UNIVERSAL REGISTRATION DOCUMENT 2020

including the Annual Financial Report

technicolor

contents

The elements of the Annual Financial Report are identified in the summary using the pictogram AFR

The elements of the Extra-Financial Performance Declaration are identified using the pictogram EFPD

technicolor

Société Anonyme with a share capital of €2,357,954.83
Registered Office: 8-10, rue du Renard
75004 Paris - France
Paris Register of Commerce and Companies No. 333 773 174

UNIVERSAL REGISTRATION DOCUMENT 2020

including the Annual financial report

AMF

This Universal Registration Document has been filed on April 7, 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The Universal Registration Document is a copy of the official version of the Universal Registration Document which has been prepared in XHTML format and is available on our website : www.technicolor.com

This document is a free translation into English of the original French "Document d'enregistrement universel". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text filed with the French "Autorité des marchés financiers".

MESSAGE TO THE SHAREHOLDERS

GRI [102-14]

Dear Shareholders,

In 2020 Technicolor had to face the challenges of an extraordinary year. Our teams worked hard to address the impact of the Covid-19 pandemic, and to adapt quickly to ensure the continuity of our operations and the ongoing delivery of our high value-added services to our customers. The rapid and efficient implementation of remote working, especially in Production Services, was key to achieving this result. We simultaneously delivered a major transformation programme, which significantly reduced operating expenses and preserved cashflow. In addition, we successfully executed a comprehensive financial restructuring plan, providing a much stronger platform for the long-term sustainability of the Group.

Technicolor exceeded its 2020 guidance for all three main financial indicators - EBITDA, EBITA and Free Cash Flow - underpinned by a significant reduction of our cost base. This was achieved against the difficult background of the Covid-19 crisis. Connected Home beat the targets originally set before the crisis began, but Production Services and DVD Services were hit by the cessation of activity in the film industry, and associated cinema closures. Despite persistent uncertainty relating to the pandemic, we are looking forward with confidence to continue to carry out our transformation program in order to deliver improved results.

Technicolor is redefining its content experience with leadership positions in its 3 business units:

- in Production Services, Technicolor has worldwide leadership in visual effects for films and episodic work, and is the n°1 provider to Hollywood studios and streamers;
- in Connected Home, Technicolor is a global leader in Broadband and AndroidTV, and a trusted partner to the leaders of the industry, such as Comcast and Charter;
- in DVD Services, Technicolor is by far the largest player, with around 70% market share worldwide and 90% in North America.

The Group now has an appropriate capital structure adapted to the needs of our business, and is entering a new era in its history. The Group has re-engineered its operations to be more scalable, focused, innovative, faster to market and artistically cutting-edge. Technicolor has solid business foundations and strong capabilities, especially in terms of highly skilled people and assets, and our secret weapon is the combination of artistry and technology. Our Company plays a vital role in the markets in which we operate, and provides truly differentiated products and services to our clients.

The strategic sale of Technicolor Post is part of our long-term vision for Production Services to focus on VFX and animation for the entertainment industry, and creative services and technologies for the advertising industry, which provide maximum value to our clients. We will continue to deliver on these core areas through our award-winning creative studios The Mill, MPC, Mr. X and Mikros Animation.

With the gradual recovery of our key markets, in particular Production Services, Technicolor is poised to return to delivering profitable growth, cash generation and value creation for shareholders. During the year we have strengthened our financial transparency by regularly communicating our performance, and providing tangible financial targets for the medium term.

Thank you for your trust,

Anne Bouverot
Chairperson of the Board of Directors

Richard Moat
Chief Executive Officer

PRELIMINARY COMMENTS

GRI *[102-46]*

In this Universal Registration Document, unless otherwise stated, the "Company" refers to Technicolor SA and "Technicolor" and the "Group" refers to Technicolor SA together with its consolidated affiliates.

This Universal Registration Document includes:

(i) the Annual Financial Report *(Rapport Financier Annuel)* issued pursuant to Article L. 451-1-2 of the French Monetary and Financial Code *(Code monétaire et financier)* and referred to in Article 222-3 of the AMF General Regulation *(Règlement général de l'AMF)* (a cross-reference table is set forth on page 330 between the documents referred to in Article 222-3 of the AMF General Regulation and the relevant sections of this Universal Registration Document);

(ii) the Management Report (Rapport de gestion) adopted by the Board of Directors of the Company pursuant to Articles L. 22-10-35, L. 225-100 *et seq.* and L. 232-1 of the French Commercial Code *(Code de commerce)* (the cross-reference table on page 330 mentions the elements of this report); and

(iii) the Corporate Governance Report *(Rapport sur le Gouvernement d'entreprise)* adopted by the Board of Directors of the Company pursuant to Articles L. 22-10-10 *et seq.* and L. 225-37 of the French Commercial Code (the cross-reference table on page 332 mentions the elements of this report).

This Universal Registration Document contains certain forward-looking statements with respect to Technicolor's financial condition, results of operations and business and certain plans and objectives of the Group. These statements are based on management's current expectations and beliefs in light of the information currently available and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to statements that are forward-looking by reason of context, other forward-looking statements may be identified by use of the terms "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "projects", "predicts" and "continue" and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that are anticipated to occur in the future. Such statements are also subject to assumptions concerning, among other things, Technicolor's anticipated business strategies; its intention to introduce new products and services; anticipated trends in its business; and Technicolor's ability to continue to control costs and maintain quality.

OVERVIEW OF TECHNICOLOR in 2020

Revenues of continuing operations

c.€3 bn

Revenues BY ACTIVITY

59%
VS 52% in 2019

1. Connected Home
Complete portfolio of broadband and video customer premise equipment to Pay-TV operators and network service providers

23%
VS 23% in 2019

2. DVD Services
Mastering, replication, packaging and distribution of DVD, Blu-Ray™ and Discs

17%
VS 24% in 2019

3. Production Services
Full range of production and Post production services for feature films, TV, advertising and games

1%
VS 1% in 2019

4. Corporate & Others
Trademark Licensing
Corporate costs

1st Worldwide supplier
of media services on physical devices

1st Media services provider
on physical devices

1st Worldwide supplier
of network access gateways

1. 2. 3. 4.

Revenues BY CURRENCY

72%
USD
VS 47% in 2019

7%
Euros
VS 24% in 2019

21%
Others
VS 29% in 2019

GOVERNANCE*

Anne Bouverot
Independent Chairperson of the Board of Directors

Richard Moat
Chief Executive Officer

Melinda J. Mount
Independent Director and Vice-Chairperson

Bpifrance Participations
Represented by Thierry Sommelet
Independent Director

Xavier Cauchois
Independent Director

Florent Chabaud
Director representing the employees

Dominique D'Hinnin
Independent Director

Cécile Frot-Coutaz
Independent Director

Christine Laurens
Independent Director

Brian Sullivan
Independent Director

Marc Vogeleisen
Director representing the employees

Angelo Gordon
Represented by Julien Farre
Board Observer

Gauthier Reymondier
Board Observer

* *As of the date of publication of this Universal Registration Document.*

AUDIT COMMITTEE	REMUNERATIONS COMMITTEE	NOMINATIONS & GOVERNANCE COMMITTEE	STRATEGY COMMITTEE
Meetings in 2020: **6**	*Meetings in 2020:* **9**	*Meetings in 2020:* **5**	*Meetings in 2020:* **6**
Participation: 96.15%	Participation: 97.22%	Participation: 94.12%	Participation: 100%

100%
INDEPENDENT DIRECTORS
(without the Directors representing the employees)

50% WOMEN AND 50% MEN DIRECTORS
(without the Directors representing the employees)

56 years
AVERAGE AGE OF DIRECTORS

SHAREHOLDING
(as of 31 December 2020)

TECHNICOLOR S.A.
Parent Company of the Group

Public 48.33%

Crédit Suisse Asset Management 12.08%

Barings LLC 10.35%

Bain Capital Credit, LP 7.04%

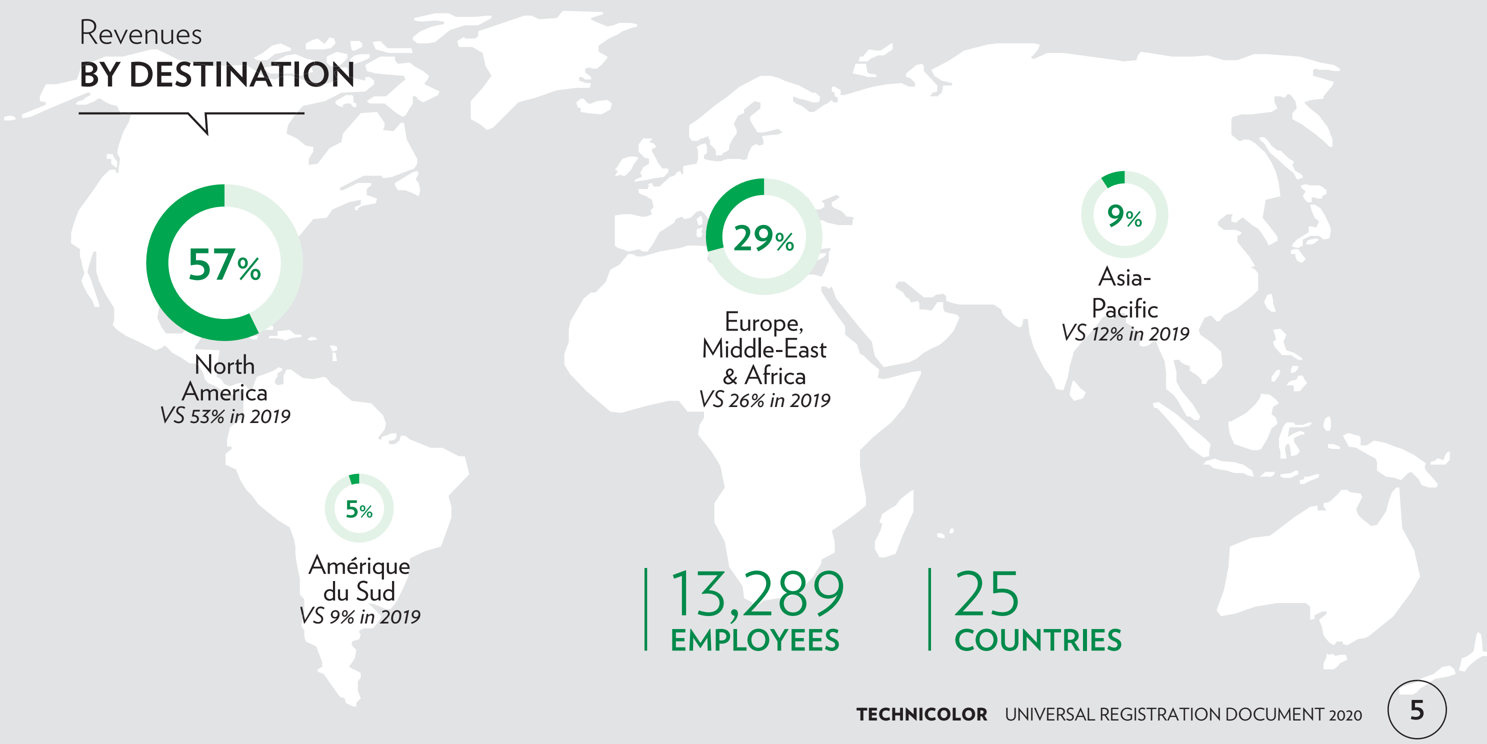
BNY Alcentra Group Holdings, Inc. 6.60%

Farallon Capital Management, LLC 6.18%

Angelo Gordon & Co., LP 5.01%

ELQ Investors, Ltd 4.41%

Revenues
BY DESTINATION



13,289
EMPLOYEES

25
COUNTRIES

1 PRESENTATION OF THE GROUP

€3.0 billion
of consolidated revenues from continuing operations

13,289 employees in **25 countries**
as of December 31, 2020

Our mission
developing, creating and delivering immersive experiences through three business segments

INPUTS

FINANCIAL
€3.0 bn revenues from continuing operations

HUMAN
13,000+ employees
25 countries

INTELLECTUAL
1,300+ researchers & engineers
6,000+ digital artists

ENVIRONMENTAL
Responsible use of water and energy
Waste processing treatments
Environment, health and safety Chart

INDUSTRIAL
Fabless except Brazil
Best in class in supply chain

ACTIVITIES

PRODUCTION SERVICES*

Undisputed Global Leader in Computer-Generated Imagery (CGI), Riding the Wave of Growth in Premium Content

- FILM & EPISODIC VISUAL EFFECTS
- ADVERTISING VFX
- ANIMATION & GAMES

MIKROS
MR X
MPC
technicolor

** Technicolor announced on the 14 of January 2021 that Streamland Media has agreed to purchase the Technicolor Post business. The sale, which is subject to customary closing conditions, is expected to close during the first half of 2021.*

DVD SERVICES

Long Tail Business, Focused on Transitioning to Volume-Based Pricing

#1 PLAYER IN DVD AND PACKAGED MEDIA
UNRIVALLED END-TO-END WORLDWIDE SERVICE
STRONG GROWTH IN NEW BUSINESS

CLIENTS

CONNECTED HOME

Worldwide Leader in the Consumer Premises Equipment market , Focusing on Margin Improvement and Cash Flow Generation

- #1 IN VALUE FOR BROADBAND MODEMS AND GATEWAYS
- #2 IN VALUE FOR DIGITAL SET TOP BOXES

1 IN LATAM
1 IN APAC (W/O CHINA)

TRADEMARK LICENSING

RCA and Thomson Licenses Provide stable Cash Flow Generation

THOMSON
RCA

STRENGTHS

GROWTH DRIVERS
Original content
Technological update in Broadband services

WORLDWIDE RANKING

#1 Worldwide In Visual Effects

#1 Worldwide Provider of Packaged Media (DVD, Blu-ray™, UHD, CD)

#1 Worldwide supplier for Broadband and leader in Android TV

OUTPUTS

FINANCIAL
€167 million Adjusted Ebitda from continuing operations
Management initiatives to secure profitable future growth
Constant focus on Cost efficiencies

INTELLECTUAL
Leader and immersive content distribution

ENVIRONMENTAL
Gold rating in EcoVadis

INDUSTRIAL
Leader in the supply of physical devices
Growth of intermediate budget production

OUTCOMES

- PEOPLE
- CUSTOMERS
- SUPPLIERS AND PARTNERS
- ENVIRONMENT

1.1 OVERVIEW AND HISTORICAL BACKGROUND

1.1.1 Overview

GRI *[102-2] [102-7] [102-15]*

As worldwide leader in the Media & Entertainment ("M&E") sector, Technicolor operates through three significant operating businesses:

- in Production Services, Technicolor is a leading provider of services to content creators, including Visual Effects/Animation and video Post Production Services ("Production Services");
- in Connected Home, Technicolor at the front of the design and supply of solutions enabling the delivery of digital video entertainment, data, voice and Smart Home services to Pay-TV operators and Network Service Providers including broadband modems and gateway, digital set-top box, and other connected devices ("Connected Home");
- in DVD Services, Technicolor is the leader in replication, packaging and distribution of CD, DVD, Blu-ray™ discs and UHD ("DVD Services").

In January 2021, in order to focus on VFX and animation for the entertainment industry, and creative services and technologies for the advertising industry, the Group announced the sale of the Technicolor Post Production business for €30 million to Streamland Media. Subject to customary closing conditions, the transaction is expected to close during the first half of 2021.

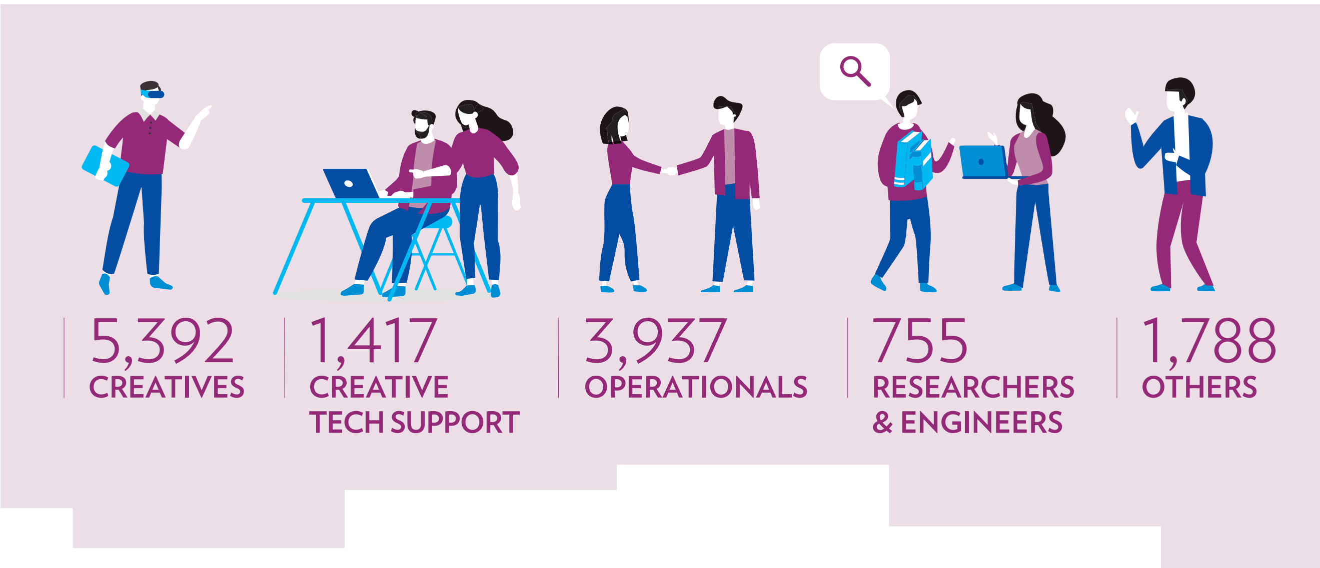
Unallocated Corporate functions and all other unallocated activities, including Trademark Licensing activities, are presented within the segment "Corporate & Other". For more information, please refer to section 1.2: "Organization and Business Overview" of this Chapter.

In 2020, the Group successfully accomplished the required steps to implement a financial restructuring plan, which met the Company's objectives of obtaining new financing in an amount of €420 million, addressing the liquidity needs of the Group and deleveraging the Company's balance sheet, through the equitization of €660 million of its Term Loan B and Revolving Credit Facility.

In the fiscal year 2020, Technicolor generated consolidated revenues from continuing operations of €3,006 million. As of December 31, 2020, the Group had 13,289 employees in 25 countries.

Technicolor is publicly listed on the Euronext Paris Exchange (TCH) with a market capitalization of €428.9 million as of December 31, 2020 and is traded in the USA on the OTCQX marketplace (OTC: TCLRY).

WORKFORCE BREAKDOWN AS OF DECEMBER 31, 2020 *

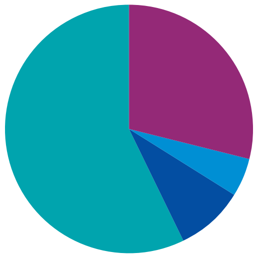


** Including 260 intermittents.*

2020 REVENUES OF CONTINUING OPERATIONS BY SEGMENT

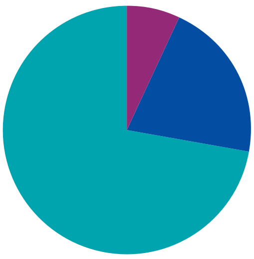
- **59%** *(vs. 52% in 2019)* Connected Home
- **17%** *(vs. 24% in 2019)* Production Services
- **23%** *(vs. 23% in 2019)* DVD Services
- **1%** *(vs. 1% in 2019)* Corporate & Other

2020 REVENUES OF CONTINUING OPERATIONS BY DESTINATION



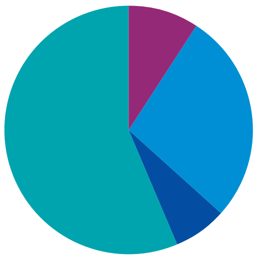
- **57%** *(vs. 53% in 2019)* North America
- **29%** *(vs. 26% in 2019)* Europe, Middle-East & Africa
- **5%** *(vs. 9% in 2019)* Latin America
- **9%** *(vs. 12% in 2019)* Asia-Pacific

2020 REVENUES OF CONTINUING OPERATIONS BY CURRENCY



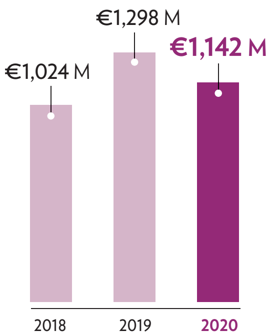
- **72%** *(vs. 47% in 2019)* US Dollar
- **7%** *(vs. 24% in 2019)* Euro
- **21%** *(vs. 29% in 2019)* Other

2020 ADJUSTED EBITDA BY BUSINESS SEGMENT

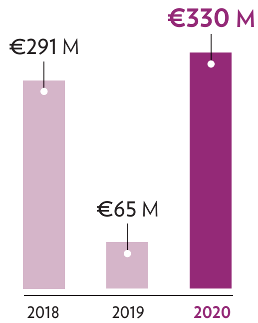


- **€110 M** *(vs. €79 M in 2019)* Connected Home
- **€18 M** *(vs. €164 M in 2019)* Production Services
- **€54 M** *(vs. €81 M in 2019)* DVD Services
- **€(14) M** *(vs. €1 M in 2019)* Corporate & Other

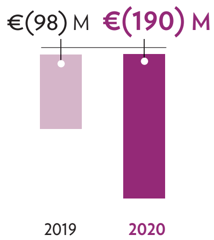
GROSS DEBT EVOLUTION (IFRS)



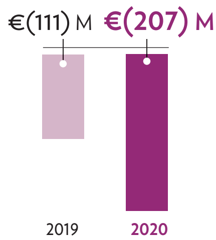
CASH POSITION EVOLUTION



FREE CASH FLOW OF CONTINUING OPERATIONS



GROUP FREE CASH FLOW



1.1.2 Historical background

GRI *[102-10] [102-15] [102-49]*

REFOCUSING OUR BUSINESSES & STRATEGIC ACQUISITIONS

In the second half of 2015 Technicolor completed two acquisitions: Cisco Connected Devices, the Customer Premise Equipment business of Cisco, was integrated into Technicolor's Connected Home Division and Technicolor's Production Services Division acquired London-based The Mill. In addition, the Group also won additional large studio customers (Fox and Lionsgate) in DVD Services and acquired the North American assets of Cinram to onboard these customers immediately.

In 2018, Technicolor announced an outsourcing agreement from Sony DADC to Technicolor in North America and Australia that started the second quarter of 2018, and Connected Home launched a three-year transformation targeting market share gains while improving profitability in order to absorb potential new headwinds in the market.

In the first quarter of 2019, Technicolor announced it had received a binding offer and entered into exclusive negotiations with InterDigital for the sale of its R&I activity; the deal was closed on May 31, 2019. InterDigital had acquired Technicolor's Patent Licensing business in 2018.

FINANCIAL RESTRUCTURING PLAN

From June to September 2020, the Group successfully accomplished the required steps to implement the announced financial restructuring plan:

- June 22: opening in France of a *procédure de sauvegarde financière accélérée*, a form of pre-negotiated safeguard procedure with financial creditors;
- July 5: approval of the draft safeguard plan by the creditor's committee;
- July 20: approval of the financial restructuring plan by a large majority of shareholders;
- July 28: approval of the Financial Safeguard Plan by the Commercial Court.

As a consequence, the Group prepared the partial debt equitization (up to €660 million) which, as announced, included:

- a rights issue of the Company, with shareholders' preferential subscription rights, for a total amount of €330 million, at a subscription price of €2.98 per share, fully backstopped by the Term Loan B and RCF lenders by way of set-off of their claims at par under the existing credit facilities; Bpifrance Participations subscribed to the rights issue in cash *pro rata* its shareholding (c. 7.56%) on a non-reductible basis (*souscription à titre irréductible*) for an aggregate amount of *circa* €25 million; cash proceeds of the rights issue were used in full to repay the Term Loan B and RCF lenders, at par value;
- a reserved capital increase of the Company, for a total amount of €330 million, at a subscription price of €3.58 per share, reserved for the Term Loan B and RCF lenders and which was fully subscribed by way of set-off against their claims at par under the existing credit facilities;
- free warrants granted to New Money lenders (the "New Money Warrants"), exercisable during 3 months, with an exercise price of €0.01 with a strike price equal to the nominal value of the shares and representing 7.5% of the share capital of the Company (after the capital increases and exercise of New Money Warrants exercise, but before dilution from the shareholders' free warrants);
- shareholders' free warrants, allocated to all shareholders providing proof of a book entry of their shares on the date retained for the detachment of the shareholders' preferential subscription rights under the right issue (the "Shareholders Warrants"), with a 4-year term, at the same price as the reserved capital increase (€3.58 per share) and representing 5% of the share capital of the Group after all capital issuances. Each existing share was granted 1 free warrant, and 5 free warrants will give the right to subscribe to 4 new shares.

FINANCING

The Group's debt consists primarily of the New Money debt and the New Reinstated term loans (the "Reinstated Term Loans") that resulted from the Group's financial restructuring in 2020 (see note 1.1 for further details). The New Money debt consists of term loans issued by Technicolor USA Inc. in U.S. dollars and New York law based notes issued by Tech 6 in euros. The New Money debt has a maturity of June 30, 2024. The Reinstated Term Loans, issued by Technicolor SA in U.S. dollars and euros, consist of the remaining term loan and revolving credit facility debt following their partial conversion to equity; the terms of these new loans were modified, in particular with regard to their maturity (December 31, 2024), the interest rates and the restrictions which were aligned to those of the New Money debt. The New Money debt and the Reinstated Term Loans have both a cash and PIK (Payment In Kind) interest component. The PIK interest is capitalized (every 6 months for the debt issued by Technicolor USA Inc. and every 12 months for the remaining debt) and repaid on final maturity.

For more information about the refinancing and the Group's debt covenants, please refer to Chapter 2.3: "Liquidity and Capital Resources" and to Chapter 6: "Financial Statements", section 6.2, note 1.1 "Main events of the year" to the consolidated financial statements and note 8 "Financial assets, financing liabilities & derivative financial instruments".

1.2 ORGANIZATION AND BUSINESS OVERVIEW

GRI *[102-2]*

1.2.1 Production Services

GRI *[102-2] [102-6] [103-1 Market presence] [103-2 Market presence] [103-3 Market presence]*

BUSINESS OVERVIEW

Technicolor offers award-winning Visual Effects ("VFX"), Animation and Post Production services for feature films, episodic series, advertising, video games and other audiovisual content. The Group's VFX studios offer pre-visualization, asset creation, texturing, animation, rigging, rotoscoping, lighting, match move and compositing. Technicolor's Animation businesses offer solutions for the creation of high-quality Computer Generated Imagery ("CGI" or "CG") Animation. Through its Post Production Services activities, Technicolor supports its clients from camera capture on the production set through creation of final distribution masters, including on-set services, color correction, and VFX integration.

The division works primarily on an individual project basis and builds teams and workflows around key creative and production talent. Production Services also builds dedicated teams and spaces for clients who desire guaranteed capacity and talent across multiple projects.

Subsequent to the close of the 2020 fiscal year, the Group agreed to sell the Post Production services business to Streamland Media.

MANAGEMENT AND STRATEGIC CHANGE

To continue pushing the boundaries of what entertainment can be and the Group's transformation, Technicolor announced in the third quarter of 2020, the appointment of Christian Roberton as President of the Production Services Business Division. He has successfully built one of the largest and most effective VFX businesses in the world. His division has won multiple accolades over the years, including several Academy Awards, while growing sales from c. €50 million up to almost €900 million. His focus on technology and creativity, combined with cost efficiency, rigorous management and client focus will drive Production Services to operate as a client-focused, technology-driven and profitable global studio. Building upon the successes of Advertising and Animation & Games, his mission is to drive their respective growth and margin enhancement by cross fertilizing all Production Services creative and production knowledge, and by adapting our client servicing to the post-Covid-19 era, marked by an increased need for technological solutions and "digital production expertise".

The business organization will be as follows:

- Film & Episodic VFX will continue to be led by Christian Roberton, on an acting basis;
- Advertising will be led by David Patton;
- Animation & Games will be led by Greg Mandel, also on an acting basis;
- Josh Mandel has become CEO of The Mill;
- Andrea Miloro recently joined the Group to lead the Mikros Animation brand;
- Post Production will be led by Sherri Potter (Technicolor announced on January 14, 2021 the disposal of its Post Production business and closing is expected during the first half of 2021); and
- Nathan Wappet, as Production Services COO, will lead Technology and Operations.

The main objectives assigned to this team are:

- defining an ambitious strategy for Production Services to become the worldwide leader in each of its activities;
- developing our portfolio of brands;
- enhancing our cutting-edge technologies; and
- streamlining operations to drive profitability and cash generation.

ORGANIZATION

Production Services is organized under four primary service lines – Film & Episodic VFX, Advertising, Animation & Games, and Post Production – to foster deeper collaboration and synergies among complementary brands within each service line. This also reinforces the division's drive towards innovation, as this structure positions Technicolor to lead future technological developments across its primary market segments.

Covid-19 is accelerating transformation in the entertainment industry, with the theatrical market being re-imagined under new models and the major studios continuing to delay the releases of several tentpole franchise films or releasing theatrically day-and-date with their streaming platforms as in the case of *Wonder Woman 1984* on HBO Max. In response, Technicolor has taken action to align to the changing needs of the industry and its creative partners, including the consolidation of Mill Film into Mr. X and the expansion of MPC Episodic in London and Berlin.

The initial Covid-19 lockdowns also presented an unprecedented engineering challenge to rapidly enable a global workforce at home to meet client project demands. In response, Technicolor engineers enabled over 4,000 remote employees in less than a month, with no material disruptions in work. This accomplishment was due in large part to our previous experience in leading remote working solutions. Since working from home has now become an established industry practice, Technicolor will continue to build competitive advantage by focusing on improving related security practices and enabling rapid deployment of flexible, remote working environments.

Production Services continues its focus on building efficient technology-supported pipelines and on its partnership with Microsoft. 2021 goals include optimizing render costs through increased sharing of internal hardware across divisions. The division will also leverage the partnership with Microsoft to further initiatives such as hosting workstations in the cloud and deploying secure artist working environments on demand globally.

With respect to talent recruitment and development, in 2020, Production Services repositioned The Focus as a career hub under a combined talent management and lifelong learning model, utilizing real-time data to effectively and efficiently support growth in the division. Also during the year, the Technicolor Academy adapted to virtual learning under Academy @ The Focus, allowing Production Services to increase its global reach, particularly during this pandemic environment.

In January 2021, in order to focus on VFX and animation for the entertainment industry, and creative services and technologies for the advertising industry, the Group announced the sale of the Technicolor Post Production business for €30 million to Streamland Media. Subject to customary closing conditions, the transaction is expected to close during the first half of 2021.

PS BRANDS	Film & Episodic VFX	Advertising	Post Production	Animation & Games	Primary Focus Areas	Locations
MPC Film	✓				• VFX for tentpole films, servicing all major studios	*London, Montreal, LA, Bangalore, Mumbai*
MPC Episodic	✓				• Higher-end episodic projects and local market content	*London, Berlin, Paris, Liege, Bangalore*
Mr. X	✓				• Smaller to mid-sized VFX projects for theatrical, episodic and streaming content	*Toronto, Montreal, Bangalore, Adelaide*
The Mill		✓			• VFX, production & delivery for agencies, production companies and brands	*London, LA, NY, Chicago, Mumbai, Bangalore, Berlin*
MPC Advertising		✓			• VFX & production for agencies, production companies and brands	*London, LA, NY, Amsterdam, Paris, Shanghai, Bangalore*
Mikros		✓		✓	• Feature animation • VFX services in France for Film/TV & Advertising	*Paris, Montreal, Liege, Bangalore*
Technicolor	✓		✓	✓	• Film & TV/OTT post, including beauty fixes & other just-in-time VFX • Animation services for TV/OTT & Games	*LA, Toronto, London, Paris, Bangalore, Cardiff, Atlanta, Vancouver*

Approximately 7,700 people (including approximately 6,200 digital artists) worked for the Production Services Division at the end of December 2020 in India (50%), USA (16%), Canada (12%), UK (12%), and France and Other (10%).

INDUSTRY TRENDS AND MARKET POSITION

As global digital advertising spend continues to grow faster than traditional television advertising spend, and as rapidly evolving consumer technology choices drive new advertising content and device formats, Technicolor's Advertising businesses are well-positioned to address this market evolution and utilize emerging technologies to create the high-end imagery required by advertisers across all screens and experiences, strengthening its leadership in high-end advertising content creation and immersive experiences.

While the major studios' CG-animated films lead the Feature Animation box office, there is growth in the number of mid-level budgeted animated features, like Netflix's *Over the Moon* and Warner Bros.' *Scoob!* Studios have become more open to outsourcing Feature Animation services and OTT providers like Netflix are investing significantly in animated original content. The Games services market is expanding as mobile game developers have become a more relevant market, and as mobile game art quality increases alongside the recent releases of the latest generation PlayStation and Xbox consoles. Broadening the Group's position in Animation & Games is a key element of the Technicolor growth strategy.

Through its portfolio of brands, Technicolor is the leading VFX and Animation services provider for feature films, TV/OTT, games and advertising worldwide.

COVID-19 SITUATION UPDATE

Following the major U.S. studios reaching an agreement in September with all the key Hollywood unions, production activity began to accelerate. Furthermore, a number of countries like Canada, France and the UK have launched and/or extended pandemic-related support programs including wage subsidies and production insurance/indemnity schemes that provide pandemic-related coverage.

There continue to be production stoppages/delays as the latest waves of the pandemic temporarily restrict production activity or limit international travel for talent and crew. Nevertheless, as vaccinations continue to roll-out globally, the industry is optimistic about a steady return to normalcy during the back half of 2021.

Overall, Production Services continues to observe an increasing level of bidding activity for projects, particularly for streaming/OTT distribution, in addition to large tentpole films targeting to ramp-up production once Covid-19 vaccine distribution has reached a critical mass later in the current year.

KEY CUSTOMERS AND MAIN COMPETITORS

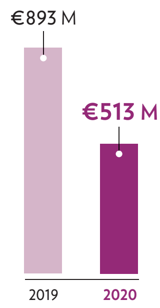
Technicolor's customer base includes major and independent film studios, and non-studio customers such as TV broadcasters, independent content producers, game developers/publishers and OTT service providers producing their own original content. In Advertising, clients range primarily from boutique to major advertising agencies to production companies to brands and advertisers. In the past few years, the Group has been strategically strengthening its market position with leading studios and advertising agencies/production companies while also increasing its collaborations with non-studio customers and directly with brands and advertisers.

- **in Film & Episodic VFX**, Technicolor's key competitors include Cinesite, Digital Domain, DNEG, Framestore (including Method, Encore), Disney's ILM, Pixomondo, Rodeo FX, Scanline VFX, and Weta Digital.
- **in Advertising**, key competitors include Framestore (including Company 3, Method), MediaMonks, the in-house production arms of the global advertising holding companies (*e.g.*, WPP's Hogarth, Publicis' Prodigious, IPG's Craft, Omnicom's eg+ Worldwide, *etc.*), and many local boutiques.
- **in CG Animation & Games services**, key competitors include Animal Logic, CGCG, Cinesite, DNEG, ICON Creative Studio, Keywords Studios, Reel FX, Sony Pictures Imageworks, The SPA Studios, and Virtuos.

	Film & Episodic VFX	Advertising	Animation & Games
Key Customers	• Major U.S. studios • Mini-majors and independent studios • TV production companies • OTT providers	• Global ad agencies • Production companies • Smaller agencies • Brands and advertisers • Consultancies	• Major and independent Animation studios • Key children's TV networks and other distributors • Publishers and developers of AAA game titles
Key Competitors	• Cinesite • Digital Domain • DNEG • Framestore (including Method, Encore) • ILM (Disney) • Pixomondo • Rodeo FX • Scanline VFX • Weta Digital	• Framestore (including Company 3, Method) • MediaMonks • In-house production arms of the global ad holding companies • Several local boutiques	• Animal Logic • CGCG • Cinesite • DNEG • ICON Creative Studio • Keywords Studios • Reel FX • Sony Pictures Imageworks • The SPA Studios • Virtuos
Key Data (2020)	• Over 7,500 VFX shots for theatrical features • Over 2,700 VFX shots for TV/OTT content	• Over 3,400 commercials	• 3,100 minutes of Animation for TV and film

REVENUE AND KEY HIGHLIGHTS

PRODUCTION SERVICES REVENUE



Revenues were down (41.4)% year-on-year at constant rate and down (42.5)% at current rate, driven by the previously anticipated (pre-Covid-19) delays in awards coming from one key client and the subsequent pandemic-related impacts on production around the world. This was partially offset by double-digit revenue growth at Mikros Animation and the launch of MPC Episodic in early 2020.

In 2020:

Film & Episodic VFX

- Exceptional work on approximately 25 theatrical films from the major studios, including 2020 releases like *The Call of the Wild* (Fox), *The New Mutants* (Fox), and *Monster Hunter* (Constantin Film/Sony); and highly anticipated 2021 releases like *Cruella* (Disney), *Ghostbusters: Afterlife* (Sony), *Godzilla vs. Kong* (Legendary/Warner Bros.), *Snake Eyes* (Paramount), *Top Gun: Maverick* (Paramount), and *West Side Story* (Amblin/Fox);
- Worked on over 40 Episodic and/or Non-Theatrical (*i.e.*, Streaming/OTT) projects, including *The Alienist: Angel of Darkness* (Paramount/TNT), *Da 5 Bloods* (Netflix), *The Old Guard* (Netflix), *Raised by Wolves* (Scott Free Productions/HBO Max), and *WandaVision* (Marvel/Disney+);
- MPC Film won the Oscar® and BAFTA awards for visual effects for its work on Sam Mendes' *1917* (Universal); and Mr. X won an Emmy Award for Outstanding Special Visual Effects in a Supporting Role for its work on *Vikings* (MGM/History);
- During the year, the MPC Episodic business was launched – initially in London, followed by an additional office in Berlin; and Mill Film was consolidated into Mr. X;
- The Group delivered over 7,500 VFX shots for theatrical feature films and over 2,700 VFX shots for TV/OTT content.

Advertising

- Another year of industry accolades, including:
  - in the APA & shots' Top 20 of 2020 list, Technicolor's Advertising businesses contributed to seven of the highlighted commercial work involving UK companies, including Amazon *Before Alexa* and PlayStation *Feel the Power of Pro,*
  - in Televisual's Commercials 30 annual survey voted on by ad producers in the UK, four of the Best Colourists Top 10 came from MPC or The Mill (including the top two); while The Mill ranked #1 in the 'Rated Highest' and 'Used Most' categories in the Best Post Houses Top 10,
  - MPC won VFX Company of the Year at the Ad Age Creativity Awards and two VES (Visual Effects Society) Awards for Hennessy *The Seven Worlds*, while The Mill was awarded Creative Production Agency of the Year by More About Advertising;
- Other notable projects during the year include the Dua Lipa *Hallucinate* music video, Jeep *Groundhog Day*, Walmart *Famous Visitors*, Burberry *Festive*, Chanel *N°5. Être Ce Qui Va Arriver*, PlayStation *The Last of Us Part II*, Lexus International *Electrified*, EA Sports *FIFA 21* reveal trailer, Epic Games *Unreal For All Creators*, and HBO *Lovecraft Country: Sanctum* – a three-part social VR experience for the highly acclaimed series;
- Technicolor contributed to over 3,400 commercials for advertising.

Animations & Games

- Mikros delivered Paramount's *The SpongeBob Movie: Sponge on the Run* in 2020, and is currently in production on three features, including Spin Master's *PAW Patrol: The Movie* and Paramount's *The Tiger's Apprentice;*
- Technicolor Animation (episodic animation Production Services) worked on the following shows:
  - *The Boss Baby: Back in Business* season 2 (DreamWorks Animation/Netflix),
  - *Chicken Squad* (Wild Canary/Disney),
  - *Fast & Furious: Spy Racers* seasons 2 & 3 (DreamWorks Animation/Netflix),
  - *Mickey Mouse Mixed-Up Adventures* season 3 (Disney),
  - *Mira, Royal Detective* (Wild Canary/Disney);
- Technicolor Animation Productions (original content IP business) delivered approximately 25 commercial half hours during the year, including production on:
  - *ALVINNN!!! and the Chipmunks* seasons 4 & 5 (Nickelodeon/M6),
  - *Gus the Itsy Bitsy Knight* (TF1),
  - *Monchhichi* season 2 (TF1),
  - *Team DroniX* season 1 (France Télévisions/Gloob);
- Technicolor Games delivered *FIFA 21* (EA), *NHL 21* (EA), *Assassin's Creed Valhalla* (Ubisoft), *Destiny 2* (Bungie), *NBA 2K21* (2K), *Call of Duty: Black Ops Cold War* (Activision), and *Immortals Fenyx Rising* (Ubisoft);
- The Group delivered approximately 3,100 minutes of animation for leading animated TV shows and feature films.

Post Production

- Selected highlight feature film projects include *Minions: The Rise of Gru* (Illumination/Universal), *The SpongeBob Movie: Sponge on the Run* (Paramount), *West Side Story* (Amblin/Fox), *Borat Subsequent Moviefilm* (Amazon), and *The Witches* (HBO Max);
- Selected highlight episodic projects include *Bridgerton* (Netflix), *His Dark Materials* (HBO/BBC), *Gentleman Jack* (HBO/BBC), *Perry Mason* (HBO), *American Gods* (Starz), *This Is Us* (Fox/NBC), and *The Good Lord Bird* (Showtime);
- Technicolor won Emmy Awards for Outstanding Sound Mixing for a Limited Series or Movie and for Outstanding Sound Editing for a Limited Series, Movie or Special - both for its work on HBO's *Watchmen;*
- In January 2021, the Group announced the sale of the Technicolor Post Production business for €30 million to Streamland Media. Subject to customary closing conditions, the transaction is expected to close during the first half of 2021.

1.2.2 Connected Home

GRI *[102-2] [102-6] [103-1 Market presence]*
[103-2 Market presence]
[103-3 Market presence]

BUSINESS OVERVIEW

The Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment ("CPE") to Pay-TV operators and Network Service Providers ("NSPs"), including broadband modems and gateways, digital set-top box, and Internet of Things ("IoT") connected devices.

The CPE portfolio of the Connected Home segment can be further described as follows:

- in Broadband, modem and gateway CPE are access devices designed for Cable, Telecom and Mobile operators to allow the delivery of multiple-play services (video, voice, data, and mobility) to their residential and business subscribers over fixed wire and wireless networks (cable, xDSL, fiber, LTE/5G). Connected Home offers a complete range of broadband CPE devices, including high-end triple and quad-play gateways, business gateways, integrated access devices, double-play wireless gateways with data and VoIP functionalities, as well as Wi-Fi routers, extenders, and IoT connected devices;
- in Video, digital set-top box CPE are designed for Cable, Satellite, Telecom and Mobile operators to enable the delivery of digital video entertainment and advanced services to their subscribers over broadband, broadcast, and hybrid networks. Connected Home offers a wide range of products including IP set-top box, broadcast set-top box, hybrid set-top box, and media servers. These products enable NSPs to offer access to Broadcast TV, Internet TV and OTT services in Standard ("SD"), High ("HD") and Ultra High Definition ("UHD").

Technicolor typically provides the design and validation of the CPE. In addition, the segment manages all the logistics and supervises the manufacturing and assembly on behalf of its customers. The manufacturing and assembly services are performed by CEMs ("Contract Electronic Manufacturers") as suppliers. The Company operates a single manufacturing facility in Manaus (Brazil), to serve the Brazilian market.

ORGANIZATION

With the acquisition of Cisco Connected Devices in November 2015, Connected Home doubled its size, and increased its industrial and technological scale across all major geographies, particularly in North America, the largest market in volume and value.

The segment is structured around dedicated teams focused on the development of our partnership with Pay-TV operators and Network Service Providers.

The segment also benefits from a strong transversal services organization including operations, global supply chain management, procurement, sales operations, quality assurance, and hardware performance. This organization also hosts all business re-engineering and transformation programs for Connected Home.

Connected Home had 1,250 employees at the end of December 2020, of which 148 employees being direct labor in the Manaus manufacturing facility in Brazil and 19 being allocated corporate functions.

CONTRACT STRUCTURING AND PROCESS

In most cases, a Connected Home customer issues a request for proposal ("RFP") or a request for quotation ("RFQ") for a product they wish to procure. All vendors, including Technicolor, quote their best terms, based on their understanding of the product. Typically, a shortlist of considered vendors is created and technical discussions are held with those vendors. A best and final offer is made, and one or two vendors are awarded. Our offers, which include pricing, are made considering the best view we have on forward looking component costs, the R&D effort to develop the product, and fixed costs.

The standard contractual process is divided into five main steps:

- presale partnership to help refine a new product definition;
- request for price/request for quote process;
- development, which ranges widely from about 6 to 18 months;
- deployment;
- maintenance.

INDUSTRY TRENDS

Global Internet traffic is growing, fueled by increasing service consumption, particularly video through Over-The-Top services, as well as the connectivity of millions of additional devices, often referred to as IoT, and finally by the Wifi evolution creating the need for renovation of installed base. With the increasing amount of data that will cross global IP networks in the next few years, households will demand greater connectivity speed, which will drive transition to new standards and technologies (advanced video codecs, DOCSIS 3.1, 10G Fiber, G.fast, and 5G). The Smart Home and IoT ecosystems can increase customer retention and generate additional revenue as NSPs go beyond traditional triple/quad-play offerings and develop new services to increase Average Revenue Per User ("ARPU").

The CPE industry continues to evolve towards more powerful, more open, and more complex platforms and devices. This evolution will continue to provide more and more opportunity for new software services opportunities, sending CPE device information to the cloud for the application of artificial intelligence and deep learning algorithms, to arrive at richer insight of the health of the access and home network for the NSPs, as well as new service offerings to consumers.

In 2018 and 2019, our industry faced cost and supply continuity challenges resulting from global shortages of components. Technicolor led the industry in taking actions to mitigate the impact and guarantee supply. The component environment remains challenging:

- the situation with the prices for memory chips is gradually improving and the costs for MLCCs have stabilized and started to go down. The volatility and uncertainty in certain categories of electronic components remain high;
- starting from mid-2018, the segment is invoicing clients for the vast majority of these identifiable component cost increases.

The Covid-19 global pandemic has created global distortions in our industry. World logistics were severely disrupted in recent months, and they will remain difficult for some time to come. The semiconductor crisis which started in the second half of 2020 will continue to impact 2021 supply. Connected Home will continue to work with its partners and customers to minimize supply disruptions.

The industry also experienced at significant drop in the cable video market in North American in 2018, which was partially offset by stronger demand in broadband.

Technicolor Connected Home is also committed to developing a responsible business as our Ecovadis CSR Gold Rating demonstrates. Technicolor started to implement eco-design guidelines in 2008 and has long taken a positive stance towards environmental and efficiency issues in the development, manufacture, and use of its products. As a continuous improvement practice, Connected Home actively monitors its energy efficiency (carbon emissions generated by product use and carbon emissions resulting from shipping and transportation of products) and is increasing the use of renewable energy within its infrastructure (for instance, our Manaus factory has been certified carbon neutral for many years).

MARKET POSITION IN 2020

As of September, Technicolor achieved a market share of c. 16% worldwide excluding China (sources: Dell'Oro, IHS Markit, Technicolor estimates). The Group's market position differs depending on market segments and geography.

By product category, Technicolor was number one worldwide in value for broadband modems and gateways, with industry-recognized leadership in wireless and broadband technologies for Cable and Telecom operators. Technicolor was number two worldwide in value for digital Set Top Box, with leading positions in the Cable and Satellite segments.

Technicolor's key competitors in the CPE market include Commscope, Humax, Huawei, Arcadyan, Sagemcom and ZTE.

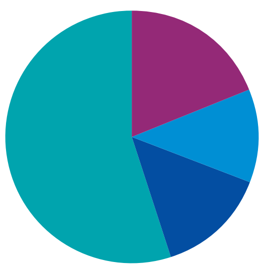
REVENUE HIGHLIGHTS

The Connected Home segment generated consolidated revenues of €1,764 million in 2020, accounting for 59% of the Group's reported consolidated revenues.

Connected Home shipped a total of 29 million products in 2020, or more than 500,000 devices per week. By product category, video devices represented 54% of total volumes in 2020 (2019: 55%), while broadband devices represented 46% of total shipments (2019: 45%) of which 8.7% of total volumes from Manaus.

On the video side, Ultra-High definition products represented around 60% of the Group's digital Set-Top Box revenues in 2020.

REVENUES BY REGION



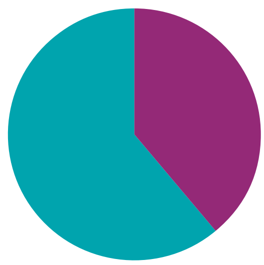
19% *(vs. 23% in 2019)*
Europe, Middle-East & Africa

12% *(vs. 15% in 2019)*
Latin America

14% *(vs. 18% in 2019)*
Asia-Pacific

55% *(vs. 44% in 2019)*
North America

REVENUES BY PRODUCT



39% *(vs. 42% in 2019)*
Video

61% *(vs. 58% in 2019)*
Broadband

COVID-19 SITUATION UPDATE

Connected Home is operational due to the early adoption of a remote work model that successfully moved all non-engineering employees off site to ensure key engineering facilities remain safe and open.

Covid-19 has impacted our customers across the world as home installations were restricted and new product launches delayed. Video has been more impacted than Broadband, due to self-install kits being more readily available for gateways than for STBs. Manufacturing capabilities have been constrained for most of the year, and lead times are increasing drastically for several component families. Logistics will continue to be constrained well into 2021.

Customer concentration

Technicolor's customer base includes most of the largest Pay-TV operators and Network Service Providers worldwide.

The Group's top 20 customers make up approximatively 40% of the total market (excluding China), and Technicolor holds a material market share position at each.

Technicolor's main customers include America Movil, AT&T (DIRECTV), CenturyLink, Charter, Comcast, Cox, Liberty Global, Megacable, Proximus, Tata Sky, Telecom Italia, Telefonica, Telstra, Telus and Vodafone.

By Geography

		North America	Europe, Middle-East & Africa	Latin America	Asia-Pacific
Revenues	**2020**	980	336	206	242
(in million euros)	2019	865	453	307	357
Volumes	Video	3.437	1.852	4.544	5.898
(in million units)	Broadband	7.269	3.732	1.587	0.667
TOTAL		**10.706**	**5.534**	**6.131**	**6.565**

Connected Home recorded strong commercial activity in 2020 in North America, in particular with major cable operators in broadband solutions. Driven by this North American broadband activity, Connected Home has taken the undisputed worldwide leadership role in DOCSIS 3.1 deployments, both in volume and value.

In Europe, Middle East and Africa, Connected Home continued to add new Android TV and DOCSIS 3.1 wins, both product groups adding revenue fuel for the coming years. The segment succeeded in maintaining its solid leadership in telecom and cable gateways and in all categories of Set-Top Box.

Connected Home is well established in the Latin American region with many marquee CPE customers, driving a high market share both in value and volume.

In Asia-Pacific, Connected Home is not present in all markets, preferring to focus where the segment can build solid market positions. The largest product categories of this market are digital satellite set-top box and telecom broadband gateways.

Transformation Plan

During 2018, Connected Home decided to launch a three-year transformation program to adapt itself to prevailing the market conditions and subsequent consolidation facing our industry. This program includes a customer "selectivity" plan to better achieve product synergies and develop stronger partnerships with key suppliers and partners to improve product costing, competitiveness, and time to market. The plan includes reducing the annual fixed cost structure by 40% over a three-year period, representing c. €140 million savings *versus* 2017. Total costs associated with this plan amount to c. €90 million, with an average pay-back of less than 15 months. It should enable Connected Home to improve overall profitability and become more competitive, thereby increasing its market share.

At the end of December 2020, the division completed successfully the transformation plan launched in 2018. Selective investments in key customers, and a platform-based products approach focused on broadband and Android TV segments, combined with strategic partnerships with key suppliers and aggressive investment in process re-engineering, have generated a significant increase in the productivity and competitiveness of Connected Home in the market place. Connected Home has improved its margins and its market share over the last years, despite facing many market, industry and global challenges.

Connected Home continued to launch programs during 2020 to improve productivity and efficiencies in all parts of its operation.

1.2.3 DVD Services

GRI *[102-2] [102-6] [103-1 Market presence] [103-2 Market presence] [103-3 Market presence]*

BUSINESS OVERVIEW

Technicolor is the worldwide leader in replication, packaging and supply chain solutions for packaged media and related products serving global content producers across film, television, games and music. The Group provides turnkey integrated supply-chain solutions including mastering, replication, packaging, direct-to-retail and direct-to-consumer distribution of both new releases and catalog products, returns handling and freight management, as well as procurement and selected other inventory management and related services. DVD Services has established deeply integrated customer relationships and a highly scalable, optimized low-cost operational platform.

Technicolor runs strategically positioned key manufacturing facilities in Guadalajara (Mexico) and Piaseczno (Poland), while associated supply chain services (*e.g.* packaging and distribution) in the United States, Europe and Australia are supported by a multi-region/multi-site facility platform. In the U.S., the Group operates primarily from its Memphis (Tennessee) and Huntsville (Alabama) facilities, while continuing to grow its existing packaging and distribution platform in Mexicali (Mexico), located on the U.S. border. All Technicolor facilities and supply chain operations employ rigorous security processes to help ensure against piracy and other data loss of our customer's valuable Intellectual Property.

Technicolor believes it has the most efficient cost base in the packaged media industry, and the Group continuously seeks to implement further operational and productivity improvements, including the ability to adjust to the heavily seasonal nature of the packaged media industry *via* the use of temporary labor and other cost variabilization strategies.

Technicolor is also actively diversifying its business outside of packaged media, offering supply chain solutions, including transportation management and direct-to-consumer fulfillment services, for clients across a variety of segments, including consumer electronics and peripherals, apparel, food and beverage, educational materials, and gift cards. Technicolor is also actively exploring diversification of manufacturing activity in the field of polymer-based microfluidic devices for use in diagnostics, life science and other applications.

David Holliday, the newly appointed President of the DVD Services Business Division, has been tasked with further in-depth transformation of the business. The DVD Services team will continue the acceleration of the DVD Services transformation with further site closures, review of internal processes and cost management, and a very disciplined approach to contract negotiations.

INDUSTRY TRENDS AND MARKET POSITION

While at an industry level, global shipments of packaged media products have declined in recent years and are expected to continue to decline, Technicolor believes it is well positioned to outperform overall market trends, driven by increased penetration of existing customers and the addition of new customers.

The package media business remains a large and profitable revenue source for content creators, and Technicolor believes there will be continuing significant consumer demand for physical ownership of content. Given a highly variable cost structure, activity optimization and cost reductions, as well as ongoing revenue diversification efforts, Technicolor expects to maintain profitability in this maturing market environment.

As a global market leader, Technicolor's key customers include major Hollywood Studios such as Warner Bros., The Walt Disney Company, Paramount, Universal, Sony, Fox and Lionsgate, independent film studios, software and games publishers, and major music publishers. Most major customers are covered by multi-year contracts, which typically contain volume exclusivity and/or time commitments. Major client relationships typically consist of multiple contractual arrangements for specific types of services within specific geographical areas.

Technicolor's remaining key competitors in the DVD market include Sony and Arvato, both of which now have the majority of their activity concentrated in the European market.

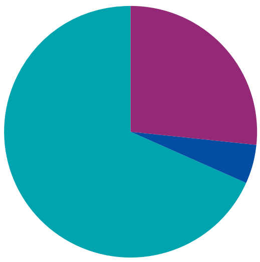
DVD Services continued to progress its previously announced structural division-wide initiatives to adapt distribution and replication operations, and related customer contract agreements in response to continued volume reductions. Multiple successful contract renegotiations were completed in 2019 and 2020, and similar efforts with other customers are ongoing. Following protracted negotiations, the Paramount replication/manufacturing contract will expire in mid-2021 and will not be renewed, while the associated distribution contract remains with Technicolor. The impact of this will be mitigated by the accelerated actions of DVD Services in respect to its business transformation plans.

REVENUE HIGHLIGHTS

DVD Services revenues totaled €706.0 million in 2020, down (18.6)% at constant rate and (20.0)% at current rate compared to 2019, due predominately to lower replication & packaging disc volumes across all formats and lower distribution activity as a result of the negative impact of Covid-19, which exacerbated the structural decline trend. Total combined replication volumes reached 817.1 million discs in 2020, down 23% year-on-year.

Operations are supported by approximately 1 million square feet of dedicated replication and distribution space, with unique capability for the timely delivery of discs to more than 40,000 locations.

VOLUMES BY FORMAT

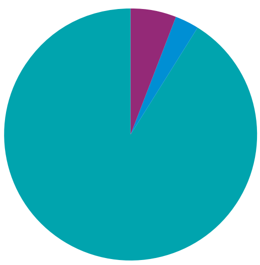


27% *(vs. 28% in 2019)* Blu-ray™

5% *(vs. 6% in 2019)* CD

69% *(vs. 66% in 2019)* SD-DVD

VOLUMES BY SEGMENT



6% *(vs. 6% in 2019)* Music & Software

3% *(vs. 3% in 2019)* Games

91% *(vs. 91% in 2019)* Theatrical/Broadcast

Selected major feature film titles produced by Technicolor in 2020 (which were primarily concentrated in the 1st quarter of 2020) included:

Frozen 2, *Star Wars: The Rise of Skywalker*, and *Mulan* from Disney; *Birds of Prey* and *Tenet* from Warner Bros., *1917* and *Trolls World Tour* from Universal; *Jumanji: The Next Level* and *Bad Boys for Life* from Sony; *Midway* and *Knives Out* from Lionsgate; and *Sonic the Hedgehog* from Paramount. Major games titles included *Call of Duty: Black Ops Cold War* from Activision, *Cyperpunk 2077* from CD Projekt Red/Warner Games and *Assassin's Creed Valhalla* from Ubisoft.

COVID-19 SITUATION UPDATE

Theatrical new release activity was very limited in 2020 from March onwards due to the Covid-19 outbreak, with many key title release dates getting pushed out into 2021, which in most cases results in the home entertainment release being delayed as well, directly impacting DVD Services revenue/volume activity.

Most major retailers have re-opened (Walmart, Target & Best Buy stayed open throughout the lockdowns), but the level of sales activity remains below normal. Without new release content, some retailers increased their allocation of shelf space for DVD catalog/library content, which helped support higher than expected DVD replication volumes in 2020.

Some production facilities experienced temporary staffing shortages, but the overall impact to operations was low.

The ongoing Covid-19 impact will be dependent on the extent and duration of ongoing restrictions (driven by rate of new Covid-19 case growth). The specific timing and extent of the reopening of movie theaters will impact the level of new disc release activity. DVD Services has accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts.

1.2.4 Corporate & Other

GRI *[102-2]*

The "Corporate & Other" segment comprises unallocated corporate functions and all other continuing activities.

Corporate & Other operations are as follows:

- Trademark Licensing business which monetizes valuable brands such as RCA™ and Thomson™ which were operated by the Group when it was a leading stakeholder in the Consumer Electronics business. Trademarks create business and market opportunities for licensing partners around the globe, which benefit from a complete brand service including rights management & protection, quality insurance, marketing and design. Main product categories developed are Television, Tablets, Home appliances with an increased market and awareness presence in EMEA, North and South America;
- Patent Licenses, which have not been sold to InterDigital and which monetize valuable patents such as MPEG-LA and various others;
- Post-disposal service operations and commitments related to former consumer electronics operations, mainly pension costs;
- Unallocated Corporate functions, which comprise the operation and management of the Group's Head Office, together with various Group functions centrally performed, such as, Human Resources, IT, Finance, Marketing and Communication, Corporate legal operations and real estate management, and that cannot be strictly assigned to a particular business within the three operating segments.

1.2.5 Discontinued operations

GRI *[102-10] [102-49]*

Technicolor has finalized a number of disposals over the last few years, the results of which are, under certain criteria, reported as discontinued operations under IFRS.

For a description of the financial implications of discontinued operations on the Group's results of operations, please refer to Chapter 2: "Operating and Financial Review and Prospects", section 2.2.7: "Profit (loss) from discontinued operations".

Technicolor announced, on December 18, 2017, its decision to sell its Patent Licensing business. As a result, the Group reported the financial information of its Patent Licensing business, previously included in the Technology segment, under Discontinued operations. On July 30, 2018, the Group concluded the sale to InterDigital excluding some mobile patents, a small number of patents for nascent technologies and some patents associated with patents tools.

The sale to InterDigital of the Research & Innovation ("R&I") activity was completed on May 31, 2019.

1.3 STRATEGY

GRI *[102-10] [102-15] [103-1 Economic performance] [103-2 Economic performance] [103-3 Economic performance]*

Our Strategic Plan will allow Technicolor to better serve clients and take advantage of market opportunities. Its pillars are:

- concentrate resources on areas of the business offering profitable growth;
- take a more disciplined approach to business selection and focus on new projects which drive attractive returns;
- continue to produce market leading products and solutions;
- divest business units which are unprofitable or do not generate acceptable margins, and where there is no opportunity to improve them organically;
- significantly streamline operations from an organizational point of view and continue the implementation of a new cost savings plan which will improve margins;
- increase transparency providing tangible financial targets.

This Strategic Plan includes measures that will improve the cost structure, and drive profit and cash flow, without compromising our top line growth prospects.

CLEAR STRATEGIC PRIORITIES FOR EACH DIVISION

- Production Services:
  - exploit burgeoning demand for VFX content: secure volume agreements with key players, and expand presence in the episodic and streaming market,
  - optimise headcount allocation to individual projects,
  - standardise technology tools and where possible use across multiple business lines,
  - Advertising: improve margins/continue agency disintermediation;
  - Animation & Games: expand pipeline and explore opportunities in the gaming sector,
  - maximise offshoring of Indian resources, consolidating delivery pipelines;
- Connected Home:
  - continue to pivot from Video to Broadband,
  - exploit growth in Android TV,
  - focus growth on scale customers using platform model;
- DVD Services:
  - continue significant business transformation, reducing real estate footprint,
  - explore potential of adjacent businesses,
  - maximise "cash cow" potential of the business;
- Transversal functions:
  - streamline the business model in each function,
  - reduce organisational complexity,
  - centralise functions where appropriate,
  - achieve step change reduction in costs;
- Overall:
  - combined impact of new capital structure and strict focus on profitable growth and financial discipline will provide a sustainable future for Technicolor.

EFFICIENCY GAINS

In 2020 the Group realized €171 million of cost savings, in line with its target. The Group will continue to improve efficiency and productivity through the period and is now targeting a total of €325 million in run-rate cost savings by 2022, an increase of €25 million compared to the previous announcement.

SUCCESSFUL COMPLETION, ANNOUNCED ON SEPTEMBER 22, 2020, OF THE FINAL STEPS OF THE FINANCIAL RESTRUCTURING OF THE COMPANY

Implementation of the reinstated Debt Facilities: Technicolor finalized and executed the contractual documentation implementing the reinstatement of 46.5% of the previous RCF and term loan facilities (the "Debt Facilities") into new term loans in an amount equivalent to €574 million in principal, maturing on December 31, 2024.

Repayment and equitization of the non-reinstated Debt Facilities: a significant reduction of the Group's indebtedness, in an amount of c. €660 million, was finalized as part of the definitive completion of the capital increase with shareholders' preferential subscription rights, and the capital increase with cancellation of the shareholders' preferential subscription rights in favor of the creditors of the Debt Facilities. The non-reinstated Debt Facilities were therefore repaid in cash for an amount of €59,716,580.58 and equitized for an amount of €600,283,419.22.

Closing of Chapter 15: Technicolor announced that, on September 11, 2020, the U.S. Bankruptcy Court presiding over Technicolor's Chapter 15 proceedings ordered the closing of such proceedings. This marks the final step of the Company's proceedings in the United States of America.

Outlook

Film & Episodic VFX activities are seeing a significant improvement in the forward pipeline, and demand for Connected Home broadband products remain high, despite the extended lockdowns affecting the Group's trading environment.

DVD Services and Advertising revenues are expected to take longer to recover.

Component supply constraints are also expected to affect Connected Home activities. To address this, Technicolor has already engaged in commercial discussions in order to pass surcharges through to customers.

In Production Services, the work secured for 2021 is in line with the strong level of activity in 2019. Production Services has been awarded several new major projects, already securing 75%+ of its expected 2021 sales pipeline for Film & Episodic Visual Effects and Animation & Games. Confirmed projects for 2021 include Disney's live-action adaptations of The Little Mermaid and Pinocchio, and its recently announced The Lion King prequel.

The Group will continue to improve efficiency and productivity throughout the period, and is now targeting a total of €325 million in run-rate cost savings by 2022, an increase of €25 million compared to the previous announcement, despite a challenging context.

The Group's ambition to normalize working capital dynamics by 2022 will be achieved as early as the end of the first quarter of 2021, without significant impact on the Group's liquidity needs.

Technicolor will continue to significantly improve its EBITDA, EBITA and FCF in 2021 and 2022 and, following the recent change in perimeter (sale of Post Production) and the change in forex assumptions, 2021 guidance and updated 2022 guidance areas follows:

- In 2021:
  - revenues from continuing operations stable vs. 2020,
  - Adjusted EBITDA of around €270 million,
  - Adjusted EBITA of around €60 million,
  - continuing FCF before financial results and tax at around breakeven,
  - net debt to EBITDA covenant ratio below 4X level at year end.;
- In 2022:
  - Adjusted EBITDA of €385 million,
  - Adjusted EBITA of €180 million,
  - continuing FCF before financial results and tax at around €230 million.

Continuing Operations – post IFRS 16 *(in million euros, FYE Dec. post IFRS-16)*	**2020**	**2021e**	**2022e**
Adjusted EBITDA from continuing operations	167	270	385
Adjusted EBITA from continuing operations	(56)	60	180
Continuing FCF before financial results and tax	(124)	c.0	230

The 2021 and 2022 objectives are calculated assuming constant exchange rates.

In 2022, the cumulated impacts of foreign exchange fluctuations and change in Group perimeter as a result of the sale of Post Production are €(40) million on Adjusted EBITDA and €(23) million on Adjusted EBITA.

For more information about the Covid-19 risks, please refer to section 2.5 "Information on Covid-19", and section 3.1.1 "Global market and industry risks" related to "Health and safety".

1.4 SHARE CAPITAL AND SHAREHOLDING

1.4.1 Share capital

GRI *[102-2]*

NUMBER OF SHARES AND VOTING RIGHTS AS OF DECEMBER 31, 2020

In 2020, the Company carried out several operations which impacted the amount of the share capital and the nominal value of the Company's shares, including an important capital increase as detailed below:

1 Reverse share split

Pursuant to the delegation of powers granted by the Shareholders' Meeting of March 23, 2020, the Board of Directors, at its meeting of March 23, 2020, decided to implement the reverse share split decided by the said Shareholders' Meeting under the terms of its third resolution.

On May 12, 2020, the Chief Executive Officer noted that the reverse share split had been completed and that 414,461,178 old shares with a nominal value of €1 were exchanged for 15,350,414 new shares with a nominal value of €27, on the basis of 1 new share for 27 former shares. Consequently, the old shares (ISIN code FR0010918292) were delisted from the regulated market Euronext Paris on May 12, 2020 and were replaced by the new shares (ISIN code FR0013505062). The amount of the Company's share capital remained unchanged at €414,461,178 following this reverse share split.

2 Share capital reduction

Under the terms of its fourth resolution, the Company's Shareholders' Meeting of March 23, 2020 decided to reduce the share capital by a total amount of €414,307,673.86.

This capital reduction was carried out by reducing the nominal value of each share of the 15,350,414 shares of the Company from €27 to €0.01.

At the end of the period of opposition by creditors, the Chief Executive Officer, by delegation of the Board of Directors, recorded the final completion of the share capital reduction. He thus noted that the share capital was reduced from €414,461,178 to €153,504.14, divided into 15,350,414 shares with a nominal value of €0.01.

3 Issuance of shares under the 2017 Long-Term Incentive Plan (LTIP 2017)

In accordance with what has been presented in the 2019 Universal Registration Document on pages 141 and 142, performance shares were delivered under the LTIP 2017.

On February 18, 2020, the Board of Directors reviewed the level of achievement of the performance conditions. As a result the Board decided, on such basis, to allocate 50% of the free shares that should have been delivered under the LTIP 2017, subject to the presence condition on April 30, 2020.

On June 9, 2020, the Chief Executive Officer decided to issue 56,700 new ordinary shares with a nominal value of €0.01, which were delivered on the same day to the LTIP 2017's beneficiaries.

The Company's share capital was thus increased to €154,071.14, divided into 15,407,114 shares.

4 Issuance of shares and warrants under the delegations of authorities granted by the Shareholders' Meeting of July 20, 2020 in the context of the final step of the Safeguard Plan

On July 20, 2020, the Company's Shareholders' Meeting granted to the Board of Directors several interdependent delegations of authority necessary to carry out the transactions on the Company's share capital intended, *inter alia*, to permit the debt restructuring of the Company and its Group in accordance with the draft accelerated Financial Safeguard Plan approved by the committee of the Company's credit institutions and assimilated entities on July 5, 2020 and to be approved pursuant to a judgment of the Paris commercial court on July 28, 2020.

According to these delegations of authority, and subject to the fulfilment or the waiver of two cumulative conditions precedent consisting in the approval of the Safeguard Plan pursuant to a judgment of the Paris Commercial Court and the issue by the *Autorité des marchés financiers* of its approval on the Prospectus relating to the share capital increases, the Board of Directors, with the option for the latter to subdelegate, was authorized to proceed within a six (6) months period with the following issuances and share capital increases:

- **(i)** a share capital increase in cash, with preferential subscription right (DPS) through the issuance of a maximum of 110,738,255 new ordinary shares with a nominal value of €0.01 each, paired with an issue premium of €2.97, *i.e.* an issue price of €2.98 per new ordinary share, representing a share capital increase in a maximum aggregate amount (issue premium included) of €329,999,999.90 (the "Capital Increase with DPS");
- **(ii)** a share capital increase in cash, without preferential subscription right, through the issuance of a maximum of 92,178,770 new ordinary shares with a nominal value of €0.01 each, paired with an issue premium of €3.57, *i.e.* an issue price of €3.58 per new ordinary share, representing a share capital increase in a maximum aggregate amount (issue premium included) of €329,999,996.60, reserved for the exclusive benefit of the Creditors holding claims against the Company as defined below(1) (the "Reserved Capital Increase") and, together with the Capital Increase with DPS, the "Capital Increases");

(1) *The Creditors as mentioned above are the holders of claims due by the Company under (i) the facility agreement of circa €1 billion dated December 6, 2016 (the "Term Loan B") and (ii) the revolving credit facility of €250 million entered into on December 21, 2016 (the "RCF" and, together with the Term Loan B, the "Debt Facilities") (the "Claims").*

(iii) the issuance and free allocation of a maximum of 15,407,114 warrants for the benefit of the Company's shareholders, to be exercised within a period of four (4) years as from the settlement/delivery date of the last of the Capital Increases, on the basis of one (1) warrant for one (1) existing share, being resolved that five (5) Shareholders Warrants shall entitle to subscribe four (4) new ordinary shares, at a price of €3.58 per new share with a nominal value of €0.01 paired with an issue premium of €3.57 (the "Shareholders Warrants");

(iv) the issuance and free allocation of a maximum of 17,701,957 warrants, with cancellation of the shareholders' preferential subscription right on consideration of the New Money[(1)] and for the benefit of the New Money lenders (including 842,950 warrants allocated to Bpifrance Participations SA), to be exercised within a period of three (3) months as from the settlement/delivery date of the last of the Capital Increases, on the basis of one (1) warrant for one (1) existing share, being resolved that 1 New Money Warrant shall entitle to subscribe one (1) new ordinary share at a price of €0.01 per new share with a nominal value of €0.01 without issue premium (the "New Money Warrants").

The Safeguard Plan was approved by the Paris Commercial Court on July 28, 2020.

The Prospectus relating to the share capital increases and its supplement were approved by the *Autorité des marchés financiers* respectively on July 10 and August 4, 2020.

All the conditions precedent being thus fulfilled with respect to the equity issuance provided and as part of the Safeguard Plan, the Capital Increase with DPS was launched on August 7, 2020.

On September 16, 2020 the Company announced the results of the Capital Increase with DPS and the issuance of 110,738,255 new ordinary shares at a unit price of €2.98, including the issue premium, *i.e.* €329,999,999.90:

- the number of new shares subscribed on an irreductible basis and reductible basis amounted to 20,039,121 shares representing 18.10% of the Capital Increase with DPS, being specified that, in accordance with its subscription commitment, Bpifrance Participations SA subscribed, on an irreducible basis, for 8,370,251 new shares (*i.e.* approximately €25 million);
- in accordance with the terms of the Safeguard Plan and pursuant to their guarantee commitment, the Creditors holding claims against the Company further subscribed to the unsubscribed portion of the Capital Increase with DPS, *i.e.* 90,699,134 new shares representing 81.90% of the Capital Increase with DPS, by way of set-off against their claims under the Debt Facilities for an aggregate amount (issue premium included) of €270,283,419.32.

The settlement-delivery and admission to trading of the new shares issued in virtue of the Capital Increase with DPS was effective on September 22, 2020. At the same date, the Company also proceeded with:

- the settlement and delivery of the Reserved Capital Increase with cancellation of the shareholders' preferential subscription right in favour of the Creditors holding Claims against the Company, for a gross amount, including the issue premium, of €329,999,996.60, through the issue of 92,178,770 new shares at a unit price of €3.58, exclusively subscribed by way of set-off, at par, against the balance of the non-reinstated claims;
- the delivery to the New Money lenders (including Bpifrance Participations SA), in consideration of the New Money, of 17,701,957 New Money Warrants (including 842,950 BPI New Money Warrants) exercisable for a period of 3 months, giving the right to subscribe to a maximum number of 17,701,957 new shares, at a price of €0.01 per new share with a nominal value of €0.01 without issue premium, and representing approximately 7.5% of the Company's share capital after the Capital Increases but before the exercise of the Shareholder Warrants mentioned below; and
- the delivery to all the Company's shareholders, registered in account on August 7, 2020, of 15,407,114 Shareholders Warrants, on the basis of one (1) Shareholders Warrant for one (1) existing share, five (5) Shareholders Warrants giving the right to subscribe for four (4) new shares for a 4-year period, which may result in the issue of a maximum number of 12,325,691 new shares, at a price of €3.58 per new share. The Shareholders Warrants have been admitted to trading on Euronext Paris as from September 22, 2020 under the ISIN code number FR0013526225.

On September 22, 2020, the Chief Executive Officer, by delegation of the Board of Directors, recorded the final completion of the Capital Increases.

As a consequence of the issue of 110,738,255 new ordinary shares for the Capital Increase with DPS and of 92,178,770 new ordinary shares for the Reserved Capital Increase, he noted that the Company's share capital was thus increased from €154,071.14 to €2,183,241.39, and was divided into 218,324,139 fully paid-up shares, each with a nominal value of €0.01.

In addition to the above, and as a consequence of the exercise of part of the New Money Warrants and Shareholders Warrants issued and delivered on September 22, 2020, the Company's share capital was further increased as follows in 2020:

- following the exercise of a total of 17,455,088 New Money Warrants during the exercise period (from September 22 to December 22, 2020), 17,455,088 new ordinary shares have been issued and allocated to the New Money Lenders (including a part of 842,950 news shares to BPI);
- following the exercise of 20,320 Shareholders Warrants between September 22 and December 31, 2020, 16,256 new ordinary shares were issued and allocated to the shareholders.

By delegation of the Board of Directors, the Chief Executive Officer recorded these subscriptions and amended accordingly the Company's bylaws as of December 31, 2020.

(1) *A contribution to the Group of a sum equivalent to approximately €420 million (net of costs and commissions).*

NUMBER OF SHARES AND VOTING RIGHTS AS OF DECEMBER 31, 2020

As of December 31, 2020, the Company's share capital was divided into 235,795,483 shares with a nominal value of €0.01, fully paid-up (ISIN FR0013505062) and all of the same class (see below paragraph "Changes to the share capital" of this Chapter).

Date	Number of Outstanding Shares	Number of Voting Rights
December 31, 2020	235,795,483	Number of Theoretical Voting Rights[1]: 235,795,483 Number of Voting Rights Exercisable at Shareholders' Meeting[2]: 235,795,483

(1) Calculated, pursuant to Article 223-11 of the General Regulations of the Autorité des marchés financiers, based on the total number of outstanding shares to which voting rights are attached, including shares with suspended voting rights.
(2) Excluding shares without voting rights.

HOLDING OF SHARE CAPITAL AND VOTING RIGHTS

GRI *[102-7] [102-40]*

The table below shows the Company's shareholding structure over the past three years:

	December 31, 2020[1]			December 31, 2019			December 31, 2018		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights[4]**	**Number of shares**	**% of share capital**	**% of voting rights[4]**	**Number of shares**	**% of share capital**	**% of voting rights[4]**
Public[2][3]	94,080,034	39.8%	39.8%	199,603,756	48.16%	48.16%	223,609,006	53.95%	54.09%
Crédit Suisse Asset Management	28,493,063	12.1%	12.1%	-	-	-	-	-	-
Baring Asset Management Ltd.	24,406,573	10.4%	10.4%	-	-	-	-	-	-
Bain Capital Credit	16,593,636	7%	7%	29,062,798	7.01%	7.01%			
BNY Alcentra Group Holdings, Inc.	15,552,613	6.6%	6.6%	-	-	-	-	-	-
Farallon Capital Management, LLC	14,574,603	6.2%	6.2%	-	-	-	-	-	-
Angelo, Gordon & Co., LP	11,808,783	5%	5%	-	-	-	-	-	-
ELQ Investors Ltd.	10,390,314	4.4%	4.4%	-	-	-	-	-	-
• Bpifrance Participations	10,381,145	4.4%	4.4%	21,853,869	5.27%	5.27%	21,853,869	5.27%	5.29%
• Caisse des Dépôts et Consignations	-	-	-	11,116,440	2.68%	2.68%	11,129,059	2.69%	2.69%
Total Bpifrance Participations + Caisse des Dépôts et Consignations	10,381,145	4.4%	4.4%	32,970,309	7.95%	7.95%	32,982,928	7.96%	7.98%
Invesco Ltd.	9,142,348	3.9%	3.9%	29,964,739	7.23%	7.23%			
RWC Asset Management LLP	200,166	0.1%	0.1%	42,000,000	10.13%	10.13%	42,000,000	10.13%	10.16%
J O Hambro Capital Management Limited	-	-	-	35,146,422	8.48%	8.48%	35,655,435	8.60%	8.63%
Kinney Asset Management LLC	-	-	-	22,928,815	5.53%	5.53%	22,928,815	5.53%	5.55%
Fidelity International	172,205	0.1%	0.1%	22,784,339	5.50%	5.50%			
OppenheimerFunds, Inc.	-	-	-	-	-	-	29,700,000	7.17%	7.18%
DNCA Finance, SA and DNCA Finance Luxembourg	-	-	-	-	-	-	26,510,000	6.40%	6.41%
TOTAL	**235,795,483**	**100%**	**100%**	**414,461,178**	**100%**	**100%**	**414,461,178**	**100%**	**100%**

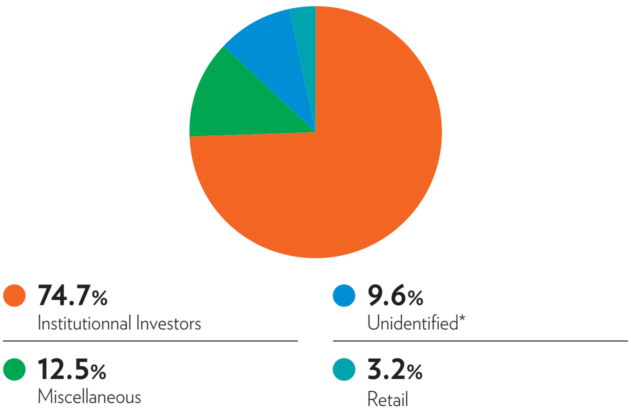
(1) Source: shareholder Top 50 Update analysis from Nasdaq as of December 31, 2020.
(2) Estimate obtained by subtraction.
(3) Including equity held by major shareholding funds.
(4) Net of shares deprived of voting rights.

