continuing operations	**7**	**(212)**	**219**
Restructuring charges, net	(31)	(51)	20
Net impairment losses on non-current operating assets	0	(71)	71
Other income/(expense)	20	6	14
Adjusted EBIT from continuing operations	**18**	**(96)**	**114**
As a % of revenues	+0.9%	(4.3)%	519bps
Depreciation and amortization ("D&A") (**)	158	200	(42)
IT capacity use for rendering in Technicolor Creative Studios	0	2	(2)
Adjusted EBITDA from continuing operations	**176**	**106**	**70**
As a % of revenues	8.6%	4.7%	385bps

(*) 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.

	Nine months ended (IFRS)	
In € million	**September 30, 2021**	**September 30, 2020**
Adjusted EBITDA from continuing operations	**176**	**106**
Changes in working capital and other assets and liabilities	(240)	(238)
IT capacity use for rendering in Creative Studios	-	(2)
Pension cash usage of the period	(19)	(22)
Restructuring provisions – cash usage of the period	(60)	(36)
Interest paid	(59)	(45)
Interest received	-	-
Income tax paid	(13)	(4)
Other items	1	(10)
Net operating cash generated from continuing activities	**(213)**	**(252)**
Purchases of property, plant and equipment (PPE)	(28)	(25)
Proceeds from sale of PPE and intangible assets	-	-
Purchases of intangible assets including capitalization of development costs	(36)	(58)
Net operating cash used in discontinued activities	(15)	(12)
Free cash-flow	**(292)**	**(347)**
Nominal gross debt (including Lease debt)	**1,307**	**1,285**
Cash position	**49**	**241**
Net financial debt at nominal value (non IFRS)	**1,258**	**1,044**
IFRS adjustment	(75)	(89)
Net financial debt (IFRS)	**1,183**	**955**

- The change in working capital & other assets and liabilities was negative by €(240) million at the end of September 2021, mostly driven by component shortage impacts, unfavorable changes in supplier payment terms and the normal seasonality trend at Connected Home and DVD Services.
- While pension cash costs during the period were up by €3 million, pension liabilities were down by €(41) million mainly due to a positive effect from discount rates of €29 million, and payments of €19 million.
- Cash outflow for restructuring totaled €60 million in the first 9 months 2021, up by €24 million year-on-year at current rate, mainly resulting from accelerated implementation of cost savings.
- Capital expenditures amounted to €64 million, down by €(19) million year-on-year at current rate, as the Group maintained strict control over investment expense.
- The cash position at the end of September 2021 was €49 million, compared to €241 million at the end of September 2020.

An analyst audio webcast hosted by Richard Moat, CEO and Laurent Carozzi, CFO will be held today, November 04, 2021 at 6:30pm CET.

Financial calendar

FY 2021 results	24 February 2022

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Warning: Forward Looking Statements

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

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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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UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	Nine months ended September 30, 2021	Nine months ended September 30, 2020
CONTINUING OPERATIONS		
Revenues	2,050	2,230
Cost of sales	(1,779)	(2,040)
Gross margin	**271**	**190**
Selling and administrative expenses	(189)	(214)
Research and development expenses	(63)	(72)
Restructuring costs	(31)	(51)
Net impairment gains (losses) on non-current operating assets	0	(71)
Other income (expense)	20	6
Earnings before Interest & Tax (EBIT) from continuing operations	**7**	**(212)**
Interest income	0	0
Interest expense	(93)	(54)
Other financial income (expense)	(1)	159
Net financial income (expense)	**(94)**	**105**
Share of gain (loss) from associates	0	0
Income tax	(19)	(5)
Profit (loss) from continuing operations	**(105)**	**(111)**
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations	(1)	(10)
Net income (loss)	**(106)**	**(121)**
Attribuable to:		
- Equity holders	*(106)*	*(121)*
- Non-controlling interest	*0*	*0*

