CORPORATE PRESS RELEASE

technicolor

CREATIVE STUDIOS

SHAPING THE FUTURE FOR TECHNICOLOR CREATIVE STUDIOS FOLLOWING AGREEMENT ON ITS REFINANCING

- **Technicolor Creative Studios reaches an agreement in principle on a €170m new money injection, including recapitalization**
- **Refinancing fully underwritten by a large majority of its shareholders and lenders**

Paris (France), March 8, 2023 – Technicolor Creative Studios is pleased to announce an agreement in principle that provides a framework for rebound of the Company to the benefit of its studios, talents, customers and suppliers.

The Company has reached an agreement in principle on a new financing structure which includes a *c.*€170 million new money injection. The refinancing would also reduce the financial liabilities of the business by reducing cash interest across all instruments as well as by subordinating €170 million and converting €30 million of existing debt into equity. This would enable Technicolor Creative Studios to address its liquidity needs from Q2 2023 and allows operating cash flow to be focused on operational needs.

A large majority of shareholders (holding above 80% of the capital) and lenders (which represent more than 75% of the debt) are supporting the Company in this refinancing, indicating their financial commitment to, and support for the business and its mission to deliver high quality projects to its customers.

The Agreement in Principle has been approved unanimously by the members of the Board of Directors of the Company[1] and will be submitted for approval to the Commercial Court of Paris by the end of March.

Anne Bouverot, Chairperson, and Caroline Parot, CEO: "*This new favorable framework reaffirms the strong commitment of all our stakeholders, in particular our shareholders and lenders, and demonstrates their renewed confidence in the long-term prospects of Technicolor Creative Studios. In conjunction with the improvement actions initiated through the Re*imagined Program, this will improve the Company's balance sheet and profitability, re-establishing its market leading position.*"

Christian Roberton, Deputy CEO: "*Thrilled about this significant milestone, marking a fresh start for Technicolor Creative Studios. This is going to ensure our studios will be fully dedicated to project delivery and continue to be recognized as a world leader of our industry. I would like to thank our teams for their dedication and continuous commitment to our clients in these challenging times.*"

[1] It is being specified that interested board members have not taken part to the deliberations and vote.

DETAILS OF THE AGREEMENT IN PRINCIPLE

A part of this new money financing would be made by end of March / beginning of April 2023, subject to finalization of the relevant documentation and satisfaction or waiver of the conditions set out therein. The remaining part of the *c.*€170 million new money financing is expected to be made available by the end of Q2 2023.

This agreement has been agreed in principle by TCS, certain of its main shareholders holding in the aggregate in excess of 80% of the share capital and voting rights including Vantiva, Angelo Gordon, Bpifrance (the "**Main Shareholders**") and a group of lenders which represent in aggregate more than 75% of the debt outstanding[2] (the "**Lender Group**") within the framework of an amicable conciliation procedure opened earlier in 2023.

The agreement in principle sets forth the following key principles:

- **New money financing in aggregate principal amount, net of Original Issue Discount and underwriting fees, equal to *c.*€170 million**:
  - upon approval by the General Meeting (expected to be held by the end of Q2 2023), the issuance of €60 million of convertible notes (the "**Convertible Notes**") fully backstopped by certain funds managed and/or advised (directly or indirectly) by Angelo, Gordon & Co., L.P.. Conversion of 100% of the convertible bonds[3] will give holders of those notes an aggregate amount of 33% of the share capital of the Company on a fully diluted basis pro forma for: (i) such conversion and (ii) the issuance of certain warrants to be granted to New Money Lenders and existing senior secured lenders of the Company, in each case, as described in this announcement[4];
  - a super senior credit facility fully underwritten by the Lender Group (the "**New Money Lenders**") for an amount of *c*.€ 110 million (the "**New Money Credit Facility**"). In addition, warrants (*bons de souscription d'actions*) giving right to 11% of the PF Fully Diluted Share Capital to be, upon approval by the General Meeting, allocated to the New Money Lenders pro rata to their exposure to the New Money Credit Facility and in consideration for their commitment to the same;
  - the final closing of the Convertible Notes and the New Money Credit Facility is expected to take place by the end of Q2 2023[5], provided that, among others, the New Money Lenders and Angelo Gordon are expected to provide a bridge financing in an amount of €85 million by end of March 2023 / early April 2023.
- **Existing indebtedness would be reinstated and capitalized as follows:**
  - the multicurrency Revolving Credit Facility would be reinstated for its total amount of €40 million (the "**RCF**");
  - the *c.*€621 million first lien facility (the "**First Lien Facility**") would be reinstated for a total amount of approximatively *c.*€421 million over September 2026;

[2] Agreement of certain of these stakeholders remain formally subject to approval of their respective investment committees.
[3] Such conversion may occur on a voluntary basis at any time or on a mandatory basis, with mandatory conversion occurring if the enterprise value of the Company exceeds €1.2 billion or the EBITDA exceeds a level to be agreed, in each case, based on valuation methodology and mechanics to be agreed.
[4] The "**PF Fully Diluted Share Capital**".
[5] The "**Closing Date**".

