technicolor

PRESS RELEASE

Technicolor: Full Year 2021 Results and planned listing of Technicolor Creative Studios

Paris (France), February 24th, 2022 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) is today announcing its results for the full year 2021. The Board of Directors of Technicolor SA, meeting on February 24th 2022, approved the Group's full year 2021 accounts.

- **Technicolor met its 2021 guidance, despite numerous headwinds**
- **2022 looks strong and Technicolor confirms its 2022 guidance[1]**
- **Technicolor intends to list Technicolor Creative Studios (TCS) to enable its further growth and development in line with strong industry demand:**
  - **Technicolor intends to list and spin-off 65% of Technicolor Creative Studios** through a distribution-in-kind to Technicolor shareholders, while Technicolor will remain listed on Euronext Paris and post-Spin Off will retain up to 35% ownership of TCS
  - **Evolution into two industry-leading, independent listed companies**, each with the ability to pursue its own strategic agenda and unleash value potential
  - **Technicolor intends to further deleverage so that both companies can have more active development profiles, through a refinancing of the entire existing debt structure**, and the issue of €300m of Mandatory Convertible Notes (“MCN”) whose conversion into Technicolor shares would be effective upon the execution of the spin-off. This MCN is a key component of the spin-off process and is supported by selected subscribers who have committed to subscribe to the full amount
- **Technicolor has received a binding offer to sell its Trademark Licensing operations for c.€100 million in cash**, subject to closing conditions, with completion expected in H1 2022. This is another step in the direction of further deleveraging and simplification

Richard Moat, Chief Executive Officer of Technicolor, statement:

“2021 was a year of great success despite the volatile business environment, and we have yet again proved our ability to react quickly and efficiently to unexpected challenges. The efforts of our dedicated teams have enabled us to achieve our 2021 guidance, and I want to thank everyone around the world who contributed to this excellent result. The outlook is strong, and today I am pleased to confirm our 2022 guidance.

The transformation of the Group carried out over the past two years has resulted in us having three profitable businesses which are global leaders in their respective markets. In addition to executing our transformation program, the Board of Directors and management team have continuously evaluated strategic options to unleash the value potential of our divisions. After a comprehensive review, we determined that pursuing the partial spin-off of TCS from the Group along with the full refinancing of the existing debt will be the solution that best aligns strategy, value creation and financial objectives for all of Technicolor’s stakeholders. We are convinced that this operation is a unique opportunity to ensure both TCS and Technicolor Ex-TCS have the adequate capital structure to support their developments, long-term ambitions and organic growth. The execution of these operations will allow both companies to pursue their own strategic agendas, be more agile and ultimately thrive as independent businesses.”

[1] 2022 guidance numbers presented in this press release have been restated to reflect changes in accounting methods (IFRIC adjustments on Saas). More details on adjustments are available in the Additional Financial Information paragraph in section II.

2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

I- 2021 Key Highlights & 2022 Outlook

In € million, continuing operations	Second Half				Full Year				
	2021	2020	*Actual Change*	*Change at Constant Rate*	**2021**	**2021** *at constant rate**	2020	*Actual Change*	*Change at Constant Rate*
Revenues	1,539	1,573	*-2.2%*	*-4.3%*	2,898	2,957	3,006	*-3.6%*	*-1.7%*
Adjusted EBITDA	168	110	*52.6%*	*50.8%*	268	272	163	*64.9%*	*67.2%*
As a % of revenues	*10.9%*	*7.0%*	*392 bps*	*403 bps*	*9.3%*	*9.2%*	*5.4%*	*384bps*	*379 bps*
Adjusted EBITA	80	8	*na*	*na*	95	96	(59)	*na*	*na*
Free Cash Flow before Tax & Financial	206	118	*73.8%*	*85.6%*	(2)	(5)	(124)	*na*	*na*

** Including IFRIC adjustment on Saas of €(3) million on EBITDA and €(1) million on EBITA*

Technicolor met its 2021 guidance for the full year, with adjusted EBITDA reaching €268 million, adjusted EBITA €95 million and Free Cash Flow before Tax and Financial €(2) million.

Revenues declined by 1.7% at constant exchange rate. Technicolor Creative Studios recorded a strong improvement in revenues, while Connected Home was impacted by industry-wide key component shortages and supply chain disruption which prevented the business from meeting strong customer demand in full.

Adjusted EBITDA improved by €109 million at constant exchange rate, representing a 9.3% margin, up 379 basis points, as a result of the significant cost savings and operating efficiencies achieved across all divisions. Similarly, adjusted EBITA increased by €155 million at constant exchange rate.

Operational improvement was also reflected in the €119 million Free Cash Flow improvement at constant rate, resulting in €(2)m Free Cash Flow (before financial results and tax) from continuing operations.

Net debt IFRS amounted to €1,039 million as of December 31, 2021 compared to €812 million at the end of December 2020, leading to a Net Debt / EBITDA ratio of 3.87x at constant exchange rate, in line with guidance.

Outlook

The Group confirms its 2022 guidance:

- Demand for Technicolor Creative Studios' highest quality VFX artistry and cutting-edge technology is expected to continue to grow significantly throughout 2022. The division has been awarded multiple new projects, resulting in approximately two thirds of the revenue pipeline for MPC and Mikros Animation being already committed for 2022. Significant investment in artist recruitment, retention and training (including TCS Academy programs) will continue.
- Worldwide demand for Connected Home broadband equipment is expected to remain strong in 2022. Ongoing component shortages and pricing challenges will continue to restrict our ability to serve end customer demand; nonetheless, efficiency measures, progressive improvements in delivery and continuous discussions with both suppliers and customers should help compensate for these negative factors.
- In DVD services, improving format mix driven by higher year-on-year new release volumes as theatrical attendance continues to normalize, along with further cost efficiencies, are expected to mitigate the anticipated modest disc volume decline. The division is working on further significant expansion of non-disc activities.

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

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

  - Revenues from continuing operations are expected to grow,
  - Adjusted EBITDA from continuing operations of €375 million,
  - Adjusted EBITA from continuing operations of €175 million,
  - FCF from continuing operations, before financial results and tax of €230 million.

2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

2022 guidance was confirmed on November 3, 2021, assuming constant €/$ exchange rate of 1.15. 2022 guidance numbers presented in this press release have been restated to reflect changes in accounting methods (IFRIC adjustments on Saas). More details on adjustments are available in the Additional Financial Information paragraph in section II.

II- Intention to list Technicolor Creative Studios to enable its further growth and development, creating two independent market leaders, and to refinance Technicolor's existing debt

Rationale of the contemplated transactions

Over the past 2 years, Technicolor's management has transformed the Group by restructuring operations and restoring profitability, despite the challenges brought by COVID-19. Today Technicolor operates three profitable businesses, each a leader in its respective market. As the operational and financial transformation of our businesses progressed, our Board of Directors and management team have continuously reviewed strategies to unlock value to all of Technicolor's stakeholders. Today's announcement on the proposed spin-off of a 65% stake in TCS, and the intention to refinance our existing debt, allows the Group to set out on a path towards unleashing the full potential of our businesses. It also marks, along with the Mandatory Convertible Notes, a further and significant expected deleveraging of both new entities, notably for TCS on a stand-alone basis which is expected to benefit from a leverage in line with market peers.

