Press Release

First half 2023 Results

H1 RESULTS IN LINE WITH GROUP'S ANTICIPATIONS
REVENUE: €1,038 million (vs €1,193 million in H1 2022)
ADJUSTED EBITDA: €49 million (vs €73 million in H1 2022)
FCF[1]: - €74 million (vs -€21 million in H1 2022)
GUIDANCE 2023 MAINTAINED

Paris (France) – July 27, 2023 - Vantiva (Euronext Paris: VANTI) is announcing its results for the first half of 2023. These results have been approved by the Board of Directors today and limited review procedures on the consolidated financial statements have been carried out.

Vantiva's results for the first half of 2023 are in line with the Group's expectations, but as anticipated down on last year. The decline stems mainly from weaker activity in both divisions due to less favorable economic conditions and a high basis of comparison. Connected Home's customers are experiencing a high level of inventories due to weaker demand, and SCS is suffering lower DVD demand than expected. The Group continues to apply strict cost control and efficiency measures to offset the impact of the lower volumes. Therefore, the full-year guidance is maintained.

- **Revenues** decreased by 12.9% to €1,038 million (-13.3% at constant exchange rate).
- **Adjusted EBITDA** at €49 million vs €73 million in H1 2022, representing 4.7% of revenues (vs 6.1% in H1 2022) largely explained by lower volume.
- **Adjusted EBITA** at €9 million (vs €22 million in H1 2022).
- The structural decrease in the DVD demand was stronger than expected and triggered a review of SCS' legacy and growth activities assumptions. This review has led to a €133 million impairment of SCS' goodwill.
- **Net result from continuing operations** was negative at -€227 million vs -75 million in H1 2022.
- **Group net result** was negative at €229 million vs -14 million in H1 2022 as loss from discontinued operations stood at -€2 million versus a gain of €62 million in H1 2022.
- **Capex** increased by 37.9% to €44 million to support new products development at Connected Home and to increase vinyl capacity.
- **Free Cash Flow**, before financial and tax, was negative at - €74 million vs - €21 million in H1 2022.
- At the end of the semester, Vantiva held a **cash position** of €39 million.
- Total net debt (w/o capital lease) amounted to €378 million in nominal terms.
- The Group is working on **new sources of financing**, better suited to the seasonal nature of its business than the current line of credit.

[1] Before interest and tax.

Luis Martinez-Amago, Chief Executive Officer of Vantiva, said:

"Our first-half results in line with our expectations, but down compared to last year. As anticipated, we experienced a more difficult environment and weaker demand from some of our clients in the Connected Home sector. The latter are seeing high inventory levels coming from a strong 2022, and weaker consumer demand this year. The DVD activity is still suffering from a structural decline, more severe than expected in H1. However, our productivity improvements and diversification strategy will gradually turn around this activity. We expect some recovery in H2 and this combined with the positive impact of the efficiency measures taken allow us to confirm the guidance for the full year. Moreover, I would like to thank all our employees for their contribution to this goal. The Group is fully focused on implementing our diversification plans, productivity improvements and preparing the next generation of products that will drive the business in the future as proven by the first successes of our Wi-Fi 7 and DOCSIS 4.0 offers."

I- H1 2023 Key Highlights & 2023 Outlook

In € million, continuing operations	H1 2023	H1 2022	*Change at current rate*	*Change at constant Rate*
Revenues	1,038	1,193	*(12.9)%*	*(13.3)%*
Adjusted EBITDA	49	73	*(32.4)%*	*(33.3)%*
As a % of revenues	*4.7%*	*6,1%*	*(137)bps*	*(141)bps*
Adjusted EBITA	9	22	*(58.5)%*	*(60.0)%*
Free Cash Flow before Financial & Tax	(74)	(21)	*(53)*	

2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations

H1 2023 Key Highlights

The demand from some of our large **Connected Home** customers has been lower than in the previous year as the global economic environment makes them cautious, especially regarding their inventory management. This has been particularly true in the North America and APAC regions which had enjoyed strong business trends a year ago. The decrease in optical discs demand has been more severe than expected. Beyond the structural decline, demand suffered from excess inventory built by our customers during the chips crisis. On the other hand, the ramp up of vinyl production ramp up has mitigated this negative effect to some extent. The Group continues to take the measures necessary to defend its profitability.

Vantiva revenues totaled €1,038 million, down 12.9% (-13.3% at constant exchange rate).
Connected Home revenues amounted to €807 million for the half, a decrease of 10% (-10.3% at constant exchange rate). **Supply Chain Solutions** revenues were €231 million, down 21.9% (-22.4% at constant exchange rate).

