

technicolor

CREATIVE STUDIOS

Technicolor Creative Studios Update

- **Technicolor Creative Studios lowers 2022 Adjusted EBITDA after lease guidance to €45-65 million at budget rate or €50-70 million at actual rates**
- **Second half of 2022 difficulties will also affect 2023**
- **Preliminary view for 2023 adjusted EBITDA after lease: flat or moderately up from expected 2022 landing**

PARIS (FRANCE), NOVEMBER 15, 2022 – Technicolor Creative Studios (Euronext Paris: TCHCS) today updates the market on its 2022 and 2023 expected landing.

Technicolor Creative Studios still benefits from strong demand from its clients, notably at MPC and The Mill. However, this demand for original content is meeting up with a VFX production capacity still impacted by an unprecedented level of attrition.

The Group has identified and implemented significant actions since the summer to react. However, the anticipated improvements in recruitment, attrition and production efficiencies are not materializing at the expected pace, resulting in Technicolor Creative Studios to not deliver on time or at expected cost:

- Recently, a significant amount of high margin sales has been missed at The Mill, due to senior resource constraints;
- Some major MPC projects are being impacted by lower production efficiencies leading to late deliveries, extra spendings and margin decline.

On top of significant actions already implemented since the summer, the Group is actively working on a larger transformation program, encompassing several new key senior hires, along with further optimization of processes and metrics, and moving a greater level of production to India; further details to be shared at the Q3 results call November 30th. Operational metrics are improving and will aim to exceed historical performance. However, the activity will still be affected in the fourth quarter of 2022 and probably throughout 2023.

As a consequence of the above Technicolor Creative Studios is revising its Adjusted EBITDA after lease (new definition) ¹ expectations as follows:

- For 2022: guidance is revised downwards from €120-130 million to €45-65 million at budget rate² or €50-70 million at actual rates³;
- Preliminary view for 2023: flat or moderately up⁴ from expected 2022 landing, compared to €140-160 million previous estimates.

¹ Adjusted EBITDA after Lease (new definition) corresponds to Adjusted EBITA after lease (new definition) adding back Depreciation and amortization, excluding depreciation of usage-based IT costs, operating leases assets depreciation and non-cash income and expense such as equity-settled share-based payments, including capital lease depreciation. Adjusted EBITA (Earnings before Interest, tax, depreciation and amortization) after lease (new definition) corresponds to EBIT (Earnings before interest and taxes) adjusted positively by the amortization of intangibles that arose from acquisitions or disposals (PPA amortization), restructuring costs, other non-current items, comprising Other (expenses) income, Impairment (losses) gain and Capital gains/losses, and negatively by the difference between operating lease payments and operating leases assets depreciation.

² Guidance communicated on August 1st at budget rate, was an Adjusted EBITDA after lease (new definition) of €120-130 million for 2022 and of €140-160 million for 2023, assuming dysynergy costs and external macroeconomic assumptions, including a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52, and EUR/GBP of 0.89. Technicolor Creative Studios results are sensitive to the valuation of its main currencies - notably the US dollar, the Canadian dollar, and the British pound – which have evolved favourably since the beginning of the year. Hedging arrangements are in place to mitigate forex risks.

³ Assuming 2022 forex exchange rate assumptions with a EUR/USD exchange rate of 1.05, EUR/CAD of 1.35, EUR/GBP of 0.85.

⁴ Assuming 2023 forex exchange rate assumptions with a EUR/USD exchange rate of 1.00, EUR/CAD of 1.31, EUR/GBP of 0.86. 2023 guidance also includes estimated costs associated with the transformation program and dysynergy costs.

An analyst audio webcast hosted by Christian Robertson, CEO and Laurent Carozzi, CFO will be held today, November 15, 2022, at 6:30pm CET.

Audio Webcast

Please find below the link to the webcast:

[Conf Call Nov 2022](#)

Conference call

(Please use this option only if you wish to ask questions by phone)

Dial the access number below 10mn before the call:

- France: +33 172727403 PIN: 22158323#
- United Kingdom: +442071943759 PIN: 22158323#
- United States: +1 6467224916 PIN: 22158323#

Financial Calendar

Q3 2022 business update	November 30 th , 2022
ODDO Conference	January 10, 2023
2022 Full Year Results	March 8, 2023

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/>).

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

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