TOP 10 HOLDERS*

Rank	Name	Number of shares	% of share capital and voting rights
1	Credit Suisse Asset Management	28,493,063	12.08%
2	Baring Asset Management Ltd.	24,406,573	10.35%
3	Bain Capital Credit	16,593,636	7.04%
4	BNY Alcentra Group Holdings, Inc.	15,552,613	6.60%
5	Farallon Capital Management, LLC	14,574,603	6.18%
6	Angelo, Gordon & Co., LP	11,808,783	5.01%
7	Goldman Sachs (ELQ Investors Ltd.)	10,390,314	4.41%
8	Total Bpifrance Participations + Caisse des Dépôts	10,381,145	4.40%
9	Invesco Advisers, Inc.	9,142,348	3.88%
10	Davidson Kempner Capital Management LP	7,624,211	3,23%

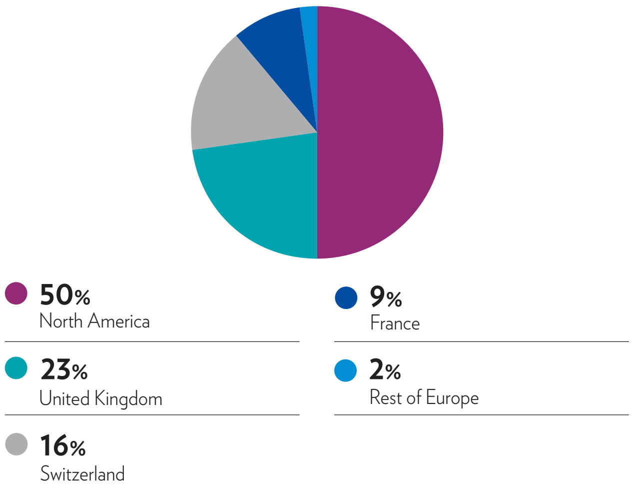
* *Source: shareholder Top 50 Update analysis from Nasdaq as of December 31, 2020.*

HOLDING OF SHARE CAPITAL



** Unidentified Shares are likely to be held by Miscellaneous and Retail investors.*

INSTITUTIONAL HOLDERS BY GEOGRAPHY



INDIVIDUALS OR ENTITIES HOLDING CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENTS

No entity controls the Company, and, to the Company's knowledge, there are no shareholders' agreements among its shareholders.

SHARE OWNERSHIP THRESHOLDS' CROSSINGS NOTIFIED TO THE COMPANY IN 2020 AND UNTIL THE PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT AND SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S CAPITAL AS OF DECEMBER 31, 2020

In accordance with Article L. 233-13 of the French Commercial Code, and to the Company's knowledge, the following legal share ownership thresholds' crossings were notified to the Company and the *Autorité des marchés financiers* (AMF) during 2020 and until the publication of this Universal Registration Document:

Shareholders	Date on which threshold crossed	Threshold crossed upwards or downwards	Threshold crossed	Percentage of share capital held on the date of notification	Number of shares
The Goldman Sachs Group, Inc. (D&I AMF n° 221C0472)	February 25, 2021	Downwards	5%	4.41%	10,391,322
Crédit Suisse Asset Management *(D&I AMF n° 220C5569)*	December 22, 2020	Downwards	10%	9.77%	22,422,938
The Goldman Sachs Group, Inc. *(D&I AMF n° 220C5275)*	November 27, 2020	Upwards	5%	5.94%	13,632,447
Angelo, Gordon & Co., LP *(D&I AMF n° 220C3945)*	September 22, 2020	Upwards	5%	5.69%	12,419,818
Barings LLC (D&I AMF n° 220C3843)	September 22, 2020	Upwards	5% and 10%	10.26%	22,406,573
BNY Alcentra Group Holdings, Inc. *(D&I AMF n° 220C3827)*	September 22, 2020	Upwards	5%	6.46%	14,112,656
Bpifrance Participations and Caisse des dépôts et consignations *(D&I AMF n° 220C3822 and 220C3824)*	September 22, 2020	Downwards	5%	4.37%	9,538,195
Crédit Suisse Group AG *(D&I AMF n° 220C3936)*	September 22, 2020	Upwards	5% and 10%	12.74%	27,810,934
Farallon Capital Management, LLC *(D&I AMF n° 220C3895)*	September 22, 2020	Upwards	5%	5.77%	12,587,272
Invesco Ltd. *(D&I AMF n° 220C3825)*	September 22, 2020	Downwards	5%	4.11%	8,983,319
RWC Asset Management LLP *(D&I AMF n° 220C2674)*	July 20, 2020	Downwards	5%	4.65%	716,963
RWC Asset Management LLP *(D&I AMF n° 220C2192)*	June 23, 2020	Downwards	10%	9.05%	1,393,831
Bpifrance Participations and Caisse des dépôts et consignations *(D&I AMF n° 220C1827)*	June 3, 2020	Downwards	10%	9.92%	1,523,299
Bpifrance Participations and Caisse des dépôts et consignations *(D&I AMF n° 220C0950)*	March 10, 2020	Upwards	10%	10.02%	41,515,480
FIL Limited *(D&I AMF n° 220C0753)*	February 24, 2020	Downwards	5%	4.34%	17,977,751
J O Hambro Capital Management Limited *(D&I AMF n° 220C0723)*	February 19, 2020	Downwards	5%	3.36%	13,918,584
Kinney Asset Management, LLC *(D&I AMF n° 220C0694)*	February 17, 2020	Downwards	5%	4.68%	19,382,789

As of December 31, 2020:

- Crédit Suisse Asset Management held 12.08% of the share capital and voting rights;
- Baring Asset Management Ltd. held 10.35% of the share capital and voting rights;
- Bain Capital Credit held 7.04% of the share capital and voting rights;
- BNY Alcentra Group Holdings, Inc. held 6.60% of the share capital and voting rights;
- Farallon Capital Management, LLC held 6.18% of the share capital and voting rights;
- Angelo Gordon & Co., LP held 5.01% of the share capital and voting rights.

To the Company's knowledge, no shareholder, other than those mentioned above, held more than 5% of its share capital or voting rights on December 31, 2020.

In addition, to the Company's knowledge, no Board Member or Executive Committee member currently holds more than 1% of the Company's share capital or voting rights, except for Bpifrance Participations (for further information on Board Members' holdings see section 4.1.1.5: "Corporate Officers' holdings in the Company's share capital" under Chapter 4: "Corporate Governance and Compensation" of this Universal Registration Document).

MODIFICATIONS IN THE HOLDING OF SHARE CAPITAL OVER THE PAST THREE YEARS

GRI *[102-10]*

In 2020, share capital operations have brought about many changes in Technicolor's shareholder base.

During the year new shareholders have joined the capital:

- Baring Asset Management Ltd. acquired 10.35% of the share capital and voting rights;
- BNY Alcentra Group Holdings, Inc. acquired 6.60% of the share capital and voting rights;
- Farallon Capital Management, LLC acquired 6.18% of the share capital and voting rights; and
- Angelo Gordon & Co, LP acquired 5.01% of the share capital and voting rights.

Some shareholders have considerably modified their holdings in the share capital and voting rights in 2020:

- downward since December 31, 2019:
  - RWC Asset Management LLP went from 10.13% to 0.08%,
  - J O Hambro Capital Management Limited went from 8.48% to 0%,
  - Kinney Asset Management, LLC went from 5.53% to 0%, and
  - Fidelity International went from 5.50% to 0.10%;
- upward since December 31, 2019:
  - Crédit Suisse Group AG went from 1.46% to 12.08%, and
  - Bain Capital Credit went from 7.01% to 7.04%.

TOP 5 BUYERS AND SELLERS IN 2020*

Rank	Name	Number of shares on December 31, 2020	% of share capital and voting rights		Net change
1	Baring Asset Management Ltd.	24,406,573	10.35%	↗	24,406,573
2	Crédit Suisse Asset Management	28,493,063	12.08%	↗	22,450,041
3	BNY Alcentra Group Holdings, Inc.	15,552,613	6.60%	↗	15,552,613
4	Farallon Capital Management, LLC	14,574,603	6.18%	↗	14,574,603
5	Angelo Gordon & Co, LP	11,808,783	5.01%	↗	11,808,783
1	RWC Partners Limited	200,166	0.08%	↘	(41,799,834)
2	Fidelity International	172,205	0.07%	↘	(24,552,564)
3	Caisse des Dépôts et Consignations	10,381,145	4.40%	↘	(22,589,164)
4	Invesco Advisers, Inc.	9,142,348	3.88%	↘	(20,557,652)
5	Bain Capital Credit, LP	16,593,636	7.04%	↘	(12,469,162)

* *Source: shareholder Top 50 Update analysis from Nasdaq as of December 31, 2020.*

In 2019, two shareholders built up significant stakes through the purchase of shares on the market:

- the holding of Bain Capital Credit reached 7.01% of the share capital and voting rights; and
- Fidelity International's holding reached 5.50% of the Company's share capital and voting rights.

In May 2019, Invesco Ltd. completed the acquisition of OppenheimerFunds, Inc. and crossed the threshold of 5% of the share capital and voting rights up to 7.23% of the share capital and voting rights as of December 31, 2019.

DNCA sold all of its shares in the Company's share capital and went from 6.40% in December 31, 2018 to 0% in December 31, 2019.

In 2018, two shareholders built up significant stakes through the purchase of shares on the market:

- the holding of RWC Asset Management LLP reached 5.02% of the Company's share capital and voting rights, and subsequently 10.13% of the Company's share capital and voting rights; and
- Kinney Asset Management's holding reached 5.53% of the Company's share capital and voting rights.

J O Hambro Capital Management Limited and DNCA Finance kept building up their stakes.

Cisco Systems, Inc. sold all of its shares in the Company's share capital and went from 5.17% in December 31, 2017 to 0% in December 31, 2018.

OppenheimerFunds, Inc. sold part of its shares in the Company's share capital and went from 11.75% in December 31, 2017 to 7.17% in December 31, 2018.

CHANGE TO THE SHARE CAPITAL

GRI *[102-10]*

Transaction date	Number of shares issued or canceled	Increase/ reduction in capital *(in euros)*	Total amount of share capital at closing *(in euros)*	Additional paid-in capital variation *(in euros)*	Carrying amount of additional paid-in capital *(in euros)*	Special Reserve at closing *(in euros)*	Cumulative number of shares at closing	Nominal value *(in euros)*
As of December 31, 2015			**411,443,290**		**1,124,286,679**		**411,443,290**	**1**
Issuance of new shares under MIP 2015 (from January 1 to January 29, 2016)	533,909	533,909		1,308,865				1
Issuance of new shares under MIP 2015 (from February 1 to December 31, 2016)	1,268,768	1,268,768		2,944,099				1
Allocation of net loss for 2015 to retained earnings				(186,444,553)				
Dividend distribution				(24,745,266)				
As of December 31, 2016			**413,245,967**		**917,349,824**		**413,245,967**	**1**
Issuance of new shares under MyTechnicolorShares Plan (delivery of restricted shares)	778,750	778,750		(778,750)				1
Issuance of new shares under MIP 2015 (exercise of stock options)	436,461	436,461		955,850				1
As of December 31, 2017			**414,461,178**		**917,526,924**		**414,461,178**	**1**
Allocation of net loss for 2017 to reserves					(917,526,924)			
As of December 31, 2018			**414,461,178**		**0**		**414,461,178**	**1**
As of December 31, 2019			**414,461,178**		**0**		**414,461,178**	**1**
Reverse share split: 1 new share with a nominal value of €27 for 27 former shares with a nominal value of €1	(399,110,764)							27
Capital reduction by reducing the nominal value of the 15,350,414 shares of the Company from €27 to €0.01		(414,307,673.86)				414,307,673.86		0.01
Issuance of new shares under LTIP 2017	56,700	567				(567)		0.01
Share capital increase in cash, with preferential subscription right (DPS) through the issuance of new shares	20,039,121	200,391.21		59,516,189.37				0.01
Share capital increase with preferential subscription right by a way of a debt equitization	90,699,134	906,991.34		269,376,427.98				0.01
Reserved share capital increase without preferential subscription right by a way of a debt equitization	92,178,770	921,787.7		329,078,208.9				0.01
Exercise of Shareholders' Warrants	16,256	162.56		58,033.92				0.01
Exercise of New Money Warrants	17,455,088	174,550.88						0.01
Allocation of 10% of share capital to legal reserve				(218,324.14)				
Imputation of financial, legal and other fees incurred during financial restructuring in relation with "Right Issue"				(14,742,891.60)				
As of December 31, 2020			**2,357,954.83**		**643,067,644.43**	**414,307,106.86**	**235,795,483**	**0.01**

POTENTIAL MODIFICATIONS TO THE COMPANY'S SHARE CAPITAL

GRI *[102-10]*

As of December 31, 2020, a total of 261,568 stock options are outstanding in the framework of Stock Options Plans, (for details of these plans, see Chapter 4: "Corporate governance and compensation", section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document). If all options in the Stock Option Plans were exercised, this would lead to the issuance of 261,568 shares. Technicolor's share capital would be composed of 236,057,051 ordinary shares, *i.e.* a 0.11% increase in the number of shares from December 31, 2020.

As of December 31, 2020, a total of 2,943,339 performance and restricted shares could be vested to employees and Corporate Officers under conditions set by the Share Plans (for details of these plans, see Chapter 4: "Corporate governance and compensation", section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document). If all shares in the Share Plans were delivered, this would lead to the issuance of 2,943,339 shares. Technicolor's share capital would be composed of 238,738,822 ordinary shares, *i.e.* a 1.25% increase in the number of shares from December 31, 2020.

As of December 31, 2020, a total of 15,386,794 shareholders warrants (for details of the shareholders warrants, see above in this Chapter, section 1.4.1.4) could be exercised. If all these shareholders warrants were exercised, this would lead to the issuance of 12,309,435 shares. Technicolor's share capital would be composed of 248,104,918 ordinary shares, *i.e.* a 5.22% increase in the number of shares from December 31, 2020.

The cumulative exercise of the totality of the above-mentioned stock options, the vesting of the totality of the above-mentioned shares, and the exercise of the totality of above mentioned shareholders warrants would lead to the issuance of 15,514,342 shares. Technicolor's share capital would be composed of 251,309,825 ordinary shares, *i.e.* a 6.58% increase in the number of shares from December 31, 2020. As of the date of publication of this Universal Registration Document, no other securities giving access to capital are in circulation.

TECHNICOLOR SHARES SUBJECT TO A SECURITY INTEREST

To the Company's knowledge, as of the date of publication of this Universal Registration Document, no shares of the Company are pledged.

ELEMENTS LIKELY TO HAVE AN INFLUENCE IN CASE OF A PUBLIC OFFER

Pursuant to Article L. 225-100-3 of the French Commercial Code, the agreements governing the New Money debt, and the Reinstated Term Loans to which Group companies are parties contain change of control clauses. For more information on these agreements, please refer to Chapter 2: "Operating and financial review and prospects", section 2.3.3: "Financial resources" of this Universal Registration Document.

1.4.2 Share buy back

The following paragraphs specify the information to be provided pursuant to Article L. 225-211 of the French Commercial Code.

There was no share purchase program in force in 2020.

No share purchase program was submitted for approval at the Combined Shareholders' Meeting convened on June 30, 2020.

SHARE MANAGEMENT AGREEMENT

The last share purchase program in force ended on September 25, 2019, with the termination at the same date of the share management agreement signed between Technicolor SA and Natixis and suspended since April 26, 2018.

HOLDING AND ALLOCATION OF TREASURY SHARES AS OF DECEMBER 31, 2020

As of December 31, 2020, the Company did not hold any treasury shares.

TRANSACTIONS CARRIED OUT BY THE COMPANY ON ITS OWN SHARES BETWEEN JANUARY 1, 2020 AND DECEMBER 31, 2020

The Company did not carry out any transactions on its own shares in 2020.

1.4.3 Delegations granted to the Board of Directors by the Shareholders' Meetings

In accordance with Article L. 225-37-4 paragraph 3 of the French Commercial Code, the table below summarizes the delegations granted to the Board of Directors by the Shareholders' Meeting in force on December 31, 2020 and the use made of these delegations during the 2020 year.

As the four (4) delegations of authority granted to the Board of Directors by the Combined General Shareholders' Meeting of July 20, 2020 were fully used in 2020 (as detailed above in section 1.4.1.3 of this Chapter), they are no longer in force on December 31, 2020 and are not therefore reported in the table below.

I – FINANCIAL DELEGATIONS TO ALLOW EQUITY-LINKED INSTRUMENTS (EXCLUDING EMPLOYEES OR CORPORATE OFFICERS)

Type of the financial delegation	Duration of the authorization and date of expiration	Maximum amount of the issuance of equity-linked debt securities *(in euros)*	Maximum nominal amount of Capital Increases	Amount used	Amount available
Issuance without preferential subscription right					
Issuance, without preferential subscription rights and by way of a public offering, of shares and/or equity-linked securities giving access, immediately or over time, to the Company's share capital **(18th resolution of the AGM of June 30, 2020)**	26 months August 30, 2022	200 million	€235,795.48 representing 10% of the share capital on December 31, 2020	None	100% of the ceiling
Issuance, without preferential subscription rights, of shares and/or equity-linked securities giving access, immediately or over time, to the Company's share capital, by way of an offering in accordance with Article L. 411-2 of the French Monetary and Financial Code **(19th resolution of the AGM of June 30, 2020)**	26 months August 30, 2022	200 million	€235,795.48 representing 10% of the share capital on December 31, 2020	None	100% of the ceiling
Issuance, without preferential subscription rights, of shares and/or equity-linked securities giving access, immediately or over time, to the Company's share capital in consideration for contributions in kind to the Company **(21st resolution of the AGM of June 30, 2020)**	26 months August 30, 2022	200 million	€235,795.48 representing 10% of the share capital on December 31, 2020	None	100% of the ceiling
In the event of an over-subscription (Greenshoe)					
Increase in the number of shares to be issued under the 18th and 19th above mentioned resolutions of the AGM of June 30, 2020 **(20th resolution of the AGM of June 30, 2020)**	26 months August 30, 2022	N/A	15% of the initial issuance	None	100% of the ceiling
Overall limits on issuances					
Overall limits on the amounts of issuances made under 18th to 23rd resolutions of the AGM of June 30, 2020 **(24th resolution of the AGM of June 30, 2020)**	N/A	200 million	€235,795.48 representing 10% of the share capital on December 31, 2020	None	N/A

II – DELEGATIONS TO ALLOW EQUITY-LINKED INSTRUMENTS FOR EMPLOYEES OR CORPORATE OFFICERS

Type of the financial delegation	Duration of the authorization and date of expiration	Number of shares and percentage of capital likely to be issued	Amount used	Amount available
Capital increase without preferential subscription rights, reserved to members of a Group Savings Plan **(22nd resolution of the AGM of June 30, 2020)**	18 months December 31, 2021	1% of the share capital as of the date of the Board of Directors' decision to proceed to such transaction	None	100% of the ceiling
Capital increase without preferential subscription rights, reserved to specific categories of beneficiaries – shareholding transactions for employees outside a Group Savings Plan **(23rd resolution of the AGM of June 30, 2020)**	18 months December 31, 2021	154,071 shares representing 1% of the share capital on June 30, 2020	None	100% of the ceiling
Grant of free shares to all employees or certain categories of employees and/or officers **(25th resolution of the AGM of June 30, 2020)**	36 months June 30, 2023	3.6% of the share capital as of the date of use of such authorization	2,829,146 shares granted(1)	5,659,491 shares available for allocation, on the basis of the capital as of December 31, 2020(2)
Grant of free additional performance shares to all employees or certain categories of employees and/or officers **(26th resolution of the AGM of June 30, 2020)**	36 months June 30, 2023	1.4% of the share capital as of the date of use of such authorization	None	100% of the ceiling
Overall limits on the amounts of issuances made under 18th to 23rd resolutions of the AGM of June 30, 2020 **(24th resolution of the AGM of June 30, 2020)**	N/A	200 million	€ 235,795.48 representing 10% of the share capital on December 31, 2020	N/A

(1) 2,829,146 shares were granted by the Board of Directors in 2020. They will be issued in 2024, subject to the achievement of presence and (except for the Restricted Shares) performance conditions as laid down in the plan regulations (See section 4.2.4: "Details on Stock Option Plans and Performance or Restricted Share Plans" under Chapter 4: "Corporate governance and compensation").

(2) In consideration of the 2,829,146 shares granted in 2020, 5,659,491 shares remain available for allocation by the Board of Directors under this authorization on the basis of the capital as of December 31, 2020. This figure is given only for information purpose and shall involve, being noted that the maximum amount of shares and percentage likely to be issued under this resolution is to be calculated at the date of use of the authorization.

1.4.4 Dividend policy

GRI *[201-1]*

Any payment of dividends or other distributions depends on the Company's financial condition and results of operations, especially net income, and its investment policy.

Upon proposal of the Board of Directors, it will not be proposed to the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2020, to pay any dividend with respect to fiscal year 2020.

Upon proposal of the Board of Directors, with respect to fiscal year 2019, the General Shareholders' Meeting of June 30, 2020 decided not to pay a dividend.

Upon proposal of the Board of Directors with respect to fiscal year 2018, the General Shareholders' Meeting of June 14, 2019 decided not to pay a dividend.

Furthermore, the New Money Documentation and the Reinstated Term Loans contain clauses restricting the Company's ability to declare or pay dividends (see note 8.3 to the consolidated financial statements: "Borrowings").

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

2020 ADJUSTED EBITDA FROM CONTINUING OPERATIONS

Production Services
€18 million

Connected Home
€110 million

DVD Services
€54 million

Corporate & Other
€(14) million

Under IFRS 16, most operating leases are now treated as financial leases. As a consequence, operating lease expense is cancelled and replaced by an amortization expense and an interest expense. Figures in this Chapter are therefore presented including IFRS 16.

2.1 SUMMARY OF RESULTS

GRI *[103-3 Economic performance] [201-1]*

Revenues from continuing operations totaled €3,006 million in 2020, down 20.9% at current currency and down 18.5% at constant currency compared to 2019. For more information, please refer to section 2.2.1: "Analysis of revenues from continuing operations" of this Chapter.

Adjusted EBITDA from continuing operations reached €167 million in 2020, down 48.5% at current currency and down 46.0% at constant currency compared to 2019, a decline mainly attributable to Covid-19 Pandemic impacts, mitigated by a further cost structure optimization (Panorama plan savings). The Adjusted EBITDA margin amounted to 5.6%, down by c. 300 bps year-on-year at current currency. For more information, please refer to sections 2.2.2: "Analysis of adjusted EBITDA and adjusted EBITA" and 2.2.9: "Adjusted indicators" of this Chapter.

Loss from continuing operations before tax and net finance costs was €264 million in 2020 compared to a loss of €121 million in 2019. For more information, please refer to section 2.2.3: "Analysis of operating expenses and profit (loss) from continuing operations before tax and net financial expense" of this Chapter.

The Group's net financial result was an income of €77 million in 2020 compared to an expense of €84 million in 2019. For more information, please refer to section 2.2.4: "Net financial expense" of this Chapter.

The Group's total income tax charge was €5 million in 2020 compared to a charge of €3 million in 2019. For more information, please refer to section 2.2.5: "Income tax" of this Chapter.

Loss from continuing operations was €193 million in 2020 compared to a loss of €208 million in 2019. For more information, please refer to section 2.2.6: "Profit (loss) from continuing operations" of this Chapter.

The result from discontinued operations was a loss of €15 million in 2020 compared to a loss of €22 million in 2019. For more information, please refer to section 2.2.7: "Profit (loss) from discontinued operations" of this Chapter.

The Group's consolidated net income was a loss of €207 million in 2020 compared to a loss of €230 million in 2019. For more information, please refer to section 2.2.8: "Net income (loss) of the Group" of this Chapter.

2.2 RESULTS OF OPERATIONS FOR 2019 AND 2020

GRI *[103-3 Economic performance] [201-1]*

The revenues, Adjusted EBITDA, operating expenses and profit (loss) from continuing operations before tax and net financial expense for the years 2020 and 2019 are presented below for each of the Group's operating segments – Production Services, Connected Home, DVD Services and Corporate & Other.

The Group's results are presented in accordance with IFRS 5. Consequently, the contributions of discontinued operations are disclosed on one line in the consolidated statements of operations, named "Net profit (loss) from discontinued operations" and are presented separately under section 2.2.7: "Profit (Loss) from Discontinued Operations" of this Chapter.

2.2.1 Analysis of revenues from continuing operations

(in million euros)	FY 2020	FY 2019	Change[(1)]
Total revenues from continuing operations	**3,006**	**3,800**	**(18.5)%**
Production Services	513	893	(41.4)%
Connected Home	1,764	1,983	(7.6)%
DVD Services	706	882	(18.6)%
Corporate & Other	23	43	(45.6)%

(1) Change at constant currency.

Revenues from continuing operations totaled €3,006 million in 2020, down 20.9% at current currency and down 18.5% at constant currency compared to 2019, resulting from lower revenues on all segments, especially in Production Services.

PRODUCTION SERVICES

Production Services revenues amounted to €513 million in 2020, down 41.4% at constant rate and 42.5% at current rate year-on-year, driven mainly by pandemic-related impacts on production around the world. The revenue decline was partially mitigated by double-digit revenue growth at Mikros Animation and the launch of MPC Episodic in early 2020.

Business Highlights

- **Film & Episodic Visual Effects**: revenues were significantly lower year-on-year, mainly due to the impact of the pandemic on live action film shoots and shifting release dates. VFX teams worked on approximately 25 theatrical films from the major studios, including 2020 releases like *The Call of the Wild* (Fox), *The New Mutants* (Fox), and *Monster Hunter* (Constantin Film/Sony); and highly anticipated 2021 releases like *Cruella* (Disney), *Ghostbusters: Afterlife* (Sony), *Godzilla vs. Kong* (Legendary/Warner Bros.), *Snake Eyes* (Paramount), *Top Gun: Maverick* (Paramount), and *West Side Story* (Amblin/Fox). And over 40 Episodic and/or Non-Theatrical (*i.e.*, Streaming/OTT) projects, including *The Alienist: Angel of Darkness* (Paramount/TNT), *Da 5 Bloods* (Netflix), *The Old Guard* (Netflix), *Raised by Wolves* (Scott Free Productions/HBO Max), and *WandaVision* (Marvel/Disney+). During the year, MPC Film won the Oscar® and BAFTA awards for visual effects for its work on Sam Mendes' *1917* (Universal); and Mr. X won an Emmy Award for Outstanding Special Visual Effects in a Supporting Role for its work on *Vikings* (MGM/History);
- **Advertising**: revenues were lower compared to the prior year due to the impact of Covid-19 on client spend and live action production shoots, particularly during the second quarter. Technicolor's Advertising businesses continued to receive numerous industry accolades in 2020 – MPC won VFX Company of the Year at the Ad Age Creativity Awards and two VES (Visual Effects Society) Awards for Hennessy *The Seven Worlds*, while The Mill was awarded Creative Production Agency of the Year by More About Advertising. Other notable projects during the year include the Dua Lipa *Hallucinate* music video, Jeep *Groundhog Day*, Walmart *Famous Visitors*, Burberry *Festive*, Chanel *N°5. Être Ce Qui Va Arriver*, PlayStation *The Last of Us Part II*, Lexus International *Electrified*, EA Sports *FIFA 21* reveal trailer, Epic Games *Unreal For All Creators*, and HBO *Lovecraft Country: Sanctum* – a three-part social VR experience for the highly acclaimed series. At this year's Super Bowl LV, The Mill and MPC worked on over 20 commercials, including those for Bud Light, Doritos, Michelob, Paramount, Robinhood, Squarespace, Tide, and Uber Eats;
- **Animation & Games**: revenues were slightly higher *versus* prior year. Mikros delivered Paramount's *The SpongeBob Movie: Sponge on the Run* in 2020, and is currently in production on three features, including Spin Master's *PAW Patrol: The Movie* and Paramount's *The Tiger's Apprentice*. In episodic animation, Technicolor continues to work on multiple projects for clients including Disney, DreamWorks Animation, France Télévisions, M6, Nickelodeon, TF1, and Wild Canary. Technicolor Games during the year completed its work on several AAA titles like *FIFA 21* (EA), *NHL 21* (EA), *Assassin's Creed Valhalla* (Ubisoft), *Destiny 2* (Bungie), *NBA 2K21* (2K), *Call of Duty: Black Ops Cold War* (Activision), and *Immortals Fenyx Rising* (Ubisoft);
- **Post Production**: lower revenues compared to the prior year, driven primarily by the pandemic's impact on productions. Selected highlight feature film projects during 2020 include *Minions: The Rise of Gru* (Illumination/Universal), *The SpongeBob Movie: Sponge on the Run* (Paramount), *West Side Story* (Amblin/Fox), *Borat Subsequent Moviefilm* (Amazon), and *The Witches* (HBO Max). Selected highlight episodic projects include *Bridgerton* (Netflix), *His Dark Materials* (HBO/BBC), *Gentleman Jack* (HBO/BBC), *Perry Mason* (HBO), *American Gods* (Starz), *This Is Us* (Fox/NBC), and *The Good Lord Bird* (Showtime).

2

CONNECTED HOME

Connected Home revenues totaled €1,764 million in 2020, down 7.6% year-on-year at constant rate and 11.0% at current rate. The division experienced demand slowdown and supply constraints in Eurasia and Latin America, which were partially offset by increased demand from the North American cable division. The division is maintaining its market leadership in the Broadband segment and in the video Android based segment.

Business Highlights

- **North America:**

  Revenues remained strong, driven by increased demand from cable customers for upgrades to higher power broadband to support pandemic related remote work and education activities. We expect this trend to continue into 2021 as customers plan for continued CPE upgrades, as well as seeking to ensure supply continuity and manage anticipated supply concerns due to Covid-related demand surges from other industries competing for semiconductor supply;
- **Latin America:**

  The difficult macroeconomic situation in the region continued to drive demand down, particularly in Brazil, due to Covid-19 as well as buying power impacts resulting from currency devaluation stemming from the drop in oil prices;
- **Europe, Middle East & Africa:**

  Sales were flat in the second half year-over-year with strong growth in the broadband segment (+20%) compensating for the decline in the market for video set top box. Android TV remained stable year-over-year, with additional service providers adopting this technology in the region and associated new wins. Logistics between Asia and Europe and the first stages of the Brexit implementation have generated backlogs additional to the one generated by the semiconductor market situation;

- **Asia Pacific:**

  Sales were highly impacted by lockdowns in the main countries served, with slow recovery, mainly India and Australia, combined with semiconductor supply constraints. Video demand remained weak over the period, while Broadband showed recovery with strong projections for 2021. Android TV demonstrated strong growth (+25%) with a solid trend in the Indian market.

The division continues to focus on selective investments in key customers, platform-based products and partnerships that will lead to improved margins over the year.

Limited supply coupled with high demand for semiconductors is creating potential cost increases and production constraints which could delay sales during the first half 2021. To address this, Technicolor has engaged in commercial discussions in order to pass surcharges through to customers.

REGIONAL REVENUE FOR CONNECTED HOME

(in million euros)		FY 2020	FY 2019	Change[(1)]
Total revenues		**1,764**	**1,983**	**(7.6)%**
o/w	North America	980	865	+15.9%
	Europe, Middle-East & Africa	336	453	(24.3)%
	Latin America	206	307	(22.7)%
	Asia-Pacific	242	357	(30.5)%

(1) Change at constant currency.

DVD SERVICES

DVD Services revenues totaled €706 million in 2020, down 18.6% at constant rate and 20.0% at current rate compared to 2019, due predominately to lower replication & packaging disc volumes across all formats and lower distribution activity as a result of the negative impact of Covid-19, which exacerbated the structural decline trend.

Business Highlights

Total combined replication volumes reached 817.1 million discs in 2020, down 23% year-on-year:

- Standard Definition DVD volumes were down 20% in 2020 reflecting the lack of new release content related to theater closures, but overall results were better than expected given the continued aggressive studio and major retailer catalog promotional activity;
- Blu-ray™ volumes were down 27% in 2020, heavily impacted by the lack of new release content, and without as much mitigating benefit from catalog promotions;
- CD volumes were down 33% year-on-year on a combination of expected structural declines and Covid-19 retail impacts.

All formats showed an easing in the rate of decline in the fourth quarter with strong retail demand activity during the holiday season, particularly in the games segment.

The Disney/Fox contract successfully closed, as did the Lionsgate contract. Paramount (PHE) replication will expire in mid-2021 and will not be renewed; the effect of this will be mitigated by an acceleration of DVD Services' business transformation plans. Technicolor will continue to service PHE for distribution services.

VOLUME DATA FOR DVD SERVICES

(in million units)		FY 2020	FY 2019	Change
Total volumes		**817.1**	**1,059.1**	**(22.9)%**
By format	DVD	560.2	701.9	(20.2)%
	Blu-ray™	218.0	298.8	(27.1)%
	CD	38.9	58.4	(33.5)%
By segment	Theatrical/Broadcast	740.6	959.4	(22.8)%
	Games	27.5	29.7	(7.5)%
	Music & Software	49.0	70.0	(30.0)%

CORPORATE & OTHER

Corporate & Other includes the Trademark Licensing business.

Corporate & Other recorded revenues of €23 million in 2020, decreasing compared to last year. In 2019, the Group benefited from €20 million of retained patent licensing revenues *vs* only €5 million in 2020.

2.2.2 Analysis of Adjusted EBITDA and Adjusted EBITA

For the purpose of analyzing the Group's performance, and in addition to its published results presented in accordance with IFRS, Technicolor publishes an Adjusted EBITDA. This indicator excludes factors the Group considers to be non-representative of Technicolor's normal operating performance. For a comprehensive definition of adjusted indicators and a description of their limitations as performance indicators please refer to section 2.2.9: "Adjusted Indicators" of this Chapter.

(in million euros)	FY 2020	FY 2019	Change[(1)]
Total Adjusted EBITDA from continuing operations	**167**	**324**	**(46.0)%**
Production Services	18	164	(88.0)%
Connected Home	110	79	+46.7%
DVD Services	54	81	(32.3)%
Corporate & Other	(14)	1	ns

(1) Change at constant currency.

Adjusted EBITDA from continuing activities was €167 million compared to €324 million in 2019.

(in million euros)	FY 2020	FY 2019	Change[(1)]
Total Adjusted EBITA from continuing operations	**(56)**	**42**	**ns**
Production Services	(78)	28	ns
Connected Home	41	23	+91.8%
DVD Services	(0)	(6)	+94.1%
Corporate & Other	(18)	(2)	ns

(1) Change at constant currency.

Adjusted EBITA from continuing activities was €(56) million compared to €42 million in 2019.

PRODUCTION SERVICES

Adjusted EBITDA amounted to €18 million, down €(144) million year-on-year at constant rate. Costs were aggressively reduced to offset the €(370) million at constant rate revenue decline in a high margin segment. This negative evolution also impacted Adjusted EBITA compared to the prior year, partially mitigated by lower cloud render costs. Advertising EBITA, despite a sharp drop in its revenues linked to the pandemic, reached the same level as in 2019, showing the positive impact of its transformation activities on its margin.

CONNECTED HOME

Adjusted EBITDA amounted to €110 million in 2020, or 6.2% of revenue, up €37 million at constant rate primarily linked to cost reduction initiatives implemented in 2020. Adjusted EBITA of €41 million increased by €21 million compared to the prior year at constant rate. This positive evolution in profitability is the result of the significant transformation plan launched 2 years ago.

DVD SERVICES

Adjusted EBITDA amounted to €54 million at current rate, or 7.6% of revenue, better than expectations given stronger than anticipated disc volumes and the acceleration of cost saving actions. The margin also includes the benefit of the positive impact from contracts renegotiated in 2019 and 2020. Lower depreciation & amortisation and renewal of contracts helped to deliver an Adjusted EBITA at break even compared to a loss in 2019.

CORPORATE & OTHER

Adjusted EBITDA amounted in 2020 to €(14) million and Adjusted EBITA at €(18) million.

2.2.3 Analysis of operating expenses and profit (loss) from continuing operations before tax and net financial expense

COST OF SALES

Cost of sales amounted to €2,725 million in 2020 or 90.6% of revenues, compared to €3,375 million in 2019, or 88.8% of revenues.

Cost of sales decreased by €651 million compared with 2019, reflecting the impact of lower sales driven by Covid-19 Pandemic impacts and cost structure improvement (Panorama plan savings).

The principal components of the Group's cost of sales were the costs of finished goods for resale (mainly in the Connected Home segment), raw materials (mostly in the Connected Home and DVD Services segments), labor costs in the Group's operations (mostly in the Production Services and in DVD Services segments), as well as costs related to real estate and fixed assets depreciation (mainly in the Production Services and DVD Services segments).

Gross margin from continuing operations amounted to €281 million in 2020, or 9.4% of revenues, compared to €425 million in 2019, or 11.2% of revenues. This lower gross margin mainly reflects the lower sales impact in Production Services segment.

SELLING & ADMINISTRATIVE EXPENSES

Selling and marketing expenses amounted to €92 million in 2020, or 3.1% of revenues, compared to €111 million in 2019, or 2.9% of revenues.

General and administrative expenses amounted to €191 million in 2020, or 6.4% of revenues compared to €212 million in 2019, or 5.6% of revenues.

This decrease reflects the cost structure optimization done all over the Group to mitigate Covid-19 lower revenue impact.

For more information, please refer to note 3.3.2 to the Group's consolidated financial statements.

NET RESEARCH AND DEVELOPMENT EXPENSES

Net research and development ("R&D") expenses amounted to €94 million in 2020, or 3.1% of revenues, compared to €114 million in 2019, or 3.0% of revenues.

For more information, please refer to note 3.3.1 to the Group's consolidated financial statements.

RESTRUCTURING COSTS

In 2020, the Group continued its efforts to reduce costs through facilities optimization and headcount reductions, which generated restructuring costs.

Restructuring costs for continuing operations amounted to €100 million in 2020, or 3.3% of revenues, including €27 million in Production Services on cost streamlining actions, €31 million in Connected Home, pursuant to the three-year transformation plan, €33 million in DVD Services, mainly resulting from optimization of replication and distribution sites, and €9 million for Corporate and Other (Group's Transversal Functions).

In 2019, restructuring costs for continuing operations amounted to €31 million, or 0.8% of revenues.

NET IMPAIRMENT LOSSES ON NON-CURRENT OPERATING ASSETS

In 2020, Technicolor recorded a net impairment charge of €75 million, compared to a net impairment charge of €61 million in 2019, mainly coming from a depreciation of DVD Services business goodwill in both years.

For more information, please refer to notes 4.5 to the Group's consolidated financial statements.

OTHER INCOME (EXPENSE)

Other income (expense) was a gain of €8 million in 2020, compared to a loss of €16 million in 2019.

For further information, please refer to note 3.3.3 to the Group's consolidated financial statements.

PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND NET FINANCIAL EXPENSE

Loss from continuing operations before tax and net financial expense amounted to €264 million in 2020, or (8.8)% of revenues, compared to a loss of €121 million, or (3.2)% of revenues in 2019 mostly explained by lower gross margin of €144 million, lower selling and administrative expenses by €39 million, lower R&D costs of €20 million and lower other expenses for €24 million partly offset by higher restructuring costs of €69 million and higher net impairment losses on non-current operating assets of €12 million.

For further information, please refer to the Group's consolidated financial statements (please refer to note 6.1.1).

2.2.4 Net financial expense

The Group's net financial result from continuing operations was an income of €77 million in 2020 compared to a loss of €84 million in 2019.

NET INTEREST EXPENSE

Net interest expense amounted to €78 million in 2020 compared to €69 million in 2019, reflecting mainly the interest rates on bridge loan in place from March to July and higher credit line drawings.

For further information, please refer to note 8.5 to the Group's consolidated financial statements.

OTHER FINANCIAL INCOME (EXPENSE)

Other financial income amounted to €155 million in 2020 compared to €15 million of expense in 2019 mostly explained by a non-cash gain in 2020 on the equity and debt initial valuations, in application of IFRS Standards, following the financial restructuring process.

2.2.5 Income tax

The Group total income tax expense from continuing operations, including both current and deferred taxes, amounted to a loss of €5 million in 2020 compared to a loss of €3 million in 2019.

The current income tax charge was mainly attributable to current tax due Poland, India, Brazil and the United States.

Net deferred tax was an income of €10 million in 2020 compared to an income of €7 million in 2019.

2.2.6 Profit (loss) from continuing operations

Loss from continuing operations amounted to a loss of €193 million in 2020 compared to a loss of €208 million in 2019.

2.2.7 Profit (loss) from discontinued operations

The result from discontinued operations amounted to a loss of €15 million in 2020 compared to a loss of €22 million in 2019.

2.2.8 Net income (loss) of the Group

Net loss totaled €207 million in 2020 compared to a loss of €230 million in 2019. There was no net income attributable to non-controlling interests in 2020 as in 2019. Accordingly, the net loss attributable to the shareholders of Technicolor SA amounted to €207 million in 2020 compared to €230 million in 2019.

Net losses per share, basic and diluted, were €2.81 in 2020 compared to €15.01 in 2019, taking restrospectively into acount the consolidation of shares.

2.2.9 Adjusted indicators

In addition to its published results presented in accordance with IFRS and with the aim of providing a more comparable view of the changes in its operating performance, the Group presents a set of adjusted indicators, which excludes impairment charges, restructuring charges and other income and expenses with respect to Adjusted EBIT, cloud rendering expenses and amortization charges as well as the impact of provisions for risks, warranties and litigation with respect to Adjusted EBITDA (in addition to adjustments included in Adjusted EBIT). Technicolor considers that this information may help investors in their analysis of the Group's performance by excluding factors it considers to be non-representative of Technicolor's normal operating performance.

Technicolor uses Adjusted EBIT and Adjusted EBITDA to evaluate the results of its strategic efforts. This definition of Adjusted EBITDA is comparable to the definition as per Technicolor's Credit Agreements and is used in calculating applicable financial covenants.

These adjustments for 2020 and 2019 are directly identifiable in the Group's consolidated financial statements, with the exception of the heading "depreciation and amortization."

The additional indicators have inherent limitations as performance indicators. Adjusted profit from continuing operations before tax, finance costs, plus depreciation and amortization (Adjusted EBITDA) and adjusted profit from continuing operations before tax and net finance costs (Adjusted EBIT) are not indicators recognized by IFRS and are not representative of the cash generated by these activities for the periods indicated. In particular, Adjusted EBITDA does not reflect the Group's working capital needs for its operations, interest charges incurred, payment of taxes, or capital expenditures necessary to replace depreciated assets. Adjusted EBITDA and Adjusted EBIT indicators do not have standard definitions and, as a result, Technicolor's definition of Adjusted EBITDA and Adjusted EBIT may not correspond to the definitions given to these terms by other companies. In evaluating these indicators, please note that Technicolor may incur similar charges in future periods. The presentation of these indicators does not mean that Technicolor considers its future results will not be affected by exceptional or non-recurring events. Due to these limitations, these indicators should not be used exclusively or as a substitute for IFRS measures.

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on EBIT from continuing operations of €(168) million in 2020 compared to €(109) million in 2019.

Technicolor defines "Free Cash Flow" as net operating cash generated from continuing activities plus proceeds from sales of property, plant and equipment ("PPE") and intangible assets, minus purchases of PPE, purchases of intangible assets including capitalization of development costs.

(in million euros unless otherwise stated)	2020	2019	Change[(1)]
Profit (Loss) from continuing operations before tax and net finance costs/EBIT (a)	**(264)**	**(121)**	**(144)**
Total adjustments on EBIT (b)	(168)	(109)	(59)
Of which restructuring costs, net	*(100)*	*(31)*	*(69)*
Of which net impairment losses on non-current operating assets	*(75)*	*(63)*	*(12)*
Of which other income/(expense)	*8*	*(15)*	*23*
Adjusted EBIT from continuing operations (a)-(b)	**(96)**	**(12)**	**(84)**
As a % of revenues	(3.2)%	(0.3)%	(289) bps
Depreciation & amortization[(2)]	261	305	(44)
IT capacity use for rendering in Production Services	2	31	(29)
Adjusted EBITDA from continuing operations	**167**	**324**	**(157)**
As a % of revenues	+5.6%	+8.5%	(298) bps

(1) Change at current currency.
(2) Including reserves (risk, litigation, and warranty reserves)

(in million euros unless otherwise indicated)	2020	2019	Change[(1)]
Profit (Loss) from continuing operations before tax and net finance costs	**(264)**	**(121)**	**(144)**
As a % of revenues	(8.8)%	(3.2)%	(561) bps
of which:			
Production Services	(103)	3	(106)
As a % of revenues	(20.0)%	+0.3%	ns
Connected Home	(21)	(24)	3
As a % of revenues	(1.2)%	(1.2)%	1 bps
DVD Services	(111)	(94)	(17)
As a % of revenues	(15.7)%	(10.6)%	(510) bps
Corporate & Other	(29)	(6)	(24)
Adjusted EBIT from continuing operations	**(96)**	**(12)**	**(84)**
As a % of revenues	(3.2)%	(0.3)%	(289) bps
of which:			
Production Services	(87)	19	(106)
As a % of revenues	(16.9)%	+2.2%	ns
Connected Home	17	(12)	30
As a % of revenues	+1.0%	(0.6)%	35 bps
DVD Services	(9)	(16)	8
As a % of revenues	(1.2)%	(1.9)%	61 bps
Corporate & Other	(18)	(2)	(16)
Adjusted EBITDA from continuing operations	**167**	**324**	**(157)**
As a % of revenues	+5.6%	+8.5%	(298) bps
of which:			
Production Services	18	164	(145)
As a % of revenues	+3.6%	+18.3%	ns
Connected Home	110	79	31
As a % of revenues	+6.2%	+4.0%	225 bps
DVD Services	54	81	(27)
As a % of revenues	+7.6%	+9.1%	(156) bps
Corporate & Other	(14)	1	(16)

(1) Change at current currency.

(in million euros)	**2020**	**2019**
Adjusted EBITDA from continuing operations	**167**	**324**
Changes in working capital and other assets and liabilities*	(103)	(96)
Pension cash usage of the period	(30)	(26)
Restructuring provisions – cash usage of the period	(46)	(35)
Interest paid	(51)	(65)
Interest received	3	1
Income tax paid	(12)	(12)
Other items	(9)	(21)
Net operating cash generated from continuing activities	**(81)**	**70**
Purchase of property, plant and equipment (PPE)	(33)	(70)
Proceeds from sale of PPE and intangible assets	-	-
Purchase of intangible assets including capitalization of development costs	(75)	(99)
Net operating cash generated from discontinuing operations	(18)	(11)
Free Cash Flow	**(207)**	**(111)**

* *Including IT capacity use for rendering in Production Services of (2)m€ in 2020 and (31)m€ in 2019.*

2.3 LIQUIDITY AND CAPITAL RESOURCES

GRI *[103-2 Economic performance] [201-1]*

This section should be read in conjunction with Chapter 3: "Risks, Litigation and Controls", section 3.1.1: "Global market and industry risks" of this Universal Registration Document and note 8 to the consolidated financial statements.

2.3.1 Overview

2.3.1.1 PRINCIPAL CASH REQUIREMENTS

The main cash requirements of the Group arise from the following:

- **working capital requirements from continuing operations:** the working capital requirements of the Group are based in particular on the level of inventories, receivables and payables;
- **losses relating to discontinued operations:** the Group must also fund the losses and cash requirements, if any, of its discontinued operations. For more information on the risks associated with the sale of these activities please refer to Chapter 3: "Risks, litigation and controls" section 3.1: "Risk factors" of this Universal Registration Document;
- **capital expenditures:** the Group must regularly invest in capital equipment to operate its businesses;
- **repayment or refinancing of debt:** at each debt maturity date, the Group must either repay or refinance the maturing amounts;
- **dividends:** in 2020 no dividends were paid, but the Group may have to fund future dividends.

2.3.1.2 KEY LIQUIDITY RESOURCES

To meet its cash requirements, the Group's main sources of liquidity consist of:

- **cash and cash equivalents:** the amount of cash and cash equivalents was €330 million at December 31, 2020. In addition, €56 million in cash collateral and security deposits was outstanding at December 31, 2020 to secure credit facilities and other Group obligations;
- **cash generated from operating activities**;
- **proceeds from sales of assets:** in accordance with the Group's debt documentation, the proceeds from the sale of assets must be used in some cases to repay debt;
- **committed credit lines:** at December 31, 2020 the Group had one of credit line for an amount of €102 million secured by trade receivables the availability of which varies depending on the amount of receivables. For more information about the Group's credit lines please refer to note 8.2.3 to the Group's consolidated financial statements.

2.3.2 Cash flow

(in million euros)	2020	2019
Cash and cash equivalents at January 1	**65**	**291**
Net operating cash generated from continuing activities (I)	(81)	70
Net investing cash used in continuing activities (II)	(138)	(171)
Net financing cash used in continuing activities (III)	522	(91)
Net cash used from discontinuing activities (IV)	(23)	(33)
Net decrease in cash and cash equivalents (I+II+III+IV)	**280**	**(226)**
Exchange gain (losses) on cash and cash equivalents	(16)	-
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**330**	**65**

NET CASH GENERATED FROM OPERATING ACTIVITIES

Continuing operations

Net Income from continuing operations was a loss of €193 million in 2020 compared to a loss of €208 million in 2019. Net operating cash used from continuing operations amounted to €(81) million in 2020, compared to €70 million generated in 2019. The variations between 2019 and 2020 are analyzed in the table below:

(in million euros)	2020	2019
Profit (Loss) from continuing operations	**(193)**	**(208)**
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations:		
• non-cash depreciation, amortization and impairment of assets	351	385
Profit from continuing operations before depreciation, amortizations and impairment of assets	**158**	**177**
Cash payments of the period related to provisions	(84)	(89)
Non-cash P&L impact of the provisions of the period	100	41
Net gain on financial restructuring	(158)	-
Other various adjustments	(38)	17
Operating cash generated from continuing operations	**(22)**	**146**
Net interest paid and received	(48)	(64)
Income tax paid	(12)	(12)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(81)**	**70**

NET CASH USED IN INVESTING ACTIVITIES

Continuing operations

Net investing cash used in continuing activities was €138 million in 2020 compared to €171 million in 2019, and included:

- net capital expenditures, which amounted to €108 million in 2020 (compared to €169 million in 2019), due to cash expended relating to tangible and intangible capital expenditures. In 2020, net capital expenditure amounted to €33 million in the Production Services segment and was mainly related to intangible asset spending and production capacity increase, €62 million in the Connected Home segment, mainly due to capitalized R&D projects and new product introduction tools and €12 million in the DVD Services segment, mainly from patents;
- acquisition of businesses (net of cash acquired), which amounted to €(3) million in 2020, compared to € (3) million in 2019;
- proceeds from sales of equity holdings, which amounted to €7 million in 2020 compared to €1 million in 2019 (net of cash in companies disposed of);
- net grant of loans & security deposits amounted to €(34) million in 2020 compared to €(1) million in 2019.

NET CASH USED IN FINANCING ACTIVITIES

Continuing operations

Net financing cash generated in continuing activities was €522 million in 2020 compared to €91 million of cash used in 2019.

In 2020, the net cash generated resulted from the new debt raised as part of the Group's financial restructuring.

In 2019, the net cash used includes mainly payment of capital leases and of operating leases (IFRS 16).

For more information, please refer to note 1.1.8 and 11.2 to the Group's consolidated financial statements.

Discontinued operations

Net cash used in discontinued operations was €23 million in 2020 compared to €33 million of cash used in 2019.

2.3.3 Financial resources

Gross financial IFRS debt totaled €1,142 million at the end of 2020, compared with €1,298 million at the end of 2019. At December 31, 2020 debt consisted primarily of (i) term loans issued by Technicolor USA Inc. in U.S. dollars and New York law based notes issued by Tech 6 in euros (together, the "New Money" debt), (ii) reinstated term loans issued by Technicolor SA in U.S. dollars and euros (the "Reinstated Term Loans") comprising the remaining term loan and revolving credit facility debt following their partial conversion to equity in the Group's financial restructuring in 2020 and (ii) lease liabilities. At December 31, 2019, financial debt consisted primarily of €980 million of term loans issued in 2016 and 2017 and lease liabilities. Financial debt due within one year amounted to €72 million at the end of 2020 and €95 million at the end of 2019.

At December 31, 2020 the Group had €330 million of cash and deposits, compared with €65 million at December 31, 2019.

For more detailed information please see the notes to the Group's consolidated financial statements: for the Group's financial restructuring see note 1.1 and for the Group's debt, please refer to note 8.3.

	Type of interest rate	Amount at December 31, 2020 *(in million euros)*	First maturity	Existence of hedges
New Money/Reinstated debt	Floating	931	2021	Yes
New Money/Reinstated debt – accrued interest	NA	32	2021	No
Lease liabilities	Fixed	178	2021	No
Other debt	Various	1	2021	No
TOTAL DEBT		**1,142**		
Available cash and deposits	Floating	330	0 to 1 month	No
Committed credit facilities(1)	Floating	102		
TOTAL LIQUIDITY		**432**		

(1) Availability varies depending on the amount of receivables (please refer to note 8.2.3).

2020 DEBT ISSUANCES

Please refer to note 1.1 to the Group's consolidated 2020 financial statements for a detailed description of the debt issuances undertaken by the Group in 2020 in the framework of its financial restructuring.

PROVISIONS FOR PENSIONS AND ASSIMILATED BENEFITS

In addition to the debt position described above, the Group has reserves for post-employment benefits that it provides to its employees, which amounted to €355 million at December 31, 2020 (compared with €375 million at December 31, 2019). For more information on the Group's reserves for post-employment benefits, please refer to note 9.2 to the Group's consolidated financial statements.

LIQUIDITY RISK

For more information about the Group's liquidity risk, please refer to note 8.2.3 of the Group's consolidated financial statements.

RATINGS

The Group uses the services of rating agencies to help investors evaluate the credit quality of the Group's debt.

In September 2020, Standard & Poor's (S&P) attributed a CCC+ rating to Technicolor SA (corporate rating), a B rating to the New Money debt and a CCC rating to the Reinstated Term Loans. All ratings have a stable outlook.

In September 2020, Moody's attributed a Caa2 rating to Technicolor SA (corporate rating), a Caa1 rating to the New Money debt and a Ca rating to the Reinstated Term Loans. All ratings have a stable outlook.

None of the Group's debt has clauses referring to the Group's credit ratings.

2.4 SUBSEQUENT EVENTS

GRI *[102-10]*

On January 14, 2021 the Group announced the sale of its Post-Production business to StreamlandMedia for €30 million. This strategic sale is part of the Group long-term vision for its Production Services to focus on VFX and animation for the entertainment industry, and expand its creative services and technologies for the advertising industry, which provide the maximum value to the Group clients. The sale, which is subject to customary conditions, is expected to close during the first half of 2021.

2.5 INFORMATION ON COVID-19

GRI *[102-10] [102-15] [103-1 Economic performance] [103-2 Economic performance] [103-1 Market presence] [103-2 Market presence] [103-1 Procurement practices] [103-2 Procurement practices] [103-1 Employment] [103-2 Employment] [103-1 Occupational health and safety] [103-2 Occupational health and safety]*

The Covid-19 pandemic and the related sanitary measures to face it have had a significant impact on all Technicolor activities..

Covid-19 has impacted almost all businesses around the world. The effect on Technicolor has been significant even if the Group has been able to add the technical capacity necessary to support secure remote working conditions wherever possible for a large percentage of employees.

- In Production Services:
  - following the major U.S. studios' reaching an agreement in September with all the key Hollywood unions, production activity began to accelerate during the fourth quarter of 2020. Furthermore, a number of countries like Canada, France and the UK have launched and/or extended pandemic-related support programs including wage subsidies and production insurance/indemnity schemes that provide pandemic-related coverage,
  - there continue to be production stoppages/delays as the latest waves of the pandemic temporarily restrict production activity or limit international travel for talent and crew. Nevertheless, as vaccinations continue to roll out globally, the industry is optimistic about a steady return to normalcy during the back half of 2021,
  - overall, Production Services continues to observe an increasing level of bidding activity for projects, particularly for streaming/OTT distribution in addition to large tentpole films targeting to ramp-up production once Covid-19 vaccine distribution has reached a critical mass later in the current year;
- In Connected Home:
  - Connected Home has remained fully operational throughout the Covid-19 crisis due to the early adoption of a remote work model that successfully moved half of all employees off site to ensure key engineering facilities remained safe and open,
  - the Covid-19 impact is now limited for its Asian-based manufacturing and supply chain, but is still impacting capacity in Latin America for manufacturing and back-end operations;
- In DVD Services:
  - theatrical new release activity was very limited in 2020 from March onwards due to the Covid-19 outbreak, with many key title release dates getting pushed out into 2021, which in most cases results in the home entertainment release being delayed as well, directly impacting DVD Services revenue/volume activity,
  - most major retailers remained open during the pandemic, but the level of sales activity was below normal with some signs of improvement in the fourth quarter. Without new release content, some retailers are continuing to allocate shelf space to catalog/library content promotions, which should continue to support DVD replication volumes in 2021,
  - some production facilities experienced temporary staffing shortages, but the overall impact to operations was low,
  - the ongoing Covid-19 impact will be dependent on the extent and duration of ongoing restrictions (driven by the rate of new Covid-19 case growth). The specific timing and extent of the reopening of movie theaters will impact the level of new disc release activity. DVD Services has accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts.

RISKS, LITIGATION, AND CONTROLS

Strong risk monitoring & mitigation **efforts**

202 security audits supported in 2020

2020 Internal Control 8TIC'S campaign
3,047 self-assessed controls supported by
278 control owners

The first section of this Chapter describes the main risks identified by the Group that could affect its businesses, financial situation or sustainability. Additional risks which are either not identified or which are considered today as not significant may also have a significant impact on the Group's performance.

The next sections describe respectively litigation, internal controls, and insurance.

3.1 RISK FACTORS

GRI *[102-15]*

The following risk factors are limited to risks which are specific to the Issuer and which are material for taking an informed investment decision, as corroborated by the content of the Issuer's Universal Registration Document. In each category below the Issuer, in its assessment, is taking into account the expected magnitude of the negative impact of such risks on the Issuer and the probability of their occurrence.

This description, made of explanations of each individual risk, management and monitoring actions and completed with an indication of the risk trend ⬆, stable ➲ and down ⬇, is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Universal Registration Document (Document d'enregistrement universel).

The classification of the risks relating to the business, the financial, and market risks below are the result of a regular analysis as part of the Issuer's internal risk management process which is referred to on page 68 of the Universal Registration Document of the Issuer for the year ended December 31, 2020, after taking into account any mitigation measures resulting from such internal risk management process. Despite such mitigation measures, the Issuer considers that the risks listed below remain significant for the Issuer, and the most material risks are set out first in each category below and indicated by a star ✪.

The risks that Technicolor considers to be the most important are pointed out by two ✪✪ on account of their occurrence probability and/or the seriousness of their prejudicial characteristics.

Top three risks faced by the Group:

- economic, political & social environment;
- liquidity;
- supplier and key component dependency.

Global market & industry risks

• Health and Safety ✪	• Evolving Legal Compliance & Ethics ✪✪
• Economic, Political & Social Environment ✪✪	• Cybersecurity ✪✪
• Attract Talents & Invest in Culture ✪✪	• Business Continuity
• Diversity and Human Rights	• Physical Security
• Skills & Knowledge Management, Development & Retention ✪✪	

Operational risks

Production Services	Connected Home	DVD Services
• Customer Project Management ✪	• Supplier and Key Component Dependency ✪✪	• Raw material and Other Key Input Dependency ✪✪
• Tax Credits Evolution	• Client Concentration and Dependency ✪✪	• Customer Concentration and Contract Negotiation
		• Supply Chain and Manufacturing
		• Labor Force Availability

Financial risks

• Liquidity ✪✪	• Impairment of non-current assets, including goodwill
• Indebtedness	• Restructuring plan
• Interest rate and exchange rate fluctuations	

Litigation

• Antitrust Procedures	• Toxic Tort Lawsuits in Taiwan

3.1.1 Global market and industry risks

GRI *[102-15]*

HEALTH AND SAFETY

GRI *[103-1 Occupational health and safety] [103-2 Occupational health and safety] [403-5]*

Risk identification	Risk monitoring and management
Most of the Group's employees typically work in office buildings, so the environment, health and safety risks are limited to this perimeter. Regarding manufacturing sites, the Group operates three DVD and Blu-ray™ replication sites (two main locations in Mexico and Poland, and a smaller one in Australia) and one CPE (Consumer Premises Equipment) assembling site (Brazil). The distribution centers of the DVD Services Division are also an area of exposure to the environmental, health and safety risks, and they are located mainly in the U.S., Mexico, Canada, United Kingdom and Australia. Nevertheless, the advent of the Covid-19 pandemic, and associated guidance issued by the World Health Organization, has negatively impacted the Technicolor Group. Beyond the major human impact on Technicolor employees, the Group had to temporarily close some facilities following local government restrictions. The supply chain was impacted, especially in China, due to the reduced capability of Technicolor's suppliers to produce and deliver the products. Moreover, our customers have been impacted as well, due to national and local lockdowns resulting in significant reduction in demand, particularly in Production Services and DVD Services (with some exceptions). The pandemic could have a further negative impact on the Group's financial results given the significant uncertainty remaining around the duration and ongoing magnitude of the disruption which it is causing.	Normally, standard and regular health & safety training are delivered to the Group's employee as well as to the agency workers and contractors working in our locations to prevent injuries and accidents as part of global injury prevention programs. Considering the Covid-19 pandemic, increased cleaning and screening measures were implemented to minimize the risk of Covid-19 contamination of our workers. Injuries and severity rates are monitored with remediation actions. Industrial sites are regularly audited to review and assess health & safety risks and implemented prevention measures. Technicolor is closely monitoring the evolution of the Covid-19 pandemic, and is taking all appropriate measures in order to support its customers throughout this difficult period and to ensure the safety of its employees. The Group is also evaluating any potential impacts to production and deliveries and will try to mitigate *via* alternative plans where necessary. The Group has successfully implemented work from home arrangements to ensure continuity and productivity across the Group, including in Production Services and Connected Home. Supply chains in China resumed activity relatively quickly, which provided strong support to Technicolor's Connected Home Division. Finally, in order to react quickly and to take all necessary measures, the Group set up a Covid-19 task force to address daily/weekly required actions and monitor on-going developments (please refer to Chapter 2, section 2.5: "Information on Covid-19"). For further details on health and safety actions conducted by Technicolor, see Chapter 5, section 5.1.5: "Covid-19", and section 5.2.5: "Safety at work" of this Universal Registration Document.

ECONOMIC, POLITICAL & SOCIAL ENVIRONMENT

GRI *[103-1 Economic performance] [103-2 Economic performance]*

Risk identification	Risk monitoring and management
The ongoing Covid-19 pandemic has resulted in a deterioration in the macroeconomic environment adversely affecting consumer confidence, disposable income and spending, and resulting in decreased volumes for some of the Group's products and services. For example, Technicolor is well established in Latin America through the Connected Home segment, and the economic uncertainties in this area may negatively impact its revenue and results. The pandemic has also severely impacted the theatrical exhibition market. Sustained cinema closures and/or capacity constraints will continue to impact the timing of new releases, which may negatively impact the revenue and results of DVD Services and Production Services. Also, Technicolor has installed its main Production Services activities in certain locations attractive to its customers, for production related tax incentives as an example. Any material change to the incentive programs available in such locations may impact significantly the decisions by customers on where they outsource production services like VFX and Animation. Furthermore, weakness in general economic conditions may result in an increasing number of the Group's customers becoming delinquent on their obligations to the Group or being unable to pay, which in turn could result in a higher level of receivables write-offs. Any prolonged global economic downturn may therefore have adverse effects on the Group's operating results or financial condition. The exit of the United Kingdom from the European Union may also have negative impacts on the Group performance. For example, there is potential risk to Production Services' operations from any delays in talent mobility, whether from hiring and bringing talent into the United Kingdom or securing visas for U.K. talent to work in the European Union. Similarly, Connected Home and DVD Services may experience delays in deliveries and/or new cross-border cost impacts.	The Group's presence in geographically diversified markets makes it less sensitive to adverse economic conditions in a given market; particularly during a global pandemic where certain key markets have returned to relative normalcy more quickly than others. Risks concerning the regulatory, political and social environment are managed by each business and at the Group level by the Strategy Committee, either in a decentralized form for risks specific to a given activity, or through support functions. They are regularly reviewed in detail by Group Management as part of the Monthly or Quarterly Business Review meetings. Specific to Covid-19, the Group established a Covid task force that immediately prepared and circulated a Covid-19 playbook and continues to convene weekly to ensure best practices and compliance with local regulations. Regarding the impact of general economic conditions on customers, the Group's Finance department has longstanding policies in place for regular monitoring of debtors and credit checks on new clients and the Group continues to closely monitor Brexit risk on its operations. Connected Home is evaluating options to mitigate any logistics and customs delays, including the use of outside brokers to alleviate administrative burdens and delays. DVD Services has been proactive in its prior verbal and written communications with customers on Brexit. DVD Services did not experience any negative impact in 2020 related to Brexit, and will continue to monitor the situation as volume and activity picks up in 2021. Production Services remains in constant communications with immigration counsel and Human Resources to stay abreast of the latest regulations impacting talent mobility across borders. Today, Technicolor considers Brexit a relatively shorter-term risk during this transitional period.

ATTRACT TALENT & INVEST IN CULTURE

GRI *[103-1 Employment] [103-2 Employment] [103-1 Training and education] [103-2 Training and education] [103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity]*

Risk identification	Risk monitoring and management
The Group depends on the continued recruitment and involvement of key team members, with strong technical skills and industry knowledge, such as some film directors, VFX supervisors or colorists for Production Services, engineers for Connected Home, pen testers in IT/Security, etc. In addition, the technology experts are essential team members in order to improve the quality of the products we develop. Furthermore, the talent pool from which the business draws much of its staff is highly geographically mobile. Any material delays in the immigration process (i.e. Brexit) for new hires may also negatively impact the Group's operations. The absence of a strong People & Talent (formerly known as Human Resources) strategy/value proposition, cultural initiatives for inclusion plus challenged financial results may lead the Group to be less attractive. Coupled with the current external pandemic challenges (which may result in required furlough and/or layoffs), the Group may experience a longer recruitment process and/or talent may be less motivated to join the Group. The new working environment will entail significant work from home scenarios. Lack of initiatives to strengthen the collaborative culture and creativity could result in a sense of isolation, mental health challenges, unethical behavior and/or inefficiencies.	To limit the impact that these risks might have, People & Talent has reengineered its mission, operations, and programs to better suit the current environment and business needs. These initiatives include recruitment programs, annual talent reviews, and the launch of a global Diversity, Equity, and Inclusion program aimed at demonstrating the Group's long-term commitment to celebrating our differences and representing the diversity of the communities and clients it serves. In addition to the Production Services Technicolor Academy, which serves as training camp for aspiring digital artists, in 2018 Production Services launched *The Focus* to consolidate talent recruitment across all business units to make more efficient the global recruiting process, identify new talent pools, facilitate international mobility and fill capacity across sites. In 2020, the Technicolor Academy trained 188 artists across its primary hubs in Montreal (Canada) and Bangalore (India). In 2020, and under the restrictions generated by the pandemic, these sessions were migrated to live virtual delivery ensuring flexibility and scalability. New Virtual Academies are supporting artist development across studios globally to ensure a consistent show-ready skill set. The Focus team continues to build university partnerships to provide curriculum guidance to help ensure skill alignment with market needs, to provide mentoring to students, and to participate in recruitment initiatives all while promoting diversity. Regarding immigration, the Group has established and continues to nurture longstanding relationships with local external counsel/immigration administrators in order to encourage their support in facilitating the immigration process. As an element of differentiation to attract and retain employees, Technicolor strives continuously to improve its benefits policy. Surveys were launched to check employees' morale and mindset for those employees who were working from home for long periods. Soft skills training was delivered to support the change of working relations. A worldwide Diversity, Equity and Inclusion initiative targeting all employee's communities was also launched with local involvement.

DIVERSITY AND HUMAN RIGHTS

GRI *[103-1 Training and education] [103-2 Training and education] [103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity] [103-1 Non-discrimination] [103-2 Non-discrimination] [103-1 Human Rights assessment] [103-2 Human Rights assessment] [103-1 Supplier social assessment] [103-2 Supplier social assessment]*

Risk identification	Risk monitoring and management
Creative and innovative industries require diversity of talent to be able to differentiate from the competition: gender, culture, and experience are key elements and must be present in the same location. Obstacles to diversity create a risk in the ability to compete or develop new products. This is valid from the software development to the Visual Effects or Animation industries, as our products and services are equally used or watched by women and men, around the world. Obstacles can be internal and internal policies ensure gender mix and equality. But they also can be external to the Group, preventing the recruitment of talent from diverse origins in a location. In a growing market, access to talent is key, and modification of these rules (e.g. such as immigration rules, national educational system, gender mix, etc.) can create tensions in the countries where the Group operates. As in any organization, discrimination and harassment may occur. Beyond the fact that these behaviors are totally unacceptable in creative and in industrial environments, such behaviors are also detrimental to the attractiveness and retention of talent, or the safety of the operations, as well as, to the reputation of the Group. Supply chains and logistics are becoming more complex, with an increased number of stakeholders and levels of subcontracting. Detection and prevention of human rights violations in the chain is essential, together with remediation in case of occurrence.	Internal proactive policies to increase the proportion of women in management position in the Group is the first lever. Developing the Group's attractiveness as a place to work (responsibility, engagement, development) allows us to better absorb changes of regulation, compared to the competition, that may affect the Group's talent diversity. Proactive actions toward public authorities are key levers to mitigate the shortage of talent mix. Employee training is organized to raise awareness on harassment and discrimination, and to help prevent them. In certain countries, training sessions of self-defense are also organized for women. A whistleblowing hotline is open to receive harassment and discrimination alerts. Sanctions may be taken after investigation and conviction. A supplier's risk mapping is maintained on a regular basis, together with physical on-site audits of suppliers presenting the higher risk (country and activity). The Group Whistleblowing procedure is open to collect alerts in this area. Contracts with suppliers include terms and conditions forbidding human rights violations with sanctions, including immediate termination for the most serious violations. Alternative suppliers are always considered to prevent production disruption.

SKILLS & KNOWLEDGE MANAGEMENT, DEVELOPMENT & RETENTION

GRI *[103-1 Training and education] [103-2 Training and education]*

Risk identification	Risk monitoring and management
The Group relies significantly on the expertise of some employees with a high level of skills and knowledge (in key positions) for whom there is no backup solution if these employees were to leave the Group (e.g. Finance leaders, IT specialists, etc). In addition, not having the proper tools and processes in place for the development of existing employees (i.e. training of soft and technical skills) and the identification of key talents would expose the Group to not being able to retain employees.	Several programs across the Group have been implemented to ensure proper knowledge retention including the formalization and/or documentation of cross training initiatives and documentation of key activities supporting the financials. Succession plans and identification of key experts is part of the reengineering of the People & Talent's organisation. Global training programs have been adapted to distance learning general conditions, including soft skills.

EVOLVING LEGAL COMPLIANCE AND ETHICS

GRI *[103-1 Socioeconomic compliance] [103-2 Socioeconomic compliance]*

Risk identification	Risk monitoring and management
The Group operates in a large number countries, and has to deal with various and complex regulations. The laws and regulations to which the Group may be subject include general business practices, competitive practices, anti-corruption, handling of personal data, consumer protection, corporate governance, employment laws, local and international tax regulations and export compliance for high-tech products. Any major change in these laws and regulations could impact the Group's businesses. In addition, without a defined and strong Governance framework (updated Group policies, communication, and training), we could be exposing the Group to further liabilities. Despite its best efforts, the Group may have to face proven or unproven allegations that it has failed to comply with national or international regulations, and this could have a negative impact on its reputation, growth outlook and financial performance. In addition, any major change in these laws and regulations could impact the Group's businesses.	To limit its exposure to such risks, the Group develops Compliance programs to cover issues common to its businesses. These program updates are reviewed with the Board of Directors. Under the control of Management and through the actions of the Compliance Officer, the Group seeks to constantly improve its programs and employee awareness initiatives and to put in place procedures for preventing and handling potential risks in this regard. Moreover, the Company audits its subsidiaries around the world on a regular basis and consults outside experts to validate compliance with applicable regulations, in various aspects of its operations. Technicolor conducts a compliance approach across the Group, building on its Code of Ethics and culture of integrity. This compliance program sets down general rules and procedures that must be respected by all employees and entities, on the basis of which a series of business specific and as applicable, local procedures are then defined. These procedures are translated and adapted in line with local regulations and culture. In 2018, the Group updated and improved its existing Code of Ethics.

CYBERSECURITY

GRI *[103-1 Customer privacy] [103-2 Customer privacy]*

Risk identification	Risk monitoring and management
The secure maintenance and transmission of Technicolor and customers' information is an essential component of the Group's operations due to highly sensitive and confidential content. The failure to have sufficient and effective content security systems and protocols both onsite and during remote working scenarios may lead to loss, disclosure, misappropriation, alteration and unauthorized sharing and access to sensitive information and assets (Intellectual Property). Product developments may become more expensive or take a longer time than initially planned due to unexpected challenges in the development cycle, potential quality issues linked to the technological complexity of the products, resource constraints or dependency on third party deliveries. Products and data may be vulnerable due to the increase in volume and sophistication of hacking or other types of malicious attacks (e.g. phishing) which expose the Group to liabilities, extra cost for remediation, or compensation for prejudices. Furthermore, remote work environments have now become a requirement across the globe because of the Covid-19 pandemic, potentially leading to greater content security risks as the security perimeter extends from our facilities into employees' homes. Failure of employees' awareness on cyber risks increases risk of phishing campaigns and introducing malwares in our systems. Those consequences may drive key customers to withdraw work from Technicolor, and are likely to expose the Group to significant financial burdens, liability, loss of reputation and loss of revenues.	The security actions related to Production Services content production networks are led by internal security teams which focus on the mitigation of these risks. These security actions and protocols are continuously implemented, enforced, evaluated and updated as production needs evolve and as new technologies or threats emerge. The Connected Home centers for product development or implementation of services include quality assurance functions that are responsible for establishing and measuring suitable quality indicators, and developing action plans to improve the quality of the products and services with management reviews at key milestones. To ensure high security standards, a security approval procedure is in place for the new products delivered by the Connected Home Segment. This procedure is part of the product development project management methodology. Once products are delivered, an incident response procedure is in place to support customers. This procedure includes a vulnerability disclosure protocol, to allow security researchers to report any weakness in Connected Home products and allow us to address risks before public disclosure and/or materialization of said risk. The security policies and the use of qualified suppliers, equipment and software, combined with regular security trainings, security assessments and penetration testing, aim to mitigate the risk to an acceptable level. For physical security risks, a dedicated team conducts risk assessments on all critical sites and suggests a remediation plan for local security coordinators when needed. In 2020, working in collaboration with clients and industry organizations, the Group has successfully transitioned to secure work-from-home environments and workflows where required based on local government requirements. Technicolor security standards are continuously reviewed and updated to stay current with the industry and with established security policies. Overall in 2020, Technicolor supported over 202 security audits, which included a combination of internal and external audits. Audit findings are tracked and managed by internal teams. In 2020, the Group delivered security awareness training to all employees and provided multiple communications around phishing, malware and general security practices, with an increased focus on the impacts of an increase in remote work.

BUSINESS CONTINUITY

GRI *[102-34]*

Risk identification	Risk monitoring and management
Risk that critical processes are impacted or even forced to cease operations by natural disasters (e.g. pandemic, earthquake, floods, *etc.*) and/or man-made incidents are not identified and mitigated in a Business Continuity Plan (BCP). The lack of visibility on the maturity of BCPs in the Divisions, as well as, at Group level, may significantly handicap the Group in returning to operations quickly, and may ultimately have a significant impact on its financial situation. Not updating BCPs with lessons learnt from this pandemic crisis could put the Group in the same situation in the future. This is not only applicable to the Group, but also to all our third parties. Risk that climate and environmental changes (Covid-19) could lead to an economic recession, thus impacting our key partners' operations (customers and suppliers) given governmental decisions. In addition, risk that IT Disaster Recovery (DR) does not sufficiently anticipate the information systems capabilities necessary to restore IT applications and services in an orderly and timely manner following a major incident. Risk of poor coordination between IT DR and BCP (operations) may compromise the efficiency of the continuity solutions, such as the implementation of work from home solutions. Lack of tabletop exercises may leave potential opportunities for improvement should the risk materialize.	A common framework with strong governance, supported by a defined matrix organization and leadership team by Division exists across Technicolor, supported by the Technicolor Security Office. Crisis Management and Employee Safety (CMES) programs are established along with significant business incident (SBI) tools and an underpinning process with HR and TSO. Tools, process and resources are in place to anticipate the unforeseen risks (i.e. pandemic). BCP programs were effectively rolled out in 2020 and post pandemic refinement of such plans and processes have been defined across the Group with updated governance and central view of BCPs across the Group.

PHYSICAL SECURITY

GRI *[103-1 Customer privacy] [103-2 Customer privacy]*

Risk identification	Risk monitoring and management
The Group is exposed to physical security risks via its contractual obligations to protect customers' content across the businesses (e.g. DVD supply chain services provided by the Division, from receipt and storage of content masters, to replication onto optical media, and through the successful delivery of finished products into retail). Any illegal copies and/or stolen finished goods can result in material economic loss for the customer. Therefore, any physical security failures by the Division may result in financial penalties, loss of customer contracts, and damage to the Group's image and reputation. In addition, the Group is also exposed to physical security risks at all its locations to protect its employees and systems. Insufficient measures in place and maintenance support may result in potential security issues and damage the Group's image and reputation with its employees and customers.	Rigorous security policies and controls have been implemented by a dedicated team (i.e. Loss Prevention Department, Security, etc.) and are enforced on all sites that handle customer content. Risk assessments and associated mitigation actions are performed annually and upon environmental changes. Employees are provided with security awareness training and are a part of the Division's security network. Several customers and industry associations regularly audit these security procedures on a recurring basis (see Cybersecurity). The facilities are guarded by effective perimeter controls, alarms and extensive surveillance devices. All personnel and visitors are subject to strict security access controls, and upon exit, higher risk sites require searches using handheld metal detectors and/or full body scanners, and all personal belongings are inspected. All third-party service providers (such as transportation and janitorial services providers) are thoroughly vetted to ensure compliance with Technicolor security standards. In addition, insurance coverage for theft of products are in place (including Property and Cargo policies).

3.1.2 Operational risks

GRI *[102-15]*

PRODUCTION SERVICES

CUSTOMER PROJECT MANAGEMENT

Risk identification	Risk monitoring and management
Projects in the Production Services Division vary greatly in size, with several large projects that can last 12-18 months and numerous small ones that require much quicker turnarounds. The difficulty resides in the proper allocation of resources to deliver a production on time and on budget, mitigating gaps between projects, and managing changes by clients in production scope, production schedules and release dates. The projects can also be executed across multiple geographies and time zones, which may create challenges for the management of such projects. If a project consumes more resources than initially planned, it may lead to cost overruns that may be difficult to recover from our customers, especially given that much of Production Services' business operates under fixed-price contracts. Dependencies may also exist with the customer and/or other service providers of the customer that can negatively impact the time available for Production Services to complete a project. For example, Production Services' VFX businesses are dependent upon the client's turnover of shots; any delay in turnover by the client reduces the amount of time Production Services has to complete them, which may then require additional resources and costs in order to maintain the production schedule.	In Production Services, there are dedicated processes in place for risk assessment that are regularly updated throughout the execution of the projects to address any mitigating actions needed. As part of the bidding process, the allocation and planning of resources is reviewed by production management to ensure that the assessment is adequate to deliver the project plus the allocation of a contingency. During production, robust monitoring of projects, including regular cost-to-complete financial reviews, is established to ensure that work-in-progress is in line with budgets initially approved, as well as anticipate any deviations in terms of resources, quality and delivery timing. Progress reports and management indicators are built to support this monitoring process. To ensure that quality of services is in line with customers' expectations, initial tests and intermediary deliveries are scheduled with customers. The division also uses workflow management tools which help to coordinate reviews and deliveries with third parties and limit the dependencies risks. Further mitigating client dependencies, with fixed bid awards, contracts have well-structured change order provisions to allow for the negotiation of award increases or decreases if a client materially changes the project scope or scale or for creative retakes. With a network of production studios across the globe, Production Services also has the scale and technology to optimize resource allocation and utilization if a specific project requires additional resources that were not previously anticipated or if a client changes its production schedule and/or release date for the project.

