

# technicolor

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## CREATIVE STUDIOS

### **Strengthening of the management team and Board of Directors Constructive discussions with creditors and shareholders Business update**

**PARIS (FRANCE), February 7<sup>th</sup>, 2023** – Following the announcements of November 15<sup>th</sup> and November 30<sup>th</sup>, 2022, the Board of Directors of Technicolor Creative Studios (Euronext Paris: TCHCS) (the “Company”) appointed external advisors to perform an independent review of the Company’s businesses to identify areas for improvements from an operational, organizational and financial perspective. This review has allowed the Company to define a further set of improvement actions in the continuity of the Re\*imagined plan announced in November.

As a result, in order to accelerate the Company’s transformation whilst continuing to deliver high quality projects to clients, the Board of Directors of Technicolor Creative Studios announces today the appointment of Caroline Parot as Interim Chief Executive Officer (“CEO”) to take the lead on the acceleration of the Company’s global transformation and the implementation of a broad operational improvement program. Caroline Parot will work closely with Christian Roberton who, as Deputy CEO, will be fully dedicated to clients and project execution as well as talents.

The Company furthermore announces that it is actively engaged in constructive discussions with its creditors and certain key shareholders to recalibrate its debt and equity structure with a view to address its financing needs as from Q2 2023.

The Company’s top management and Board of Directors are fully committed to protect the best interests of its clients, talents and stakeholders.

- **Appointment of Caroline Parot as Interim CEO to take the lead on the acceleration of Technicolor Creative Studios global transformation, alongside Christian Roberton as Deputy CEO, who will be fully dedicated to clients and project execution as well as talents**

Following her appointment as Senior Advisor to the Company announced on November 30<sup>th</sup>, 2022, Caroline Parot has been helping the Company to design and implement a comprehensive set of recovery actions. Previously CEO of Europcar, after having worked six years at Technicolor SA, she brings her experience in leading a global customer-focused company.

Announcing this appointment, Anne Bouverot Chair of Technicolor Creative Studios said *“Caroline has all the qualities required to lead Technicolor Creative Studios in the execution of its transformation plan. Her previous experience will be instrumental to put the Company in a stronger position to enhance profitability and seize market opportunities.”*

Christian Roberton, Deputy CEO, said: *“I have been working with Caroline over the last few months and I welcome this new leadership structure. This will allow me to dedicate all my time to our clients and talents. Together with our team, we will be relentlessly focused on delivering high quality projects whilst resolving the operational issues we face today.”*

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Caroline Parot, new Interim CEO, declared: *“I am proud to serve this world-class award-winning company at this critical juncture. Alongside with Christian and the senior executive team, we are fully committed to deliver high-quality work to our clients. We will be accelerating the transformation leveraging on Technicolor Creative Studios unique global platform of cutting-edge technology and talents. This will generate significant improvements to restore the Company’s profitability and reaffirm its market leading position.”*

- **Further strengthening of the executive team**

- Simon Presswell appointed as Global Head of Operations, he will be responsible to oversee the implementation and execution of improvement actions. Simon has previously held both Executive and Board positions across Entertainment and TMT businesses, with a demonstrated track record in transformation and turnaround.
- Hugues de Nicolay appointed as Interim Chief Financial Officer.

- **New Board appointments**

- Angelo Gordon, second largest shareholder of the Company and one of the key shareholders taking part in the ongoing discussions around the financing structure, appointed as Board observer.
- Guillaume Maucombe, employee of the Company, appointed by the works council as Director representing employees.

- **Ongoing constructive discussions with its creditors and certain key shareholders**

- Over the last few weeks, the Company initiated discussions with its creditors (amongst them the top five creditors which together represent more than 70% of the debt outstanding) and certain key shareholders to recalibrate its debt and equity structure with a view to address its financing needs as from Q2 2023.
- The dialogue is progressing well within an amicable conciliation framework and the Company is aiming at finalizing these discussions over the next weeks.
- The various strategic options in line with the Company’s corporate interest to protect the best interests of clients, talents and stakeholders are being considered<sup>1</sup>.