Within the framework described above, Technicolor's Board of Directors has approved the plan to list and partially spin off TCS. The current perimeter of Technicolor activities would therefore be divided into:

- Technicolor Creative Studios ("TCS");
- Technicolor Ex-TCS, which will comprise Connected Home and DVD Services, and is expected to retain up to a 35% stake in TCS at the time of the spin-off.

TCS and Technicolor Ex-TCS have distinct characteristics in terms of growth, margins, capital intensity, and cash flow generation. The contemplated transaction will allow each entity to pursue its own strategic path independently, consistent with its underlying business dynamics and financial fundamentals, and thereby achieve its full value potential. Furthermore, the spin-off of TCS should help to reduce the conglomerate discount of Technicolor Ex-TCS and create a strong basis for TCS full valuation.

TCS is a global leader in VFX, offering a unique 'pure play' equity story in a market experiencing exponential growth driven by burgeoning demand for content. TCS will have a Board of Directors and a management team independent from Technicolor Ex-TCS. As a separate company with direct access to capital markets, TCS will be able to accelerate the execution of its strategic agenda and growth trajectory.

Technicolor Ex-TCS will strengthen market leader status in Connected Home and DVD Services. The company is expected to have a stronger balance sheet following the contemplated refinancing, with lower leverage and greater liquidity than today, hence significantly de-risking its financial profile. Connected Home and DVD Services will therefore be in a strong financial position to reinforce their status as global players.

Contemplated spin-off details

Technicolor intends to list TCS on Euronext Paris, and to make a concurrent distribution of a 65% stake in TCS to Technicolor shareholders (the "Distribution").

The spin-off structure allows Technicolor shareholders to receive Technicolor Creative Studios shares, while remaining shareholders of Technicolor Ex-TCS. In view of the analysis to date of the composition of Technicolor SA's net equity and in particular its negative retained earnings which the projected 2022 income (including the capital gain on the transfer of the TCS shares) is not expected to absorb, it is to-date anticipated that this distribution-in-kind would be made out of Technicolor's share premium account, and that it should, from a French tax perspective, be considered as a tax-free return of share premium under article 112 of the French tax code (*remboursement de prime d'émission*). This Distribution should therefore not be subject to tax in France whether by way of a French levy, a French withholding tax or otherwise (subject to specific situations). Additional information will be provided in this respect ahead of the actual distribution.

As far as the remaining 35% TCS stake retained by Technicolor Ex-TCS is concerned, its disposal will be considered ahead of or following the spin-off, depending on market conditions, with a view to further and significantly deleverage both new entities. The spin-off resolutions will be submitted to the Company's Annual and Extraordinary Shareholders Meeting that it is anticipated will be convened in late June 2022. It is expected that the spin-off will take place during the later part of Q3, 2022 subject to the conditions outlined below. The company will request the admission of the TCS shares on Euronext Paris by way of a prospectus to be approved by the AMF. The company has retained Finexsi as independent financial appraiser in order to provide shareholders with an independent valuation of the TCS shares prior to the vote at the Company annual shareholders' meeting referred to above.

Contemplated refinancing package details

Concurrently, Technicolor is announcing its intention to fully refinance the Group's debt.

As part of the refinancing, Technicolor intends to issue Mandatory Convertible Notes ("MCN") for €300 million in the form of separate reserved issuances. Angelo Gordon, Bpifrance and other selected subscribers have committed to subscribe to the full amount of the MCN. The MCN would automatically be converted into Technicolor shares if a Technicolor Extraordinary General Meeting approves the Distribution, and the Board of Directors decides such Distribution. The conversion price of €2.60 per share is equal to a 5% discount to the 3-month VWAP ("*Volume-Weighted Average Price*") per Technicolor ordinary share as of February 23rd, 2022.

The fairness of the condition of the Mandatory Convertible Notes conversion will be addressed prior to the vote at the MCN Extraordinary General Meeting by a report to be prepared by Finexsi as independent financial appraiser.

The issuance of the MCN is subject to 2/3rd majority approval at an Extraordinary General Meeting of shareholders, which is expected to take place early Q2 and, in any case, no later than May 25th, 2022. Shareholders subscribing to the MCN have committed to not dispose of their shares before the MCN Extraordinary General Meeting.

In parallel, consistent with the proposed transaction, the Group is launching negotiations to refinance its existing debt, with a view to putting in place two distinct and optimized financing packages for TCS and Technicolor Ex-TCS respectively[2].

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

Technicolor Creative Studios: a collaborative global VFX leader driving innovation and creativity

TCS provides its clients with the highest quality VFX artistry and cutting-edge technology in the industry. Following the appointment of Christian Roberton as President in 2020, TCS has been fully reorganized to run in a more efficient and agile way. The studios have been integrated under dedicated business lines with MPC for Film & Episodic VFX, The Mill for Advertising, Mikros for Animation and Technicolor Games to serve the gaming industry, achieving significant synergies and efficiencies. Each of the business line is supported by fast growing markets, together with a unique opportunity to play a central role in new areas such as the creation of the metaverse.

In addition, the newly listed company will benefit from unique technological expertise, longstanding customer relationships, a large-scale production platform in India, a unified pipeline toolset, and access to unique talent pools supported by its world-leading Academy training programs.

With the proposed spin-off, TCS is making a further step to accelerate organic growth and expand into scalable markets, capitalizing on the wave of burgeoning demand for content. Its ambition is to reinforce its status as the leading collaborative global VFX player, driving innovation and creativity through growing and evolving environments for filmmakers, brands, games companies, streamers and the metaverse.

[2] Key terms of the MCN are presented in Appendix 7

Technicolor Creative Studios is led by an experienced, proven management team, and industry-leading creative talent and technologists. Christian Roberton will be appointed CEO of the new entity, and Anne Bouverot will be proposed as Chairperson of the Board of Directors.

As an independent company, TCS will have greater agility and flexibility to achieve its financial targets. It will be well-positioned for EBITDA expansion and strong cash flow generation, enabling it to become a consolidator in its markets, unlocking value for its current and future stakeholders.

TCS will be headquartered in Paris, France and will apply for listing on the regulated market of Euronext in Paris.

Technicolor Ex-TCS: a leader in its segments with a stronger balance sheet

Technicolor Ex-TCS core activities will be composed of two businesses having leading positions in their respective markets and with solid fundamentals ahead:

- Connected Home is the leader[3] in Broadband and Android TV.
- DVD Services 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 will benefit from a stronger balance sheet, and greater liquidity, significantly de-risking its financial profile and providing the foundations for value creation potential.

Over the past 2 years, our renewed and experienced management team has driven the transformation of the Group. We have improved the resiliency of the business models of both Connected Home and DVD Services and proved our ability to react fast and to adapt efficiently in facing headwinds such as supply shortage.

At Connected Home, under the leadership of Luis Martinez Amago, we adopted a platform-based approach, optimizing our product lines, and refocusing our customer portfolio, as well as streamlining our operations through supplier selectivity and cost reduction. This has enabled Connected Home to successfully reposition itself towards two growing markets: high end broadband gateway products and diversification into Android TV in the set-top-box segment, leveraging best-in-class supply chain and integrated R&D capabilities to reduce time-to-market.

DVD Services has evolved into a Specialist Manufacturing & Supply Chain Services division under David Holliday, President since 2020. To accomplish this, he and his team have been working since the start of 2020 on a complete business transformation of the division, which has involved the closure of 13 facilities and relocation of several operations along with cost reduction and efficiency measures. It has repositioned its disc activity into a profitable volume-based business. In parallel, the division has rapidly evolved its vision and established four new growth businesses which leverage existing assets, proven capabilities and expertise. Diversification is now being accelerated, through manufacturing services, including vinyl and biodevices, and supply chain and fulfillment services and solutions. These new growth businesses are expected to provide a positive contribution to the division's revenues and profitability in FY22, with significant growth anticipated for the following years.