TAX CREDITS EVOLUTION

Risk identification	Risk monitoring and management
Some states, provinces or countries like Canada, the United Kingdom, France and Australia have developed incentive programs for film, television/streamers and/or advertising productions (primarily for the benefit of the division's clients). These production incentive programs offer financial incentives, such as refundable tax credits, tax rebates or grants, based on the eligible production costs incurred in the production location. As a result, Technicolor has installed its main Production Services activities in certain locations attractive to its customers. Any material changes to the incentive programs available in such locations may impact significantly the decisions by customers on where they outsource production services like VFX and Animation. While the Group has been effective in optimizing the geographical footprint of its Production Services activities accordingly, and expect that it will continue to do so, there can be no assurance that the Group will not be adversely affected by changes in location-based production incentives, which is likely to expose the Group to potential loss of revenue.	Technicolor maintains an active watch on any potential material changes to the location-based production incentive landscape and strives to be agile in ramping up and down the facilities in the strategic geographies to respond to customers' preferences for where production services are done. The Tax and Public Affairs Departments of Technicolor work diligently to scrutinize the production tax incentive evolution and to provide guidelines to the operations regarding eligible criteria and administrative constraints. The Group has also established and continues to nurture longstanding relationships with local governments and trade organizations in order to be a leading participant early in any discussions regarding the evaluation and implementation of any changes in production incentives.

CONNECTED HOME

SUPPLIER AND KEY COMPONENT DEPENDENCY

GRI *[103-1 Procurement practices] [103-2 Procurement practices]*

Risk identification	Risk monitoring and management
Connected Home outsources extensive operational activities, including manufacturing and logistics, except for the manufacturing facility in Manaus, Brazil. Reliance on external suppliers and manufacturing partners means Connected Home may be exposed to the effects of production delays or other performance failures of its suppliers. Any delays in the availability of key components and sub-assembly parts, production, quantity or delivery could adversely affect Connected Home's reputation or operating performance. Technicolor manufactures and integrates products that are highly dependent on the procurement of key components (DRAM, Flash memories and passive electronic components/MLCC), sub-assembly parts, and on the design by a very limited number of suppliers and sub-contractors. In 2020, the Division's top 5 suppliers provided 58% of components. This dependence on suppliers involves several risks, including limited control over pricing, terms and conditions availability, quality and delivery schedules. Given the short supply chain, shortages of raw materials or components, quality control problems, production capacity constraints or delays by suppliers caused by any kind of source create a risk of interruptions in the availability of our products, which could reduce our net sales, adversely affect our results of operations and deteriorate our customer relationship. In addition, if our suppliers experience such problems, they may possibly give priority to other customers to Technicolor's disadvantage. Restrictions imposed to prevent the spread of Covid-19 limit the Connected Home business, where production and assembly sites in China and Brazil were impacted by disruptions on the supply chain. Nevertheless, the demand for Connected Home products is stable and supply chains in China have now resumed activity. The market price increases and shortages for DRAM, Flash memories and passive electronic components/MLCC (capacitors, resistors), which started end of 2016 for DRAM and Flash memories, and end of H1 2017 for MLCC are an illustration of this dependency of the Connected Home business on a very limited number of strategic component suppliers. In 2020, tensions have appeared on the Integrated Circuits (ICs) market, leading to significant extension of delivery lead times (e.g. from 18 weeks beginning of 2020 to 26 weeks in 2020 H2, and extending even more in 2021), increasing challenges to deliver to our customers. These products are used in a much broader range of products than for the Connected Home business, such as smartphones, PCs, tablets, automotive applications and the global imbalance between supply and demand has created a material price increase of their costs. The difficulty in mitigating this risk can significantly impact the profitability of Connected Home.	To mitigate the risks inherent to its suppliers, the Sourcing Department has established detailed procedures for operational, quality, and contractual monitoring of our main suppliers, including Contract Electronic Manufacturers in Asia and Latin America, and suppliers of key components such as integrated circuits or memory chips. An automation and optimization initiative relating to the global supply chain process to support sales and operations planning, customer forecast, commitments, Materials Resources Planning (MRP), EDI, and logistics started end of 2019 and first capabilities have been made available during 2020, delivering greater efficiency and transparency. Regular meetings are held with vendors to review supply chain performance and customer demand. Third party production vendors' facilities are required to maintain Disaster Recovery and Business Continuity Plans. The selection process of suppliers is made after careful assessment of their production capacity, quality standards, financial health and respect of social and environmental standards. To reduce dependency and allow business continuity, the procurement is diversified with some preferred vendors present in different geographies. The Company strives to foster a strong collaboration with its key suppliers to properly integrate all activities. Some longstanding suppliers have become partners with whom a strong contract management process is in place to allow flexibility in the creation of supply. Scorecards with vendors are implemented to allow a proper monitoring of the vendor performance. When possible and in line with the procurement strategy, the Connected Home Division has identified alternative sources for some of its key materials and components. Though it may limit its ability to negotiate the most favorable terms, these alternative sources are established to reduce dependency on key suppliers. In the case of sole or very limited source suppliers, as this is the case for memories and passive components, the Company has put in place a monitoring structure in charge of keeping watch of the price pressure of some components and anticipate possible shortages. In case those risks materialize, the Company initiated mitigation actions such as the inclusion of key material price index provisions in the customer contracts or negotiations with customers to compensate for sudden unexpected price variation. In 2020, the Company implemented an automated supplier risk assessment tool, and is investing in an additional Supply Chain risk monitoring tool.

CLIENT CONCENTRATION AND DEPENDENCY

Risk identification	Risk monitoring and management
A large proportion of the revenues in Technicolor's Connected Home segment is generated from large Pay-TV Operators and Network Service Providers. In 2020, the Division's top 5 customers accounted for 53% of the Connected Home segment's revenue and 31% of the Group's consolidated revenue. This concentration of revenues around a few companies in the CPE (Customer Premises Equipment) industry has accelerated with the consolidation that has taken place in recent years such as Charter Communications (acquisition of Time Warner Cable), AT&T (acquisition of DIRECTV), and Comcast's X1 syndication activities. This concentration has created opportunities for Connected Home to expand activities among these ever-larger customers while simultaneously increasing risk should entities switch to competitors. Another possible result of the concentration is a shift in the balance of power with these customers which have increasing purchasing power.	Client concentration requires suppliers to become global partners and to increase depth of relationship. Technicolor's 2015 acquisition of the Cisco Connected Devices Division is a response to the industry consolidation with efforts to deliver more value through innovation and competitive pricing through economies of scale and greater market share. Technicolor strives to foster collaboration with its customers by increasing intimacy and proximity; key account teams oversee anticipation of customer needs to deliver better services and solutions. A strong customer offer review process is in place to properly manage large requests for quotation, identify risks and mitigating actions to stay ahead of competition.

DVD SERVICES

RAW MATERIAL AND OTHER KEY INPUT DEPENDENCY

GRI *[103-1 Procurement practices] [103-2 Procurement practices] [103-1 Materials] [103-2 Materials]*

Risk identification	Risk monitoring and management
The division purchases approximately 53% of its materials, components and services from its top 10 suppliers. In addition, certain raw materials such as polycarbonate and DVD cases come from a limited number of key suppliers. Any change, delay or disruption in supply, or reallocation of capacity to a different market, product line or customer by a key supplier could cause material delays in DVD Service's production or operations, increase its production costs or harm customer relationships. DVD Services manages some of its inventory on a just-in-time basis, which exposes it to performance risks by its suppliers, as well as to certain *force majeure* risks. As a result, in addition to delays or other performance failures of its suppliers, DVD Services' operations may be disrupted by external factors beyond its control, including price volatility risks. In addition, the industries of the main suppliers may experience a further wave of consolidation, and thereby reduce DVD Services' negotiating leverage, and thus reduce the ability to meet business objectives. DVD Services' operations (particularly replication activity in Mexico, Poland & Australia) are significant consumers of electricity, and thus are exposed to utility cost/regulatory volatility in these local markets.	The selection process of suppliers is made after careful assessment of the sustainable production capacity, quality standards, financial health and respect of social and environmental standards. The Division systematically monitors price volatility of its suppliers. To reduce dependency and allow business continuity, the procurement is diversified with some preferred vendors present in different geographies. When possible, and in line with the procurement strategy, the division has identified alternative sources for many of its key materials. In the case of sole or very limited source suppliers, the Division has put in place a monitoring structure designed to track potential price pressure of select raw materials (and their constituent components) to anticipate possible shortages and/or price volatility. In some cases, the Division has further mitigation potential for sudden unexpected price variation *via* the inclusion of key material price index/pass-through provisions in certain customer contracts.

CUSTOMER CONCENTRATION AND CONTRACT NEGOTIATION	
Risk identification	**Risk monitoring and management**
The DVD Services Division operates in a concentrated market with a limited number of significant customers supported by long-term contractual arrangements. A significant percentage of the Division's revenue is derived from its major customers. In 2020, the division's top 5 customers accounted for approximately 60% of the segment's revenue, which represents approximately 14% of the Group's consolidated revenue. The DVD Services Division, which belongs to the Entertainment Services industry, has signed multi-year contracts with many of its customers, which involve multiple contractual arrangements with varying terms, conditions, and expiration dates. The Division's operating results could be adversely affected, if its customers decide to terminate these contractual arrangements (in accordance with their terms), or if the Division is unable to renew them when they expire or renew them on significantly less favorable terms. Furthermore, any systemic change in the manner in which companies in the broader Media & Entertainment industry operate, driven by broader government regulation, more significant than anticipated industry consolidation or material technology disruption, could also have a material adverse effect on operations and prospects.	The Division monitors these contractual arrangements through a robust customer offer review process, including Investment Committee/Management reviews to ensure that risks are adequately monitored and mitigated. Approved agreements are carefully monitored on a day to day basis, through detailed Service Level Agreements and these defined conditions are regularly monitored to ensure adherence and customer satisfaction. These mitigations will be particularly emphasized in the short-term as most of the key contracts are subject to renewal in the coming years. In 2020, the Division successfully renegotiated extensions and/or renewals with two major studio customers, which included improved pricing, terms and conditions for Technicolor. Following protracted negotiations, the Paramount replication/manufacturing contract will expire in mid-2021 and will not be renewed, while the associated distribution contract remains with Technicolor. The impact of this will be mitigated by accelerated actions on the part of DVD Services in respect to its business transformation plans. The Division is actively pursuing multiple initiatives to diversify its business activities and thereby further reduce the risk associated with a concentrated customer base. These initiatives include an existing and ongoing effort to grow supply chain related services (warehousing, fulfillment, transportation, *etc.*) for customers outside the Media & Entertainment industry, as well as, an initiative actively exploring diversification of manufacturing activity in the field of polymer-based microfluidic devices for use in diagnostics, life science and other applications.

SUPPLY CHAIN AND MANUFACTURING

GRI *[103-1 Procurement practices] [103-2 Procurement practices]*

Risk identification	Risk monitoring and management
The DVD Services Division's inability to obtain timely delivery of raw materials of acceptable quantity and quality could result in material delays, increased costs, and reductions in shipments of its products, any of which could increase its operating costs, harm customer relationships, or materially and adversely affect the DVD Services Division's business and results of operations. See more details on suppliers' dependency in the risk related to "Raw material and other key input dependency". Customers require high flexibility and reactivity with short lead time following their purchase orders. DVD Services operates two main manufacturing facilities for the replication of DVDs (Poland and Mexico) and various distribution facilities globally. These facilities are subject to operational risks, including mechanical and IT system failure, work stoppage, transportation disruption, customs blockage, and natural disasters. Any interruption of activity in the DVD Services Division's production, manufacturing or distribution facilities due to these or other events could result in the disruption to the operations activities, which could have an adverse effect on the business, financial condition and/or results. In addition, the DVD Services Division operates high production replication lines which are required to meet high quality standards. The failure to meet these requirements may lead to product quality issues or delays in the supply.	To mitigate the risks inherent to its suppliers, the Sourcing Department has established procedures for operational and contractual monitoring of principal suppliers, including raw materials used in the production of DVD and Blu-ray™ discs. All the main sites have a Business Continuity Plan and the reactivity of the organization is enhanced by Transversal Incident Response Plans which were tested successfully in 2020. These plans aim at minimizing the impact of any incident or supply chain disruption. The quality of the replication process is constantly monitored, and each production facility has developed a high expertise in ensuring robust industrial processes. HES tracks quality performance with a variety of KPIs and with Customer Quality Complaints on a Parts per Million (PPM) basis being the primary metric. In 2020, for WW HES it was 0.075% (or 750 PPM), which is considered excellent quality level for our industry. In addition, covering its internal operations, the DVD Services Division and the Group take insurance coverage that mitigates the risk of business disruption in case of natural disaster or other types of disaster such as fire in major production sites.

LABOR FORCE AVAILABILITY

GRI *[103-1 Employment] [103-2 Employment]*

Risk identification	Risk monitoring and management
Given the seasonality of its business, the Division relies heavily on temporary labor resources during peak periods in many of its facilities. The availability and cost of these resources can vary based on the general employment environment in the local area, competition from other employers of temporary labor, as well as, regulatory actions such as minimum wage requirements. Overall in 2020, Technicolor employed between 2,300 and 3,900 full-time equivalent temporary labor resources depending on the time of the year. Insufficient temporary labor resources could result in the inability to adequately meet customer service levels, and likewise minimum wage increases could lead to a higher than expected cost of temporary labor. More generally, work slowdowns or stoppages could also have a material adverse effect on the Division's business, financial condition, results of operations or prospects.	For temporary labor, the Division utilizes a multi-faceted approach to minimize potential risks of labor shortage, including maintaining relationships with multiple staffing agencies in each major operating area, establishing and maintaining direct relationships with local seasonal workers, and proactively seeking alternative labor pools wherever possible.

3.1.3 Financial risks

GRI [102-15]

LIQUIDITY	
Risk identification	**Risk monitoring and management**
Liquidity is the risk of not having funds to meet future financial obligations. This risk can arise if the Group's financial position deteriorates limiting its access to financial markets or if suppliers reduce payment terms. In order to identify and quantify this risk the Group has put in place regular cash forecasting, on a short-term 13 week basis, as well as, monthly cash forecasts covering longer periods. This forecasting allows the Group to compare its forecasted liquidity with its forecasted cash needs, in particular working capital requirements, investments and debt repayments. Liquidity risk materialized in 2020 due to the deterioration of the Group's financial position and in particular due to its negative cash flow in the period 2018-2020, exacerbated in 2020 by the Covid-19 pandemic.	To manage this risk, the Group's treasury management is centralized. The central treasury team manages current and forecasted financing needs and has established policies aimed at securing continued and uninterrupted access to the financial markets on reasonable terms. To meet liquidity needs the Group puts in place confirmed credit facilities and executes borrowings on the banking and financial markets and raises equity in the capital markets. In order to monitor the Group's liquidity, the Treasury Department monitors the relative proportion of the Group's debt and equity, its credit ratings (corporate ratings at December 31, 2020: S&P: CCC+ stable outlook/Moody's: Caa2 stable outlook), the outlook for the financial markets and it uses the Group's consolidated cash forecasts to track the ability to meet scheduled debt payments (see note 8.2.3 for the Group's debt maturity schedule) and other future financing needs and to respect the covenants in its debt documentation. The results of this monitoring are reported regularly to the Chief Financial Officer, the Audit Committee and the Board of Directors. As a consequence of this monitoring the Group determined a need to strengthen its balance sheet in 2020 and in line with its policies, announced on February 13, 2020, subject to conditions, a comprehensive financing plan including: • a €300 million rights issue; • an 18 month extension of the RCF and the Wells Fargo facility; and • a new short-term credit facility in the amount of $110 million. The short-term credit facility was put in place in March, but due to the financial impacts caused by the Covid-19 pandemic, the rights issue and the credit line extensions were not executed as planned. In June 2020, the Group announced a financial restructuring plan consisting of €420 million of net proceeds from new debt, deleveraging of €660 million through the equitization of existing debt and the extension of the $125 million Wells Fargo facility. These transactions were successfully executed and as a result, the Group's balance sheet was strengthened and its liquidity risk considerably reduced. For more information on this financial restructuring, please see note 1.1 to the Group's consolidated financial statements.

INDEBTEDNESS

Risk identification	Risk monitoring and management
At December 31, 2020, the Group had €1,227 million of total gross nominal debt (corresponding to €1,142 million in IFRS, taking into account the fair value adjustment) comprising mainly the "New Money" debt and the "Reinstated Term Loans", both issued in the framework of the Group's financial restructuring, for a total nominal amount of €1,016 million (€931 million in IFRS) and lease liabilities for €178 million (see note 8.3 to the consolidated financial statements). The Group has a committed receivables facility with Wells Fargo (the "Committed Receivables Facility") under which it may borrow up to $125 million on the basis of the amount of receivables available. For further information on the terms of these debt facilities and instruments, see Chapter 2: "Operating and Financial Review and Prospects", section 2.3.3: "Financial Resources" of this Universal Registration Document and note 8 to the consolidated financial statements. The level of debt may have significant negative consequences for the Group and its shareholders. For example the terms of its New Money debt require the Group to dedicate a large portion of any net proceeds from disposals, that is not used for reinvestment, towards repayment of outstanding principal, thereby reducing the availability of cash flow for other purposes. In 2020, there were no disposals that required mandatory debt repayment. In addition, the significant level of debt (€1,227 million) relative to the Group's Free Cash Flow generation (€(207) million in 2020): • increases the Group's vulnerability to adverse general economic conditions and industry developments; • may limit the Group's flexibility in planning for, or reacting to, changes in the business and the industries in which the Group operates; • may limit the Group's ability to raise additional debt or equity capital; • may limit the Group's ability to make strategic acquisitions and take advantage of business opportunities; and • may place the Group at a competitive disadvantage compared to competitors with less debt. Any of the foregoing could limit the Group's ability to grow its business. The financial loans documentation of the Group's USD New Money debt and Reinstated Term Loans as well as its Committed Receivables Facility use the London Interbank Offered Rate ("LIBOR") as a reference rate. LIBOR is scheduled to be phased out by the end of 2021. When LIBOR ceases to exist, the Group will need to agree upon a replacement index with its lenders and such new rates may not be as favorable as those in effect previously. Failure to manage these risks effectively could adversely affect the financial condition and results of operations of the Group. The financial loans documentation of the Group's debt as well as its credit facilities includes provisions which limit the Group's flexibility in operating its business, a breach of which may (in certain cases following the expiration of a grace period) constitute a default hereunder.	The risks related to indebtedness are managed by a close monitoring of the level of the Group's debt and debt maturity schedule, and the compliance with all covenants and restrictions (including operational restrictions) in the Group's debt documentation. This monitoring is part of the Group's management of its liquidity risk. With specific regard to indebtedness it consists of using the Group's 13 week and monthly cash forecasts to project future leverage ratios, covenant ratios and respect of scheduled debt maturity payments. The results of this regular monitoring is reported regularly to the Chief Financial Officer, the Audit Committee and the Board of Directors and may lead the Group to take action such as reducing debt levels, refinancing or renegotiating its debt, or raising equity. This monitoring led the Group to launch on February 13, 2020 a comprehensive balance sheet restructuring consisting of: • a €300 million rights issue; • an 18 month extension of the RCF and the Wells Fargo facility; and • a new short-term credit facility in the amount of $110 million. The short-term credit facility was put in place in March, but due to the deterioration of both the Group's financial situation and the financial markets caused by the Covid-19 pandemic, the rights issue and the credit line extensions were not executed as planned. In June 2020, the Group announced a financial restructuring plan consisting of €420 million of net proceeds from new debt, deleveraging of €660 million through the equitization of existing debt and the extension of the $125 million Wells Fargo facility. These transactions were successfully executed and as a result the Group's balance sheet was strengthened and the risks related to indebtedness considerably reduced. For more information on this financial restructuring, please see note 1.1 to the Group's consolidated financial statements.

INDEBTEDNESS	
Risk identification	**Risk monitoring and management**
In particular the documentation of the Group's New Money debt and Committed Receivables Facility contains financial covenants that the Group must respect: • a ratio of total net debt to EBITDA, tested on June 30 and December 31 starting in 2021, must be less than or equal to the levels given below: • June 30, 2021: ≤ 6.00, • December 31, 2021: ≤ 5.00, • June 30, 2022: ≤ 4.50, • December 31, 2022 and thereafter: ≤ 3.50; • a minimum liquidity covenant requires the Group to maintain at least €30 million of cash and available credit lines on certain dates. Failure to respect these financial covenants would constitute a default. Moreover the financial loans documentation includes so-called "cross default" clauses which, absent a waiver from the creditors, would provide them with the right to declare amounts that are outstanding thereunder at the time of any default under other financial loans documentation (plus accrued interest, fees and other amounts due hereunder) immediately due and payable. Upon the occurrence of a change of control of the Group, any outstanding amounts under the financial loans documentation would become immediately due and payable. The Group cannot ensure that it would have sufficient liquidity to reimburse or be able to refinance all or part of the amounts that came due following an event of default or change of control.	

INTEREST RATE AND EXCHANGE RATE FLUCTUATIONS

Risk identification	Risk monitoring and management
The Group is mainly exposed to interest rate risk on its deposits and indebtedness. At December 31, 2020, 89% of the Group's debt was at floating rate after taking into account interest rate hedging operations. Failure to manage interest rate fluctuations effectively in the future, or changes in interest rates, may have a material adverse impact on the Group's financial charges. A 100-basis point increase in short-term interest rates would cause the Group's net cash interest payments to increase by €6 million. The Group incurs foreign currency translation risk because a significant part of its consolidated revenues as well as a portion of its assets are in subsidiaries that use currencies other than the euro and in particular the U.S. dollar as their functional currency. In 2020, 72% of the Group's consolidated revenues were in U.S. dollars. To the extent that the Group has costs in one currency and has sales in another, the Group incurs foreign currency transaction risk and its profit margins may be affected by changes in the exchange rates between the two currencies. Most of Technicolor's sales are in U.S. dollars and in euro; however, certain expenses are denominated in other currencies. The largest transaction exposure of the Group is its net purchase of U.S. dollar versus the euro which totaled $116 million in 2020. Although the Group may hedge against currency transaction risk, given the volatility of currency exchange rates and the occasional illiquidity in some emerging market currencies, together with the potential for changes in exchange control regulations in such emerging markets, the Group cannot ensure that it will be able to manage these risks effectively. Foreign exchange rate fluctuations have had and may in the future continue to have an adverse impact on the Group's operating results and financial condition, especially when the euro fluctuates significantly against the U.S. dollar or other foreign currencies. The Group's largest currency exposure is to the U.S. dollar *versus* the euro. A 10% increase in the U.S. dollar *versus* the euro, assuming no hedging was in place, would cause the Group's profit from continuing operations before tax and finance costs to decrease by €26 million. A 10% decrease in the U.S. dollar *versus* the euro would have a symmetrical impact in the opposite amount.	Management of interest rate and exchange rate risks is done by the Group treasury in accordance with Group policies and procedures. All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Audit Committee *via* various reports showing the Company's exposures to these risks with details of the transactions undertaken to reduce them. For each type of transaction, specific limits and authorizations are approved by the Investment Committee. To reduce interest rate and currency exchange rate risk, the Group enters into hedging transactions using derivative instruments. See note 8.2.2 to the consolidated financial statements for more information about this risk and its management.

IMPAIRMENT OF NON-CURRENT ASSETS, INCLUDING GOODWILL

Risk identification	Risk monitoring and management
If management's estimates change or market conditions adversely evolve, the estimate of the recoverable value of the Group's assets could decrease significantly. If the Group does not generate revenues from its businesses as anticipated, the businesses may not generate sufficient positive Operating Cash Flows. This, or other factors, may lead to a decrease in the value of the Group's intangibles assets, including goodwill, resulting in impairment charges, which could have a material adverse effect on the Group's results of operations or financial position. At December 31, 2020, the Group's accounted for €716 million of goodwill and €535 million of intangible assets. Of the €716 million of goodwill at December 31, 2020, €142 million relate to DVD Services, compared to €222 million in 2019. The difference mainly comes from a €66 million impairment resulting from decreased sales expectations resulting from the loss of a replication contract and lack of new releases in 2021 due to the protracted Covid-19 pandemic (see note 4.5 to the Group's consolidated financial statements). Indeed, worse than anticipated market conditions can result in additional impairment charges in the Group's consolidated statement of operations. The discounted cash flows of DVD Services are computed over a finite life of *circa* fifteen years and accordingly the goodwill will be impaired over this period depending on the evolution of the fair value as determined through the discounted cash flows. The Group may experience significant further impairment charges in future periods, particularly in the event the markets for the Group's products and services experience further deterioration. For additional information on the impairment tests, see note 4.5 to the Group's consolidated financial statements.	The Group's management periodically assesses the carrying amount of the tangible and intangible assets using certain key assumptions, including budgeted data, cash flow projections and growth rates. The Group assesses the carrying amount of these assets more frequently if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

RESTRUCTURING PLAN

Risk identification	Risk monitoring and management
Panorama restructuring plan will lead to major costs savings and transformation throughout the Group. Risk of inefficiencies in executing or monitoring the implementation of the plan may result in unexpected restructuring expenses or lower than planned costs savings resulting in potential lower profitability of some Business Division(s) of the Group.	Panorama actions plans and related savings and costs are closely monitored by a Steering Committee. Each of the Divisions CEOs and CFOs have set up specific plans with sufficient granularity to ensure a strict and timely monitoring of the plan's execution. These granular plans by the Divisions have been reviewed in detail by the Group COO and CFO. On a monthly basis, the COO is reviewing with each Division's management the progress and execution of the plan. When a deviation is observed, actions steps are taken to mitigate the risk of missing savings or additional restructuring costs. Every month, the plans are consolidated and reviewed by the Group CEO.

3.1.4 Litigation

GRI *[102-15] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance] [419-1]*

In the ordinary course of business activities, the Group has been involved, and in the future, might become involved, in legal and regulatory proceedings and is subject to tax, customs and administrative audits. The fines, damages, settlement amounts or amounts otherwise due in connection with these legal proceedings, may be significant. There can be no assurance that any of the legal proceedings and audits in which the Group is involved or becomes involved in the future will not result in payments being made by the Group, including possibly in excess of amounts provisioned, or that any such payments will not have a material adverse effect on the Group's results of operation and financial condition.

The main legal proceedings and governmental investigations in progress or envisaged, are described in note 10.2 to the Group's consolidated financial statements in this Universal Registration Document.

Except for the litigations described below, there are no other governmental, judicial or arbitration proceedings of which the Group is aware, that are currently pending or threatened, which could have, or have had over the past 12 months, a material effect on the financial situation or profitability of the Group.

The Company and its former Chief Executive Officer, Mr. Frédéric Rose, were indicted *(mis en examen)* by a French criminal judge in December 2019 in connection with an action lodged in 2012 by Quinta Communications targeting Technicolor. Quinta Communications was alleging *inter alia* that Technicolor would have led Quinta Communications' subsidiary, Quinta Industries, into bankruptcy. Technicolor considers that this action has no substantial ground since it was only a minority indirect shareholder of Quinta Industries (while Quinta Communications was holding 82.5% of the share capital) and was not in any way involved in the management of Quinta Industries and therefore cannot be liable for the company's bankruptcy.

3.1.4.1 ANTITRUST PROCEDURES

GRI *[103-2 Anti-competitive behavior] [103-3 Anti-competitive behavior] [206-1]*

United States

Between 2014 and 2017, Technicolor settled with all plaintiffs in the legal actions that Technicolor had been defending in the United States pertaining to alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry.

However, the U.S. District Court decision approving Technicolor's June 2015 settlement with a class of indirect purchasers of CRT for $13.75 million was remanded in February 2019 to the District Court by the Court of Appeals so that the District Court could reconsider its approval of the settlement. As part of the remand process, the indirect purchasers' settlement agreements with defendants were amended by agreement of the parties in September 2019, which resulted in a small part of the settlement amounts being returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states being excluded from the settlements. The amended settlement agreements were approved by the District Court and the order granting that approval has now been appealed to the Court of Appeals. In September 2019, motions to intervene were filed by consumers from those nine states, but the District Court denied them. The orders denying the motions to intervene have been appealed to the Court of Appeals. Technicolor believes that its exposure is limited in size and that it has valid means of defense.

Europe

Since 2014, Technicolor has also been defending, along with other defendants (Samsung, LG, Philips, *etc.*), several similar legal actions in various European jurisdictions alleging damages suffered as a result of anticompetitive behaviour in the CRT industry until 2005. All such cases are in the wake of the EU Commission decision of December 2012 pursuant to which Technicolor was fined €38.6 million as a result of alleged involvement in a cartel. The cases are as follows:

- in the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds by the Court of First Instance as well as by the Regional Court of Appeals in December 2020. Vestel appealed the decision of the Regional Court of Appeals;
- in the Netherlands, a case filed by three Brazilian TV manufacturers under Brazilian law.

At this time, Technicolor is unable to assess the potential outcome from those cases and the resulting potential liability due to the complexity of the cases, as Technicolor is still defending certain of these on procedural grounds and/or as the claims have not all been fully substantiated. Depending on jurisdictions, decisions on quantum are not expected before 2021 or 2022.

Technicolor also defended (i) a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020 and (ii) two cases in Germany against three German former TV manufacturers (Grundig and Loewe/Metz) which were settled in December 2020.

3.1.4.2 TOXIC TORT LAWSUITS IN TAIWAN

GRI *[103-2 Environmental compliance] [103-3 Environmental compliance] [307-1]*

Technicolor, certain of its subsidiaries and General Electric are being sued by an association of former employees (or heirs of former employees) at a former manufacturing facility in Taiwan (TCETVT). They allege exposure to various contaminants while living or working at the facility, which allegedly caused them to suffer various diseases, including cancer, or caused emotional distress from fear that living and working at the facility increased their risk of contracting diseases.

After a first ruling of the Taiwan court and an appeal before the Taiwan High Court (first appeals court), the Taiwan Supreme Court, in August 2018:

(i) confirmed the Taiwan High Court decision of awarding NTD517.75 million (c. €15.04 million at the exchange rate as of December 31, 2020) in damages to 260 claimants plus interest; and

(ii) remanded the claims of 246 claimants for further proceedings at the High Court.

General Electric paid nearly the full amount of the decision in December 2019.

On March 5, 2020, the Taiwan High Court ruled on the 246 remanded claims and awarded NTD54.7 million (c. €1.59 million at the exchange rate as of December 31, 2020) in damages plus interest. This ruling is on appeal to the Taiwan Supreme Court.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on December 27, 2019 and awarded approximately NTD2.3 billion (c. €66.83 million at the exchange rate as of December 31, 2020) plus interest. Technicolor and General Electric were held jointly and severally liable. Technicolor filed its appeal of this decision to the Taiwan High Court in January 2020.

Technicolor and its subsidiaries claim, among other reasons, that TCETVT operated for less than four years after its purchase from General Electric, while General Electric and its predecessor-in-interest RCA Corporation, ultimately owned TCETVT for approximately twenty years of operations.

Should the Group or any of the subsidiaries ultimately be held liable or settle the claims, the amounts of any such liability or settlement could be high. There are currently too many uncertainties to assess the extent of any liability that Technicolor or its subsidiaries may incur as a consequence of this lawsuit. Technicolor also has various avenues to mitigate any risk, including contractual indemnities owed to it by General Electric and others.

3.2 INTERNAL CONTROL

GRI *[102-29] [102-30] [102-33] [103-1 Socioeconomic compliance] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance] [205-1]*

The internal control procedures mentioned in the present Chapter apply to the Company and to all its subsidiaries and are under the responsibility of each Technicolor employee.

The major components underlying the preparation of this report are:

(i) the French *Loi de sécurité financière* (Law regarding Financial Security);

(ii) the Ordinance No. 2008-1278 of December 8, 2008;

(iii) the AMF guidelines on risk management and internal control; and

(iv) Article R. 225-105-1 of the French Commercial Code about disclosure of non-financial information related to Corporate Social Responsibility.

In March 2011, the Company voluntarily delisted from the New York Stock Exchange (NYSE). As a consequence, it is no longer subject to the Sarbanes Oxley Act obligations (SOX).

Following the delisting, the Group decided to maintain high standards of financial reporting discipline, capitalizing on the work undertaken previously. The internal control program, called 8TIC'S, was launched at the beginning of 2011 with the objective to maintain and expand the internal control scope beyond financial reporting through a risk-based approach. The 2020 annual campaign has been successfully performed and completed, and a new campaign will commence in January 2021.

3.2.1 Objectives of internal control procedures and implementation

OBJECTIVES OF INTERNAL CONTROL PROCEDURES

The Group's internal control framework is designed to achieve the following main objectives:

- application of the instructions and directional guidelines fixed by the Group's management bodies in line with the Group's overall objectives and the inherent risks;
- correct functioning of internal control procedures, such as the ones pertaining to the security of its assets, as well as, the operational, industrial, commercial and financial processes;
- compliance with applicable laws and regulations;
- reliability of financial and non-financial information obtained through the implementation of internal control procedures.

The internal control framework aims at preventing and mitigating risks arising from the Group's management of business along with the risks of error or fraud, in particular, in areas of accounting, finance and social responsibility. As for every control system, it cannot provide an absolute guarantee that these risks are completely eliminated.

INTERNAL CONTROL METHODOLOGY

The internal control methodology is based on three pillars:

- a risk-based approach which starts from the Group Risk Management program (see paragraph below "Risk Management") and allows internal control to deploy its methodology on the main Group risks. In 2020, despite the unexpected events of the pandemic (Covid-19), the risk and control referential was revisited and updated together with the evolution of risks; along with a clear classification distinction on Tier 1 and Tier 2 risks;

- a self-assessment on controls implementation by the most significant entities, totaling the vast majority of the Group scope according to the relevant indicators (Revenue, contribution to EBITDA and other financial and non-financial indicators function of each nature of risk). In 2020, about 278 control owners were designated to perform a self-assessment on 3,047 controls over 56 finance and non-finance processes;
- an independent testing managed by Internal Audit covering close to 20% of the self-assessed controls. This testing aims at providing assurance that the Technicolor internal control framework is effective. Independent testers are composed of Internal Auditors and internally trained guest testers on the testing exercise.

The internal control team ensures a continuous monitoring of the internal control campaign, through key performance indicators such as self-assessment and independent testing completion rates, deficiency rates, and severity classification of reported deficiencies. The internal control team communicates frequently with the internal control communities, ensuring training on the approach and the tools to be used. Quarterly updates on the program are made to the Audit Committee.

The management community is involved in the deficiency remediation and takes an active role in the implementation of corrective actions raised during the internal control campaign. Deficiencies with high, medium, and low severity are monitored and followed-up by Internal Auditors until their full remediation.

3.2.2 General control environment

THE ETHICAL VALUES AND PRINCIPLES OF CONDUCT FOR THE GROUP'S MANAGERS AND EMPLOYEES

GRI *[102-16] [102-17] [103-1 Anti-corruption]*
[103-2 Anti-corruption]
[103-3 Anti-corruption]
[205-1] [205-2] [412-1] [412-2]

The values and principles of conduct for the Group's managers and employees are defined in two of the Group's three principal internal documents: the Group's Code of Ethics, the Financial Ethics Charter and the Anti-bribery and Anti-corruption Policy.

Code of Ethics

Created in 1999 and last updated in 2018, the Code of Ethics establishes the foundation of the Group's core values and requires all employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Code of Ethics details the specific rules to guide employees in their day-to-day activities. Technicolor has also adopted several additional key policies including a Whistleblower Policy, Anticorruption Policy and Manual, and Ethical Sourcing Policy. Indeed, Technicolor is committed to uncompromising integrity in all of our actions. A reputation for integrity benefits Technicolor in countless large and small ways – we are a trusted advisor and service provider to our customers, a dependable collaborator for our business partners, a valuable member of our communities, and a reliable long-term investment for our shareholders. Ethical behavior and observance of laws are two main ingredients in building our reputation for uncompromising integrity.

The Group also created an Ethics Compliance Committee in 2006, which is responsible for all ethical issues related to Technicolor's activities and which is governed by the Code of Ethics and the charter for the Ethics Compliance Committee. This includes implementing any new policies if needed, training on existing policies, and investigating any and all reports of unethical behavior. It meets at least four times per year and more frequently when required.

Over the last several years, the Group has deployed many ethics training programs. Several training sessions were launched to educate employees on various ethical rules and obligations, including bribery, competition and fraud.

Financial Ethics Charter

To reinforce awareness of the ethical dimension of finance activities, Technicolor has published an Ethics Charter specific to Finance personnel and activities. It is an extension of the Company's Code of Ethics, which applies to all employees.

The Financial Ethics Charter was first published in December 2005, is signed by the Chief Executive Officer and the Chief Financial Officer, and is distributed to key persons within the Finance organization.

This policy promotes the following rules: acting honestly and with integrity and avoiding conflicts of interest, providing accurate, complete and objective information, compliance with all rules and regulations, public and private, to which the Group is subject, acting in good faith without misrepresenting material facts or allowing one's judgment to be unduly influenced, respecting confidentiality of information, sharing and maintaining appropriate knowledge and skills, promoting ethical behavior in one's environment, using and controlling responsibly assets under one's supervisions and reporting known or suspected violations of the charter.

A copy of the Code of Ethics and the Financial Ethics Charter is available on the Company's website at www.mytechnicolor.com or upon request to the Company.

GROUP MANAGEMENT AND DECISION-MAKING PROCESSES

GRI *[102-19] [102-26]*

The Group Management is organized around 2 principal bodies:

- the Executive Committee;
- the Management Committee.

Placed under the authority of the Group's Chief Executive Officer, the Executive Committee currently comprises 11 members consisting of Senior Executive Vice-Presidents and Executive Vice-Presidents in charge of Technicolor's major businesses and of the principal corporate functions (Strategy, Finance, Human Resources, Communication). The Executive Committee meets to analyze and evaluate the financial performance (sales, operating income and cash flow) of the Group's various businesses compared with the budget, strategic developments, and major events affecting the Group (sales contracts, partnerships, investments, etc.).

The Management Committee includes the Executive Committee Members as well as leaders of Technicolor's main functions and business operations. Its responsibilities are to ensure achievement of the Group's objectives and to provide leadership across Technicolor. Depending on the topics, these Management Committee Meetings can be extended to some specific internal or external guests.

Together, the 2 senior management bodies help ensure rapid, responsive decision-making as well as smooth, efficient implementation of such decisions.

The Group holds quarterly Business Reviews for each business, during which the management reviews the performance of the business, the progress of the key programs in each business, key performance indicators, and any specific operational topic which requires management attention. These programs cover mainly key customer issues, new product introduction, operational performance, transformation programs, cost reduction, and HR-related programs.

The Group established an Investment Committee in 2010 to drive prioritization and optimization of resource allocation across the Company's organization. The Investment Committee is composed of the CEO, the CFO, the COO, the People & Talent Director and the Group General Counsel. The Investment Committee reviews all significant investment decisions, including material customer opportunities, capital expenditures, restructuring, M&A and joint ventures, asset disposals, pension contributions, large procurement contracts, leases, and financing commitments. The Investment Committee ensures compliance with the Board Internal Regulations and debt agreement obligations and is a key part of the Group's internal control procedures.

RISK MANAGEMENT

GRI *[102-15] [102-30] [102-33] [102-34]*

The Group started evaluating its risks on a worldwide basis in 2005, with the Enterprise Risk Assessment (ERA) program. The risk management process evolved in 2010 to follow the strategic evolution of the Group. It is now under the Executive Committee responsibility using large support of the Management Committee and is called Technicolor Risk Management (TRM).

The purpose of this annual four-step-process, supported by the Internal Audit Department, is to identify, assess, manage and monitor risks that may impact the Group's ability to achieve its near and long-term objectives.

The risk identification and analysis process was revamped in 2020 to consist of a bottoms up and top-down structured approach, summarized as follow:

- risk identification by divisional Executive Members and their subcommittee and incorporated (with the support of Internal Audit) into the consolidated questionnaire completed by each member of the Executive Committee and the Management Committee; and supported by individual interviews led by the Internal Audit Department;
- synthesis of main risk areas;
- ranking of risks according to criteria in terms of potential impact and vulnerability, performed by Executive Committee and Management Committee members.

Every year, the Risk Mapping is reviewed and reassessed with any potential new risk.

Consecutive to the risk ranking step, the CEO appoints risk owner(s) for each of the top 10 risks, among members of the Executive Committee. These risk owners assess further the risk assigned to them, monitor and mitigate them. Status reports on each top risk are presented to the Audit Committee.

3.2.3 Internal Audit

GRI *[102-33] [102-34]*

As defined in the "Internal Audit Charter", Internal Audit performs independent and objective assurance, and consulting audits that are dedicated to adding value and improving Technicolor's performance. It conducts risk assessments at all levels within the Group, identifies and proposes improvements in financial and operational processes, and helps the organization define action plans to mitigate risks and reinforce the control environment and governance principles.

The Internal Audit Department reports its results to the Group's management. The Audit Committee reviews and approves the annual Internal Audit Plan based on the pluri-annual Internal Audit plan and is informed of the main audit results. The Internal Audit Department also provides oversight support in the Technicolor Risk Management process.

Under the responsibility of the Chief Audit Executive, Internal Audit, Internal Control, and Enterprise Risk Management allows for an effective integrated framework with coordination and efficiencies surrounding the risk identification/mitigation and maturing of the internal control environment. It enables Internal Audit recommendations to be better embedded in the Internal Control framework, and deficiencies reported during the 8TIC'S campaign to be closely followed up by Internal Audit all while ensuring the key risks across the Group are effectively monitored and remediated if needed.

Throughout the year, the Internal Audit Department presents the audit schedule to the External Auditors, provides updates and shares conclusion of the reports resulting from audit reviews. In addition, the Internal Audit Department coordinates control processes/sites reviews with the External Auditors to ensure coverage of various areas.

The Internal Audit Department consists of approximately 11 auditors who have prior experience in a large range of domains like finance, accounting, operations, engineering, quality, IT/Security, *etc*. The team is located in several key sites for the Group: Paris (France), Lawrenceville, Georgia (U.S.), New York (U.S.), Montreal (Canada), Guadalajara (Mexico), Warsaw (Poland) and Bangalore (India). The Chief Audit Executive administratively reports to the Chief Executive Officer, and functionally to the Audit Committee.

The Internal Audit Department conducts audits in various domains, covering operational and financial processes, specific contracts or projects, compliance, fraud prevention, security, and follow-up audits at global and local levels.

In 2020, 12 audit engagements were performed and completed (both assurance and assistance); flat *vs.* prior year.

These audits were carried out in accordance with the methodology and procedures set by the Internal Audit Department (inline with the International Standards for the Professional Practice of Internal Auditing), including in particular:

- quick adjustments to the audit schedule by providing additional advisory and assurance services during the unprecedented Pandemic (Covid-19) by liaising with business to ensure proper control and add value in organization's operations were maintained;
- performance of tests (walkthroughs and detailed testing) and interviews with the control owners and reviewed on a risk-based approach;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the site/department, in accordance with a precise action plan and deadlines. The Internal Audit Department report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

In 2021, the Internal Audit Department will continue to focus on processes and efficiency improvements, testing of operational effectiveness of key controls and enhancing the overall review process.

3.2.4 Internal control procedures relating to the preparation and treatment of accounting and financial information

GRI *[103-2 Economic performance]*

The internal control related to the preparation and treatment of accounting and financial information relies on the Controlling organization with its processes and controls (budgetary process, monthly reporting and forecasting, quarterly reporting of financial and operational performance review) as well as on the Group's Accounting Department (regrouping accounting standards and methods and share services centers teams) and the Internal Audit Department.

Under the authority of the Group's Chief Financial Officer, the dedicated teams are responsible for:

- the establishment of the Group's consolidated financial statements and Technicolor's statutory accounts;
- the preparation of the budget and the analysis of its execution through monthly management and performance reporting; and
- the implementation of the Group's accounting and Controlling methods, procedures and standards and their adaptation in accordance with changes.

The Group's financial organization follows its operational organization, based on four segments (Production Services, Connected Home, DVD Services and Corporate & Other), organized in several activities. Each one of these businesses and activities is under the responsibility of a Controller and is assisted by a controlling support team, in charge of budget, reporting follow-up, performance analysis and estimates. Accounting operations within the legal entities are for the most part managed through two internal shared services centers. The accounting teams work according to Group accounting standards and methods and liaise with the Controlling organization through Services Level Agreements.

BUDGETARY PROCESS

The budgetary process is mandatory for all of the Group's segments and businesses. It includes a multi-steps bottom-up thorough review process including:

- in October discussion of macro-assumptions between Group CEO, Group CFO and BDs' CEOs: market analysis and projections, analyses trends, costs base structure, customers and suppliers base analysis, and capex needs. It includes also key strategic initiatives and their financial impact;
- in November preparation of bottom up 3 year Budget by BDs and presentation to Group CEO and Group CFO;
- in December additional review meetings between Group CEO, Group CFO & Division's CEOs to focus on specific issues if necessary;
- approval by Senior Executive management and corporate finance teams of proposed Action Plans and budgets prepared at the business level;
- approval of the budget by the Board of Directors; at the latest, at the beginning of the following year;
- split of the budget into monthly periods and by legal entities to serve as a reference for the Group's monthly reporting.

In the context of the budgetary procedure, Key Performance Indicators (KPIs) are presented by each business, and analyzed and monitored on a monthly basis.

PERIODIC PERFORMANCE REVIEW

The Controlling organization reviews the Group financial performance periodically:

- on a monthly basis:
  - the reporting on actual performance is managed by the Controlling organization and a detailed review, performed during the closing period of the financial accounts (analysis of variance *vs.* budget, previous forecast and last year), is presented to management including a review of risks and opportunities of each business *vs.* Budget;

- on a quarterly basis:
  - reporting of operational performance through a business review with management (review of major KPIs, risks and opportunities, market trend and competition, customer portfolio analysis, strategic programs and key initiatives) and closing of financial statements,
  - the forecasting of the current and next three quarters is regularly performed at minimum twice a year by each business including main income statement indicators such as revenue, Adjusted EBITA, Adjusted EBITDA, as well as Free Cash Flow items and reviewed at Group level.

ACCOUNTING, MANAGEMENT REPORTING AND CLOSING PERIOD WORK AT THE GROUP LEVEL

The Group accounting and financial data are consolidated into one Group reporting system.

At the end of each month, the Group's entities report their financial data into this system. The Group reporting system uses a common chart of accounts, which is regularly updated. The main accounting and financial figures of the operational and functional departments consolidated at the Group level are analyzed by the Group's financial controlling team and reviewed by the Group's Executive Committee.

The closing process for the half-year and annual consolidated financial statements occurs in two steps. The first step consists of a "hard close" completed for the May and October closings. This review is initiated by the circulation of instructions prepared by the Group's Accounting Department. Procedures define the controls and actions which must be undertaken at the entity level (entries in accounting books, reconciliations, *etc.*) and the persons authorized to implement them.

This step leads to a first review by the Statutory Auditors, completed initially at the subsidiary level within a majority of the Group's legal entities, then at the Group level. This "hard close" aims at identifying the most complex issues, which may be reported to the Senior Management Team.

The second step occurs in July and in January/February and involves the finalization of half-year and annual consolidated financial statements under International Financial Reporting Standards ("IFRS").

After each monthly closing, the Group's financial results for month and the current quarter are presented to the Executive Committee. After each quarterly closing, the quarterly financial results (including half-year and annual results) are presented to the Audit Committee. These results are also presented to the Board of Directors.

The Group's accounting principles are defined in a set of documents entitled "Technicolor Accounting Principles and Methods", which are available on the Company's Intranet site and provided to all the Group's Finance Departments. These documents outline the accounting treatment of such items as tangible and intangible assets, provisions, intercompany transactions, revenues and hedges.

In addition, the Group publishes and distributes procedures that accountants and financial controllers must respect in terms of purchasing, management of inventories, sales, payments, cash flow, or taxes.

PREPARATION OF FINANCIAL INFORMATION

The Group's financial information is prepared by the Finance Department. It is based on information reported through the Annual Reporting and consolidation processes and on operational and market information, which is specifically centralized for the preparation of the Company's Universal Registration Document. The latter is prepared jointly by the Finance Department and the General Secretary of the Company.

The quarterly, half-yearly and annual financial information is reviewed by the Audit Committee and the Board of Directors.

Prior to being published, the above financial information is also reviewed by members of the management team and senior managers within the Corporate Finance and Legal Departments, each for their respective fields.

3.2.5 Other internal control procedures

INFORMATION TECHNOLOGY SECURITY PROCEDURES

GRI *[103-2 Customer privacy]*

The Chief Information Officer (hereafter the "CIO") leads the Technicolor's IT organization and is supported by a leadership team composed of senior IT managers and business managers. The IT managers either directly support each of the Technicolor businesses or support shared service IT functions and applications used worldwide by the entire organization (Global Infrastructure & Risk Management, Information Security, Enterprise Applications and Corporate Functions). IT organizations collaborate closely with other internal security entities, such as the Technicolor Security Office (TSO), to align IT solutions, services and products with established security policies, procedures and best practices.

These individuals are experienced IT professionals with a broad background and are well versed with the businesses and technologies they support. They ensure that the IT tools, services, and applications used by all Technicolor sites and businesses (e.g. e-mail, networks, phone systems, cloud platform evolution and operation, collaboration tools, video conferencing, web technologies, business intelligence tools, business and risk management tools and processes, the Technicolor Production Network) are operated and managed in an efficient, cost-effective, safe and secure manner. In addition, the IT organization provides Enterprise Architecture for new technologies, IT Vendor Management and Enterprise Project & Portfolio Management used to govern, regulate, and manage the IT organization (regulatory compliance, internal IT standards and best practices, project and project portfolio management processes) ensuring that IT is properly aligned with Technicolor's strategic objectives. This IT organization leverages the IT 3-year Plan to ensure that proposed new technology and applications are planned and executed in a rational and holistic manner; the plan encompasses both technical and business process impacts and encourages use across the corporation.

SECURITY OF PEOPLE AND ASSETS, INCLUDING CYBERSECURITY

GRI *[103-1 Customer privacy]*
[103-2 Customer privacy]
[103-3 Customer privacy]

Security is a key priority and an overall enterprise topic that affects each of our Business Groups in different ways. For Entertainment Services, Studios assign their projects only to companies that meet their content security standards. Technicolor's facilities and digital networks must pass customer initiated, security audits to win new contracts and to maintain client relationships. The TSO (Technicolor Security Office) play a strong role in preparing and assisting in such audits.

Security is also important for the Connected Home business. As devices are increasingly more open and complex, they are exposed to greater security risks. Security can be a real market differentiator. TSO helps Connected Home to deliver secure devices to their customers, and to adapt its product security posture to current threat levels.

As such the TSO, was established in 2011 to define the Security Strategy at the Group level. Led by the Chief Security Officer, the TSO establishes priorities, defines best practices, monitors current implementations, develops common metrics and promotes the security tools for the Group.

The key areas of focus for the TSO are physical, digital and business security, which are all covered as part of a Security 3YP that is organized around four main pillars: Protect, Detect, Respond & Recovery. Each pillar contains categories of initiatives (42 in total) that highlight the key areas of focus and progress. A cross functional security team is in place being the main contributor in executing the 3YP. This team is comprised of: TSO-Assessment Team (AT), TSO-Physical Security, Content Security, Security Operating Center (SOC), Security and Governance, Risk and Compliance (GRC), and Business/Product Security.

The TSO-AT act as internal security assessors and advisors. The TSO-Physical Security team establish standards, conduct assessments and manage the global incident management processes The Content Security team provides assistance and guidance across all Production Services sites for all security initiatives. The Security Operating Center (SOC) manage day to day security elements (tools, process and data). The GRC arm of the TSO manage policies, global awareness program, tools, vendor assessments and the design of new processes and/or policies, as needed. The Product Security organization establish policies, procedures and best practices around security for the product development lifecycle.

The Group Security program is governed through a dedicated Security Steering Committee including each Business Heads, Head of HR, IT and TSO representatives. The Security Steering Committee meets at least twice during a twelve (12) month period. Business division/overall program security reviews take place on a quarterly basis.

In 2020, over 200 site security audits were conducted across the global perimeter. These audits were performed by using a combination of internal TSO Assessment team and external audits conducted by customers, studios, MPAA and other security organizations All audit findings have been incorporated into the 3YP which are prioritized based upon risk. In addition, following the Schrems decision by European Court of Justice, the TSO has acted as the central coordination point for the remediation of the internal legal framework to reinforce the Security clauses applicable to our providers related to EU data privacy and ensure GDPR compliance. The TSO also ensures other relevant privacy laws and regulations are complied with.

Employee Awareness & Safety: For all employees, security conscious behavior is key. As such, within the GRC arm of the TSO a formal awareness program was developed to include: on-line training program (GEM) with courses selected by the security working teams annually with compliance tracking metrics, Security videos and communications sent globally on key relevant topics (such as phishing, password management, *etc.*). These programs are regularly reviewed as part of external audits conducted by customers.

Regarding travel and employee safety, updates to the process were made and administrative responsibilities were expanded to better respond to critical incidents. A supplemental procedure exists for travel to high risk countries. An employee safety program has been established with an industry leader that enables alerts and communication to employees who are traveling or are situated near or at a location where an incident such as earthquake, fire, social disturbance, *etc.* has been reported.

3.3 INSURANCE

ORGANIZATION AND POLICY

The "Corporate Insurance" Department arranges global insurance programs covering the major risks related to Technicolor's activities that are underwritten with well-known insurers *via* global brokers.

These programs, established at Group level, are implemented through a "Master" insurance policy that strengthens the coverage offered by local policies and provides "difference in conditions" and "difference in limits" over these policies.

The total amount of premiums represents less than 0.4% of the Group's total sales by the end of 2020.

In addition, in partnership with its insurers, Technicolor has developed a loss prevention program to reduce its exposure to its assets and operating losses that may occur in case such risks should materialize. Thanks to this program, several key sites have obtained the "Highly Protected Risk" status (which is the best grade in the assessment implemented by the Group's insurer) and the Group's loss prevention level has globally improved.

The Corporate Legal Department has established internal procedures and rules to manage contractual risk. It ensures, in conjunction with the Corporate Insurance team, that these rules are applied throughout the world.

The Group intends to continue its policy of comprehensive coverage for all its exposure to major risks, expand its coverage when necessary, and reduce costs through self-insurance when it is deemed appropriate.

To date, the Group does not have an insurance captive or reinsurance company.

CORE INSURANCE PROGRAMS

The Group insurance policies are issued on an "all risks" basis, with standard market exclusions.

The deductible levels are determined and applied according to the assets and operational risks of the business units.

The main insurance policies contracted by Technicolor are:

- **property insurance:** this program provides cover for risks of fire, water damage, natural events, terrorism (depending on the legal restrictions in each relevant country or state) and business interruption resulting from these events.

  This cover is generally set on the basis of property value; Where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints.

  Generally, when damage to insured assets could lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place.

  The Group carries exposures in high risk natural hazard areas and has purchased adequate specific insurance coverage in this regard.

  In addition, Technicolor has also covered the risk of damage to goods in transit;
- **liability insurance:** this program provides cover for general and professional liability in the course of business operations as well as product liability for the entire Group. Technicolor has an insurance coverage for the risks associated with the liability of its Directors and officers and also a liability coverage related to any environmental damage caused by pollution;
- **workplace accident:** insurance policies are purchased whenever required by law or when activities or circumstances render them necessary (*e.g.* Employer's Liability in the United Kingdom, Workers' Compensation insurance in the United States).

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

The Group does not foresee difficulties in setting up insurance policies in the future.

CORPORATE GOVERNANCE AND COMPENSATION

4

A strengthened and highly independent Board

- **10** Directors
- **2** Observers
- **50%** women
- **50%** men
- **100%** independent

A particularly **sustained activity of the Board and its committees**

A compensation policy designed to enable the Group's transformation and long-term value creation

4.1 CORPORATE GOVERNANCE

GRI *[102-18] [102-22]*

2020 was the first full year of management of Technicolor by a renewed and strengthened Board governance with the appointment of a new Chairperson of the Board of Directors, Ms. Anne Bouverot, and five new Board Directors in 2019 as well as the appointment of a new Chief Executive Officer, Mr. Richard Moat, on November 5, 2019.

This reinforcement was pursued in 2020 by (i) the appointment of Ms. Cécile Frot-Coutaz as a new Board Director on March 23, 2020, after having attended the Board as an Observer bringing her knowledge of the Technology and Media sector and her expertise in company restructuring and (ii) the appointment of a second Director representing employees, Mr. Marc Vogeleisen on December 23, 2020. Ms. Ana García Fau and Mr. Maarten Wildschut left the Board at the end of their term of office in June 2020.

On May 7, 2020, an Ad Hoc Committee composed of independent Directors was set up for the specific purposes of monitoring the Group financial restructuring and remained active until October 26, 2020.

Pursuant to the completion of the Company's financial restructuring in September 2020, the Board of Directors decided to appoint two Board Observers: Mr. Gauthier Reymondier, from Bain Capital Credit (on September 23, 2020) and Angelo Gordon, represented by Mr. Julien Farre, on December 17, 2020. The discussions of the Board are thus enriched by the opinions of the shareholders originally being lenders of the Company.

It is to be noted that, due to the circumstances and especially the delayed agenda of the financial restructuring, Mr. Richard Moat could not, as initially planned, make a personal investment in the Company's equity. Thus, the Chief Executive Officer did not hold any Company's shares as required for him to remain a Director within the first six months following his appointment. Without any effect on his role of Chief Executive Officer, Mr. Richard Moat therefore left the Board as a Director on May 5, 2020 but continued to attend the Board's meetings. The Board will propose to the next Shareholder's Meeting to re-appoint Mr. Richard Moat as a Director, further to his personal significant investment in the Company's equity made in December 2020.

The Board of Directors, and its committees, experienced a sustained high level of activity, in particular with the implementation of the new Strategic Plan and the successful completion of Technicolor's financial restructuring in September 2020.

On December 31, 2020, the Board of Directors was composed of 10 Directors, including two employees' representatives, and two Observers. Without taking into account the Observers and the employees' representatives, the Board was 100% independent and with full gender parity.

The composition of the Board's committees also evolved in 2020 and, as in the case of the Board, reached a higher level of independence.

NOMINATIONS & GOVERNANCE COMMITTEE

4 MEMBERS
5 MEETINGS

Participation: 94.12%
Independence: 100%

STRATEGY COMMITTEE

5 MEMBERS
6 MEETINGS

Participation: 100%
Independence: 100%

BOARD OF DIRECTORS

10 DIRECTORS
including **8 independent Directors**
and **2 Directors representing employees**

19 **MEETINGS** in 2020

99.59% **AVERAGE PARTICIPATION RATE** in 2020

4 **EXECUTIVE SESSIONS** in 2020

REMUNERATIONS COMMITTEE

4 MEMBERS
9 MEETINGS

Participation: 97.22%
Independence: 100%

AUDIT COMMITTEE

4 MEMBERS
6 MEETINGS

Participation: 96.15%
Independence: 100%

Board of Directors skilled in the fields of Media & Entertainment, Technology, Finance, Connected Home, Strategy, Cybersecurity, Mergers & Acquisitions, Telecoms and Group Knowledge.

COMPOSITION OF THE BOARD OF DIRECTORS AS OF THE DATE OF PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT

Anne Bouverot
P (Nominations & Governance Committee) P (Strategy Committee)
Independent Chairperson of the Board of Directors

Dominique D'Hinnin
● Nominations & Governance Committee ● Strategy Committee
Independent Director

Marc Vogeleisen
Director representing employees

Christine Laurens
● Remunerations Committee ● Audit Committee
Independent Director

Florent Chabaud[2]
● Remunerations Committee
Director representing employees

50% OF WOMEN & 50% OF MEN DIRECTORS[1]

100% OF INDEPENDENT DIRECTORS[1]

56 years AVERAGE AGE OF DIRECTORS

Bpifrance Participations
● Nominations & Governance Committee ● Strategy Committee
Represented by Thierry Sommelet Independent Director

Brian Sullivan
● Strategy Committee ● Audit Committee
Independent Director

Xavier Cauchois
P (Remunerations Committee) ● Audit Committee
Independent Director

Melinda J. Mount
P (Audit Committee) ● Remunerations Committee
Vice-Chairperson and Independent Director

Cécile Frot-Coutaz
● Nominations & Governance Committee ● Strategy Committee
Independent Director

Angelo Gordon
Represented by Julien Farre Board Observer

Gauthier Reymondier
Board Observer

P COMMITTEE'S CHAIR

● NOMINATIONS & GOVERNANCE COMMITTEE ● STRATEGY COMMITTEE ● REMUNERATIONS COMMITTEE ● AUDIT COMMITTEE

(1) Pursuant to the AFEP-MEDEF Corporate Governance Code, the Directors representing employees were not included in this percentage.
(2) Mr. Florent Chabaud is in the course of being replaced at the time of publication of this Universal Registration Document, following his departure from the Group as of March 31, 2021.

4.1.1 Board of Directors

4.1.1.1 CORPORATE GOVERNANCE STRUCTURE

GRI *[102-18] [102-19] [102-20] [102-23] [102-26]*

The Company is governed by a Board of Directors and a Chief Executive Officer.

The choice to separate the offices of Chairperson of the Board and Chief Executive Officer was made in 2009 in order (i) to allow the Chief Executive Officer to focus on the implementation of the Group's strategy and management and (ii) to ensure the best balance of powers between the Board of Directors and the executive management. The separation of roles has been considered again in 2019 to be best suited to the current circumstances and needs of Technicolor.

4.1.1.2 COMPOSITION AND EXPERTISE OF THE BOARD OF DIRECTORS

GRI *[102-22] [102-23] [102-24] [102-25] [405-1]*

As of the date of publication of this Universal Registration Document, the Board of Directors is composed of:

- 10 Directors, including the Chairperson of the Board of Directors, comprised of:
  - 8 independent Directors, and
  - 2 Directors representing employees: following his departure from the Group as of March 31, 2021, Mr. Florent Chabaud is in the course of being replaced at the time of publication of this Universal Registration Document;
- 4 women;
- 2 foreign Directors and 3 Directors based in the United States or in the United Kingdom or with highly international profiles.

The Board of Directors also includes two Observers, who attend the Board's meetings in an advisory capacity.

2020's highlights are:

- the appointment on March 23, 2020, of Ms. Cécile Frot-Coutaz as a new Director, following her prior appointment as a Board Observer in June 2019;
- the end of office of Ms. Ana García Fau and Mr. Maarten Wildschut on June 30, 2020;
- the end of office of Mr. Yann Debois, Director representing employees, on July 26, 2020, and his replacement effective July 27, 2020 by Mr. Florent Chabaud, designated by the Company's Works Council;
- the designation, effective on December 23, 2020, by the Group's European Works Council of Mr. Marc Vogeleisen as second Director representing employees, in accordance with the new provisions of article 11.3 of the Company's by-laws as amended by the Shareholders' Meeting of June 30, 2020;
- the appointment of two Board Observers in the context of and following the 2020 financial restructuring, Mr. Gauthier Reymondier, from Bain Capital Credit, and Angelo Gordon represented by Mr. Julien Farre.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2020 AND UNTIL THE DATE OF PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT

	Name	Gender	Nationality	Date on which term of office began	Date on which term of office ends
Directors whose term of office was renewed at the 2020 AGM(1)	Brian Sullivan	M	American	June 2019	2023 AGM(1)
Directors who left the Board of Directors in 2020	Ana García Fau	F	Spanish	April 2016	2020 AGM(1)
	Maarten Wildschut	M	Dutch	October 2018	2020 AGM(1)
	Yann Debois	M	French	July 2017	July 2020
	Richard Moat	M	English and Irish	November 2019	May 2020
Directors who joined the Board of Directors in 2020	Cécile Frot-Coutaz	F	French	March 2020	2023 AGM(1)
	Florent Chabaud	M	French	July 2020	March 2021
	Marc Vogeleisen(2)	M	French	December 2020	December 2023
Board Observers who joined the Board of Directors in 2020	Gauthier Reymondier	M	French	September 2020	March 2022
	Angelo Gordon, rep. by Julien Farre	M	Canadian and French	December 2020	June 2022

(1) Annual General Shareholders' Meeting.
(2) Second Director representing employees designated by the Group's European Works Council.

4

CHANGES IN THE COMPOSITION OF THE COMMITTEES OF THE BOARD OF DIRECTORS IN 2020, AND UNTIL THE DATE OF PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT

	Name	Date of appointment to the Committee	Date of departure from the Committee
Audit Committee	Ana García Fau	April 2016	June 2020
	Maarten Wildschut	October 2018	June 2020
	Christine Laurens	September 2020	N/A
Nominations & Governance Committee	Ana García Fau	April 2016	June 2020
	Maarten Wildschut	October 2018	June 2020
	Cécile Frot-Coutaz	September 2020	N/A
Remunerations Committee	Yann Debois	October 2018	July 2020
	Florent Chabaud	July 2020	March 2021
Strategy Committee	Richard Moat	November 2019	May 2020(1)
	Maarten Wildschut	June 2019	June 2020
***Ad Hoc* Committee**(2)	Anne Bouverot	May 2020	October 2020
	Xavier Cauchois	May 2020	October 2020
	Dominique D'Hinnin	May 2020	October 2020
	Melinda J. Mount	May 2020	October 2020
	Thierry Sommelet	May 2020	October 2020

(1) Richard Moat continues to attend Strategy Committee Meetings after that date as a permanent guest.
(2) Ad Hoc Committee set up in May 2020 and active until October 2020.

The duration of the Directors' term of office is defined by the Company's by-laws and is set at three years. Directors may be re-elected and can be dismissed at any time by the Ordinary Shareholders' Meeting.

INFORMATION ON DIRECTORS PRESENT IN 2020

Age	Gender	Nationality	Start of term of office	Expiration of term of office	Length of service *(in years)*	Number of terms in public companies *(including Technicolor)*	Technicolor Shareholding	Attendance rate at Board meetings	Attendance rate at committees' meetings	Audit Committee	Nominations & Governance Committee	Remunerations Committee	Strategy Committee	*Ad Hoc* Committee
										(as of December 31, 2020)				
Current members of the Board:														
Anne Bouverot, Independent Chairperson of the Board of Directors														
55	F	French	June 2019	2022 AGM(1)	1.5	2	39,533	100%	100%		Chairperson		Chairperson	Chairperson
Melinda J. Mount, independent Director and Vice-Chairperson														
61	F	U.S.	April 2016	2021 AGM(1)	5	3	21,000(2)	100%	100%	Chairperson		Member		Member
Bpifrance Participations, represented by Thierry Sommelet, independent Director														
51	M	French	January 2016	2021 AGM(1)	5	5	10,381,145	100%	100%		Member		Member	Member
Xavier Cauchois, independent Director														
63	M	French	June 2019	2022 AGM(1)	1.5	2	6,030	100%	100%	Member		Chairperson		Member
Florent Chabaud, Director representing employees														
51	M	French	July 2020	March 2021	0.5	1	888	100%	100%			Member		
Dominique D'Hinnin, independent Director														
61	M	French	June 2019	2022 AGM(1)	1.5	5	12,370	95%	95%		Member		Member	Member
Cécile Frot-Coutaz, independent Director														
54	F	French	March 2020	2023 AGM(1)	1	1	4,475	100%	100%		Member		Member	
Christine Laurens, independent Director														
50	F	French	June 2019	2022 AGM(1)	1.5	1	555	100%	82%	Member		Member		
Brian Sullivan, independent Director														
59	M	U.S.	June 2019	2023 AGM(1)	1.5	1	2,250	100%	100%	Member			Member	
Marc Vogeleisen, Director representing employees														
53	M	French	December 2020	December 2023	0.5	1	4	NA	NA					
Members who left the Board in 2020:														
Ana García Fau, independent Director														
52	F	Spanish	April 2016	June 2020	5	5	2,000	100%	100%					
Maarten Wildschut, independent Director														
48	M	Dutch	October 2018	June 2020	2.5	1	0(3)	100%	100%					
Yann Debois, Director representing employees														
41	M	French	July 2017	July 2020	3	1	1,607	100%	100%					
Richard Moat, Director until May 5, 2020														
66	M	English and Irish	November 2019	May 2020	0.5	2	585,825(4)	100%	100%					

(1) Annual General Shareholders' Meeting.
(2) Ms. Melinda J. Mount holds 21,000 Technicolor American Depositary Receipts, equivalent to 778 shares.
(3) RWC held, as of the date of publication of this Universal Registration Document, 200,166 shares (representing 0.09% of the share capital).
(4) It will be proposed to the next Shareholder's Meeting to re-appoint Mr. Richard Moat as a Director.

Independence of Directors

The independence of the Board of Directors, in the absence of any controlling shareholder, is of great importance for the Company in order to ensure that the Board of Directors, as a body, represents not only the whole community of shareholders, but also the interests of the Company and of other stakeholders, employees and partners.

At their meetings of March 2021, the Nominations & Governance Committee and the Board of Directors reviewed the independence of its members according to the definition and criteria set forth in the Corporate Governance Code of Listed Companies published by the *Association française des entreprises privées* (AFEP) and the *Mouvement des entreprises de France* (MEDEF) (the "AFEP-MEDEF Corporate Governance Code"), to which the Company adheres to (see paragraph 4.1.2.1 below). According to this Code, *"a Director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or its management that may interfere with his or her freedom of judgment."*

Should a *"business relationship"* exist between the Company and the Group in which the Director is an employee or an executive, the Board of Directors shall conduct, where appropriate, a quantitative and qualitative review of such relationship to determine whether, from the perspective of the two parties, they are significant enough to be an obstacle to the Director's independence. The specific criteria taken into consideration by the Board are:

1. the percentage of each party's total revenue accounted for by the flow of business in question;
2. whether or not this is a strategic relationship for the Company;
3. the financial terms of the business relationship;
4. any calls for tender;
5. the length of the relationship;
6. the organization of the business relationship (decision-making powers of the Director with regard to the contract, whether the Director receives compensation, *etc.*).

As of the date of publication of this Universal Registration Document, 8 of the 10 Directors were deemed to be independent. See below the summary of the assessment made at the Board of Directors meeting of March 11, 2021.

Name	Discussion							Independent
Anne Bouverot	Ms. Bouverot meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	**No cross-directorships**	**No significant business relations**	**Family ties**	**Statutory Auditor**	**Term of office of less than 12 years**	**Shareholding below 10% of Technicolor share capital**	
	✓	✓	✓	✓	✓	✓	✓	
Melinda J. Mount	Ms. Mount meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	**No cross-directorships**	**No significant business relations**	**Family ties**	**Statutory Auditor**	**Term of office of less than 12 years**	**Shareholding below 10% of Technicolor share capital**	
	✓	✓	✓	✓	✓	✓	✓	
Bpifrance Participations, represented by Thierry Sommelet	Bpifrance Participations holds less than 10% of the share capital.							Yes
	Not an employee/ Executive Officer over the last five years	**No cross-directorships**	**No significant business relations**	**Family ties**	**Statutory Auditor**	**Term of office of less than 12 years**	**Shareholding below 10% of Technicolor share capital**	
	✓	✓	✓	✓	✓	✓	✓	
Xavier Cauchois	Mr. Cauchois meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	**No cross-directorships**	**No significant business relations**	**Family ties**	**Statutory Auditor**	**Term of office of less than 12 years**	**Shareholding below 10% of Technicolor share capital**	
	✓	✓	✓	✓	✓	✓	✓	

Name	Discussion							Independent
Florent Chabaud	Mr. Chabaud is a Director representing employees.							No
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	x	✓	✓	✓	✓	✓	✓	
Dominique D'Hinnin	Mr. D'Hinnin meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Cécile Frot-Coutaz	Ms. Frot-Coutaz meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Christine Laurens	Ms. Laurens meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Brian Sullivan	Mr. Sullivan meets all requisite criteria to be considered as an independent Director.							Yes
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	✓	✓	✓	✓	✓	✓	✓	
Marc Vogeleisen	Mr. Vogeleisen is a Director representing employees.							No
	Not an employee/ Executive Officer over the last five years	No cross-directorships	No significant business relations	Family ties	Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	
	x	✓	✓	✓	✓	✓	✓	

✓: Condition met.
x: Condition not met.

The members of the Board of Directors have no family relationship with one another.

Expertise of Board Members

Members of the Board of Directors were selected by the Nominations and Governance Committee and by the Board taking into account not only their own expertise but also the complementary nature of the skills of each member with those of other members, so that the combined expertise of the Board Members spans at all times all activity sectors of the Company and required skills. The table below lists the expertise of the Company Directors which are relevant to Technicolor businesses, its environment and current economic situation:

Name	Skills
Anne Bouverot	• Strong background in the Technology and Telecom sectors • In-depth experience with the U.S. and English markets • Wealth of experience as Director of listed companies, both in France and abroad • Recognized strategic and leadership skills
Melinda J. Mount	• Financial skills* • Good knowledge and understanding of cybersecurity matters • Specific experience in the Media & Entertainment sector • In-depth experience with mergers & acquisitions deals
Xavier Cauchois	• Highly qualified in audit matters through his 37-year experience at PwC* • Extensive knowledge of the Technology, Telecommunication and Media sectors • Compensation expertise
Florent Chabaud	• In-depth experience in the Group • 25 years of experience in IT security • Specific experience in personal data protection and GDPR compliance
Dominique D'Hinnin	• Strong financial skills • Thorough knowledge of the Technology sectors • Extensive experience in the Media & Entertainment sector
Cécile Frot-Coutaz	• Strong knowledge of the Media & Entertainment sector • In-depth experience with the U.S. and English markets • Good strategic skills • In-depth knowledge of the Production Services sector
Christine Laurens	• International financial profile* • High competence in mergers and acquisitions • Strong leadership skills • Good knowledge and understanding of Cybersecurity matters
Thierry Sommelet	• Significant experience in the Technology, Connected Home and Media industries • Financial background accentuated by private-equity experience • Good strategic skills
Brian Sullivan	• More than 30 years of experience in the Media & Entertainment sector • Financial skills, particularly in mergers and acquisitions • Extensive experience in Connected Home • Strategic skills through several executive positions
Marc Vogeleisen	• In-depth experience in the Group • Perfect knowledge of Connected Home, due to the various positions he has held in this Business Division

* *Specific financial or accounting expertise as required by Article L. 823-19 of the French Commercial Code related to the composition of the Audit committees.*

FIELDS OF EXPERTISE OF THE BOARD OF DIRECTORS AS OF THE DATE OF PUBLICATION OF THIS UNIVERSAL REGISTRATION DOCUMENT

The numerous changes to the composition of the Board of Directors in 2019 were undertaken with the mindset to create a skillful, complementary and committed Board. The additional changes which occurred in 2020, especially in the composition of the committees, are designed to achieve the same objective. The Board of Directors is confident in the complementarity of the Board Members' expertise, and the right balance between the different skills and the level of experience of the Board Members, which demonstrates the Board's ability to address key issues and to support the Company's strategy.

The involvement of the Board Members in the Board's activity (see in paragraph 4.1.2.3 below the individual Board meeting attendance rates) is also an indication of the effective functioning of the Board.

The biographies of the members of the Board of Directors are detailed in paragraph 4.1.1.3 below.

* As Board Observer.

Diversity policy within the Board of Directors and its committees

The Board of Directors is committed to promote diversity in its composition, with the understanding it will ensure both a good quality and creativity of discussions and decisions.

In this regard, the Board of Directors has outlined a policy regarding its composition to achieve a balanced composition and ensure a fair representation of genders, ages, cultures, skills, experience and nationalities. The Board thus ensured during its March 11, 2021 meeting that:

- its members' skills as well as its committees' composition are varied and in line with the long-term strategy of the Group;
- a majority of foreign Directors or highly international profiles are present which reflects the geographic mix of the Group' s business;
- the Board and its Committees are well balanced between women and men (50% of the Directors are women, including the Chairperson of the Board).

Gender promotion and diversity within the other management bodies

For some years, significant work, programs and action plans have been completed, and some remain ongoing, with regard to the non-discrimination, gender promotion and diversity policy to be applied within the Group.

This work covers in particular female representation on our management bodies, including the Executive Committee and the Management Committee, as well as the executive committees of the business divisions and the corporate functions (employees of band levels 4, 5 and 6). At the end of 2020, the Group had 13,289 employees, 28,4% of them being women.

With 3 members, women represent 27% of the Executive Committee and with 7 members, they represent 37% of the Management Committee. Within the combined Executive Committee and Management Committee, there are 10 women representing 33% of the membership.

Taking the combined Executive Committee and Management Committee, together with the executive committees of the business divisions and transversal functions, there are 25 women representing 37% of the membership, a proportion significantly higher than the overall representation of women among employees.

Notwithstanding this, the Board of Directors is aiming to accelerate women's access to positions of responsibility within the Group.

The Board will thus ensure that gender and diversity promotion is centered on relevant objectives with appropriate action plans to achieve them, and will regularly monitor the results of their implementation.

The Board of Directors has set up the following targets to be reached in 2023 in order to increase female representation in the top management of the Group:

- 35% of women in the combined Executive Committee and Management Committee;
- 40% of women in the combined Executive Committee, the Management Committee and the executive committees of the business divisions and corporate functions (employees with band levels 4, 5 and 6).

An extra-financial objective based on gender promotion and diversity has been included in the performance objectives of the Group Chief Executive Officer since 2018.

4.1.1.3 OTHER INFORMATION ABOUT MEMBERS OF THE BOARD OF DIRECTORS

GRI *[102-22]*

Biographies, positions and directorships of Directors

This section contains the biographies and information about the directorships held by Directors in office during fiscal year 2020.

Directors who are members of the Board of Directors as of the date of publication of this Universal Registration Document

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris

Nationality: French

Born March 21, 1966

Start of term of office: June 2019

Expiration of term of office: 2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 39,533

Anne Bouverot

Independent Chairperson of the Board of Directors

Main position: Chairperson of the Board of Directors of Technicolor and Senior Advisor for TowerBrook Capital Partners and Company Director

Length of service: 1.5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Connected Home
- Cybersecurity
- Strategy
- Technology
- Telecoms

Committees' memberships:

- Nominations & Governance Committee (Chairperson)
- Strategy Committee (Chairperson)
- *Ad Hoc* Committee (Chairperson) (in 2020)

Biography

Ms. Anne Bouverot currently is a Senior Advisor for TowerBrook Capital Partners, as well as a Company Director. She previously was Chair and CEO of Morpho (then Safran Identity & Security), a world leader in security and identity solutions, employing more than 8,600 people in 55 countries and generating revenues of €2 billion. Prior to Morpho, she spent 4 years as Director General of GSMA, the international association of mobile network operators. She began her career as IT project manager with Telmex in Mexico before spending 18 years with Orange in various positions.

Ms. Anne Bouverot is the Founder and Chair of Fondation Abeona (Data Science for Fairness and Equality). Graduate of École Normale Supérieure and of Télécom Paris and holding a PhD in Artificial Intelligence (1991), she has received the awards of *Chevalier de l'Ordre National du Mérite* and *Chevalier de la Légion d'Honneur* (France).

Current Directorships	
Company	**Office and directorship held**
In France	
Fondation Abeona (Data Science for Fairness and Equality)	Founder and Chair
Abroad	
Cellnex Telecom(1)	Director
TowerBrook Capital Partners	Senior Advisor
Thomson Reuters Founders Share Company	Trustee

(1) Listed companies.

Directorships held during the past five years	
Company	**Office and directorship held**
In France	
Capgemini SE(1)	Director
Edenred SA(1)	Director
Safran Identity & Security (Morpho)	Chair and CEO
Abroad	
MorphoTrak, LLC	President
Morpho Detection International, LLC	President
Morpho Cards GmbH	Member of the Supervisory Board
Morpho USA, Inc.	President

(1) Listed companies.

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: US

Born June 29, 1959

Start of term of office:
April 2016

Expiration of term of office:
2021 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 21,000 American Depositary Receipt equivalent to 778 shares

Melinda J. Mount

Independent Director and Vice-Chairperson

Main position: Company Director

Length of service: 5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Cybersecurity •
- Finance •
- In-depth Group Knowledge •
- Media & Entertainment •
- Mergers & Acquisitions •

Committees' memberships:
- Audit Committee (Chairperson)
- Remunerations Committee
- *Ad Hoc* Committee (in 2020)

Biography

Ms. Melinda J. Mount, who currently is a Company Director, is the former President of Jawbone, a company that develops wearable technology. Prior to that she spent 7 years at Microsoft in various finance and operational roles including Corporate Vice-President and Chief Financial Officer for the Online Services Division (Bing, MSN and the data centers) and the Corporate Vice-President and Chief Financial Officer for the Entertainment & Device Division (Xbox, Windows Phone, and Mediaroom).