Adjusted EBITDA, despite strict cost control in both divisions, has been negatively impacted by this volume decline and fell by €24 million to amount to €49 million in the semester vs €73 million in H1 2022.
Connected Home contributed €56 million (versus €70 million in the previous year) to adjusted EBITDA while **Supply Chain Solutions** contributed €7 million (versus €15 million in H1 last year).

FCF, before financial and tax for the half was negative by -€74 million, showing a €53 million deterioration over last year, due to lower EBITDA, higher capex and a less favorable change in working capital.

Outlook 2023

For the second part of the year Vantiva expects some recovery in demand and positive impact from the actions implemented to preserve profitability.
Revenues of **Connected Home** division, as planned, are expected to be down compared to last year. Broadband products should grow somewhat but video devices will continue to decline.
The DVD business will still be under pressure, but we expect some normalization in the demand in H2. **SCS**' full year revenue is likely to remain below last year's level.
Against this backdrop and, thanks to its operational efficiency, the Group is maintaining its targets for FY 2023:

- EBITDA > €140m
- EBITA > €45m
- FCF [2] > €50m

[2] Before interest and tax.

II- Segment Review – H1 2023 Results Highlights

Connected Home

Revenues breakdown by product

In € million	H1 2023	H1 2022	*Change at current rate*	Change at constant rate
Revenues	807	897	(10.0)%	(10.3)%
o/w by product				
Broadband	647	694	*(6.8)%*	*(7.5)%*
Video	160	202	*(20.8)%*	*(19.7)%*
EBITDA adj	56	70	*(19)%*	*(19.8)%*
As a % of revenues	*7.0%*	*7.8%*		

Connected Home revenues contributed 78% of Group revenues (75% in H1 22) and totaled €807 million in the semester, down 10%. At constant exchange rate, the decrease would have been -10.3% compared with H1 2022. Sales of broadband products in our largest region, North America, were down as operators cautiously managed their level of inventories and in Asia Pacific revenues have been penalized by a change of product generation. LATAM and EMEA reported double digit growth thanks to fiber which remains the growth driver. Cable demand has been slightly down and xDSL in decline. Globally Broadband revenues were down 6.8% in the period, whereas Video revenues decreased by 20.8%. LATAM has been particularly hit by weak demand for satellite TV devices.

Adjusted EBITDA of the division amounted to €56 million (vs €70 million in H1 22), or 7% of revenues (vs 7.8% in H1 22). Despite the drop in revenues, the division has been able to limit the margin decline to 80 basis points thanks to strict cost control and operational efficiency. Chips availability has improved materially and lead-times are getting better, but prices remain high.

Supply Chain Solutions

In € million	H1 2023	H1 2022	*Change at current rate*	Change at constant rate
Revenues	231	296	*(21.9)%*	*(22.4)%*
o/w by activity				
Disc	193	265	*(27.1)%*	*(27.5)%*
Growth activities	38	30	*24.0%*	*22.9%*
EBITDA	7	15	*(55.0)%*	*(55.2)%*
As a % of revenues	*3.0%*	*5.2%*		

Supply Chain Solutions revenues totaled €231 million in the period, down 21.9% from H1 2022. At constant exchange rate the decline would have been 22.4%. The structural decline of the optical disc activity, has been amplified by a less favorable economic environment and inventory adjustments, especially in the US. This has led the major studios to reduce orders for optical discs and associated services. Globally Discs revenues were down 27.1% in the half.

The diversification activities performed better showing 24.0% revenue growth, but this was not enough to compensate for the 40% volume decline in discs. In contrast, the production of vinyl has benefited from higher capacity and the ramp up is accelerating.

Adjusted EBITDA of the division amounted to €7 million (vs €15m in H1 22), or 3.0% of revenues (5.2% in H1 22). Margin decline came from the lower volumes in optical discs, distribution and freight activities while the development of the diversification activities has not been strong enough to offset the impact of the optical discs decline.

Corporate & Other

In € million	H1 2023	H1 2022	*Change at current rate*	Change at constant rate
Revenues	0	0		
EBITDA	(14)	(12)	*nm*	*nm*
As a % of revenues	*ns*	*ns*		

2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations.

Corporate & Other have no more revenues and the corporate costs explain the EBITDA negative contribution of €14 million vs €12 million in H1 2022.