Post separation, Luis Martinez Amago will be appointed CEO of Technicolor Ex-TCS, and Richard Moat will be proposed as Chairman of the Board of Directors.

This process is a unique opportunity which will provide Technicolor Ex-TCS with additional financial headroom for growth, diversification and competitive positioning. The combination of spin-off and refinancing will significantly reduce the risk-profile of Technicolor Ex-TCS, providing it with a deleveraged balance-sheet and increased liquidity.

Technicolor Ex-TCS will remain listed on the regulated market of Euronext in Paris, with headquarters in Paris.

Advisors

Goldman Sachs, Morgan Stanley, Rothschild & Co. and d'Angelin & Co. are acting as financial advisors to Technicolor. Bredin Prat and Kirkland & Ellis are acting as legal advisors to Technicolor. Gide Loyrette Nouel is acting as legal advisor to Technicolor Board of Directors.

[3] Source: September 2021 – Dell Oro

Sale of Trademark Licensing operations

Technicolor received a binding offer to sell its Trademark Licensing operations. The total agreed consideration amounts to approximately €100 million, to be paid in cash at the closing of the transaction.

This transaction allows the Group to further simplify its structure with the sale of non-core assets, and to increase Technicolor financial flexibility.

The sale, which is subject to closing conditions, is expected to close in the first half of 2022.

Additional Financial Information

In the period preceding today's announcement, as part of the process, the Company shared forward looking assumptions with some of its shareholders who will participate in and/or support the transactions.

These assumptions, elaborated at the end of Q3 2021 and based on market conditions assumptions prevailing at the time, are currently under review by the Group.

Forward looking assumptions provided for Technicolor:

In € million, continuing operations	**2022**	**2023**
Adjusted EBITDA	385	395-405
Adjusted EBITA	180	185-195
Free Cash Flow before Tax & Financial	230	195-205

For 2024, a key assumption for Technicolor was the acceleration of growth driven by continuous operational and end-market improvements.

In addition, as part of the process, the company shared, with some of its shareholders who will participate in and/or support the transactions, further forward looking assumptions for TCS and Technicolor Ex-TCS.

Forward looking assumptions provided for TCS and Technicolor Ex-TCS:

	TCS		**Technicolor Ex-TCS**	
In € million, continuing operations	**2022**	**2023**	**2022**	**2023**
Adjusted EBITDA	180-190	210-220	Above 160	Above 150
Adjusted EBITA	80-90	105-115	55-65	40-50
Free Cash Flow before Tax & Financial	100-110	125-135	75-85	55-65

For 2024, key assumptions for TCS and Technicolor Ex-TCS were:

- TCS: strong growth as a result of anticipated continued burgeoning demand;
- Technicolor Ex-TCS: continued delivery of solid financial results driven by broadband and diversification in both CH and DVD Services activities.

In no case should 2023 and 2024 numbers be considered as future guidance. Guidance for TCS and Technicolor Ex-TCS will be established and disclosed at the time of the Capital Market Days that will take place at the end of May/early June.

Data presented above:

- Have been established using a 1.15 €/$ exchange rate;
- Do not reflect the upcoming disposal of Trademark Licensing assets;
- Include estimated running dissynergy costs of €30-40 million;
- Exclude c.€ 75 million costs and fees associated with the transactions[4]. These costs and fees include €30-40 million estimated refinancing costs including make-whole of the current debt, €25-30 million fees related

[4] In addition to this amount, a break fee is also provided under the terms and conditions of the MCN in the event the MCN is not issued 2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

to the separation, spin-off and distribution of 65% of TCS shares, and €10 million of other costs associated with both transactions;

- Do not reflect the accounting changes implied by the IFRIC interpretation on Saas adjustments, relating to the configuration or customization costs in a cloud computing arrangement. The one-off impacts of IFRIC interpretation are expected to be material for 2022 as software capex were budgeted, resulting in a negative impact on EBITDA, a positive impact on capex and a neutral impact on cash. For 2022, they are estimated as follows:
    - Technicolor “as-is”: €(9) million on EBITDA, €(6) million on EBITA, +€9 million on capex
    - TCS: €(4) million on EBITDA, €(3) million on EBITA, +€4 million on capex
    - Technicolor Ex-TCS: €(5) million on EBITDA, €(3) million on EBITA, +€5 million on capex
    - For 2023, these impacts are expected to be less material.

In addition, the company will file a prospectus to be approved by the AMF as part of the TCS share admission process on Euronext Paris. TCS and Technicolor Ex-TCS intend to organize two Capital Markets Days at the end of May/early June, where updated guidance will be provided.

III- Governance

Katherine Hays has been appointed by today’s Board Meeting as a new independent Director in replacement of Cécile Frot-Coutaz who resigned as of September 1st, 2021.

The decision being made by co-optation, it will be submitted to the ratification of Technicolor Annual Shareholders Meeting that will take place end of June 2022.

Katherine Hays is an operational executive with more than 20 years of experience in the digital media and entertainment sector, notably as founder and CEO of the peer-to-peer marketing platform Vivoom Inc., CEO of visual effects software creator GenArt, and various management functions at Microsoft Startup Labs, MSN, Massic Inc, an in-game advertising platform she co-founded.

IV- Segment Review – Full Year 2021 Results Highlights

Technicolor Creative Studios

Technicolor Creative Studios revenues amounted to €629 million in 2021, up 22.5% at constant rate year-on-year. Excluding the Post Production business divested in April 2021, year-on-year revenue growth at constant rate was 37.2%. This improvement, notably in the second half, resulted from significant demand for original content for all the business lines compared with 2020, which suffered from pandemic-related impacts on production in Hollywood and around the world. More precisely in 2021:

- At MPC, revenues grew significantly driven by the continued ramp-up in production of major theatrical projects as well as increasing contributions from all the major streaming platforms;
- At The Mill, advertising revenues grew across all key markets year-on-year, driven by a faster recovery in advertising spend from Covid than anticipated;
- At both Mikros Animation and Technicolor Games, revenues grew significantly, driven by higher volumes across all segments.

The shortage of talent which impacted the entire industry was partly mitigated by significant retention and hiring action plans implemented during the year, with intense activity in the fourth quarter. During the year, TCS staff increased from approximately 7,700 at the end of December 2020 to approximately 10,560 at the end of December 2021.

Adjusted EBITDA amounted to €113 million (17.9% margin), up €94 million year-on-year at constant rate, and Adjusted EBITA was €41 million, up €119 million year-on-year at constant rate. On top of the revenue increase, significant margin improvement resulted from the positive impacts of multiple operational transformation programs in conjunction with permanent cost reduction measures.

Connected Home

Connected Home revenues totaled €1,544 million in the full year 2021, down 10.0% at constant exchange rates compared with 2020. Sales volumes[5] were severely impacted by the worldwide semiconductor crisis combined with supply chain disruptions, limiting our ability to fully satisfy the strong demand from our customers. The underlying demand for 2021 was higher than our actual sales in 2020. Since the summer, the division has intensified its collaboration with clients and suppliers to maximize deliveries, and to mitigate potential profitability and working capital impacts, which paid off notably in the fourth quarter.
The division continues to focus on selective investments in key customers, platform-based products and partnerships, and on optimizing fixed costs that will lead to improved margins over the year.