Prior to Microsoft, Ms. Melinda J. Mount spent 9 years at Time Warner in various finance and strategy management leadership roles and spent eight years at Morgan Stanley as an investment banker specializing in mergers and acquisitions.

Ms. Melinda J. Mount is currently an independent Director of Cerner Corporation, a company that provides health information technology solutions and services to health care providers around the world. She is also on the Board of Directors of the Learning Care group, the second largest day care provider in the U.S. in terms of revenue, and advises a variety of start-ups on business strategy, business models and rapidly scaling operations.

Ms. Melinda J. Mount has an MBA with distinction from Harvard and a BBA from the University of Wisconsin-Madison.

Current Directorships	
Company	**Office and directorship held**
Abroad	
The Learning Care group	Director
Cerner Corporation(1)	Director
Group Nine Acquisition Corp(1)	Director

(1) *Listed company.*

Directorships held during the past five years
None

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: French

Born August 4, 1957

Start of term of office:
2019 Annual General Meeting

Expiration of term of office:
2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 6,030

Xavier Cauchois

Independent Director

Main position: Company Director

Length of service: 1.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Finance
- Media & Entertainment
- Mergers & Acquisitions
- Technology
- Telecoms

Committees' memberships:

- Audit Committee
- Remunerations Committee (Chairperson)
- *Ad Hoc* Committee (in 2020)

Biography

Mr. Xavier Cauchois started his career at PwC where he spent over 37 years, combining auditing and advisory activities. There, he supported French and international clients, startups, mid-sized companies and large groups in their growth, specializing in the technology sector. He was head of PwC Europe and France in the Technology, Telecom and Media practice until 2009, member of the Global Strategic Committee for the Audit from 2005 to 2008 and a member of PwC France Executive Committee from 2013 to 2016.

Current Directorships	
Company	**Office and directorship held**
In France	
Dassault Systèmes SE(1)	Director

(1) *Listed company.*

Directorships held during the past five years	
Company	**Office and directorship held**
In France	
PwC Business Services	Manager
GIE PricewaterhouseCooper	Director
PwC Audit	Partner

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Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: French

Born August 4, 1959

Start of term of office: 2019 Annual General Meeting

Expiration of term of office: 2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 12,370

Dominique D'Hinnin

Independent Director

Main position: Chairperson of Eutelsat Communications SA

Length of service: 1.5 year

Attendance rate at the Board of Directors' meetings: 95%

Skills:

- Connected Home
- Finance
- Media & Entertainment
- Strategy
- Technology

Committees' memberships:

- Nominations & Governance Committee
- Strategy Committee
- *Ad Hoc* Committee (in 2020)

Biography

Mr. Dominique D'Hinnin, now Company Director, began his career as a civil servant in 1986 but soon joined the Lagardère group, where he held several executive positions, starting as Chief Internal Auditor, then becoming Executive Vice-President with Grolier Inc., then Chief Financial Officer of Lagardère group. He held the position of Co-Managing Partner of the Lagardère group SCA between 2009 and 2016. After more than 25 years at Lagardère and with his expertise in the media and technology sectors, he decided to build a portfolio of non-executive mandates by joining the Board of Eutelsat Communications SA, which he has been chairing since 2017, the Spanish press group Prisa, the U.S. company Golden Falcon Acquisition Corporation as well as Edenred and the retail group LouisDelhaize SA (Belgium).

Mr. Dominique D'Hinnin is a graduate of École Normale Supérieure and École Nationale d'Administration.

Current Directorships	
Company	**Office and directorship held**
In France	
Eutelsat Communications SA(1)	Director and Chaiperson
Edenred SA(1)	Director
Abroad	
Promotora de Informaciones SA(1)	Director
Louis Delhaize SA	Director
Golden Falcon Acquisition Corp.(1)	Director

(1) Listed companies.

Directorships held during the past five years	
Company	**Office and directorship held**
In France	
Marie-Claire Album	Director
Holding Evelyne Prouvost	Director
Canal+ France	Director
Editions Amaury SA	Director
EADS(1)	Director

(1) Listed companies.

Main business address: 6 Pancras Square London N1C 4AG

Nationality: French

Born April 18, 1966

Start of term of office: June 2019

Expiration of term of office: 2023 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 4,475

Cécile Frot-Coutaz

Independent Director

Main position: Head of EMEA for YouTube

Length of service: 1 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Media & Entertainment
- Strategy

Committees' memberships:

- Nominations & Governance Committee
- Strategy Committee

Biography

Ms. Cécile Frot-Coutaz is Head of EMEA for YouTube, based in London. She started her career in strategy consulting at Mercer Management Consulting, in London, where she stayed for four years. In 1994, after obtaining her MBA, she joined the Pearson group headquarters in London. She was subsequently named Corporate Strategy Executive for Pearson TV, where she spearheaded the acquisition and integration of All American Fremantle into the Pearson Television group. In 2001, she relocated to Burbank as the U.S. commercial lead for the renamed FremantleMedia group. She held several executive roles and positions within the group, and ultimately became Chief Executive Officer in 2012. There she led a restructuring of the business and the strategy and was able to drive a successful transformation. She joined YouTube in October 2018 as Head of EMEA.

Ms. Cécile Frot-Coutaz is a graduate of ESSEC (BA, 1988) and of INSEAD (MBA, 1994).

Current Directorships
None

Directorships held during the past five years	
Company	**Office and directorship held**
In France	
Groupe M6[1]	Director
Abroad	
Fremantle Ltd. (subsidiary of RTL group)	Director

(1) Listed company.

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Christine Laurens

Independent Director

Main position: Chief Financial Officer and Partner at A.T. Kearney

Length of service: 1.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Cybersecurity
- Finance
- Mergers & Acquisitions
- Strategy
- Technology

Committees' memberships:
- Audit Committee
- Remunerations Committee

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: French

Born August 8, 1970

Start of term of office:
2019 Annual General Meeting

Expiration of term of office:
2022 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 555

Biography

Ms. Christine Laurens, is currently Chief Financial Officer and Partner at A.T. Kearney, based in Chicago since 2014. She started as a manager for the Telecommunications and Media practice within the Audit and Transaction Services Departments of Ernst & Young (EY) in Paris from 1994 to 1998. She then continued her career as Managing Director of the French subsidiary of Agency.com, in Paris up to 2001, before joining Keyrus as Chief Financial Officer. In 2002, she joined AT Kearney in Paris as the Southwest European Finance Director until 2005. Within the same company, she held various finance positions as Finance and Administration Director of France from 2006 to 2008, EMEA Finance Director from 2009 to 2012 and VP of Global Finance in 2013.

Ms. Christine Laurens is a Certified Public Accountant, a graduate of HEC Paris (Master's Degree in Management), of the CEMS program at ESADE Barcelona (Master's Degree in International Management). She also completed the Leading Professional Services Firms program at Harvard Business School Executive Education.

Current Directorships

Company	Office and directorship held
Abroad	
A.T. Kearney FZ LLC (UAE)	Director
A.T. Kearney – Abu Dhabi (UAE)	Director
A.T. Kearney Finance Limited (UK)	Director
PT A.T. Kearney (Indonesia)	Director
A.T. Kearney K.K. (Japan)	Director
A.T. Kearney New Zealand Limited (New Zealand)	Director
ATK U.S., Inc. (U.S.)	Director

Directorships held during the past five years
None

Bpifrance Participations, represented by Thierry Sommelet

Main business address: Bpifrance Investissement SA, 6-8 Boulevard Haussmann 75009 Paris

Nationality: French

Born December 10, 1969

Start of term of office: January 2016

Expiration of term of office: 2021 Annual General Meeting

Number of shares held as of the date of publication of this Universal Registration Document: 10,381,145

Independent Director

Main position: Managing Director Capital Development – Head of technology, media, telecom at Bpifrance Investissement

Length of service: 5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Connected Home
- Finance
- Media & Entertainment
- Strategy
- Technology

Committees' memberships:

- Nominations & Governance Committee
- Strategy Committee
- *Ad Hoc* Committee (in 2020)

Biography

Mr. Thierry Sommelet is Managing Director within the Capital Development Department of Bpifrance Investissement, in charge of the technology, media and telecom sector.

Mr. Thierry Sommelet has twenty years of private and public equity investment experience in the telecom and technology sectors, with Caisse des Dépots et Consignations where he was responsible for investment in telecom networks, and with Fonds Stratégique d'Investissements where he realized several transactions in the semi-conductor, technology and Internet sectors.

Before that, Mr. Sommelet held several positions in capital markets with Crédit Commercial de France, in Paris and New York, with Los Altos based Renaissance Software (now part of Sungard) and with media company InfosCE.

Mr. Thierry Sommelet graduated from ENPC civil engineering school in Paris and holds an MBA from Insead.

Directorships held as Permanent representative of Bpifrance Participations

Company	Office and directorship held
Current Directorships	
In France	
Orange SA[1]	Director
Idemia SAS	Director
Directorships held during the past five years	
In France	
Verimatrix SA[1]	Member of the Supervisory Board
Tyrol Acquisition 1 SAS	Director
Mersen SA[1]	Director

(1) *Listed companies.*

Directorships held in his own name

Company	Office and directorship held
Current Directorships	
In France	
Worldline SA[1]	Director
Talend SA[1]	Director
Soitec SA[1]	Director
Bleckwen SAS	Member of the Supervisory Board
Directorships held during the past five years	
In France	
Greenbureau SA	Member of the Supervisory Board
Ingenico SA[1]	Director
Sipartech SAS	Member of the Supervisory Board
Cloudwatt SA	Member of the Supervisory Board

(1) *Listed companies.*

Main business address:
Technicolor
8-10, rue du Renard
75004 Paris
Nationality: American
Born January 7, 1962
Start of term of office:
2019 Annual General Meeting
Expiration of term of office:
2023 Annual General Meeting
Number of shares held as of the date of publication of this Universal Registration Document: 2,250

Brian Sullivan

Independent Director
Main position: Company Director

Length of service: 1.5 year
Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Finance
- Media & Entertainment
- Strategy
- Technology
- Telecoms

Committees' memberships:
- Audit Committee
- Strategy Committee

Biography

Mr. Brian Sullivan has more than 30 years of experience in the television and entertainment sector, beginning with Showtime Networks, where he stayed 5 years, in roles of increasing responsibility. In 1994, he joined the database marketing firm Eagle Direct as Vice-President Sales & Marketing, then moved to Sky UK, where he stayed 14 years. There he held several senior management positions covering Strategy, Product, Content, Sales & Marketing, Streaming and CRM, culminating as the Managing Director of the Customer Group. In 2010, he became Chief Executive Officer of Sky Deutschland, managing one of the largest turnarounds in European media history. In 2015, he moved to 21st Century Fox in LA to run the Digital Consumer Group, including serving on the Hulu and National Geographic Partners Boards, and subsequently became President and Chief Operating Officer for Fox Networks group. In 2019 he left Fox to become a Senior Advisor to McKinsey & Co. within the Consumer, Media & Technology sector. In 2020 Mr. Brian Sullivan took on the CEO role with NEP group, the world's leading Broadcast Services and Live Events Services organization.

Mr. Brian Sullivan is a former student of Villanova University in Business Administration and Management.

Current Directorships	
Abroad	
NEP group	Chief Executive Officer
Astrolabs LLC	Director

Directorships held during the past five years	
Company	**Office and directorship held**
Abroad	
Hulu	Director
National Geographic Partners	Director
AVG Technologies(1)	Director
Sky Deutschland(1)	Director

(1) Listed companies.

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris
Nationality: French
Born November 10, 1967
Start of term of office:
December 2020
Expiration of term of office:
December 2023
Number of shares held as of the date of publication of this Universal Registration Document: 4

Marc Vogeleisen

Director representing employees until December 2023
Main position: Head of Business Office

Length of service: 0.5 year
Attendance rate at the Board of Directors' meetings: not applicable in 2020

Skills:
- Connected Home
- In-depth Group Knowledge
- Strategy

Committees' memberships:
- None

Biography

Mr. Marc Vogeleisen is Head of Business Office within the Connected Home Business Division. He has been working for Technicolor since 2002, at various positions, such as strategy expert assisting Senior Management at Corporate Group level, supporting group's major divestments (TV, IC's & Components) to business diversification (acquisitions of Technicolor, Grass Valley, Cisco…) before joining Connected Home in 2016.

In his current scope, Mr. Marc Vogeleisen is actively involved in 3 years Plan, Market Intelligence, Portfolio Strategy, Product Management, Marketing & Communication.

Besides these years working for Technicolor, from 2008 to 2010, he founded a start-up company in the Renewable Energy sector where he is now acting as a non-executive President.

Mr. Marc Vogeleisen graduated from the Paris University of Laws & Economics, and from the ESSEC Business School.

Current Directorships	
Company	**Office and directorship held**
In France	
Enersolar	President
Enerqos France	Chief Executive Officer
Montauban Solar	Managing Director
Moissac Solar	Chief Executive Officer

Directorships held during the past five years
Company
None

Board Observers as of the date of this Universal Registration Document

Main business address:
23 Savile Row
London W1S 2ET
United Kingdom

Nationality:
Canadian and French

Born April 13, 1978

Start of term of office:
December 2020

Expiration of term of office:
June 2022

Number of shares held as of the date of publication of this Universal Registration Document: Angelo Gordon held as of the date of publication of this Universal Registration Document 16,955,219 shares

Angelo Gordon, represented by Julien Farre

Board Observer

Main position: Managing Director, Distressed & Corporate Special Situations at Angelo Gordon

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: not applicable in 2020

Skills:

- Finance
- Media & Entertainment
- Mergers & Acquisitions
- Strategy
- Telecoms

Committees' memberships:

- None

Biography

Mr. Julien Farre joined Angelo Gordon in 2012 and is a Managing Director focusing on European distressed & corporate special situations group. Prior to joining Angelo Gordon, he was an Executive Director at Goldman Sachs and previously worked at Bain & Company as an Associate.

Mr. Julien Farre holds a Bachelor of Commerce degree from McGill University and an MBA degree from the Wharton School at the University of Pennsylvania.

Directorships held as Permanent representative of Angelo Gordon	
Company	**Office and directorship held**
Current Directorships	
None	
Directorships held during the past five years	
In France	
FB Lux Holdings GP, SA	Advisory Board Member
Frans Bonhomme SAS	Advisory Board Member
Saur SAS	Advisory Board Member

Directorships held in his own name	
Company	**Office and directorship held**
Current Directorships	
None	
Directorships held during the past five years	
None	

Main business address:
Bain Capital
1 Mayfair Pl
Mayfair
London W1J 8AJ
United Kingdom

Nationality: French

Born November 22, 1976

Start of term of office:
September 2020

Expiration of term of office:
March 2022

Number of shares held as of the date of publication of this Universal Registration Document: Bain Capital held as of the date of publication of this Universal Registration Document 19,492,010 shares

Gauthier Reymondier

Board Observer

Main position: Managing Director at Bain Capital

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:
- Finance
- Media & Entertainment
- Mergers & Acquisitions
- Strategy
- Telecom

Committees' memberships:
- None

Biography

Mr. Gauthier Reymondier joined Bain Capital Credit in 2008. He is a Managing Director based in Bain Capital Credit's London office. He is Head of European Liquid and Structured Credit and Portfolio manager, specifically Bain Capital Credit's European CLOs and separate accounts. Previously, Mr. Gauthier Reymondier was a manager at Bain & Company supporting private equity funds in Europe and worked at Schroder Salomon Smith Barney.

Mr. Gauthier Reymondier received a BA from HEC Paris.

Current Directorships	
Company	**Office and directorship held**
None	

Directorships held during the past five years	
Company	**Office and directorship held**
Abroad	
Metal & Waste Recycling Limited	Director

Directors who have left the Board of Directors as of the date of this Universal Registration Document

Main business address:
Technicolor,
8-10, rue du Renard,
75004 Paris

Nationality: French

Born February 21, 1970

Start of term of office:
July 2020

Expiration of term of office:
March 31, 2021

Number of shares held as of the date of publication of this Universal Registration Document: 888

Florent Chabaud

Director representing employees until March 31, 2021

Main position: Vice-President Business Security

Length of service: 0.5 year

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Cybersecurity
- In-depth Group Knowledge

Biography

Mr. Florent Chabaud joined Technicolor at the end of 2014, where he formed the internal IT security assessment team. He also established the Group's governance for personal data protection and GDPR compliance. Additionally, he initiated the ISO 27001 certification of the incident response and cryptographic key management activities for Connected Home products obtained at the end of 2019.

Mr. Florent Chabaud began his career at the French General Delegation for Armament (DGA) as an expert in public key infrastructure and secure messaging. In 2000, he joined the department that was to become the French National Information Security Agency (ANSSI), where he was appointed Deputy Director in 2004, in charge of research and innovation expertise. In 2010, he was appointed Chief Information Security Officer (FSSI) of the French Ministry of Defence.

Mr. Florent Chabaud graduated from École Polytechnique (1989) and is holder of a PhD in computer science and cryptography (1996) under the supervision of Jacques Stern (École Normale Supérieure).

Current Directorships	Directorships held during the past five years
None	None

Mr. Florent Chabaud left Technicolor as of March 31, 2021. At the time of publication of this Universal Registration Document, he is in the course of being replaced as a Director representing employees.

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris

Nationality: Spanish

Born November 3, 1968

Start of term of office: April 2016

Expiration of term of office: June 30, 2020

Number of shares held as of the date of publication of this Universal Registration Document: 2,000

Ana Garcia Fau

Independent Director until June 2020

Main position: Company Director

Length of service: 4 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Finance
- In-depth Group knowledge
- Mergers & Acquisitions
- Strategy

Biography

Ms. Ana García Fau, who was a Company Director, began her career in management consulting at McKinsey&Co in Madrid, Wolff Olins and the M&A Department of Goldman Sachs in London.

She built her career at the Telefonica group, serving as Corporate Development Officer and Chief Financial Officer of TPI-Páginas Amarillas (yellow pages and e-commerce) from 1997 until 2006. She was responsible for the international expansion of the Company, business development and strategy, serving in parallel at the Boards of Telfisa in Madrid, Publiguías in Chile, TPI in Brazil, Telinver in Argentina and TPI in Peru, amongst others.

In 2006 she was appointed Chief Executive Officer of Yell/Hibu for the Spanish and Latin-American businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas.

In 2010, she joined the International Executive Committee of Yell/Hibu and was later appointed Chief Global Strategy Officer of Yell/Hibu, responsible for strategic partnerships and digital strategy.

Ms. Ana García Fau is a graduate in Economics, Business Administration and Law from Universidad Pontificia Comillas (ICADE, E-3) in Spain, and holds an MBA from the Sloan School of Management of the Massachusetts Institute of Technology (MIT) in the United States.

Current Directorships	
Company	**Office and directorship held**
In France	
Eutelsat SA(1)	Director
Abroad	
Merlin Properties SA(1)	Director
Gestamp Automocion SA(1)	Director
DLA Piper LLP	Director
Globalvia SA	Director
Finerge SA	Non-executive Chairperson & Director
Euskaltel SA(1)	Director

Directorships held during the past five years	
Company	**Office and directorship held**
Abroad	
Cape Harbour Advisors SL	Director
Renovalia Energy group SA	Director

(1) Listed companies.

Maarten Wildschut

Main business address: RWC, Verde 4th Floor, 10 Bressenden Place, 5DH United Kingdom

Nationality: Dutch

Born September 22, 1972

Start of term of office: October 2018

Expiration of term of office: June 30, 2020

Number of shares held as of the date of publication of this Universal Registration Document: 0

Reminder: RWC held as of the date of publication of this Universal Registration Document 200,166 shares (representing 0.09% of the share capital)

Non-independent Director until June 2020

Main position: Co-Head of RWC European Focus Fund

Length of service: 2.5 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Finance
- Mergers & Acquisitions
- Strategy

Biography

Mr. Maarten Wildschut joined RWC as part of Hermes Focus Asset Management in October 2012. He joined the Hermes Team in August 2005 and became the lead fund manager in February 2009.

Mr. Maarten Wildschut has over 20 years of experience in value-based investing and bottom-up company analysis, and more than 13 years of experience in active ownership investing and working with companies and shareholders to create value creating change. Previously, he worked at Robeco Asset Management where he co-managed their European Small Cap funds and where he was responsible for institutional mandates. Prior to that, he worked as an analyst on U.S. and Latin American Equities. Before joining Robeco, Mr. Wildschut worked at ABN AMRO Investment Banking in Risk Management.

Mr. Maarten Wildschut is a member of the Advisory Board of Monolith Investment Management, a European small cap fund with a similar investment strategy to the RWC European Focus Fund.

Mr. Maarten Wildschut holds a MSc. in Business Economics from the Erasmus University in Rotterdam and is a CFA Charter holder.

Current Directorships	
Company	**Office and directorship held**
None	

Directorships held during the past five years	
Company	**Office and directorship held**
None	

Yann Debois

Main business address: Technicolor Connected Home France, 975, av. des Champs Blancs, 35576 Cesson-Sévigné

Nationality: French

Born June 8, 1979

Start of term of office: July 2017

Expiration of term of office: July 2020

Number of shares held as of the date of publication of this Universal Registration Document: 1,607

Director representing employees until July 2020

Main position: Senior Project manager for Production Services

Length of service: 3 years

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Connected Home
- In-depth Group Knowledge

Biography

Mr. Yann Debois is in charge of supporting cross-business units integration and communication within Production Services, with a particular focus on digital transformation projects. He joined Technicolor in 2006 and has since held a number of positions within Sourcing, especially in Hong Kong where he managed key suppliers for the Connected Home business unit.

Mr. Yann Debois is a law graduate (2000) and holds a diploma from the University of Rennes I as well as a Master degree in Value Chain & Logistics Management from the University of Macquarie Sydney (2004).

Current Directorships	
Company	**Office and directorship held**
None	

Directorships held during the past five years
Company
None

Main business address: Technicolor, 8-10, rue du Renard, 75004 Paris

Nationalities: British and Irish

Born September 8, 1954

Start of term of office: November 2019

Expiration of term of office: May 5, 2020

Number of shares held as of the date of publication of this Universal Registration Document: 585,825*

Richard Moat

Non-independent Director, until May 2020

Main position: Chief Executive Officer of Technicolor

Length of service (as Director): 6 months

Attendance rate at the Board of Directors' meetings: 100%

Skills:

- Connected Home
- Finance
- Strategy
- Telecoms

Biography

Mr. Richard Moat was appointed as Chief Executive Officer of Technicolor by the Board of Directors on November 5, 2019.

He has a strong track record as a CEO successfully leading business transformations in the telecoms and media industries.

His most recent role was as CEO of Eir Limited, the largest telecom operator in Ireland, where he led a successful turnaround creating shareholder value in excess of €1 billion. He joined Eir as CFO in 2012 and was its CEO from 2014 to 2018.

Previously, Mr. Richard Moat was Deputy CEO and CFO of Everything Everywhere Limited, the largest UK mobile telecoms company. Before that he spent 17 years at Orange group, including as CEO of Orange Romania, CEO of Orange Denmark and CEO of Orange Thailand.

Mr. Richard Moat holds a Diploma in Corporate Finance and Accounting from London Business School and has a master's degree in Law from St Catharine's College, Cambridge. He holds both British and Irish citizenships.

* *Further to Richard's Moat personal investment in the Company's shares made in December 2020, his reappointment as Director shall be proposed to the next Shareholder's General Meeting.*

Current Directorships

Company	Office and directorship held
Eircom Holdings (Ireland) Limited	Director
International Personal Finance PLC(1)	Director
Tiaxa Inc.	Director

(1) Listed companies.

Directorships held during the past five years

Company	Office and directorship held
Eircable Limited	Director
Eircom (Holdings) Limited	Director
Eircom (Infonet Ireland) Limited	Director
Eircom (UK) Limited	Director
Eircom Cloud Limited	Director
Eircom Finance Designated Activity Company	Director
Eircom Finco SARL	Director
Eircom group Plc(1)	Director
Eircom Holdco SA	Director
Eircom Limited	Director
Eircom Limited Jersey (Irish Branch)	Director
Eircom Limited (Jersey)	Director
Eircom Lux Holdings 1 SARL	Director
Eircom Lux Holdings 2 SARL	Director
Eircom MEP Intermediary SCS	Director
Eircom Sport Limited	Director
Irish Telecommunications Investments Designated Activity Company	Director
Lan Communications Unlimited Company	Director
Lercie	Director
Meteor Ireland Holdings LLC	Director
Meteor Mobile Communications Limited	Director
Meteor Mobile Holdings Limited	Director
Tetra Ireland Communications Limited	Director
The Peter Jones Foundation	Director
Eircom MEP SA	Director

(1) Listed companies.

4.1.1.4 ARRANGEMENTS OR AGREEMENTS MADE WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS OR OTHERS PURSUANT TO WHICH THE CORPORATE OFFICERS AND EXECUTIVE COMMITTEE MEMBERS WERE SELECTED

GRI *[102-25] [102-44]*

There is no arrangement or agreement with major shareholders, customers, suppliers or other parties, by virtue of which a Corporate Officer (Director, Chairperson of the Board of Directors or Chief Executive Officer) or a member of the Executive Committee has been selected.

4.1.1.5 CORPORATE OFFICERS' HOLDINGS IN THE COMPANY'S SHARE CAPITAL

Article 11.2 of the Company's by-laws provides that Directors are each required to hold at least 200 shares of Technicolor stock during their term of office.

Moreover, in accordance with the Internal Board Regulations, as modified by the Board of Directors on July 24, 2019, the Board considers that for the purpose of aligning Directors' interests with those of the shareholders, it is desirable that each Director personally holds a substantial number of shares. Consequently, each Director must acquire Technicolor shares in an amount equivalent to at least one-third of the fixed annual compensation due to him/her as Director. Such acquisition must occur within 12 months from the date of his/her appointment. Should a Director fail to do so, 50% of his/her fixed compensation as Director will be forfeited.

Under the terms of a decision of the Board of Directors of October 24, 2013, the Chairperson and the Chief Executive Officer are bound by a minimum investment requirement in Technicolor shares equivalent to the investment of one year of the average compensation due as Director (previously named "Director's fees"). This number of shares is doubled in the event of a renewal of the term of office.

Except for the above obligations, the Corporate Officers are not subject to any contractual restriction regarding the shares they hold in the Company's share capital. The memorandum entitled Corporate Policy on the Purchase and Sale of Company Shares, Insider Trading and Protection of Inside Information reiterates, however, the rules applicable to trading in Technicolor securities and provides for blackout periods during which such trading is prohibited. This policy also provides that Corporate Officers holding stock options and/or performance shares (i) are not authorized to carry out risk hedging transactions in accordance with the AFEP-MEDEF Corporate Governance Code and (ii) are subject to blackout periods for the exercise of options.

To the Company's knowledge, the Corporate Officers' shareholdings in the Company's registered capital as of the date of publication of this Universal Registration Document are as follows:

Directors	Technicolor shares
Anne Bouverot	39,533
Melinda J. Mount	21,000(1)
Bpifrance Participations	10,381,145
Xavier Cauchois	6,030
Dominique D'Hinnin	12,370
Cécile Frot-Coutaz	4,475
Christine Laurens	555
Brian Sullivan	2,250
Marc Vogeleisen(2)	4
Chief Executive Officer	
Richard Moat	585,825
TOTAL	**11,032,965**

(1) Ms. Mount holds 21,000 Technicolor American Depositary Receipts, equivalent to 778 shares.
(2) Directors representing employees, who do not receive any compensation as Directors, are out the scope of shareholding requirements.

The table below shows the transactions in Technicolor securities carried out during fiscal year 2020 and until the date of the publication of this Universal Registration Document, and notified to the AMF *(Autorité des marchés financiers)* in accordance with Article 19 of Regulation n° 596/2014 of April 16, 2014 on Market Abuse and Article L. 621-18-2 of the French Monetary and Financial Code:

First name and last name	Transaction date	Transaction type	Description of the financial instrument	Number of securities/ instruments	Unit price *(in euros)*	Amount of the transaction *(in euros)*
Richard Moat	December 10, 2020	Acquisition	Share	295,810	1.9291	570,647.07
Richard Moat	December 8, 2020	Acquisition	Share	95,617	1.7399	166,364.02
Richard Moat	December 4, 2020	Acquisition	Share	165,386	1.6997	281,106.58
Richard Moat	December 3, 2020	Acquisition	Share	29,012	1.6994	49,302.99
Bpifrance Participations SA	October 7, 2020	Exercise	Warrant	842,950	0.0100	8,429.50
Bpifrance Participations SA	September 22, 2020	Subscription	Share	8,370,251	2.9800	24,943,347.98
Bpifrance Participations SA	September 22, 2020	Subscription	Warrant	842,950	0.00	0.00
Bpifrance Participations SA	September 22, 2020	Subscription	Warrant	1,167,944	0.00	0.00
Anne Bouverot	September 11, 2020	Acquisition	Share	10,000	2.750	27,500.00
Anne Bouverot	August 28, 2020	Acquisition	Share	10,000	2.6100	26,100.00
Anne Bouverot	August 20, 2020	Acquisition	Share	7,681	2.5500	19,586.55
Anne Bouverot	August 11, 2020	Acquisition	Share	10,000	2.6909	26,909.00
RWC Asset Management LLP	June 29, 2020	Disposal	Share	39,530	2.7678	109,411.13
RWC Asset Management LLP	June 26, 2020	Disposal	Share	81,112	2.7261	221,119.42
RWC Asset Management LLP	June 25, 2020	Disposal	Share	109,165	2.8267	308,576.70
RWC Asset Management LLP	June 24, 2020	Disposal	Share	157,349	3.0628	481,928.51
RWC Asset Management LLP	June 23, 2020	Disposal	Share	161,724	3.6941	597,424.63
Bpifrance Participations SA	March 10, 2020	Acquisition	Share	1,300,000	0.2287	297,310.00
Bpifrance Participations SA	March 9, 2020	Acquisition	Share	3,191,351	0.2098	669,545.43
Bpifrance Participations SA	March 6, 2020	Acquisition	Share	2,071,107	0.2207	457,093.31
Bpifrance Participations SA	March 5, 2020	Acquisition	Share	3,118,183	0.2281	711,257.54

Details regarding stock options and performance shares granted to the Corporate Officers are set forth below in sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document.

4.1.1.6 STATEMENT ON THE ABSENCE OF CONVICTIONS FOR FRAUD, BANKRUPTCY AND INCRIMINATION DURING THE PAST FIVE YEARS

To the Company's knowledge, no Corporate Officer has been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) sanctioned by any statutory or regulatory authorities (including professional organizations), or (iv) disqualified by a court decision from (a) acting as a member of the administrative, management or supervisory bodies of a public company or (b) acting in the management or conduct of the affairs of a public company during the past five years.

4.1.1.7 SERVICE AND OTHER CONTRACTS BETWEEN CORPORATE OFFICERS AND THE GROUP

To the Company's knowledge, there are no service contracts between Corporate Officers (Directors, Chairperson of the Board of Directors and Chief Executive Officer) and the Group or any of its subsidiaries that provide for benefits upon termination of such contracts.

4.1.1.8 LOANS AND GUARANTEES GRANTED TO BOARD MEMBERS

None.

4.1.2 Preparation and organization of the Board of Directors' work

GRI *[102-18] [102-26] [102-31]*

4.1.2.1 COMPLIANCE WITH THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

GRI *[102-12]*

The Company refers to the AFEP-MEDEF Corporate Governance Code, last updated on January 2020 and available on the website of both the AFEP (www.afep.com) and the MEDEF (www.medef.com), for the preparation of the report required by Article L. 225-37 of the French Commercial Code.

The Company complies with all recommendations of the AFEP-MEDEF Corporate Governance Code.

4.1.2.2 ORGANIZATION OF THE BOARD OF DIRECTORS' WORK – INTERNAL BOARD REGULATIONS

GRI *[102-18] [102-19] [102-20] [102-21] [102-23] [102-26] [102-27] [102-31]*

The Board of Directors reviews at least once a year its membership, organization, operation and committees. In 2020, committees' memberships were reviewed in July and September.

The preparation and organization of the Board of Directors' work are described in the Board of Directors' Internal Regulations, the main provisions of which are summarized below (for the full Board of Directors' Internal Regulations, see sub-section 4.1.4: "Internal Board Regulations" of this Universal Registration Document).

The Board of Directors
Powers vested by law
• determines the Group's strategic directions and ensures their implementation – in doing so, the Board shall act in accordance with the corporate interest and shall take into account social and environmental matters;
• examines all matters relating to the proper functioning of the Company and decides on all issues that impact it;
• carries out all audits and controls that it deems necessary;
• deliberates on an annual basis on Company policy regarding equal employment and wages;
• authorizes any regulated agreements on a preliminary basis;
• appoints the Chairperson of the Board of Directors and sets his/her compensation; and
• appoints the Chief Executive Officer and sets his/her compensation.
Additional powers arising from Internal Board Regulations
• may appoint one or two Vice-Chairpersons;
• may appoint up to two Board Observers;
• approves the Strategic Plan prepared and presented by the Chief Executive Officer;
• oversees the quality of the information supplied to shareholders and to the market, in particular through the financial statements and in connection with major transactions;
• performs regular reviews of opportunities and risks, including risks of a financial, legal, operational, social or environmental nature, and assess their impact on the strategy determined by the Board and the measures taken as a consequence, and to that end receive all information necessary to fulfil its remit, especially from the Executive Officers;
• ensures the compliance of the Group with all regulations relating to bribery and influence peddling and any other compliance matter;
• obtains assurance that senior management is applying a policy of non-discrimination and diversity, especially in terms of gender balance on executive bodies;
• seeks assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will detect, respond and recover from any attack that may happen;

The Board of Directors

- authorizes the Chief Executive Officer to carry out the following strategic transactions:
  - **(i)** any material transaction outside the scope of Technicolor's stated strategy or that is likely to materially affect the operational or financial situation of the Group,
  - **(ii)** the conclusion of any material strategic partnership,
  - **(iii)** any transaction (contribution, acquisition, disposal, merger, transfer of any entity, activity or assets) by any member of the Group for an amount of more than €25 million, either per operation or per series of related operations,
  - **(iv)** the conclusion of new finance contracts increasing the Group's level of indebtedness by more than €25 million,
  - **(v)** the appointment of a Statutory Auditor who is not part of a network of international repute,
  - **(vi)** any decision, by any company of the Group, to settle litigation where such settlement would result in a payment of more than €10 million to the relevant counterparty, and
  - **(vii)** any significant changes to accounting principles applied by Technicolor or any company of the Group, other than changes made in application of applicable law or required by the Statutory Auditors of Technicolor or the relevant company.

For any of the above decisions that request the Board's approval, the Chief Executive Officer will make sure that the Board is informed sufficiently promptly in the process and on a regular basis (information to include relevant financial, legal, name of advisors and other) so as to be able to make an informed judgement when decision time comes.

Chairperson of the Board of Directors
Ms. Anne Bouverot

Powers vested by law

- organizes and directs the work of the Board, reporting thereon to the Annual General Meeting;
- ensures the proper functioning of the Company's management bodies; and
- ensures Directors are capable of performing their duties.

Additional powers arising from Internal Board Regulations

- regularly consulted by the Chief Executive Officer on all events of significance regarding the Group's strategy, external growth projects or financial transactions;
- monitors extraordinary transactions (external and internal) affecting the Group's scope of consolidation or structure;
- monitors the implementation of the Strategic Plans decided by the Board;
- organizes her activity so as to ensure that she is available and that she shares her market knowledge and extensive experience with the Chief Executive Officer (at the Chief Executive Officer's invitation, the Chairperson may attend internal meetings with Company executives and teams, so as to share her opinion on strategic issues);
- meets the main executives of the Group;
- promotes the values and image of Technicolor, both internally and externally;
- coordinates the work of the Board of Directors with its committees; and
- has sole authority, among Directors, to meet investors on behalf of the Company during roadshows and one-to-one meetings, so as to discuss long-term strategy, governance and compensation matters of the Company, it being understood that any such discussions should be in the presence of a Company's representative (Head of Investor Relations, the Board Secretary, *etc.*) and that the Chairperson shall update the Board on any such discussions.

The Chair's duties is to chair the Board of Directors and this is a non-executive role.

Chief Executive Officer
Mr. Richard Moat

Powers vested by law

Empowered with the broadest powers to act in any circumstances on behalf of the Company, subject to limitations imposed by the corporate purpose and those matters expressly reserved by law to the General Shareholders' Meeting or the Board of Directors.

Limits imposed by Board Internal Regulations

- prior authorization by the Board for certain strategic decisions (see above).

Additional powers

- specific annual authorization from the Board to issue warranties and guarantees in the name of the Company up to a certain amount.

Board committees

The Board of Directors is assisted in the performance of its tasks by four committees: the Audit Committee, the Nominations and Governance Committee, the Remunerations Committee and the Strategy Committee.

In 2020, and for the specific purposes of the Group financial restructuring, an *Ad Hoc* Committee composed of only independent Directors was set up with the duty to oversee the process relating to rights issues and assess the possible alternatives to raise new financing. The *Ad Hoc* Committee was dissolved after completion of the Technicolor financial restructuring.

Each Committee formulates proposals, recommendations and assessments in its area of expertise, which is defined by its charter. To this end, it may decide to conduct any study that could assist the Board of Directors in its deliberations.

The Chairperson of each Committee draws up the agenda for the meetings, which is then communicated to the Chairperson of the Board of Directors. Proposals, recommendations and assessments produced by committees are compiled in a report to the Board of Directors.

Board meetings

Each year, the Board of Directors draws up a schedule of its meetings for the coming year, based on a proposal from the Chairperson.

This schedule sets the dates for the Board of Directors' regular meetings (in conjunction with the release of quarterly financial information, previous year's annual results, half year results, meeting preceding the Ordinary Shareholders' Meeting, *etc.*). In addition to the meetings included in the schedule, the Board of Directors holds meetings whenever required by the Company's circumstances. If necessary, the Directors meet in working sessions. In addition, the Directors may meet in executive sessions, in which the Chief Executive Officer does not participate.

Directors' right to information

The Chairperson is required to communicate to each Director all documents and information necessary to carry out his or her work. The Internal Board Regulations stipulates that *"Other than in connection with Board meetings, Directors shall be kept informed, on a regular basis and by any means, of the financial and liquidity situation, of the Company's commitments, as well as any significant event and transaction relating to the Company."*

During its meetings, the Board of Directors may consult with the Company's outside financial and legal advisors.

Directors' duties

Members of the Board of Directors are bound by a general duty of confidentiality with respect to the deliberations of the Board and its committees, and any information that is confidential in nature or presented by its Chairperson as such.

The Internal Board Regulations stipulate that each Director is required to inform the Lead Independent Director or, in the absence of a Lead Independent Director, the Chairperson, of any situation that is likely to create a conflict of interest with the Company or any of the Group's companies. If necessary, the Lead Independent Director shall ask for an assessment from the Nominations and Governance Committee.

Directors' training

Members of the Board of Directors benefit from regular business sessions that are organized with all Board Members and business unit managers in order to update them on the Company's activities and to inform them on the organization and functioning of each business unit as well as on its strategy and future development. As an example, there were 3 business sessions in 2020, focusing equally on each business unit of the Group: Production Services, Connected Home and DVD Services.

In addition, each new member of the Board of Directors benefits from an induction session in corporate governance and is provided with the Technicolor *Vademecum*. This document allows each new Director to be up to date with:

1. the Company's life and especially Board and committees' composition, Board Members contacts, Board schedule for the year ahead;
2. all corporate documents such as the by-laws, the Internal Board Regulations or the Insider Trading Policy;
3. corporate governance documentation such as the AFEP-MEDEF Corporate Governance Code for Listed Companies to which the Company refers or an explanation of their duties and responsibilities;
4. the Group Directors & Officers Insurance Policy.

4.1.2.3 BOARD OF DIRECTORS' ACTIVITIES IN 2020

GRI *[102-18] [102-26] [102-27] [102-28] [102-31] [102-34]*

ATTENDANCE RATES TO BOARD MEETINGS HELD IN 2020

Name	Attendance rate
Ms. Anne Bouverot	100%
Ms. Melinda J. Mount	100%
Bpifrance Participations	100%
Mr. Xavier Cauchois	100%
Mr. Florent Chabaud (since July 2020)	100%
Mr. Dominique D'Hinnin	95%
Ms. Cécile Frot-Coutaz	100%
Ms. Christine Laurens	100%
Mr. Brian Sullivan	100%
Mr. Yann Debois (left the Board in July 2020)	100%
Ms. Ana García Fau (left the Board in June 2020)	100%
Mr. Maarten Wildschut (left the Board in June 2020)	100%
Mr. Richard Moat (left the Board in May 2020)	100%
AVERAGE	**99.59%**

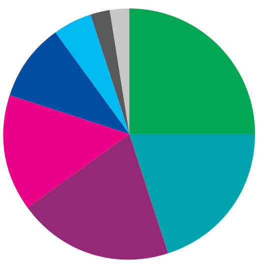
Board of Directors

19 MEETINGS IN 2020	12 THEN 10 MEMBERS	99.59% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE*

Activities in 2020 (recurring issues)

- **Financial issues:** reviewed the Company's quarterly, half-yearly and annual financial information and the preparation process (2020 annual budget, consolidated and statutory financial statements for 2019 and for the first half of 2020, revenues for the first and third quarters of 2020), reviewed the provisional accounting and financial information pursuant to Article L. 232-2 of the French Commercial Code, reviewed major accounting issues, reviewed press releases to be issued after Board meetings, as well as major parts of the Universal Registration Document (Board's reports especially), after examination by the Audit Committee, the Remunerations Committee and the Nominations & Governance Committee for the sections falling under their respective areas of expertise.
- **Strategy of the Group:** monitored the Company's Strategic Plan and corresponding action plans, was regularly updated and involved in business and strategic overviews.
- **Compensation and governance:** decided on the compensation of the Chairperson and the Chief Executive Officer, reviewed the Board's composition, reviewed the independence of each Board Member, deliberated on the Company policy regarding equal employment and wages, deliberated on the Board of Directors' assessment.

* *This percentage does not include Directors representing employees.*



- **25%** Financial structure & debt renegotiation
- **20%** Strategy
- **20%** Financial reporting & planning
- **15%** Compensation matters
- **10%** Governance
- **5%** Risk management
- **2.5%** Committees' reports
- **2.5%** Succession planning

MAIN BOARD DECISIONS FOR 2020 (IN ADDITION TO RECURRING ISSUES DESCRIBED ABOVE)

2020 was a particularly intensive year for the Board of Directors and its committees.

The preparation of the Group financial restructuring (rights issues and debt transactions) and the accelerated safeguard plan required a number of meetings for discussions and necessary approvals.

In this context, the Board also prepared and convened in 2020 three (3) Combined General Shareholders' Meetings (March 23, June 30, and July 22, 2020).

BOARD MEETING HELD ON JANUARY 30, 2020 — ATTENDANCE OF 100%

- Examined the preliminary 2020 budget and 2020-2022 business plan
- Started to examine equity and debt matters and related financing transactions
- Allocated 2019 Directors fees
- Granted restricted shares
- Approved a litigation settlement

BOARD MEETING HELD ON FEBRUARY 5, 2020 — ATTENDANCE OF 100%

- Examined equity (reverse split, share capital reductions and rights issues) and debt matters and approved related decisions
- Authorized the execution of two regulated agreements with RWC Asset Management and Bpifrance Participations relating to equity matters
- Convened the Company's shareholders to an Ordinary and Extraordinary Shareholders' Meeting on March 23, 2020

BOARD MEETING HELD ON FEBRUARY 18, 2020 — ATTENDANCE OF 100%

- Approved the 2019 financial statements and relevant reports
- Approved the 2020 budget and 2020-2022 business plan
- Approved the 2019 results for the Group's variable compensation plan
- Reviewed the Company policy on equal employment and pay
- Assessed Mr. Frédéric Rose's 2019 variable compensation
- Reviewed the results of the 2019 Board's assessment
- Executive session(1) regarding the Chief Executive Officer's variable compensation for the year 2019
- Executive session(1)

BOARD MEETING HELD ON MARCH 9, 2020 — ATTENDANCE OF 100%

- Performed the annual review of Directors' independence
- Examined the Board composition
- Approved the Group's variable compensation plan structure and 2020 objectives
- Executive session(1) to set the performance objectives for the Chief Executive Officer's variable compensation for 2020
- Adopted an Internal Charter on regulated agreements according to Article L. 22-10-12 of the French Commercial Code

BOARD MEETING HELD ON MARCH 23, 2020 — ATTENDANCE OF 100%

- Examined the situation and the first impacts of the Covid-19 crisis
- Implemented the reverse split of the Company's shares approved by the Shareholders' Meeting previously held on the same day
- Sub-delegated powers to the Chief Executive Officer in order to carry out the share capital reduction decided by the Shareholders' Meeting held on the same day

*(1) **4 executive sessions** were held in 2020. The executive sessions are held without the Chief Executive Officer for the sessions devoted to the Chief Executive Officer's compensation, and without the Chief Executive Officer and the Board Secretary for the other sessions.*

BOARD MEETING HELD ON MAY 7, 2020 **ATTENDANCE OF 100%**

- Acknowledged the difficulties - due to market conditions and Covid-19 crisis – to launch the capital increase initially planned and approved by the Shareholders' Meeting held on March 23, 2020 and decided to find an alternative financial plan
- Set up an *Ad Hoc* Committee in relation with the contemplated financial restructuring
- Examined again the situation and impacts of the Covid-19 crisis
- Approved a litigation settlement
- Updated 2020 budget and 2020-2022 business plan
- Reviewed the Board's composition and approved the proposals to be made to the shareholders with this regard
- Convened the Annual General Shareholders' Meeting on June 30, 2020

BOARD MEETING HELD ON MAY 15, 2020 **ATTENDANCE OF 100%**

- Reviewed the *Ad Hoc* Committee's report and approved its recommendation to move forward with the financial alternative plan to the capital increase approved on March 23 (this project would consist in raising new financing to cover Technicolor's needs and enable the $110 million bridge loan to be repaid at the end of July, accompanied by a restructuring of the debt, with, as a first step, the opening of conciliation proceedings with the Company's creditors)
- Approved the main terms of a Long-Term Incentive Plan (LTIP) and of an Investment & Incentive Plan, and the related resolutions to be proposed to the Shareholders' Meeting
- Granted delegation to the Chief Executive Officer for the purpose of granting sureties, endorsements and guarantees up to an overall limit of €450 million

BOARD MEETING HELD ON MAY 25, 2020 **ATTENDANCE OF 100%**

- Update on ongoing negotiations with external creditors and lenders
- Solicitation of applications for waivers from certain creditors and related to the subsequent conciliation procedure

BOARD MEETING HELD ON JUNE 5, 2020 **ATTENDANCE OF 100%**

- Appointed an independent expert to assess the fairness of the proposed debt restructuring

BOARD MEETING HELD ON JUNE 11, 2020 **ATTENDANCE OF 100%**

- Update on the refinancing plan

BOARD MEETING HELD ON JUNE 17, 2020 **ATTENDANCE OF 100%**

- Update on the ongoing negotiations with lenders and potential new money providers as part of the conciliation proceedings
- Authorized the execution of a regulated agreement (lock-up) with Bpifrance Participations in accordance with Article L. 225-38 of the French Commercial Code
- Approved the finalization and the execution of waiver letters with the Company's creditors, subsequent accelerated financial proceedings and related Chapter 15 recognition proceedings

BOARD MEETING HELD ON JUNE 22, 2020 **ATTENDANCE OF 100%**

- Update on financial restructuring
- Convened a combined General Shareholders' Meeting on July 20, 2020
- Approved the terms of the Safeguard Plan

BOARD MEETING HELD ON JULY 2, 2020 — ATTENDANCE OF 100%

- Update on financial restructuring and approval of the press release to be issued by the Company on the results of the vote of the creditors' committees
- Reviewed the composition of Board committees following the Annual General Meeting

BOARD MEETING HELD ON JULY 7, 2020 — ATTENDANCE OF 88.88%

- Update on financial restructuring
- Reviewed the independent expert's report
- Reviewed the Prospectus to be approved by the AMF *(Autorité des marchés financiers)*

BOARD MEETING HELD ON JULY 15, 2020 — ATTENDANCE OF 100%

- Update on the ongoing accelerated financial safeguard proceedings
- Reviewed and authorized the interim new money transaction and the signing of the related documentation

BOARD MEETING HELD ON JULY 30, 2020 — ATTENDANCE OF 100%

- Approved the half year financial statements and report
- Report of the Remunerations Committee
- Financial restructuring: implemented delegations of authority approved by the Shareholders' Meeting on July 20, 2020 subject to AMF *(Autorité des marchés financiers)* approval on the Supplement to the Prospectus and granted delegation of authority to the Chief Executive Officer to acknowledge the fulfillment of the condition precedent and proceed with the capital increases and warrants issues
- Reviewed and authorized certain transactions in relation to the new money transaction and the reinstated term loans

BOARD MEETING HELD ON SEPTEMBER 23, 2020 — ATTENDANCE OF 100%

- Update on the financial restructuring post capital increase
- Discussed a project of the post-production business sale
- Appointed Gauthier Reymondier (Bain Capital Credit) as Board Observer
- Reviewed the composition of the Board's committees

BOARD MEETING HELD ON NOVEMBER 5, 2020 — ATTENDANCE OF 100%

- Business update
- Financial information and press release
- Executive session(1)
- Reviewed and discussed the presentation issued by the Rennes Works Council regarding the "PSE" (redundancy plan) project for Connected Home

BOARD MEETING HELD ON DECEMBER 17, 2020 — ATTENDANCE OF 100%

- Appointed Angelo Gordon as Board Observer
- Granted Restricted Shares and Performance shares under Long-Term Incentive Plan 2020 (LTIP 2020)
- Approved the project of the post-production business sale

*(1) **4 executive sessions** were held in 2020. The executive sessions are held without the Chief Executive Officer for the sessions devoted to the Chief Executive Officer's compensation, and without the Chief Executive Officer and the Board Secretary for the other sessions.*

REMINDER: EVALUATION IN 2020

Procedure: a questionnaire was drawn up by the Nominations and Governance Committee and sent to all Directors *(For the results and areas for improvement of such evaluation, see 2019 Universal Registration Document, Chapter 4, section 4.1.2.3 page 102.)*

EVALUATION IN 2021

Procedure: questionnaire drawn up by the Nominations and Governance Committee sent to all Directors. Questionnaire similar to the previous evaluation one but including some additional questions related to the financial restructuring.

Themes: Board composition and structure, Board effectiveness, working methods, relationship between Board Members, executive management, shareholders and stakeholders, Succession planning, Committee's activities, approval and oversight of corporate strategy, financial restructuring.

Result and analysis: all Directors filled in the Board assessment form. Summary of key points:

- Consensus of the Board members that their skills are adequate with the needs of Technicolor, that they are strongly involved and committed and complementary in their skills;
- All Board members estimate that they have a good knowledge of the Company's business. The flow of information has improved especially with Chief Executive Officer's reports;
- In the context of a difficult year 2020 with both Covid-19 and Technicolor's Financial restructuring, significant improvements are underlined regarding the information provided and organization of meetings, the leadership of the Chairperson, and the quality of business sessions;
- Board members are also generally satisfied with their contribution to the Board. Positive contribution also of the *Ad Hoc* Committee in the context of the complex financial restructuring;
- The relationship with the Chief Executive Officer is transparent and allows the Board to conduct its works properly.

Areas for improvement:

- Several Board members would like to spend more time on the mid to long-term strategic vision, plans and objectives;
- Some asked to continue working on succession planning for the CEO and Executive Committee;
- ESG matters should be further addressed at the Board and for example at the Nominations and Governance Committee;
- Reviews of Risks at the Audit Committee and for presentation at the Board should be strenghthened;
- The Board should hold Executive sessions on a regular basis;
- Information materials for Board members should still be sent in a more timely and more synthetic manner.

4.1.2.4 CHAIRPERSON OF THE BOARD'S MISSIONS AND ACHIEVEMENTS IN 2020

As Chairperson of the Board of Directors, Ms. Anne Bouverot was vested with additional powers, in addition to those vested by law. In the framework of this governance change, the Internal Board Regulations were amended to reflect these additional powers, explained in Chapter 4: "Corporate governance and Compensation", section 4.1: "Corporate governance" and paragraph 4.1.2.2: "Organization of Board of Directors' work – Internal Board Regulations" of this Universal Registration Document.

In 2020, in addition to the powers vested to her by the law and within the scope of her additional powers, the Chairperson of the Board:

1. led as Chairperson the Strategy Committee's meetings and other strategy discussions held during the year;
2. led as Chairperson the *Ad Hoc* Committee's meetings and the discussions held in relation with the financial restructuring (equity and debt matters);
3. engaged regularly in discussions with general management on various subjects at their proposal.

4.1.2.5 COMPOSITION AND ACTIVITIES OF THE BOARD COMMITTEES

GRI *[102-18] [102-26] [102-31] [102-34] [102-36]*

The composition of the Board committees was thoroughly reviewed by the Board of Directors on June 14, 2019, further to the appointment of new Directors by the Annual General Shareholders' Meeting.

In 2020, the Board of Directors decided some additional changes to this composition following the appointment of Ms. Cécile Frot-Coutaz as new Director on March 23, 2020, the departure of Ms. Ana García Fau and Mr. Maarten Wildschut on June 30, 2020 at the end of their terms of office, and the designation by the Company's Works Council in July 2020 of a Director representing employees, replacing Yann Debois whose terms of office has expired.

The Audit Committee

AMF's report on Audit committees

The Company refers to the AMF's report on Audit committees issued on July 22, 2010 to prepare this report.

6 MEETINGS IN 2020	4 MEMBERS	96.15% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE

Composition as of September 23, 2020

- Ms. Melinda J. Mount (Chairperson, Independent)
- Mr. Xavier Cauchois (Independent)
- Ms. Christine Laurens (Independent)
- Mr. Brian Sullivan (Independent)

Meets the requirements of Article L. 823-19 of the French Commercial Code. Three members have specific skills in finance or accounting.

Individual attendance rates to Audit Committee meetings held in 2020

Current members:
- Ms. Melinda J. Mount: 100%
- Mr. Xavier Cauchois: 100%
- Mr. Brian Sullivan: 100%
- Ms. Christine Laurens: 50%

Previous members who left in 2020:
- Ms. Ana García Fau: 100%
- Mr. Maarten Wildschut: 100%

Mission

Defined by the applicable law, its charter, and the Internal Board Regulations:
- assists the Board of Directors in fulfilling its responsibilities regarding financial information and its publication, internal control procedures and risk management, Internal Audit, and internal procedures to check compliance with applicable laws and regulations;
- in particular, examines the draft parent company financial statements and consolidated financial statements prior to their presentation to the Board of Directors;
- examines material off-balance sheet commitments;
- checks the procedures adopted to ensure the accounts provide a true and fair view of the Company's financial position and are in compliance with applicable accounting standards;
- expresses its opinion and makes proposals to the Board of Directors regarding the nomination, missions, activities, compensation and dismissal of the Statutory Auditors;
- gives its authorization, or adopts procedures for authorization of non-audit services by the Statutory Auditors;
- assesses the effectiveness of internal control and risk management systems;
- reviews the work of the Ethics Committee, such as whistleblowing procedure investigations (see Chapter 3, section 3.2.2: "General control environment" above).

Organization of the Audit Committee's activities

At least four meetings per year, and whenever necessary before a Board of Directors' meeting, according to a predetermined annual workplan.

The Committee can:
- directly discuss with the Statutory Auditors in the absence of officers or individuals contributing to the preparation of the financial statements;
- upon request, directly discuss matters with the internal auditors in the absence of Executive Management;
- call upon the services of internal or external experts, in particular lawyers, accountants or other advisors or independent experts.

The Statutory Auditors participate in each Audit Committee Meeting.

Review process for annual and interim financial statements:
- initial meeting to review the initial closing items;
- second meeting to review the financial statements (for practical reasons due to the attendance of Directors on the Audit Committee who live abroad, such second meeting may at times take place on the day before the meeting of the Board of Directors).

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6 MEETINGS IN 2020	4 MEMBERS	96.15% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE

Main Audit Committee's activities in 2020

- reviewed parent company and consolidated financial statements for 2019 and for the first half of 2020, and revenue for the first and third quarter of 2020 (the review having been the subject of presentations by the Company's Chief Financial Officer and the Statutory Auditors);
- reviewed the financial press releases and investor presentations for the closing of fiscal year 2019, the first quarter of 2020, the first half of 2020 and the third quarter of 2020;
- examined accounting issues related to the closing of accounts for fiscal year 2019, the first half of 2020 and fiscal year 2020, and furthermore for the fiscal year 2020, examined the annual financial documentation process review with a focus on new reporting requirement related to the financial restructuring and key closing items (impairment review, non-current result, litigations and correlative provisions);
- reviewed the budget 2020 and the business plan 2020-2022;
- reviewed this Universal Registration Document;
- carried out an in-depth review of impairment tests of goodwill and key accounting issues surrounding the closing of accounts;
- discussed the equity structure of the Company;
- reviewed the Group's litigations;
- reviewed the Company insurance policy.
- reviewed the organization of Internal Audit, the biannual audit plans and their results, the internal control procedures (including the review of the 2020 internal control self-assessment), and security procedures for the Group;
- carried out an in-depth review of certain risks (Technicolor Risk Management);
- reviewed the cybersecurity program and strategy;
- reviewed the monitoring process of the covenants related to the debt in the context of the financial restructuring;
- discussed compliance;
- examined the Statutory Auditors' audit approach and audit plan and reviewed the matter of their independence;
- reviewed and approved when required the Statutory Auditors' non-audit services;
- reviewed the Statutory Auditors' assessment on Group internal controls;
- heard regularly the Chief Financial Officer, the Director of Norms and Consolidation, the Director of Treasury and Credit Management and the Director of Central Controlling;
- met in executive sessions and met with Statutory Auditors without management on a regular basis.

The Nominations & Governance Committee

5 MEETINGS IN 2020	4 MEMBERS	94.12% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE

Composition as of September 23, 2020

- Ms. Anne Bouverot (Chairperson, Independent)
- Ms. Cécile Frot-Coutaz (Independent)
- Mr. Dominique D'Hinnin (Independent)
- Mr. Thierry Sommelet (Independent)
- All members of the Committee are independent under the AFEP-MEDEF Corporate Governance Code;
- The Chief Executive Officer is involved in the work of this Committee.

Individual attendance rates to Nominations & Governance Committee meetings held in 2020

Current members:
- Ms. Anne Bouverot: 100%
- Ms. Cécile Frot-Coutaz: 100%
- Mr. Dominique D'Hinnin: 80%
- Mr. Thierry Sommelet: 100%

Previous members who left in 2020:
- Ms. Ana García Fau: 100%
- Mr. Maarten Wildschut: 100%

Mission

- submits proposals relating to the Company's governance, in particular, in respect of the organization and operation of the Board of Directors;
- also makes proposals to the Board of Directors for the appointment of the Board Members, the Chairperson, the Chief Executive Officer and Board Committee members.

Main activities of the Nominations & Governance Committee in 2020

- analyzed the composition of the committees and the Board of Directors and recommended changes;
- discussed and recommended the appointment of two new Board Observers;
- reviewed the process regarding the appointment of a second Director representing employees;
- performed the annual review of Directors' independence before submitting this analysis to the Board;
- reviewed succession plan for the Executive Committee's members;
- reviewed the self-assessment performed in 2020 and prepared and followed-up the new assessment of the Board of Directors for 2021.

The Remunerations Committee

9 MEETINGS IN 2020	4 MEMBERS	97.22% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE

Composition as of September 23, 2020

- Mr. Xavier Cauchois (Chairperson, Independent)
- Mr. Florent Chabaud (Non-Independent)
- Ms. Christine Laurens (Independent)
- Ms. Melinda J. Mount (Independent)

All the Committee members, except the Director representing employees who is not included for the calculation of the independence rate, are independent under AFEP-MEDEF Corporate Governance Code.

Individual attendance rates to Remunerations Committee meetings held in 2020

Current members:

- Mr. Xavier Cauchois: 100%
- Mr. Florent Chabaud: 100%
- Ms. Christine Laurens: 88.88%
- Ms. Melinda J. Mount: 100%

Previous members who left in 2020:

- Mr. Yann Debois: 100%

Mission

- issues recommendations to the Board of Directors regarding the compensation of (i) the Chief Executive Officer (and other Executive Directors if any), (ii) the Chairperson of the Board, and (iii) the other Directors to be submitted to the Shareholders' Meeting;
- makes proposals regarding grants of stock options and performance shares to the Group's employees, and more generally regarding employee shareholding and employee savings programs;
- issues recommendations on the consistency of the compensation of the Chief Executive Officer (and other Executive Directors if any) as compared with that of the other managers and employees.

Main activities of the Remunerations Committee in 2020

- reviewed the Group's variable compensation plan and its application (2019 results and 2020 targets);
- reviewed the Company's policy regarding equal employment and wages;
- reviewed and proposed to the Board of Directors the compensation policies to be approved by the General Shareholder's Meeting under the new say on pay *ex-ante*;
- proposed new rules of allocation regarding the Directors' compensation and the Chairperson of the Board's compensation;
- studied the compensation of the Chief Executive Officer and, in particular, proposed variable compensation targets;
- worked on the elaboration of a new project of long-term incentive compensation plan in the form of restricted shares and performance shares with specific rules for the Chief Executive Officer and Executive Committee's members eligible only to performance shares (LTIP 2020) and actually made its proposal to the Board for issuing the Plan;
- worked on the elaboration of an incentive & investment plan for the Chief Executive Officer and other eligible members of the Executive Committee.

The Strategy Committee

6 MEETINGS IN 2020	5 MEMBERS	100% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE

Composition as of September 23, 2020

- Ms. Anne Bouverot (Chairperson, Independent)
- Mr. Dominique D'Hinnin (Independent)
- Mr. Thierry Sommelet (Independent)
- Mr. Brian Sullivan (Independent)
- Ms. Cécile Frot-Coutaz (Independent)

The Chief Executive Officer, Mr. Richard Moat, was a member of the Strategy Committee until May 5, 2020, and continued to attend this Committee after this date as permanent guest.

Individual attendance rates to Strategy Committee meetings held in 2020

- Ms. Anne Bouverot: 100%
- Mr. Richard Moat: 100%
- Mr. Dominique D'Hinnin: 100%
- Mr. Thierry Sommelet: 100%
- Mr. Brian Sullivan: 100%
- Ms. Cécile Frot-Coutaz: 100%

Mission

- assists the Board in monitoring the implementation of the Company's Strategic Plan;
- prepares the Board's decisions in relation to the monitoring of the implementation of the Strategic Plan under execution and, generally speaking, reviews the Company's overall strategy.

Main activities of the Strategy Committee in 2020

- explored options to address liquidity challenges of 2020;
- examined the Strategic Plan and the financial restructuring plan;
- identified and discussed the opportunities for investment and disinvestment;
- examined the alternative options (project B) for the financial restructuring and recommended to set-up an *Ad Hoc* Committee;
- examined strategic options related to the various company businesses.

It is to be noted that any Board Member can attend the Strategy Committee's meetings, even if he or she is not a member of such Committee.

The *Ad Hoc* Committee

9 MEETINGS IN 2020	5 MEMBERS	100% AVERAGE PARTICIPATION RATE	100% INDEPENDENCE RATE

Composition as of September 23, 2020

- Ms. Anne Bouverot (Chairperson, Independent)
- Mr. Dominique D'Hinnin (Independent)
- Mr. Thierry Sommelet (Independent)
- Mr. Xavier Cauchois (Independent)
- Ms. Melinda J. Mount (Independent)

Individual attendance rates to the *Ad Hoc* Committee held in 2020

- Ms. Anne Bouverot: 100%
- Mr. Dominique D'Hinnin: 100%
- Mr. Thierry Sommelet: 100%
- Mr. Xavier Cauchois: 100%
- Ms. Melinda J. Mount: 100%

Mission	Main activities of the *Ad Hoc* Committee in 2020
• oversees the works relating to the financial restructuring: rights issue, raise of new money and relevant legal proceedings; • makes recommendations on the decisions to be taken by the Board with respect to the financial restructuring and follows-up the implementation of such decisions.	• reviewed the New Money process (alternative financial plan); • studied proposals and offers made by the approached lenders and investors; • discussed the New Money structure; • reviewed the calendar, the different steps of the financial restructuring and the communication plan; • reviewed the independent expert preliminary analysis; • after final completion of the financial restructuring, assessed the operations and examined the communication plan with investors; • reported to the Board and made recommendations regarding all the decisions to be taken regarding the above matters and the financial restructuring.

The *Ad Hoc* Committee has been set up by the Board of Directors on May 7, 2020 and remained active until October 26, 2020, after full completion of the 2020 financial restructuring.

4.1.3 Regulated agreements

4.1.3.1 REGULATED AGREEMENTS – CONFLICTS OF INTEREST

GRI *[102-25] [102-44]*

French law provides specific rules for all "regulated agreements", *i.e.* all agreements which are entered into directly or through an intermediary between the Company and its Chief Executive Officer, or one of its Directors or certain shareholders (shareholders holding more than 10% of the voting rights or, in the case of a corporate shareholder, its parent company) and which do not relate to ordinary transactions concluded under normal conditions.

In accordance with Article L. 225-38 *et seq.* of the French Commercial Code, these agreements must be submitted to the Board of Directors for prior authorization, which must be substantiated. The agreements must also be examined in a special report by the Statutory Auditors and the Shareholders' Meeting must be consulted. See section 4.1.3.2: "Statutory Auditors' special report on Regulated Agreements and Commitments" below.

Regulated agreements authorized by the Board of Directors during the fiscal year 2020 and already approved by the shareholders

In February 2020, the Board of Directors announced a comprehensive reinforcement of its capital structure comprising c. €300 million capital increase. RWC Asset Management LLP and Bpifrance Participations SA have each entered into a commitment to subscribe to this capital increase. These agreements were entered into to ensure the success of the rights issue and constituted a prerequisite for the execution of an underwriting agreement with a banking syndicate.

These two agreements were authorized by the Board of Directors during its meeting of February 5, 2020.

They were further approved by the Ordinary General Shareholders' Meeting held on June 30, 2020, under the 4th and the 5th resolutions, on the basis of the Statutory Auditors' special report on related-party agreements entered into pursuant to Article L. 225-38 of the French Commercial Code. For this report, please refer to section 4.1.3.2 of the Company's 2019 Universal Registration Document.

These two agreements were submitted to the Ordinary General Shareholders Meeting held on June 30, 2020 and approved under the 4th and the 5th resolutions.

Regulated agreements authorized by the Board of Directors during the fiscal year 2020 and to be approved by the shareholders at the next Ordinary General Shareholders' Meeting

On July 8 and 17, 2020, Technicolor announced the execution of several related-party agreements by the Company and Bpifrance Participations SA.

These agreements were entered into in the context of the contemplated debt restructuring plan announced in the press release published on June 22, 2020 (the "Restructuring"), with the purpose to contribute to the success of the Restructuring.

Under a first agreement, Bpifrance Participations SA took various commitments and mainly the commitments to subscribe to the contemplated rights issue and to the new money financing as detailed in note 1.1 to the 2020 consolidated financial statements (the "New Money").

The execution of this agreement was authorized by the Board of Directors on June 17, 2020 in accordance with Article L. 225-38 of the French Commercial Code, and the agreement was entered into on July 8, 2020.

Other related-party agreements were entered into by the Company and Bpifrance Participations SA.

To finance the general corporate purposes of the Group for July and August 2020 and to refinance the bridge facility before its maturity date, a portion of the New Money, c. €240,000,000, has been made available on July 17, 2020 (the "Interim New Money Transaction"). As part of the Interim New Money Transaction, €140 million have been lent to Tech 6 SAS (wholly-owned subsidiary of the Company) pursuant to a New York law governed note purchase agreement (the "Note Purchase Agreement") entered into by the Company as parent, together with Tech 6 SAS as issuer, certain entities including Bpifrance Participations SA as noteholders and Wilmington Saving Funds Society, FSB as agent.

Bpifrance Participations SA has subscribed to the notes in an amount of approx. €11.3 million.

To secure the Note Purchase Agreement, several security interests have been granted notably by the Company and certain subsidiaries of the Company to the benefit of the noteholders.

To that end, the Company entered into several agreements to which Bpifrance Participations SA had an indirect interest.

The Board of Directors authorized the execution of these agreements on July 15, 2020 in accordance with Article L. 225-38 of the French Commercial Code, and the authorized agreements were entered into on July 17, 2020.

The above-mentioned agreements are described in the Statutory Auditors' special report on regulated agreements (see section 4.1.3.2 below) and will be submitted for approval to the Annual Shareholders' General Meeting called to approve the 2020 financial statements.

Regulated agreements approved by the shareholders in the previous years and that remained in force during the fiscal year 2020

None.

Procedure for the review of agreements entered into in the ordinary course of business and on arms' length terms

In accordance with Article L. 22-10-12 of the French Commercial Code, an Internal Charter on related-party agreements and on the procedure for the review of agreements entered into the ordinary course of business and on arms' length terms (the "Charter") has been approved by the Board of Directors of Technicolor SA of March 9, 2020. The Charter is available on the Company's website. This Charter formalizes the process implemented to identify the related-party agreements, reminds the regulatory framework that applies to these, and sets a procedure within Technicolor SA for the proper assessment of agreements entered into in the ordinary course of business and on arms' length terms.

The Charter provides for an annual review by the Audit Committee of agreements entered into in the ordinary course of business and on arms' length terms. The persons who have a direct or indirect interest in the agreement do not take part in the review of the agreement. In the event of doubt as to the characterization of an agreement, the Audit Committee submits it to the Board of Directors' review. The opinion of the Statutory Auditors may be requested. Each year, the Audit Committee presents a report on the implementation of this evaluation procedure to the Board of Directors.

The review of these agreements for the fiscal year 2020 was performed by the Audit Committee on March 9, 2021 and the report prepared by the Audit Committee was presented to the Board of Directors on March 11, 2021.

Conflicts of interest

The Company is not aware of potential conflicts of interest between the obligations of Directors and Company managers towards Technicolor and their private interests and/or other obligations.

4.1.3.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

GRI [102-56]

This is a translation into English of the statutory auditors' report on regulated agreements issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

For the year ended December 31, 2020.

To the shareholders of Technicolor,

In our capacity as statutory auditors of your Company, we hereby report on the regulated agreements and commitments.

We are required to inform you, based on information provided to us, on the principal terms, conditions and the interests of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements and commitments are in the Company's interest, without expressing an opinion on their usefulness and appropriateness nor ascertaining whether any other agreements or commitments exist. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the benefits resulting from the conclusion of these agreements and commitments prior to their approval.

Moreover, it is our responsibility, if any, to give you the information specified in Article R. 225-31 of the French Commercial Code relating to the implementation, during the past year, of agreements and commitments that have already been approved by previous Shareholders' Meetings.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

Regulated agreements and commitments entered into and authorized during the year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed that the following agreements and commitments entered into during the year were previously authorized by your Board of Directors.

Subscription commitments and lock-up agreement entered into under the financial restructuring plan

Contracting entity: Bpifrance Participation SA

Nature and purpose: Agreement announced on July 8, 2020 comprising several commitments of Bpifrance Participations, including subscription to a share capital increase and new financing.

Terms and conditions:

Under this agreement, Bpifrance Participations SA has pledged to:

- subscribe as of right to the planned share capital increase for an amount proportional to its investment in the company, i.e. a total maximum amount of €25.5 million in cash;
- subscribe for a total amount of €20 million to the new financing;
- vote in favor of the resolutions to be submitted to the Extraordinary Shareholders' Meeting to implement the Restructuring (unless prevented from voting due to legal or regulatory constraints); and
- not to reduce the number of shares it holds between now and the date of the completion of the share capital increase.

Reasons: This agreement was entered into under the financial restructuring plan and the new financing to ensure their successful completion.

Board of Directors: This agreement was authorized by your Board of Directors on June 17, 2020 (Thierry Sommelet, Bpifrance Participations SA representative did not take part in the deliberations or the vote).

Transactions carried out as part of the interim transaction for the new financing

Contracting entity: Bpifrance Participation SA

Nature and purpose: Issues of bonds and collateral announced on 17 July 2020 to guarantee this agreement with bond holders, including Bpifrance Participation.

Terms and conditions:

These agreements were entered into under the debt restructuring plan announced on June 22, 2020, and more specifically as part of the interim transaction for the new financing.

To finance the Group's working requirements in July and August 2020 and refinance the existing bridge loan prior to its expiry on July 31, 2020, a portion of the new financing, i.e. around €240 million, was made available in July 2020, including:

- US$110 million under a loan agreement between the lenders and Technicolor USA; and
- €140 million under a bond issue agreement between the company as parent with Tech 6 as issuer, certain entities, including Bpifrance Participations as bond holders and Wilmington Saving Funds Society, FSB as agent.

Bpifrance Participations subscribed to the bonds for around €11.3 million:

To guarantee the bond issue, collateral was granted by the Company and certain subsidiaries to the bond holders.

Your company entered into several agreements under which Bpifrance Participations holds an indirect interest.

Reasons: These agreements were entered into under the financial restructuring plan and were required to guarantee the success of the interim operation for the new financing.

Board of Directors: These agreements were authorized by your Board of Directors on July 15, 2020 (Thierry Sommelet, Bpifrance Participations SA representative did not take part in the deliberations or the vote).

Agreements and commitments already approved by the Shareholders' Meeting

We hereby inform you that we have not been advised of any agreement or commitments previously approved by the Shareholders' Meeting which continued in effect during the year.

Furthermore, we inform you that the commitment of RWC Asset Management LLP and Bpifrance Participations SA to subscribe to the capital increase announced on 13 February 2020 and approved by the General Shareholders Meeting of 30 June 2020 was not effected as a result of the abandon of the capital increase.

Paris-La Défense, March 24, 2021

The Statutory Auditors

Mazars	Deloitte & Associés
Jean-Luc Barlet Partner	Bertrand Boisselier Partner

4.1.4 Internal Board Regulations

GRI *[102-18] [102-19] [102-21] [102-25] [102-26] [102-28] [102-29]*

The Internal Board Regulations explain the functioning of the Board of Directors, the powers of the different bodies in the Company and the duties of each Director. They are regularly reviewed by the Board of Directors and were last amended on July 24, 2019.

ARTICLE 1. MEMBERSHIP

1.1. The Board shall be composed of at least five (5) members. Save for the Employee Director, Directors are elected by the General Shareholders' Meeting upon recommendation by the Board.

1.2. In the event of a vacancy due to the death, incapacity or resignation of one or more Directors, the Board may, in between General Shareholders' Meetings, nominate Directors on a provisional basis. Such nominations shall be subject to ratification by the next General Shareholders' Meeting. A Director appointed in replacement of another Director shall serve for the duration of the term of the Director being replaced.

1.3. Directors shall serve for a term of three (3) years, subject to any legal provision relating to age limitations. Save for the Employee Director, a Director's term shall expire at the close of the General Shareholders' Meeting having approved the accounts of the prior fiscal period and held in the year of the expiration of such Director's term.

ARTICLE 2. CHAIRPERSON OF THE BOARD

2.1. The Board shall elect from among its members a Chairperson. The Board can also elect one or two Vice-Chairpersons. The Vice-Chairperson can qualify as "Lead Independent Director".

2.2. The Board determines the term of office of the Chairperson and Vice-Chairperson, which may not in any case exceed their respective terms as Director. They may be re-elected.

2.3. Notwithstanding the provisions of the previous section, the office of the Chairperson shall expire when the Chairperson reaches the age of seventy-five (75) years.

2.4. In case of absence or unavailability of both the Chairperson and the Vice-Chairperson, the Board shall designate for each meeting a Director to chair the meeting.

2.5. In addition to the powers vested to him by applicable laws and other provisions of this Internal Board Regulations, the Chairperson:

- can be regularly consulted by the Chief Executive Officer on all events of significance regarding the Group's strategy, external growth projects or financial transactions (the Group meaning the Company and its consolidated affiliates, hereafter altogether the "Group");
- monitors exceptional operations (external and internal) affecting the Group's scope or structure;
- monitors the implementation of the Strategic Plans decided by the Board;
- organizes his activity in such a way that he ensures his availability and shares his knowledge of the market and his deep experience with the Chief Executive Officer (at the invitation of the Chief Executive Officer, the Chairperson can participate to internal meetings with managers and teams of the Company, so as to bring his opinion and experience on strategic issues);
- can meet the main executives of the Group;
- promotes the values and image of Technicolor, both internally and externally;
- coordinates the work of the Board of Directors with its committees; and
- has sole authority, among Directors, to meet investors on behalf of the Company during roadshows and one-to-one meetings, so as to discuss long-term strategy, governance and compensation matters of the Company, it being understood that any such discussions should be in the presence of a Company's representative (Head of Investor Relations, the Board Secretary, *etc.*) and that the Chairperson shall update the Board on any such discussions.

ARTICLE 3. COMBINATION OR SEPARATION OF THE OFFICES OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

When appointing or renewing the term of the Chairperson or the Chief Executive Officer, the Committee responsible for governance shall submit to the Board an opinion on whether the Company is best served by separating or combining the offices of Chairperson and Chief Executive Officer.

ARTICLE 4. BOARD OBSERVERS *(CENSEURS)*

4.1. The Board may select up to two Board Observers *(Censeurs)*. The Board Observers are appointed for a term of up to 18 (eighteen) months, and are eligible for re-appointment, as stated in Article 11.5 of the by-laws.

4.2. Board Observers shall be convened in the same manner as Directors and shall participate in meetings of the Board in an advisory capacity only. The Board may appoint Board Observers as Committee members.

ARTICLE 5. SECRETARY

Upon recommendation by the Chairperson, the Board may appoint a Secretary. Each Board Member can consult the Secretary and benefit from his/her services. The Secretary ensures the observance of the procedures related to the Board's functioning and draws up the minutes of each meeting.

The Secretary is empowered to certify the copies or extracts of the minutes of the Board.

ARTICLE 6. DUTIES OF THE BOARD

6.1. The Board shall deliberate on issues that are within its competence by law or under the by-laws or these Internal Board Regulations. It shall in all circumstances act in the corporate interests of the Company, seeking to promote long-term value creation in all aspects of the Company's operations. Subject to the authority expressly granted to Shareholders' Meetings and within the limit of the corporate purpose, the Board shall address any issue of relevance to the proper conduct of the Company's affairs and shall, through its deliberations, settle matters concerning the Company.

6.2. The Board determines the Group's strategic directions and ensures their implementation. In doing so, the Board shall act in accordance with the corporate interest and shall take into account social and environmental matters. The Board gives its opinion on all decisions relating to the Company's general strategic, financial and technological policies and supervises the implementation of these policies by senior management. The strategic direction of the Group is defined in a Strategic Plan. The draft of the Strategic Plan is prepared and presented by the Chief Executive Officer and approved by the Board. The Chief Executive Officer presents an annual budget in line with the Strategic Plan. The Chief Executive Officer implements the Strategic Plan. The Chief Executive Officer shall notify the Board promptly of any problem or, more generally, any event that could affect the implementation of a direction of the Strategic Plan. This implementation is overseen by the Board.

6.3. In addition to the remits mentioned in Article 6.1 and 6.2 above and decisions listed in Article 8 below which require its approval, the Board shall have *inter alia* the following powers:

- **(i)** appoint and dismiss the Company officers, sets their compensation, selects the form of organization and governance (separation of the offices of Chairperson and Chief Executive Officer or combination of such offices);
- **(ii)** oversee the quality of the information supplied to shareholders and to the markets, in particular through the financial statements and in connection with major transactions;
- **(iii)** perform regular reviews of opportunities and risks, including risks of a financial, legal, operational, social or environmental nature, and assess their impact on the strategy determined by the Board and the measures taken as a consequence, and to that end receive all information necessary to fulfil its remit, especially from the Executive Officers;
- **(iv)** ensure the compliance of the Group with all regulations relating to bribery and influence peddling and any other compliance matter;
- **(v)** obtain assurance that senior management is applying a policy of non-discrimination and diversity, especially in terms of gender balance on executive bodies;
- **(vi)** seek assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will detect, respond and recover from any attack that may happen.

