

technicolor

CREATIVE STUDIOS

UNAUDITED COMBINED FINANCIALS

Technicolor Creative Studios – 9-month 2023 Business Update

PARIS (FRANCE), OCTOBER 25, 2023 – Technicolor Creative Studios (Euronext Paris: TCHCS) (the “Company”) today announced its nine-month and third quarter 2023 business update.

- **Strengthening the leadership structure to further deliver on the transformation plan**
- **Impact of strikes in Hollywood and unfavourable macroeconomic environment led to reduction of activity for the first nine-month of 2023:**
 - 9-month revenues of €414.4 million, down -33.6% at current rate compared to the same period last year, and as expected;
 - Q3 2023 revenues down -48.1% year-on-year to €111.7 million;
- **Strong creative performance and commercial successes** across the four Studios.
- **Renewed confidence from majority shareholders and creditors with:**
 - **An additional circa €30 million of new money injection and waivers granted pursuant to the existing financings to provide additional cash flexibility to Technicolor Creative Studios**
 - **Delisting of Technicolor Creative Studios from Euronext Paris on track**
 - Public tender offer filed with the Autorité des Marchés Financiers (AMF) on October 18th.

Caroline Parot, Chief Executive Officer of Technicolor Creative Studios, said:

“The first nine months of 2023 saw substantial progress in Technicolor Creative Studios’ transformation journey. In an unfavorable market environment – with a still ongoing actors strike in Hollywood – our focus has been to support our clients as they are preparing for production restart, and we stand ready to seize new business opportunities as the market picks up.

Technicolor Creative Studios’ long-term perspectives remain attractive, and we are grateful to our shareholders and creditors for their trust. In addition to the new financing, we are now engaged in a delisting process which should enable the Company to tackle with agility and confidence the major transformation it has initiated, to better serve its clients and ultimately reinforce its market leading position.”

STRENGTHENING THE LEADERSHIP STRUCTURE TO FURTHER DELIVER ON THE TRANSFORMATION PLAN

Technicolor Creative Studios has decided to reinforce its Executive Committee to optimize performance and efficiency, with:

- The creation of a Chief Commercial Officer role to develop and implement the Company's commercial, growth, and marketing strategies. Jean-Paul Burge, former Global President of MPC, will be in charge of this newly created responsibility. Christian Robertson has taken over as President of MPC, in addition of his role as Deputy CEO of the Company.
- The appointment of Michael Masset as Chief People Officer.
- The extension of Stéphanie Fougou's portfolio of responsibilities with the inclusion of the Company's corporate communications.

This new management structure is going to ensure Technicolor Creative Studios will complete its transformation plan at a sustained pace.

The Company remains committed to achieve its ambition to be the first-choice digital services production partner for the world's most creative companies.

Q3 2023 FINANCIAL HIGHLIGHTS

Revenues

Q3 2023	Q3 2022	% Change	% Change at constant currency		9M 2023	9M 2022	% Change	% Change at constant currency
<i>in € million</i>								
44.8	103.7	-56.8%	-54.0%	MPC	167.5	316.7	-47.1%	-44.6%
22.7	42.5	-46.6%	-43.1%	Mikros Animation	103.7	99.0	4.7%	7.8%
40.0	65.2	-38.7%	-35.1%	The Mill	131.7	197.6	-33.4%	-32.0%
4.2	3.5	20.0%	25.7%	Technicolor Games	11.4	9.7	17.5%	19.6%
111.7	215.2	-48.1%	-44.8%	Total	414.4	623.9	-33.6%	-31.4%

Technicolor Creative Studios Q3 2023 revenues decreased by -48.1% at current rate (-44.8% at constant rate) to €111.7 million. Revenues amounted to €414.4 million in the first nine months of 2023, down -33.6% at current rate (-31.4% at constant rate) compared to the same period in 2022. This decrease mainly results from the reduction of the project pipeline compared to the first nine months of 2022 – which saw significant demand for original content in the post Covid recovery year – and from a broader market slowdown.

At MPC, Q3 2023 revenues were down -56.8% year-on-year to €44.8 million, while 9-month 2023 revenues amounted to €167.5 million, down -47.1% at current rate (-44.6% at constant rate). This underperformance reflects the expected lower activity compared to a high first half 2022, and the delay of order intake due to the strikes in Hollywood.

At Mikros Animation, Q3 2023 revenues were down -46.6% year-on-year to €22.7 million. The quarter saw the win of new projects, which will materialize in revenues over the next 2 years. 9-month 2023 revenues amounted to €103.7 million, up 4.7% at current rate (+7.8% at constant rate). This growth was driven by major feature animation projects deliveries in first half 2023.

At The Mill, Q3 2023 revenues dropped by -38.7% at current rate (-35.1% at constant rate) to €40 million. 9-month 2023 revenues amounted to €131.7 million, representing a -33.4% decrease at current rate (down -32.0% at constant rate) compared to the same period in 2022. Activity was restricted by an unfavorable macroeconomic environment with decelerating VFX advertising spending and increasing competition.