Adjusted EBITDA amounted to €103 million in 2021, or 6.7% of revenue, flat at constant exchange rate. Margin was up 67 basis point as operating efficiencies and fixed cost savings offset lower volumes and the additional cost impact. 2021 Adjusted EBITA was €45 million, representing a 21.3% increase year-on-year at constant rate.

DVD Services

DVD Services revenues totaled €701 million in 2021, up 1.6% compared with 2020 at constant exchange rate. Despite slightly lower disc volumes year-on-year[6] (-2.7%), revenue growth was driven by increased revenues from new growth businesses mainly in the US (distribution and freight revenues).
Adjusted EBITDA amounted to €67 million, or 9.5% of revenues compared with 7.5% in 2020, up €15 million at constant exchange rate. Margin improvement mainly resulted from the significant year-on-year footprint optimization, further headcount reductions and higher activity in the North American non-disc activities. This upside was partially offset by the impacts of lower activity in the disc distribution business, higher labor costs in North America and Mexico, and higher raw material costs. DVD Services continued to adapt distribution and manufacturing operations, and related customer contract agreements, in response to continued volume reductions. Four significant facility closures (mainly in North America) were completed in 2021 as part of the ongoing transformation plan. Lower depreciation & amortization and renewal of contracts helped to deliver an Adjusted EBITA of €27 million compared to €(1) million in 2020.

Corporate & Other

Corporate & Other includes the Trademark Licensing business.

Corporate & Other recorded revenues of €23 million in 2021 were in line with last year's revenues of €23 million. Adjusted EBITDA amounted to €(14) million, and Adjusted EBITA was €(18) million.

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

V- Results analysis

P&L analysis

In € million	Second Half				Full Year			
	2021	2020	Actual Change	Change at constant rate	**2021**	2020	Actual Change	Change at constant rate
Revenues from continuing operations	**1,539**	**1,573**	*-2.2%*	*-4.3%*	**2,898**	**3,006**	*-3.6%*	*-1.7%*
Adjusted EBITDA from continuing operations	**168**	**110**	*+52.6%*	*+50.8%*	**268**	**163**	*+64.9%*	*+67.2%*
As a % of revenues	*10.9%*	*7.0%*	*392 bps*	*403 bps*	*9.3%*	*5.4%*	*384 bps*	*379 bps*
D&A[1] & Reserves[2], w/o PPA amortization	(88)	(102)	*+13.2%*	*+14.9%*	(173)	(222)	*+21.9%*	*+20.4%*
Adjusted EBITA from continuing operations	**80**	**8**	*na*	*na*	**95**	**(59)**	*na*	*na*
As a % of revenues	*5.2%*	*0.5%*	*na*	*na*	*3.3%*	*-2.0%*	*na*	*na*
PPA amortization	(20)	(19)	*-3.1%*	*-0.8%*	(38)	(40)	*+5.9%*	*+3.3%*
Non-recurring items	(26)	(62)	*na*	*na*	(28)	(168)	*na*	*na*
EBIT from continuing operations	**34**	**(73)**	*na*	*na*	**30**	**(267)**	*na*	*na*
As a % of revenues	*2.2%*	*-4.6%*	*na*	*na*	*1.0%*	*-8.9%*	*na*	*na*
Net financial income (loss)	(64)	144	*na*	*na*	(127)	77	*na*	*na*
Income tax	(14)	(2)	*na*	*na*	(24)	(5)	*na*	*na*
Share of gain (loss) from associates	0	0	*na*	*na*	0	0	*na*	*na*
Profit (loss) from continuing operations	**(43)**	**69**	*na*	*na*	**(121)**	**(196)**	*-38.2%*	*-36.8%*
Net gain (loss) from discontinued operations	(17)	(14)	*-22.3%*	*-20.9%*	(19)	(15)	*-25.5%*	*-24.7%*
Net income (loss)	**(61)**	**55**	*na*	*na*	**(140)**	**(211)**	*+33.7%*	*+32.4%*

[1] Including IT capacity use for rendering in Technicolor Creative Studios of €0m in 2021 and €(2)m in 2020

[2] Risk, litigation and warranty reserves

2021 Revenues stood at €2,898 million, representing a 1.7% decrease at constant exchange rate. The strong improvement of Technicolor Creative Studios, notably in the second half, was more than offset by lower revenues at Connected Home as a result of key component shortages and supply chain disruption which prevented the business from fully servicing strong customer demand.

2021 Adjusted EBITDA amounted to €268 million, up 64.9% year-on-year or 67.2% (or €109 million) at constant rate. The EBITDA margin increased by 379 basis points to reach 9.3% of revenues. This strong improvement reflects the rebound of Technicolor Creative Studios, along with costs savings and operational efficiencies at DVD Services and Connected Home.

2021 Adjusted EBITA of €95 million represented a €155 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 and lower IP depreciation in Technicolor Creative Studios. This led the Group to overachieve its EBITA guidance of €60 million.

Restructuring costs accounted for €(37) million at constant rate, including €(17) million in DVD Services, largely resulting from optimization of sites. Last year restructuring costs amounted to €(100) million.

EBIT from continuing operations was a €30 million profit compared to €(267) million losses in 2020. This resulted from a better operational performance, while 2020 was impacted by DVD Services impairment and higher restructuring accruals.

The financial result totaled €(127) million in 2021, compared to €77 million in 2020, reflecting:

- Increased interest expenses of €(49) million, taking the total to €(126) million, primarily due to the higher interest rates on the new debt structure;

- Other financial income was nil compared to €155 million in 2020, 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 €(24) million, compared to €(5) million in 2020.

Net loss from discontinued operations amounted to €(19) million compared to €(15) million in 2020.

Group net loss therefore amounted to €(140) million in 2021, compared to the €(211) million in 2020.

FCF and debt analysis

	Second Half				Full Year			
In € million	**2021**	2020	*Actual Change*	*Change at constant rate*	**2021**	2020	*Actual Change*	*Change at constant rate*
Adjusted EBITDA from continuing operations	**168**	**110**	*52.6%*	*50.8%*	**268**	**163**	*64.9%*	*67.2%*
Capex	(51)	(48)			(95)	(104)		
Non-recurring items (cash impact)	(40)	(42)			(95)	(80)		
Change in working capital and other assets and liabilities[1]	128	98			(81)	(103)		
Free Cash Flow from continuing operations before Tax & Financial	**206**	**118**	*73.8%*	*85.6%*	**(2)**	**(124)**	*na*	*na*

	31/12/2021	31/12/2020
Nominal gross debt (including Lease debt)	1,306	1,227
Cash and cash equivalent	(196)	(330)
Net financial debt at nominal value (non IFRS)	**1,110**	**897**
IFRS adjustment	(71)	(85)
Net financial debt (IFRS)	**1,039**	**812**

1 Including IT capacity use for rendering in Technicolor Creative Studios

The strong improvement in FCF from €(124)m to €(2) million mainly reflects the improved operating performance at Technicolor Creative Studios.

The change in working capital was €(81) million compared with €(103) million in 2020, which derived mainly from higher customers down payments and favorable payable variations at Technicolor Creative Studios resulting from higher activity in 2021. The key component shortage at Connected Home created an increase of unfinished goods inventory at Connected Home, notably in the third quarter, which was reduced through active cooperation with its clients and suppliers.