ARTICLE 7. MEETINGS OF THE BOARD – AGENDA

7.1. The Board shall meet as often as necessary and as may be required in the interest of the Company and pursuant to applicable legal and regulatory requirements. The Board shall meet no fewer than four (4) times per year.

7.2. Each year, upon recommendation by the Chairperson, the Board shall approve a calendar of regular Board meetings for the coming year. In addition to the regular Board meetings, specific meetings may be organized as needed.

7.3. The Board shall be convened by the Chairperson, or if the Chairperson is prevented from performing his/her duties, by the Vice-Chairperson or if the Vice-Chairperson is prevented from performing his/her duties, by the Chairperson of the Nominations & Governance Committee.

In all circumstances, the Board can also be convened by half of the Directors.

7.4. Meetings of the Board shall be held at the corporate headquarters, or at any other location indicated in the convening notice. Convocations of Board meetings may be provided by any means, including by letter, facsimile, email or orally.

7.5. The Chairperson is responsible for setting the agenda for each meeting in consultation with the Chairpersons of the committees of the Board and the Chief Executive Officer and communicates the agenda to the Directors in a timely manner by any appropriate means. Upon recommendation by the Chairperson, the Board may deliberate on issues not on the agenda which have been brought to the attention of the Board.

7.6. Upon request by the Chairperson, members of the Group's management, internal and external auditors and outside advisors may attend meetings of the Board as appropriate in light of the agenda.

7.7. Upon request by the Chairperson, Non-Executive Directors may meet in "executive" sessions, in which the Chief Executive Officer does not participate. An executive session is scheduled once a year for the Chairperson and Chief Executive Officer's performance review.

7.8. The duration of the meetings of the Board shall be sufficient to permit an in-depth review and discussion of the issues by the Board. The Chairperson is responsible for guiding the discussion at Board meetings.

7.9. Meetings of the Board may be held by videoconference or other telecommunications facilities. In such case, the Board ensures that the videoconference or telecommunication facilities are compliant with applicable legal requirements and standards. First, appropriate measures shall be taken to ensure the identification of each participant and the verification of the quorum. Failing this, the meeting shall be adjourned. Second, the facilities used must permit continuous and simultaneous transmission of the discussions.

Members of the Board participating in a meeting by videoconference or other telecommunication means shall be deemed to be present for the calculation of the quorum and majority, except for meetings during which matters referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code (approval of the Company financial statements and management report and approval of the Group consolidated financial statements and management report) are addressed.

ARTICLE 8. LIMITATIONS OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER

In addition to decisions that require Board approval under applicable laws, the Chief Executive Officer must obtain prior Board approval for:

- **(i)** any material transaction outside the scope of Technicolor's stated strategy or that is likely to materially affect the operational or financial situation of the Group;
- **(ii)** the conclusion of any material strategic partnership;
- **(iii)** any transaction (contribution, acquisition, disposal, merger, transfer of any entity, activity or assets) by any member of the Group for an amount of more than €25 million, either per operation or per series of related operations;
- **(iv)** the conclusion of new finance contracts increasing the Group's level of indebtedness by more than €25 million;
- **(v)** the appointment of a Statutory Auditor who is not part of a network of international repute;
- **(vi)** any decision, by any member of the Group, to settle a litigation where such settlement would result in a payment of more than €10 million to the relevant counterparty; and
- **(vii)** any significant changes to accounting principles applied by Technicolor or any company of the Group, other than changes made in application of applicable law or required by the Statutory Auditors of Technicolor or the relevant company.

For any of the above decisions that request Board approval, the Chief Executive Officer will make sure that the Board is informed sufficiently promptly in the process and on a regular basis (information to include relevant financial, legal, name of advisors and other) so as to be able to make an informed judgement when decision time comes.

ARTICLE 9. DIRECTORS' AND BOARD OBSERVERS' RIGHT TO INFORMATION

9.1. Each Director shall receive all information needed to perform his/her duties and may request any documents he or she considers appropriate. The Chairperson may deny such requests for additional documents when such request does not appear reasonably warranted by the corporate interest or useful to the Director in carrying out his or her duties. The Chairperson shall inform the Board regarding the follow-up provided to each such request.

9.2. Directors shall be provided in advance with the documents necessary to cast an informed vote based on full knowledge of the facts regarding the matters on the agenda.

9.3. Other than in connection with Board meetings, Directors shall be kept informed, on a regular basis and by any mean, of the financial and liquidity situation, of the Company's commitments, as well as of any significant event and transaction relating to the Company.

9.4. Directors may request to visit a place of business of the Company, as may be required to perform their duties. Such requests shall be sent to the Chairperson and to the Chief Executive Officer. Any visit of a company place of business shall be organized so as to minimize disruptions to the functioning of the business.

9.5. Any Director shall be entitled to meet with the Group's senior management without the presence of Executive Officers *(dirigeants mandataires sociaux)* of the Company, after having informed the Chairperson and the Chief Executive Officer.

ARTICLE 10. BOARD COMMITTEES

10.1. The Board shall create one or more specialized committees and shall define their composition, powers and responsibilities. Members of the committees shall be chosen among Board Members. The role of the committees shall be to examine and prepare matters to be put to the Board and to assist the Board in its work. Each Committee presents its opinions, proposals and recommendations to the Board.

10.2. The following matters shall be subject to a preparatory work carried out by a specialized Board Committee:

- **(i)** the examination of the financial statements and internal procedures to verify compliance with applicable laws and regulations;
- **(ii)** the follow up of the Internal Audit;
- **(iii)** the review of the internal and risk management procedures;
- **(iv)** the selection of the Statutory Auditors, the control of their independence and the follow-up of their work;
- **(v)** corporate governance;
- **(vi)** nomination of the members of the Board of Directors and its committees;
- **(vii)** remuneration; and
- **(viii)** the monitoring of the implementation of the Strategic Plan.

10.3. As of the date hereof, there are four committees of the Board:

- **(i)** the Audit Committee;
- **(ii)** the Nominations and Governance Committee;
- **(iii)** the Remunerations Committee; and
- **(iv)** the Strategy Committee. The number of committees may change as decided by the Board. The matters set forth in article 10.2 must however remain covered.

10.4. Each Committee shall draw up a draft charter defining its duties and responsibilities, its powers, and its method of functioning, which shall be presented to the Board for approval. The charter of each Committee shall, among other things, define the number of independent Directors who shall serve on each Committee.

10.5. In the performance of their duties, and after informing the Chairperson, the committees may conduct or commission, at the Company's expense, any studies or investigations that such Committee deems useful in the fulfilment of its mission and which may be useful in assisting the Board in its deliberations. The committees shall report to the Board on the results of any study or investigation carried out pursuant hereto. The committees can request, under the conditions described above, the assistance of external counsels.

10.6. The committees shall also have access to Group's executives and internal and external auditors as they may deem useful in preparing their works.

10.7. The Chairperson of each Committee shall report to the Board on its works. The opinions, proposals and recommendations made by each Committee shall, if necessary, be recorded in minutes.

ARTICLE 11. DIRECTORS' AND BOARD OBSERVERS' DUTY OF CONFIDENTIALITY

11.1. Directors and Observers are bound by a general duty of confidentiality with respect to the deliberations, discussions and resolutions of the Board and its committees and any information presented at Board meetings.

11.2. The Chief Executive Officer informs the Directors of the information to be disclosed to the markets as well as the text of statements or releases issued for this purpose on behalf of the Company.

11.3. The Chief Executive Officer shall take appropriate measures to ensure that employees of the Group who, by virtue of their functions, have access to material non-public information keep such information confidential.

ARTICLE 12. DIRECTORS' DUTY OF INDEPENDENCE AND CONFLICTS OF INTEREST

12.1. In the performance of their duties, each Director must make decisions in consideration of the sole interest of the Company.

12.2. Each Director is required to inform the Lead Independent Director, or in the absence of a Lead Independent Director, the Chairperson of any situation that could create a conflict of interests with the Company or one of the companies of the Group and must refrain from taking part in discussions and voting on any related resolutions. A Director must resign in the event of a permanent conflict of interests.

12.3. The Lead Independent Director, or in its absence the Chairperson, must disclose to the Board any situation of conflict of interest for which he/she has been informed.

12.4. The Board shall review any "regulated agreements" governed by Section L. 225-38 of the French Commercial Code to ensure that the interest of the Company is protected in all respects in the event of a possible conflict of interest between the Company and persons covered by Article L. 225-38 of the French Commercial Code. If there is any doubt regarding the application of Section L. 225-39 of the French Commercial Code to a particular transaction, the Board shall assume that such provision applies.

ARTICLE 13. DIRECTORS' DUTY OF DILIGENCE

13.1. The Board collectively represents all shareholders and shall act in the interests of the Company in all circumstances.

13.2. Prior to accepting an appointment as Director, each Director is responsible for familiarizing himself or herself with the laws, regulations and duties relating to their office, the Company's by-laws, these Internal Board Regulations, the Group's Code of Ethics and Financial Ethics Charter, the Insider Trading Policy, as well as the charter of any Committee on which such Director is intended to serve.

13.3. Each Director undertakes to discharge fully the duties and responsibilities of his/her office, including:

- devoting the necessary time, care and attention to his/her duties and to analyze the issues brought before the Board and any Committee on which such Director serves;
- ensuring that these Internal Regulations are meticulously followed;
- attending all meetings of the Board and of committees on which such Director serves, and all Shareholders' Meetings;
- requesting any additional information he/she may deem necessary to perform his/her duties and to form an opinion on matters on the agenda of any meeting of the Board or any Committee on which he/she serves;
- working continually to improve the effectiveness of the Board and any committees on which such Director serves and to advance the interests of the Company and the shareholders.

13.4. Each Director undertakes to resign his/her position on the Board when such Director believes in good faith that he/she is no longer capable of faithfully executing the duties and obligations of the position.

ARTICLE 14. COMPANY SHARES HELD BY DIRECTORS

14.1. Directors must hold at a minimum the number of shares stipulated in the Company's by-laws promptly after they become Directors.

14.2. The Board considers that for the purpose of aligning Directors' interests with those of shareholders, it is desirable that each Director personally holds a substantial number of shares. Consequently, each Director must acquire Technicolor shares in an amount equivalent to at least one-third of the fixed annual compensation due to him/her as Director. Such acquisition must occur within 12 months from the date of his/her appointment. Should a Director fail to do so, 50% of his/her fixed compensation as Director will be forfeited. The 200 shares the holding of which is imposed by the Company's by-laws are taken into account for the purposes of this paragraph.

14.3. Directors shall hold any shares they hold in the Company in registered form.

14.4. Directors must declare to the *Autorité des marchés financiers* and to the Board any transactions in the Company's securities pursuant to and in compliance with the terms of Article L. 621-18-2 of the French Monetary and Financial Code and the General Regulations of the *Autorité des marchés financiers*. The Company may, upon request, declare those transactions on behalf and in the name of Directors.

14.5. Directors shall refrain from:

- engaging in any transaction involving securities of the Company or the Group while in possession of material, non-public information regarding the Group;
- directly or indirectly conducting short sales involving the Company's shares.

As a general rule, Directors shall comply with the provisions of the Company's Insider Trading Policy.

ARTICLE 15. DIRECTORS' COMPENSATION

15.1 Directors shall receive an annual compensation, the maximum amount of which is determined by the Shareholders' Meeting. The Remunerations Committee proposes to the Board the global Directors' compensation to be submitted for approval to the Shareholders' Meeting, as well as the allocation of such amount amongst the Directors.

15.2 The annual allocation of Directors' compensation is determined by the Board according to the effective attendance of Directors at meetings of the Board and its committees.

15.3 As permitted by law, Directors may be entitled to compensation for the execution of a mandate or a specific mission. The amount of this compensation is determined by the Board upon recommendation of the Remunerations Committee.

15.4 Board Observers may be entitled to compensation. The amount of this compensation is determined by the Board upon recommendation of the Remunerations Committee, using the same principles as those applicable to Directors' compensation.

15.5 Directors shall be entitled to reimbursement for any reasonable expenses incurred in connection with their attendance of meetings of the Board or any Committee on which they serve.

15.6 As a general matter, the remuneration of Directors must be determined in such a manner as for their independence to be preserved.

ARTICLE 16. PERFORMANCE EVALUATION

16.1 The Board shall conduct an evaluation of its composition, organization and that of its committees on a regular basis, the objective being once a year. The Board dedicates one of the points on its agenda to a debate concerning its operation once a year and performs a formal evaluation at least once every three years. The purposes of the formal evaluation shall be notably to assess the way the Board operates, to check that the important matters are addressed and efficiently prepared and discussed, and to assess the contribution of Directors to the Board's activities.

16.2 The Board may require the assistance of an external company for the conduction of such evaluation.

16.3 The Board shall consider the opportunity to review those Internal Board Regulations according to the results of the evaluation.

16.4 The results of the evaluation carried out are reported in the Company's Annual Report communicated to the shareholders.

4.1.5 Executive Committee

4.1.5.1 MEMBERS OF THE EXECUTIVE COMMITTEE

GRI *[102-32] [405-1]*

As of the date of publication of this Universal Registration Document, the Executive Committee comprises of 11 members. The following table shows their responsibilities and year of appointment.

Name of Executive Committee Member	Age	Responsibility	Appointed
Richard Moat	66	Chief Executive Officer	2019
Irène Cambourakis	58	Group General Counsel and Corporate Secretary	2020
Laurent Carozzi	56	Chief Financial Officer	2018
Olga Damiron	52	Chief People & Talent Officer & Corporate Social Responsibility	2020
David Holliday	64	President of Home Entertainment Services	2020
Luis Martinez-Amago	58	Deputy CEO, President of Connected Home	2016
David Patton	53	President, Customer Experience & Advertising, Production Services	2019
Sherri Potter	48	President, Worldwide Post Production	2020
Christian Roberton	48	President of Production Services	2019
Tim Sarnoff	61	Global Head of Strategy and Development	2014
Tim Spence	49	Chief Operating Officer	2020

4.1.5.2 BIOGRAPHIES OF EXECUTIVE COMMITTEE MEMBERS

Mr. Richard Moat was appointed to the position of Chief Executive Officer in November 2019. For more information about his biography, please refer to paragraph 4.1.1.3 above.

Ms. Irène Cambourakis is the Group General Counsel and Corporate Secretary. In such capacity, she is in charge of legal, compliance and insurance matters for the Group and assists the Board of Directors in their work. Irène Cambourakis joined Technicolor in August 2020 and was appointed to the Executive Committee. She is the former Group General Counsel and corporate secretary of Zodiac Aerospace, a world manufacturer of systems and equipments for the aerospace industry, listed on the Paris stock exchange, where she spent 9 years and, prior to that, was Group General Counsel and member of the French Executive Committee of the retail group Marionnaud, part of the Chinese retail group AS Watson. Earlier, Ms. Cambourakis practiced as a qualified French lawyer for 15 years in top-tier international law firms in Paris and London where she focused on M&A, Private Equity and general commercial matters.

Mr. Laurent Carozzi is Chief Financial Officer and a member of the Executive Committee since he joined the Group in March 2018. Previously, he was deputy of the CFO at Publicis from early 2017. Prior to this, he spent 12 years at Lagardère group, where he held the positions of Head of Investor Relations, then of Head of Group Financial Control. From 2011, he focused on the turnaround of the Sports & Entertainment Business Unit as Chief of Operations and Chief Financial Officer. As part of his responsibilities he was a member of the Executive Committee of Lagardère Sports & Entertainment.

Ms. Olga Damiron was appointed as Chief People & Talent Officer & Corporate Social Responsibility and a member of the Executive Committee in February 2020. Prior to joining Technicolor in April 2017 as Connected Home Human Resources Business Partner, she held significant Chief Human Resources Officer positions within global organizations such as Keolis, Algeco Scotsman, Honeywell, and ESI Group, some of them publicly listed. She brings a wide experience of managing diverse workforce, organic and external growth projects, change and turn-around initiatives. Olga holds a masters degree in Labor Law from Paris Assas University and is certified in a number of programs including Lean Management (Kaizen, Ishikawa), System Thinking Leadership and Licensed Human Element Practitioner (LHEP). She is also General Secretary of RH&M and a member of Féminin Pluriel network.

Mr. David Holliday was appointed President of Home Entertainment Services in May 2020. David Holliday brings a wealth of leadership experience to HES, having spent nearly 40 years overseas in the Middle East, Europe, Asia, SE Asia, Africa and South America – building, leading or restructuring mobile, fixed and broadband telecoms companies in the public and private sectors. Recently, David Holliday has been CEO of Digicel in El Salvador, CEO of TelBru in the Sultanate of Brunei (Sovereign Wealth Fund Brunei), Group CEO of Mobicom (a KDDI and Sumitomo company), and CEO of Zain Zambia PLC. In all assignments, he has earned praise from shareholders and Boards for consistently exceeding their expectations. As a British Citizen, David Holliday believes in the value of positive corporate engagement in the communities where he has operated, and has worked to bring together government Ministers with agencies like UNICEF in successfully establishing nationwide mechanisms to protect vulnerable young children.

Mr. Luis Martinez-Amago is President of the Connected Home Division since January 2018 and Deputy CEO since March 2019. He joined Technicolor in October 2015 as Head of Connected Home North America and has been a member of the Executive Committee since January 2016. Coming to Technicolor from Alcatel-Lucent, Mr. Martinez-Amago has carried out multiple roles and responsibilities during his 27 years with Alcatel. Most recently he was the CEO of Alcatel-Lucent Shanghai Bell in China. Prior to this, he spent several years as President of the Europe, CIS, Middle East and Africa region. Prior to that, he held the responsibility for several worldwide Business Divisions as President, from Fixed Broadband Networks Division, to Applications Business Division, to Wireless Transmission Division. Before this, he was COO of the Integration and Services Division of the Company. Mr. Martinez-Amago holds a Technical degree in Telecommunications Engineering from the University La Salle, Barcelona; as well as PDD in General Management from IESE Business School.

Mr. David Patton is Head of Customer Experience and Advertising, Production Services, and a member of the Executive Committee since he joined Technicolor in April 2019. Previously, he was Global President at Young & Rubicam (Y&R), a WPP company. In this position, he was tasked to drive the transformation of the business from an advertising-led structure towards a technology-led, digital first operation. Prior to Y&R, David Patton spent 10 years at Grey, as President of EMEA and CEO of Grey London, where he oversaw the agency's strong performance across Europe, the Middle East, and Africa, transforming the business from a traditional advertising agency to a leading digital and communications company. He also held a variety of senior marketing roles at Sony Europe, Sony PlayStation EMEA and Nintendo UK. During his 15 years on the client-side, he built a reputation as a creative disruptor producing award-winning television campaigns such as Sony Balls, PlayStation Mountain and PlayStation Double Life.

Ms. Sherri Potter has been Head of Worldwide Post-Production since March 2016. She joined Technicolor in 2004 after the Company acquired the Canadian assets of Alpha Cine and Command/Toybox where she was Vice-President Sales for Canada. In 2008 she relocated to Los Angeles to lead the Sales team for Technicolor North America. Prior to her current role, she held a number of positions of increasing responsibility within Post Production. She attended the Northern Alberta Institute of Technology in Alberta, Canada. She is an associate member of the American Society of Cinematographers and an active member at large of the Academy of Motion Picture Arts and Sciences.

Mr. Christian Roberton is President of Production Services Division since October 2020 and a member of the Executive Committee since April 2019. Prior to that, he was head of Film & Episodic Visual Effects, Production Services, since November 2017. He joined MPC in 2003, where he started as a VFX Production manager and within 5 years became Managing Director of Film. During his time as Managing Director, MPC Film have opened studios in Vancouver, Los Angeles, Bangalore and Montreal and now have more than 2,000 artists and production crew working with them. Christian Roberton started his career in the traditional drawn animation business in the mid-90's, working for a number of London based companies on commercial and television series production. This led him to the animation production company Uli Meyer Studios where he became Company manager running all aspects of the business from commercial through to feature production.

Mr. Tim Sarnoff is Global Head of Strategy & Development since October 2020, sustaining the Group's long-term growth and profitability across all Business Divisions. Mr. Sarnoff joined Technicolor in 2009 as President of Technicolor Digital Production before becoming President of Production Services. Prior to joining Technicolor, Mr. Sarnoff was President of Sony Pictures Imageworks for 12 years, and previously created Warner Digital Studios as a division of Warner Bros., and shepherded the start-up and growth of Warner Bros. Animation. Mr. Sarnoff holds a Bachelor's Degrees in Psychology and in Journalism from Stanford University.

Mr. Tim Spence joined Technicolor in December 2019 as Chief of Staff to the CEO and was appointed Chief Operating Officer and a member of the Executive Committee in March 2020. Mr. Spence has over 18 years' experience in the communications industry, holding senior roles in finance and operations. He started his career at Price Waterhouse in Melbourne, and after moving to Europe in 2000 worked for 12 years at T-Mobile UK/Everything Everywhere Ltd (EE) where he held various roles in finance. His most recent role was as Managing Director Customer Operations at Eir Ireland where he led the transformation of the company's service operations and customer experience. He has extensive experience in initiating and leading complex organizations, digital and IT transformation programs to deliver efficiency and customer experience improvements.

4.1.5.3 ROLE OF THE EXECUTIVE COMMITTEE

The Executive Committee meets every week under the direction of the Chief Executive Officer, with an agenda determined collectively by its members. It examines questions relating to the activities of the Group. In this regard, it deals primarily with business activities, specific projects, following up on transactions and financial results, and the identification and assessment of risks.

Please refer to section 3.2.2: "General control environment – Group management and decision-making processes" of this Universal Registration Document.

4.2 COMPENSATION

4.2.1 Compensation and benefits of Corporate Officers

4.2.1.1 COMPENSATION POLICY FOR CORPORATE OFFICERS

GRI *[102-35] [102-36] [102-37]*

This report on the compensation policy for Corporate Officers *(mandataires sociaux)* was adopted on March 11, 2021, by the Board of Directors upon recommendation of the Remunerations Committee. It describes, in accordance with Article L. 22-10-8 of the French Commercial Code, the principles and criteria for the determination, allocation and distribution of the fixed, variable and exceptional items of the total remuneration and the benefits of all kinds that may be granted to Corporate Officers.

The Corporate Officers to whom this compensation policy is applicable are the Directors, the Chairperson of the Board of Directors and the Chief Executive Officer.

The compensation policy will apply from January 1, 2021 to all persons who hold a Corporate Officer position within the Company.

In accordance with Article R. 22-10-14 of the French Commercial Code, if the Board of Directors considers that there has been an exceptional event or exceptional circumstances which justify to adapt this policy, it could proceed with such amendment upon recommendation of the Remunerations Committee. Such amendment would have to be publicly disclosed in the Board of Directors' corporate governance report established at the end of the year. For example, if during a performance period, an exceptional event or exceptional circumstances rendered materially easier or more difficult for the Group to achieve a performance measure, the Board of Directors may adjust the extent to which an award shall vest to mitigate the effect of the exceptional event or circumstances while making sure that executives remain align with shareholders.

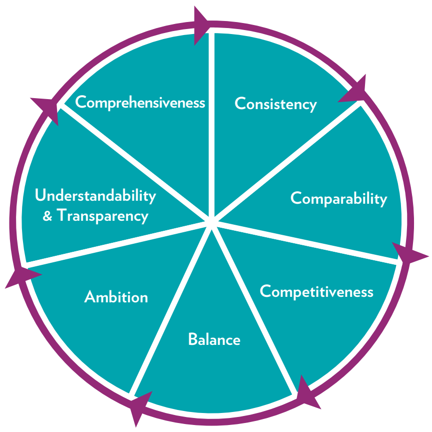
This report will be submitted to shareholders' approval at the Annual General Meeting to be held to approve the financial statements for the fiscal year ended December 31, 2020.

4.2.1.1.1 General principles for Corporate Officers' compensation

The compensation policy applicable to Corporate Officers is determined by the Board of Directors on the basis of recommendations made by the Remunerations Committee and is reviewed annually. The Remunerations Committee is entirely comprised of independent Directors, except for the Director representing employees in accordance with the AFEP-MEDEF recommendations. The Remunerations Committee may use the services of external advisors specialized in Corporate Officers' compensation. It also takes into account feedback from shareholders.

The compensation policy is determined in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code.

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and operating context and that its purpose is to enhance Technicolor's medium and long-term performance and competitiveness. This policy respects Technicolor's corporate interest *(intérêt social)* by aligning the Corporate Officers' interests with those of its shareholders and make sure that the compensation plan rewards executive management for good financial performance. When setting this policy, the Board of Directors bases its decisions on the following principles:



- **Consistency:** the policy applicable to the compensation of the Chief Executive Officer is consistent with the general compensation policy that applies to the Group senior executives:
  - the components of the compensation package are the same as those provided to senior executives (fixed compensation, variable compensation and long-term plans),
  - the financial performance criteria applicable to the Chief Executive Officer's variable and long-term compensation are the same for the Chief Executive Officer and for other executives;
- **Comparability:** the general policy for the compensation of the Corporate Officers has been developed in light of market practices. To that effect, the Remunerations Committee established with the assistance of outside advisors a peer group of listed companies which are comparable to Technicolor by size, industry and geographical presence. The peer group's composition is reviewed every year by the Remunerations Committee. It reflects in particular:
  - the Group's strong presence in the United States: the Group generates half of its revenues in the United States, 5 out of the 11 Executive Committee members and the Group's main competitors are U.S. based,
  - the business diversity of the Group: Technicolor being a worldwide Technology leader operating in the Media & Entertainment industry, the peer group is made up of direct competitors or clients in its key operating segments and of other companies in the broader Technology, Media & Entertainment industries;

The peer group thus determined is made up of the following companies(1):

- Arnoldo Mondadori Editore SpA;
- Cineworld group Plc;
- CommScope, Inc.;
- Criteo;
- Daily Mail and General Trust Plc;
- ITV Plc;
- JCDecaux SA;
- Lagardère SCA;
- Mediaset SPA;
- Millicom International Cellular SA;
- Pearson Plc;
- Prosiebensat.1 Media;
- Telenet Group Holding NV;
- TF1.

- **Competitiveness:** competitiveness of the compensation attributed to Corporate Officers is key in attracting, retaining and motivating the talents necessary to the Group's success and the protection of shareholders' interest. As such, it is considered by the Board of Directors when setting the compensation;
- **Balance:** the Board of Directors and the Remunerations Committee ensure that there is a proper balance between (i) fixed and variable components of the compensation, (ii) short and long-term components and (iii) cash and equity-based components. The Chief Executive Officer's compensation is made up of 3 main components: fixed, short-term variable and long-term variable compensation. These components aim to remunerate the work done by the Chief Executive Officer, tie compensation to the results achieved, and partly align the Chief Executive Officer's interest with that of shareholders';
- **Ambition:** the purpose of the annual variable compensation is to incentivize Corporate Officers to achieve the annual performance objectives set for them by the Board of Directors, consistent with the Company's strategy. All variable compensation plans are thus subject to challenging performance objectives for all beneficiaries who are around 2,000 worldwide. The financial objectives used are performance indicators set out by the Group in its financial communication. These quantifiable objectives are also the objectives used for determining the variable compensation of all Group employees who receive such variable compensation.

  Moreover, the Performance Shares awarded to the management are subject to a continued presence condition in the Group and, as laid down in the Corporate Policy on the Purchase and Sale of Company Shares, Insider Trading and Protection of Inside Information, Corporate Officers who have been awarded stock options and/or performance shares (i) are not allowed to carry out risk hedging transactions pursuant to the AFEP-MEDEF Corporate Governance Code and (ii) are subject to black-out periods during which they must not exercise their options.
- **Understandability of the rules and Transparency:** the variable compensation and long-term compensation plans are linked to stringent and transparent criteria of quantifiable and qualitative performance for which targets are clearly defined and set out in advance.
- **Comprehensiveness:** the Board of Directors and the Remunerations Committee take into consideration all components of the Corporate Officer's compensation in their overall appraisal of the compensation.

4.2.1.1.2 Compensation policy for the Directors

The compensation policy for the Directors aims to attract Directors with a variety of profiles and skills and contribute to the proper operation of the Board.

Global annual envelope

The current total annual envelope for Directors' compensation is €850,000, and has remained unchanged since the Annual General Meeting held on April 29, 2016.

Rules of allocation

The overall compensation awarded to Directors is made up of a fixed and variable compensation, and a travel allowance for Directors traveling overseas.

The levels of compensation, defined in the compensation policy, shall remain reasonable and competitive.

Directors are not eligible to any other compensation item such as stock-options, performance shares or any other long-term compensation items, nor will they benefit from any commitment in the event of termination of their duties.

It is also restated that the Directors must comply with an obligation to hold shares of the Company over their term of office in accordance with the Internal Board Regulations (see section 4.1.2.5 above) and should a Director fail to do so, 50% of his/her fixed compensation will be forfeited. The Directors representing employees are not entitled to receive any compensation in their capacity as Director and the share retention obligation does not apply to them.

The variable compensation, which is predominant, depends exclusively on the level of attendance of the Directors in the meetings of the Board and its committees.

In light of the pursuance of the Covid-19 pandemic in 2021, the Board and Committee's meetings are held by videoconference as a "non-optional format". In this context, the Board of Directors decided to adjust the variable compensation due to the Directors.

The rules governing the allocation of the Directors' compensation for 2021, for the whole pandemic period, will be the following:

- a fixed compensation of €30,000 for each Director;
- a variable compensation of €3,000 for each meeting of the Board of Directors;

(1) *Upon recommendation from the Remunerations Committee of February 17, 2020, the Board of Directors decided to amend the peer group's composition (i) to delete Dassault Systèmes, Hexagon AB, Ingenico group, Publicis groupe SA, Vivendi and Wolters Kluwer NV and (ii) to add Arnoldo Mondadori Editore SpA, Cineworld group Plc, Mediaset SPA, Millicom International Cellular SA, Prosiebensat.1 Media SA. The Peer Group was reviewed by the Remunerations Committee in March 2021 and remained unchanged.*

- a fixed compensation for each Committee Chairperson of:
  - €15,000 for the Audit Committee's Chairperson,
  - €10,000 for the other committees' Chairpersons;
- a variable compensation for each meeting of the Committee of:
  - for the Audit Committee, €2,500,
  - for the other committees, €1,500;
- a maximum of €15,000 could be granted to Directors who handled a specific mission during the year.

It is to be noted that:

- there will be no payment of variable compensation for exceptional meetings lasting under one hour;
- no compensation will be paid to the Chief Executive Officer and to Employee Directors;
- all of the above compensation items are a maximum which could be reduced in case of a high number of meetings in order to respect the envelope of fees granted by the Annual General Meeting.

The Board Observers appointed in 2020, Mr. Gauthier Reymondier and Angelo Gordon represented by Mr. Julien Farre, shall not receive any compensation.

The Board of Directors shall be entitled to review during the fiscal year 2021 the rules of allocation and especially the levels of variable compensation, in line with the evolution of the Covid-19 pandemic and the faculties to attend again physically the Board of Directors and Committee's meetings under satisfactory health safety conditions.

4.2.1.1.3 Compensation policy for the Chairperson of the Board of Directors

The office of Chairperson being separated from that of Chief Executive Officer, the compensation of the Chairperson will consist of the following items:

Fixed compensation	Director's compensation	Benefits in kind
(as Chairperson)	(in compliance with the rules applicable to all Directors of the Company except the Chief Executive Officer and the Directors representing employees)	

The Board of Directors has chosen to compensate its Chairperson solely *via* the grant of a fixed compensation and Directors' compensation, in order to guarantee her total independence in the exercise of her duties.

The Chairperson of the Board will not be awarded any annual or multi-annual variable compensation and stock options or performance shares, nor will she benefit from any commitment in the event of termination of her duties.

- **The fixed compensation** will aim at adequately remunerating her specific involvement as Chairperson of the Board. Upon recommendation by the Remunerations Committee, the Board of Directors decided to set the fixed compensation at €150,000 for 2021 (unchanged from 2020), in consideration of the extended scope of the Chairperson's responsibilities (see Article 2.5 of the Internal Board Regulations, available on sub-section 4.1.4: "Internal Board Regulations" above).
- **Directors' compensation** (formerly referred to as "Directors' fees") will be due as for all other Directors. As a reminder, the rules governing the allotment of the Directors' compensation include a significant variable portion in line with the AFEP-MEDEF Corporate Governance Code (see above sub-section 4.2.1.1.2: "Compensation policy for the Directors").

This compensation was determined after benchmarking the proposed compensation policy with those of the non-executive independent Chairpersons of the peer group detailed above in sub-section 4.2.1.1.1 "General principles for Corporate Officers' compensation".

The Chairperson of the Board of Directors is not linked to the Company, nor to any other company of the Group, by an employment contract. She is however assimilated to an employee for social security purposes and she is therefore eligible to benefits in kind which are usual for all Group managers and employees (mandatory pension scheme, health insurance and disability coverage), excluding unemployment coverage.

The Board of Directors may also decide to grant to the Chairperson of the Board a benefit in kind relating to transportation (car allowance or similar benefit).

4.2.1.1.4 Compensation policy for the Chief Executive Officer

The compensation policy for the Chief Executive Officer was thoroughly reviewed in the context of the appointment of Mr. Richard Moat as new Chief Executive Officer in November 2019.

Upon recommendation by the Remunerations Committee, the Board approved the following changes:

- reduce the fixed and variable annual compensation of the Chief Executive Officer;
- increase the alignment of interest among the Chief Executive Officer and shareholders by reviewing the performance objectives of the annual variable compensation and implement a new Long-Term Incentive Plan and an Incentive & Investment Plan;
- not to grant to the Chief Executive Officer any indemnity in case of end of office.

This revised compensation policy was approved by 99.9% of the shareholders at the Shareholders General Meeting held on June 30, 2020.

The Board of Directors thus believes that this compensation policy is aligned with the expectations of the shareholders and may be renewed without major changes for 2021.

Compensation items of the Chief Executive Officer during his term of office

Fixed compensation

The Chief Executive Officer benefits from a fixed annual compensation which is determined by taking into account the level and complexity of his responsibilities, his experience in similar positions and market practices for comparable companies.

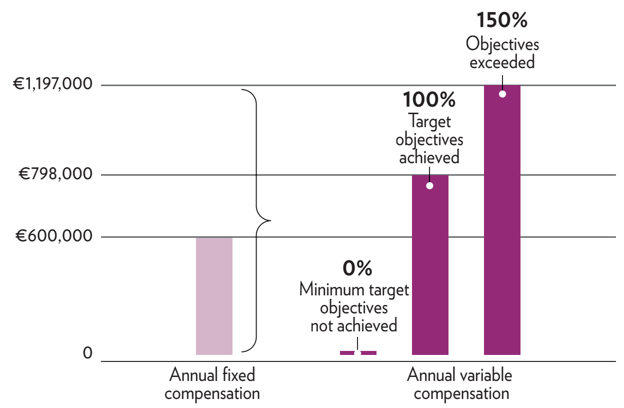
The Board of Directors reviews the amount of the fixed compensation at relatively long intervals. However, should it be decided to revise the fixed compensation, the rationale for such revision would be clearly disclosed to shareholders.

The Chief Executive Officer's fixed annual compensation remains at €600,000 payable in 12 monthly installments.

Annual variable compensation

The Chief Executive Officer is entitled to an annual variable compensation for which the Board of Directors, upon recommendation of the Remunerations Committee, defines each year performance objectives that are diverse and challenging, precise and pre-set, allowing for a comprehensive performance analysis, aligned with shareholders' interests.

The variable compensation is subject to the achievement of minimum targets with respect to the financial objectives set by the Board each year. The same minimum targets are applicable to all Group employees benefiting from the variable compensation plan.

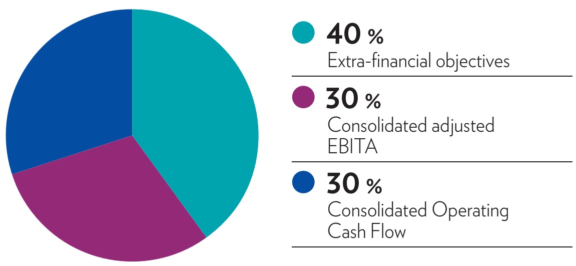


Subject to the achievement of the performance objectives, the annual variable compensation will amount to:

- €0 in case of non-achievement of the objectives;
- a target bonus of €798,000 in case of achievement of 100% of the objectives (representing 133.33% of is fixed compensation);
- up to 150% of the target bonus in case of overachievement of the objectives (*i.e.* €1,197,000 representing 199.5% of his fixed compensation).

The Board of Directors defined the performance objectives for the Chief Executive Officer's 2021 variable compensation as follows:

- **financial objectives** (accounting for 60% of the amount of the target bonus):
  - a consolidated adjusted EBITA objective accounting for 30% of the target bonus:
    - if the consolidated adjusted EBITA does not amount to a minimum objective set by the Board of Directors, no compensation will be paid in respect of that objective,
    - if the consolidated adjusted EBITA amounts to a target objective set by the Board of Directors, 100% of the target bonus will be paid in respect of that objective,
    - if the consolidated adjusted EBITA exceeds this target objective, the compensation paid in respect of that objective could be up to 150% of the target bonus;
  - a consolidated Operating Cash Flow objective accounting for 30% of the amount of the target bonus:
    - if the consolidated Operating Cash Flow does not amount to a minimum objective set by the Board of Director, no compensation will be paid in respect of that objective,
    - if the consolidated Operating Cash Flow amounts to a target objective set by the Board of Directors, 100% of the target bonus will be paid in respect of that objective,
    - if the consolidated Operating Cash Flow exceeds this target objective, the compensation paid in respect of that objective could be up to 150% of the target bonus;
- **extra-financial objectives** (the fulfillment of each of the three extra-financial objectives accounting together for 40% of the amount of the target bonus will be assessed by the Board of Directors and, in case of overachievement, an amount of up to 150% of the target bonus will be paid in respect of these objectives):
  - 15% of the target bonus will depend upon a strategic objective providing to the Board a 3 to 5 year vision and strategy for Technicolor,
  - 15% of the target bonus will depend upon an objective relating to Talent management to ensure that the transformation is driven: inspire and motivate the workforce (People survey), attract and retain key talents, mitigate human capital risks by ensuring robust succession planning action plans,
  - 10% of the target bonus will depend upon a CSR objective of promotion of diversity across the organization and limitation of the environmental impact.



The financial objectives are performance indicators used by the Group in its financial communication.

These financial objectives are also those used for determining the variable compensation of all Group employees who receive such compensation.

Payment to the Chief Executive Officer of his variable compensation will be subject to approval of his compensation package by the shareholders at the Annual General Meeting, in accordance with Article L. 22-10-34 II of the French Commercial Code.

Benefits in kind

The Chief Executive Officer will enjoy benefits in kind which are usual (mandatory pension scheme benefitting all Group personnel, health insurance and disability coverage, Directors and officers' liability insurance) and benefits consistent with the policies applied within the Group for senior manager expatriation and mobility (advisors' fees).

Equity-based compensation

Equity-based compensation, comprising the two following items, was approved on June 30, 2020 by the shareholders as part of the compensation policy for the Chief Executive Officer:

- as mentioned below, a Long-Term Incentive Plan consisting in the grant of performance shares with a 3-year vesting period for the benefit of senior executives including the CEO had been approved by the General Shareholders' Meeting in its 25th resolution;
- the second item as detailed below, consisting in an Incentive and Investment plan based on the grant of additional performance shares with a 2-year vesting period for the benefit of senior executives including the CEO, had been approved by the General Shareholders' Meeting in its 26th resolution.

The Chief Executive Officer shall not be entitled to benefit in 2021 from any other equity-based compensation plan other than the two ones already approved and partially awarded in 2020.

Long-term incentive compensation

As other senior executives of the Group, the Chief Executive Officer will be entitled to benefit from a Long-Term Management Incentive Plan aimed at involving employees in the Group's performance and development, within the framework of the Group Strategic Plan. Such plan allows to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talents is a key factor to success.

The Long-Term Management Incentive Plan will be based on the grant of performance shares or stock options or other equity instruments. Such plan will be subject to the following challenging performance conditions:

- **Internal Financial Performance Conditions:** 50% of the equity instrument granted will be subject to a consolidated adjusted EBITA objective assessed over a three-year (3) period. The Board of Directors will determine:
  - a target cumulative consolidated adjusted EBITA objective that the Company has to achieve over a three-year (3) period in order to vest all instrument (50%) under this condition,
  - a minimum cumulative consolidated adjusted EBITA threshold under which there will be no vesting if the Company does not exceed the threshold, and
  - there will be a vesting on a progressive linear basis if the cumulative consolidated adjusted EBITA achievement over a three-year (3) period is between the minimum cumulative threshold and the target cumulative objective;
- **External Financial Performance Condition:** 50% of the equity instrument granted will be subject to a Total Shareholder Return (TSR) Performance Condition assessed over a three-year (3) period. The Board of Directors will determine:
  - a target achievement level under which 50% of the instrument granted will vest,
  - a minimum achievement level under which there will be no vesting,
  - between the minimum achievement level and the target achievement level, the number of instruments to be vested will vary on a linear basis;

It is specified that:

- the Board of Directors shall review whether the performance conditions determined upon grant are achieved;
- these performance conditions should be assessed over a minimum period of three years;
- the vesting of such instrument should be subject to the CEO's continued employment in the Group (the CEO must not leave the Group before the expiration of the vesting period, except in certain early exit situations provided for by law and other customary exceptions approved by the Board).

In addition to these principles, the Board of Directors decided that:

- the long-term instruments which could be granted under a Long-Term Incentive Plan, valued in accordance with IFRS standards, should not represent a disproportionate percentage of the Chief Executive Officer's overall compensation (not more than 150% of his fixed and targeted variable compensations);
- the award to the Chief Executive Officer should also not represent an excessive portion of the total Plan (maximum 15% of the total allocation);
- the Chief Executive Officer should formally undertake not to use hedging instruments for the duration of the lock-up period. The sale of the shares definitively vested to the Chief Executive Officer is not possible during black-out periods, in accordance with applicable legal and regulatory provisions and Group procedures;
- should the Chief Executive Officer leave the Company and keep his rights to long-term instruments previously granted, the number of instruments to be delivered would remain subject to performance conditions and would be strictly *pro-rata* to the number of days elapsed from the date of the grant to his departure date, as compared to the total duration of the plan;
- in accordance with applicable law and Group procedures, the Chief Executive Officer must hold a significant and increasing number of shares and is required to hold in registered form and for as long as he remains in office, 20% of the shares that he acquires under such plans at the end of the vesting period.

Issuance of the LTIP 2020 for the Chief Executive Officer

Using partially the authorization given by the General Shareholders' Meeting on June 30, 2020 in its 25th resolution, the Board of Directors issued on December 17, 2020 a Long-Term Management Incentive Plan ("LTIP 2020") for the benefit of the Chief Executive Officer and other Group employees (see section 4.2.4.2 for the detailed characteristics of the grant).

This Plan consists for the Chief Executive Officer in the grant of 543,833 performance shares.

It is to be noted that when issuing the Plan, the Board of Directors, upon recommendation of the Remunerations Committee, decided to adjust slightly the reference period of the above mentioned internal and external performance conditions in order to take into consideration the effective date of issuance of the plan (*i.e.* December 17, 2020). Due to the Covid-19 crisis and major market difficulties, the financial restructuring which was planned initially on first quarter 2020 was postponed. The restructuring plan mobilized the Board of Directors, the management and the support functions' teams until October 2020. The Board of Directors was therefore able to issue the planned Long-Term Incentive Plan only around the end of the 2020 financial year.

This Long-Term Incentive Plan aims at mobilizing the management in carrying out with success the announced Strategic Plan, from 2020 to 2022. This supposes to align the period of assessment of the performance conditions with the one of the Strategic Plan, this Strategic Plan driving also the guidance used to set the internal financial performance targets.

Being noted that the 2020 financial year was almost achieved at the date of issuance of the Plan (i.e. December 17, 2020), the Board considered that it would be objectionable to include formally the financial year 2020 in the reference period for the assessment of the above-mentioned performance conditions.

It was therefore decided to align the reference period with the remaining two coming years (*i.e.* 2021 and 2022, *versus* 2020, 2021 and 2022) of the Strategic Plan. In addition to this necessary adjustment, the Board of Directors decided to set a fixed "3-year vesting period", starting from the date of grant of the performance shares.

In this way, the total duration of the plan is unchanged at 3 years, and the LTIP remains aligned with the 2020-2022 Strategic Plan and the characteristics presented and approved by the shareholders.

It is to be noted that the 25th resolution approved by the General Shareholders' Meeting held on June 30, 2020, authorizes a maximum award to the CEO representing 15% of the total allocation made on one or serveral occasions under this resolution, being noted that such total award valued in accordance with IFRS standards should not exceed 150% of his fixed and targeted variable compensations. The Chief Executive Officer will therefore be entitled to benefit in 2021 from additional grants of Performance Shares in virtue of the Long Term Incentive Plan approved under said resolution.

Incentive & Investment Plan

The Board intends to put in place a one-off Incentive & Investment Plan based on a significant personal financial investment of the Chief Executive Officer who would invest personally in Technicolor's Shares and would undertake to keep this investment for a certain period. In this context, the Board of Directors could grant him a certain number of Additional Performance Shares. Other key members of the senior management would also benefit from this plan.

The Board intends to encourage and promote personal investments and equity ownership from senior executives in Technicolor's share capital. The main objective is to ensure that the CEO and other senior executives are fully committed to the Group's transformation and long-term strategy while aligning them with shareholders' interests. To this end, selected senior executives may benefit from the grant of Additional Performance Shares that would be subject to the following challenging performance conditions:

- **Internal Financial Performance Condition:** 50% of the Additional Performance Shares granted will be subject to a consolidated adjusted EBITA objective assessed over a two-year (2) period. The Board of Directors will determine:
  - a target cumulative consolidated adjusted EBITA objective that the Company has to achieve over a two-year (2) period in order to vest all Additional Performance Shares (50%) under this condition,
  - a minimum cumulative consolidated adjusted EBITA threshold under which there will be no vesting if the Company does not exceed the threshold, and
  - there will be a vesting on a progressive linear basis if the cumulative consolidated adjusted EBITA achievement over a two-year (2) period is between the minimum cumulative threshold and the target cumulative objective;
- **External Financial Performance Condition:** 50% of the Additional Performance Shares granted will be subject to a Total Shareholder Return (TSR) Performance Condition assessed over a two-year (2) period. The Board of Directors will determine:
  - a target achievement level under which 50% of the Additional Performance Shares granted will vest,
  - a minimum achievement level under which there will be no vesting,
  - between the minimum achievement level and the target achievement level, the number of Additional Performance Shares to be vested will vary on a linear basis;

It is specified that:

- the Board of Directors should acknowledge that the performance conditions determined upon grant have been achieved;
- these performance conditions should be assessed over a minimum period of two years;
- the vesting of Additional Performance Shares should be subject to the CEO's continued employment in the Group (the CEO must not leave the Group before the expiration of the vesting period, except in certain early exit situations provided for by law and other customary exceptions approved by the Board).

In addition to these principles, the Board of Directors decided that:

- the grant of Additional Performance Shares to each beneficiary shall not represent more than three times of the amount invested by them in Technicolor Shares, the Board of Directors fixing discretionary the individual ratio applicable for each member of the senior management eligible;
- Additional Performance Shares which could be granted to the Chief Executive Officer under the Incentive & Investment Plan, valued in accordance with IFRS standards, should not represent more than 220% of both his fixed and target variable compensations;
- the award to the Chief Executive Officer should also not represent an excessive portion of the total Plan (maximum 60% of the total allocation as authorized by the Shareholders Meeting);
- the Chief Executive Officer should formally undertake not to use hedging instruments for the duration of the lock-up period. The sale of the shares definitively vested to the Chief Executive Officer is not possible during black-out periods, in accordance with the applicable legal and regulatory provisions and Group procedures;

- should the Chief Executive Officer leave the Company and keep his rights to the Additional Performance Shares previously granted, the number of Additional Performance Shares to be delivered would remain subject to performance conditions and would be strictly *pro-rata* to the number of days elapsed from the date of the grant to his departure date, as compared to the total duration of the plan;
- in accordance with the applicable law and Group procedures, the Chief Executive Officer must hold a significant and increasing number of shares and is required to hold in registered form and for as long as he remains in office, 20% of the shares that he acquires under such plans at the end of the vesting period.

Investment and Incentive Plan for the Chief Executive Officer postponed to 2021

Due to the specific circumstances mentioned above in liaise with the postponed agenda of the financial restructuring, the Incentive and Investment plan is still to be issued in 2021, being noted that the Chief Executive Officer acquired, in December 2020 a significant number of shares of the Company, and is therefore entitled to receive Additional Performance Shares in the above-mentioned conditions.

Directors' compensation

The Chief Executive Officer does not receive compensation in his capacity as a Director.

Compensation items of the Chief Executive Officer upon leaving office

Severance indemnity and non-compete indemnity

The Chief Executive Officer will not benefit from a severance indemnity nor a non-compete indemnity.

Impact of the Chief Executive Officer's departure on long-term compensation

If the Chief Executive Officer left the Group before the expiration of the vesting period, he would forfeit his rights to the long-term compensation.

By exception, the Chief Executive Officer will keep his rights to part of the shares granted in the event of death, disability, leaving on retirement and termination of office at the initiative of the Company without cause and other customary exceptions approved by the Board. In these events, subject to the achievement of the performance conditions, the number of shares to be delivered will be pro-rated by the number of days elapsed from the date of the plan to the date of such event, as compared to the total duration of the plan.

Supplementary pension plan

The Chief Executive Officer does not benefit from any supplementary pension plan.

Compensation items of the Chief Executive Officer on taking up of his office

Should a new outside Chief Executive Officer be hired, the Board of Directors may decide, upon recommendation from the Remunerations Committee, to compensate the appointee for some or all of the benefits he may have forfeited upon leaving his previous employer. In that case, the terms on which the Chief Executive Officer would be hired would aim at replicating the compensation that was forfeited, with a comparable level of risk (variable portion, medium-term equity-based or cash compensation). The new Chief Executive Officer would then be paid in accordance with the compensation policy set forth above.

In this case, Technicolor would release, at the time it is set, the amount and information relating to such indemnity.

4.2.1.2 COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

GRI *[102-35] [102-37] [201-3]*

4.2.1.2.1 Compensation and benefits of Ms. Anne Bouverot, Chairperson of the Board of Directors

Ms. Anne Bouverot's compensation as Chairperson of the Board of Directors is composed of a fixed compensation and Directors' compensation.

Pursuant to a decision of the Board of Directors on October 24, 2013, the Chairperson is bound by a minimum investment requirement in Technicolor shares. This requirement is for a number of shares equal to investing one year's average Directors' compensation over a three-year term of office, or around €90,000 as of the date of the Board's decision. This number of shares is doubled in the event of a renewal of his term. As of the date hereof, Ms. Bouverot holds 39,533 shares and invested €138,435 for the acquisition of such shares.

In accordance with Article L. 22-10-34 II of the French Commercial Code, the Company will submit to the shareholders' vote the following compensation items paid during or granted to Ms. Anne Bouverot for the last fiscal year (resolution to be approved by the shareholders at the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2020).

Compensation items paid or granted to Ms. Anne Bouverot for fiscal year 2020

	Gross amounts	Comments
FIXED COMPENSATION	**€140,625**	Ms. Anne Bouverot's fixed compensation, set at €150,000 per year, aims to adequately remunerate her involvement as Chairperson of the Board, taking into consideration the extended scope of her responsibilities. In the context of the Covid-19 crisis, Ms. Anne Bouverot (as well as Mr. Richard Moat, CEO) decided on a voluntary basis to reduce her fixed compensation by 25% over a three-month period (from April to June 2020), in order to sustain the business.
DIRECTORS' COMPENSATION	**€102,000**	Ms. Anne Bouverot received Directors' compensation (formerly referred to as "Directors' fees"), for a total amount of €102,000, following the same allocation rules as any other Director, *i.e.*: • a fixed amount of €30,000; • a fixed amount of €10,000 for the Chairpersonship of the Strategy Committee; • a fixed amount of €5,000 for the Chairpersonship of the Nominations and Governance Committee (since July 2020); • a variable amount depending on her attendance at Board and committees' meetings, set at €4,000 (in case of physical attendance) or €2,000 (in case of videoconference) per Board meeting and at €2,000 (in case of physical attendance) or €1,000 (in case of videoconference) per meeting of the Nominations & Governance Committee, the Strategy Committee and the *Ad Hoc* Committee, in a total amount of €57,000.

For 2020 Ms. Anne Bouverot was not awarded and did not benefit from the following: annual or multi-annual variable compensation, exceptional compensation, stock options, performance shares or other long-term instrument, welcome bonus, severance pay, non-compete indemnity, or supplemental retirement plan. Assimilated to an employee for social security purposes under French Law, she enjoyed certain benefits in kind which are usual for all Group managers and employees (mandatory pension scheme, health insurance and disability coverage), excluding unemployment insurance.

TABLE SUMMARIZING THE COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO MS. ANNE BOUVEROT (TABLE NO. 1 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

(in euros)	2019	2020
Compensation due	131,542	242,625
Value of options granted	N/A	N/A
Value of performance shares granted	N/A	N/A
Value of other long-term compensation plans	N/A	N/A
TOTAL	**131,542**	**242,625**

TABLE SUMMARIZING THE COMPENSATION OF MS. ANNE BOUVEROT (TABLE NO. 2 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	2019		2020	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed	81,875(1)	81,875(1)	140,625	140,625
Variable	N/A	N/A	N/A	N/A
Directors' fees	49,667(2)	N/A	102,000(3)	49,667(2)
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**242,625**	**190,292**

(1) Fixed compensation for 2019 was pro-rated to take into account the fact that she was appointed in the course of the year.
(2) Amount of Directors' fees paid in 2020 for 2019.
(3) Amount of Directors' fees paid in 2021 for 2020.

TABLE SUMMARIZING THE BENEFITS AWARDED TO MS. ANNE BOUVEROT (TABLE 11 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Employment Contract		Supplementary pension plan		Indemnifications or benefits due or likely to be due as a result of termination or change of position		Indemnifications relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X		X		X

4.2.1.2.2 Compensation and benefits of Mr. Richard Moat, Chief Executive Officer

Pursuant to a decision by the Board of Directors on October 24, 2013, Mr. Moat is bound by a minimum investment requirement in Technicolor shares. This obligation is for a number of shares equal to investing one year's average Directors' compensation over a three-year term of office, or around €90,000 as of the date of the Board's decision, which is doubled in the event of a renewal of his term. As of the date hereof, Mr. Richard Moat holds 585,825 shares and invested €1,067,420 for the acquisition of such shares.

In accordance with Article L. 22-10-34 II of the French Commercial Code, the Company will submit to the shareholders' vote the following compensation items paid during or granted to Mr. Richard Moat for the last fiscal year (resolution to be approved by the shareholders at the Annual General Meeting to be held to approve the financial statements for the fiscal year ending December 31, 2020).

Compensation items paid or granted to Mr. Richard Moat for fiscal year 2020

	Gross amounts	Comments
FIXED COMPENSATION	**€562,500**	Mr. Moat's total fixed compensation for his position as Chief Executive Officer, is set at €600,000 payable in 12 monthly installments. In the context of the Covid-19 crisis, Mr. Richard Moat (as well as Ms. Anne Bouverot, Chairperson of the Board of Directors) decided on a voluntary basis to reduce his fixed compensations by 25% over a three-month period (from April to June 2020), in order to sustain the business.

ANNUAL VARIABLE COMPENSATION	**€863,835**	The variable compensation of Mr. Moat depended upon the achievement of objectives which were precisely defined and determined according to the results of the Group after the close of the fiscal year. The target bonus amounted to 133.33% of the annual gross fixed compensation if the target objectives were achieved, and up to 150% of the target bonus if the target objectives were exceeded.
		
		Reminder of the performance objectives set by the Board of Directors for 2020:
		The variable portion of Mr. Moat's compensation for 2020 was subject to the following performance objectives:
		Financial objectives (accounting for 60% of the amount of the target bonus):
		• a consolidated adjusted EBITA objective accounting for 30% of the target bonus:
		  • if the consolidated adjusted EBITA does not amount to more than €(88) million, no compensation will be paid in respect of that objective,
		  • if the consolidated adjusted EBITA amounts to €(58) million, 100% of the target bonus will be paid in respect of that objective,
		  • if the consolidated adjusted EBITA exceeds €(58) million, the compensation paid in respect of that objective could be up to 150% of the target bonus;
		• a consolidated Operating Cash Flow objective accounting for 30% of the amount of the target bonus:
		  • if the consolidated Operating Cash Flow does not amount to more than €(24) million, no compensation will be paid in respect of that objective,
		  • if the consolidated Operating Cash Flow amounts to €6 million, 100% of the target bonus will be paid in respect of that objective,
		  • if the consolidated Operating Cash Flow exceeds €6 million, the compensation paid in respect of that objective could be up to 150% of the target bonus;

	Gross amounts	Comments
ANNUAL VARIABLE COMPENSATION	**€863,835**	Extra-financial objectives (accounting together for 40% of the amount of the target bonus): • 10% depending upon the successful completion of the capital increase authorized by the Shareholders' Meeting on March 23, 2020 in its 5th resolution; this objective has been adjusted by the Board of Directors on July 30, 2020, as explained below[1], and consists in 10% depending upon the successful completion of the capital increases authorized by the Shareholders' Meeting on July 22, 2020; • 10% depending upon a strategic objective involving to provide the Board options for delivering against the Group strategy and demonstrate continued tactical progress (*i.e.* aligned to long-term plans) for each of the 3 businesses; • 10% depending upon an objective relating to Talent management to ensure that the transformation is driven through (strengthen and renew the leadership team, reorganize and simplify Group structure, inspire and motivate the workforce (People survey), retain key talents, present talent and succession planning action plan); • 10% depending upon an objective of promotion of diversity across the organization. The financial objectives are the performance indicators set out by the Group in its financial communication. They are also those used for determining the variable compensation of all Group employees who receive this type of compensation. **Achievement of the 2020 performance objectives:** On March 11, 2021, the Board of Directors reviewed the performance of Mr. Richard Moat for 2020[2]. Financial objectives (accounting for 60% of the amount of the target bonus): • as the consolidated adjusted EBITA amounted to €(55.7) million, the consolidated adjusted EBITA objective set at €(58) million was achieved with a grade of 1.015 (on a scale of 0 to 1.5); • as the consolidated Operating Cash Flow amounted to €15.8 million, the consolidated Free Cash Flow objective set at €6 million was achieved with a grade of 1.06 (on a scale of 0 to 1.5); Extra-financial objectives (accounting together for 40% of the amount of the target bonus) : With regard to the extra-financial objectives, the Board acknowledged, *inter alia*, the following deliverables: • the formal presentation of a 3-year strategy plan to the board including the post production service line divestiture which is in course of being completed; • the formal presentation to the Nominations & Governance Committee of a talent review & succession plan for key executives; • the improvment of the equal pay global index year-over-year. The Board of Directors therefore assessed as follows the achievment of the extra-financial objectives: • the criterion related to the successful completion of the capital increase was 1.5, • the criterion related to provide the Board options for delivering against the Group strategy and demonstrate continued tactical progress was 1.1, • the criterion related to Talent management was 1, • the criterion related to diversity was 1. Thus, the extra-financial objectives were completed with a grade of 1.15 (on a scale of 0 to 1.5). The overall achievement rate of Mr. Moat's objectives for 2020 is thus 108.25% and his variable compensation amounts to €863,835. Payment to the CEO of the variable compensation is subject to approval by the shareholders at the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2020 of his compensation package, in accordance with Article L. 22-10-34 II of the French Commercial Code. It is reminded that an amount of €124,133 was paid in 2020 to Mr. Richard Moat for his variable compensation due for the fiscal year 2019 after its approval by the Shareholders' Meeting on June 30, 2020 (see p. 124 of the 2019 Registration Document).

	Gross amounts	Comments
ANNUAL VARIABLE COMPENSATION	**€863,835**	**Annual variable compensation of Mr. Richard Moat (2020 fiscal year)**

	2020					
	Rules set at the beginning of the fiscal year				Appraisal by the Board	
	Target amount		Maximum amount			
	As % of fixed compensation	Target amount *(in euros)*	As % of fixed compensation	Maximum amount *(in euros)*	Achieved	Corresponding amount *(in euros)*
EBITA objective	30%	€239,400	45%	€359,100	101.5%	€242,991
Operating Cash Flow objective	30%	€239,400	45%	€359,100	106%	€253,764
Extra-Financial objectives	40%	€319,200	60%	€478,800	115%	€367,080
Total variable	**100%**	**€798,000**	**150%**	**€1,197,000**	**108.25%**	**€863,835**
Annual variable compensation *(in euros)*						**€863,835**

	Gross amounts	Comments
PERFORMANCE SHARES	**€554,613**	Mr. Richard Moat, as other managers of the Group, was the beneficiary in 2020 of the 2020 Long-Term Incentive Plan (LTIP 2020) implemented by the Board of Directors on December 17, 2020 under the authorization granted by the Annual General Meeting of June 30, 2020 in its twenty-fifth resolution. Upon the Remunerations Committee's recommendation, the Board decided to grant Mr. Richard Moat 543,833 performance shares (*i.e.* 0.2% of the share capital on December 31, 2020) subject to the LTIP 2020 CEO plan rules. For more details about the LTIP 2020, see above sub-section 4.2.1.1.4: "Compensation policy for the Chief Executive Officer" and below sub-section 4.2.4.2: "Performance or Restricted Share Plans" of this Universal Registration Document. **It is to be noted, as mentioned in sub-section 4.2.1.1.4 that the financial period of reference period for assessing the performance conditions of the Plan had been adjusted by the Board of Directors in consideration of the date of issuance of the Plan.**
SEVERANCE PACKAGE	**N/A**	Mr. Moat does not benefit from a severance package.
NON-COMPETE INDEMNITY	**N/A**	Mr. Moat does not benefit from a non-compete package.
BENEFITS IN KIND	**€6,694**	Tax advisor fees consistent with the policies applied within the Group for senior manager expatriation and mobility.

(1) *On July 30, 2020, the first extra-financial objective set for the Chief Executive Officer's 2020 variable compensation and accounting for 10% of the amount of the target bonus has been slightly adjusted by the Board of Directors, upon recommendations of the Remunerations Committee.*

This objective was initially stated and approved by the shareholders, as follows : "10% of the target bonus will depend upon the successful completion of the capital increase authorized by the Shareholders' Meeting on March 23, 2020 in its 5th resolution".

As mentioned above, due to Covid-19 crisis and major market difficulties, the financial restructuring which was planned initially in the first half of 2020 was postponed. The 300 M€ rights issue approved on March 23, 2020 could not be completed. An alternative financial restructuring was launched, including two 330 M€ capital increases and authorized by the Shareholders' Meeting on July 22, 2020.

The Board of Directors therefore decided on July 30, 2020 to adjust this extra-financial objective as follows:"10% of the target bonus will depend upon the successful completion of the capital increases authorized by the Shareholders' Meeting on July 22, 2020. The financial restructuring was successfully completed in September 2020."

The Board of Directors considered that this adjustment remained fully in line with the compensation policy approved by the shareholders for 2020 and with the shareholders' interests.

(2) *Figures calculated at budget rate (EUR = 1,10 USD) and including IFRS 16 (see note 3.1 of the consolidated financial statements for the fiscal year ended December 31, 2020)*

For 2020, Mr. Moat was not awarded nor did he benefit from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or supplemental retirement plan or Directors' compensation.

Employer contributions paid by the Group's companies in respect of Mr. Richard Moat's compensation amounted to €323,895 in 2020.

TABLE SUMMARIZING THE COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO MR. RICHARD MOAT (TABLE NO. 1 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Gross amounts *(in euros)*	**2019**	**2020**
Compensation due	219,371	1,433,029
Value of options granted	N/A	N/A
Value of performance shares granted	N/A	554,613
Value of other long-term compensation plans	N/A	N/A
TOTAL	**219,371**	**1,987,642**

TABLE SUMMARIZING THE COMPENSATION OF MR. RICHARD MOAT (TABLE NO. 2 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	2019		**2020**	
Gross amounts *(in euros)*	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed	95,238	95,238	562,500	562,500
Annual variable	124,133	N/A	863,835	124,133
Multi-annual variable	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	6,694	6,694
TOTAL	**219,371**	**95,238**	**1,433,029**	**693,327**

SUMMARY OF THE COMPENSATION OF MR. RICHARD MOAT

	2019	**2020**
	Amounts due	**Amounts due**
Fixed	95,238	562,500
Variable	124,133	863,835
Directors' fees	N/A	N/A
Benefits in kind	N/A	6,694
Multi-annual variable	N/A	N/A
TOTAL	**219,371**	**1,433,029**
Performance shares (LTIP): number of performance shares granted	N/A	543,833
Value of the shares on the grant date	N/A	554,613

STOCK OPTIONS GRANTED TO MR. RICHARD MOAT DURING 2020 (TABLE NO. 4 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the plan	Nature of options	Valuation of the options	Number of options	Exercise price	Exercise period
None	None	None	None	None	None

STOCK OPTIONS EXERCISED BY MR. RICHARD MOAT DURING 2020 (TABLE NO. 4 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the Plan	Number of options exercised during the fiscal year	Exercise price
None	None	None

PERFORMANCE SHARES GRANTED TO MR. RICHARD MOAT DURING 2020 (TABLE NO. 6 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

No. and date of the Plan	Number of shares granted during the year	Valuation of the shares	Acquisition date	Availability date	Performance conditions
LTIP 2020 (December 17, 2020)	543,833	554,613	December 17, 2023	No later than April 30, 2024	Yes (see section 4.2.4)

PERFORMANCE SHARES GRANTED TO MR. RICHARD MOAT THAT HAVE BECOME AVAILABLE IN 2020 (TABLE NO. 7 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Performance shares that became available in 2020	Number of performance shares
None	None

Tables 8 and 9 of the Annex 4 to the AFEP-MEDEF Corporate Governance Code are included in sub-section 4.2.4: "Stock Option Plans and Performance or Restricted Share Plans" of this Universal Registration Document.

SUMMARY OF THE BENEFITS AWARDED TO MR. RICHARD MOAT (TABLE NO. 11 OF ANNEX 4 TO THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Employment Contract		Supplementary pension plan		Indemnifications or benefits due or likely to be due as a result of termination or change of position		Indemnifications relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X		X		X

4.2.1.3 DIRECTORS' COMPENSATION

GRI *[102-35] [102-37]*

The Remunerations Committee recommends to the Board of Directors the total amount of Directors' compensation to be submitted for shareholders' approval at the Annual General Meeting, and their allocation among the Directors. The maximum annual amount of Directors' compensation that can be paid to the Directors was set at €850,000 by the Annual General Meeting held on April 29, 2016.

The rules governing the allotment of the Directors' compensation payable for 2020 are defined in the Compensation policy for the Directors approved by the Shareholders at the Annual General Meeting held on June 30, 2020 (see 2019 Universal Registration Document, section 4.2.1.1.2, page 116).

DIRECTORS' COMPENSATION AND OTHER COMPENSATION PAID TO DIRECTORS IN 2019 AND 2020 (TABLE NO. 3 OF THE ANNEX 4 OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	Gross amounts due in respect of fiscal year 2019 and paid in 2020 *(in euros)*			Gross amounts due in respect of fiscal year 2020 and paid in 2021 *(in euros)*		
Name	**Directors' compensation**	**Including a variable amount of**	**Other compensation items**	**Directors' compensation**	**Including a variable amount of**	**Other compensation items**
Anne Bouverot	49,667	28,000	81,875(1)	102,000	57,000	140,625(1)
Bpifrance Participations	76,000	46,000	-	83,000	53,000	-
Xavier Cauchois	53,667	32,000	-	100,500	60,500	-
Yann Debois(2)	-	-	-	-	-	-
Florent Chabaud(2)	-	-	-	-	-	-
Dominique D'Hinnin	44,250	28,000	-	80,000	50,000	-
Cécile Frot-Coutaz	-	-	38,250(3)	50,000	36,000	16,000(3)
Ana García Fau(4)	91,000	51,000	-	46,000	26,000	
Bruce Hack(5)	28,833	10,500	68,125(5)	-	-	-
Christine Laurens	49,750	33,500	-	74,000	44,000	-
Richard Moat	-	-	-	-	-	-
Melinda J. Mount	119,000	79,000	-	108,000	63,000	-
Laura Quatela(6)	41,333	23,000	-	-	-	-
Brian Sullivan	55,750	39,500	-	78,000	48,000	-
Maarten Wildschut(7)	-	-	-	-	-	-
TOTAL	**609,250**	**370 500**	**188,250**	**721,500**	**437,500**	**156,625**

(1) *In compliance with the compensation policy applicable to the Chairperson of the Board, Ms. Anne Bouverot receives a fixed compensation of €150,000. For the year 2020, this amount was reduced due to Covid-19 crisis. For the year 2019, this fixed compensation was pro-rated to €81,875 to take into account the fact that she was appointed in the course of the year. The fixed compensation due for year N is paid in Year N.*

(2) *Mr. Florent Chabaud succeeded to Yann Debois as Employee Director in July 2020.*

(3) *Ms. Cécile Frot-Coutaz who was Board Observer until her appointment as Director by the Annual General Meeting held on June 30, 2020, was paid according to the same principles that those apply to Directors (as provided by the Board of Directors Internal Regulations). As Observer, she received an amount of €16,000 for her participation to the Board of Directors' meetings in 2020, and an amount of €38,250 in 2019.*

(4) *Ms. Ana García Fau's term of office as Director ended in June 2020.*

(5) *Mr. Bruce Hack's term of office as Director ended in June 2019. In compliance with the compensation policy applicable to the Chairperson of the Board, Mr. Bruce Hack received a fixed compensation of €150,000. For the year 2019, this fixed compensation was pro-rated to €68,125 to take into account the fact that his term ended in the course of the year. The fixed compensation due for 2019 was paid in 2019.*

(6) *Ms. Laura Quatela's term of office as Director ended in June 2019.*

(7) *Mr. Maarten Wildschut's term of office as Director ended in June 2020. In compliance with RWC's policy, Mr. Maarten Wildschut did not receive any Directors' fees.*

The Board Observers appointed in 2020, Mr. Gauthier Reymondier and Angelo Gordon represented by Mr. Julien Farre, did not receive any compensation.

4.2.2 Pay equity ratio

GRI [102-38] [102-39]

The following information, provided pursuant to article L. 22-10-9 of the French Commercial Code and the AFEP guidelines updated in February 2021, includes:

- The ratios between each corporate executive officer (respectively the Chairperson of the Board of Directors and the Chief Executive Officer)' s compensation and the average and median compensation of full-time equivalent employees of the Company (Technicolor SA);
- The ratios between each corporate executive officer (respectively the Chairperson of the Board of Directors and the Chief Executive Officer)' s compensation and the average and median compensation of full-time equivalent employees of all the French entities of the Group, such perimeter being considered as more representative as the one of Technicolor SA;
- The evolution of these ratios over the last 5 financial years from earliest to latest;
- The comparison of such evolution with the one of the financial performance of Technicolor over the same period.

Per the AFEP guidelines, the compensation items taken into account for the calculation of the pay equity ratios below include:

- For the employees: fixed compensation, fixed premiums, variable compensation paid in year N and due for the year N-1, exceptional payments, benefits in kind, profit sharing (French "intéressement" scheme), and the performance or restricted shares granted during the year assessed at their fair value (IFRS standard) at grant date;
- For the Chairperson of the Board: fixed compensation as Chairperson of the Board of Directors, Director's compensation paid in year N and due for the year N-1, benefits in kind;
- For the Chief Executive Officer: fixed compensation, variable compensation paid in year N and due for the year N-1, exceptional payments, benefits in kind, and the performance or restricted shares granted during the year assessed at their fair value (IFRS standard) at grant date.

CHAIRPERSON OF THE BOARD OF DIRECTORS

Financial year	2016	2017	2018	2019	2020
Evolution (%) of the compensation of the Chairperson of the Board	1%	74%	15%	(9)%	(8)%
Perimeter: Technicolor SA (*full-time equivalent employees*)					
Evolution (%) of the average compensation	17%	(6)%	(9)%	(1)%	13%
Ratio - average compensation	1.0	1.9	2.4	2.2	1.8
N/N-1 change in %	(14)%	85%	26%	(8)%	(19)%
Ratio - median compensation	1.6	2.8	3.4	3.0	2.6
N/N-1 change in %	(4)%	73%	19%	(10)%	(15)%
Perimeter: France (*full-time equivalent employees*)					
Evolution (%) of the average compensation	2%	(1)%	(5)%	5%	2%
Ratio - average compensation	1.7	3.0	3.6	3.1	2.8
N/N-1 change in %	(1.4)%	76%	20%	(14)%	(10)%
Ratio - median compensation	2.2	3.8	4.4	3.9	3.5
N/N-1 change in %	0.4%	71%	16%	(11)%	(12)%

CHIEF EXECUTIVE OFFICER

Financial year	2016	2017	2018	2019	2020
Evolution (%) of the compensation of the Chief Executive Officer	92%	(25)%	(53)%	(5)%	28%
Perimeter: Technicolor SA (*full-time equivalent employees*)					
Evolution (%) of the average compensation	17%	(6)%	(9)%	(1)%	13%
Ratio - average compensation	32.0	25.6	13.1	12.6	14.3
N/N-1 change in %	64%	(20)%	(49)%	(4)%	13%
Ratio - median compensation	50.4	37.8	18.2	17.2	20.4
N/N-1 change in %	82%	(25)%	(52)%	(5)%	19%
Perimeter: France (*full-time equivalent employees*)					
Evolution (%) of the average compensation	2%	(1)%	(5)%	5%	2%
Ratio - average compensation	52.6	39.9	19.5	17.7	22.2
N/N-1 change in %	88%	(24)%	(51)%	(9)%	26%
Ratio - median compensation	68.6	50.6	23.7	22.3	27.3
N/N-1 change in %	91%	(26)%	(53)%	(6)%	22%

TECHNICOLOR'S PERFORMANCE

Fiscal year	2016	2017	2018	2019	2020
Adjusted EBITDA* – in M€	565	341	266	246	99
N/N-1 change in %	0%	(40)%	(22)%	(8)%	(60)%
Net result (Group share) – in M€	(26)	(173)	(67)	(230)	(207)
N/N-1 change in %	(117)%	(562)%	60%	(238)%	10%

* *Adjusted EBITDA is before IFRS 16. For 2016, it still includes Patent Licensing and Research & Innovation activities.*

4.2.3 Executive Committee compensation

GRI [102-35]

4.2.3.1 EXECUTIVE COMMITTEE COMPENSATION

In 2020, the total compensation paid by the Company and/or companies of the Group to Members of the Executive Committee (including that paid to the Chief Executive Officer) present on December 31, 2020 amounted to €8.2 million for a total of 12 members (excluding charges and including variable components – short-term plans – of €3.2 million, partly calculated on the basis of the 2019 Group financial results).

In 2019, the total compensation paid by the Company and/or other companies of the Group to the Members of the Executive Committee, including the CEO, was €8.2 million (excluding charges and including a variable component of €2.7 million partly calculated on the basis of the 2018 Group financial results).

The total amount provided for pensions and retirement and other similar benefits granted to the Members of the Executive Committee amounted to €40 thousand in 2020.

4.2.3.2 LOANS AND GUARANTEES GRANTED OR ESTABLISHED FOR THE MEMBERS OF THE EXECUTIVE COMMITTEE

None.

4.2.4 Stock options plans and performance or restricted shares plans

GRI *[102-35][201-3][401-2]*

4.2.4.1 STOCK OPTION PLANS

This section constitutes the Board of Directors' report to shareholders made in accordance with Article L. 225-184 of the French Commercial Code, describing the allocation by the Board of Directors of share subscription or purchase options under Articles L. 225-177 to L. 225-186 and L. 22-10-56 to L. 22-10-58 of the French Commercial Code during fiscal year 2020.

The Shareholders' Meeting of May 23, 2013, in its 15th resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization was valid until July 23, 2016. Options granted under this authorization would not give right to a total number of shares greater than 26,843,507 representing 8% of the share capital at the date of the Shareholders' Meeting held on May 23, 2013.

STOCK OPTIONS IN EXISTENCE AS OF DECEMBER 31, 2020 (TABLE NO. 8 OF THE ANNEX 4 OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

Date of Shareholders' Meeting	Plan MIP 2015	Plan MIP 2016	Plan MIP June 2017	Plan MIP October 2017
	May 23, 2013	**May 23, 2013**	**May 23, 2013**	**May 23, 2013**
Date of Board of Directors' meeting	May 23, 2013 June 7, 2013 October 24, 2013 December 18, 2013 March 26, 2014	June 20, 2014 October 21, 2014 April 9, 2015	June 26, 2015	October 19, 2015
Type of options	Subscription			
Number of options initially granted, including:	17,188,000	5,145,000	250,000	1,710,000
Number of options initially granted, after adjustment(2)(3) if applicable, including:	653,893	197,028	9,612	63,334
Number of options granted to Directors and officers(1):				
Frédéric Rose (CEO until November 5, 2020)	**103,217**	-	-	-
Number of options granted to the first ten employee beneficiaries	*166,335*	*68,817*	*9,612*	*48,522*
Beginning of the exercise period	May 23, 2015	June 20, 2016 October 21, 2016	June 26, 2017	October 19, 2017
Plan life	8 years	8 years	8 years	8 years
Expiration date	May 23, 2021	June 20, 2022 October 21, 2022	June 26, 2023	October 19, 2023

Date of Shareholders' Meeting	Plan MIP 2015		Plan MIP 2016		Plan MIP June 2017		Plan MIP October 2017	
	May 23, 2013		May 23, 2013		May 23, 2013		May 23, 2013	
Performance Conditions and beginning date of exercibility	Generation of consolidated Free Cash Flow		Generation of consolidated Free Cash Flow		Generation of consolidated Free Cash Flow		Generation of consolidated Free Cash Flow	
Tranche 1	for fiscal year 2014 equal or greater than €100 million	50%: May 23, 2015	for fiscal year 2015 equal or greater than €100 million	50%: June 20, 2016 October 21, 2016	for fiscal year 2016 equal or greater than €100 million	50%: June 26, 2017	for fiscal year 2016 equal or greater than €240 million	50%: October 19, 2017
Tranche 2	for fiscal year 2015 equal or greater than €100 million	75%: May 23, 2016	for fiscal year 2016 equal or greater than €100 million	75%: June 20, 2017 October 21, 2017	for fiscal year 2017 equal or greater than €75 million	75%: June 26, 2018	for fiscal year 2017 equal or greater than €260 million	75%: October 19, 2018
Tranche 3	for fiscal year 2016 equal or greater than €100 million	100%: May 23, 2017	for fiscal year 2017 equal or greater than €75 million	100%: June 20, 2018 October 21, 2018	for fiscal year 2018 equal or greater than €100 million	100%: June 26, 2019	for fiscal year 2018 equal or greater than €320 million	100%: October 19, 2019
Number of shares subscribed as of December 31, 2020 (after adjustments)(2)(3)	262,405		1,539		0		0	
Number of options cancelled since the beginning of the plan (after adjustments)(2)(3)	239,929		97,440		6,728		54,258	
Number of options cancelled during the 2020 exercise (after adjustments)(2)(3)	76,940		19,970		0		6,480	
Number of outstanding options at the end of the exercise (after adjustments)(2)(3)	151,559		98,049		2,884		9,076	
Exercise price (after adjustments)(2)(3)	May 23: €86.13 June 7: €86.13 October 24: €106.11 December 18: N/A(3) March 26: €122.31		June 20: €156.33 October 21: €132.84 April 9: €157.41		June 26: €158.76		October 19: €191.97	

(1) Information provided pursuant to Article L. 225-184 of the French Commercial Code.
(2) November 2015 - capital share increase - adjustment coefficient: 1,037937866.
(3) November 2020 – reverse share split (see Chapter 1 – section 1.4.1 for details of this operation) - adjustment coefficient: 27.

As of December 31, 2020, the total outstanding options under the plans amounted to 261,568 subscription options to the benefit of 55 beneficiaries. If all subscription options under the Stock Option Plans mentioned above were exercised, Technicolor's share capital would be composed of 236,057,051 ordinary shares, *i.e.* a 0.11% increase in the number of shares from December 31, 2020.

In accordance with Article L. 225-184 of the French Commercial Code, it is noted that no option was granted nor exercised in 2020.