At Technicolor Games, Q3 2023 revenues were up 20% at current rate year-on-year to €4.2 million, while 9-month 2023 revenues amounted to €11.4 million, up by 17.5% at current rate (up 19.6% at constant rate) compared to the same period in 2022.

Cash and debt at the end of September 2023

Liquidity (Cash and cash equivalents) at the end of September 2023 amounted to €46 million (with the €40 million RCF fully drawn).

Net financial debt at nominal value amounted to €645¹ million at the end of September 2023, compared with €577 million at the end of June 2023. IFRS net debt amounted to €678 million as of September 30, 2023, compared with €610 million as of June 30, 2023.

Q3 2023 KEY BUSINESS HIGHLIGHTS

MPC: In Q3 of 2023, MPC contributed to the successful release of highly anticipated movies and episodic productions. Some of the projects included *Strays*, *The Last Voyage of Demeter* and *The Nun II*. MPC was recognized with several industry awards including wins at the AEAF (Australian Effects & Animation Festival) Awards for *House of the Dragon*, *Prehistoric Planet 2* and Guillermo del Toro's *Pinocchio*, and an Ariel Award for *Bardo*.

Mikros Animation: Two of the Brand's high-profile projects were released theatrically around the world in Q3. *Paw Patrol: The Mighty Movie* was released in late September and opened as the #1 film in the United States and many international territories. *Teenage Mutant Ninja Turtles: Mutant Mayhem* was released in August. Both films have been commercial and critical successes.

The Mill: In Q3, the Brand contributed to remarkable 3D billboards for brands like Samsung, Jeep, Transformers, and HBO's *House of the Dragons*. The Mill is also the go-to producer for the MSG Sphere in Las Vegas, with projects like Marco Brambilla's U2 concert installation. Iconic productions include the iPhone 15 launch campaign and collaborations with Mercedes-Benz and League of Legends. The Mill has garnered numerous awards including the Best Automotive Advertisement at the International Motor Film Festival for "Nascar 75th Anniversary" and secured 9 AEAF Awards.

Technicolor Games: The Studio contributed to several major Q3 releases, including EA Sports FC 24 marking the continuation of a 15-year partnership, Ubisoft's The Crew Motorfest, Focus Entertainment's Atlas Fallen, EA's Madden NFL 24, and 2K's NBA 2K24. The division is continuing its expansion and will rely on the newly opened Mumbai Office.

RENEWED CONFIDENCE OF SHAREHOLDERS WITH NEW MONEY INJECTION AND DELISTING PROJECT

As announced on October 2, 2023, by the Company, its shareholders and creditors have decided to demonstrate their support and have renewed their confidence in the future prospects of Technicolor Creative Studios.

¹ Excluding 170 M€ of subordinated debt and operating lease

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- The main shareholders and creditors of the Company granted an extra circa €30 million cash, pursuant to the existing new money facilities agreement.
 - Granting additional cash flexibility to Technicolor Creative Studios by, among others, consent that cash interest on main debt instruments (New Money (loans and bonds) and Reinstated debt) owed in H2 2023 and H1 and H2 2024, will be converted to PIK interest, for c.€48 million.
 - In addition, on October 18th, four shareholders, acting in concert with a group of shareholders and creditors of the Company (holding together 94,82²% of the capital), filed, a public tender offer (“*offre publique d’achat simplifiée*”) for the shares of the Company (the “Offer”) with the Autorité des Marchés Financiers (AMF). The Offer, for a cash consideration of 1.63 euro per Technicolor Creative Studios share, dividends included, will be subject to the AMF’s approval and will be followed, the required conditions of capital and voting rights being already met, by a squeeze-out.
 - The projected delisting of the Company along with these new financing arrangements attest to the strength of Technicolor Creative Studios’ shareholder support.

In addition to the new circa €30 million cash injection, Technicolor Creative Studios confirms its intention to seek, in the short term, further financing options from various sources to address its future liquidity needs. In that context, the Company intends to deepen and accelerate its strategic review announced in March and June 2023.

The Board of Directors will release an informed opinion on the terms of the Offer in due course, in light of the work of A2EF (represented by Mrs. Sonia Bonnet-Bernard), appointed as independent expert by the Board of Directors on October 2nd, 2023, to opine on the financial terms of the Offer and, as the case may be, the squeeze-out.

The contemplated delisting process is on track and further information will be provided in due course. Detailed information on the delisting process is available on the Company’s website: <https://www.technicolorcreative.com/investor-center/public-tender-offer/>

² On October 2, 2023, based on a total of 25,511,822 Technicolor Creative Studios shares and theoretical voting rights, as communicated by the Company on July 31, 2023. Taking into account the dilution resulting from the conversion of all the convertible bonds into shares and the exercise of all the share warrants issued on June 8, 2023, by Technicolor Creative Studios and held by the members of the Concert, the Concert holds 97.10% of the share capital and voting rights, on a fully diluted basis.



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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