While pension cash costs during the period were up by €4 million, pension liabilities were down by €(45) million mainly due to a positive effect from discount rates of €35 million, and payments of €26 million.

Cash outflow for restructuring totaled €70 million in 2021, up by €24 million year-on-year at constant rate, mainly resulting from accelerated implementation of cost savings.

Capital expenditures amounted to €95 million, down by €(6) million year-on-year at constant rate, as the Group maintained control over investment expense.

The cash position at the end of December 2021 was €196 million, compared to €330 million at the end of December 2020. Cash generated by the operations was partly offset by cash outflows from interest payments and payments related to operating leases debt (IFRS 16).

Net financial debt at nominal value amounted to €1,110 million at the end of December 2021, compared with €897 million at the end of December 2020, mainly due to change in cash and cash equivalent. **IFRS net debt**

amounted to €1,039 million as of December 31, 2021, compared with €812 million at the end of December 2020, leading to a Net Debt / EBITDA ratio of 3.87x at constant exchange rate, in line with the guidance.

VI- Covid-19 situation update

In 2021, Covid-19 affected immigration and travel, while creating logistics' issues and shortages in certain components. The Group proactively addressed these issues to offset potential negative impacts and serve the growing demand for its operations.

At Technicolor Creative Studios:

- Complying with evolving local and national government regulations, and in consultation with local business leadership, Technicolor Creative Studios continues to adjust capacity limits, on-premises protocols, and remote work policies.
- In addition to immigration policy changes in Canada and in the UK, 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. To support its significant backlog, Technicolor Creative Studios continues to invest in its Academies across multiple locations, and implements various measures aiming at reducing attrition rate and retain talents.

At Connected Home:

- Connected Home remained operational due to the early adoption of a remote work model that successfully moved all non-engineering employees off site to ensure key engineering facilities remain safe and open.
- In 2021 and 2022, Connected Home was impacted by both the direct effect of Covid (factories & R&D sites reduced productivity from time to time) and by the secondary effects: massive supply market disruptions, with all categories impacted, but integrated circuits & logistics by far the most. Supply & logistics disruptions are expected continue in 2022.

At DVD Services:

- While theatrical new release activity remains partially suppressed, it continues to show an accelerating trend of improvement. Most major retailers continue to operate normally. Some production facilities continue to experience temporary staffing shortages, but the overall impact to operations remains manageable.
- 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 ongoing challenges, and has proven its resilience.

An analyst audio webcast hosted by Richard Moat, CEO and Laurent Carozzi, CFO will be held today, February 24, 2022, at 6:00pm CET.

Indicative Timetable

Q1 2022 results	May 5, 2022
MCN Extraordinary shareholders' meeting	No later than May 25, 2022
Capital Markets Day for Technicolor Ex-TCS and TCS	End of May / Early June 2022
Technicolor's AGM and EGM	End of June, 2022
Spin-off of the TCS shares	End of Q3, 2022

###

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.

###

About Technicolor:
www.technicolor.com

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

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Appendix 1 –Business highlights by division

	Second Half				Full Year			
In € million	**2021**	2020	Actual Change	Change at constant rate	**2021**	2020	Actual Change	Change at constant rate
Revenues	**1,539**	**1,573**	*-2.2%*	*-4.3%*	**2,898**	**3,006**	*-3.6%*	*-1.7%*
Technicolor Creative Studios	334	234	*42.6%*	*37.6%*	629	513	*22.6%*	*22.5%*
Connected Home	774	924	*-16.2%*	*-18.3%*	1,544	1,764	*-12.4%*	*-10.0%*
DVD Services	418	404	*3.5%*	*3.1%*	701	706	*-0.7%*	*1.6%*
Corporate and Other	12	11	*15.5%*	*15.5%*	23	23	*0.5%*	*0.5%*
Adjusted EBITDA	**168**	**110**	*52.6%*	*50.8%*	**268**	**163**	*64.9%*	*67.2%*
Technicolor Creative Studios	72	16	*na*	*na*	113	18	*na*	*na*
As a % of revenues	*21.6%*	*6.9%*			*17.9%*	*3.6%*		
Connected Home	47	52	*-10.2%*	*-12.3%*	103	106	*-2.7%*	*0.0%*
As a % of revenues	*6.0%*	*5.6%*			*6.7%*	*6.0%*		
DVD Services	56	51	*9.1%*	*10.6%*	67	53	*25.9%*	*28.3%*
As a % of revenues	*13.4%*	*12.8%*			*9.5%*	*7.5%*		
Corporate and Other	(7)	(9)	*-28.6%*	*-30.9%*	(14)	(14)	*-2.9%*	*-2.6%*
Adjusted EBITA	**80**	**8**	*na*	*na*	**95**	**(59)**	*na*	*na*
Technicolor Creative Studios	35	(27)	*na*	*na*	41	(78)	*na*	*na*
As a % of revenues	*10.5%*	*-11.5%*			*6.5%*	*-15.3%*		
Connected Home	16	17	*-10.6%*	*-14.8%*	45	38	*18.4%*	*21.3%*
As a % of revenues	*2.0%*	*1.9%*			*2.9%*	*2.1%*		
DVD Services	37	28	*31.5%*	*35.6%*	27	(1)	*na*	*na*
As a % of revenues	*8.9%*	*7.0%*			*3.9%*	*-0.1%*		
Corporate and Other	(8)	(10)	*-20.8%*	*-23.1%*	(18)	(17)	*1.3%*	*1.7%*

Technicolor Creative Studios

MPC

In January 2022, Technicolor Creative Studios announced the consolidation of its Film & Episodic VFX brands (MPC Film, MPC Episodic and Mr. X) under the MPC brand, and the appointment of MPC Episodic Managing Director Tom Williams as the President of the consolidated MPC business.

2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

Theatrical Films	Episodic and/or Streaming	Awards & Nominations
Over 30 theatrical films, incl.: 2021 releases: *Cruella* (Disney) *Ghostbusters: Afterlife* (Sony) *Godzilla vs. Kong* (Legendary / Warner Bros.) *House of Gucci* (MGM) *The Last Duel* (20th Century) *Mortal Kombat* (Warner Bros.) *Nightmare Alley* (Searchlight) *Snake Eyes* (Paramount) *Spider-Man: No Way Home* (Marvel / Sony) *Resident Evil: Welcome to Raccoon City* (Constantin Film / Sony) *West Side Story* (Amblin / 20th Century) 2022 and beyond releases: *Aquaman and the Lost Kingdom* (Warner Bros.) *Dungeons & Dragons* (Entertainment One / Paramount) *The Little Mermaid* (Disney) *The Lion King prequel* (Disney), *Sonic the Hedgehog 2* (Paramount) *Top Gun: Maverick* (Paramount) *Transformers: Rise of the Beasts* (Paramount)	**Over 60 Episodic and/or Streaming projects, incl.:** *American Gods* season 3 (Fremantle / Starz) *Chip 'n' Dale: Rescue Rangers* (Disney+) *Cowboy Bebop* (Netflix) *Foundation* (Skydance / Apple TV+) *Hawkeye* (Marvel / Disney+) *House of the Dragon* (HBO) *La Brea* (NBCUniversal) *Lost in Space* season 3 (Netflix) *The Nevers* (HBO) *Pennyworth* season 2 (Epix) *Star Trek: Discovery* season 4 (Paramount+) *Vikings: Valhalla* (MGM / Netflix) *WandaVision* (Marvel / Disney+) *The Wheel of Time* (Amazon / Sony) *The Witcher* season 2 (Netflix)	Oscar® nominations for VFX on Paramount's *Love and Monsters* and Disney's *The One and Only Ivan* BAFTA nomination for Disney's *The One and Only Ivan* 5 VES nominations, including a win for Outstanding Animated Character in a Photoreal Feature for its work on Disney's *The One and Only Ivan* HPA Award nomination for Outstanding Visual Effects - Theatrical Feature for its work on Legendary's *Godzilla vs. Kong* Emmy nomination for Outstanding Special Visual Effects in a Single Episode for its work on *Vikings "The Signal"*

The Mill:

Technicolor contributed to over 3,000 projects for advertising, including approximately 20 Super Bowl spots.