4.2.4.2 PERFORMANCE OR RESTRICTED SHARE PLANS

This section constitutes the Board of Directors' report to shareholders made in accordance with Article L. 225-197-4 of the French Commercial Code, describing the allocations by the Board of Directors of performance and restricted shares under Articles L. 225-197-1 to L. 225-197-3 and L. 22-10-59 to L. 22-10-60 of the French Commercial Code during fiscal year 2020.

The Shareholders' Meeting of April 29, 2016, in its 28th resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and was valid until June 29, 2018. The shares to be issued pursuant to this authorization shall not represent more than 2% of the share capital on February 29, 2016.

Upon recommendation by the Remunerations Committee, on April 29, 2016, the Board of Directors, making use of this authorization, approved the establishment of a Long-Term Incentive Plan designed to retain key Group employees while aligning their interests with those of the Company and its shareholders **(the 2016 Long-Term Incentive Plan)**. The Board of Directors of February 27, 2019 reviewed the level of achievement of the performance conditions set by the plan and noted that they weren't met. As a consequence, no share was definitively acquired, and none was delivered on April 30, 2019. This plan is no more active after cancellation of the shares.

The Board of Directors made other uses of this same authorization, upon recommendation by the Remunerations Committee, on January 6, 2017 to establish **the 2017 Long-Term Incentive Plan** and April 25, 2018 to establish **the 2018 Long-Term Incentive Plan**.

The Board of Directors of February 18, 2020 reviewed the level of achievement of the performance conditions set by the plan and noted that while the total adjusted EBITDA target for fiscal year 2019 was met, the total Group Free Cash Flow target for such year was not achieved.

As per the LTIP 2017 plan rules, the Board subsequently stated that 50% of the Performance Shares could vest subject to the Presence Condition on April 30, 2020. Consequently, 56,700 shares were definitively acquired at this date and were delivered on June 9, 2020.

The Shareholders' Meeting of June 14, 2019, in its 20th resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and was valid until June 13, 2020. The shares to be issued pursuant to this authorization shall not represent more than 0.72% of the share capital as of December 30, 2018.

Upon recommendation by the Remunerations Committee, on June 14, 2019, the Board of Directors, making use of this authorization, approved the establishment of a Long-Term Incentive Plan designed to retain key Group employees while aligning their interests with those of the Company and its shareholders **(the 2019 Long-Term Incentive Plan)**.

The Shareholders' Meeting of June 30, 2020, in its 25th resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 36-month period and is valid until June 30, 2023. The shares to be issued pursuant to this authorization shall not represent more than 3.6% of the share capital at the date of use of the authorization.

Upon recommendation by the Remunerations Committee, on December 17, 2020, the Board of Directors, making use of this authorization, approved the establishment of a Long-Term Incentive Plan designed to retain and recognize key Group employees while aligning their interests with those of the Company and its shareholders **(the 2020 Long-Term Incentive Plan)**.

These plans allow Technicolor to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talent is a key factor to success.

PERFORMANCE AND RESTRICTED SHARE PLANS IN EXISTENCE AS OF DECEMBER 31, 2020 (TABLE NO. 9 OF THE ANNEX 4 OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE)

	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	
Date of Shareholders' Meeting	**April 29, 2016**	**April 29, 2016**	**June 14, 2019**	**June 30, 2020**	
Date of Board of Directors' meeting	Jan. 6, 2017 March 9, 2017 Apr. 26, 2017 Jul. 26, 2017	Apr. 25, 2018 June 25, 2018	June 14, 2019 Jul. 24, 2019 Nov. 5, 2019 Jan. 30, 2020	Dec. 17, 2020	Dec. 17, 2020
Type of shares	Performance shares	Performance shares	Restricted shares	Performance shares	Restricted shares
Number of shares initially granted:	4,507,500	637,000	2,907,000	2,074,490	754,656
Number of shares initially granted, after adjustment if applicable[1], including:	166,855	23,586	107,601	N/A	N/A
Number of shares granted to Directors and officers[2]:					
Frédéric Rose (CEO until November 5, 2020)	**14,074**	**-**	**-**	**N/A**	**N/A**
Richard Moat (CEO since November 5, 2020)	**N/A**	**N/A**	**N/A**	**543,833**	**N/A**
Number of shares granted to the top ten employee beneficiaries:	*55,885*	*21,291*	*37,031*	*459,192*	*196,788*
Vesting date	Apr. 30, 2020	Apr. 30, 2021	June 14, 2022	Dec. 17, 2023	Dec. 17, 2023
End of the holding period	N/A	N/A	N/A	N/A	N/A
Performance conditions	Yes	Yes	No	Yes	No
	50% if the sum of the annual adjusted EBITDA assessed over a three-year period (from 2017 to 2019) is equal or greater to €782 million	50% if the sum of the annual adjusted EBITDA assessed over a three-year period (from 2018 to 2020) is equal or greater to €557million		50% if the sum of the annual adjusted EBITA assessed over a two-year period (from 2021 through 2022) is equal or greater to the target cumulative objective	
	50% if the sum of the annual Group Free Cash Flow assessed over a three-year period (from 2017 to 2019) is equal or greater to €50 million	50% if the sum of the annual Group Free Cash Flow assessed over a three-year period from 2018 to 2020) is equal or greater to €(245) million		50% if, the average share price of the 20 closing share prices of the 20-day trading period preceeding December 31, 2022, is equal or greater to the target TSR objective	

	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	
Date of Shareholders' Meeting	**April 29, 2016**	**April 29, 2016**	**June 14, 2019**	**June 30, 2020**	
Number of shares acquired as of December 31, 2020 (after adjustments)(1)	56,700	-	-	-	-
Number of forfeited shares since the beginning of the plan (after adjustments)(1)	110,155	3,038	13,956	-	-
Number of forfeited shares cancelled during the 2020 exercise (after adjustments)(1)	64,102	1,668	12,190	-	-
Number of shares susceptible to be acquired on December 31, 2020 (after adjustments)(1)	-	20,548	93,645	2,074,490	754,656

(1) November 2020 – reverse share split (see Chapter 1 – section 1.4.1 for details of this operation) - adjustment coefficient: 27 (Number of shares before/after adjustment divided by 27 rounded to the inferior unit).
(2) Information provided pursuant to Article L. 225-184 of the French Commercial Code.

As of December 31, 2020, the total outstanding shares under the plans amounted to 2,943,339 shares, *i.e.* 1.25% of the share capital as of December 31, 2020.

In accordance with Article L. 225-184 of the French Commercial Code, it is noted that 56,700 shares were acquired in 2020 under those plans.

Long-Term Incentive Plan – LTIP 2020

Upon recommendation of the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of June 30, 2020 in its 25th resolution, granted Performance Shares and Restricted Shares.

Restricted Shares are submitted to all the terms and the conditions of the LTIP 2020 plan rules, except to the performance conditions which apply only to Performance Shares.

The Chief Executive Officer and the members of the Executive Committee are entitle to receive only Performance Shares.

The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2020 – LTIP 2020

Shareholders' Meeting authorizing the attributions	June 30, 2020 (25th resolution)	
Remunerations Committee recommending the grants	December 16, 2020	
Board of Directors approving grants	December 17, 2020	
	Performance Shares	Restricted Shares
Number of beneficiaries, as of December 31, 2020(1)	101	100
Number of outstanding shares, as of December 31, 2020	2,074,490 representing 0.9% of the share capital	754,656 representing 0.3% of the share capital
Vesting period	At grant 3rd anniversary date	At grant 3rd anniversary date
Acquisition date	December 17, 2023	
Holding Period	None except for: • the CEO who should retain in registered form, until the end of his term of office, 20% of the vested Performance Shares; • the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares(1).	
Delivery Date	No later than April 30, 2024	

(1) The grant of Performance Shares to the members of the Executive Committee under the LTIP 2020 was decided by the Board of Directors on March 24, 2021. 1,424,899 Performance Shares were granted and allocated between Executive Committee's members. These Performance Shares have the same characteristics as those granted to the Chief Executive Officer (except for some exceptions to the Continued Employment conditions which are specific for the CEO). For this grant made on March 24, 2021, the acquisition date shall be March 24, 2024.

Characteristics of the LTIP 2020 – Performance Shares

Performance conditions	2 complementary objectives reflecting the key indicators tracked by investors and analysts	
	The delivery of a maximum of 50% of the Performance Shares will be subject to an adjusted EBITA objective assessed over a two-year (2) period from 2021 through 2022 (the "Two-year period"). The Board of Directors of Technicolor will have set at Grant Date: (i) a minimum cumulative EBITA threshold ("EBITA Minimum Threshold"); (ii) an intermediary cumulative EBITA threshold ("EBITA Intermediary Threshold"); (iii) a medium cumulative EBITA threshold ("EBITA Medium Threshold"); (iv) a maximum cumulative EBITA threshold ("EBITA Maximum Threshold"). The number of Performance Shares to vest under this condition shall be determined as follows: • if the cumulative EBITA achievement over the Two-year (2) period is inferior to the EBITA Minimum Threshold, 0% of the Performance Shares will vest; • if the cumulative EBITA achievement over the Two-year (2) period is equal to the EBITA Intermediary Threshold, 5% of the Performance Shares will vest; • if the cumulative EBITA achievement over the Two-year (2) period is equal to the EBITA Medium Threshold, 40% of the Performance Shares will vest; • if the cumulative EBITA achievement over the Two-year (2) period is equal or superior to the EBITA Maximum Threshold, 50% of the Performance Shares will vest. The Performance Shares will vest progressively, on a linear basis, inside the brackets.	The delivery of a maximum 50% of the Performance Shares will be subject to the achievement by Technicolor of a Total Shareholder Return ("TSR") objective. The TSR objective will be assessed and determined on December 31, 2022 (the "Point of reference"), at the expiration of a two (2) financial year period from 2021 through 2022 (the "TSR period"). The TSR objective shall be determined over the 20-day trading period preceding the Point of reference and calculated as the average share price of the 20 closing share prices of this 20-day trading period. The Board of Directors of Technicolor will have set at Grant Date: (i) a minimum TSR objective threshold ("TSR Threshold"); (ii) a medium TSR objective threshold ("TSR Medium Threshold"); (iii) a maximum TSR objective ("TSR Maximum Threshold"). The number of Performance Shares to vest under this condition shall be determined as follows: • if the TSR objective achievement is equal to the TSR Threshold, 5% of the Performance Shares will vest; • if the TSR objective achievement is equal to the TSR Medium Threshold, 20% of the Performance Shares will vest; • if the TSR objective achievement is equal or superior to the TSR Maximum Threshold, 50% of the Performance Shares will vest. The Performance Shares will vest progressively, on a linear basis, inside the brackets.
Detailed objectives/Targets	The detailed objectives (targets) have been determined by the Board of Directors in December 2020. They will be disclosed in 2023.	The detailed objectives (targets) have been determined by the Board of Directors in December 2020. They will be disclosed in 2023.
Review of the level of achievement of the performance conditions	Review of this achievement shall be realized in 2023 by the Board of Directors.	

Characteristics of the LTIP 2020 – Restricted share unit conditions

Performance conditions	None

Characteristics of the LTIP 2020 – Presence condition

Cases of forfeiture	Beneficiary who would leave the Group before the expiration of the vesting period of at least three years.
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors.
Specific exception for the Chief Executive Officer	Case of termination (except for serious cause) or resignation after January 1, 2022 in which case the rights shall be maintained on a *prorata-basis* subject to the achievement of the minimum thresholds for the performance conditions for the last civil year before departure.

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the performance shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

Long-Term Incentive Plan – LTIP 2019

Upon recommendation by the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of June 14, 2019 in its 20th resolution, granted Restricted Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2019 – LTIP 2019

Shareholders' Meeting authorizing the attributions	June 14, 2019 (20th resolution)			
Remunerations Committee recommending the grants	April 16 & 24, 2019	July 23, 2019	November 4, 2019	January 23, 2020
Board of Directors approving grants	June 14, 2019	July 24, 2019	November 5, 2019	January 30, 2020
Number of beneficiaries (as of December 31, 2020)	165			
Number of outstanding shares (as of December 31, 2020)	93,645 representing 0.04% of the share capital			
Vesting period	3 years			
Holding Period	None except for the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares.			
Delivery Date	June 14, 2022 or as promptly as possible thereafter (subject to presence condition on that date)			

Characteristics of the LTIP – Performance conditions

Performance conditions	None

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Restricted shares who would leave the Group before the expiration of the vesting period of at least three years.
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors.

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the restricted shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

Long-Term Incentive Plan – LTIP 2018

Upon recommendation of the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of April 29, 2016 in its 28th resolution, granted Performance Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2018 – LTIP 2018

Shareholders' Meeting authorizing the attributions	April 29, 2016 (28th resolution)	
Remunerations Committee recommending the grants	-	June 21, 2018
Board of Directors approving grants	April 25, 2018	June 25, 2018
Number of beneficiaries (as of December 31, 2020)	11	
Number of outstanding shares (as of December 31, 2020)	20,548 representing 0.01% of the share capital	
Vesting period	3 years	
Holding Period	None except for the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares.	
Delivery Date	April 30, 2021 or as promptly as possible thereafter (subject to presence condition on that date)	

Characteristics of the LTIP – Performance conditions

Performance conditions	2 complementary financial objectives reflecting the key indicators tracked by investors and analysts								
	Adjusted EBITDA objective assessed over a three-year period: • if the sum of the annual adjusted EBITDA realized over a three-year period were greater or equal to the sum of the objectives of the annual adjusted EBITDA for the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.				Group Free Cash Flow objective assessed over a three-year period: • if the sum of the Group's yearly Free Cash Flow realized over three years were greater than or equal to the sum of the annual Free Cash Flow objectives for the Group over the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.				
Detailed objectives		**2018**		**2019**		**2020**		**Total**	
	Set objectives for the plan	**Objective**	**Achieved**	**Objective**	**Achieved**	**Objective**	**Achieved**	**Cumulative objective**	**Achieved**
	Adjusted EBITDA	€250 million	€270 million	€206 million	€244 million	€101 million	€106 million	€557 million	€620 million
	Group Free Cash Flow	€40 million	€(47.9) million	€(22) million	€(161) million	€(263) million	€(255) million	€(245) million	€(463,9) million
Review of the level of achievement of the performance condition	The Board of Directors of March 11, 2021 reviewed the level of achievement of the performance conditions set by the plan and noted that: • the plan is vesting at 50%.								

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Performance Shares who would leave the Group before the expiration of the vesting period of at least three years.
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors.

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the performance shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

Long-Term Incentive Plan – LTIP 2017

Upon recommendation of the Remunerations Committee, the Board of Directors, making use of the authorization given by the Shareholders' Meeting of April 29, 2016 in its 28th resolution, granted Performance Shares. The table below summarizes the characteristics of these grants.

Long-Term Incentive Plans 2017 – LTIP 2017

Shareholders' Meeting authorizing the attributions	April 29, 2016 (28th resolution)			
Remunerations Committee recommending the grants	January 6, 2017	February 22, 2017	April 25, 2017	July 25, 2017
Board of Directors approving grants	January 6, 2017	March 9, 2017	April 26, 2017	July 26, 2017
Number of beneficiaries on April 30, 2020 (Vesting date)	175			
Number of vested shares delivered on June 9, 2020	56,700 representing 0.02% of the share capital			
Vesting period	3 years			
Holding Period	None except for: • the CEO who should retain in registered form, until the end of his term of office, 20% of the vested Performance Shares; • the members of the Executive Committee who should retain, until the term of their contracts, at least 10% of the vested Performance Shares.			
Delivery Date	April 30, 2020 or as promptly as possible thereafter (subject to presence condition on that date)			

Characteristics of the LTIP – Performance conditions

Performance conditions	2 complementary financial objectives reflecting the key indicators tracked by investors and analysts							
	Adjusted EBITDA objective assessed over a three-year period: • if the sum of the annual adjusted EBITDA realized over a three-year period were greater or equal to the sum of the objectives of the annual adjusted EBITDA for the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.				Group Free Cash Flow objective assessed over a three-year period: • if the sum of the Group's yearly Free Cash Flow realized over three years were greater than or equal to the sum of the annual Free Cash Flow objectives for the Group over the same period, 50% of the Performance Shares would be definitively earned; • in the opposite case, no Performance Shares would be earned.			
Detailed objectives		2017		2018		2019		Total
	Set objectives for the plan	**Objective**	**Achieved**	**Objective**	**Achieved**	**Objective**	**Achieved**	**Cumulative objective**	**Achieved**
	Adjusted EBITDA	€326 million	€306 million	€250 million	€270 million	€206 million	€244 million	€782 million	€820 million
	Group Free Cash Flow	€32 million	€66 million	€40 million	€(47.9) million	€(22) million	€(161) million	€50 million	€(142,9) million
Review of the level of achievement of the performance condition	The Board of Directors held on February 18, 2020 reviewed the level of achievement of the performance conditions set by the plan and noted that: • while the Total Adjusted EBITDA Target for the LTIP 2017 is €782 million, the total Actual Adjusted EBITDA achieved during 2017, 2018 and 2019 is equal to €820 million, above the Total Adjusted EBITDA Target, hence 50% of the Performance Shares could vested under this performance condition; and • while the Total Group Free Cash Flow Target for the LTIP 2017 is €50 million, the total Actual Group Free Cash Flow achieved during 2017, 2018 and 2019 is equal to €(142,9) million, below the Total Actual Group Free Cash Flow Target, hence no Performance Shares could vested under this performance condition. As per the LTIP 2017 plan rules, the Board subsequently stated that 50% of the Performance Shares could vest subject to the Presence Condition on April 30, 2020.								

Characteristics of the LTIP – Presence condition

Cases of forfeiture	Beneficiary of Performance Shares who would leave the Group before the expiration of the vesting period of at least three years.
Exceptions	Case of legal premature exit (including cases of death, disability, retirement, termination without cause) and other customary exceptions decided upon by the Board of Directors.

The plan prevents beneficiaries who are members of the Executive Committee from using hedging instruments for the performance shares and requires that they retain a significant number of shares up until the termination of their positions within the Group.

DISCLOSURE ON EXTRA-FINANCIAL PERFORMANCE

5

Ambitious Talent and Strong Diversity Policy : **Acquisition** and **Development, Diversity, Equity & Inclusion** programs

A policy of continuous improvement of the **energy efficiency of products**

Recognition of CSR performance by rating agencies (Gold rating by *EcoVadis*, C+ Prime rating by *ISS ESG*, Top performer rating by *Vigeo Eiris* and *Gaia-Ethifinance*)

This Chapter aims at presenting the set of Corporate Social Responsibility initiatives of the Group. It includes the Declaration on Extra-Financial Performance (DPEF) pursuing Article L. 225-102-1 of the French Commercial Code and the Vigilance Plan, pursuing Article L. 225-102-4 of the French Commercial Code.

GRI SUSTAINABILITY REPORTING STANDARDS (GRI STANDARDS) AND DISCLOSURES

GRI *[102-12] [102-54]*

Since 2014, Technicolor has been following the GRI Standards, a worldwide reporting framework on sustainability, to structure its economic, environmental and social reporting.

The Group prepares its Sustainability report in accordance with the **GRI Standards: Comprehensive option**, thereby demonstrating that its non-financial information and disclosures are exhaustive. The Sustainability report includes a GRI Content Index, which lists all reported GRI Standards and Disclosures. Technicolor Sustainability reports are available on the Technicolor website in the CSR section: https://www.technicolor.com/corporate-social-responsibility

GRI Disclosure labels are included in both the Universal Registration Document and in the Sustainability report. Disclosure labels (for example GRI [102-1], GRI [302-3]) help readers locate the information that they are looking for as indicated in the GRI Content Index. They contribute to give more control over the transparency, comparability, quality and accountability of the Group's sustainability data.

5.1 CORPORATE SOCIAL RESPONSIBILITY'S CHALLENGES OF THE GROUP

GRI *[102-32] [103-1 Economic performance] [103-1 Market presence] [103-1 Indirect economic impacts] [103-1 Procurement practices] [103-1 Anti-corruption] [103-1 Anti-competitive behavior] [103-1 Materials] [103-1 Energy] [103-1 Water and effluents] [103-1 Emissions] [103-1 Effluents and waste] [103-1 Environmental compliance] [103-1 Supplier environmental assessment] [103-1 Employment] [103-1 Labor/Management relations] [103-1 Occupational health and safety] [103-1 Training and education] [103-1 Diversity and equal opportunity] [103-1 Non-discrimination] [103-1 Freedom of association and collective bargaining] [103-1 Child labor] [103-1 Forced or compulsory labor] [103-1 Human Rights assessment] [103-1 Local communities] [103-1 Supplier social assessment] [103-1 Public policy] [103-1 Marketing and labeling] [103-1 Customer health and safety] [103-1 Customer privacy] [103-1 Socioeconomic compliance]*

Within the Group, the Corporate Social Responsibility Department supervises the CSR (Corporate Social Responsibility) processes in cooperation with the business divisions. CSR is backed by the Human Resources network and the Environment Health and Safety network, each network having responsible local members located in the main sites. CSR reports to the People & Talent & Corporate Social Responsibility EVP, who is a member of the Executive Committee of the Group, and who defines Human Resources and CSR strategic priorities in-line with Technicolor's Strategic Plan, and drives initiatives across the Group's activities.

5.1.1 Business models

Technicolor's activities, as well as the associated business models, are presented in sections 1.2: "Organization and business overview", and 1.3: "Strategy".

5.1.2 The CSR risks

GRI *[102-11] [102-15] [102-44] [102-46] [102-47]*

Beyond the global risk factors of the Group's businesses presented in section 3.1, and regarding the implementation of Articles L. 225-102-1 and L. 225-102-4 of the French Commercial Code, the Group has identified 6 macro risks resulting in 22 CSR issues. Policies and results regarding these issues are detailed throughout this Chapter.

	Macro risk		CSR Challenges at stake relating to macro risk
1	Human capital	1	**Management and development of talent (acquisition, retention and training)*** (see section 5.2.1)
	In a context of on-going and rapid transformation of our business, and while the profile of talents may vary according to our business, in all cases, the diversity, availability, and development of talent are at the core of our production and competitive capabilities, in creative activities, in research and development and in distribution.	2	Management of business cycles – fixed-term/temporary staff (see section 5.2.2)
		3	**Diversity and inclusiveness – creative industries – gender equality and access for women to positions of responsibility*** (see section 5.2.3)
		4	Business transformation and social dialogue (see section 5.2.4)
		5	**Safety at work (injuries, illnesses and severity)*** (see section 5.2.5)
		6	Community impact and regional development (see section 5.2.7)
		7	Absenteeism (see section 5.2.6)
2	Human Rights and working conditions	8	**Human Rights and working conditions, including suppliers and sub-contractors*** (see section 5.3.1)
	The global organization and performance of our supply chain with multiple contributors require strong and consistent attention while national legislation related to human rights is increasing.	9	Fight against discriminations (see section 5.3.2)
3	Climate change	10	Carbon emissions generated by production, supply chain (logistics and purchasing) and data centers (see section 5.4.1)
	Climate change requires improvement of efficiency at every step of the life cycle of our products and services.	11	**Energy efficiency: carbon emissions generated by products' use*** (see section 5.4.2)
		12	Renewable energy (see section 5.4.3)
4	Circular economy	13	Recycling of waste and optimization of raw material consumption (see section 5.5.1)
	Depletion of raw material and of water resources creates a risk for both our business and the communities in which we operate. Resources must be saved or reused or recycled.	14	Environmental footprint of products – eco-design (see section 5.5.2)
		15	Environmentally responsible procurement (see section 5.3.1)
		16	Sustainable water management (see section 5.5.3)
5	Fairness of practices	17	Anti-bribery (see section 5.7.1)
	In an internationalized and competitive business environment with increasing business ethics requirements, any non-compliance generates major risks.	18	Compliance with competition rules – business ethics (see section 5.7.1)
		19	Fight against tax evasion (see section 5.7.2)
6	Safety of customers and protection of customers' content	20	Product compliance and ban of hazardous materials (see section 5.6.1)
	Physical safety of end customers is vital to sustainable relationships with our customers. Intellectual Property rights of our customers are critical assets and must be highly protected in content production and in physical and digital content distribution.	21	**Content security and respect of Intellectual Property*** (see section 5.6.2 and 3.2.5)
		22	**Cyber risks – protection of networks and of data*** (see section 5.6.2 and 3.2.5)

* *Strategic CSR challenges.*

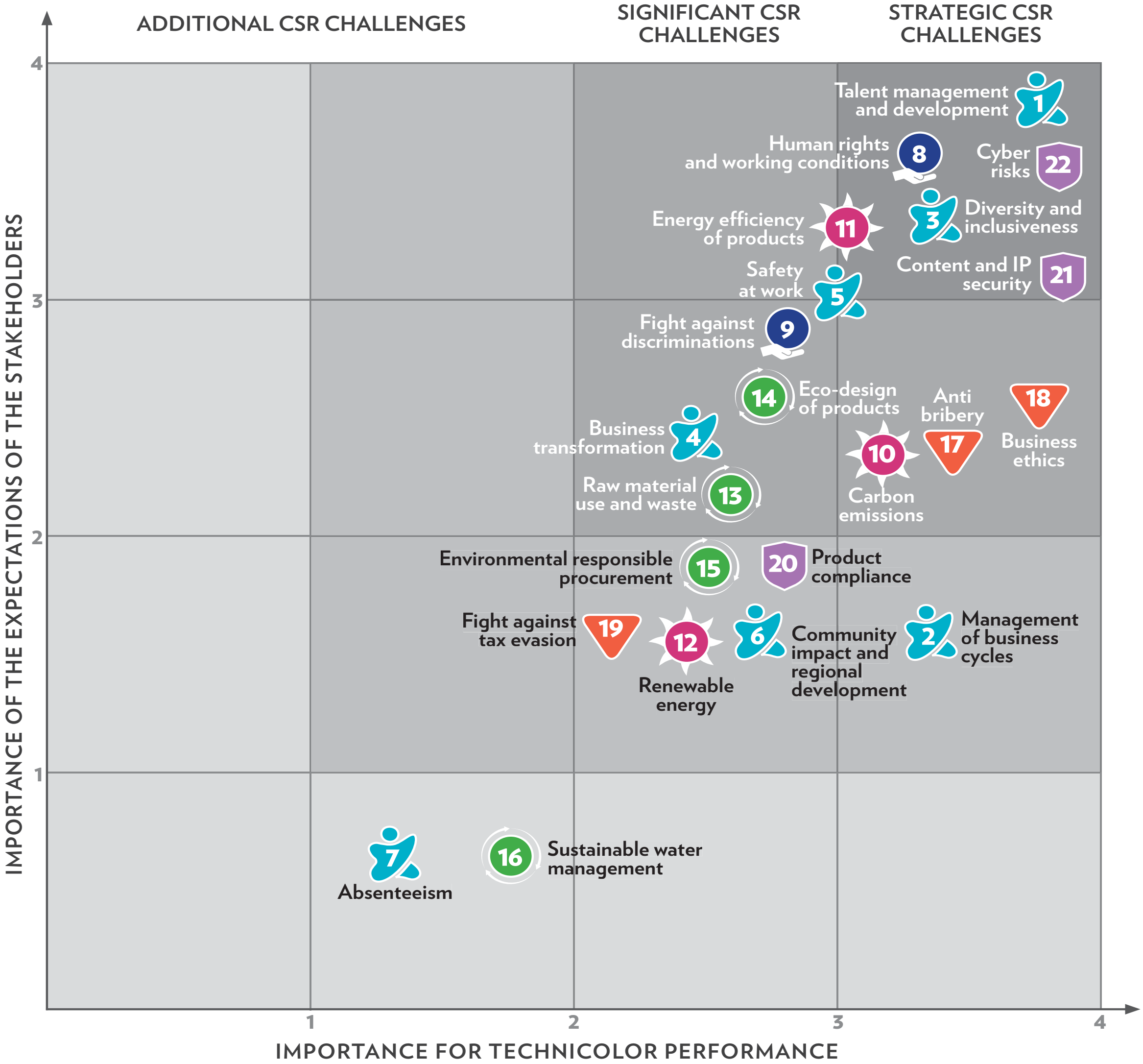
This challenges list is derived from the materiality matrix which prioritizes the 22 CSR challenges.

Identification of the CSR challenges is based on the CSR requests from customers and rating agencies, on peer evaluation, and on internal analysis of key levers to anticipate evolution of customers and markets and of regulations. It was updated in 2018.

In addition to these challenges, the Covid-19 pandemic has a transversal impact. In this context, Safety at work, from a prevention perspective, becomes more strategic, and its plot on the matrix has been modified to reflect its importance.

5.1.3 The materiality matrix

GRI *[102-42] [102-44] [102-46] [102-47]*



The importance of each CSR challenge for the Group was determined by assessment and dialogue based on:

- the operational, the business, and the reputational impacts on the Group (the most important across the 3 business divisions, as the impact of any single CSR challenge on a business division may differ widely from one issue to the next);
- the likelihood of occurrence;
- the likelihood of generation of risk by the Supply Chain (suppliers and subcontractors).

The importance for the Stakeholders was determined based on:

- the focus of customers' requests per CSR issue;
- the feedback from employees;
- the focus of questions and alignment with subjects judged important by CSR rating agencies.

5.1.4 The approach to sustainability

GRI *[102-43]*

Technicolor's approach to sustainability relies on 3 pillars:

- **attracting and developing a diverse talent pool of creative individuals**

  Creative industries require significant diversity of imagination, experience, culture, and profiles to stimulate innovative ideas and visual creations in order to bring to life the ideas of project directors (film, series, games…) or advertising agencies. Developing the skills of talented creatives on a continuous basis to keep them at the state of the art is another permanent challenge;
- **enabling sustainable content distribution**

  Content distribution requires energy in all cases:

  - energy consumption based on the raw materials used within and by manufacturing and distribution operations of physical media,
  - energy consumption of products (set top box and modems) used for digital distribution and raw material for these products during production and the associated waste at end of life.

  At the same time, video content resolution increases regularly, leading to associated increases in the volume of data to deliver and the energy required to achieve it.

  Innovation in electronic product design and in video technologies must support energy efficiency of set top box together with improved video performances and resolution.

  The improvement of physical distribution networks, of logistic resources, the reduction in volume of packaging, and improvements in recyclable waste must provide a reduction of the environmental footprint of physical media;
- **ensuring a safe and healthy work environment throughout the supply chain**

  All workers, our employees but also the employees of our suppliers, must be able to work freely in a safe, secure, and healthy environment, with decent wages and working hours, without discrimination and harassment. Recurrent activity cycles and project management principles in our business require significant flexibility from employees but also recruitment of temporary employees to offset peak production periods while maintaining quality. In a competitive labor market, long-term relationships and commitment from employees are key to worker retention and satisfaction, and a safe and healthy work environment is a driver.

5.1.5 Covid-19

GRI *[103-1 Indirect economic impacts] [103-2 Indirect economic impacts] [103-1 Employment] [103-2 Employment] [103-1 Occupational health and safety] [103-2 Occupational health and safety] [103-1 Training and education] [103-2 Training and education] [103-1 Local communities] [103-2 Local communities] [203-2] [403-1] [403-2] [403-3] [403-4] [403-5] [403-6]*

Early in 2020, during the beginning of the pandemic, Technicolor reacted strongly to protect the health and safety of all workers as a first and primary step, and then launched multiple programs and working groups in order to adapt safely to the new and changing pandemic conditions while continuing to support all customers and business lines. Many aspects such as the evolution and tracking of requirements and conditions at sites and within countries, global management issues, care of employees, families and communities, and continuity of business and operations, were supervised and monitored by a "Covid-19 Global Crisis Committee" chaired by the Chief Executive Officer. This Committee comprised all business division Chief Operating Officers and representatives of transversal functions. Two other levels of Covid-19 Global Crisis Management level were implemented:

- by business division, led by business Heads and their Chief Operating Officer;
- by Country, led by the Human Resources network.

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Based on prior experience with workers in close proximity to areas of the world experiencing outbreaks of SARS and H1N1, Technicolor was able to quickly adapt policy and practice to enable healthy and safe working conditions for all essential workers operating on site, while creating the ability to work remotely for almost all other members of staff. While each main business managed in a slightly different manner due to customer needs and variations in infrastructure, the approaches taken consistently relied on multi-stakeholder working groups to update policy and to develop clear written requirements, training and communications, materials and equipment, management controls, and daily working practices adapted to the rapidly changing needs of the Covid-19 pandemic.

The guiding principal in all this work was to protect worker health and safety by following the guidance of international health organizations such as the World Health Organization or the Centers for Disease Control, while maintaining compliance with all regulatory requirements at country and local levels for every location where Technicolor operates. Because this guidance changed frequently and at times significantly, the working groups relied on a mix of internal and external subject matter experts to manage the on-going implementation of safe working policy and practice.

At the organizational level, decisions were taken to deploy a standard pandemic contingency plan within the business continuity plan (BCP) of each business unit, and also within the BCP at each operating location. As part of this work, written risk assessments were developed so that decisions about personal protective equipment (PPE), health screening of people (workers, guests, or contractors), training and communication requirements, cleaning and disinfecting materials and schedules, social distancing requirements, and other relevant practices could all be thoughtfully aligned with the current best practices and recommendations of all guiding bodies, while including the local operational knowledge and concerns of the affected workers at each site.

Real-time dashboards of site status were implemented along two axes. One to know the site status of open, closed, or partially open at various levels and with an indication of number of staff on-site. Two to track and monitor the organizational development and readiness concerning written pandemic plan, written risk assessment, and required training.

Once the Covid-19 pandemic was widely recognized as an emerging disease, almost all travel was blocked within Technicolor, and where possible all staff were advised to work remotely – both these actions to protect worker health and to prevent transmission of the illness. While there were many technical challenges for creating the large-scale ability to work remotely and securely, protecting the content and Intellectual Property of all customers, a new need for training and communication on the topic of worker health and safety during prolonged isolation in the remote working location was identified, and specific training and advice was developed and communicated to all staff, including frequent reminders to combat "Covid-19 fatigue" as more months passed.

Ultimately, some travel was permitted based on case-by-case justification and executive approval, and in the same way, remote workers were permitted to return to the workplace based on business needs and approval of their site management and depending on local public authorities' regulations.

At different periods during this pandemic, depending on the rate of change in the Covid-19 knowledge base and regulatory environment, working groups and committees at different levels of the Group were meeting daily or weekly in order to be sure that all actions taken were well-aligned with current conditions and requirements, and that improvements in best practices were rapidly implemented at all Technicolor locations. PPE, primarily masks, were sourced and distributed globally in order to fairly manage the need for masks for all on-site personnel while managing the supply chain as it ramped up to meet the worldwide need.

Of course, factory workers did not in general have the option of working remotely, and most industrial operations of Technicolor remained open throughout the pandemic. Factory workers were advised to check their health each day prior to traveling to the workplace, screenings were implemented upon arrival to check for recent symptoms or exposure, including temperature checks when permitted by local regulations, PPE was provided, and facility-based risk mitigation were implemented such as increased frequency for cleaning and disinfecting high-touch surfaces or revised line layouts for enhanced social distancing. Elevators and lifts were designated for reduced capacity due to social distancing requirements, and where practical, stairways were dedicated to only up or only down, in order to limit exposure risks. Ventilation systems were verified as fully maintained, with maximum filtration and introduction of fresh air. In some situations where there was no alternative to small in-person meetings with customers, additional air purifying devices were used at the studio or meeting room level to augment building air quality, and these devices utilized HEPA filtration for particle removal, UV-C irradiation for sanitization of aerosolized particles, or both.

At times, when governments issued direction to close or to lockdown or to limit operations significantly, all in order to protect public health, there were consequences for staff due to the workplace closure, shortage of work, or project delays. In these cases, Technicolor worked to retain staff by using locally available furlough programs where possible and eligible. These furlough programs were generally designed to retain staff and to subsidize pay in part or in full until such time as operations could resume. Technicolor viewed the retention of staff as a critical action so that the restart or reopening of projects and locations could begin without delay as soon as possible, without the burden of seeking and rehiring talent recently on board. In order to limit permanent lay-off, when furlough and other similar programs were not possible or eligible, when shortage of work and delays of projects happened due to this pandemic, employees were advised to consider temporarily reducing their working time or their remuneration, in jurisdictions where it was legal to do so. Information on benefits, health plan coverage and governmental assistance were also delivered to the impacted employees based on a country approach. When such programs were not possible, we had unfortunately to adapt the workforce to the new situation. Laid-off temporary foreign workers willing to go back to their home country for personal reasons were also impacted at times by the public authorities' restrictions imposed on air travel, and in these cases support was offered to find flights.

When on-location services were essential to project completion for a film, advertising, or episodic project, initiatives such as the SafeSets™ initiative (https://practicesafesets.co/), in alignment with the work requirements of SAG-AFTRA labor union (https://www.sagaftra.org/), were implemented in order to protect the health and safety of all persons working together during each session.

Workers with personal health risk, or who were caring for or in close proximity to members of household at risk due to age or health conditions, were continually advised not to come to the workplace but to remain isolated.

Throughout the year, communications about Covid-19 were frequently made to all members of staff, using a variety of methods and media, from a well-developed Intranet page devoted to all things Covid-19, to a series of monthly town hall video meetings with the Chief Executive Officer and executive staff. Additionally, various intermediate communications were made *via* e-mail or during team meetings or *via* posters, communication boards, or other physical media.

Workers were requested to disclose to Technicolor at any time if they were feeling ill or if they received a positive test result for Covid-19. If on-site during this time, then the worker was requested to exit the facility as soon as possible, and to seek medical care according to local practices and facilities. Their workspace was then targeted for a deep cleaning and disinfection, contact tracing was done, and two levels of communication went out to the site personnel – all personnel were advised that the location had hosted a person confirmed to be infected, and anyone deemed in close contact was advised to isolate for a period according to local guidance, typically 14 days. In all cases, Technicolor remained in close contact with all affected workers in order to offer support and to clearly communicate benefits during this period of recovery as well as to define requirements for returning to work, and this follow-up contact was on-going until each worker received the all-clear to return to work, whether working remotely or on-site.

In order to help the wider community with this pandemic, Technicolor:

- proposed support to communities and government with logistics management using DVD Services' facilities when communities faced mounting medical supply demands;
- reached out to governments, NGOs and Health Organizations to offer free creative services from studios for public education campaigns;
- explored opportunities to support telecommunications customers who were providing broadband services to low income populations in need of Internet access.

5.2 HUMAN CAPITAL

5.2.1 Management and development of talent

GRI *[103-1 Employment] [103-2 Employment] [103-3 Employment] [103-1 Training and Education] [103-2 Training and Education] [103-3 Training and Education]*

5.2.1.1 A GLOBAL ORGANIZATION

Except for administration and support functions, most profiles of Technicolor's employees are business division specific:

- Production Services: creative digital talent combining media and technology skills with artistic skills for visual effects, animation and post-production, including artists, supervisors and producers. This activity, as in any creative industry, is project driven, with a large majority of artists hired using a fixed-term contract tied to the project, and is subject to significant turnover and recruitment rates: artists move easily worldwide from one company to another, to join a more technically challenging project in order to improve their track record and experience, their employability and their remuneration, leading to the creation of some tensions in the labor market. Diversity of employees is a critical success factor for this creative industry. Therefore, volume recruitment is significant and permanent and is managed on a worldwide basis, rendering Technicolor's attraction and retention policies critical;
- Connected Home: mainly engineer's skills, with R&D hardware and software engineers, quality engineers, technical customer support, sourcing and manufacturing engineers, sales engineers, and a limited percentage of production workers. Turnover is limited and recruitment is mainly in Asia and Americas, allowing a relative level of diversity complemented by the diversity of site locations and the internal mobility of employees;
- DVD Services: line operators, warehouse and material handling workers, content security specialists, facilities and equipment maintenance technicians, health and safety specialists, supervisors and managers. Activity is seasonal and regularly requires large staffing variations using temporary recruitment (employees and agency workers), in addition to overtime, to offset peak production requirements. Recruitment is local.

Therefore the management and the development of talent require a flexible organization to match with these different requirements. In 2020, Technicolor launched the re-engineering of its operating model with the implementation of the People & Talent & CSR organization. The Head of People & Talent & CSR, a Member of Technicolor's Executive Committee, defines Human Resources & CSR strategic priorities in line with Technicolor's Strategic Plan, implements and adapts the People & Talent & CSR model, identifies organizational needs and related resources, and pilots People & Talent & CSR initiatives across all of the Group's activities. The organization has four dimensions:

- **Global Centers of Excellence (CoE)** who design the strategy in their respective fields. They ensure consistency and delivery of key Group HR projects and provide specialized advice and expertise across the whole organization in the following areas:
  - *Global Rewards* focusing on compensation & benefits, rewards, incentive programs, international mobility programs, performance management, pension schemes, medical care and other benefits,
  - *Digitalization, Performance and Transformation*, including information systems and processes, HR performance KPIs, leading and managing the re-engineering projects of systems and data management, and focusing on implementing user-friendly, agile, coherent and sustainable tools. It also includes:
    - *Global Learning and Development* focusing on people development to enhance individual contribution to the teams' performance,
    - *Global Diversity, Equity and Inclusion (DEI)* focusing on inclusion and equity programs and initiatives to attract and retain our diverse workforce;
  - *Corporate Social Responsibility (CSR) & Compliance* focusing on all areas pertaining to Sustainable Responsibility: Human Rights, Health and Safety, Environmental care, Ethics, and Social Responsibility as well as Compliance;
- **Talent & Business Partners** who define the operational talent requirements and objectives in strong partnership with their respective business divisions. Talent & Business Partners work closely with each business leader to analyze and to plan the evolution of Technicolor's workforce skills and competencies, and to ensure they are in line with their business strategy. They have a key role in the domains of organizational design, define career paths and specific development strategies aligned with business priorities. On the basis of the Resource & Development Plans drawn up each year by the divisions, the Talent and Business Partners define and lead, hand-in-hand with the management of their organization, a HR strategy for their scope which is based on 4 pillars: Talent Acquisition and Development, People and Teams Performance, Recognition and Retention;
- **People Partners** who deliver regionally and locally the Human Resources services to the businesses such as:
  - talent identification and development,
  - employee relations,
  - Performance Management,
  - Global Rewards,
  - Payroll, time & attendance,
  - employment compliance and labor relations,
  - local DEI or Wellness initiatives;

  They ensure a consistent HR approach across sites and functions within each geographical region, and guarantee that Technicolor remains compliant with local employment laws and practices. People Partners also contribute to the implementation of Corporate People & Talent programs and facilitate coherent local communications. They are organized as four regions: Americas, including North and South America, Europe, India-Australia, and Asia. Within each country, People Partners can be shared between businesses and transversal functions or dedicated to a single business when site's business is specific;
- **Global People Services** is focusing on delivering data management, transactional and hiring services as a global tiered operating and service delivery model for all countries. It is located in India.

5.2.1.2 TALENT ACQUISITION

Within each division, managers and HR generally identify the types of profiles and skills needed to ensure the success of current and future projects and initiatives. When the profiles or skills identified are not available in the Company, the entire People & Talent team is mobilized to recruit the best talents for our businesses, our projects and our culture.

In the case of animation and Visual Effects studios of Production Services, the project-driven nature of the activities requires the launching of massive recruitment campaigns several times a year – recruiting for several hundred highly qualified jobs – and sometimes multi-country campaigns to accompany the swift launching of large projects (film, series, games…). In the past, each division in Film & Episodic VFX had individual Talent Acquisition Departments, which included Talent Acquisition managers and Recruitment Coordinators. This team and managers from the studios mobilized to recruit the best talents for our businesses, our projects and our culture. These departments worked with Talent managers to identify the types of profiles and skills needed to ensure the success of current and future projects and initiatives.

In the case of individual recruitments (replacements, job creations, creation of teams), the need is initially qualified by the manager with the help of the local HR who will then ensure appropriate research, contact, and recruitment of candidates.

To address these different situations, the Group has invested heavily in the development of its recruitment organization and teams and accompanied the professionalization of their practices.

In that respect, we created in 2018 The Focus as our new in-house recruitment agency, hiring for Technicolor's award-winning VFX studios – MPC Film, Mr. X, Mikros, and the Technicolor Academy.

The Focus as a brand is using its own unique website to make it easy for candidates to find the right jobs, latest news and career development opportunities (whether they are a recent graduate or already established in the industry), while ensuring the Brands are effectively utilizing the resources among themselves and within the industry.

With, during normal years (without pandemic), more than 50 major movies and TV projects in our portfolio, candidates working within the setup of The Focus are able to receive better service to their career aspirations and personal affiliations since we can attract and retain talent across our multiple locations and brands.

The Focus leverages experienced Recruiters to represent the Brands and their proposition/values, but also takes care to create harmonization in hiring practices and to manage the price point for the most economical values across the businesses and the brands. When there is a high volume need in a specific department, these Recruiters are partnered with Sourcers to ensure each brand has the best access to the talent in the industry. 3,100 people were hired in 2019 and 722 in 2020 through The Focus, due to the demand for the world's best VFX artists being greater than ever.

In 2020, the Group developed The Focus online platform further with the creation of user profiles, personalized push notifications, virtual academies and masterclasses. As always, we look to pioneer the way in which talent is engaged, managed and acquired within the VFX industry. The pandemic created pressure to accelerate this move.

For all other businesses and transversal functions, 30 recruiters in all organizations and regions have had access to and benefitted from support in their professional use of online applicant tracking platforms and access to external recruitment sites (such as LinkedIn). A specific priority is given to Animation & Games to scale their recruitment processes to new massive hiring in Europe, India and Canada. This on-going practice allows Technicolor to extend its scope of research and to reach candidates traditionally invisible to the Group.

Lastly, the Group has locally developed for many years, in countries like India, an attractive Employer branding that allows candidates to better recognize Technicolor as an employer of choice with due to its culture and values.

5.2.1.3 PERFORMANCE, RECOGNITION AND RETENTION

GRI *[102-36] [401-2] [403-6] [404-3]*

Since 2010, Technicolor has been evaluating the individual performance of all employees.

Committed to offer the best support possible in alignment with the constant evolution of businesses (project mode, constant technological changes, continuous improvement…) and the needs of employees (purpose, transparency, feedback in real time…), in March 2018 the Group launched a project to overhaul the system of performance evaluation and employee development. This tool called "TEAM" is based on 4 fundamental principles:

- contribution replaces the notion of performance: the contribution is defined in this tool as the global appreciation of the concrete contribution of an individual to the results and successes of the collective;
- observed behaviors (the "how") are taken into account in the evaluation of the contribution as well as the results obtained (the "what");
- "continuous" conversations aim at ensuring frequent exchanges between employees and their managers: setting or modifying objectives or missions, feedback loops on obtained results and observed behaviors; and finally
- for those who wish to do so, integration into the contribution assessment of the justified and formalized opinions of relevant stakeholders who collaborated with the person evaluated (multisource feedback).

After the pilot phase, TEAM is expanding progressively to other business units. 35% of the employees are now using it, as well as 62% of the employees having a variable compensation.

In a competitive environment, the compensation and benefits policies, including the total remuneration policy, are a key pillar of retention of acquired talent.

The remuneration policy is tailored to acknowledge and fairly recognize an employee's contribution to the short and longer-term success of the Group.

Technicolor uses a classification structure based upon Willis Towers Watson methodology, with grades and bands that ultimately emphasize and reinforce the strong link between contribution and remuneration. Technicolor is steadily reviewing its job definitions and levels and reflects the evolutions of the Group. Such classification allows the Group to ensure the internal equity of remuneration packages. Moreover, Technicolor participates to relevant salary surveys to assess the competitiveness of remuneration in the proper marketplaces. This provides Technicolor with sustainable, objective and equitable means of remunerating employees while closely controlling its wage bill.

In 2018, this job architecture has been rebuilt for Production Services jobs, to cope with the evolution of this domain, of its work organization and of its skills. It has been rolled out in 2019, and fully implemented during 2020.

The remuneration policy is structured around flexible and competitive fixed and variable compensation elements driven by market best practices and the Group's objectives for long-term value creation appropriate to circumstances and goals:

- **competitiveness:** appropriate market benchmarks of total compensation against comparable companies allow Technicolor to offer competitive compensation packages to employees in accordance with competitive pressures in the marketplace. This ensures that Technicolor continues to attract, motivate and retain high potentials and key contributors for which Technicolor competes in an international marketplace, while controlling cost structures;
- **equitable approach/internal fairness:** Technicolor believes that it remunerates its employees on a fair basis in each of its geographical locations in a way that aligns with both local market standards and proposed corporate programs. The remuneration policy is set according to the Group's "broadbanding policy" which allows consistent assessment of responsibility, contribution and levels of expertise on an international business basis across all businesses and functions. In addition, the remuneration policy of top executives is managed by Corporate Human Resources to facilitate consistency of various remuneration components and ease international and cross-business mobility;
- **business and skills focus:** the remuneration of professionals, engineers and managers is a sound, market-driven policy and ultimately administered to stimulate business performance. A substantial part of the total remuneration package is composed of variable elements which drive a performance culture and support the Company's strategy. These variable elements are meant to stimulate, recognize and reward not only individual contribution, especially innovation and risk-taking, but also and in particular, solid and consistent group and division performances.

In accordance with the principles and rules established by the Group, any group or division entity is entitled to recognize the potential and encourage the development of its employees by using the different compensation elements in force within the Group.

The evolution of remuneration is measured at constant currency rate exchange (end of year) and at constant population of employees (all employees present both in the reporting year and the past year), and on the evolution of the base salary payroll mass (without variable elements and social contributions paid by the employer).

	2020	2019	2018
Evolution of remuneration	1.62%	5.01%	4.50%

As part of this total remuneration policy, Technicolor regularly expands its benefits policy with the double objective of fairness and equity between employees of the different countries and divisions and of attractiveness.

In 2020, the following extensions were implemented:

Area of action	Type of action	Description of the extension	Country
Health	Benefits modification	Inclusion of 10% co-participation (will be considered for elective consultations, emergency room and simple exams).	Brazil
Health	Benefits enhancement	Pre-existing conditions are now covered following change of insurer for local foreign employees.	China
Health	Benefits enhancement	Free upgrade GP (General Practitioner) from HK$300 to HK$320/visit and SP (Specialist practitioner) from HK$600 to HK$620/visit. Referral letter from a Doctor is now valid for six months from issuance date. Referral letter is waived for attending Specialists under Hospital Authority and Department of Health. Referral letter for Clinical or Medical Oncologist will be waived upon renewal.	HK
Health	Benefits enhancement	Increase the sum insured of Technicolor Mexicana from 2 to 2.5 millions MXN. Removal of waiting period endorsements for some conditions (*i.e.* endometriosis, eye cataracts, kidney stones, hip surgery for disease…). Increase the amount for medical check-ups ($10 thousand for each limited to 30/year) for Technicolor HES.ù	Mexico
Life & Disability	Benefits enhancements	Increase of the Life provision for all entities in order to bring benefits up to market median (4 x annual salary). Increase of the disability provision for all entities (except the Moving Picture Company) in order to bring benefits up to market median (70% of Salary for 5 Years or 50% of Salary for until State Pension Age for The Mill). Disability insurer services include EAP (including 6 face-to-face counselling sessions) available to all employees.	UK

Area of action	Type of action	Description of the extension	Country
Health	Benefits enhancement	Extension of Cash Plan to all entities (excluding MPC Film).	UK
Health	Benefits modifications	Launch of *100 % santé* on optic and dental care (New regulatory requirement). Communication campaign on flu shots.	France
Life	Benefits enhancements	Increase accidental death benefits (if due to traffic accident or accident at work) for the employer sponsored life insurance. Increase the death, accidental death (if due to traffic accident or accident at work), detriment to health, death of a child, orphaning of a child, serious disease occurrence benefits for the voluntary life insurance.	Poland
Health & Retirement	Wellness	Launch of a New Wellness & Lifestyle Rewards program: a series of 12 activities targeted towards medical & dental prevention, telemedicine and financial webinars & consultations to engage employees and their families. Medical premium discount incentive applies to employees who complete 4 of the Lifestyle activities.	U.S.
Health	Wellness	Implementation of "Wellness Wednesday" (prior Covid-19): onsite 12-minute and 24-minute chair massages provided by professional therapists offered to employees in selected locations (in February and March – 85 sessions).	U.S.
Health	Medical	Access to Blue Distinction Centers available to Anthem members: healthcare facilities that are highly rated in delivering safe, effective treatment for complex medical procedures, such as heart conditions, knee or hip replacement, back surgery or cancer conditions.	U.S.
Health	Medical	Implementation of Virtual Second Opinion to help Anthem members to make sure diagnosis is correct, compare treatment options, and get an expert second opinion.	U.S.
Health	Medical	Implementation of Autism Spectrum Disorder program (for Anthem members) to provide personalized case management services to support behavioral health treatment for autism.	U.S.
All Benefit Plans	Communication & Engagement Digitalization	Implementation of a Covid-19 Benefits Resource Center on www.MyTechnicolorBenefits.com including over 30 Frequently Asked Questions (FAQs) to provide employees with meaningful resources and timely information about their benefits during uncertain times.	U.S.
All Benefit Plans	Communication & Engagement	Launch Bilingual Benefits website to educate employees on all benefit programs with easy navigation, valuable "at a glance" information, videos, benefits guides, *etc.* www.TechnicolorPlus.com	Canada
Retirement	Implementation	Implement new investment line up for the Retirement Plan.	Canada

As explained in this Chapter, the retention of our talents is key. Therefore, beyond the processes and initiatives described above, we strive to detect any significant trend that may hamper this objective.

In the past years, Technicolor conducted yearly employee satisfaction and engagement surveys on selected businesses and sites. Due to the Covid-19 pandemic and the switch for a large part of our employees to work from home on the one hand, and the Black Live Matters movement surge on the other hand, these surveys have been redirected to match with the expectations arising from these events and situations with two worldwide surveys:

- check employees' morale and mindset for those employees who were working from home for long periods, due to the likely effects of the different lockdowns and restrictions;
- survey the diversity or our employees and understand their perception about the way diversity is managed by the Company and their expectations. As diversity was understood in a very broad sense, this survey could not be conducted in a few countries where national legislations prevent the collection of such information (data privacy and some personal information).

Throughout the employee lifecycle, there are several effective processes to ensure continual feedback. This is through qualitative Onboarding and Exit Surveys as vital touchpoints on the employee journey, as well as engaging continually in the year with our employee committees (Balance and Culture Champions – more information below) who are the employees with their ears on the ground in the business. Just before the emergence of the pandemic, the new campaign was launched in January 2020 covering more than 4,000 employees.

Film & Episodic VFX (FEV) remains committed to receiving and acting on that employee feedback – utilizing an internal communications strategy of "You Said, We Did". This ensures that employee feedback is worked into our internal strategies of Talent Management. This is then communicated to all employees to show that we are taking their feedback seriously.

In addition, one employee engagement survey covering all Post-production Canadian sites was performed.

5.2.1.4 TRAINING AND DEVELOPMENT

GRI *[203-1] [203-2] [404-1] [404-2] [404-3]*

In order to guarantee a constant match between the expectations of our customers and the skills of our employees, the Group has set up a training program and pragmatic development approach that is as aligned as much as possible to the business challenges.

5.2.1.4.1 Training

Training priorities are set, based on the evolution of existing jobs and technologies, on the identification of new capabilities to develop and on the individual needs of employees in terms of job performance and/or of professional evolution. The creation of specific learning tracks per job has been encouraged in each division, resulting in an optimization of training resources and in an increased number of training opportunities. In order to ensure the same quality level as well as alignment and consistency, development programs regarding Leadership, Management and Technical or Functional skills are coordinated at the Corporate level.

In addition, the Talent Development Center of Excellence advises operational managers and Talent & Business Partners on all aspects of training and development, particularly on leadership and management aspects. Talent & Business Partners coordinate the construction and monitoring of Development Plans at division or function level. Trainings are organized at the local level by the People Partners who are responsible for ensuring that training initiatives are optimized across divisions and that they comply with local regulations. While this was still the model, the 2020 Covid-19 crisis brought specific priorities to light, in particular:

- immediate need to move all training to virtual spaces;
- an increased emphasis on soft skills development; and
- attention to personal well-being.

Moving training to online platforms was embraced and allowed training to happen in quicker iterations. The focus on soft-skills and well-being resulted in sessions being more focused on how to adapt in this new normal. Remote Working, Change Management, and Returning to the Office campaigns were rolled-out as well as Unconscious Bias Training. An in-depth Unconscious Bias course was attended by 127 of the top executives and leaders of the Group, then cascaded through the organization with the goal of raising awareness of the connection between bias and human potential. Task Forces for Diversity, Equity, and Inclusion, Covid-19 Response, and Return to Office were formed and all worked with the training CoE to make sure employees were equipped with tools, coping mechanisms, and knowledge to continue performing throughout a the global crises faced in 2020.

	Women	Men	Total
Number of hours of training delivered	26,550	58,720	85,270
Number of employees trained	2,774	6,206	8,980
Number of hours of training per employee trained	9.57	9.46	9.50

Overall, training initiatives offered in 2020 encompassed 95,220 hours of training for both employees and external persons working under Group supervision, of which 85,270 hours were delivered to Technicolor employees. This represents 9.50 hours of training per employee trained on an annualized basis. The training hour gender gap per trained employee is monitored to ensure training is delivered on an equal basis to women and men, as part of our strategy to prevent a structural gender pay gap.

Focus on Production Services Division

<u>Learning & Development</u>

- Production Services in 2018 launched The Focus to consolidate talent recruitment across all Film & Episodic VFX business units to make more efficient the global recruiting process, identify new talent pools, facilitate international mobility, and fill the expansion in capacity. The Focus continues to be rolled out to Production Services' other service lines.
- In 2020, Production Services repositioned The Focus as a career hub under a combined talent management and lifelong learning model, utilizing real-time data to effectively and efficiently support the growth of the business. Also during the year, Technicolor Academy has adapted to virtual learning under Academy @ The Focus, allowing the division to increase its global reach, particularly during this pandemic environment.

Global Artist Development

Technicolor Production Services continued to deliver high quality artist training academies to graduates, and in 2020 migrated these to live virtual delivery ensuring flexibility and scalability. New Virtual Academies are supporting artist development across studios globally to ensure a consistent show-ready skill set. During 2020, 33,435 hours of training were delivered to 188 Academy trainees who mostly graduated (included in the above table). Part of this training was delivered on-site and then virtually, after the pandemic emerged (see section 5.2.7.1).

Our creative artist training team partners closely with departments to support virtual cross-skilling and to deliver masterclasses to further develop our experienced artists and help ensure the latest techniques are rapidly deployed. In addition to launching several virtual academies in 2020, onboarding/pipeline training was moved online to shorten time to competency for new hires at all levels and provided remotely where needed.

This program does not replace the traditional hiring path to enter the Production Department as Runners, VFX Production Assistants, VFX Production Coordinators, *etc*. The aim of the program is to respond more quickly to the pressing needs for VFX Production Coordinators across the VFX industry and to expand our diversity profile whilst ensuring that everyone in the team has a strong foundation of knowledge to effectively deliver our shows. We look to expand the diversity in our production team as we hire individuals from outside the industry who are experienced in customer-facing roles, and fast-paced environments.

5.2.1.4.2 Talent Review and Leadership Development

A yearly Leadership Talent Review process is conducted in all divisions. The process involves managers at all levels of the organization as well as the members of the Executive Committee and of the Management Committee. All these stakeholders participate in the identification of employees with the right level of potential and performance to feed the pool of future managers at the division or Group level. The members of this talent pool are eligible to benefit from dedicated leadership development trainings, activities and events during the year.

Several programs are managed at the Group level:

- the Leadership Talent Pool and the Leadership Development program:

  Each business has unique learning and development needs. The Talent and Development Center of Excellence is designed to be an internal full-service consultancy to support and offer custom solutions for these diverse businesses and enhance existing initiatives.

  The Talent & Development Center works with businesses to tailor content and delivery modalities to fit the business culture.

  The mission is to shift our culture and improve effectiveness through cultivating awareness, common language, interpersonal skills, and connection in our talent across the globe.

  2020 brought even more agility to support the development of employee soft skills during a year of change and uncertainty. The 2020 development initiatives had more focus on adapting to change and collaboration across all businesses and levels. The result was more accessible support training to better prepare them to deal with change and get along in their teams, businesses, and in the uncertain marketplace. Almost all sessions in 2020 were virtually delivered, for shorter periods of time, this allowed for more participation and increased exposure across the globe. Talent & Development (T & D) Center sponsored 3,724 individual training hours focused on creating a best-in-class baseline for employee soft skills. Talent & Business Partners kept the T & D Center informed of changes as they happened and T & D adapted, managed, and facilitated programs to support the changes. Global areas of focus were change management, remote working, listening, personal and professional effectiveness, building trust and influence, project management skills, and feedback;

- FranklinCovey's All Access Pass:

  In addition to the so-called "business" training programs (technical or non-technical) offered within the divisions, FranklinCovey's All AccessPass Program played an important role in the support provided by the Group to 600 managers in all business lines and divisions/functions. Using their world-class methodologies for personal effectiveness, people management, and leadership, top managers were trained using a blended approach of live virtual, on demand e-learning, bite-sized tip sheets for real-time problem solving, and coaching reinforcement sessions.

  The HES Division conducted a virtual High-Potential program with thirty key employees that utilized this resource for reducing unconscious bias, building trust and influence, increasing effectiveness, and managing change.

Focus on divisions

<u>A Leadership program in the Production Services Division</u>

During 2020, Production Services implemented the manager training course LEAP (Lead, Energize, Accelerate, Performance), within its VFX brands. Powered by The Focus, this program channels the specific knowledge and experience of our managers to create a bespoke training package designed to upskill aspiring and experienced managers alike. Virtual learning sessions, easily digestible articles and resources are shared with a manager community *via* a shared platform to create a sense of community and enable shared learnings.

<u>Implementing Progression and Succession in the Production Services Division</u>

In 2019, a new feedback tool combined with a talent evaluation system was introduced to support the notion of talent development and transparent feedback. The Continuous Feedback App is accessible throughout the Film & Episodic VFX Brands and has changed the way employees think about and track feedback. It empowers individuals to own their development and learning, and to take control of their career trajectory. This tool also works to promote a culture of recognition, between peers and between manager and employee.

5.2.1.5 EMPLOYEE PROFIT-SHARING

GRI *[401-2]*

The Holding Company and eight French subsidiaries of the Company offer employees incentive plans based on the related subsidiary's results.

The total annual bonuses distributed to employees in connection with these incentive plans over the three most recent years amount to the following:

- amounts distributed in 2018 for year 2017: €1,751,839;
- amounts distributed in 2019 for year 2018: €1,677,168; and
- amounts distributed in 2020 for year 2019: €1,863,749.

In addition, several of our locations offer their employees profit-sharing plans based on Company results and/or achievement of objectives.

5.2.1.6 SHARES HELD BY EMPLOYEES

GRI *[401-2]*

As of December 31, 2020, the number of shares held by the Group's employees in the Group Saving Plan *(Plan d'Épargne Entreprise)*, by employees and former employees through Technicolor's Mutual Funds *(Fonds Communs de Placement d'Entreprise)* was 16,950 shares. This does not take into account the Company's shares held directly in registered form by employees or former employees.

5.2.1.7 EMPLOYMENT FIGURES

GRI *[102-7] [102-8] [401-1] [405-1]*

On December 31, 2020, the Group employed 13,289 employees (71.6% male and 28.4% female), of which 260 were *intermittents*, compared to 17,414 employees on December 31, 2019, a decrease of 23.7%.

The highly competitive and rapidly-changing Media & Entertainment sector in which the Group provides its products, technology and services requires continuing adjustment to the workforce. The Covid-19 pandemic stopped film shooting and generated a drastic reduction of projects for the Production Services Division as well as DVD releases for the DVD Services Division, leading to adapt the workforce.

The table below (with and without *intermittents* who are all located in France) shows Technicolor's total workforce as of December 31, 2020, 2019 and 2018, as well as the distribution of personnel across geographical regions.

	2020 with *intermittents*	2020 without *intermittents*	2019	2018
Europe	2,999	2,739	3,194	3,886
North America	4,030	4,030	6,013	6,745
Asia(1)	4,808	4,808	6,291	5,361
Latin America(2)	1,452	1,452	1,691	1,753
TOTAL NUMBER OF EMPLOYEES	**13,289**	**13,029**	**17,189**	**17,745**
Number of employees in entities accounted for under the equity method	-	-	42	45
Permanent contracts	*11,228*	*11,228*	*14,079*	*14,225*
Fixed-term contracts	*2,061*	*1,801*	*3,110*	*3,520*
(1) Including India:	*4,.318*	*4,318*	*5,374*	*4,687*
(2) Including Mexico:	*1,255*	*1,255*	*1,466*	*1,425*

Total workforce figures above account for executives, non-executives and workers. Agency workers, trainees and apprentices are excluded.

French *Intermittent* contracts are part of the above table only when specifically mentioned. They represent the equivalent of 179 full time jobs over 2020 while their number increased from 225 in December 2019 to 260 in December 2020. Over the year, 501 *intermittent* persons have worked for Technicolor. At the year end, women represented 32.3% of *intermittent* employees.

	2020	2019	2018
Number of *Intermittents* having worked in December	260	225	235
Full time equivalent over the year	179	168	272

The following table indicates the number of Group employees by segment as of December 31, 2020. French *Intermittent* contracts are part of the table.

Segment	Number of employees	Percentage
Production Services	3,704	27.9%
Connected Home	1,249	9.4%
DVD Services	7,194	54.1%
Corporate and Other	1,142	8.6%
TOTAL	**13,289**	**100%**

Split by gender and age

At the end of December 2020, the Group employed 3,769 women (representing 28.4% of Technicolor headcount) and 9,520 men (representing 71.6% of Technicolor headcount), *intermittents* included. The breakdown per age is a follows:

Age	Women	Men	Total
<20	6	4	10
20 to 29	800	2,093	2,893
30 to 39	1,266	3,765	5,031
40 to 49	888	2,157	3,045
50 to 59	639	1,151	1,790
60+	170	350	520
TOTAL	**3,769**	**9,520**	**13,289**

Hiring and termination

During 2020, 2,692 employees have been hired of which 687 were retained as permanent employees. 3,198 employees were made redundant. *Intermittents* are not part of this table.

	2020	2019	2018
Hiring of permanent employees	687	2,470	3,088
Hiring of fixed-term contracts	2,005	6,030	5,415
Acquisitions	-	-	-
Divestitures	-	204	253
End and resignations of fixed-term contracts	2,226	5,420	3,464
Of which end of fixed-term contracts	*1,197*		
Of which resignations of fixed-term contracts	*1,029*		
Dismissals	3,198	1,118	1,199
Resignations of permanent employees	1,371	2,260	2,080
Other (retirement...)	57	54	69

The increase of dismissals, the reduction of hiring and resignations are direct consequences of the pandemic impacts on the activities.

Methodology

Employees and workforce figures are extracted from the Technicolor worldwide HR repository system currently implemented in all Technicolor.

5.2.2 Management of business cycles

GRI *[102-8] [103-1 Indirect economic impacts] [103-2 Indirect economic impacts] [103-3 Indirect economic impacts] [103-1 Employment] [103-2 Employment] [103-3 Employment] [203-2]*

Working time is managed according to the needs of Technicolor's various business activities in both the parent company and its subsidiaries. The Group complies with regulatory obligations and contractual commitments in terms of working time in each country in which it operates. Through various working time management tools, the Group ensures employees do not exceed legal thresholds and are appropriately compensated for any overtime according to their employment agreement. However, a large part of Technicolor's workforce is exempt and paid a flat rate for a number of days worked per year: worked days are then monitored.

Part-time and remote working are authorized on a case-by-case basis according to the Group policies and depending on the occupational requirements. During 2020, Technicolor had in average 175 employees working less than 5 days per week. Over the year, part time employees working at least half time represent 97% of part time employees and part time employees working at least the equivalent of 4 days per week (80% of a full-time worker's time) represent 71% of part time employees. French *intermittent* contracts are not considered as part time employees. The slight increase of part-time employees compared to 2019 are an impact of the pandemic, as we had a few more employees working 4 days a week in order to mitigate the shortage of work and project delays. Part time figures at beginning and end of year 2020 are more in line with 2019 figures.

Some activities of Technicolor experience seasonal peak workloads (such as DVD Services) and require significant interim (agency workers) and temporary (fixed-term) workers to support client requirements, mainly in the distribution and warehouse sites, in addition to overtime. These seasonal workers are typically directly hired over a period of a few months (temporary) or contracted through a third-party labor services company (interim), while overtime is more achievement-related and is used to complete very time-limited peak activity (manufacturing or project development achievement). Interim workers are not included in the year-end Group headcount figures as they are not employees of the Group. The main countries employing seasonal workers are the United States, Mexico, Poland and to a lesser extent Canada and Australia.

Production Services activities such as Visual Effects, Animation and Post-production are mainly project-driven activities and project staffing relies for a significant part on fixed-term contracts (including *Intermittents* contracts) to be able to adapt team skills mix, experience and size to the requirement and the timeline of the productions, as this is the common rule in this industry. Although we are fully dependent on the timeline of our customers, we strive to reduce the percentage of the fixed-term contracts in our workforce and to increase proportionally the percentage of permanent employees.

Overall, seasonal interim workers represent about 3,069 full time equivalent jobs while at the peak they may more than double the number of workers present on the relevant sites.

Fixed-term contracts and *intermittents* represent about 2,071 full time equivalent jobs across the Group activities.

Across Technicolor, total overtime represents about 316 full time equivalent jobs.

Working time is managed in the Group's various sites *via* software such as ProTime, ADP, Punchout, Kronos, Solus, Sisnom and Casnet. There are also some additional manufacturing related tools that track working time such as ScheduAll, Laserbase and CETA.

	2020	2019	2018
Average number of part time employees	175	142	205
% of part time employees working at least half time	97%	96%	96%
% of part time employees working at least 4 days per week	71%	59%	63%
Full time equivalent number of fixed term contract (including *intermittents*)	2,071	3,831	2,723
Full time equivalent number of agency workers	3,069	4,415	5,414
Full time equivalent of overtime (including *intermittents*)	316	606	598

5.2.3 Diversity, Equity, and Inclusion

GRI *[103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity] [103-3 Diversity and equal opportunity] [103-1 Non-discrimination] [103-2 Non-discrimination] [103-3 Non-discrimination] [405-1] [406-1]*

DIVERSITY, EQUITY & INCLUSION IN THE WORKPLACE

At the end of 2015, a global plan for Diversity and Inclusion was launched. The objective of this plan was to improve processes globally to ensure that practices were not discriminatory at any stage in the Group, but also to promote a mindset of openness and inclusiveness globally and a willingness to bring support and assistance to persons or groups who may be under-represented compared to their regional demographics. The 4 key areas of the plan were gender diversity, disability, age, and ethnicity.

During 2020, and following the tragic events happened in the USA and the subsequent BLM (Black Live Matters) movement initiative, it became clear that a much stronger and more active culture regarding diversity, equity, and inclusion (DEI) was required from all market leaders worldwide, and so Technicolor established a global and company-wide DEI taskforce in June in order to truly become an inclusive and supportive employer. Using the cyclic process of Listen-Learn-Lead, Technicolor developed specific stakeholder groups and networks, gathered data and assessments, and established critical KPIs at all levels of the Company. The structure that developed began with a top level task force that supports several topical working groups, all of them making sure to balance the common areas of focus: KPIs; Programs, Policies, and Initiatives; Learning and Development; and Communication. At the same time, the first wave of working groups was launched concerning: Gender Parity; LGBTQ+; Black Employee Network; and Ethnicity and Race – all of those working groups aligned with consistent guiding principles while embracing important variations at business level, at local level, and in each of the specific working group topical themes.

One of the first listening actions was a group-wide, voluntary, and anonymous survey, which will be repeated every six months. This initial survey helped the DEI taskforce understand the diversity of staff and their perceptions about the way DEI is managed by the Company, and also to capture their expectations about actions and support that could come from the Company. This survey also helps to determine critical as well as manageable KPIs that should be monitored. Critical questions were asked to all respondents such as have you experienced discrimination or been discriminated against in the past year or have you observed the effects of discrimination in the workplace in the last year, in order to gain a sense of the current working environment, along with as many details as the respondent was willing to share. These periodic survey results will be used as guidance and on-going direction for DEI policy, program, and projects.

The initial work during 2020 was to focus on identifying opportunities to be of service and to step in when gaps were identified. Initiatives included Unconscious Bias training, the "Share Our Stories" podcasts, the my.technicolor.com Intranet resource center, a global DEI research study, and working group establishment. 2021 will involve continued definition of KPIs for DEI, external speaker series, additional working groups (Generations, Cognition, Caste, and Ability), monthly "Share Our Stories" podcasts, continuous updates to Intranet, and a global DEI calendar to celebrate key events. The intent of the "Share Our Stories" series is to highlight individual stories as they relate to DEI in order to gain insight and understanding of the different issues faced around the globe. Staff can join the events live and ask questions, or they may listen to the recordings later.

GENDER PARITY

A first program was launched in 2014 under the sponsorship of the Executive Committee (EXCOM), in order to improve gender parity, and increase the ratio of women in business roles, management levels and leadership pipeline. Recognizing that, as a business, Technicolor has a stake in, and a responsibility for, gender equality and women's empowerment, and so the current mission is to advocate, to promote, and to implement gender parity and women's empowerment in the business, the brands, the workplaces and also the surrounding business communities. Technicolor will base its gender parity goals and initiatives on the United Nations (UN) Women's Empowerment Principles (WEPs) from UN Women. These goals include equal pay for work of equal value, gender-responsive supply chain practices, and zero tolerance against sexual harassment in the workplace. Specific actions concerning a full range of processes and progress continued during 2020:

- three women are members of the EXCOM, representing 27% of the total number of members on December 31, 2020. At the Management Committee (MCOM) level, membership includes seven additional women, together with twelve men. Women therefore represent 33% of the total number of members including EXCOM members;
- a recruitment policy was adopted to encourage gender parity in Senior Management positions: Technicolor requires recruitment and personnel search professionals worldwide to ensure that the *curriculum vitae* of at least one qualified woman is included in every list of finalists submitted for open Senior Management positions within the Company;
- leadership talent criteria are adapted to secure equity between men and women in leadership positions, and gender parity is integrated in each division's Talent reviews, which outcomes are presented to the EXCOM, including dedicated action plans as needed.

Two of the first "Share Our Stories" podcasts were "Women in India" and "Women in Technology", each about an hour in duration with 6 to 8 speakers currently working at Technicolor.

Beyond specific national or local regulations requiring the public reporting of gender pay gap indexes in highly variable and non-comparable ways, a global gender pay equity index was implemented internally to measure and monitor the global consolidated percentage pay gap between women and men for similar local job occupations and to identify gaps and shifts between remunerations.

Gender pay gap measures the lack of parity for women across the different quartiles of remuneration, reflecting, among other things, the distortion of representation of women across the different levels of responsibility, because unequal pay may amplify the distortion. Gender pay gap is very dependent on business and geography, as the remuneration profile may vary significantly from one business to another and from one country to another, thus, this indicator can only be monitored by business and by geography. Technicolor aims to increase the representation of women in the higher quartile, through promotion and hiring.

In addition, initiatives to promote gender parity are encouraged locally as in France, the UK, Poland and Brazil:

- in France, since 2019, an action plan was developed relating to gender equity. In line with the collective agreement signed in 2016, it authorizes a dedicated budget to align compensation between men and women, training to support women and to promote their careers;
- in the UK, The Mill continued to roll out equal opportunity training including unconscious bias awareness for hiring managers and staff, as well as events that champion women as an output from The Mill's internal inclusion network. An International Women's Day breakfast was held for all female employees at The Mill, giving female staff a forum to discuss the challenges and issues they're facing in a male-dominated industry and workplace;
- in Poland, women candidates make up at least 50% of the short list for any open permanent position, and the industrial operation actively manages lifestyle expectation concerning shift duration, physical capability, on-site restaurant offerings, and social events. Women are represented in the same proportion as employment for the site's Stakeholder Representatives Committee, which reviews operational changes and provides input to management. As a new initiative for 2020 a flexible home office (teleworking) system was planned for the Warsaw offices in response to women staff's request to improve work – life balance;
- in Brazil, pink October events include lectures, exams and medical consultations related to the prevention and early diagnosis of breast cancer, while blue November activities focus on prostate cancer in men.

BLACK EMPLOYEE NETWORK

Technicolor's Black Employee Network (TBEN) is a working group within the DEI Taskforce open to everyone allied with the cause of improving Black people's lives. The working group purpose is to raise awareness and to support the resolution of issues that affect people who are the descendants of indigenous Africans within our workplace because Black Lives Matter. TBEN will provide guidance and contributions to achieve Technicolor's goal of fostering a workplace that is diverse, inclusive, equitable, and welcoming to all. TBEN supports colleagues and community by providing a voice, by providing resources to enrich, by providing a safe space, and by celebrating Black people.

The initial "Share Our Stories" podcast was entitled "BLM in the United States" and early in 2021 the second podcast will launch with "Technicolor Welcomes Xernona Taylor", each about an hour in duration. Additionally, a virtual cinema club is now offered beginning with *I am not your Negro* by Raoul Peck and then *One Night in Miami* by Regina King, each with open follow-up meetings for active discussion.

The first programs launching in 2021 will include education of colleagues about the heritage, struggles and needs of Black people by training, thought leadership, and celebrations of culture and heritage, development of a mentorship and sponsorship program to provide professional development for Black people, partnering with existing organizations to offer scholarship opportunities, and active recruitment of Black people.

LGBTQ+

All Film and Episodic VFX locations continued to work with their local Balance DEI committees during 2020, which have expanded to include different representations of diversity, such as the LGBTQ+ community, religion, and ethnicity. Committees meet on a bi-monthly basis to discuss initiatives, with regular interviews, video updates and events promoted on branded studio Intranets to help reinforce messaging and celebrate diversity. There is now a stream called Pride, open to everyone, focusing on creating a welcoming space for all LGBTQ+ employees.

One of the initial "Share Our Stories" podcasts launching in 2021 is entitled "The G in LGBTQ+". Worldwide staff profiles are now facilitated in a way that allows each member of staff to designate their preferred pronouns.

ETHNICITY AND RACE

The working group surrounding ethnicity and race seeks to understand and to create recommendations for the broader Technicolor business specifically around ethnicity and race. These recommendations must have both global, national and local relevance and be able to scale and to create meaningful impact. Strategies and plans must be inclusive and consider local requirements and nuances while respecting, celebrating and mobilizing the uniqueness of individuals, along with their perspectives and talents. The desired outcome is to create impacts at Technicolor global, national and local level through, engagement, education, analysis and reporting, community outreach, philanthropy, and the recruitment and nurturing of talent. A key measure of success will demonstrate that every employee, regardless of their ethnicity or race, feels safe and respected in the workplace and has a sense of belonging.

EMPLOYMENT AND INTEGRATION OF DISABLED PEOPLE

Depending on national legislation, legal requirements to integrate disabled persons or to hire a specified number or percentage of disabled employees, and thus the definition of a disabled employee, may strongly vary, or may not even exist. Also, labeling, categorizing, or making a record of an employee as disabled may be legally prevented in certain countries or subject to the individual authorization by each concerned employee who may refuse. Therefore, statistics cannot reflect the reality with accuracy.

However, beyond the legal requirements when they exist, Technicolor strives to adapt our working places, including factories, to provide equal employment opportunities with no discrimination against disabled people with regard to hiring, training, allocation of work, promotion, or reward, and seeks to eliminate employment barriers and to accommodate disabled employees. In that regard, employment of people who have a disability is part of our non-discrimination policy, and Technicolor has been and continues to be willing to integrate different needs including modified duties, adapted hours, and adapted workspaces:

- in France, a new agreement was signed in 2019 with labor representatives in support of Technicolor's *Mission Handicap – France* program. Aligned with our CSR engagements, this new agreement reaffirms the determination of Technicolor to include and support employees with disabilities. Focused on three critical aspects, the agreement aims to: increase recruitment of persons with disabilities; encourage job retention and career development of employees with disabilities; increase the use of service providers with disabled employees;
- in Canada, Technicolor policy recognizes and promotes the hiring of persons with disability, and all staff participate in awareness sessions or periodic refresher training;
- in Australia, Technicolor continues to partner with a disability employment agency to hire employees with disabilities;
- in the UK, a joint industry network continued under the name of Access: VFX, which is a global, industry-led, non-profit network comprised of 40 leading companies, industry bodies and educational establishments in the VFX, animation and games industries. It focuses on actively pursuing and encouraging inclusion, diversity, awareness and opportunity under its four pillars of Inspiration, Education, Mentoring and Recruitment. It's ethos – is that anyone can actively pursue a career in VFX. https://www.accessvfx.org/about-us. The Mill, MPC, MPC film, and Technicolor Post-Production are all key correspondents in the Access: VFX initiative, including hosting seminars and workshops on-site for small groups of targeted individuals and membership within the Board of Directors.

