

Update on Technicolor Group Refinancing

Paris (France), June 6, 2022 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) is today reporting progress made on its refinancing process, and is updating forward looking assumptions announced on February 24th, 2022.

The Company continues to make progress on the execution of the spin off of its Technicolor Creative Studios (“TCS”) division to create two independent market leaders in their respective sectors and the associated overall refinancing announced on February 24th, 2022, and confirms its target to complete the distribution of at least 65% of TCS shares (the “**Distribution**”) in the third quarter of 2022.

As part of the process, the Company is continuing discussions with potential debt investors for both Technicolor Creative Studios (“TCS”) and Technicolor Ex-TCS.

As announced in the May 5th, 2022 Q1 press release, the contemplated refinancing package includes:

- €300 – €375 million of private debt and an Asset-Based Lending (ABL) Facility at Technicolor Ex-TCS, subject to ongoing discussions;
- €575 - €650 million Term Loan and a €40 million Revolving Credit Facility at Technicolor Creative Studios.

Technicolor Group is today providing specific 2022 and 2023 forward looking assumptions for TCS, while confirming its 2022 Technicolor Group guidance¹.

Overall, demand for TCS’ highest quality VFX artistry and cutting-edge technology is expected to continue to grow significantly throughout 2022 and 2023.

- At MPC and Mikros Animation, the divisions continue to be awarded multiple new projects, resulting in more than 80% of the revenue pipeline for MPC and Mikros Animation being already committed for 2022 as of the end of April 2022. In addition, the number of feature animation projects in production has grown from two in 2019 to six features in 2022;
- At the Mill, whose activity is closely related to advertising spending, activity growth is being slowed by the current global economic environment. As a result, the Mill is now expecting slower growth than initially anticipated over the period, with the main impact in 2022. Actions to mitigate the impact on margin have already been identified and initiated relating to costs and operational efficiencies;
- At Technicolor Games, demand for games content is expected to continue growing, along with the expansion of the Technicolor Games offer to preproduction, game assets creation, animation, VFX, and in-engine integration, with co-development and quality assurance (“QA”) services.

Significant investment in artist recruitment, retention, and training (including TCS Academy programs) continues, with delivery of all pipeline projects remaining the main challenge for 2022, as a consequence of the shortage of talent in the market.

These trends were associated with a higher volatility in the financial environment of the Group, mainly in the valuation of its main currencies - notably the US dollar, the Canadian dollar, and the British pound – which have evolved favorably since the beginning of the year.

In light of the market trends highlighted above, the Company is publishing the following forward looking assumptions for TCS:

¹ Guidance communicated in the May 5th, 2022 press release for Technicolor Group “as is” with revenues from continuing operations expected to grow, Adjusted EBITDA from continuing operations of €361 million excluding Trademark Licensing, Adjusted EBITA from continuing operations of €161 million excluding Trademark Licensing, and FCF from continuing operations, before financial results and tax of €217 million excluding Trademark Licensing. This 2022 guidance for the Technicolor Group “as is” assumes EUR/USD exchange rate of 1.15. As presented on February 24th, 2022, 2022 guidance numbers reflect changes in accounting methods (IFRIC adjustments on Saas), and do not include the TCS spin-off.

	2022			2023		
	Previous forward looking assumptions ²	New forward looking assumptions using previous exchange rates ³	New forward looking assumptions using end of April exchange rates ⁴	Previous forward looking assumptions ²	New forward looking assumptions using previous exchange rates ³	New forward looking assumptions using end of April exchange rates ⁴
Adjusted EBITDA⁵	176-186	165-175	175-185	210-220	185-205	200-220
Adjusted EBITA	78-88	65-75	75-85	106-116	85-105	95-115
Free Cash Flow before Tax and Financial	100-110	70-80	75-85	125-135	100-120	110-130

As part of the proposed carve-out, TCS is planning to review its key performance indicators (KPI), notably including an adjusted EBITDA after lease, with the goal of becoming more comparable with its peers and market practices, whilst being more aligned with the way the business is managed. New KPIs will be presented as part of the Capital Markets Day on June 14th, 2022.

Underlying market assumptions for Technicolor Ex-TCS remain unchanged, and therefore result in forward looking assumptions for Technicolor Ex-TCS being broadly unchanged with:

	2022			2023		
	Previous forward looking assumptions ²	New forward looking assumptions using previous exchange rates ⁶	New forward looking assumptions using end of April exchange rates ⁴	Previous forward looking assumptions ²	New forward looking assumptions using previous exchange rates ⁶	New forward looking assumptions using end of April exchange rates ⁴
Adjusted EBITDA⁵	>140	>140	>150	>135	>140	>150
Adjusted EBITA	38-48	38-48	48-58	29-39	29-39	40-50
Free Cash Flow before Tax and Financial	62-72	62-72	72-82	43-63	43-63	53-73

As communicated on May 24th, both the refinancing and the spin-off are expected to be completed in Q3 2022, subject to (i) the shareholders' approval of the terms of the spin-off, (ii) the completion of the refinancing discussions

² Forward looking assumptions detailed in February 24, 2022 press release.

³ These forward looking assumptions for TCS assume a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52, EUR/GBP of 0.89, include estimated running dissynergy costs of €4-6 million in 2022 and €10-15 million in 2023, and reflect accounting changes implied by the IFRIC interpretation on Saas adjustment, 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 with €(4) million, €(2) million on EBITA, and +€4 million on capex. For 2023, these impacts are expected to be less material.

⁴ Assuming EUR/USD exchange rate of 1.07, EUR/CAD exchange rate of 1.37, and EUR/GBP of 0.84 as from end of April 2022.

⁵ For a definition of Adjusted EBITDA and Adjusted EBITA and FCF, refer to the Appendix section of the present press release.

⁶ These forward looking assumptions for Technicolor Ex-TCS assume a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52, EUR/GBP of 0.89, exclude Trademark Licensing operations, include estimated running dissynergy costs, and reflect accounting changes implied by the IFRIC interpretation on Saas adjustment, relating to the configuration or customization costs in a cloud computing arrangement. The one-off impacts of the IFRIC interpretation are expected to be negative with €(6) million on EBITDA, €(3) million on EBITA, and +€6 million on capex. For 2023, these impacts are expected to be less material, except on EBITA (+€4 million).

with creditors on terms satisfactory to Technicolor Ex-TCS and TCS and (iii) customary conditions, consultations and regulatory approvals.

Indicative Timetable

Capital Market Day for Technicolor Ex-TCS and TCS	June 14 th , 2022
Technicolor’s Shareholders’ meeting	June 30 th , 2022
H1 2022 results	July 28 th , 2022
Technicolor’s Distribution Shareholders’ Meeting	Q3, 2022
Distribution of the TCS shares	Q3, 2022

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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’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 5, 2022, under number D-22-0237 and an amendment to the 2021 URD has been filed with the AMF on April 29, 2022, under number D-22-0237-A01.

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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

“**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).

“**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.

“**Free cash flow**” defined as: Adj. EBITDA – (net capex + restructuring cash expenses + change in pension reserves + change in working capital and other assets & liabilities + cash impact of other non-current result).