- the conversion into equity by the First Lien Facility lenders of €30 million of the First Lien Facility by means of capital increases by way of set-off of claims, upon approval by the General Meeting; and
- the conversion of a portion of the First Lien facility into a subordinated instrument stapled with the reinstated First Lien Facility for a total amount of *c.*€170 million.

- **The transactions described above would have the following impact on the share capital of the Company[6]:**

  - debt-to-equity conversion through a share capital increase would lead the existing First Lien Facility lenders to hold 65.7% of the share capital on the Closing Date and 44% of the PF Fully Diluted Share Capital;

  - New Money Lenders participating to the New Money Credit Facility would receive 11% of the PF Fully Diluted Share Capital through the issuance of warrants;

  - upon conversion of 100% of the Convertible Notes according to its terms and conditions, the Convertibles Notes holders would hold 33% of the PF Fully Diluted Share Capital;

  - the current shareholders of the Company would retain 12% of the PF Fully Diluted Share Capital.

The Agreement in Principle would be combined with an evolution of the Company's governance to be further detailed upon finalization of the conciliation protocol. This new governance will reflect the new capital structure of the Company and will comply with the AFEP MEDEF code. The Agreement in Principle provides that the main lenders in their capacity as shareholders will not transfer their shares in the Company (subject to standard exceptions and limited exceptions) for a period of 12 months.

The parties to the Agreement in Principle and any acceding party will also commit not to transfer their shares in, and / or debt exposure with, the Company until the execution of the conciliation protocol.

The Company would also benefit from a right of first offer in case of sale by its main shareholders of shares to competitors.

The Company will undertake a strategic review within the next 24 months in order to explore options for maximising value for all stakeholders. The Company will also review its options for a potential delisting of TCS in the short term.

The Agreement in Principle provides that both the Main Shareholders and the Lender Group are not and will not be acting in concert vis-à-vis the Company.

The implementation of the Agreement in Principle will be subject to certain conditions precedent including the following key items:

- final due diligence, approval of investment committees and other internal approvals, execution of a satisfactory long-form legal and contractual documentation;
- approval by all other First Lien lenders of the Company;
- approval by the beneficiary of the *fiducie* under the Fiducie agreement existing on Vantiva's 35% holding in TCS;
- judgement from the Commercial Court approving (*jugement d'homologation*) a conciliation protocol and granting the new money privilege to the relevant stakeholders;
- customary regulatory authorizations as may be required;
- approval of the required resolutions by the General Meeting expected to be held in the course of Q2 2023.

[6] A pro forma share capital table is set forth in appendix.

The Company intends to cleanse the information provided to the various stakeholders having led to this press release and aims to do so within the framework of the announcement of the 2022 full year results which will be postponed to March 10, 2023.

The Company has requested from Euronext Paris the suspension of the listing of its shares from today until the market opening on March 10, 2023.

Financial Calendar

2022 Full Year Results	March 10, 2023

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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 the Company'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 the prospectus prepared in connection with the admission of the Company's shares to trading on the regulated market of Euronext in Paris approved by the AMF on August 1, 2022 under number 22-331, available on the Company's website and on the *Autorité des Marchés Financiers* website (www.amf-france.org).

This press release does not contain or constitute an offer of securities for sale or an invitation to invest in securities in France, the United States or any other jurisdiction.

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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

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APPENDIX – ILLUSTRATIVE PRO-FORMA EQUITY OWNERSHIP

The transactions would have the following impacts on the share capital:

Pro Forma shareholding	**Current**	**At the Closing Date**	**Post conversion of 100% of the Convertible Notes, being the PF Fully Diluted Share Capital**
Existing shareholders	100.0%	17.9%	12.0%
Existing First Lien Lenders		65.7%	44.0%
New Money providers		16.4%	44.0%
o/w New Money Credit Facility		*16.4%*	*11.0%*
o/w Convertible Notes			*33.0%*
Total shareholding	**100.0%**	**100.0%**	**100.0%**