  The Mill continues to run an established internal inclusion network with a roving spotlight across protected characteristics, including a number of events promoting difference. The 'One Mill Forum' is a global DEI group who seek to promote, raise awareness and educate employees on matters concerning diversity, equity, and inclusion. Expert speakers are invited to monthly sessions on subjects which have included autism and mental health. Human Resources staff have attended mental health first aider training and support staff with managing mental health illness. Unconscious bias training remains available for all hiring managers and staff. All managers are trained in core management and people skills under The Mill Masters leadership program. The Mill continues to drive creative industry diversity movement, promoting VFX careers globally, targeting school-age and entry level talent. The Mill have signed up to 'Disability Confident'. Through Disability Confident, we are working to ensure that disabled people and those with long-term health conditions have the opportunities to work with The Mill and fulfil their potential and realize their aspirations. The Mill conducted a Diversity Questionnaire which included questions regarding disability.

  In Poland, Technicolor extended efforts into families of workers who care for children with disability, providing increased benefits to the family *via* the worker in these cases.

5.2.4 Business transformation and social dialogue

GRI *[103-1 Labor/Management relations] [103-2 Labor/Management relations] [103-3 Labor/Management relations] [103-1 Freedom of association and collective bargaining] [103-2 Freedom of association and collective bargaining] [103-3 Freedom of association and collective bargaining]*

TRANSFORMATION PLANS

GRI *[404-2] [413-2]*

Due to the continuous changes in the Media & Entertainment industry and its associated Technicolor business divisions, Technicolor divested several domains in recent years to a external parties. When such sale of the impacted activities was not achievable, the Group committed significant resources and support, according to its existing policies, in order to mitigate the impact for the concerned stakeholders.

Several activities of the Group are subject to fast changing competitive environments requiring regular adaptation of their organization and of the production tool.

A worldwide transformation plan of the Connected Home segment was launched in 2019 to globally adapt this activity and to respond to the drastic industry and market changes (see section 1.2.2). Its implementation in France and in Belgium took place in 2020 with a plan for reduction of job positions. A dialog was engaged with the employees' representatives about the transformation plan and its accompanying measures to minimize the impact on the employees, and agreements were signed. A significant part of impacted employees had already found a new occupation at the end of 2020.

The DVD Services Division strives to anticipate the evolution of the DVD markets and to optimize progressively its operation footprint (see section 1.2.3).

LABOR RELATIONS

GRI *[102-41]*

Labor relations with Technicolor employees are the responsibility of site managers in each country with the support of Human Resources.

With respect to its European operations, Technicolor entered into a labor agreement with the European council of employee representatives (the "European Council") confirming the Group's labor practices. This council, which meets several times each year, comprises union representatives or Members of local Works Councils in European countries.

The European Works Council is composed of:

Country	Number of European Works Council seats
Belgium	1
France	3
Poland	1
United Kingdom	3

Technicolor's European Works Council is a supranational body, the purpose of which is to address topics of a transnational nature. The European Works Council is informed of Technicolor's European operations in respect of personnel, finance, production, sales, and research and development, and their impact upon employment and working conditions. It is also informed of major structural, industrial and commercial changes as well as organizational transformations within the Group. It met three times in 2020.

In accordance with applicable law in the European Union, Technicolor's managers of each European country meet annually with labor organizations to discuss remuneration and working conditions.

In accordance with domestic laws, data regarding the level of unionization is not available in most European countries (the laws in these countries do not allow this type of statistics to be published). In 2020, Technicolor entered into 19 collective bargaining agreements: 3 in Belgium, 5 in Brazil, 7 in France, 3 in Mexico, and 1 in the United States of America.

In several countries, collective bargaining agreements are negotiated on a multiannual basis (three years or more), and therefore agreements may not have to be renewed in 2020 in certain countries, due to this calendar.

Also due to the Covid-19 pandemic and its impact on the business including the shortage of work, general annual salary review negotiations were conducted only in countries or businesses when it was mandatory.

In France, a collective agreement was signed with the Unions in 2019 for a 3 years period of time (2019-2021) on Rennes site about GPEC (*Gestion Prévisionnelle des Emplois et des Compétences*, that is to say provisional jobs and skills management). This agreement includes the publication of a cartography (to be revised on an annual basis) of existing jobs along with their anticipated quantitative and qualitative evolution within the next 3 years, and proposes bridges from one job to another. The objective of giving these perspectives is to increase visibility for all Rennes employees on the Company's vision of the jobs evolution, and thus allow employees to become more in control of their career. In order to support these evolutions, the agreement also includes measures about training, secured external mobility, and the possibility of getting into an early retirement program for eligible employees as defined by the agreement.

In addition, 5 Health and Safety agreements were signed in Mexico and Brazil.

5.2.5 Safety at work

GRI *[102-44] [103-1 Occupational health and safety] [103-2 Occupational health and safety] [103-3 Occupational health and safety] [103-1 Training and education] [103-2 Training and education] [103-3 Training and education] [403-1] [403-2] [403-3] [403-4] [403-5] [403-6] [403-8] [403-9] [403-10] [404-1]*

An effective occupational Health and Safety (H&S) program, as defined by Technicolor, looks beyond the specific requirements of applicable laws to address all hazards. The aim of the occupational health and safety program is to prevent injuries and illnesses, whether or not compliance is an issue. The Group believes that the necessary elements of an effective program include, at a minimum, provisions for systematic identification, evaluation, and prevention or control of general workplace hazards, specific job hazards, and potential hazards that may arise from foreseeable conditions.

Technicolor's health and safety programs are designed to identify potential risks and take appropriate prevention and severity reduction measures. Accident and injury prevention programs include active local safety committees and specialized task forces, job safety analysis, written plans and procedures, employee training, monitoring for potential chemical, physical, biological, and ergonomic risks, inspections and audits, incident investigations and the implementation of appropriate corrective actions.

CHARTER, POLICIES AND GUIDELINES

Standards and direction begin with Technicolor's Code of Ethics, and then flow to the EHS Charter, authorized by top management. After that comes a library of more than 50 EH&S Policies and Guidelines, beginning with the Health and Safety policy, supported by numerous topical guidelines such as hazard communication, personal protective equipment, or emergency preparedness.

The EH&S Charter has been translated in six languages and is available on the Group's Intranet, along with all the EH&S policies and guidelines.

TRAINING

Technicolor understands that each employee has the ability to impact Environment, Health and Safety (EH&S) efforts and performance, thus it is critical that they are provided with the appropriate tools, resources and knowledge. EH&S training programs develop awareness and skills that allow employees and contractors to perform their jobs in such a manner that will not only ensure compliance with appropriate laws, regulations and policies, but also so that they may prevent accidents which may lead to injuries or harm to the environment. Training programs are evaluated during the EH&S Audit process and are a core requirement in the EH&S performance measurement process. In 2020, 24,847 hours of EHS documented training reported through the EHS reporting system *(Enablon)* on a wide variety of environmental and safety compliance and protection, injury prevention, emergency preparation and response, and occupational health topics were provided to employees and contractors throughout Technicolor.

EMERGENCY PREPAREDNESS AND RESPONSE

Please refer to section 5.5 for its description.

GOALS AND OBJECTIVES 2019-2022

Related to safety at work, Technicolor established the following EH&S goals and objectives for the Group, to be met by its worldwide operations by the end of 2022:

- 5% annual reduction in incident rate;
- reporting to satisfy GRI Sustainability Reporting Standards (GRI Standards).

SAFETY PERFORMANCE

What follows are results of key safety metrics that were tracked in 2020.

In 2020, Technicolor experienced a 25% decrease in the work-related injury and illness incident rate(1) from 0.68 in 2019 to 0.51. The work-related lost workday incident rate(2), decreased 20% to 0.24 from 0.30 in 2019.

Technicolor records all days lost due to work-related injuries or illnesses as calendar days, beginning on the day after the injury or illness occurs. Severity is viewed using a variety of definitions, from French regulatory definition which equals average number of days lost per 1,000 hours worked (0.03765), to average lost days per incident (14.7), to average lost days per equivalent full-time worker (0.0753).

WORK-RELATED INCIDENT RATES FOR 200,000 HOURS WORKED

	Injury and Occupational Illness		Lost workday incidents for Injury and Occupational Illness	
	Number of Incidents	Rate(1)	Number of Incidents	Rate(2)
2018	225	0.99	132	0.58
2019	163	0.68	71	0.30
2020	91	0.51	43	0.24

(1) Work-related injury and illness incident rate is calculated as number of injuries and occupational illnesses per 200,000 hours worked.
(2) Work-related lost workday incident rate is calculated as number of lost workday injuries and occupational illnesses per 200,000 hours worked.

2020 INCIDENT RATE AND LOST WORKDAY INCIDENT RATES FOR 200,000 HOURS WORKED

	Injury and Occupational Illness		Lost workday incidents for Injury and Occupational Illness	
	Number of Incidents	Rate(1)	Number of Incidents	Rate(2)
Production Services	5	0.06	1	0.01
Connected Home	2	0.16	2	0.16
DVD Services	83	1.14	39	0.54
Corporate & Other	1	0.44	1	0.44

(1) *Work-related injury and illness incident rate is calculated as number of injuries and occupational illnesses per 200,000 hours worked.*
(2) *Work-related lost workday incident rate is calculated as number of lost workday injuries and occupational illnesses per 200,000 hours worked.*

LOCAL INITIATIVES

There were many notable H&S achievements during 2020, and several of them are summarized below. In industrial locations, the prevention of physical injury remains the focal point when reducing hazards around the operational areas and warehouses. At non-industrial sites, many initiatives and programs were implemented to improve working condition, to address specific risks, and to develop well-being while ensuring the safety of the workplace.

Australian DVD Services sites of Sydney and Melbourne both achieved certification to ISO 45001:2018, an international standard on occupational health and safety (OH&S) management, based on consensus best practices. Both locations had been working towards the goal since 2019.

In Mexico, the Guadalajara DVD factory maintained its vaccination program and annual health campaigns. The Tultitlan site continued to relay governmental health campaigns, maintained work on all usual occupational topics such as ergonomics, mental health, *etc*.

Production Services sites continued to facilitate operations with ergonomically flexible workstation equipment such as height adjustable sit/stand workstations or vertically adjustable computer display positioning equipment to accommodate specific known needs. Some sites facilitated teleworking by transferring site equipment such as chairs or displays or computers to staff working at home during the pandemic.

Montreal Mikros Image also organized online events for staff to stay in touch, along with various mental health seminars.

Team building in times of crisis is good for everyone, giving a sense of purpose and usefulness. Some sites were particularly active to facilitate worker engagement to assist populations affected by natural disasters (such as in Guadalajara, Mexico) or populations affected by the economic impact of Covid-19.

As in the past, Production Services sites kept being active aspiring and developing creatives, such as MPC New York working with several institutions including the Ghetto film school, or The Mill in Chicago participating in the state's high school fair to educate potential staff about possible careers in the VFX creative content world. Employees at The Mill in New York engaged in funding various non-profits in the city. The Paris Mikros site organized the purchase and distribution of masks for small VFX and post production studios in the city.

The Connected Home Chennai team contributed through donations in kind, books and stationery for the Good Life Orphanage Center or food for contractors. The Technicolor Camarillo site donated supplies to the local YMCA. These are a few of the remarkable behaviors and donations deployed by Group employees through 2020.

5.2.6 Absenteeism

Absences are generally defined on an annual basis in terms of holidays, vacations, personal and family medical leave or other possible unplanned absence such as jury duty, or as may be specifically described by bargaining unit contract, employment contract, or regulation. Throughout the year, each employee categorizes any absence according to its definition, and all absences are subsequently reviewed and approved inside the applicable working time tracking software solution.

The average rate of employee absenteeism for sickness and unauthorized absence at the Group level in 2020 was 2.5%.

	2020	2019	2018
Absenteeism rate *(%)*	2.5%	3.1%	3.2%

The absenteeism rate calculation does not include non-medical direct absences due to the Covid-19 pandemic: furlough, sites shut down at the request of public authorities, consequences of the health protocol implemented by the Group (potential contamination contact cases sent back to home at the initiative of the Group) were not considered. It is also more difficult to track as a significant number of employees work permanently from home.

However, as a very significant proportion of employees in the Production Services and the Connected Home Divisions were requested to work from home due to the pandemic in a broad context of lockdown, reported absences dropped for these businesses. As a result, the overall absenteeism rate decreases slightly.

ABSENTEEISM METHODOLOGY

Population coverage: 99% of the employees are covered for the calculation. All employees with an active and not terminated working contract with Technicolor are included in the scope (interns, apprentices, contracted workers, employees under a notice period are excluded).

Absence reported: paid and unpaid medical leave up to 12 continuous week of absence, work accidents absence, short-term and long-term disability if employment working contract is not suspended, unauthorized absences – Unpaid leave/absence – other unjustified unpaid absence. All other categories of absence are not included.

Absenteeism rate divides volume of recorded absence (days) by the product of theoretical number of days worked during the year and the monthly full-time equivalent average headcount of the covered population.

5.2.7 Community impact and regional development

GRI *[102-40] [102-42] [102-43] [102-44] [103-1 Indirect economic impacts] [103-2 Indirect economic impacts] [103-3 Indirect economic impacts] [103-1 Training and education] [103-2 Training and education] [103-3 Training and education] [103-1 Local communities] [103-2 Local communities] [103-3 Local communities] [202-2] [203-1] [203-2] [404-2] [413-1]*

Technicolor strives to hire most of its employees locally in order to sustain local employment. Technicolor's locations are usually in very large cities and surrounding metropolitan areas and, as a result, Technicolor holds a minority employer position in most employment areas where it is located, and has limited direct local economic influence. However, Technicolor employment may sometimes represent, at the regional level, a significant percentage of the related industry, due to its leadership position and the specific skills required for its business.

Therefore, where there is a local talent shortage requiring the hiring of employees from abroad, in addition to its internal Academy training initiative, Technicolor supports the regional development or expansion of education bodies targeting the required skills. Technicolor also contributes actively and dedicates time and resources to industry associations and to cooperative initiatives aiming at developing education and employment at the regional level (Canada, France, UK, India). As part of these cooperative actions, Technicolor representatives chair France and Québec film technical industry associations.

Technicolor focuses its involvement in community initiatives on digital artist education. In addition to its support for the Training Academies (see section 5.2.7.1), and to the close and sustained relationships established by our studios with the major visual effects and animation schools and universities, the Group supports broader educational initiatives to give opportunities to young talent to access studios and to develop their skills: training students in schools (for example SCAD, Sheridan, and Centre NAD, Montreal) Master classes. However, the pandemic stopped most initiatives in 2020.

The Group partners with ChildFund in India to support the SPLASH (Splendid Platform for Learning Arts towards Sustainable Happiness) program and the STEM (Science Technology Engineering Math) program in schools, but also participates in a Women's day and an Artathon showcasing works from students in supported schools. The Group also supports the India Foundation for the Arts to help advance projects of cinematographers, with again two projects currently underway over two years. In partnership with Oxfam India, Technicolor supports the WASH (Water Sanitation and Hygiene) educative program with three schools in rural Bangalore. These partnerships represent a yearly commitment of €90 thousand.

5.2.7.1 THE TECHNICOLOR ACADEMY

Academy History and Validation

Our first Creative Academy in our Canadian studios was established in the autumn of 2014, and in our Indian studio mid-2015, with Adelaide & London starting in 2018. The departments for which we have training are compositing, lighting, FX, Digital Matte Painting (DMP), Animation, Roto Prep, Assets, Software and match-move. Since this project began, the training team has trained over 2,000 artists and developers globally. The project has been a success and continues to be a central part of our talent strategy especially as we explore new territories. It represents an excellent opportunity for young people in the communities in which we operate to break into the film Visual Effects business. It is challenging to get a chance to work in Visual Effects and the Creative Academies opens the door and provides this opportunity. It is an investment not only in our own future talent, but in the communities where we operate. Access is not limited to the national citizens, but open to talent around the world, wherever they come from. We have welcomed Academy students from Mexico, Brazil, Thailand, Columbia, Indonesia, China, Japan, Korea, together with India, North American and Europe. Hundreds of young people, who may not have otherwise been given a chance, have been provided an opportunity to join our creative community. They have the support of a full-time trainer in the department they are preparing for, and they are given detailed feedback along the way, so they understand what they need to do to succeed.

A large proportion of those hired into the Academy have graduated and continued to employment within MPC Film, MPC Episodic and Mr. X. Many have received subsequent contracts and others have gone on to work for our competitors; we see that as a validation of the success of the Creative Academies. As Visual Effects is a show-based cyclical business, artists tend to be contract based and move between a variety of companies on different projects. We believe that since we took a risk and invested on emergent talent and created an excellent experience for their entry to the business, that they are likely to return to one of Technicolor's FEV units because of the loyalty inspired. Overall, this program allows us to contribute to local economies and employment and can help grow a larger available talent pool for the industry cluster.

In 2020, 188 artist trainees (54 women and 134 men) went through the Academy and received 33,435 hours of training, bringing them up to the requested level of expertise for our productions.

University Partnerships & Outreach

The Focus team continues to build university partnerships to provide *curriculum* guidance to help ensure skill alignment with market needs, provides mentoring to students, and participates in recruitment initiatives.

As an example, in 2020 we further built our relationship with Escape Studios/Pearson College in London by providing mentoring by world class trainers to students on their Compositing and 3D courses. We also participated in a joint Escape Studios/Epic Games (Unreal Engine) new course delivery to provide feedback and benefit from the latest real time production skills development.

Our lead artists, trainers and supervisors continue to contribute to this and other outreach programs.

We aim to source a significant proportion of our future junior talent in several disciplines with Academy graduates. Our heads of department have expressed satisfaction with their performance, and we have many cases of Creative Academies graduates performing well above expectations.

We see this as a partnership between the Group and local education establishments which helps make the countries we work in attractive to creative talent. To this end, further steps are being taken to better prepare students while they are still in school. Through the robust "Education Partnerships and Engagement strategy", we continue to work with c. 30 local colleges and universities to build an affiliation basis and offer our help to better prepare their students to work in Visual Effects.

Our Creative Academies represents both a central strategic talent initiative and a way for the Group to give back to the community. It helps bring social and economic benefits to the cities we work in as every Academy student will need to live, travel, eat and play in their communities. As these communities become recognized as great places for creative talent, it will attract new work and companies as well as stimulate other spin-off businesses. It is a great example of a win-win situation where doing the right thing is also good business.

5.2.8 Relations with external stakeholders

GRI *[102-21] [102-40] [102-42] [102-43] [102-44] [103-1 Indirect economic impacts] [103-2 Indirect economic impacts] [103-3 Indirect economic impacts] [103-1 Training and education] [103-2 Training and education] [103-3 Training and education] [103-1 Local communities] [103-2 Local communities] [103-3 Local communities] [103-1 Public policy] [103-2 Public policy] [103-3 Public policy]*

Technicolor's main activities are in the field of Production Services, DVD Services and Connected Home devices. They require creative talents for innovation of technologies and services and for development of products. This leads Technicolor to maintain relationships with a variety of key stakeholder groups to ensure growth and sustainability of its businesses, primarily:

- clients and customers;
- investors and shareholders;
- education bodies;
- communities;
- suppliers and subcontractors;
- public authorities.

Within these general categories, specific stakeholders are identified as engagement opportunities based on their nearness to or connection with critical aspects of Technicolor (people, products, services, or property). Dialog may take place in a variety of ways, such as face-to-face meetings, memberships, surveys, contracts, or public event/forum/webinar/panel, as detailed in the below descriptive examples.

In 2020, customer satisfaction was monitored and managed through regular video conference calls, email communication and executive review of any customer complaints. In addition, Connected Home also drives customer satisfaction surveys (13 in 2020) for its activities as they involve a large number of customers. Findings of these surveys and meetings are used to correct processes and improve relationships and quality of products and services.

We maintain strong relationships with our shareholders and investment community. Technicolor participated to 181 events (roadshows, conference calls and conferences), met 171 institutions (institutional investors) and had 58 contacts with analysts during the course of the year. Overall, Technicolor handled 213 meetings or calls with investors and analysts over the course of the year.

Long-term cooperation with education bodies is key for fast growing and/or changing business domains to enable Technicolor to access to young highly educated talent pool whose skills fit with our requirements. See section 5.2.7.

Technicolor maintains close relations with local communities in order to limit the impacts of the Company's industrial activities on the local environment (*e.g.* noise pollution, light pollution, air pollution and road traffic). The Group strives to take the necessary steps in these contexts in order to achieve a satisfactory outcome for all concerned.

Relations with suppliers and subcontractors are described in section 5.3.1 as well as in the Vigilance Plan (section 5.10).

Technicolor continues to develop trusted relations with public authorities where it operates in order to secure a favorable business, social and technological environment. Such relations are managed either directly or indirectly through industry associations, and follow strictly our business ethics rules, especially competition and anti-bribery rules as well as transparency through the national registration processes of declaration of interest.

5.3 HUMAN RIGHTS AND WORKING CONDITIONS

GRI *[102-12] [102-13] [103-1 Procurement practices] [103-2 Procurement practices] [103-3 Procurement practices] [103-1 Supplier environmental assessment] [103-2 Supplier environmental assessment] [103-3 Supplier environmental assessment] [103-1 Occupational health and safety] [103-2 Occupational health and safety] [103-3 Occupational health and safety] [103-1 Child labor] [103-2 Child labor] [103-3 Child labor] [103-1 Forced or compulsory labor] [103-2 Forced or compulsory labor] [103-3 Forced or compulsory labor] [103-1 Human Rights assessment] [103-2 Human Rights assessment] [103-3 Human Rights assessment] [103-1 Supplier social assessment] [103-2 Supplier social assessment] [103-3 Supplier social assessment]*

Technicolor closely follows the international principles laid out in the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work in its approach to Ethics and Social Responsibility, a standard reinforced in the Group's Ethics policy and in its membership with the United Nations (UN) Global Compact. In this way, the Company pledges to ensure freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor and elimination of discrimination in respect of employment and occupation. These principles carry through into the supply chain, and supplier compliance with the Company's policies and principles relating to ethics and human rights is monitored through a Supplier Ethics and Social Responsibility program or as part of the compliance activities aligned with Technicolor's membership in the Responsible Business Alliance.

Technicolor has been a Member of the UN Global Compact since 2003. The Global Compact is a United Nations initiative which challenges Member companies to align their operations and strategies around 10 universally accepted principles in the areas of human rights, labor standards, environmental practices and anti-corruption and to develop best practices in these fields. Technicolor seeks to comply with the highest ethical standards, to take into account the legitimate and ethical interests of all its stakeholders as well as the United Nations founding principles and each year submits a Communication on Progress as part of its support and engagement in favor of the Global Compact. The Communication on Progress is available as part of the Sustainability report on the Group's website at the following location under the Governance and Ethics section:

https://www.technicolor.com/corporate-social-responsibility

Since 2017, Technicolor is member of the Responsible Business Alliance (formerly Electronics Industry Citizenship Coalition) after having implemented its Code of Conduct in 2016.

5.3.1 Human Rights and working conditions in the supply chain

GRI *[102-9] [102-12] [102-44] [308-1] [308-2] [403-7] [406-1] [407-1] [408-1] [409-1] [412-1] [412-2] [412-3] [414-1] [414-2]*

Through meetings, contracts, and other methods of formal communication, the Group shares its expectations that suppliers and their subcontractors provide safe and healthy working conditions for their employees, abide by Human Rights laws and standards, and strives for continual improvement in their environmental management systems, processes and products.

Technicolor requires its suppliers and sub-contractors to actively support its CSR Principles. Suppliers are required to comply with the legal requirements and standards of their service or industry as applicable under the national law of the countries in which they operate. Technicolor suppliers and sub-contractors also ensure the compliance of their components and products with specific legal requirements applicable in the countries where their products are being sold.

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Beyond raw material and component purchasing, the main areas where Technicolor subcontracts production and services are the manufacturing of Set-Top Box and gateways of the Connected Home segment, and part of the logistics of the DVD Services Division in Europe. In addition, to manage seasonal peak workloads within DVD Services, Technicolor uses contracted labor services to provide additional workforce on packaging and distribution sites.

To ensure that suppliers respect established principles, and as part of Technicolor's Supplier Responsibility program, since 2003, Technicolor sourcing management:

- determines when CSR audits, always performed by Technicolor selected auditors, are required;
- requires all suppliers to sign the General Rules of Conduct Compliance Certificate;
- periodically reviews all suppliers according to the Technicolor Suppliers Responsibility program requirements.

The Technicolor Supplier Responsibility program:

- ensures that Technicolor suppliers respect our policies and program requirements;
- promotes economic and social welfare through the improvement of living standards and support for non-discriminatory employment practices. Technicolor actively seeks suppliers with similar interests and ethics commitments.

Suppliers are expected to adhere to these basic principles:

- tolerate no discrimination and encourage diversity;
- promote best working conditions;
- use no child labor or forced labor or involuntary labor;
- protect worker health and safety;
- respect the environment;
- support worker development;
- respect fair market competition;
- strive to be a good corporate citizen wherever Technicolor operates;
- prevent and avoid all forms of bribery, corruption, or other unfair and unlawful action;
- respect consumer and personal privacy;
- avoid potential conflicts of interests.

33 on-site Supplier Responsibility audits were performed in 2020 by Technicolor, either on-site or remotely, concerning 32 sites as one site was audited two times. Through these audits and other methods, Technicolor shares its expectations that suppliers and their subcontractors provide safe and healthy working conditions for their employees, abide by human rights laws and standards, and strive for continual improvement in their environmental management systems, processes and products. During the audit process, instances of child labor are classified as "critical," resulting in an immediate stoppage of business. Audits revealing employee discrimination, forced labor, safety violations, permanent disabilities or fatal injuries are classified as "major," and require immediate corrective action.

No critical violation was detected during 2020. 56% of detected violations relate to health and safety, and 33% to working hours. Health and safety violations represent 82% of major violations, while the remaining categories of major violations detected were labor and management system by decreasing order.

Technicolor added a more systematic risk assessment of suppliers in 2018 with the implementation of the EcoVadis assessment platform (EcoVadis Rating Framework) for suppliers representing a yearly spending of more than €1 million. In 2020, such category represents 91.2% of the total spending of the Group.

Suppliers representing about 80.9% of total spend of this category of Technicolor's suppliers are already assessed by EcoVadis.

The primary sub-contracting scope within the Group is within the Connected Home business, where sub-contracting represents the majority of units sold, and thus almost all audits originating as part of the Supplier Responsibility program are targeting suppliers and sub-contractors for the Connected Home business as sub-contracting is very low profile in Production Services and DVD Services. Conversely, the year-end seasonal labor peaks are strongly represented in DVD Services, and the Group ensures that all temporary workers receive all required EH&S training, information, and equipment for their responsibilities, no matter how limited the duration of employment, so that they are treated the same as any other worker within the Group.

Technicolor monitors key performance indicators according to CSR criteria for key active electronics manufacturing service partners to ensure they comply with Corporate Social Responsibility regulations and practices. Technicolor Sourcing gives preference to suppliers who have achieved ISO 9001 certification and who are certified to meet such EH&S standards such as ISO 14001 and ISO 45001.

Additionally, the Responsible Business Alliance (RBA) may perform on-site audits to monitor and verify the implementation of the RBA Code of Conduct.

Mindful of regulations banning or restricting certain chemical substances, Technicolor implemented a process for obtaining and tracking information about its suppliers. This system allows for the identification and estimation of relevant chemical substances in Technicolor's products and ensures that banned substances are not included. In 2016, Technicolor's commitment was confirmed by a Technicolor public statement on Conflict Minerals available on www.technicolor.com, along with other Technicolor statements on compliance with UK and California anti-human trafficking laws.

5.3.2 Fight against harassment and discrimination

GRI *[103-1 Diversity and equal opportunity] [103-2 Diversity and equal opportunity] [103-3 Diversity and equal opportunity] [103-1 Non-discrimination] [103-2 Non-discrimination] [103-3 Non-discrimination] [406-1]*

A diverse workforce is a business imperative for Technicolor in its competitive environment. It must be able to recruit and retain the most talented candidates from a broad range of disciplines and experiences. Technicolor's policy is not only to provide equal employment opportunity without regard to race, sex, religion, national origin, age or disability status, but also to fight actively against harassment and discrimination, which are illegal, and also hamper our ability to perform and to retain talented employees.

Beyond existing legislation, we strive to track pay discrimination cases between women and men and to reduce such gaps. An improved gender pay gap analysis process based on current and revamped business' job architectures was developed to identify and help to prevent pay gap creation at every step of women's career.

The non-discrimination and equal employment opportunity policies, based upon the Ethics Charter and locally augmented according to specific legal requirements if needed, including the anti-harassment policy, are implemented at all Technicolor sites.

In addition to the role of management, detection of discrimination cases also relies on the whistleblower policy allowing any employee to confidentially disclose their situation or the situation of a co-worker, without fear of publicity or adverse reaction. Such cases are reported to the Ethics Committee and investigated. Some countries implement in addition an official trust person or advocate for employees if there is a discrimination issue. Overall, 52 cases of harassment and discrimination were reported in 2020.

3,543 hours of training about fight against unconscious bias, discrimination and harassment were delivered to 1,814 employees in 2020.

In several countries, managers and supervisors are provided legal awareness training sessions about anti-harassment and non-discrimination. Several new or ongoing initiatives were active during 2020:

- in India, a PoSH (Prevention, Prohibition and redressal of Sexual Harassment at workplace) liability survey and awareness and training campaigns with all the service line management teams and key talent was conducted. Based on the survey results, an experiential training course on "unconscious bias" was conducted for the leadership team. PoSH Internal Complaint Committee (IC) was revamped by onboarding a new external consultant, and all were inducted to the complaint handling process. In continuation of this, all employees were trained on PoSH with the help of video-based modules, and awareness posters were put up on the notice board on all floors. This training covered employees from all the service lines at Bangalore and Mumbai (Trace VFX). 384 employees attended such training, representing 576 hours in 2020. Through various avenues, we continue to educate employees on unconscious bias. In India, we continued to make provision for mutually agreeable extensions of employment for senior workers, past the national retirement age of 58. The Bangalore operation also provides a written document concerning local community conditions and advice for new workers moving in from other areas;
- in the UK, during the Film & Episodic VFX (FEV) induction and onboarding process, the employee engagement committees are highlighted, and employees are encouraged to join or attend up-coming events. In 2020, training on mental health awareness and unconscious bias were continued during the beginning of the year.

Throughout the VFX brands in the Balance committees, there is a stream called Pride, open to everyone, focusing on creating a welcoming space for all LGBTQ+ employees, as well as Women Steering groups.

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5.4 CLIMATE CHANGE

GRI *[102-44] [103-1 Energy] [103-2 Energy] [103-3 Energy] [103-1 Emissions] [103-2 Emissions] [103-3 Emissions] [201-2]*

This report provides an overview of the activities that Technicolor is taking to fulfill its responsibilities as a global corporate citizen with respect to Climate Change. As such, Technicolor is reporting on what it has determined to be the most significant aspects and impacts, both globally and by business unit, for the fiscal year 2020.

Climate change is integrated into Technicolor's business strategy along two primary axes: development of eco-friendly products and services and infrastructure improvements to reduce emissions or to maintain performance when faced with climate impacts. The development strategy has Technicolor joining or leading various industry groups, regulatory committees, or trade collaborations as a way to find or to create improvements and manage them into the product or service offerings. The infrastructure strategy is to seek out improved efficiencies in technology or human process/behavior.

CHARTER, POLICIES AND GUIDELINES

Standards and direction begin with Technicolor's Code of Ethics and then flow to the Group's EH&S Charter, authorized by top management. After that comes a library of more than 50 EH&S Policies and Guidelines, beginning with the Environmental Policy, supported by numerous topical guidelines such as resource conservation and pollution prevention.

The EH&S Charter has been translated into six languages and is available on the Group's Intranet, along with all the policies and guidelines.

ORGANIZATION

EH&S is managed transversally within Technicolor and by extension becomes the duty of each Executive Committee Member, Technicolor business manager, and Site manager. Technicolor established a Corporate EH&S group in 1993 to develop, direct and oversee the development of global policies, guidelines, programs and initiatives. The Corporate EH&S organization reports to Corporate Social Responsibility, headed by the Director of Human Resources (Talent & People) and Corporate Social Responsibility, who is a Member of Technicolor's Executive Committee. Overseeing EH&S is a Corporate manager, who directs the efforts of EH&S personnel throughout the business. Business Unit liaisons work to ensure that initiatives relevant to their particular business are shared quickly among sites with similar activity. Legal support and counsel for issues such as product safety, environmental protection and workplace safety is provided by Technicolor in-house attorneys.

It is the responsibility of the Corporate EH&S Organization to develop policies, programs, processes and initiatives to help the business meet the principles and commitments outlined within the EH&S Charter. Each Technicolor location identifies personnel who, along with the support of local EH&S committees, are responsible for reviewing and localizing Corporate Policies and Guidelines and applicable governmental laws and regulations, and for implementing site-specific programs and procedures which will ensure compliance and minimize the potential for their operation to cause harm to human health or the environment.

REPORTING PERIMETER AND RISK PROFILE

This report contains data from 49 operating locations, of which 13 are industrial. Prior year data are reported for the same locations when available, although some newly acquired sites may not have data values for years prior to acquisition or sites may have been closed or sold. By Technicolor's definition an industrial location is a facility where DVDs are produced, packaged or distributed or where any Connected Home product is made. To provide finished products and services, Technicolor utilizes purchased materials, chemicals, components, energy, and water. As a result of the products and services it provides, there are a number of potential activities that may result in adverse impacts to the environment.

Given the diversity of the Group's operations, the environmental aspects and potential impacts vary by location, thus not every location is required to report on each of the established metrics. Environmental aspects reviewed in this report include waste management (total waste generated, landfilled, and recycled), energy consumption (electricity, fossil fuels, steam, and chilled water), water consumption, air emissions (greenhouse gas emissions), main materials used, and processing wastewater effluents. The 49 sites included in this report may be reviewed in the subsection: "Data collection method and rationale" (5.5.5) herein.

The Corporate EH&S Organization has identified key information that is tracked and reported on either a monthly, quarterly, or annual basis. This information includes utility consumption, waste generation, recycling and disposal, air emissions, main raw materials used, and water effluent from industrial locations.

Technicolor is firmly committed to continually assessing the impacts of its facilities and products. Technicolor's goal is to continually evaluate information needs and collection processes to ensure that it remains consistent, with a focus on present activities and issues as well as anticipated future requirements.

TRAINING

Please refer to section 5.5 for Environmental training.

GOALS AND OBJECTIVES 2019-2022

Technicolor established the following climate change goals and objectives for the Group, to be met by its worldwide operations by the end of 2022:

- 30% minimum proportion of electricity coming from renewable sources;
- reporting to satisfy GRI Sustainability Reporting Standards (GRI Standards).

5.4.1 Carbon emissions

GRI *[102-12] [103-1 Energy] [103-2 Energy] [103-3 Energy] [103-1 Emissions] [103-2 Emissions] [103-3 Emissions] [302-1] [302-2] [302-3] [302-4] [305-1] [305-2] [305-3]*

ENERGY CONSUMPTION

In 2020, worldwide energy use was approximately 1,006.1 terajoules, a decrease of about 17% compared with 2019. Of the total energy consumed, 88.9% was in the form of electricity (of which 20% was from renewable sources), 9.7% was in the form of fossil fuels, and 1.5% was in the form of purchased steam or chilled water. When compared to total revenue, average energy intensity was 0.335 TJ/M€ across the business in 2020.

ENERGY CONSUMPTION

	Total *(terajoules)*	Electricity *(terajoules)*	Fuel sources *(terajoules)*	Total per revenue *(terajoules per M€)*
2018	1,368[1]	1,200	151	0.342
2019	1,214[2]	1,073	137	0.319
2020	1,006.1[3]	893.9	97.3	0.335

(1) Total energy includes about 18 TJ steam or chilled water purchase.
(2) Total energy includes about 4 TJ steam or chilled water purchase.
(3) Total energy includes about 15 TJ steam or chilled water purchase.

2020 ENERGY CONSUMPTION

	Total Energy *(terajoules)*	% Total Group *(%)*	Electricity *(terajoules)*	% Total Segment *(%)*	Fuels *(terajoules)*	% Total Segment *(%)*
Production Services	208.0[1]	20.7%	202.1	97.2%	4.4	2.1%
Connected Home	49.8[2]	4.9%	35.7	71.7%	0.7	1.4%
DVD Services	746.5	74.2%	655.4	87.8%	91.1	12.2%
Corporate & Other	1.85	0.2%	0.778	42.1%	1.071	57.9%

(1) Total energy includes about 1.5 TJ steam purchase.
(2) Total energy includes about 13.4 TJ chilled water purchase.

GREENHOUSE GAS EMISSIONS

Having evaluated its operations, Technicolor determined the most significant but limited air emission contaminant resulting from the Group's operations (Scope 1) to be equivalent carbon dioxide (CO_{2eq}) associated with on-site combustion of fuels for heating and cooling, back-up power generation, fire-suppression equipment, or other typical engine-driven equipment.

In 2020, a total of 5,512 metric tons of CO_{2eq} were emitted from combustion sources within Technicolor's industrial plants and larger non-industrial locations. This figure was calculated using the 1996 Intergovernmental Panel on Climate Change (IPCC) Emission factors.

AIR EMISSION

Scope 1 emissions	CO_{2eq} *(metric tons)*
2018	8,638
2019	7,846
2020	5,512

Indirect emissions from consumption of electricity, steam, and chilled water (Scope 2) were 110,604 metric tons CO_{2eq} and were estimated using the 2018 International Energy Agency emissions factors.

Scope 2 emissions	CO_{2eq} *(metric tons)*
2018[1]	172,836
2019	134,064
2020	110,604

(1) In prior years, Scope 2 emissions were estimated using the 2014 GHG Protocol version 4.5 emissions factors.

Beyond scope 1 and scope 2 greenhouse gas emissions, the most significant contributions to scope 3 greenhouse gas emissions are shown below, in decreasing significance. Where quantitative estimates are shown, the values are approximate due to assumptions required and potential absence of exact knowledge for specific type of transportation equipment and fuel. Necessary assumptions are based on industry standards or surveys for collective vehicle performance or consumer behavior:

- electricity consumption during the use of Connected Home devices (set top box and gateways) in their targeted markets during their estimated product lifetime of 5 years. The total impact of all Connected Home devices produced during 2020 is estimated to be an equivalent 887 thousand tons of CO_{2eq} during each full year of product operation. The assumed product operation that may be controlled in part by the network operator and the consumer, includes active hours during use, standby hours when not actively in use, and switched-off hours, aligned primarily with the customer habits for using their television at home. For any individual piece of equipment, the true equivalent emission will depend on the country and region of operation as emission factors vary significantly depending on electricity generation methods and sources in each country. Emissions factors used were selected from electricity-specific emission factors for grid electricity, Ecometrica (2011);
- raw materials and distribution of DVD and Blu-ray™ discs. The estimated impact of all inbound and outbound traffic controlled by Technicolor during 2020 for DVD products was 49,072 tons CO_{2eq}. Emissions factors used were selected from UK Government GHG Conversion Factors Freighting Goods (2020);
- raw materials, manufacturing, distribution, and dismantling (cradle-to-cradle) of Connected Home devices (Set-Top Box and gateways). The estimated impact of all inbound and outbound traffic controlled by Technicolor during 2020 for Connected Home devices was 14,937 tons CO_{2eq}. Emissions were estimated by third-party specialist company TK'Blue, focusing on climate change impact of shipping and logistics activities;
- employee commuting;
- business travel;
- data centers supporting all businesses and functions within Technicolor, but primarily attributable to Production Services generated an estimated impact during 2020 of 14,267 tons CO_{2eq}. Emissions factors used were selected from International Energy Agency emissions factors (2018).

In 2020, Technicolor participated for the thirteenth consecutive year in the Carbon Disclosure Project (CDP), targeting collaboration between large international firms and investors related to global warming. Technicolor's emissions disclosure is available on the CDP's website: http://www.cdp.net/

DATA CENTERS

In addition to Group IT requirements, Production Services businesses related to film, video, animation, and special effects have an on-going need for fast and efficient data centers (computational capacity plus storage capacity). Technicolor uses a mix of public cloud-based infrastructure as a service, in addition to on-site or co-located data centers managed by Technicolor resources in conjunction with other partner companies in order to meet these requirements, depending on data security, response time, availability, and other aspects. As a first step, Technicolor has mapped its requirements and its current infrastructure and continues to work toward reduced energy consumption and increased energy efficiency for data centers while working to understand the power usage effectiveness methodology (PUE) and definitions that could be further implemented to improve the business performance while reducing carbon emissions. The combined impact of all data centers utilized by the Group during 2020 was estimated to be 14,267 tons CO_{2eq}. Emissions factors used were selected from International Energy Agency emissions factors (2018).

5.4.2 Energy efficiency

GRI *[102-12] [103-1 Energy] [103-2 Energy] [103-3 Energy] [302-5]*

Technicolor started to implement eco-design guidelines in 2008 and has long taken a positive stance towards environmental and efficiency issues in the development, manufacture, and use of its products. The Connected Home segment complies with all the laws, regulations and industry guidelines endorsed by Technicolor. These include:

- the European Union Code of Conduct on Energy Efficiency of Digital TV Service and Energy Consumption of Broadband Equipment;
- the European Union Industry Voluntary Agreement to improve energy consumption of Complex Set-Top Box (CSTB);
- the U.S. Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Set-Top Box (STB);
- the U.S. Voluntary Agreement for Ongoing Improvement to the Energy Efficiency of Small Network Equipment (SNE);
- the Canadian Pay-TV Set-Top Box Energy Efficiency Voluntary Agreement (STB CEEVA);
- and in 2019, Technicolor decided to sign the Canadian Energy-Efficiency Voluntary Agreement for Small Network Equipment (CEEVA SNE) to extend its existing energy saving initiatives into the Canadian market.

Technicolor was the first Customer Premises Equipment (CPE) vendor to sign the Code of Conduct for Broadband Equipment, putting itself in a leading role for low energy consumption residential gateways. By designing devices compliant with regulations as well as various Voluntary Agreements, Technicolor is committing to improve energy efficiency and to reduce the carbon footprint of gateways and set-top box. By anticipating the revision of Voluntary Agreement release and the elaboration of the European energy efficiency regulation, Technicolor is promoting the improvement of energy efficiency of gateways and set top box.

As concerns electricity consumption during the use of Connected Home devices (set-top box and gateways) in their targeted markets during their estimated product lifetime of 5 years, the total impact of all Connected Home devices produced during 2020 is estimated to be an equivalent 887 thousand tons of CO_{2eq}. The assumed product operation that may be controlled in part by the network operator and the consumer, includes active hours during use, standby hours when not actively in use, and switched-off hours, aligned primarily with customer habits for using their television at home. For any individual piece of equipment, the true equivalent emission will depend on the country and region of operation, as emission factors vary significantly depending on electricity generation methods and sources in each country.

5.4.3 Renewable energy

GRI *[103-1 Energy] [103-2 Energy] [103-3 Energy] [103-1 Emissions] [103-2 Emissions] [103-3 Emissions] [302-4]*

As part of its pledge to conduct business safely and responsibly, Technicolor has always measured environmental impact and sought to reduce it through monitoring programs and projects focused on its activities. As the industrial footprint of the Group continues to transform away from energy-intensive processes due to industry closures in glass, tubes, and motion picture film, and the non-industrial footprint continues to evolve and to grow in digital media and the cloud, our energy focus has evolved, resulting in a growing emphasis on increasing the proportion of renewable energy as a percentage of electricity consumed at all the Group sites.

In Brazil, the Connected Homes manufacturing plant dedicated to the production of set-top box for the Americas has a long-term plan to improve its carbon footprint, in part by increasing its proportion of energy from renewable sources. While some portion of electricity available on the market is from renewable sources, the site also installed solar panels, energy storage systems, and control systems sufficient to generate 10% of the electricity consumed by the site.

RENEWABLE ENERGY

Group	As a percentage of electricity *(%)*	As a percentage of total energy *(%)*
2018	19.0%	16.6%
2019	24.1%	21.3%
2020	20.0%	17.7%

Business Segment	As a percentage of electricity *(%)*	As a percentage of total energy *(%)*
Production Services	50.8%	49.3%
Connected Home	24.3%	17.4%
DVD Services	10.2%	9.0%
Corporate & Other	15.4%	6.5%

CLIMATE CHANGE HIGHLIGHTS

Sites, both industrial and non-industrial, try equally to reduce their energy consumption. Efforts to reduce energy consumption locally continued in 2020. Typical efforts involve lighting fixtures changeover to LED appliances, HVAC improvements (heating, ventilation and air-conditioning), and shutting down as many lighting or other systems during week-ends or holidays as possible, raising setpoint temperatures in data centers or other technical rooms, selecting equipment according to energy efficiency criteria, and using window solar control screen films to improve insulation in exposed offices. Many initiatives took place at the site level in 2020 to reduce carbon emissions in addition to energy saving initiatives implemented in both Industrial and non-industrial sites:

- within Connected Home, the Manaus assembly site in the Amazonas, Brazil, changed older generation air ventilation systems for more efficient ones, and continues using solar panels to power external lighting needs;

- in DVD Services, sites strive to adapt their footprint to varying production requirements, decommissioning equipment such as unnecessary cooling towers, while also upgrading necessary equipment with new technological solutions, reorganizing floor layouts and production lines for improved energy efficiency such as in Melbourne and Sydney, Australia or Rugby, UK. The Piaseczno site, Poland, continues to reduce electricity consumption by 452 mWh per year due to the year's installation of two more efficient offset machines in the Printing Department. The Rugby site, UK, calculated that in one area, adding passive infrared sensors (PIR), and replacing halogen lamps by led lamps, resulted in 167 kg CO_{2e} reduction per fitting (279 of them), generating a 45% percent reduction in energy consumption;
- in Production Services sites, a critical energy impact is related to the use of data centers. To save energy, The Mill site in New York, decided to move the most energy intensive equipment out of their in-house data center and are now using a more efficient and purpose-built external and co-located data center. To generally minimize their climate footprint, some sites located in areas where the national grid does not guarantee electricity from renewable sources have chosen to go for green electricity supply contracts, such as MPC New York and London sites, The Mill New York and London sites, and the London Post site. Canadian sites benefit from a national grid powered by hydroelectricity. Other reducing initiatives took place. The Bangalore site in India installed sunscreens on façade windows, added EC fans for data centers air conditioning units, and installed proximity sensors in meeting rooms among other improvements. The Adelaide MRX site organized a booking system to precisely calibrate HVAC and lighting needs for work performed out of normal working hours. Shanghai MPC upgraded their HVAC system with more efficient equipment.

Of course, due to Covid-19, business travel was drastically reduced, and therefore by necessity the usage of video conferencing systems became the dominant worldwide collaboration tool, with the side benefit of greatly reduced carbon emissions due to travel, facilitating exchanges across sites and teams located thousands of kilometers apart, or between internal teams and customers, suppliers, partners, and generally all stakeholders. The acceleration of the remote working mode certainly did not come without challenges and the Human Resources team developed and published guiding principles for homeworking on the Group Intranet.

Additional in some locations and situations; the traditional commute was changed with some members of staff shifting from using the public transportation to walking or bicycling. Consequently, incentives to use the public transportation system were proposed in a few sites and more bike spaces were created in others with some incentives at times also proposed to staff using their bicycles. In Montreal Mr. X site, subscriptions to municipal bike programs were proposed. Bangalore site continued to offer transportation choices.

5.5 CIRCULAR ECONOMY

GRI *[102-44] [103-1 Materials] [103-2 Materials] [103-3 Materials] [103-1 Water and effluents] [103-2 Water and effluents] [103-3 Water and effluents] [103-1 Effluents and waste] [103-2 Effluents and waste] [103-3 Effluents and waste]*

This report provides an overview of the activities that Technicolor is taking to fulfill its responsibilities as a global corporate citizen with respect to the Circular Economy. As such, Technicolor is reporting on what it has determined to be the most significant aspects and impacts, both globally and by business unit, for the fiscal year 2020.

CHARTER, POLICIES AND GUIDELINES

Please refer to section 5.4 for their description.

ORGANIZATION

Please refer to section 5.4 for its description.

REPORTING PERIMETER AND RISK PROFILE

Please refer to section 5.4 for their presentation.

ANNUAL PERFORMANCE MEASUREMENT PROCESS

A process was implemented in 1997 to allow for the consistent internal benchmarking of key management programs and requirements within each of the Group's industrial locations, and tracking of site progress toward environmental, safety and resource conservation improvement goals. This process was revised during 2012 to better support the wider network and diversity within the Group's mix of industrial and non-industrial locations, and it assesses benchmark criteria, helping the Group create consistent global focus and action plans on key programs, requirements and initiatives.

EMERGENCY PREPAREDNESS AND RESPONSE

Even the best designed programs and procedures cannot eliminate the occurrence of unforeseen events. The development and periodic review of emergency preparedness and response plans is critical to the success of Technicolor's EH&S program, making these, along with associated training and testing, key components of the EH&S performance measurement process.

One of the many challenges that are present in a globally operated business is ensuring effective communication, particularly in the event of a crisis. At Technicolor, a system was designed to provide a consistent worldwide approach for managing and mitigating significant EH&S incidents. The Significant Business Incident (SBI) system enables timely communication to and involvement of top management and ensures the quick and effective allocation of appropriate resources with consistent crisis management measures throughout the world. This process also serves as a valuable tool for identifying potential concerns within each of Technicolor's businesses and to ensure that appropriate preventive measures are effectively implemented.

In 2020, two SBIs associated with EH&S aspects were reported, and nopenalties or fines were incurred as a result of SBI events.

AUDITS AND INTERNAL GOVERNANCE

GRI *[403-2]*

EH&S audits and inspections are a key part of Technicolor's continued efforts to improve EH&S management and performance, and to prevent incidents from occurring. A comprehensive corporate audit program was implemented in 1996. The aim of the audit program is to review the Group's industrial locations' compliance with Corporate EH&S Policies and Guidelines and specific applicable EH&S laws and regulations. The audit program has also been demonstrated to be a valuable tool for increasing EH&S awareness, identifying best practice opportunities, communicating successful initiatives between plants, creating opportunities for different approaches to problem solving, and introducing EH&S personnel to other aspects of the Group's multi-faceted business.

The audits include physical inspections of the location, review of documents and records, and examination of activities within the EH&S scope. The use of Technicolor specific audit protocols helps ensure and maintain consistency in approach while also bringing renewed focus to key corporate requirements. In addition, the protocols allow for, and require, the inclusion of location-specific regulatory and business requirements. Issues and recommendations identified during the audit process are reviewed and discussed with members of the location's management.

In 2020, due to Covid-19 impact on travel, no industrial sites were audited, however ten non-industrial sites were remotely reviewed as part of Technicolor's objective of monitoring all locations at least every three years. As a result of these reviews, potential improvement items were identified and evaluated, and more importantly, appropriate associated action plans developed.

ACQUISITIONS AND CLOSURES

Technicolor has established a process for reviewing locations prior to acquisition and upon closure to identify and understand the likelihood and extent of potential environmental contamination associated with the locations' activities. This process not only helps limit financial liability, but also to understand the type and level of support required to ensure that the Group's corporate policies and guidelines are effectively implemented. Once acquired, locations are expected to comply with Technicolor's EH&S policies and guidelines, which include, as an example, the development of chemical and waste management practices to minimize the potential for uncontrolled releases to air, water and land.

Newly acquired businesses are reviewed by Technicolor to identify EH&S aspects of their operations, to evaluate the status and effectiveness of existing management and control systems, to determine compliance with Technicolor EH&S Policies and Guidelines, to communicate Technicolor's EH&S initiatives and requirements, and finally, to assist in the establishment of location-specific programs that conform to Technicolor's requirements and meet the needs of the Group.

TRAINING

GRI *[403-5]*

Technicolor understands that each employee has the ability to impact the Environment, Health and Safety (EH&S) efforts and performance, thus it is critical that they are provided with appropriate tools, resources and knowledge. EH&S training programs develop awareness and skills that allow employees and contractors to perform their jobs in such a manner that will not only ensure compliance with appropriate laws, regulations and policies, but also so that they may prevent accidents which may lead to injuries or harm to the environment. Training programs are evaluated during the EH&S audit process and are a core requirement in the EH&S performance measurement process. In 2020, 24,847 hours of EHS documented training reported through the EHS reporting system *(Enablon)* on a wide variety of environmental and safety compliance and protection, injury prevention, emergency preparation and response, and occupational health topics were provided to employees and contractors throughout Technicolor.

GOALS AND OBJECTIVES 2019-2022

Related to the circular economy, Technicolor established the following EH&S goals and objectives for the Group, to be met by its worldwide operations by the end of 2022:

- 75% minimum waste recycling rate;
- reporting to satisfy GRI Sustainability Reporting Standards (GRI Standards).

5.5.1 Recycling of waste and optimization of raw material

GRI *[103-1 Materials] [103-2 Materials] [103-3 Materials] [103-1 Effluents and waste] [103-2 Effluents and waste] [103-3 Effluents and waste] [301-1] [306-2]*

WASTE GENERATION AND RECYCLING

Technicolor has a long-standing commitment to the principles of sound and environmentally responsible management of waste. Establishing the hierarchy of internal re-use, recycling and reclaiming followed by treatment and then landfill as the last option, Technicolor has developed and implemented programs to reduce waste generation, decrease the amount of hazardous waste, decrease waste sent to landfill, and increase recycling.

Hazardous waste is defined at each site using guidance from local governing agencies, but in general it means waste chemicals, fuels, oils, solvents, batteries, fluorescent light bulbs, or other items that may have been in contact with the hazardous material, for example, cleaning materials or empty containers. All these hazardous wastes are handled, stored, and disposed in compliance with local regulation and Group Policy.

Total waste generated was 22,016 tons (about 2.2% of total waste was generated by non-industrial sites). The recycling rate was 62.7% decreasing significantly compared to 2019. When compared to total revenue, the average waste generation rate across the business was 7.32 M-Ton/M€ in 2020.

WASTE

	Total Waste Generated *(metric tons)*	% Treated Hazardous *(%)*	% Recycled *(%)*	Total per Revenue *(metric tons per M€)*
2018	35,657	2.4%	75.6%	8.93
2019	37,288	2.5%	69.9%	9.81
2020	22,016	2.4%	62.7%	7.32

2020 WASTE GENERATION

	Total Waste Generated *(metric tons)*	% Total *(%)*	% Treated Hazardous *(%)*	% Recycled *(%)*
Production Services	391.4	1.8%	0.7%	53.2%
Connected Home	414.8	1.9%	3.2%	86.2%
DVD Services	21,207.4	96.3%	2.4%	62.4%
Corporate & Other	2.8	-	0%	18.9%

The primary industrial waste streams that were recycled were cardboard packaging, wood pallets, and plastics related to products or packaging.

New questionnaires about waste were sent to non-industrial sites for the first time during 2013 in recognition of their increased significance in the Group EHS profile due to headcount and surface area. It helped these sites begin to focus on their waste streams, although work remains to more completely measure and categorize this waste generation. For 2020, the overall reported non-industrial waste was significant at about 2.2% of the Group total tonnage, with approximately 16 tons of hazardous waste from non-industrial locations (batteries, mercury-containing bulbs, e-waste). New for 2016 was the first recognition of organic composting as part of recycled waste, with about 35 tons reported during 2020.

RAW MATERIAL USAGE

The Group sources all raw materials externally. These are always industrially processed raw materials. The main raw materials consumed by the Group's businesses in 2020 were:

RAW MATERIALS

(in metric tons)	
Polycarbonate molding plastic	13,681
Carboard and paper packaging	8,255
Wood packaging	6,967
DVD bonding resin	832
Plastic packaging	744

WASTE HIGHLIGHTS

Waste reduction, reuse and recycle efforts continued in 2020. DVD manufacturing, packaging, and distribution sites pursued efforts to reduce out-of-order equipment or damaged pallets through specific programs, engaging employees, and through dialogue with waste management service providers. Non-industrial sites are also increasingly reducing waste produced by discontinuing the use of disposable paper cups, plastic cutlery, or bottled water, shifting to durable options. More both-sides paper printing takes place.

In 2020, the Guadalajara, Mexico DVD factory implemented a project to recycle internally more polycarbonate from metallized disks. Pallet recycling programs have been continued and developed in Mexicali and Huntsville sites, thereby reducing the need to purchase new pallets. In Piaseczno, Poland, the site reduced plastic waste by 23 tons in the year, and cardboard waste by 4 tons. The Rugby site reinforced its waste segregation efforts.

5.5.2 Environmental footprint of products

PRODUCT DESIGN AND LIFE CYCLE ASSESSMENT

As a leading supplier of set-top box (STBs) and home gateways, Technicolor has acquired experience and decided to incorporate eco-design principles and methodology into its product families. Rigorous analysis about product environmental performance allowed Technicolor to measure the impact of innovations and to target key areas of focus. Based on product life cycle assessment, Technicolor advises and supports its customers to reduce the ecological impact of their activities, addressing short-term product aspects of core product design (*e.g.*, energy consumption reduction during its life cycle, elimination of hazardous substances in electronic cards, components, casings, accessories, and cable materials, use of recycled materials and contributions to a more circular economy) as well as on related elements to reduce single-use plastics and packaging and to decrease carbon emissions due to transportation. Technicolor also looks forward, collaborating with its customers to support them in their ambitions to reduce their carbon footprint and evolve towards carbon-neutral activities. For more information, please refer also to section 5.4.2 on energy efficiency.

PRODUCT REUSE

GRI *[417-1]*

Beginning in 2016, as part of its reuse strategy, the Group began to recover used units from the American market in partnership with a major network provider capable of taking back product from individual consumers. Using its network of post-sales locations, Technicolor inspects, refurbishes, and requalifies the returned products whenever feasible, and then sells them as a clearly labeled refurbished product and at a reduced price. Since the program commenced in 2016, the destruction and disposal of about 3.1 million units and 4,380 tons of waste was avoided. At the same time, the need for an equivalent amount of raw materials and manufacturing effort required to produce new products for these markets was eliminated.

5.5.3 Sustainable water management

GRI *[102-12] [102-13] [103-1 Water and effluents] [103-2 Water and effluents] [103-3 Water and effluents] [303-1] [303-2] [303-3] [303-4] [303-5]*

In 2020, water consumption at the Technicolor reporting locations decreased by about 20.7% *versus* 2019 to 405.2 thousand cubic meters. When compared to revenues, the average water consumption rate was 135 m^3/M€ across the business in 2020.

Where raw water is developed on-site from local wells, all consumption and pre-treatment is in accordance with granted permissions and approved processes. All water consumption, other than that related to building and facilities, is linked to DVD replication or set top box manufacturing. Locations experiencing periodic water shortages, such as DVD replication in Australia, invest in rainwater harvesting, while other manufacturing locations in Brazil, Mexico, and Poland may invest in process water recycling so that overall source consumption is reduced. Including laboratory operations in Rennes, France and industrial sites in Australia, Brazil, and Mexico, total rainwater harvested and consumed during 2020 was about 3,382 m^3.

WATER CONSUMPTION

	Total consumption *(thousands of cubic meters)*	Total per revenue *(cubic meters per M€)*
2018	596	149
2019	511	134
2020	405.2	135

2020 WATER CONSUMPTION

	Total consumption *(thousands of cubic meters)*	% Total *(%)*
Production Services	53.0	13.08%
Connected Home	9.3	2.3%
DVD Services	342.3	84.47%
Corporate & Other	0.6	0.15%

PROCESS WASTEWATER

Within Technicolor's facilities, 5 sites utilize water within their manufacturing processes. In order to assess the potential environmental impact of the discharge of this treated water, the Group referenced both the European Community (EC) and U.S. Environmental Protection Agency (EPA) criteria for "priority pollutants." Based upon these lists, and information provided by Technicolor's sites regarding the parameters that require monitoring and reporting, 13 pollutants were identified on either the EC or EPA list.

For 2020, the amount of treated water discharged was 67,639 cubic meters, and the total estimated amount of discharged priority pollutants was 46 kilograms.

WATER HIGHLIGHTS

Throughout the year, many sites explored new ways of saving water. Manaus reuses air conditioning condensation for cleaning up outside the buildings, and Melbourne, Rennes, Guadalajara and Manaus sites collect and store rainwater (together they harvested and consumed some 3,382 cubic meters of rainwater in 2020). In non-industrial sites, awareness campaigns and signage are a complement to the refurbishment of toilets with more efficient or sensor driven appliances, as well as equipping faucets with aerators. Dishwashers are selected for their energy efficiency rating and eco-wash cycles are used.

DISCHARGED PRIORITY POLLUTANTS

	Total discharged *(kilograms)*	Total per revenue *(grams per M€)*
2018	123	30.8
2019	80	21.0
2020	46	15.3

In addition, due to effluent characteristics, 3 sites are required to monitor biological oxygen demand (BOD) or chemical oxygen demand (COD), in 2020 an estimated total of 2,244 kg BOD and 180 kg COD were discharged within process effluent.

All above quantities of discharged pollutants are fully compliant with authorized limits. Summary weights of pollutants are calculated using volume-averaged, full year, average concentrations, based on periodic laboratory sampling. Periodic effluent sampling is performed in accordance with local regulatory requirements, and in general pollutants are not monitored continuously.

SUSTAINABLE WATER HIGHLIGHTS

While Technicolor is not a water intensive business, efforts to save water are made wherever possible, at industrial sites but also non-industrial sites, with sites in water stressed areas being particularly sensitive to careful water management. The Melbourne site continued to use rainwater harvesting tanks and also installed a camera in the wastewater pits to control the amount of wastewater coming from the mask cleaning areas to control water usage as well as to reduce wastewater collections to a minimum. In non-industrial sites, initiatives such are reducing bottled water by installation of CO_2 water dispensers were deployed in several sites, some sites added aerators in taps, and dishwasher were set to eco-wash cycles to save both water and energy.

On the non-technical side, campaigns to remind staff to make a conservative use of water are in place, as is water-conscious gardening by planting drought resistant species in California, and re-use of condensate water from the air conditioning systems to irrigate an organic garden at Manaus.

5.5.4 Additional environmental aspects

GRI *[103-1 Environmental compliance] [103-2 Environmental compliance] [103-3 Environmental compliance]*

ENVIRONMENTAL MANAGEMENT SYSTEMS

An Environmental Management System (EMS) is a continual cycle of planning, implementing, evaluating and improving practices, processes and procedures to meet environmental obligations and successfully integrate environmental concerns into normal business practices. An effective EMS helps identify and eliminate the causes of potential environmental problems, establish and achieve environmental goals, reduce potential risk and liability, and operate a more effective environmental program.

ISO 14001 is the most widely accepted international standard for an EMS. In today's global market, participation in the ISO 14001 process is one way for an organization to demonstrate its commitment to the environment. To receive certification, organizations are required to develop detailed plans and procedures to identify, evaluate, quantify, prioritize and monitor environmental impacts of its activities.

During 2020, a total of six industrial sites held an ISO 14001 certification. The Group makes an environmental risk assessment of each site before concluding an ISO 14001 certification is required. A few sites work beyond the Group requirement and achieve the certification even though the risk threshold is not exceeded.

TECHNICOLOR LOCATIONS WITH ISO 14001 CERTIFIED EMS

Site	Segment	Original certification date
Guadalajara	DVD Services	October 2004
Manaus	Connected Home	February 2004
Melbourne	DVD Services	December 2005
Piaseczno	DVD Services	December 2004
Rugby	DVD Services	November 2004
Sydney	DVD Services	December 2005

ENVIRONMENTAL INVESTMENTS, REMEDIATION, AND POLLUTION PREVENTION

GRI *[306-3] [307-1]*

In total, approximately €2.24 million was spent on environmental remediation projects in 2020.

A certain number of Technicolor's current and previously-owned manufacturing sites have an extended history of industrial use. Soil and groundwater contamination, which occurred at some sites, may occur or be discovered at other sites in the future. Industrial emissions at sites that Technicolor has built or acquired expose the Group to remediation costs. The Group has identified certain sites at which chemical contamination has required or will require remedial measures:

- soil and groundwater contamination was detected at a former production facility in Taoyuan, Taiwan that was acquired from GE in 1987. In 1992, the facility was sold to a local developer. Soil remediation was completed in 1998. In 2002, the Taoyuan County Environmental Protection Bureau ("EPB") ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway. EPB and TCETVT continue to negotiate over the scope of that work. Technicolor has reached an agreement with General Electric with respect to allocation of the responsibility related to the soil and groundwater remediation (for further information, please refer to section 3.1.4.2);
- during site closure at an Indiana (USA) CRT factory, soil contamination was discovered while de-commissioning storage pits and liners. Site assessment work was begun in 2005 and Technicolor entered into a Voluntary Remediation Agreement with the appropriate environmental agency in 2006. Initial soil clean-up actions took place in 2006 and groundwater assessment was completed during 2009. The remediation work plan for this site has been approved and completed and the site is in the final stages of project closure;
- as a result of a minor groundwater contamination discovered at a former Technicolor site in North Carolina (USA), an exhaustive environmental site assessment and corrective action plan was completed in 2005. The corrective action plan was approved by the appropriate environmental agency in September 2006, and remediation activities at the site were completed in 2007. Monitoring of the declining groundwater contamination is on-going;
- during site redevelopment at a closed Hollywood film lab with a prior history of contaminated groundwater, soils underneath the buildings were assessed and contaminated soils removed where possible and disposed of properly. Additionally, installations of sub-surface soil vapor extraction systems and passive soil-vapor barriers were completed prior to replacement of the concrete flooring. These works were reviewed and approved by the governing agency prior to implementation and construction activities were completed during 2013. Soil vapor extraction processes and site groundwater monitoring continued during 2020.

The Group believes that their environmental accounting provisions and the contractual guarantees provided by its contracts for the acquisition of certain production assets will enable it to reasonably cover its safety, health and environmental obligations. However, potential problems cannot be predicted with certainty and it cannot be assumed that these reserve amounts will be sufficient. In addition, future developments such as changes in governments or in safety, health and environmental laws or the discovery of new risks could result in increased costs and liabilities that could have a material effect on the Group's financial condition or results of operations. Based on current information and the provisions established for the uncertainties described above, the Group does not believe it is exposed to any material adverse effects on its business, financial condition or results of operations arising from its environmental, health and safety obligations and related risks.

In addition, Technicolor has initiated a number of environmental projects at various locations to ensure that they are in compliance with applicable laws and regulations and Technicolor standards, or to reduce or prevent unwanted emissions. Potential pollution not directly related to chemicals or waste, such as noise pollution or noise restrictions, are assessed at the site level and mitigating measures are taken where appropriate.

BIODIVERSITY

All 49 locations confirm annually whether or not they operate in an area that provides an environmentally sensitive habitat to one or more species of plant or animal. During 2020, no sites reported any impact on sensitive habitats.

Many Creative Services sites are embracing environmental initiatives that foster biodiversity and friendlier working atmospheres, greening outdoor terraces with plants (New York The Mill, Montreal Mikros Image) or farming beds (Adelaide Mr. X), or welcoming bee-hives (Montreal Mikros Image, Chicago The Mill). The Montreal Mikros Image donates money to plant trees in Northern Quebec primary forests, to compensate for air travel.

NOISE

Potential pollution not directly related to chemicals or waste, such as noise pollution or noise restrictions, are assessed at the site level and mitigating measures are taken where appropriate. For many locations, any requirements for periodic noise measurement at property boundaries are sufficient to prove compliance. However, any stakeholder or neighboring community concerns will receive additional attention and generally result in operational or technical solutions such as limited delivery hours, improved smoothness of on-site roadways to avoid noise from bouncing trucks, re-design of rotating fans to reduce blade tip speed, additional noise-reduction devices on reciprocating equipment, or limited hours of operation for other specialized equipment.

LAND USE

Technicolor does not use, alter, mine, quarry, or process soil or minerals as part of its activities. Leased or owned property is used solely as real estate on which the Group locates its facilities (manufacturing and production sites, offices and warehouses).

ACTIONS TAKEN TO REDUCE FOOD WASTE

This subject is non-material in view of our activities.

5.5.5 Data collection method and rationale

GRI *[102-4]*

This report contains data from 49 locations. Given the diversity of the Group's operations, environmental impacts vary by location, thus not every location is required to report on each of the established metrics.

The Corporate EH&S Organization has identified key information that is tracked and reported. This information includes utility consumption, waste generation, recycling and disposal, air emissions and water effluent from the identified locations. To ensure the timely and consistent reporting of information from Technicolor's worldwide locations, the Group has developed its own electronic reporting system. This system serves as a vital tool for identifying and acting upon trends at the reporting site, business unit, regional and global levels. The reporting locations provide required data through the electronic system on a monthly and annual basis, depending upon the information provided.

Data is organized and consolidated globally and is communicated to the Vice-President, Corporate EH&S and others as appropriate.

The collection period runs from January 1, 2020 to December 31, 2020.

Data Verification: Data reporting requirements, and data collection and consolidation systems are developed by the Corporate EH&S organization communicated to individual locations. Each location is responsible for developing internal systems for the collection of required data and reporting that data to the Corporate EH&S group. Corporate EH&S reviews the submitted data for accuracy and works directly with the locations to clarify and when necessary, resolve inconsistencies. In addition, the location's data are reviewed during scheduled Corporate EH&S audits.

Scope of Data Collection: the following sites provided data for this report:

			2018		2019		2020	
Site	Segment (ref 2020)	Location	Industrial profile	Non-industrial profile	Industrial profile	Non-industrial profile	Industrial profile	Non-industrial profile
Adelaide Mr. X (ex Mill Film)	Production Services	Australia				X		X
Avon	DVD Services	France		X		X		X
Bangalore	Production Services	India		X		X		X
Beijing	Connected Home	China		X		X		X
Berlin	Production Services	Germany						X
Boulogne[(1)]	Production Services	France		X		X		
Burbank	Production Services	California, USA		X		X		X
Camarillo	DVD Services	California, USA		X		X		X
Camarillo MFL	DVD Services	California, USA	X		X		X	
Chennai	Connected Home	India		X		X		X
Chicago The Mill	Production Services	Illinois, USA		X		X		X
Culver City MPC	Production Services	California, USA		X		X		X
Edegem	Connected Home	Belgium		X		X		X
Guadalajara	DVD Services	Mexico	X		X		X	
Guadalajara FSSC	Corporate & Other	Mexico		X		X		X
Hollywood	Production Services	California, USA		X		X		X
Huntsville	DVD Services	Alabama, USA	X		X		X	
Issy[(1)]	Corporate & Other	France		X				
LaVergne	DVD Services	Tennessee, USA	X		X		X	
Lawrenceville	Connected Home	Georgia, USA		X		X		X
London MPC	Production Services	UK		X		X		X

Site	Segment (ref 2020)	Location	2018 Industrial profile	2018 Non-industrial profile	2019 Industrial profile	2019 Non-industrial profile	2020 Industrial profile	2020 Non-industrial profile
London Post	Production Services	UK		X		X		X
London The Mill	Production Services	UK		X		X		X
Los Altos(1)	Corporate & Other	California, USA		X				
Los Angeles The Mill	Production Services	California, USA		X		X		X
Manaus	Connected Home	Brazil	X		X		X	
Melbourne	DVD Services	Australia	X		X		X	
Memphis	DVD Services	Tennessee, USA	X		X		X	
Mexicali	DVD Services	Mexico	X		X		X	
Montreal Mr. X	Production Services	Canada		X		X		X
Montreal Mikros Image	Production Services	Canada		X		X		X
Montreal Mr. X (ex Mill Film)	Production Services	Canada				X		X
Montreal MPC	Production Services	Canada		X		X		X
Montreal Post(1)	Production Services	Canada		X				
Mumbai	Production Services	India		X		X		X
New York MPC	Production Services	New York, USA		X		X		X
New York The Mill	Production Services	New York, USA		X		X		X
Olyphant(1)	DVD Services	Pennsylvania, USA	X					
Paramount	Production Services	California, USA		X		X		X
Paris Renard	Corporate & Other	France				X		X
Paris Hauteville	Production Services	France				X		X
Piaseczno	DVD Services	Poland	X		X		X	
Princeton(1)	Corporate & Other	New Jersey, USA		X				
Rennes – Cesson	Connected Home	France		X		X		X
Rugby	DVD Services	UK	X		X		X	
Seoul	Connected Home	South Korea		X		X		X
Shanghai MPC	Production Services	China		X		X		X
Sydney	DVD Services	Australia	X		X		X	
Tokyo	Connected Home	Japan		X		X		X
Toronto DVD Services	DVD Services	Canada	X		X		X	
Toronto Mr. X	Production Services	Canada		X		X		X
Toronto Post	Production Services	Canada		X		X		X
Tultitlan	DVD Services	Mexico	X		X		X	
Vancouver MPC(1)	Production Services	Canada		X		X		
Vancouver Post	Production Services	Canada		X		X		X
Warsaw	Corporate & Other	Poland		X		X		X

(1) These sites have been moved or closed or sold.

All sites report information about work injury and illness, water, and power.
Industrial profiles also report extensive waste data monthly, and wastewater/effluent and raw materials annually.
Non-Industrial profiles also report summary waste data annually.

5.6 SAFETY OF CUSTOMERS AND PROTECTION OF CONTENT

5.6.1 Product compliance and ban of hazardous materials

GRI *[102-12] [102-13] [103-1 Procurement Practices] [103-2 Procurement Practices] [103-3 Procurement Practices] [103-1 Materials] [103-2 Materials] [103-3 Materials] [103-1 Environmental Compliance] [103-2 Environmental Compliance] [103-3 Environmental Compliance] [103-1 Supplier Environmental Assessment] [103-2 Supplier Environmental Assessment] [103-3 Supplier Environmental Assessment] [103-1 Public policy] [103-2 Public policy] [103-3 Public policy] [103-1 Customer health and safety] [103-2 Customer health and safety] [103-3 Customer health and safety] [308-1] [308-2] [416-1] [417-1]*

Manufacturers of electronic products face growing sustainability requirements and increasing regulations concerning eco-design and energy efficiency. The variety and proliferation of environmental regulations as well as norms, standards, frameworks, and customer standards influenced both by stakeholders and in-process regulations, has reinforced the need for better environmental management. Resource efficiency requirements are now set to become a reality for many products manufacturers supplying the EU market. The Group has put into place the necessary processes and initiatives to comply with law restricting the use of hazardous substances, such as, but not limited to, the European Restriction of Hazardous Substances (RoHS) directive and the Restriction, Evaluation and Authorization of Chemical substances (REACH) regulation.

KEY PRODUCT ENVIRONMENTAL AND SAFETY REQUIREMENTS COMPLIANCE

Technicolor operates in a worldwide market and thus has to deal with a wide variety of national and regional initiatives governing the environmental performance and risk management associated with its products.

In particular, energy consumption, which is the main significant environmental impact for our products remains a key priority across the industry and regions.

In Europe, therefore, Technicolor continues to support voluntary EU industry initiatives such as the Industry Voluntary Agreement (VA) for Complex Set-Top Box, and the Code of Conduct (CoC) for Broadband equipment.

Technicolor has actively contributed to creation or revision of eco-design regulations impacting the design and development of Technicolor gateways and set-top box by providing inputs to the EU commission, *via* its membership of the Digital Europe organization of leading Digital Technology European companies. Especially with regard to eco-design requirements on the new regulation for no-load condition electric power consumption and average efficiency of External Power Supply 2019/1782 and regulation 801/2013/EU on standby and network standby. The scope of Technicolor contributions and monitoring are extended on non-energy related topics such as Reusability/Recyclability/Recoverability (RRR). Each eco-design regulation contains provisions for its future evaluation and possible revision, taking into account the experience gained with their implementation and technological progress.

In the Americas, in Australia, in Asia, in Africa, and in the same manner, Technicolor monitors and follows environmental regulations and standards. In the United States for example, Technicolor follows the Department of Energy proposed amendment on external power supplies and rulemaking initiatives on efficiency standards for Set-Top Box and Network Equipment. Currently, Technicolor is signatory of the *U.S. Voluntary Agreement for the Ongoing Improvement to the Energy Efficiency of Small Network Equipment*, and the *U.S. Voluntary Agreement for the Ongoing Improvement to the Energy Efficiency of Set Top Box Equipment*. In Canada, Technicolor is signatory of the *Canadian Pay-TV Set-Top Box Energy Efficiency Voluntary Agreement* (STB CEEVA), and the *Canadian Energy-Efficiency Voluntary Agreement for Small Network Equipment* (CEEVA SNE). In Australia, Technicolor is an Associate Member of the *Subscription Television Industry Voluntary Code* for improving the energy efficiency of conditional access Set-Top Box.

Compliance methods and actions are in place with regard to the RoHS (Restriction on Hazardous Substances), and WEEE (Waste Electrical and Electronic Equipment) European directives, and the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) European regulation, or similar legislation in regions other than EU Member States, dealing with the Restriction on the use of Hazardous Substances within products and systems, and preparing for better end-of-life handling of Electrical and Electronic Equipment Waste. In 2021, in the context of the Waste Framework Directive, the European Chemicals Agency (ECHA) will establish the Substance of Concern in Products (SCIP) database, and companies that supply articles containing Substances of Very High Concern (SVHCs) will have to submit notification on these articles to the new EU SCIP database. In 2020, Technicolor Connected Home studied and developed a new program and processes to successfully support supply chain data communications required for compliance with the new EU REACH SCIP database (including but not limited to suppliers' awareness and training, instructions and data collection templates).

In 2010, the United States was one of the first countries to take the initiative to bring about legislation to combat the conflict minerals trade. Since 2014, companies in scope of U.S. Law were first required to check and report on the use of conflict minerals in their products. From 2021, the new Conflict Minerals Regulations (EU) 2017/821 creates supply chain due diligence obligations, which will begin to take effect for EU-based importers of 3T ores and concentrates, as well as gold above defined thresholds. As a RBA member, our approach is to rely on the Responsible Business Alliance (RBA), formerly Electronics Industry Citizenship Coalition, and Global e-Sustainability Initiative (GeSI) Conflict Minerals Due Diligence reporting template and dashboard as a standard questionnaire for conducting inquiries into our supplier database. The Responsible Minerals Initiative (RMI), formerly Conflict-Free Sourcing Initiative (CFSI), a combined initiative of RBA and GeSI, defined a common industry approach to support the due diligence information requirements. They developed a reporting template for downstream suppliers called the Conflict Mineral Reporting

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Template (CMRT), and the Responsible Minerals Assurance Process (RMAP), formerly the Conflict-Free Smelter Program (CFSP), that enable companies to work with their supply chains through a common interface: the CMRT is the standard for Conflict Minerals reporting between customers and suppliers. The RMAP is the industry standard for audited smelter conflict-free status. RMI calls on more smelters and refiners to join the efforts to become conflict-free by undergoing the RMI's independent third-party conflict minerals audit. We extended supplier's Conflict Mineral surveys to the European market during 2015 through 2019. As such, Technicolor is exercising a due diligence approach by asking its suppliers to conduct investigations in their own supply chain, so as to determine the origin of any conflict minerals (tin, tantalum, tungsten and gold) provided to Technicolor. Note that based on current knowledge and suppliers surveyed in 2020, 100% of the smelters identified in the Connected Home supply chain are classified under the RMI. Some are still engaged in the RMAP. The majority of smelters are located in South East Asia and China. In 2019, Technicolor started to conduct supplier surveys and due diligence on cobalt sourcing. In 2020, Technicolor initiated Mica Sourcing supplier surveys, to establish whether Mica is included in products and parts provided to Technicolor. This mineral mainly originates from India, in challenged regions where there is a risk of unsafe working conditions and child labor.

Technicolor takes actions to comply with "California Proposition 65", officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986. The proposition protects the state's drinking water sources from being contaminated with chemicals known to cause cancer, birth defects or reproductive harm, and requires businesses to inform Californians about exposures to such chemicals. Per OEHHA guideline (California's Office of Environmental Health Hazard Assessment), businesses are required to provide warnings if their products can expose consumers or workers to a listed chemical in excess of the identified threshold "safe harbor" level.