- **As benefits from actions implemented starting in Q4 last year are only expected to materialize progressively over this year, 2022 and 2023 results will be further impacted by additional costs incurred and to be incurred to deliver major client projects. The Company now expects Adjusted EBITDA<sup>2</sup> for 2022 to land at approximately €20m and Adjusted EBITDA for 2023 to be below the previous outlook.**

**Furthermore, the Company expects 2023 to be a transition year and has therefore decided to withdraw its 2023 outlook subject to further assessment of the benefits from the ongoing initiatives. The Company expects a sharp rebound in 2024 and a return to a normalized profitability in 2025.**

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<sup>1</sup> Debt-to-equity conversions, new money debt and / or equity capital injection are among the options that are being considered. The implementation of these options could have a significant impact on the capital structure of the Company.

<sup>2</sup> Unaudited Adjusted EBITDA after Lease which corresponds to Adjusted EBITA after lease adding back Depreciation and amortization, excluding depreciation of usage-based IT costs, operating leases assets depreciation and Amortization of intangibles that arose from acquisitions or disposals (PPA amortization) and non-cash income and expense such as equity-settled share-based payments, including capital lease depreciation.

- The Company has experienced operational challenges over the past months on the back of a very busy year. Post-Covid demand has been strong and MPC delivered 70 major films with heavy special effects content in 2022.
  - Alongside this sustained demand, Technicolor Creative Studios had to face a significant shortage of experienced talents which have caused delays on both ongoing projects and the start of new ones and highlighted the need for improved project management and monitoring to deliver on time.
  - In addition to this lack of adequate resources, operations were negatively impacted by internal reorganisations at MPC and the Mill post-Covid.
  - Mikros Animation and Technicolor Games have continued to perform in line with expectations.
- **The Company has been focused on its program to address these operational issues**
    - **Third-party reviews** by renown firms are helping the Company to identify areas for improvements from a financial, reporting and operational perspective.
    - **Continued improvement** of real-time project tracking with action-orientated process to resolve current delivery issues.
    - **Deep-dive assessment of top management completed** and recruitment of critical hires is progressing well.
    - **New retention program for key talents launched.**
- **The industry is recognising the Company for the high-quality work its studios are delivering**
    - MPC was recently nominated for an Oscar ('Best Visual Effects) for work on Top Gun: Maverick as well as BAFTA, Emmy, VES & Annie nominations for projects including: Prehistoric Planet, Guillermo Del Toro's Pinocchio, Finch, Thirteen Lives and Valhalla: The Bridge.
    - The Mill was recently hailed as the No.1 Post-Production Company in the UK and Europe at the Little Black Book 'Immortal Awards'. In November 2022, The Mill opened a new VFX studio in Seoul in response to South Korea's growing influence in the global advertising & brand experience market.
    - Technicolor Games collaborated on two of the biggest AAA global sports titles of the year including NBA 2K23 and FIFA 23. Other major holiday releases included: Tom Clancy's Rainbow 6, WWE 2K22, NBA 2K23, NHL 23, Madden 23, FIFA 23, Gotham Knights, High on Life.
    - Mikros Animation partnered with Nickelodeon on the SpongeBob Movie – 'Sponge on the run' which was broadcasted for the first time in the US during Thanksgiving. The studio had its biggest year yet for episodic releases, including Star Trek Prodigy 2, Dragon: The Nine Realms and Croods: Family Tree.

**Financial Calendar**

2022 Full Year Results	March 8, 2023
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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 and Technicolor Creative Studios' filings with the French Autorité des marchés financiers. The prospectus prepared by Technicolor Creative Studios in connection with the admission of Technicolor Creative Studios shares to trading on the regulated market of Euronext in Paris as part of the distribution of 65% of Technicolor Creative Studios shares by TSA to its shareholders, approved by the AMF on August 1, 2022 under number 22-331, is available free of charge and upon request at the company's registered office, 8-10 rue du Renard, 75004 Paris, France, or on the websites of the AMF (<https://www.amf-france.org>), and Technicolor Creative Studios (<https://www.technicolorcreative.com/investors/>).*

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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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