

# technicolor

## CREATIVE STUDIOS

### UNAUDITED COMBINED FINANCIALS

#### Technicolor Creative Studios Q1 Business Update

**PARIS (FRANCE), MAY 15, 2023** – Technicolor Creative Studios (Euronext Paris: TCHCS) (the “Company”) today announced its first quarter 2023 business update.

- **First quarter 2023 revenues of €168 million**, down -15% at current rate compared to the same period last year, and as expected.
- **Drawdown of a first refinancing tranche of €85,000,000** early April.
- **Strong creative performance** across all four Studios with a sustained delivery of high-quality projects and major Awards won following numerous nominations.
- **Progress on the implementation of the Re\*Imagined program** with creative and business development teams strengthened with industry veteran appointments.

Caroline Parot, Chief Executive Officer of Technicolor Creative Studios, said: “*The first quarter of 2023 was eventful across our four Studios. We kept delivering high-quality projects while accelerating the implementation of our Re\*Imagined program, which was designed to tackle the operational challenges we experienced at the end of last year. As expected, our revenues do not yet reflect the benefits of this program which should materialize progressively over the next semesters. However, our reinforced liquidity allows us to keep focusing on our clients’ vision while setting Technicolor Creative Studios back on its journey towards sustainable and profitable growth.*”

#### Q1 2023 FINANCIAL HIGHLIGHTS

##### Revenues

Q1 2023	Q1 2022	% Change	% Change at constant currency	in € million
75	99	-24%	-21%	MPC
44	23	+91%	+92%	Mikros Animation
46	73	-37%	-38%	The Mill
3	3	+0%	-4%	Technicolor Games
168	198	-15%	-14%	Total

Technicolor Creative Studios revenues amounted to €168 million in the first quarter of 2023, down -15% at current rate (down -14% at constant rate) compared to the same period in 2022.

**At MPC**, first quarter 2023 revenues amounted to €75 million, down -24% at current rate compared to the same period last year (down -21% at constant rate). This underperformance was expected as the Studio

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faced lower activity compared to a high Q1 2022 with major shows in full production being delivered end of 2022 and beginning of 2023.

**At Mikros Animation**, first quarter 2023 revenues amounted to €44 million, up +91% at current rate, compared to the same period last year (up +92% at constant rate). This significant growth was driven by a low Q1 2022 with major feature animation projects ramping up in H2/2022 for deliveries in H1/2023.

**At The Mill**, first quarter 2023 advertising revenues amounted to €46 million, representing a -37% decrease at current rate (down -38% at constant rate) compared to the same period in 2022. Activity was restricted by an unfavorable macroeconomic environment with decelerating advertising spending, increased competition compared to Q1 2022.

**At Technicolor Games**, first quarter 2023 revenues amounted to €3 million, flat at current rate compared to the prior-year period (down -4% at constant rate).

### **Standalone cash and debt**

Liquidity (Cash and cash equivalents) at the end of March 2023 amounted to €47 million (with the €40 million RCF fully drawn) and nominal net debt excluding operating lease debt to €654 million (IFRS debt at €744 million and €606 million excluding operating lease).

### **Refinancing status**

A first tranche refinancing has been drawn early April in aggregate principal amount of €85,000,000. A second tranche of the refinancing for an aggregate principal amount of €85,000,000 will be granted by the end of the second quarter of 2023. This refinancing will be subject to approval by the General Meeting held on May 15, 2023.

### **Q1 2023 KEY BUSINESS HIGHLIGHTS**

**MPC:** In the first quarter of 2023, MPC has been recognized for its outstanding creative work by being nominated for and receiving several awards, including:

- three Visual Effects Society (“VES”) awards for its work on *Thirteen Lives* and Guillermo del Toro’s *Pinocchio*;
- award for Best Visual Effect at the 48<sup>th</sup> César ceremony for *Notre-Dame Brûle*;
- Best Animated Feature at this year’s Oscars for Guillermo del Toro’s *Pinocchio*.

Also in early 2023, MPC has strengthened its leadership team with the appointments of:

- Ludovic lochem as Head of Studio for MPC Montreal. With over 20 years of experience in the VFX industry and extensive expertise in production operations, Ludovic has an impressive career portfolio including *Quantum of Solace* and *Avengers: Endgame*.
- Sal Umerji as Head of Studio for MPC London. Sal began his career in VFX in 2000 as an MPC runner and over the last 6 years has been supporting The Mill across their Bangalore and London studios.

**Mikros Animation:** The Studio started the year strong with several of its projects seeing their trailers being released. Nickelodeon Films and Paramount Pictures have shared the first trailer for *Teenage Mutant Ninja Turtles: Mutant Mayhem*. Paramount+ also released the official trailer and key art for season two of the original animated series *RUGRATS*. Other Mikros Animation highlights include winning the Best New Series – Kids Programming category award for *Kung Fu Panda: The Dragon Knight*.

**The Mill:** Ranked as the #1 Post-Production company in the UK and Europe in LBB’s Immortal Awards Table of Creativity for 2023, The Mill is having a great start to the year. Other highlights include:

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- being involved in a total of 28% of Super Bowl spots that aired during this year's game (16 commercials);
  - working on Tide's new spot, which stars actor Kumail Nanjiani, in collaboration with agency Saatchi & Saatchi, director Traktor and Stink Films;
  - crafting MSC Cruises latest spot, which emphasizes green energy, recycling, and other moves towards achieving net zero emissions on the ocean, in collaboration with 180 Amsterdam and MJZ Director Gary Freedman.
  - winning best Visual Effects in Advertising at the Genie Awards for Samsung's "Playtime is Over".

The Mill has also welcomed incredible talent within its teams, with award-winning colorist Katie Dymmock (Colorist, London), Kenya Agunloye (Producer, New York), and Elodie Ichter (Senior Colorist, New York) joining. The three will focus on growth opportunities and the global development of The Mill's color network.

**Technicolor Games:** The Studio has pursued its long-standing, active and collaborative relationships with leading game developers and publishers including Electronic Arts, Ubisoft, Take-Two Interactive and Activision. The teams have been growing with the appointments of:

- Romain Killian as Global Head of Development. Based in Montreal, this industry veteran will be building on the Development service offering for Technicolor Games as the business continues its global expansion and service lines.
- Vik Long & Justin Phass as Business Development Directors, based in North America.

A contract termination due to the decision by producers to rewrite a show's script, is expected to have a negative impact on Technicolor Creative Studios revenue growth over the next quarters.

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## **ABOUT TECHNICOLOR CREATIVE STUDIOS**

*Technicolor Creative Studios shares are admitted to trading on the regulated market of Euronext Paris (TCHCS)*

Technicolor Creative Studios is a creative technology company providing world-class production expertise driven by one purpose: The realization of ambitious and extraordinary ideas. Home to a network of award-winning studios, MPC, The Mill, Mikros Animation and Technicolor Games, we inspire creative companies across the world to produce their most iconic work.

Our global teams of artists and technologists partner with the creative community across film, television, animation, gaming, brand experience and advertising to bring the universal art of storytelling to audiences everywhere.

[www.technicolorcreative.com](http://www.technicolorcreative.com)

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