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	September 30, 2021	December 31, 2020
ASSETS		
Goodwill	756	716
Intangible assets	516	535
Property, plant and equipment	134	140
Right-of-use assets	159	148
Other operating non-current assets	29	27
TOTAL OPERATING NON-CURRENT ASSETS	**1,594**	**1,566**
Non-consolidated investments	16	14
Other non-current financial assets	39	47
TOTAL FINANCIAL NON-CURRENT ASSETS	**55**	**61**
Investments in associates and joint-ventures	2	1
Deferred tax assets	52	45
TOTAL NON-CURRENT ASSETS	**1,703**	**1,674**
Inventories	281	195
Trade accounts and notes receivable	470	425
Contract assets	83	63
Other operating current assets	235	224
TOTAL OPERATING CURRENT ASSETS	**1,069**	**907**
Income tax receivable	16	14
Other financial current assets	26	17
Cash and cash equivalents	49	330
Assets classified as held for sale	1	76
TOTAL CURRENT ASSETS	**1,162**	**1,344**
TOTAL ASSETS	**2,865**	**3,018**

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	September 30, 2021	December 31, 2020
EQUITY AND LIABILITIES		
Common stock *(235,823,571 shares at September 30, 2021 with nominal value of 0.01 euro per share)*	2	2
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	59	126
Cumulative translation adjustment	(422)	(456)
Shareholders equity attributable to owners of the parent	**140**	**173**
Non-controlling interests	0	0
TOTAL EQUITY	**140**	**173**
Retirement benefits obligations	283	325
Provisions	25	33
Contract liabilities	2	2
Other operating non-current liabilities	21	21
TOTAL OPERATING NON-CURRENT LIABILITIES	**331**	**381**
Borrowings	1,004	948
Lease liabilities	123	122
Other non-current liabilities	1	-
Deferred tax liabilities	19	15
TOTAL NON-CURRENT LIABILITIES	**1,477**	**1,466**
Retirement benefits obligations	31	30
Provisions	56	90
Trade accounts and notes payable	567	710
Accrued employee expenses	126	142
Contract liabilities	68	41
Other current operating liabilities	260	215
TOTAL OPERATING CURRENT LIABILITIES	**1,109**	**1,228**
Borrowings	42	16
Lease liabilities	62	56
Income tax payable	33	21
Other current financial liabilities	1	2
Liabilities classified as held for sale	-	56
TOTAL CURRENT LIABILITIES	**1,248**	**1,379**
TOTAL LIABILITIES	**2,725**	**2,845**
TOTAL EQUITY & LIABILITIES	**2,865**	**3,018**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	Nine months ended September 30, 2021	2020
Net income (loss)	**(106)**	**(121)**
Income (loss) from discontinuing activities	(1)	(10)
Profit (loss) from continuing activities	**(105)**	**(111)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	166	210
Impairment of assets	0	74
Net changes in provisions	(49)	(9)
Gain (loss) on asset disposals	(29)	13
Interest (income) and expense	93	54
Other items (including tax)	23	(194)
Changes in working capital and other assets and liabilities	(240)	(241)
Cash generated from continuing activities	**(141)**	**(203)**
Interest paid on lease debt	(11)	(15)
Interest paid	(48)	(30)
Interest received	0	-
Income tax paid	(13)	(4)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(213)**	**(252)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	0	(7)
Proceeds from sale of investments, net of cash	27	9
Purchases of property, plant and equipment (PPE)	(28)	(25)
Proceeds from sale of PPE and intangible assets	0	-
Purchases of intangible assets including capitalization of development costs	(36)	(58)
Cash collateral and security deposits granted to third parties	(2)	(26)
Cash collateral and security deposits reimbursed by third parties	1	-
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(38)**	**(107)**
Increase of Capital	0	60
Proceeds from borrowings	35	757
Repayments of lease debt	(50)	(64)
Repayments of borrowings	0	(158)
Fees paid linked to the debt and capital operations	(1)	(41)
Other	(4)	5
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**(20)**	**557**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(21)**	**(12)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**330**	**65**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(291)**	**186**
Exchange gains / (losses) on cash and cash equivalents	10	(10)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**49**	**241**