III- Results analysis

P&L analysis

In € million	H1 2023	H1 2022	*Change at current rate*	Change at constant rate
Revenues from continuing operations	**1,038**	**1,193**	*(12.9)%*	*(13.3)%*
Adjusted EBITDA from continuing operations	**49**	**73**	*(32.4)%*	*(33.3)%*
As a % of revenues	*4,7%*	*6,1%*	*(137)bps*	*(141)bps*
D&A & Reserves[1], w/o PPA amortization	(40)	(51)	*21%*	*21.6%*
Adjusted EBITA from continuing operations	**9**	**22**	*(58.5)%*	*(60.0)%*
As a % of revenues	*0.9%*	*1.9%*	*(97)bps*	*(100)bps*
PPA amortization	(13)	(16)	*16.1%*	*17.0%*
Non-recurring items	(146)	(17)	*nm*	*nm*
EBIT from continuing operations	**(150)**	**(11)**	*nm*	*nm*
As a % of revenues	*(14.5)%*	*(0.9)%*	*na*	*na*
Net financial income (loss)	(55)	(61)	*(10.0)%*	*(10.5)%*
Income tax	3	(4)	*nm*	*nm*
Gain (loss) from associates	(25)	0	*nm*	*nm*
Profit (loss) from continuing operations	**(227)**	**(75)**	*nm*	*nm*
Net gain (loss) from discontinued operations	(2)	62	*nm*	*nm*
Net income (loss)	**(229)**	**(14)**	*nm*	*nm*

[1]Risk, litigation and warranty reserves
2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations.

H1 Revenues stood at €1,038 million, representing a 12.9% decrease (-13.3% at constant exchange rate) The decrease of **Connected Home** (-10%) was driven by the North America and APAC regions where some large customers reduced their business in order to avoid developing a too high level of inventories. **SCS** suffered from the decrease of DVD demand, largely in the US partly due to inventories adjustment from the major studios.

H1 Adjusted EBITDA amounted to €49 million, down 32,4% year-on-year and represented 4,7% of the revenues. Both division's contributions fell in the first half, being impacted by lower volume, and the corporate costs were slightly higher than a year ago.

H1 Adjusted EBITA of €9 million represented a €13 million year-on-year decrease, despite lower depreciation.

PPA amortization was slightly down at -€13 million versus -€16 in H1 2022.

Non-recurring items amounted to -€146 million versus -€17 million a year ago:

- restructuring costs accounting for -€8 million versus -€6 million in H1 2022.
- other income and expenses of -€4 million showed an improvement over H1 2022 of €5 million.
- net impairment stood at -€135 million (versus -€2 million) mostly because of the €133 million impairment of **SCS**' goodwill.

EBIT from continuing operations was a -€150 million loss compared to -€11 million.

The financial result totaled -€55 million in the first half, compared to -€61 million in H1 2022. This improvement stems from the financial interest costs, which decreased by €34 million. However, part of this improvement has been offset by the fair value adjustment of the TCS' shares from the date of their deconsolidation, the 8th of June, to the end of the semester.

Income tax is a positive of €3 million, thanks to deferred tax in Mexico, whereas it was a negative of €4 million a year ago.

Result from associated is negative of 25 million mostly resulting from a depreciation of our stake in TCS from the first of January to the deconsolidation date.

Net loss from continued operations amounted to -€227 million compared to -€75 million in H1 2022.

Result of discontinued operations showed a small loss of €2 million.

Group net result therefore is a loss of €229 million in the half, compared to a loss of -€14 million in H1 2022.

FCF and debt analysis

In € million	H1 2023	H1 2022	*Change at current rate*	*Change at constant rate*
Adjusted EBITDA from continuing operations	49	73	*(32.4)%*	*(33.3)%*
Capex	(44)	(32)	*37.9%*	*36.5%*
Non-recurring items (cash impact)	(26)	(29)	*(9.4)%*	*(9.2%)*
Change in working capital and other assets and liabilities	(54)	(34)	*(20)*	
Free Cash Flow from continuing operations before Tax & Financial	(74)	(21)	*(53)*	*na*

2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations.

	30/06/2023	31/12/2022
Nominal gross debt (including Lease debt)	487	449
Cash and cash equivalent	(39)	(167)
Net financial debt at nominal value (non IFRS)	448	282
IFRS adjustment	(9)	(19)
Net financial debt (IFRS)	439	263

2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations.