Another year of industry accolades, including:

- Three VES Awards, including Outstanding Visual Effects in a Commercial for Walmart '*Famous Visitors;'*
- Six British Arrows, including Gold Arrows in VR/360/AR for Tate Modern *'Untold Stories'*, in CGI for Hennessy X.O *'The Seven Worlds'*, and in Colour for BMW X7 *'Legend'*;
- MPC Advertising recognized as Ad Age's VFX Company of the Year for the second year running;
- Three Cannes Lions for contributions to Burberry '*Festive*' and PlayStation *'Feel the Power of Pro'*;
- 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'*;
- Seven Creative Circle Awards, including The Mill winning Gold for Most Creative Post Production Company;
- Four Kinsale Shark Awards, including Gold for Best CGI/Visual Effects for its contribution to Burberry *'Festive'*; and
- The Mill being ranked the #1 Post House in *Televisual's* Commercial Producers poll

Notable projects during the year include LEGO's latest global '*Rebuild the World*' campaign, Nike's latest '*Play New*' campaign featuring Megan The Stallion, *Pentakill: Lost Chapter*: *An Interactive Album Experience* - a metaverse concert for Riot Games, BMW '*The Ultimate Self-Driving Machine'*, Dell '*Youniverse*', Ford '*Ford F-150 Lightning'*, Samsung '*Chromebook*', Verizon '*The Reset'*, Amazon Prime's *'An Unlikely Friendship'*, Burberry *'Open Spaces',* and M&S *'Percy's First Christmas'*.

In January 2022, TCS announced the consolidation of its Advertising studios (The Mill and MPC Advertising) under The Mill, with Josh Mandel, previously CEO of The Mill, appointed President of the consolidated business.

Mikros Animation:

Features	Episodic

Mikros was in production on:
• *PAW Patrol: The Movie* (Spin Master Entertainment / Paramount) **r**eleased in August 2021
• *Thelma the Unicorn* (Netflix)
• *The Tiger's Apprentice (Paramount)*
• *Ozi* (GCI Film)
• Beginning to ramp-up production on 3 additional feature films.
	Mikros was in production on several series and specials, including:
	• *The Chicken Squad* (Wild Canary / Disney)
	• *The Croods: Family Tree* (DreamWorks / Hulu / Peacock)
	• *Fast & Furious: Spy Racers* season 5 (DreamWorks)
	• *Kamp Koral: SpongeBob's Under Years* (Nickelodeon/Paramount+)
	• *Mickey and Minnie Wish Upon a Christmas* (Disney)
	• *Mickey Mouse Funhouse* (Disney)
	• *Mickey's Tale of Two Witches* (Disney)
	• *Minnie's Bow-Toons* season 1 (Disney)
	• *Mira, Royal Detective* season 2 (Wild Canary / Disney)
	• *Rugrats* season 1 (Nickelodeon / Paramount+)
	• *Star Trek: Prodigy* season 1 (Nickelodeon / Paramount+)
	• And IP projects including:
	    • *ALVINNN!!! and the Chipmunks* season 5 (M6)
	    • *The Coop Troop* (Sixteen South / Tencent co-production)
	    • *Gus – the Itsy Bitsy Knight* (TF1)

In 2021, TCS announced the consolidation of its Animation businesses (Mikros Animation, Technicolor Animation, and Technicolor Animation Productions) under the Mikros Animation banner, with Andrea Miloro appointed as its President.

Technicolor Games was subsequently carved-out of the previous Animation & Games perimeter in order for TCS to establish a dedicated service line for the games industry. In October 2021, Jeaneane Falkler joined TCS as President of Technicolor Games.

Technicolor Games:

Technicolor Games contributed to AAA 2021 releases like:
- *FIFA 22* (EA)
- *Mass Effect Legendary Edition* (EA / BioWare)
- *NBA 2K22* (2K)
- *NHL 22* (EA)

Connected Home

Revenues breakdown by region and product

In € million	Second Half 2021	Second Half 2020	Second Half Actual Change	Second Half Change at constant rate	Full Year 2021	Full Year 2020	Full Year Actual Change	Full Year Change at constant rate
Revenues	**774**	**924**	**-16.2%**	**-18.3%**	**1,544**	**1,764**	**-12.4%**	**-10.0%**
o/w by region								
o/w Americas	476	611	-22.1%	-24.5%	994	1,186	-16.2%	-14.1%
North America	*406*	*516*	*-21.3%*	*-24.0%*	*855*	*980*	*-12.8%*	*-11.0%*
Latin America	*70*	*95*	*-25.9%*	*-27.8%*	*139*	*206*	*-32.4%*	*-28.6%*
o/w Eurasia	298	314	-5.1%	-6.4%	550	578	-4.8%	-1.9%
Europe, Middle East & Africa	*169*	*182*	*-7.1%*	*-8.8%*	*324*	*336*	*-3.6%*	*-0.3%*
Asia-Pacific	*129*	*132*	*-2.5%*	*-3.0%*	*226*	*242*	*-6.6%*	*-3.9%*
o/w by product								
Video	**271**	**375**	-27.7%	-29.9%	**549**	**693**	-20.8%	-18.8%
Broadband	**503**	**549**	-8.4%	-10.5%	**996**	**1,071**	-7.0%	-4.5%

Despite supply chain difficulties the division managed to move a significant volume of Broadband products to cable operators in North America and video products in Asia. During the second half of the year we moved to a local production in India to satisfy customer and government requests. Several wins in LATAM are putting us on a growth path for this region in 2022.

Key business highlights

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. In 2021, the Connected Home division has strengthened its leadership in key market segments:

- In DOCSIS 3.1, Connected Home reached the milestone of over 20 million RDK broadband gateways deployed, and won deals with major operators across Europe and the Americas, confirming its leadership across the RDK community;
- In Fiber, Connected Home has won new customers in EMEA, and a first deal outside of Brazil in Latin America.
- In Wi-Fi 6/6E, the latest in-home wireless technology, Connected Home has made good strides in EMEA and Americas winning several projects to design the next generation of CPE devices.
- On Android TV, Connected Home has shipped over 10 million set-top boxes worldwide, winning customers in Europe and Latin America. The division continued to show its innovation capabilities by launching:
    - SKY Connect, the first hands-free voice control STB integrating Google Assistant far-field voice technology for Sky Brazil;
    - 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;

2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

DVD Services

Volumes breakdown

In million units	Second Half			Full Year		
	2021	2020	% Change	**2021**	2020	% Change
Total Combined Volumes	**455**	491	*-7.3%*	**795**	817	*-2.7%*
By Format						
SD-DVD	311	340	*-8.5%*	557	560	*-0.5%*
Blu-ray™	125	129	*-3.1%*	202	218	*-7.3%*
CD	19	22	*-13.6%*	36	39	*-7.7%*
By Segment						
Studio/Video	416	443	*-6.1%*	732	741	*-1.2%*
Games	14	21	*-33.3%*	19	27	*-29.6%*
Music & Software	25	27	*-7.4%*	44	49	*-10.2%*

Appendix 2 – Debt Structure

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

In million	Currency	Nominal Amount	IFRS Amount	Type of rate	Nominal rate (1)	Repayment Type	Final maturity	Moodys / S&P rating
New Money Notes	EUR	371	380	Floating	12.00%(2)	Bullet	Jun. 30, 2024	Caa1/B
New Money Term Loans	USD	112	115	Floating	12.15%(3)	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	467	402	Floating	6.00%(4)	Bullet	Dec. 31, 2024	Caa3/CCC
Reinstated Term Loans	USD	129	111	Floating	5.90%(5)	Bullet	Dec. 31, 2024	Caa3/CCC
Subtotal	**EUR**	**1,079**	**1,008**		**8.69%**			
Lease Liabilities(6)	Various	192	192	Fixed	7.54%			
Accrued PIK Interest	EUR+USD	17	17	NA	0%			
Accrued Interest	Various	17	17	NA	0%			
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,306**	**1,235**		**8.29%**			
Cash & Cash equivalents	Various	(196)	(196)					
Total Net Debt		**1,110**	**1,039**					

(1) Rates as of December 31, 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 €24 million are capital leases and €168 million is operating lease debt under IFRS 16

Appendix 3 – Reconciliation of adjusted operating indicators

In addition to published results, and with the aim of providing a more comparable view of the evolution of its operating performance 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).

	Full Year		
In € million	**2021**	**2020**	*Change[1]*
EBIT from continuing operations	**30**	**(267)**	***297***
Restructuring charges, net	37	100	*(63)*
Net impairment gain (losses) on non-current operating assets	5	75	*(70)*
Other income (expense)	(14)	(8)	*(6)*
PPA amortization	38	40	*(2)*
Adjusted EBITA from continuing operations	**95**	**(59)**	***154***
IT capacity use for rendering in Technicolor Creative Studios	-	2	*(2)*
Depreciation and amortization ("D&A") [2]	173	219	*(47)*
Adjusted EBITDA from continuing operations	**268**	**163**	***106***

[1] *Variation at current rates*

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

technicolor

Appendix 4 - Free Cash Flow Reconciliation and Summarized Financial Structure

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

		Full Year	
In € million		**2021**	**2020**
Adjusted EBITDA from continuing operations	**A**	**268**	**163**
Changes in working capital and other assets and liabilities	**B**	(81)	(101)
IT capacity use for rendering in Creative Studios	**C**	(0)	(2)
Non-recurring items (cash paid)	**D**	(94)	(80)
o/w Pension cash usage of the period		*(26)*	*(28)*
o/w Restructuring provisions – cash usage of the period		*(70)*	*(46)*
o/w Other items		*1*	*(6)*
Net interests paid and received	**E**	(64)	(48)
o/w Interest paid – leases		(15)	*(19)*
o/w Interest paid - excluding leases		*(49)*	*(32)*
o/w Interest received		*0*	*3*
Other cash financial items	**F**	0	(6)
Income tax paid	**G**	(16)	(12)
Net operating cash generated from (used in) continuing activities **(A+B+C+D+E+F+G)**	**H**	**14**	**(86)**
Capex	**I**	(95)	(104)
o/w Purchases of property, plant, and equipment (PPE)		(45)	(33)
o/w Proceeds from sale of PPE and intangible assets		2	0
o/w Purchases of intangible assets including capitalization of development costs		*(52)*	(71)
FCF from continuing operations, before financial and taxes (A+B+C+D+I)		**(2)**	**(124)**
FCF from continuing operations, after financial and taxes (A+B+C+D+E+F+G+I)	**J**	**(82)**	**(190)**
Net operating cash used in discontinued activities	**K**	(18)	(17)
Free cash-flow (J+K)		**(100)**	**(207)**
Net cash collateral and security deposits		2	(35)
Other net investing cash used in continuing activities		27	5
Net financing cash generated from (used in) continuing activities		(68)	522
Net investing cash used in discontinued activities		(9)	(3)
Net financing cash used in discontinued activities		(2)	(2)
Exchange gains / (losses) on cash and cash equivalents		16	(16)
Change in operating cash and cash equivalent over the period		**(134)**	**265**
Cash and cash equivalent at the beginning of the period		330	65
Cash and cash equivalent at the end of the period		**196**	**330**

2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

	Full Year	
	2021	**2020**
Net financial debt (IFRS) at the beginning of the period	**812**	**1,233**
Change in cash and cash equivalent over the period	149	(280)
Exchange gain / (losses) on cash and cash equivalents	(16)	16
Decrease / (increase) in operating cash and cash equivalent over the period	**134**	**(265)**
Change in nominal gross debt (including lease debt)	79	(76)
Change in IFRS adjustments	14	(81)
Net financial debt (IFRS) at the end of the period	**1,039**	**812**
	Dec. 31, 2021	**Dec. 31, 2020**
Nominal gross debt (including lease debt)	**1,306**	1,227
Cash and cash equivalent at the end of the period	(196)	(330)
Net financial debt at nominal value (non IFRS)	**1,110**	**897**
IFRS adjustment	(71)	(85)
Net financial debt (IFRS)	**1,039**	**812**

Appendix 5 – IFRS 16 and IFRIC on Saas Adjustment

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

	IFRS 16 impact Second half			IFRS 16 impact Full Year		
In € million	**2021**	2020	Impact change	**2021**	2020	Impact change
EBIT from continuing operations	*6*	*5*	*1*	*13*	*10*	*3*
Tangible asset depreciation	*18*	*26*	*(8)*	*36*	*57*	*(21)*
Adjusted EBITDA from continuing operations	24	31	(7)	*50*	67	(18)
EBITA from continuing operations	6	6	-0	*13*	*10*	3
Net financial income (expense)	(7)	(8)	1	(14)	(17)	3
FCF from continuing operations before interests and taxes	*30*	*38*	*(8)*	*64*	*77*	*(13)*
Operating leases cash out (principal payment and interest)	*(22)*	*(31)*	10	*(50)*	*(59)*	9

- **IFRIC Impact: Configuration or customization costs in a cloud computing arrangement**

The Group applied this IFRIC interpretation retrospectively to assets that existed at January 1, 2020 or were designated thereafter and directly affected by this interpretation.