Capex increased 37.9% and reached €44 million in the semester as **Connected Home** is investing in new products, including IOT for verticals, and SCS in additional capacity for vinyl production.

Free Cash Flow[3] went from -€21 million to -€74 million. This significant downgrade reflects the lower EBITDA (-€24 million), higher capex (-€12 million) and other change in working capital (-€20 million).

The cash position at the end of June 2023 was €39 million reflecting the working capital seasonality.

[3] Before interest and tax.

Appendix

Debt details

In € million

Line	Characteristics	Nominal	IFRS amount	Nominal Rate	IFRS Rate
Barclays	Cash: Euribor 3M + 2.50% & PIK	250	241	9.0%	13.3%
Angelo Gordon	Cash: Euribor 3M + 4.00% & PIK	125	117	12.5%	17.6%
Wells Fargo	WF Prime +2.0%	29	29	10.7%	10.7%
Operating Lease		70	70	13.9%	13.9%
Capital Lease		0	0	1.0%	1.0%
Other		13	20	0.0%	0.0%
Total Debt		**487**	**478**	**10.5%**	**13.7%**
Cash & Cash Equivalents		**39**	**39**		
Net Debt		**448**	**439**		

IFRS 16 impact

	Actual H1 23 (incl IFRS 16)	Actual H1 23 (excl. IFRS16)	IFRS16 impact
	Actual	Actual	Actual
In € million	Current rate	Current rate	Current rate
SALES	1,038	1,038	+0
EBITDA ADJ	49	34	+15
	4.7%	3.3%	1.5%
EBITA	9	6	+3
Operating Cash Flow	(5)	(20)	+15
FCF before Financial & Tax	(74)	(89)	+15
FCF after Financial & Tax	(104)	(115)	+10

2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations.

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 H1 2023 compared to last year. Vantiva 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).

In € million	H1 2023	H1 2022	*Change[1]*
EBIT from continuing operations	(150)	(11)	*(139)*
Restructuring charges, net	(8)	(6)	*(2)*
Net impairment gain (losses) on non-current operating assets	(135)	(2)	*(133)*
Other income (expense)	(4)	(9)	*5*
PPA amortization	(13)	(16)	*3*
Adjusted EBITA from continuing operations	**9**	**22**	**(13)**
Depreciation and amortization ("D&A")	(40)	(51)	*11*
Adjusted EBITDA from continuing operations	**49**	**73**	**(24)**

[1] *Variation at current rates*

2022 amounts restated considering Technicolor Creatives Studios accounted for as discontinued operations.

The caption "Adjusted EBITDA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties).

The caption "Adjusted EBITA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense) and amortization of purchase accounting items.

Termination of ADS program (TCLRY)

The Company terminated the Deposit Agreement relating to its American Depositary Shares (ADS). As a result of such termination and in accordance with the provisions of the depositary agreement, ADS holders are required to exchange their ADS against Company shares prior to August 15, 2023, date of effectiveness of the termination.

ADS holders are requested to organize the exchange of their ADS with the depositary prior to August 15, 2023. If you have any questions about such termination, please call Citibank, N.A. at 1-877-248-4237.

###

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 Vantiva's filings with the French Autorité des marchés financiers. 2021 Universal Registration Document (Document d'enregistrement universel) has been filed with the French Autorité des marchés financiers (AMF) on April 26, 2023, under number D-23-0337.

###

About Vantiva

Pushing the Edge

Vantiva shares are admitted to trading on the regulated market of Euronext Paris (VANTI).

Vantiva, formerly known as Technicolor, is headquartered in Paris, France. It is an independent company which is a global technology leader in designing, developing and supplying innovative products and solutions that connect consumers around the world to the content and services they love – whether at home, at work or in other smart spaces. Vantiva has also earned a solid reputation for optimizing supply chain performance by leveraging its decades-long expertise in high-precision manufacturing, logistics, fulfillment and distribution. With operations throughout the Americas, Asia Pacific and EMEA, Vantiva is recognized as a strategic partner by leading firms across various vertical industries, including network service providers, software companies and video game creators for over 25 years. The group's relationships with the film and entertainment industry goes back over 100 years by providing end-to-end solutions for its clients.

Vantiva is committed to the highest standards of corporate social responsibility and sustainability across all aspects of their operations.

For more information, please visit vantiva.com and follow Vantiva on LinkedIn and Twitter.

Contacts

Vantiva Investor Relations
investor.relations@vantiva.com

Image 7 for Vantiva – Corporate
vantiva.press@image7.fr