Therefore, the Group has reviewed its base of internally-generated intangible assets (comprising internal and external costs) in particular those associated with softwares in a Sotfware as a service (Saas) arrangement in order to re-examine whether those assets met the requirements for capitalization as set out in the above-mentioned interpretation. The Group's review concluded that there is a material impact, for which effects are identified below:

Impact on Statement of operations (decrease in profit):

In € million, continuing operations	**Year ended December 31, 2020** (published)	Impact of IFRIC interpretation	**Year ended December 31, 2020** (restated)
Revenues	3,006	-	3,006
Cost of sales	(2,725)	(4)	(2,729)
Gross margin	**281**	**(4)**	**278**
Selling and administrative expenses	(284)	1	(283)
Earnings before Interest & Tax (EBIT)	**(264)**	**(3)**	**(267)**
Net loss from continuing operations	**(193)**	**(3)**	**(196)**

Impact on cash flow statement (decrease in free cash flow)

In € million, continuing operations	**Year ended December 31, 2020** (published)	Impact of IFRIC interpretation	**Year ended December 31, 2020** (restated)
Depreciation and amortization	263	(1)	261
Cash generated from continuing activities	(22)	(4)	(26)
Net operating cash used in continuing activities	**(81)**	**(4)**	**(86)**
Purchase of intangible assets including capitalization of development costs	(75)	4	(71)
Net investing cash used in continuing activities	**(138)**	**4**	**(133)**
Net financing cash generated from continuing activities	**522**	**-**	**522**

technicolor

Appendix 6 – Unaudited Financial Statements

6.1 - UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	Full Year ended December 31, 2021	2020
CONTINUING OPERATIONS		
Revenues	2,898	3,006
Cost of sales	(2,494)	(2,729)
Gross margin	**404**	**278**
Selling and administrative expenses	(263)	(283)
Research and development expenses	(84)	(94)
Restructuring costs	(37)	(100)
Net impairment gains (losses) on non-current operating assets	(5)	(75)
Other income (expense)	14	8
Earnings before Interest & Tax (EBIT) from continuing operations	**30**	**(267)**
Interest income	-	4
Interest expense	(126)	(82)
Net gain on financial restructuring	-	158
Other financial expenses	-	(3)
Net financial income (expense)	**(127)**	**77**
Income tax expense	(24)	(5)
Profit (loss) from continuing operations	**(121)**	**(196)**
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations	(19)	(15)
Net income (loss)	**(140)**	**(211)**
Attributable to:		
- Equity holders	*(140)*	*(211)*
- Non-controlling interest	-	-

** 2020 amounts are re-presented to reflect the impacts of new IFRIC -*

6.2 - UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2021	December 31, 2020
ASSETS		
Goodwill	773	716
Intangible assets	510	526
Property, plant and equipment	162	140
Right-of-use assets	143	148
Other operating non-current assets	35	27
TOTAL OPERATING NON-CURRENT ASSETS	**1,622**	**1,557**
Non-consolidated investments	20	14
Other non-current financial assets	38	47
TOTAL FINANCIAL NON-CURRENT ASSETS	**58**	**61**
Investments in associates and joint-ventures	1	1
Deferred tax assets	50	45
TOTAL NON-CURRENT ASSETS	**1,730**	**1,665**
Inventories	335	195
Trade accounts and notes receivable	359	425
Contract assets	94	63
Other operating current assets	243	224
TOTAL OPERATING CURRENT ASSETS	**1,031**	**907**
Income tax receivable	13	14
Other financial current assets	26	17
Cash and cash equivalents	196	330
Assets classified as held for sale	3	76
TOTAL CURRENT ASSETS	**1,268**	**1,344**
TOTAL ASSETS	**2,999**	**3,009**

** 2020 amounts are re-presented to reflect the impacts of new IFRIC*

6.3 - UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2021	December 31, 2020
EQUITY AND LIABILITIES		
Common stock *(235,825,083 shares at December 31, 2021 with nominal value of 0.01 euro per share)*	2	2
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	30	117
Cumulative translation adjustment	(399)	(454)
Shareholders equity attributable to owners of the parent	**134**	**165**
Non-controlling interests	-	-
TOTAL EQUITY	**134**	**165**
Retirement benefits obligations	261	325
Provisions	35	33
Contract liabilities	-	2
Other operating non-current liabilities	19	21
TOTAL OPERATING NON-CURRENT LIABILITIES	**315**	**381**
Borrowings	1,025	948
Lease liabilities	145	122
Other non-current liabilities	-	-
Deferred tax liabilities	20	15
TOTAL NON-CURRENT LIABILITIES	**1,505**	**1,466**
Retirement benefits obligations	34	30
Provisions	44	90
Trade accounts and notes payable	671	710
Accrued employee expenses	147	142
Contract liabilities	81	41
Other current operating liabilities	284	215
TOTAL OPERATING CURRENT LIABILITIES	**1,263**	**1,228**
Borrowings	17	16
Lease liabilities	48	56
Income tax payable	29	21
Other current financial liabilities	3	2
Liabilities classified as held for sale	-	56
TOTAL CURRENT LIABILITIES	**1,360**	**1,379**
TOTAL LIABILITIES	**2,865**	**2,845**
TOTAL EQUITY & LIABILITIES	**2,999**	**3,009**

** 2020 amounts are re-presented to reflect the impacts of new IFRIC*

6.4 - UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	Full Year ended December 31, 2021	2020
Net loss	**(140)**	**(211)**
Loss from discontinuing activities	(19)	(15)
Loss from continuing activities	**(121)**	**(196)**
Summary adjustments to reconcile loss from continuing activities to cash generated from (used in) continuing operations		
Depreciation and amortization	222	261
Impairment of assets	1	88
Net changes in provisions	(53)	16
Loss on asset disposals	(29)	(14)
Interest (income) and expense	126	78
Net gain on financial restructuring	-	(158)
Other items (including tax)	29	(2)
Changes in working capital and other assets and liabilities	(81)	(101)
Cash generated from (used in) continuing activities	**93**	**(26)**
Interest paid on lease debt	(15)	(19)
Interest paid	(49)	(32)
Interest received	-	3
Income tax paid	(16)	(12)
NET OPERATING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (I)	**14**	**(86)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	0	(3)
Proceeds from sale of investments, net of cash	27	7
Purchases of property, plant and equipment (PPE)	(45)	(33)
Proceeds from sale of PPE and intangible assets	2	0
Purchases of intangible assets including capitalization of development costs	(52)	(71)
Cash collateral and security deposits granted to third parties	(10)	(35)
Cash collateral and security deposits reimbursed by third parties	12	1
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(67)**	**(133)**
Increase of Capital	0	60
Proceeds from borrowings	0	760
Repayments of lease debt	(62)	(85)
Repayments of borrowings	(1)	(158)
Fees paid linked to the debt and capital operations	(2)	(60)
Other	(4)	5
NET FINANCING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (III)	**(68)**	**522**
NET CASH USED IN DISCONTINUED ACTIVITIES (IV)	**(29)**	**(23)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**330**	**65**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(149)**	**280**
Exchange gains / (losses) on cash and cash equivalents	16	(16)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**196**	**330**

** 2020 amounts are re-presented to reflect the impacts of new IFRIC*

2020 and 2021 financial results include IFRIC interpretation on Saas implementation cost, detailed in the Appendix 5 of the present press release

Appendix 7 – Key Terms of the Mandatory Convertible Notes

Item	Description
Issuer	• Technicolor S.A.
Issue amount	• €300m
Conversion Price	• €2.60 per share, representing 3-month VWAP at signature of the commitment letter minus 5% discount
Maturity Date	• Earlier of 6 months after the latest maturity date of the new secured debt instrument, and the 7th anniversary of issuance
Coupon	• 4.5% cash coupon p.a.
Conversion	• Automatic mandatory conversion into shares of the Issuer at the Conversion Price within the 18 month of issuance upon (i) an EGM approving the Issuer distributing/listing of at least 65% of TCS share capital and board decision to proceed with the distribution, (ii) an admission by Euronext of the listing of TCS shares • Right to convert into Technicolor shares at any time at the discretion of the holders