Regarding consumer product health and safety, Technicolor ensures that all products sold comply with all consumer safety regulations applicable in each country where the product is marketed. Additionally, in some emerging markets where safety regulations may not yet be robust, Technicolor applies its knowledge of appropriate product safety regulations and ensures that emerging market products comply with a higher product safety standard.

5.6.2 Content security, cyber risks and respect of Intellectual Property

GRI *[103-1 Customer privacy] [103-2 Customer privacy] [103-3 Customer privacy]*

As major stakeholder of the content creation and distribution industry, Technicolor is eager to carefully respect and protect Intellectual Property of its own assets and of its customers and suppliers assets.

The Group policies and practices cover protection of invention, of physical media content, of physical and online content distribution, and of content creation within our premises and using our network.

Respective risks description and risks management are presented in section 3.1.1 "Global market and industry risks":

- cyber and physical content security for the Production Services Division (post-production, visual effects, animation and games);
- products development and cybersecurity for the Connected Home segment;
- physical security for the DVD Services Division.

Technicolor information technologies security procedures, as well as security processes of people and assets, are presented in section 3.2.5.

As a major actor involved in all steps of the delivery of Media & Entertainment content to the end user, Technicolor has anticipated the new threats in cybersecurity, and implemented an internal program to address them. Organized at the corporate level around an Information Security Management System (ISMS), this program is now further implemented in the three Business Units (Production Services, Connected Home, DVD Services) focusing on their specific risks.

Prevention of growing cybersecurity issues is critical for Technicolor. Hence, Technicolor has decided to achieve certification of its services against the ISO 27001:2013 standard. Technicolor was awarded its first ISO 27001:2013 certificate on December 12, 2019. Technicolor's certified scope targets its operational service to Connected Home customers, starting with its key management systems. The cryptographic keys are the fundamental bricks of cybersecurity. In Technicolor Connected Home products, they protect the confidentiality of the video content, the integrity of the devices, the authenticity of the firmware. Due to the Covid-19 context, the certification scope has been kept the same for the 2020 surveillance audit. This scope will progressively extend beyond this initial service to certify other operational services that are key to our customers' security.

An internal team of certified hackers assesses the security of Technicolor products, sites and systems. A responsible disclosure process is also implemented together with a public form to report vulnerabilities on Technicolor products and systems. Relations are established with skilled cybersecurity partners, and the CERT-CC to coordinate response to cybersecurity incidents.

Besides the traditional objective of Content & IP protection, the Connected Home products have a key role to play in Privacy protection, and defense against massive scale cyberattacks. Physically positioned at the border between the private sphere of the end-user, and the Internet operators' networks, the Technicolor Customer Premise Equipment (CPE) need to achieve best-in-class protection to contribute to global security and privacy efforts, and to provide security added value to our customers.

As a French company with headquarters in Paris, the Group has also nominated a global Data Protection Officer (DPO) to the French Data Protection Authority (CNIL). Technicolor Data Control Organization (DCO) is in place worldwide, to support compliance to Technicolor Privacy Policy and the General Data Protection Regulation (GDPR). The DCO supports the DPO and works in close relation with Legal and Security teams. Even if Technicolor activity does not directly collect sensitive personal information of private customers, a privacy-by-design approach is used for Technicolor products and systems, and the DCO is involved when a Data Protection Impact Analysis seems relevant.

5.7 FAIRNESS OF BUSINESS PRACTICES

GRI *[102-17] [103-1 Anti-corruption] [103-2 Anti-corruption] [103-3 Anti-corruption] [103-1 Anti-competitive behavior] [103-2 Anti-competitive behavior] [103-3 Anti-competitive behavior] [103-1 Public policy] [103-2 Public policy] [103-3 Public policy] [103-1 Socioeconomic compliance] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance]*

5.7.1 Competition rules and anti-bribery

GRI *[205-1] [205-2]*

Following regulatory evolutions, especially the Sapin II Law adopted on December 9, 2016, the Group has strengthened its Ethics and Compliance program so as to be in compliance with the new regulatory requirements and business practices.

The anti-bribery program now includes the following:

- Technicolor top management has shown its engagement (i) by issuing several communications to all employees explaining that a zero-tolerance policy against bribery is part of Technicolor's core values and (ii) by requiring regular updates on the anti-bribery program at the Audit Committee of the Company's Board of Directors and at the Board itself;
- Code of Ethics & Anti-Bribery Policy: This Code and Policy were updated in 2018. The Anti-Bribery Policy provides practical examples showing employees how to do the right thing when faced with a dilemma. The Travel and Customer Entertainment policy has also been updated to harmonize processes across businesses;
- Whistleblowing system: A Whistleblowing system is available and enables all Technicolor employees and partners to report anything that they suspect to be unethical, illegal or unsafe, through a dedicated website or by phone;
- risk mapping: Our risk mapping has been reviewed in 2020 to identify new risks specific to business conduct and to re-assess all of them;
- third-party assessments: The Group's suppliers are required to respect the Anti-bribery Policy, and the Third-Party policy covering our relationship and engagement with agents, consultants, advisors, among others, has been reviewed and communicated to sales and legal teams, in specific training. The sales agent template contract has been updated to streamline it and to take into account new anti-bribery requirements;
- training: Specific training courses on anti-bribery are developed and delivered within the Group to the staff categories with the highest level of exposure. Targeted E-learning training as well as on-site training for specific employee categories such as sales, legal, finance or human resource employees have been put in place;
- accounting control procedures: The internal control and risk management procedures relating to the preparation and processing of financial and accounting information form an integral part of the Group's anti-bribery measures;
- internal control and audit procedures: Internal and external audits are performed on a regular basis, notably covering anti-bribery matters.

Compliance with competition rules and with more general business ethics rules, are at the core of our Code of Ethics. Our overall approach regarding these two aspects are presented in section 3.2.2: "General control environment".

5.7.2 Tax management

The Group operates in many countries around the world. We take a zero-tolerance approach to Tax Evasion or facilitation of Tax Evasion under the law of any city, state or country in which we operate or do business. Our strategy is to pay the fair and right amount of tax in all jurisdictions in which we operate, as dictated by local requirements. We pay at the corporate level all applicable taxes such as income taxes, property and local taxes, green tax, stamp duties, employment and other taxes. We also collect and pay employee income taxes, and indirect taxes such as import duties and VAT. The taxes we pay and collect form a significant part of our economic contribution to the countries in which we operate.

Our tax strategy accords with the following principles:

TAX PLANNING

We engage in efficient tax planning that supports our business activities and reflects commercial and economic substance. We adhere to relevant tax laws and disclosure requirements in every jurisdiction in which we operate and seek to minimize the risk of uncertainty or disputes.

Acquisitions, as well as the Group's reorganizations and simplifications, are driven by commercial factors as opposed to tax savings.

We conduct transactions between the Group's companies on an arm's-length basis and in accordance with current OECD guidelines.

Technicolor will take into account the underlying policy objectives of relevant tax laws and will comply with current practices. Where tax incentives and exemptions are implemented to encourage investment, employment and economic development, we aim to apply these in the manner intended to minimize the tax cost of conducting our business. We do not use artificial arrangements to generate a tax advantage.

The Group does not have an overall target effective tax rate.

TAX RISK

Our tax policies aim to ensure that we identify tax risks and take actions to address them. Tax risk is considered as part of our management process and is overseen by the Company's Board of Directors. To prevent any tax risk, a worldwide tax guideline is sent annually to all the Group's finance team to prevent, identify and mitigate the occurrence of risks.

The Group has a dedicated tax team with the necessary experience and skill set, which works with the Group's businesses to provide the required tax advice and guidance.

Our controls and governance ensure that tax risks that could affect our business plans, shareholder value and reputation are identified and addressed by the Finance and Tax Departments.

Tax returns are prepared by the Group's internal departments or delegated to external advisors (including elements of tax compliance). In addition, where uncertainty regarding the tax treatment in a particular situation cannot be resolved internally, we refer the matter to external tax or legal advisors. Where it is still not possible to obtain certainty regarding the tax treatment, we aim to resolve the matter by discussion with the local tax authorities. Risks of this type may arise due to the complexity of legislation and because scenarios sometimes arise in practice that were not envisaged when legislation was drafted.

Where agreement cannot be reached through discussion, we would consider seeking formal tax authorities' opinion and potentially litigation to resolve the uncertainty, depending on the materiality involved.

GOVERNANCE

The Group head of tax is responsible for our approach to tax, and major changes to tax policies are approved by the Company's Board of Directors and Audit Committee.

The local tax manager has responsibility for local tax and ensures that adequate controls are in place so that the correct amount of taxes are identified and paid.

Tax controls are subject to annual review by the Internal Audit Department.

In addition, Technicolor has a Financial Ethics Charter which senior employees are asked to sign each year, when they are involved in preparing and reporting Technicolor's financial results.

5.8 CSR PERFORMANCE ASSESSMENT

GRI *[102-54] [103-3 Economic performance] [103-3 Market presence] [103-3 Indirect economic impacts] [103-3 Procurement practices] [103-3 Anti-corruption] [103-3 Anti-competitive behavior] [103-3 Materials] [103-3 Energy] [103-3 Water and effluents] [103-3 Emissions] [103-3 Effluents and waste] [103-3 Environmental compliance] [103-3 Supplier environmental assessment] [103-3 Employment] [103-3 Labor/Management relations] [103-3 Occupational health and safety] [103-3 Training and education] [103-3 Diversity and equal opportunity] [103-3 Non-discrimination] [103-3 Freedom of association and collective bargaining] [103-3 Child labor] [103-3 Forced or compulsory labor] [103-3 Human Rights assessment] [103-3 Local communities] [103-3 Supplier social assessment] [103-3 Public policy] [103-3 Customer health and safety] [103-3 Marketing and Labeling] [103-3 Customer privacy] [103-3 Socioeconomic compliance]*

Over recent years, Technicolor has been assessed by ISS ESG (formerly Oekom Research), EcoVadis, Vigeo Eiris, Gaïa-Ethifinance, and is a member of the Responsible Business Alliance (RBA), which also performs audits on portions of Technicolor's Supply Chain. Since 2015, the Group Sustainability report has been prepared in accordance with the GRI Standards: Comprehensive option.

Rating or assessment body	Rating in 2018	Rating in 2019/20	Comment
ISS ESG	C+ – Prime	Not assessed in 2020	Technicolor achieved a "Prime" status for its first year of assessment
EcoVadis	68/100 – Gold	70/100 – Gold	Third year of "Gold" rating (February 2020)
Vigeo Eiris (Moody's)	68/100	Not assessed in 2020	Rated "Top performer"
Gaïa – Ethifinance	82/100	91/100	Number 1 out of 390 companies
RBA (Responsible Business Alliance)	Member in full compliance	Member in full compliance	Since 2017

5.9 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD-PARTY, ON THE CONSOLIDATED NON FINANCIAL STATEMENT

GRI [102-56]

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31, 2020

To the Shareholders,

In our capacity as Statutory Auditor of Technicolor SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available upon request from its headquarters.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information)*.

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business entities included in the scope of the consolidation, and the description of the principal risks associated;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second item of Article L. 22-10-26 regarding the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important(1), our work was carried out on the consolidating entity;
- we verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and sincerity of the Information;
- we carried out, for the key performance indicators and other quantitative outcomes(2) that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities(3) and covered over 30% of the consolidated workforce, as well as between 20 and 78% of consolidated environmental data for the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) Covid-19 pandemic, consequences and mitigation measures for the management of social, societal and environmental impacts; Diversity & Inclusion policies; Mitigation measures adopted in the face of climate change; Responsible supply chain policy.
(2) Total workforce at the end of the year (31 December); split by gender; hires, departures and terminations; number of seasonal interim workers in FTE, number of limited contracts and intermittents in FTE; number of accidents on the workplace, number of lost days from accidents in the workplace, severity rate over 200 000 hours; total waste generated; process waste water; water consumption; energy consumption; GHG emissions related to energy consumption.
(3) Group entities located in: Bangalore (India – HR indicators), Montréal (Canada – HR indicators), Guadalajara (Mexico – environmental indicators), Piaseczno (Poland – environmental indicators, Health & Safety indicators).

Means and resources

Our work engaged the skills of five people between December 2020 and March 2021.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted close to a dozen interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Paris-La Défense, March 24, 2021

One of the Statutory Auditors,

Deloitte & Associés

Bertrand Boisselier
Partner, Audit

Éric Dugelay
Partner, Sustainability Services

5.10 VIGILANCE PLAN

GRI *[102-11] [102-15] [102-44] [102-46] [102-47] [103-2 Economic performance] [103-2 Market presence] [103-2 Indirect economic impacts] [103-2 Procurement practices] [103-2 Anti-corruption] [103-2 Anti-competitive behavior] [103-2 Materials] [103-2 Energy] [103-2 Water and effluents] [103-2 Emissions] [103-2 Effluents and waste] [103-2 Environmental compliance] [103-2 Supplier environmental assessment] [103-2 Employment] [103-2 Labor/Management relations] [103-2 Occupational health and safety] [103-2 Training and education] [103-2 Diversity and equal opportunity] [103-2 Non-discrimination] [103-2 Freedom of association and collective bargaining] [103-2 Child labor] [103-2 Forced or compulsory labor] [103-2 Human Rights assessment] [103-2 Local communities] [103-2 Supplier social assessment] [103-2 Public policy] [103-2 Customer health and safety] [103-2 Marketing and Labeling] [103-2 Customer privacy] [103-2 Socioeconomic compliance]*

Pursuant to Article L. 225-102-4 of the French Commercial Code, this section presents the Vigilance Plan set up to implement reasonable measures of vigilance that are designed to identify risks and to prevent serious breaches of human rights and fundamental liberties and to ensure health and safety of persons and protection of the environment arising from:

- the activities of the Group and its controlled subsidiaries;
- the activities of subcontractors or suppliers with which an established commercial relationship is maintained.

The presentation and report are done according to this subdivision of scope:

Scope: Activities of the Group and its controlled subsidiaries	Scope: Activities of subcontractors or suppliers
1 Risk mapping	
Through the analysis of materiality of risks set in 2018 by the Ethics Compliance Committee, the Group identified six macro risks translating into 22 CSR issues (see section 5.1). It included the Internal Audit, HR, Legal, CSR, IT Security Departments and the business divisions. CSR inquiries received from and focus points expressed by external stakeholders to the Group were also integrated.	The methodology to assess risks is the EcoVadis Rating Framework, using country risk and industry risk (See section 5.3.1).
2 Procedures for regular assessment of the situation, with regard to risk mapping	
• Internal controls and management of risks (see sections 3.1 and 3.2). • Internal Audits and other periodic monitoring (EH&S) (see section 5.5 and 5.2.5).	• Assessment of suppliers by an external third party EcoVadis. It covers all direct suppliers with purchasing exceeding €1 million of spending per year. It represents 91.2% of spending of the Group. About 80.9% of spending are already assessed. • Physical on-site Internal Audits of critical suppliers for higher risk country and industry. • RBA (Responsible Business Alliance) audits.
3 Appropriate actions to mitigate risks or prevent serious harm	
• Policies are described in Chapter 5 with regard to CSR issues.	• Agreement with Group's Supplier Responsibility Program as part of terms and conditions of contract. • Implementation of corrective/remediation measures in case of violation/breaches of critical principles discovered during on-site audits. Certain violations generate immediate breach of contract (see section 5.3.1).
4 Warning and collection process of alerts relating to the existence or the materialization of risks	
• Global whistleblowing procedure (phone, email, website) in place since more than 10 years for breach of the Group's Code of Ethics and Code business ethics. It covers harassment, discrimination and human rights topics and any breach of compliance of fraud (see section 3.2.2). • In several countries/sites, additional local procedures to collect and investigate about harassment/discrimination complaints are in place and include protection of the complainer.	• Internal physical on-site audits with finding reports available to business division and sourcing (see section 5.3.1). • Global whistleblowing procedure access progressively extended to Supplier's employees in countries of presence. • NGO and CSR agencies reports and inquiries.

Scope: Activities of the Group and its controlled subsidiaries	Scope: Activities of subcontractors or suppliers
5 Monitoring the measures implemented and evaluating their effectiveness	
• Internal control procedures (see sections 3.1 and 3.2). • EHS audits and other periodic monitoring (see section 5.5 and section 5.2.5).	• Verification of effective implementation of corrective actions requested to suppliers. • Evolution of nature and volume of violations of Ethics conditions by suppliers. • Monitoring the evolution of EcoVadis rating of suppliers.

6

FINANCIAL STATEMENTS

2020 REVENUES

Production Services

513 million euros

Connected Home

1,764 million euros

DVD Services

706 million euros

6.1 TECHNICOLOR 2020 CONSOLIDATED FINANCIAL STATEMENTS

GRI [201-1]

6.1.1 Consolidated statement of operations

(in million euros)	Note	Year ended December 31, 2020	2019
CONTINUING OPERATIONS			
Revenues		3,006	3,800
Cost of sales		(2,725)	(3,375)
Gross margin		**281**	**425**
Selling and administrative expenses	(3.3)	(284)	(323)
Research and development expenses	(3.3)	(94)	(114)
Restructuring costs	(10.1)	(100)	(31)
Net impairment gains (losses) on non-current operating assets	(4.5)	(75)	(63)
Other income (expense)	(3.3)	8	(15)
Earning before Interest & Tax (EBIT) from continuing operations		**(264)**	**(121)**
Interest income		4	1
Interest expense		(82)	(70)
Net gain on financial restructuring		158	-
Other financial income (expense)		(3)	(15)
Net financial income (expense)	**(8.5)**	**77**	**(84)**
Share of gain (loss) from associates		-	(1)
Income tax	(6)	(5)	(3)
Profit (loss) from continuing operations		**(193)**	**(208)**
DISCONTINUED OPERATIONS			
Net gain (loss) from discontinued operations	(12)	(15)	(22)
Net income (loss)		**(207)**	**(230)**
Attributable to:			
• *equity holders*		*(207)*	*(230)*
• *non-controlling interest*		-	-

The accompanying notes on pages 207 to 270 are an integral part of these consolidated financial statements.

(in euros, except number of shares)	*Note*	Year ended December 31, 2020	2019
EARNINGS PER SHARE			
Weighted average number of shares outstanding (basic net of treasury shares held)	(7.3)	73,681,647	15,320,744
Earnings (losses) per share from continuing operations			
• basic		(2.61)	(13.60)
• diluted		(2.61)	(13.60)
Earnings (losses) per share from discontinued operations			
• basic		(0.20)	(1.41)
• diluted		(0.20)	(1.41)
Total earnings (losses) per share			
• basic		(2.81)	(15.01)
• diluted		(2.81)	(15.01)

The accompanying notes on pages 207 to 270 are an integral part of these consolidated financial statements.

6.1.2 Consolidated statement of comprehensive income

(in million euros)	*Note*	Year ended, December 31, 2020	December 31, 2019
Net income (loss) for the year		**(207)**	**(230)**
Items that will not be reclassified to profit and loss			
Remeasurement of the defined benefit obligations	(9.2)	(14)	(44)
Tax relating to these items		-	(1)
Items that may be reclassified subsequently to profit or loss			
Fair value gains/(losses), gross of tax on cash flow hedges:			
• reclassification adjustments when the hedged forecast transactions affect profit or loss	(8.5)	(4)	3
Tax relating to these items		-	1
Currency translation adjustments			
• currency translation adjustments of the year		(112)	23
• reclassification adjustments on disposal or liquidation of a foreign operation		(5)	10
Tax relating to these items		(3)	-
Total other comprehensive income		**(138)**	**(8)**
TOTAL OTHER COMPREHENSIVE INCOME OF THE PERIOD		**(345)**	**(238)**
Attributable to:			
• *equity holders of the parents*		*(345)*	*(238)*
• *non-controlling interest*		-	-

The accompanying notes on pages 207 to 270 are an integral part of these consolidated financial statements.

6.1.3 Consolidated statement of financial position

(in million euros)	*Note*	December 31, 2020	December 31, 2019
ASSETS			
Goodwill	(4.1)	716	851
Intangible assets	(4.2)	535	632
Property, plant and equipment	(4.3)	140	191
Right-of-use assets	(4.4)	148	285
Other operating non-current assets	(5.1)	27	32
Total operating non-current assets		**1,566**	**1,991**
Non-consolidated investments	(8.1)	14	17
Other non-current financial assets	(8.1)	47	22
Total financial non-current assets		**61**	**39**
Investments in associates and joint ventures	(2.4)	1	1
Deferred tax assets	(6.2)	45	52
Total non-current assets		**1,674**	**2,082**
Inventories	(5.1)	195	243
Trade accounts and notes receivable	(5.1)	425	507
Contract assets		63	79
Other operating current assets	(5.1)	224	184
Total operating current assets		**907**	**1,013**
Income tax receivable		14	36
Other financial current assets	(8.1)	17	13
Cash and cash equivalents	(8.1)	330	65
Assets classified as held for sale	(12)	76	-
Total current assets		**1,344**	**1,127**
TOTAL ASSETS		**3,018**	**3,210**

The accompanying notes on pages 207 to 270 are an integral part of these consolidated financial statements.

(in million euros)	*Note*	December 31, 2020	December 31, 2019
EQUITY AND LIABILITIES			
Common stock (235,795,483 shares at December 31, 2020 with nominal value of €0.01 per share)	(7.1)	2	414
Treasury shares	(7.2)	-	-
Subordinated Perpetual Notes		500	500
Additional paid-in capital & reserves		126	(540)
Cumulative translation adjustment		(456)	(339)
Shareholders equity attributable to owners of the parent		**173**	**36**
Non-controlling interests		-	-
TOTAL EQUITY		**173**	**36**
Retirement benefits obligations	(9.2)	325	342
Provisions	(10.1)	33	30
Contract liabilities		2	3
Other operating non-current liabilities	(5.1)	21	25
Total operating non-current liabilities		**381**	**400**
Borrowings	(8.3)	948	979
Lease liabilities	(8.3)	122	224
Other non-current liabilities	(8.1)	-	1
Deferred tax liabilities	(6.2)	15	27
Total non-current liabilities		**1,466**	**1,631**
Retirement benefits obligations	(9.2)	30	33
Provisions	(10.1)	90	70
Trade accounts and notes payable		710	825
Accrued employee expenses		142	134
Contract liabilities		41	40
Other current operating liabilities	(5.1)	215	302
Total operating current liabilities		**1,228**	**1,404**
Borrowings	(8.3)	16	8
Lease liabilities	(8.3)	56	87
Income tax payable		21	41
Other current financial liabilities	(8.1)	2	2
Liabilities classified as held for sale	(12)	56	-
Total current liabilities		**1,379**	**1,542**
TOTAL LIABILITIES		**2,845**	**3,173**
TOTAL EQUITY & LIABILITIES		**3,018**	**3,210**

The accompanying notes on pages 207 to 270 are an integral part of these consolidated financial statements.

6.1.4 Consolidated statement of cash flows

(in million euros)	*Note*	December 31, 2020	2019
Net income (loss)		**(207)**	**(230)**
Income (loss) from discontinuing activities		**(15)**	**(22)**
Profit (loss) from continuing activities		**(193)**	**(208)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations			
Depreciation and amortization		263	322
Impairment of assets		88	63
Net changes in provisions		16	(48)
Gain (loss) on asset disposals		(14)	17
Interest (income) and expense	(8.5)	78	69
Net gain on financial restructuring		(158)	-
Other items (including tax)		(2)	-
Changes in working capital and other assets and liabilities		(101)	(69)
Cash generated from continuing activities		**(22)**	**146**
Interest paid on lease debt		(19)	(21)
Interest paid		(32)	(44)
Interest received		3	1
Income tax paid		(12)	(12)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)		**(81)**	**70**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(11.1)	(3)	(3)
Proceeds from sale of investments, net of cash	(11.1)	7	1
Purchases of property, plant and equipment (PPE)		(33)	(70)
Proceeds from sale of PPE and intangible assets		-	-
Purchases of intangible assets including capitalization of development costs		(75)	(99)
Cash collateral and security deposits granted to third parties		(35)	(6)
Cash collateral and security deposits reimbursed by third parties		1	5
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)		**(138)**	**(171)**
Disposal of treasury shares	(11.2)	-	1
Increase of Capital	(11.2)	60	-
Proceeds from borrowings	(11.2)	760	1
Repayments of lease debt	(11.2)	(85)	(91)
Repayments of borrowings	(11.2)	(158)	(5)
Fees paid in relation to financing operations	(11.2)	(60)	(1)
Other		5	4
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)		**522**	**(91)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	(12.1)	(23)	(33)
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR		**65**	**291**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)		**280**	**(226)**
Exchange gains/(losses) on cash and cash equivalents		(16)	-
Cash and cash equivalents at the end of the year		**330**	**65**

The accompanying notes on pages 206 to 270 are an integral part of these consolidated financial statements.

6.1.5 Consolidated statement of changes in equity

(in million euros)	Share Capital	Treasury shares	Additional paid-in capital	Perpetual Notes	Other reserves	Retained earnings	Cumulative translation	Equity attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance as of December 31, 2018	**414**	**(158)**	**-**	**500**	**(75)**	**(38)**	**(372)**	**271**	**1**	**272**
Net income (loss)	-	-	-	-	-	(230)	-	(230)	-	(230)
Other comprehensive income	-	-	-	-	(41)	-	33	(8)	-	(8)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(41)**	**(230)**	**33**	**(238)**	**-**	**(238)**
Capital increases	-	-	-	-	-	-	-	-	-	-
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Variation of treasury shares	-	158	-	-	-	(157)	-	1	-	1
Dividend paid	-	-	-	-	-	-	-	-	-	-
Shared-based payment to employees[(1)]	-	-	-	-	2	-	-	2	-	2
Tax impact on equity	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2019	**414**	**-**	**-**	**500**	**(114)**	**(426)**	**(339)**	**36**	**-**	**36**
Net income (loss)	-	-	-	-	-	(207)	-	(207)	-	(207)
Other comprehensive income	-	-	-	-	(21)	-	(117)	(138)	-	(138)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(21)**	**(207)**	**(117)**	**(345)**	**-**	**(345)**
Reclassification of capital decrease to the special reserve following March 23, 2020 General Meeting	(414)	-	-	-	414	-	-	-	-	-
Capital increases: Subscription of 20,039,121 shares at €2.98 net of fees following September 22, 2020 General Meeting	2	-	45	-	-	-	-	47	-	47
Debt equitization at fair value	-	-	598	-	(202)	-	-	397	-	397
Issuance of warrants	-	-	-	-	38	-	-	38	-	38
Transfer of 10% of share premium to legal reserve following September 22, 2020 General Meeting	-	-	-	-	-	-	-	-	-	-
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Variation of treasury shares	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Shared-based payment to employees	-	-	-	-	-	-	-	-	-	-
Transfer of lapsed awards from other reserves to retained earnings	-	-	-	-	(54)	54	-	-	-	-
Tax impact on equity	-	-	-	-	-	-	-	-	-	-
BALANCE AS OF DECEMBER 31, 2020	**2**	**-**	**643**	**500**	**61**	**(579)**	**(456)**	**173**	**-**	**173**

(1) Fair value of Share Based Compensation plans.

The accompanying notes on pages 207 to 270 are an integral part of these consolidated financial statements.

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6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GRI *[103-1 Economic performance] [103-2 Economic performance] [103-3 Economic performance] [201-1]*

NOTE 1 General information

Technicolor is a leader in Media & Entertainment Services, developing, creating and delivering immersive augmented digital life experiences. Please refer to note 3.1 for details on Group's operating segments.

In these consolidated financial statements, the terms "Technicolor group", "the Group" and "Technicolor" mean Technicolor SA together with its consolidated subsidiaries. Technicolor SA or the "Company" refers to the Technicolor group parent company.

1.1 Main events of the year

GRI *[102-10] [103-1 Economic performance] [103-2 Economic performance] [103-3 Economic performance] [201-4]*

1.1.1 ACCELERATED SAFEGUARD PLAN AND FINANCIAL RESTRUCTURING OF THE GROUP

For the record, on February 13, 2020, Technicolor presented its new 3-year Strategic Plan 2020-2022 and informed the market of its intention to strengthen its balance sheet through a €300 million rights issue with preferential subscription rights, which was authorized together with the decrease of capital and the reverse share split (1 new share for 27 former shares) by the Extraordinary General Meeting of the Company's shareholders on March 23, 2020, which were completed in May 2020. The Group has executed a bridge loan in March 2020 for a nominal amount of $110 million to finance its operations until the expected rights issue (the "Bridge Loan").

Since then, the Group was impacted by the Covid-19 pandemic and the accompanying sanitary measures to prevent it, causing an under-performance by the Group which increased the short-term liquidity needs of the Group, while the uncertainty in global market conditions, made it difficult to launch the initially contemplated rights issue within the planned timeline. These Covid-19 impacts are explained in note 1.1.2.

Taking into account this new situation, the Company launched a process aimed at raising a new money facility to replace the rights issue in order to finance the Group's operations and to repay the $110 million bridge loan due on July 31, 2020. After first contacts both with third parties and with existing creditors, the Company considered that entering into conciliation proceedings would (i) facilitate, secure and set the framework of such discussions, and (ii) allow the consideration of a wider debt restructuring of the Group.

Under these conditions, on May 26, 2020, the Company informed the market of its intention to enter into discussions with its creditors under the aegis of a court-appointed conciliator, and to require the prior agreement of the relevant majority of creditors, so that this would not be considered as a default under the existing credit documentation.

These agreements were all obtained on June 1, 2020 and on June 2, 2020, SELARL FHB, represented by Hélène Bourbouloux and Gaël Couturier, was appointed by the Court *(Tribunal de Commerce de Paris)* as conciliator of the Company, with the mission to assist in:

1. pursuing discussions with some of its creditors to obtain a financing covering immediate needs of the Company;
2. discussions with all of its creditors on restructuring the Group's financial debt; and
3. the study of all means to end its difficulties.

Following this conciliation process, the Company prepared terms and conditions for its financial restructuring. While the time constraints did not allow for a unanimous agreement within the conciliation procedure, there was sufficient support to move forward towards an accelerated Financial Safeguard Plan (the "Safeguard Plan").

The Court therefore launched this procedure by its judgement of June 22, 2020, for a period of one month, designating the SELARL FHB as administrators, and set the court hearing date for the review of the Safeguard Plan on July 21, 2020. The Company ensured this procedure was recognized in the United States of America and its assets protected from creditors through Chapter 15 proceedings, also on June 22, 2020.

On the same day, the Group reached an agreement in principle with some of its main creditors on the main terms and conditions of the debt restructuring plan.

The Safeguard Plan project which formalized this agreement was approved by the *comité des établissements de credit et assimilés* (Banque de France) on July 5, 2020, while the parties committed themselves through various legal agreements, to support and undertake any action necessary for the finalization of the debt restructuring of the Company. The main restructuring operations in the Safeguard Plan and the new financing, all now fully executed, are the following:

1. New Money for an amount of c. €420 million (net of fees and commissions) to cover the needs of the Strategic Plan 2020-2022 (after Covid-19 impacts), working capital needs and complete repayment of the Bridge Loan due on July 31, 2020

A first part of this New Money was paid by the end of July before the formal adoption of the Safeguard Plan by the Court, as follows:

- $110 million (net of fees and commissions[1]) made available to Technicolor USA, Inc. as a New York State law term loan facility in order to repay in full in cash the $110 million Bridge Loan:
  - to be fully repaid in June 2024,
  - interest:
    - cash interest: LIBOR (0% floor) + 6% per year payable semi-annually,
    - PIK interest: 6% per year capitalized semi-annually;
- €140 million (net of fees and commissions[2]) made available to Tech 6 (a direct subsidiary of the Company incorporated in France) by way of a New York State law notes issue:
  - to be fully repaid in June 2024,
  - interest:
    - cash interest: EURIBOR (0% floor) + 6% per year payable semi-annually,
    - PIK interest: 6% per year capitalized annually;
- New Money was secured by *fiducies-sûretés* (equivalent of a trust under French law) in respect of the shares of sub-holding companies, holding virtually all (after some corporate reorganization) of the members of the Group (the *Fiducies*), it being specified that the implementation of the *Fiducie* for the remaining New Money (see below) was submitted to a consultative vote of the EGM, in accordance with the AMF recommendation n° 2015-05 on transfer of assets. The New Money was also be secured by certain other security interests, including by security over the assets that secured the Bridge Loan (for the U.S. New Money only), the existing term loans (the “Term Loan Debt”) and the existing revolving credit facility (“RCF”).

The remaining New Money (€181 million net of fees and commissions) was made available at the beginning of September by way of a second New York State law notes issue. Additional security was provided to the lenders, including the *fiducie-sûreté* in respect of the shares of Gallo 8 (a direct subsidiary of the Company) which was approved by the GM held on July 20, 2020.

As a counterpart for this financing, the lenders received call options with a strike price equal to the nominal value of the shares, in proportion to their financing, exercisable during three months and representing 7.5% of the Company’s capital after the capital increases (but before dilution from the shareholders’ call options). In order to limit the dilution of existing shareholders from these call options, the Safeguard plan included the issuance of free shareholder call options, with a 4-year term, at the same price as the reserved capital increase (€3.58 per share) and representing 5% of the capital after all capital issuances.

2. Restructuring of the existing indebtedness of the Group, as follows

- restatement of 46.5% of the existing Term Loan Debt and RCF debt as new term loans (the “Reinstated Term Loans”) for a nominal amount of *c.* €574 million, with a maturity on December 31, 2024 together with the pledging of some Group assets; financial conditions on the Reinstated Term Loans are as follows:
  - Euro Tranche (€454 million): EURIBOR (0% floor) + 3% per year cash interest + 3% per year PIK Interest,
  - U.S.$ Tranche (*c.* €121 million): LIBOR (0% floor) + 2.75% per year cash interest + 3% per year PIK Interest;
- a rights issue of the Company, with shareholders’ preferential subscription rights, for a total amount of €330 million, at a subscription price of €2.98 per share, fully backstopped by the Term Loan Debt and RCF lenders by way of set-off of their claims at par under the existing credit facilities; Bpifrance Participations subscribed to the rights issue in cash *pro rata* its then current shareholding (*c.* 7.6%) on a non-reductible basis *(souscription à titre irréductible)* for an aggregate amount up to €25 million; cash proceeds of the rights issue were used in full to repay the Term Loan Debt and RCF lenders, at par value;
- a reserved capital increase of the Company, for a total amount of €330 million, at a subscription price of €3.58 per share, reserved for the Term Loan Debt and RCF lenders and which was fully subscribed by way of set-off against their claims at par under the existing credit facilities ;

(1) *Original Issue Discount of 5% plus underwriting fees of 3.5% plus 1.5% commitment fees on undrawn amounts.*
(2) *OID of 5% plus underwriting fees of 3.5% plus 1.5% commitment fees on undrawn amounts.*

- $125 million asset-based loan made available to Technicolor USA Inc. on November 6, 2017 and certain other U.S. members of the Group was amended, in particular to extend the final maturity date of the loan to December 2023, and to allow the implementation of all of the transactions contemplated herein in order to achieve the restructuring.

All conditions precedent to the effective Financial Safeguard Plan being removed, most notably the approval by the EGM on July 20, 2020, and by the Commercial Court of Paris on July 28, 2020, the final steps of the Safeguard Plan, that is the implementation of the Reinstated Term Loans and the repayment and equitization of the non reinstated debt facilities, were successfully completed in September 2020. The non reinstated Term Loan Debt and RCF debt were repaid in cash for an amount of €59,716,580.58 and equitized for an amount of €600,283,419.22.

Additionally, on September 11, 2020, the U.S. Bankruptcy Court presiding over Technicolor's Chapter 15 proceedings ordered the closing of such proceedings. This marked the final step of the Company's proceedings in the United States of America.

Following the completion of the these operations, the shareholding structure of the Company was greatly modified; details of the issuance of shares and major shareholders as of December 31, 2020 are presented in note 7.

Effects of these events on the financial statements at December 31, 2020

The Group considered the New Money debt, the conversion of part of the existing debt to equity, and the restructuring of the remaining debt after conversion to be a single complex transaction with multiple elements.

This transaction resulted in:

- derecognition of the previous debt;
- receipt of the proceeds, net of fees, from the New Money;
- recognition of new financial debt (New Money and Reinstated Term Loans);
- issuance of equity instruments to lenders (shares and New Money warrants).

The new instruments are recognized at fair value on the date of the various transactions, with the amounts being different from the nominal amounts or the amounts net of fees presented in the description of the safeguard plan. As the various transactions which permitted the implementation of the New Money debt should be analyzed as a whole, the initial fair value of the New Money and the associated warrants was not presumed to be equal to the cash received but measured according to available market data.

The difference between the derecognized debt and the new resources obtained was recognized in financial income ("Proceeds from financial restructuring"), in accordance with the IFRS applicable to financial restructuring operations (IFRS 9 – Financial Instruments, IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments). The breakdown of the net income before tax is as follows:

(in million euros)

Proceeds from the New Money	416
Debt derecognized	1,218
New Money warrants at fair value	(38)
Capital increase subscribed in cash(1)	(60)
Capital increase subscribed by set-off of existing debt(1)	(399)
New Money debt (fair value)(2)	(478)
New Reinstated Term Loans (fair value)(3)	(466)
RESULT OF THE OPERATION	**193**
Fees booked in Profit & Loss	(35)
NET RESULT (DAY 1)	**158**

(1) Capital increase for a nominal value of €660 million.
(2) Nominal value of the New Money debt of €453 million.
(3) Nominal value of Reinstated Term Loans of €574 million.

Amounts in U.S. dollars are converted into euros at the exchange rate on the date of each transaction (1.16 for the New Money and 1.17 for the Reinstated Term Loans)

The fair value measures used, based on market data available at the time of the transactions, are as follows:

- share value used for the valuation of equity instruments (shares and New Money warrants): €2.18 (price on the date of delivery of these instruments, September 22, 2020);
- value of the New Money debt (ask price on date of receipt of funds – July 23 and September 2): 105.5% of the Nominal;
- value of Reinstated Term Loans (ask price on the effective date of new loans, September 22): 81.25% of the Nominal.

The effective interest rate of the New Money and the Reinstated Term Loans is presented in note 8.3.1. The effective interest rate is the rate used to discount the future repayment flows without consideration of the initial gains and losses.

The fees attributable to the operation, *i.e.* €56 million, were recognized in equity (€15 million), financial income (€35 million) or as a reduction of the New Money debt (€6 million) depending on their nature.

A reconciliation between nominal debt and debt as reflected under IFRS is available in note 8.3.1.

The following table presents synthetically for each new or renegotiated debt the security package and whether it is submitted to financial covenants. The security package is further described in note 8.3.2.

Debt	Borrower	Security	Financial Covenants
U.S. New Money	Technicolor USA Inc.	1st or 2nd ranking pledge on U.S. assets, Gallo 8 *fiducie*, pledge on certain Technicolor SA assets, Technicolor SA guarantee	Yes
French New Money	Tech 6	Gallo 8 *fiducie*, Tech 7 *fiducie*, pledge on certain Technicolor SA assets, Technicolor SA guarantee	Yes
Reinstated Term Loans	Technicolor SA	2nd ranking position on (i) Gallo 8 *fiducie* and (ii) pledges on certain Technicolor SA assets	No
Wells Fargo Credit Line	Technicolor USA Inc.	1st or 2nd ranking pledge on U.S. assets	Yes

1.1.2 COVID-19 PANDEMIC

The Covid-19 pandemic and the related sanitary measures to face it have had a significant impact on all Technicolor activities. The following note summarizes the estimated main financial impacts, in line with the observations given by the French Accounting Authority *(Autorité des normes comptables)*.

These observations recommend to either use a targeted approach focusing on main impacts, incremental impacts and observable ones, or a global approach, in order to isolate a full P&L and BS impact of Covid-19. The Group adopted a targeted approach on each of its main segments. For some indicators the impact described will be mostly qualitative.

Operating costs linked to idle or inefficient work, and unabsorbed fixed costs of sales remained in operating costs ("costs of sales", "research and development costs", "selling and administrative costs"). Furlough costs remained in operating costs. Lay-off costs remained in operating when the activity decreases seemed limited to the lock-down period and were included in the restructuring line when the lay-offs came as a consequence of resizing the activity to a planned post-Covid market.

Governmental help is booked in accordance with IAS 20 and is therefore classified mainly in operating result, as are rebates negotiated with vendors.

Production Services

- starting from March 2020, Production Services Film and Episodic VFX has been significantly impacted as all live-action film shoots were suspended and theaters closed. As a result, new projects were put on hold during the second and third quarter 2020. Following the major U.S. studios' reaching an agreement in September with all the key Hollywood unions, production activity began to accelerate during the fourth quarter 2020. Furthermore, a number of countries like Canada, France and the UK have launched pandemic-related support programs including wage subsidies and production insurance/indemnity schemes that provide pandemic-related coverage;
- advertising activity weakened starting from the second quarter 2020 due to the global macro-economic situation, causing advertisers to delay campaigns and reduce marketing budgets. However, activity was less impacted than Film and Episodic VFX activity as brands were keen to maintain a bond with their customers;
- animation and Games activity, with the ability to efficiently continue production from home, had a strong topline performance, achieving growth *versus* 2019;
- post-Production was also significantly impacted by the live-action production stoppages.

Production Services organized itself to be able to deliver on existing contracts and take new ones with as much as possible of its workforce working remotely. Main impediments came from the strict lockdown in India and progressive ramp-up of work from home capacity. This resulted in idle labor costs and related fixed costs, as many Technicolor artists were either not able to work or had no work during the second quarter 2020. On the other hand, the Group benefited from government support for furloughed employees in Australia, Canada, France and the UK; the Group may also be eligible to further relief from U.S. authorities but cannot determine the amounts as of December 31, 2020.

Connected Home

The Covid-19 impacts on the Connected Home supply chain were related to the disruption of the manufacturing, also provoking shortages of components and disruption in logistics in China and then in south-east Asia in the first quarter of the year. The Covid-19 impact was later limited for its Asian-based manufacturing and supply chain but was still impacting capacity in Latin America for manufacturing and back-end operations.

The lockdown measures have exposed consumers to the need of quality broadband service and WIFI quality in the home for remote working and digital entertainment. This situation has been making the demand for broadband gateways very resilient during this period. U.S. market has shown an increase of demand and a very low churn, and due to its market position the Group has been experiencing a significant increase of demand.

Latin-American countries are suffering, in addition to the consequences of Covid-19, a significant currency crisis due to the drastic oil price decline. This has affected the plans of all companies in the region, including the service providers who adjusted their demand accordingly.

Connected Home is operational due to the early adoption of a remote work model that successfully moved half of all employees off site to ensure key engineering facilities remain safe and open.

DVD Services

- theatrical new release activity was very limited in 2020 from March onwards due to the Covid-19 outbreak, with many key title release dates getting pushed out into 2021, which in most cases results in the home entertainment release being delayed as well, directly impacting DVD Services revenue;
- impact of the stay-at-home orders varied by region (*i.e.* by country, state, and city) and in timing/duration. The level of retailer shutdowns varied by country/region, but where retailers were open, catalog sales were relatively robust. On-line sales were strong after a brief slowdown in demand as e-tailers temporarily adjusted their supply chain for increased activity for essentials. Most major retailers have re-opened, but the level of sales activity remains below normal. Without new release content, some retailers are increasing allocation of shelf space for DVD catalog/library content, which helped support higher than expected DVD replication volumes in 2020;
- some production facilities experienced temporary staffing shortages, but the overall impact to operations was low.

The specific timing and extent of the reopening of movie theaters will impact the level of new release activity on disc. DVD Services have accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts. Despite these efforts and the planned profitability of the division, a further impairment was booked as a result of revised assumptions in the impairment test performed in June 2020, resulting in a €66 million loss. At December 31, 2020, there is no evidence of a further impairment.

1.2 Accounting policies

GRI *[102-48] [102-49]*

1.2.1 BASIS FOR PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2020 and adopted by the European Union as of March 11, 2021.

The standards approved by the European Union are available on the following web site:
https://ec.europa.eu/info/publications/eu-accounting-rules_en

Technicolor financial statements are presented in euro and has been rounded to the nearest million. This may in certain circumstances lead to non-material differences so that the sum of the figures equals the sub-totals that appear in the tables.

The consolidated financial statements were approved by the Board of Directors of Technicolor SA on March 11, 2021. According to French law, the consolidated financial statements will be considered as definitive when approved by the Company's shareholders at the Ordinary Shareholders' Meeting, which should take place in May 12, 2021.

The accounting policies applied by the Group are consistent with those followed last year except for standards, amendments and interpretations which have been applied for the first time in 2019 (see note 1.2.2.1. hereunder).

1.2.2 IFRS TRANSITION & NEW STANDARD

1.2.2.1 Main standards, amendments and interpretations effective and applied as of January 1, 2020

New standard and interpretation	Main provisions
Amendment to IFRS 3 – "Definition of a business"	These amendments seek to clarify the distinction between a company and a group of assets under IFRS 3 application. The amended definition emphasizes that the purpose of a business is to provide goods and services to customers while the previous one refers to the economic benefits for investors and third parties. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.
Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform	The amendments to IFRS 9 and IAS 39 – Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any material interest rate hedge relationships beyond the interest reform rate date.
Amendments to IAS 1 & IAS 8 – Definition of "material"	**Former definition:** "Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements". **New definition:** "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".
Amendments to references to Conceptual Framework in IFRS Standards	Following the revision of the Conceptual Framework published in March 2018, the IASB had revised several standards to refer to this new framework. These amendments had no impact on the consolidated financial statements of the Group.

1.2.2.2 Main standards, amendments and interpretations not adopted early by Technicolor or not effective yet

New standards and interpretation	Effective Date	Main provisions
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	June 1, 2020	Amends IFRS 16 to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. The changes: **(1)** provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification; **(2)** require lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications; **(3)** require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The practical expedient applies to Covid-19-related rent concessions that result in reduction in lease payments due on or before June 30, 2021.
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022	The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2023	The amendments aim to: **(1)** specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. If a liability otherwise meets the criteria for classification as non-current, it is classified as non-current regardless of whether management intends or expects to settle the liability within 12 months or settles the liability between the end of the reporting period and the date the financial statements are authorised for issue;

New standards and interpretation	Effective Date	Main provisions
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2023	(2) clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period; (3) introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
Amendment to IFRS 3 – Reference to conceptual framework	January 1, 2022	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
Annual Improvements 2018-2020 Cycle	Not adopted by EU	Including: • **IFRS 9 – Financial Instruments: Fees in the "10 per cent" test for derecognition of financial liabilities**. The amendment clarifies which fees an entity includes when it applies the "10 per cent" test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf; • **IFRS 16 – Leases - Lease incentives**. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

1.2.3 BASIS OF MEASUREMENT & ESTIMATES

The financial information has been prepared using the historical cost convention with some exceptions regarding various assets and liabilities, for which specific provisions recommended by the IFRS have been applied:

- non-financial assets are initially recognized at acquisition costs or manufacturing costs including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Long-term assets are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses;
- financial assets & liabilities are initially recognized at fair value or at amortized cost (see note 8.1).

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period of the consolidated financial statements. These assumptions and estimates inherently contain some degree of uncertainty.

Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable and relevant. Actual results may differ from these estimates, while different assumptions or conditions may yield different results.

Management regularly reviews its valuations and estimates based on its past experience and various other factors considered reasonable and relevant for the determination of the fair estimates of the assets and liabilities' carrying value and of the revenues and expenses.

Technicolor's management believes the following to be the critical accounting policies and related judgments and estimates used in the preparation of its consolidated financial statements:

- impairment of goodwill and intangible assets with indefinite useful lives (see notes 4.1, 4.2);
- determination of expected useful lives of tangible and intangible assets (see notes 4.2 & 4.3);

- determination of the term of the rents for the estimation of the right of use and of recoverable amounts for individually impaired right-of-use asset (see note 4.4);
- presentation in other income (expense) (see note 3.3.3);
- analysis of financial restructuring impacts and fair value of new debts and equity (see notes 7 and 8);
- determination of inventories net realizable value (see note 5.1.2);
- deferred tax assets recognition (see note 6.2);
- assessment of actuarial assumptions used to determine provisions for employee post-employment benefits (see note 9.2);
- measurement of provisions and contingencies (see note 10);
- determination of royalties payables (see note 5.1.4).

1.2.4 TRANSLATION

Translation of foreign subsidiaries

For the financial statements of all the Group's entities for which the functional currency is different from that of the Group, the following methods are applied:

- the assets and liabilities are translated into euro at the rate effective at the end of the period;
- the revenues and costs are translated into euro at the average exchange rate of the period.

The translation adjustments arising are directly recorded in Other Comprehensive Income.

Translation of foreign currency transactions

Transactions in foreign currency are translated at the exchange rate effective at the trade date. Monetary assets and liabilities in foreign currency are translated at the rate of exchange prevailing at the consolidated statement of financial position date. The differences arising on the translation of foreign currency operations are recorded in the consolidated statement of operations as a foreign exchange gain and loss.

The non-monetary assets and liabilities are translated at the historical rate of exchange effective at the trade date.

The main exchange rates used for translation (one unit of euro converted to each foreign currency) are summarized in the following table:

	Closing rate		Average rate	
	2020	2019	2020	2019
U.S. Dollar (USD)	1.2271	1.1234	1.1452	1.1206
Pound sterling (GBP)	0.8990	0.8508	0.8864	0.8776
Canadian Dollar (CAD)	1.5633	1.4598	1.5320	1.4878

The average rate is determined by taking the average of the month-end closing rates for the year, unless such method results in a material distortion.

NOTE 2 Scope of consolidation

GRI *[102-45]*

2.1 Scope and consolidation method

SUBSIDIARIES

All the entities that are controlled by the Group (including special purpose entities) *i.e.* in which the Group has the power to govern the financial and operating policies in order to obtain benefits from the activities, are subsidiaries of the Group and are consolidated. Control is presumed to exist when the Group directly or indirectly owns more than half of the voting rights of an entity (the voting rights taken into account are the actual and potential voting rights which are immediately exercisable or convertible) and when no other shareholder holds a significant right allowing veto or the blocking of ordinary financial and operating decisions made by the Group. Consolidation is also applied to special purpose entities that met the criteria of IFRS 10, whatever their legal forms are, even where the Group holds no shares in their capital.

ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decisions of the investee without having either control or joint control over those policies. Investments in associates are accounted for under the equity method in accordance with IFRS 11. The goodwill arising on these entities is included in the carrying value of the investment.

JOINT VENTURES

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Investments in joint ventures are consolidated under the equity method in accordance with IFRS 11 since January 1, 2012.

For the years ended December 31, 2020 and 2019, Technicolor's consolidated financial statements include the accounts of all investments in subsidiaries, jointly controlled entities and associates. Their location is summarized below and main entities are listed in note 15.

Number of companies as of December 31, 2020	France	Europe (exc. France)	U.S.	Other	Total
Parent company and consolidated subsidiaries	17	33	19	29	98
Companies accounted for under the equity method	1	-	1	1	3
TOTAL	**18**	**33**	**20**	**30**	**101**

Number of companies as of December 31, 2019	France	Europe (exc. France)	U.S.	Other	Total
Parent company and consolidated subsidiaries	15	39	19	30	103
Companies accounted for under the equity method	1	-	1	3	5
TOTAL	**16**	**39**	**20**	**33**	**108**

2.2 Change in the scope of consolidation of 2020

GRI *[102-10] [102-49]*

There was no major change in the scope of consolidation in 2020. The set-up of the *fiducies-sûretés* does not impact the scope of consolidation; a description of the *fiducies-sûretés* including the control analysis is available in 8.3.2.

2.3 Change in the scope of consolidation 2019

GRI *[102-10] [102-49]*

RESEARCH AND INNOVATION ACTIVITY

On May 31, 2019, the Group concluded the sale to Interdigital of its Research & Innovation business.

Compensation received amounted to one euro; in addition to assets and liabilities transferred, the transaction ends the research agreement by which Interdigital benefited from R&I research. As a part of the transaction, Technicolor also renounces to part of the potential cash-flows from the earn-out clause of the Patent Licensing disposal. Finally, Technicolor commits to funding part of the research led by Interdigital until 2022. As patentable innovation ownership will be kept by Interdigital, this contract will be considered as negative compensation. Research and Innovation activity is presented in discontinued activities.

(in million euros)	
Total compensation	(21)
Net liabilities transferred	29
CAPITAL GAIN IN DISCONTINUED ACTIVITIES	**8**

No other significant acquisition or divestiture occurred during 2019.

2.4 Investments in associates & joint ventures

The Group has less than €1 million investments accounted for using the equity method or joint ventures (see main entities in note 15).

All investments are private companies; therefore, no quoted market prices are available for its shares. Neither associate nor joint venture is individually material to the Group.

The consolidated financial statements include transactions made by the Group with associates and joint ventures. These transactions are performed in normal market conditions.

Two minor joint ventures with Deluxe services Inc. have been sold during the period.

In 2019 and 2018, there is no significant transaction with the Group associates and joint ventures.

NOTE 3 Information on operations

3.1 Information by business segments

Technicolor has three continuing businesses and reportable operating segments under IFRS 8: Production Services, Connected Home and DVD Services.

The Group's Executive Committee makes its operating decisions and assesses performances based on three operating businesses. All remaining activities, including unallocated corporate functions, are grouped in a segment "Corporate & Other". Therefore, Technicolor activities are disclosed as follows:

PRODUCTION SERVICES

Technicolor provides high-end services to content creators, including Visual Effects/Animation and video Post Production Services.

CONNECTED HOME

Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment ("CPE") to Pay-TV operators and Network Service Providers ("NSPs"), including broadband modems and gateways, digital Set-Top Box, and Internet of Things ("IoT") connected devices.

DVD SERVICES

The DVD Services segment replicates, packages and distributes video, game and music CD, DVD and Blu-ray™ discs.

CORPORATE & OTHER

This segment includes:

- Trademark Licensing business, which monetizes valuable brands such RCA© and Thomson© which were operated by the Group when it was a leading stakeholder in the Consumer Electronics business;
- Patent Licences, which have not been sold to InterDigital and which monetizes valuable patents;
- Post-disposal service operations and commitments related to former consumer electronics operations, mainly pension and legal costs;

	Year ended December 31, 2020				
(in million euros)	**Production Services**	**Connected Home**	**DVD Services**	**Corporate & Other**	**Total**
Statement of operations items					
Revenues	513	1,764	706	23	3,006
Intersegment sales	-	-	-	-	-
Earning before Interest & Tax (EBIT) from continuing operations	**(103)**	**(21)**	**(111)**	**(29)**	**(264)**
Of which:					
Amortization of purchase accounting items	(8)	(24)	(8)	-	(40)
Net impairment losses on non-current operating assets	(3)	(2)	(70)	-	(75)
Restructuring costs	(27)	(31)	(33)	(9)	(100)
Other income (expenses)	14	(6)	2	(2)	8
Adjusted EBITA	**(78)**	**41**	**-**	**(18)**	**(56)**
Of which:					
Depreciation & amortization (excl PPA items)	(94)	(70)	(52)	(4)	(220)
IT capacity use for rendering in Production Services	(2)				(2)
Other non-cash items[(1)]	-	1	(2)	-	(1)
Adjusted EBITDA	**18**	**110**	**54**	**(14)**	**167**
Statements of financial position items					
Segment assets	475	1,216	528	251	2,470
Unallocated assets					548
Total consolidated assets					**3,018**
Segment liabilities	209	780	230	390	1,609
Unallocated liabilities					1,236
Total consolidated liabilities					**2,845**
Other information					
Net capital expenditures	(33)	(62)	(12)	(1)	(108)
Capital employed	236	104	115	188	643

(1) Mainly variation of provisions for risks, litigations and warranties.

	Year ended December 31, 2019				
(in million euros)	Production Services	Connected Home	DVD Services	Corporate & Other	Total
Statement of operations items					
Revenues	893	1,983	882	43	3,800
Intersegment sales	-	-	-	-	-
Earning before Interest & Tax (EBIT) from continuing operations	**3**	**(24)**	**(94)**	**(6)**	**(121)**
Of which:					
Amortization of purchase accounting items	(8)	(36)	(10)	-	(54)
Net impairment losses on non-current operating assets	(2)	(1)	(60)	-	(63)
Restructuring costs	(12)	(10)	(7)	(2)	(31)
Other income (expenses)	(2)	(1)	(10)	(1)	(15)
Adjusted EBITA	**28**	**23**	**(6)**	**(2)**	**42**
Of which:					
Depreciation & amortization	(105)	(72)	(87)	(3)	(267)
IT capacity use for rendering in Production Services	(31)	-	-	-	(31)
Other non-cash items[1]	-	16	-	-	16
Adjusted EBITDA	**164**	**79**	**81**	**1**	**324**
Statements of financial position items					
Segment assets	685	1,327	710	277	2,999
Unallocated assets					211
Total consolidated assets					**3,210**
Segment liabilities	232	904	253	415	1,804
Unallocated liabilities					1,370
Total consolidated liabilities					**3,173**
Other information					
Net capital expenditures	(62)	(68)	(36)	(3)	(169)
Capital employed	411	43	187	212	853

(1) Mainly variation of provisions for risks, litigations and warranties.

The following comments are applicable to the two tables above:

- 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;
- the captions "Total segment assets" and "Total segment liabilities" include all operating assets and liabilities used by a segment;
- the caption "Unallocated assets" includes mainly financial assets, deferred and income tax assets, cash and cash equivalents and assets classified as held for sale;
- the caption "Unallocated liabilities" includes mainly the financial debt, deferred and income tax liabilities and liabilities classified as held for sale;
- the caption "Net capital expenditures" includes cash used related to tangible and intangible capital expenditures, net of cash received from tangible and intangible asset disposals;
- the caption "Capital employed" is defined as being the aggregate of both net tangible and intangible assets (excluding goodwill), operating working capital and other current assets and liabilities (except for provisions including those related to employee benefits, income tax, payables on acquisition of companies and payables to suppliers of PPE and intangible assets).

3.2 Revenue & geographical information

GRI *[102-07]*

Under IFRS 15 revenue is recognized to reflect the transfer of promised goods and services to customers for amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods and services.

When either the Group or the customer as party to a contract has performed, the contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the goods delivered or services rendered and the customer's payment. Any unconditional rights to consideration is presented separately as a receivable.

PRODUCTION SERVICES SEGMENT

Our Production Services Division provides a full set of award-wining services around Visual Effects ("VFX"), Animation and Games activities, as well Postproduction Services. The services are generally rendered over a short period except for VFX services and Animation where services may be provided over a longer period. Our contracts stipulate that we have a right to payment for performance completed to date in case of a termination by the customer, and no milestones are used for measuring the progress. Revenue is recognized upon the rendering of services.

CONNECTED HOME SEGMENT

Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment ("CPE") and develops software solutions. The contracts signed have no multiple performance obligations and there is no variable consideration over time. Software inside modems or digital Set-Top Box are specific to each customer and are not marketed separately. Revenue is then recognized over at goods delivery.

DVD SERVICES SEGMENT

Our DVD Services Division provides turnkey integrated supply-chain solutions including mastering, replication, packaging, direct-to-retail distribution through two separate contracts (a replication contract and a distribution contract). In case of variable price over the contract term, the revenue is already adjusted to anticipate the probable discount. In case of a contract advance paid to the customer, the consideration payable to the customer is already accounted for as a reduction of the transaction price and amortized based on the units of production.

Revenues is recognized upon the rendering of services.

In respect of IFRS 15 – Revenue from contracts with customers, continuing revenue per method of recognition, contract assets and liabilities are disaggregated in the following way:

(in million euros)	December 31, 2020	Production Services	Connected Home	DVD Services	Corporate & Other	December 31, 2019
Revenue recognized at delivery of goods or services	2,866	396	1,764	706	-	3,329
Revenue recognized over time(1)	117	117	-	-	-	429
Revenue from licenses(2)	23	-	-	-	23	43
REVENUE OF CONTINUING OPERATIONS	**3,006**	**513**	**1,764**	**706**	**23**	**3,800**

(1) Revenue recognized over time are related to certain VFX and animation production services provided over a long period.
(2) Trademark licensing and remaining patent licensing revenue are recognized based on volumes reported or cash received depending on information available.

Relating to performance obligations still to be satisfied, only VFX activities included in Productions Services business divisions are part of contracts that have an original expected duration of one year or more. For these services, the performance obligations still to be performed under contract in force at the end of the reporting period amount to €186 million as of December 31, 2020; it will be recognized mostly in 2021.

INFORMATION ON MAIN CLIENTS

As of December 31, 2020, one external customer represents 23% of the Group's consolidated revenues (€705 million), and one external customer represents more than 5% (€139 million).

As of December 31, 2019, one external customer represents 18% of the Group's consolidated revenues (€682 million), one external customer represents more than 10% (€391 million) and one external customer represents more than 5% (€185 million).

INFORMATION BY GEOGRAPHICAL AREA

(in million euros)	France	UK	Rest of Europe	U.S.	Rest of Americas	Asia-Pacific	Total
Revenues							
2020	524	128	133	1,558	488	175	3,006
2019	749	235	163	1,718	708	227	3,800
Segment assets							
2020	526	220	61	1,276	282	106	2,470
2019	619	265	68	1,581	332	134	2,999

Revenues are classified according to the location of the entity that invoices the customer.

3.3 Operating income & charges

GRI *[201-4]*

3.3.1 RESEARCH & DEVELOPMENT EXPENSES

(in million euros)	Year ended December 31, 2020	2019
Research and Development expenses, gross	(87)	(105)
Capitalized development projects	35	41
Amortization of capitalized projects	(44)	(53)
Subsidies[(1)]	2	3
RESEARCH AND DEVELOPMENT EXPENSES, NET	**(94)**	**(114)**

(1) Includes mainly research tax credit granted by the French State.

3.3.2 SELLING & ADMINISTRATIVE EXPENSES

(in million euros)	Year ended December 31, 2020	2019
Selling and marketing expenses	(92)	(111)
General and administrative expenses	(192)	(212)
SELLING AND ADMINISTRATIVE EXPENSES	**(284)**	**(323)**

3.3.3 OTHER INCOME (EXPENSES)

Other operating income (expense) is defined under Recommendation 2013-03 of the French CNC relating to the format of consolidated financial statements prepared under international accounting standards, and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to Technicolor's current activities. These mainly include gains and losses on disposals of fully consolidated companies, incurred or estimated costs related to major litigation, as well as items in connection with Revised IFRS 3 and Revised IAS 27 such as acquisition costs related to business combinations and changes in earn-outs related to business combinations.

(in million euros)	Year ended December 31, 2020	2019
Capital gains and losses	14	(17)
Litigations and others	(6)	2
OTHER INCOME (EXPENSE)	**8**	**(15)**

Capital gains for the period ended December 31, 2020, include mainly:

- a final and definitive earn-out payment of $9 million (€8 million) derived from the negotiated termination of its strategic partnership with Deluxe;
- €5 million of gain on disposal of Thailand subsidiary, mainly derived from reclassification of conversion reserves.

In 2019, the other expenses mainly include a loss on a small business disposal from the Connected Home Business.

NOTE 4 Goodwill, intangible & tangible assets

4.1 Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any previously owned non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Under option, for each business combination, any non-controlling interest in the acquiree is measured either at fair value (thus increasing the goodwill) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Once control is achieved, further acquisition of non-controlling interest or disposal of equity interest without losing control are accounted as equity transaction.

Goodwill is recognized in the currency of the acquired subsidiary/associate and measured at cost less accumulated impairment losses and translated into euros at the rate effective at the end of the period. Goodwill is not amortized but is tested annually for impairment.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss, except if contingent consideration is classified in equity.

The following table provides the allocation of the significant amounts of goodwill to each Goodwill Reporting Unit (GRU) based on the organization effective as of December 31, 2020 (refer to note 4.5 for detail on impairment tests).

(in million euros)	Production Services	Connected Home	DVD Services	Total
At December 31, 2018, net	**186**	**430**	**270**	**886**
Exchange difference	6	7	5	18
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	(53)	(53)
Other	-	-	-	-
At December 31, 2019, net	**192**	**437**	**222**	**851**
Exchange difference	(13)	(37)	(14)	(64)
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	(66)	(66)
Other(1)	(5)	-	-	(5)
AT DECEMBER 31, 2020, NET	**174**	**400**	**142**	**716**

(1) Reclassification to Assets held for sale for the goodwill allocated to the Post production disposal group.

4.2 Intangible assets

Intangible assets consist mainly of trademarks, rights for use of patents, capitalized development projects and acquired customer relationships.

Intangibles acquired through a business combination are recognized at fair value at the transaction date. For material amounts, Technicolor relies on independent appraisals to determine the fair value of intangible assets. Separately acquired intangible assets are recorded at purchase cost and internally generated intangibles are recognized at production cost.

Purchase cost comprises acquisition price plus all associated costs related to the acquisition and set-up. All other costs, including those related to the development of internally generated intangible assets such as brands, customer files, *etc.*, are recognized as expenses of the period when they are incurred.

Intangible assets considered to have a finite useful life are amortized over their estimated useful lives and their value written down in the case of any impairment loss. Depending on the nature and the use of the intangible assets, the amortization of these assets is included either in "Cost of sales", "Selling and administrative expenses", "Other income (expense)" or "Research and development expenses".

Intangible assets with indefinite useful lives are not amortized but are attached to GRU and tested for impairment annually (see note 4.5).

ACCOUNTING ESTIMATES AND JUDGMENTS

Regarding intangible assets with finite useful lives, significant estimates and assumptions are required to determine (i) the expected useful life of these assets for purpose of their depreciation and (ii) whether there is an impairment of their value requiring a write-down of their carrying amount. Estimates that are used to determine their expected useful lives are defined in the Group's accounting policy manual and consistently applied throughout the Group.

Regarding intangible assets with indefinite useful lives, significant estimates and assumptions are required to determine the recoverable amount of such assets. See note 4.5 for detail on the accounting policy related to impairment review on such assets.

(in million euros)	Trademarks	Patents & Customer Relationships	Other intangibles	Total Intangible Assets
At December 31, 2018, net	**257**	**302**	**146**	**705**
Cost	*264*	*710*	*455*	*1,429*
Accumulated depreciation	*(7)*	*(408)*	*(309)*	*(724)*
Exchange differences	5	5	2	12
Scope Changes	-	-	-	-
Additions	-	10	76	85
Disposal	-	-	-	-
Depreciation charge	-	(67)	(79)	(146)
Impairment loss	(1)	(3)	-	(3)
Other(1)	-	3	(23)	(20)
At December 31, 2019, net	**261**	**249**	**122**	**632**
Cost	*269*	*753*	*482*	*1,504*
Accumulated depreciation	*(8)*	*(504)*	*(360)*	*(872)*
Exchange differences	(18)	(17)	(10)	(45)
Acquisitions of business	-	-	-	-
Additions	-	-	69	69
Disposal	-	-	-	-
Depreciation charge	-	(44)	(69)	(113)
Impairment loss	(1)	-	(4)	(5)
Other	-	-	(3)	(3)
AT DECEMBER 31, 2020, NET	**242**	**188**	**105**	**535**
Cost	*250*	*698*	*496*	*1,444*
Accumulated depreciation	*(8)*	*(510)*	*(391)*	*(909)*

(1) Includes patents transferred to discontinued activities.

4.2.1 TRADEMARKS

Trademarks are considered as having an indefinite useful life and are not amortized, but are tested for impairment annually, on a stand-alone basis. The main reasons retained by the Group to consider a trademark as having an indefinite useful life were mainly its positioning in its market expressed in terms of volume of activity, international presence and notoriety, and its expected long-term profitability.

As of December 31, 2020, trademarks total €242 million and consist mainly of Technicolor® trademark for €184 million, RCA® trademark for €29 million and The Mill® tradename for €21 million.

The fair market value of Technicolor Trademark is based on a methodology developed in 2014 by Sorgem, a company specialized in valuation of trademarks. Such methodology defines for each business, through a matrix of key success factors of the business and intangible assets used, the contribution of the trademark to the discounted cash flow using an excess profit method.

Except if a trigger event is changing the business environment, the matrix of contribution as defined by Sorgem in 2014 is considered permanent and only the discounted cash flows are updated internally each year to check if the fair value of the Technicolor trademark is above its net book value.

A decrease of earnings before interest and tax of each business by 1 point would not lead to an impairment of the Technicolor trademark.

The recoverable value of RCA® trademark is estimated using the discounted cash flows method based on Budget and cash flow projections on a 5-year period with a post-tax discount rate of 8%. No reasonably expected change in assumptions would result in any impairment.

Other trademarks include:

- Thomson® in the Corporate & Other; and
- MPC®, Mr. X®, and Mikros Image® in the Production Services.

4.2.2 PATENTS, CUSTOMER RELATIONSHIPS & OTHER INTANGIBLE ASSETS

PATENTS AND PATENT LICENSES

Patents are amortized on a straight-line basis over the expected period of use. Patent licences amortization pattern is determined by the timing of future economic benefits, generally measured on the basis of volumes benefitting from these licenses. When the economic benefits are evenly or uncertainly spread over the period of use, the asset is amortized on a straight-line basis. In the case of decreasing volumes, the asset is amortized based on volumes sold, and the amortization rate reviewed at each closing.

CUSTOMER RELATIONSHIPS

Customer relationships that are acquired through business combinations are amortized over the expected useful life of such relationships, which range from 8 to 20 years, taking into account probable renewals of long-term customer contracts that last generally from 1 to 5 years. The initial valuation methodology is generally the excess profit method using the attributable discounted future cash flows expected to be generated. They are tested for impairment only if management identifies triggering events that may result in a loss of value of such assets.

OTHER INTANGIBLES

Other intangibles comprise mainly capitalized development projects, acquired or internally developed software and acquired technologies.

Research expenditures are expensed as incurred. Development costs are expensed as incurred, unless the project to which they relate meets the IAS 38 capitalization criteria. Recognized development projects correspond to projects whose objectives are to develop new processes or to improve significantly existing processes, considered as technically viable and expected to provide future economic benefits for the Group. Development projects are recorded at cost less accumulated depreciation and impairment losses, if any. The costs of the internally generated development projects include direct labor costs (including pension costs and medical retiree benefits), costs of materials, service fees necessary for the development projects and reduced of tax credits if any. They are amortized over a period ranging from one to five years starting from the beginning of the commercial production of the projects, based on units sold or based on units produced or using the straight-line method.

4.3 Property, plant & equipment

All Property, Plant and Equipment (PPE) are recognized at cost less any depreciation and impairment losses. They are amortized either using the straight-line method or, in case of expected decreasing volumes, using the production units method over the useful life of the asset which ranges from 20 to 40 years for buildings and from 1 to 12 years for materials and machinery. Each material component of a composite asset with different useful lives or different patterns of depreciation is accounted for separately for the purpose of depreciation and for accounting of subsequent expenditure.

ACCOUNTING ESTIMATES AND JUDGMENTS

Significant estimates and assumptions are required to determine (i) the expected useful lives of these assets for purposes of their depreciation and (ii) whether there is an impairment of their value requiring a write-down of their carrying amount. Estimates that are used to determine their expected useful lives are defined in the Group's accounting policy manual and consistently applied throughout the Group.

(in million euros)	Land	Buildings	Machinery & Equipment	Other Tangible Assets(1)	Total
At December 31, 2018, net	**3**	**19**	**89**	**122**	**233**
Cost	*3*	*62*	*1,110*	*387*	*1,562*
Accumulated depreciation	-	*(43)*	*(1,021)*	*(265)*	*(1,329)*
Exchange differences	-	-	1	3	4
Additions	-	-	2	65	67
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	(3)	(39)	(28)	(69)
Impairment loss	-	-	(2)	(2)	(4)
Other(2)	-	-	18	(58)	(40)
At December 31, 2019, net	**3**	**16**	**69**	**103**	**191**
Cost	*3*	*60*	*1,075*	*382*	*1,520*
Accumulated depreciation	-	*(44)*	*(1,006)*	*(279)*	*(1,329)*
Exchange differences	-	(1)	(4)	(6)	(11)
Additions	-	-	-	37	37
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	(2)	(32)	(29)	(63)
Impairment loss	-	-	(4)	(1)	(5)
Other(3)	-	(1)	20	(27)	(9)
AT DECEMBER 31, 2020, NET	**3**	**12**	**48**	**77**	**140**
Cost	*3*	*52*	*884*	*269*	*1,208*
Accumulated depreciation	-	*(40)*	*(836)*	*(192)*	*(1,068)*

(1) Includes assets in progress.
(2) In 2019, includes reclassification to Right-of-Use assets.
(3) Corresponds to the transfer of tangible assets in progress to Machinery and Equipment and to the transfer in assets held for sale.

4.4 Right-of-use assets

The Group has adopted IFRS 16 at the beginning of 2019. The standard provides a single lease accounting model, requiring the lessee to recognize assets and liabilities for all leases unless the term lease is 12 months or less or the underlying asset has low value. The initial value of the right-of-use asset is equal to the sum of the present value of the lease payments over the rent period and of directs costs incurred in entering or modifying the lease. The Group depreciates its right-of-use assets using the straight-line method, starting when the right-of-use asset is ready for use until the end of the lease.

The analysis of rent period, mainly for buildings, consider the non-cancellable contract period, cancellable contract period and extension options, when the Group is reasonably certain to exercise these extension options. The Group reassesses whether it is reasonably certain through appreciation of the following information:

- the depreciation period of the fittings;
- the rent evolution compared to market prices;
- the Visibility regarding business activity for each site.

(in million euros)	Real Estate	Others	Total Right-of-use assets
At December 31, 2018, net	-	-	-
IFRS 16 application	277	51	327
New contracts	9	23	32
Change in contract	19	-	19
Reclassification	-	-	-
Depreciation charge	(68)	(31)	(99)
Impairment loss	(3)	-	(3)
Other	7	2	9
At December 31, 2019, net	**241**	**44**	**285**
New contracts	4	6	10
Change in contract(1)	10	-	10
Reclassification(2)	(48)	-	(48)
Depreciation charge	(54)	(27)	(81)
Impairment loss(3)	(14)	-	(14)
Other	(10)	(4)	(14)
AT DECEMBER 31, 2020, NET	**129**	**19**	**148**

(1) *Remeasurement of the right-of-use following a lease modification.*
(2) *Includes net right-of-use transferred to held for sale.*
(3) *See note 4.5 "Impairment on non-current operating assets".*

At December 31, 2020 leased assets mainly comprise office premises and other real estate leases (87%) and IT equipment (13%).

Total cash outflows on leases (excluding annual lease costs on short-term leases and lo value assets leases) amounted to €76 million in the year ended December 31, 2020.

A maturity analysis of the lease liability is disclosed in note 8.2.3.

4.5 Impairment on non-current operating assets

Goodwill, intangible assets having an indefinite useful life and development projects not yet available for use are tested annually for impairment during the last quarter of the year and updated at the end of December and whenever circumstances indicate that they might be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash outflows that are largely independent of the cash flows of other assets or CGU. Goodwill arising from a business combination is allocated to CGUs or group of CGUs (Goodwill reporting units – GRUs) that are expected to benefit from the synergies.

The Group identified 3 GRUs corresponding to its 3 operating segments.

PPE and intangible assets having a definite useful life are tested for impairment at the consolidated statement of financial position date only if events or circumstances indicate that they might be impaired. The main evidence indicating that an asset may be impaired includes the existence of significant changes in the operational environment of the assets, a significant decline in the expected economic performance of the assets, or a significant decline in the revenues or margin *versus* prior year and budget or in the market share of the Group.

The impairment test consists of comparing the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of its fair value (less costs to sell) and its value in use.

The fair value (less costs to sell) corresponds to the amount that could be obtained from the sale of the asset (or the CGU/GRU), in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal. It can be determined using an observable market price for the asset (or the CGU/GRU) or using discounted cash flow projections, that include estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance but exclude any synergies with other CGU/GRU of the Group.

Value in use is the present value of the future cash flow expected to be derived from an asset or CGU/GRU.

For determining the recoverable value, the Group uses estimates of future pre-tax discounted cash flows generated by the asset including a terminal value when appropriate. These flows are consistent with the most recent budgets approved by the Board of Directors of the Group. Estimated cash flows are discounted using pre-tax long-term market rates, reflecting the time value of money and the specific risks of the assets.

For the purpose of the impairment test in 2019, lease expenses have been included in the estimates of future cash flows while right-of-use assets have been excluded from the asset tested.

An impairment loss corresponds to the difference between the carrying amount of the asset (or group of assets) and its recoverable amount and is recognized in “Net impairment losses on non-current operating assets” for continuing operations unless the impairment is part of restructuring plans, or related to discontinued operations in which case it is recognized in “Restructuring expenses”. In accordance with IAS 36, impairment of goodwill cannot be reversed.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Group reviews annually goodwill and other indefinite-lived intangible assets for impairment in accordance with the accounting policy.

Technicolor’s management believes its policies related to such annual impairment testing are critical accounting policies the recoverable involving critical accounting estimates because determining amount of GRU requires (i) determining the appropriate discount rate to be used to discount future expected cash flows of the cash-generating unit and (ii) estimating the value of the Operating Cash Flows including their terminal value, the growth rate of the revenues generated by the assets tested for impairment, the operating margin rates of underlying assets for related future periods and the royalty rates for trademarks.

In addition to the annual review for impairment, Technicolor evaluates at each reporting date certain indicators that would result, if applicable, in the calculation of an additional impairment test in accordance with the Group accounting policy.

Management believes the updated assumptions used concerning sales growth, terminal values and royalty rates are reasonable and in line with updated market data available for each GRU.

(in million euros)	Production Services	Connected Home	DVD Services	Discontinued operations	Total
2020					
Impairment loss on goodwill	-	-	(66)	-	(66)
Impairment losses on intangible assets	(3)	(1)	-	(1)	(5)
Impairment losses on tangible assets	(9)	(2)	(7)	(2)	(20)
Impairment losses on non-current operating assets	**(12)**	**(3)**	**(73)**	**(3)**	**(91)**
Impairment reversal on intangible assets	-	-	-	-	-
NET IMPAIRMENT LOSSES ON NON-CURRENT OPERATING ASSETS	**(12)**	**(3)**	**(73)**	**(3)**	**(91)**
2019					
Impairment loss on goodwill	-	-	(53)	-	(53)
Impairment losses on intangible assets	(1)	-	(3)	(1)	(4)
Impairment losses on tangible assets	-	-	(3)	-	(4)
Impairment losses on non-current operating assets	**(1)**	**-**	**(59)**	**(1)**	**(61)**
Impairment reversal on intangible assets	-	-	-	-	-
NET IMPAIRMENT LOSSES ON NON-CURRENT OPERATING ASSETS	**(1)**	**-**	**(59)**	**(1)**	**(61)**

The impairment tests performed in 2020 on the carrying value of the CGU related to DVD Services resulted in an impairment of €66 million of goodwill.

At December 31, 2020, the Group has recognized an impairment loss on the right-of-use-assets of €13 million. This impairment loss was booked in the restructuring cost line of the P&L. It reflects the Group's efforts to reduce its real estate footprint specially in its North American (USA and Canada) locations. The net book value of the right-of-use-assets impaired and actively marketed, an amount of €3 million, have been presented under assets held for sale in accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations.

As part of the determination on the recoverable value of assets for impairment, the main assumptions concern the sublease income scenarios which were determined considering current economic conditions and available market values.

4.5.1 MAIN ASSUMPTIONS AT DECEMBER 31, 2020

In order to perform the annual impairment test, the Group used the following assumptions to determine the recoverable amount of the main goodwill reporting units:

	Production Services	Connected Home	DVD Services
Basis used to determine the recoverable amount	Value in use	Fair Value	Fair Value
Description of key assumptions	Budget and Business Plans		
Period for projected future cash flows	5 years	5 years	*
Growth rate used to extrapolate cash flow projections beyond projection period:			
• as of December 31, 2020	2.0%	1.0%	*
• as of December 31, 2019	2.0%	0.0%	*
Post-tax discount rate applied:			
• as of December 31, 2020	11.1%	10.2%	10.2%
• as of December 31, 2019	8.0%	9.0%	8.0%

* *The main activities of the DVD Services Division have been considered to have a finite life. Accordingly, no terminal value has been applied for this activity.*

For the DVD Services GRU, in the absence of a binding sale agreement at closing date, of an active market and of comparable recent transactions, discounted cash flow projections have been used to estimate fair value less costs to sell.

Technicolor management considers that fair value less costs to sell is the most appropriate method to estimate the value of its GRU as it takes into account the future restructuring measures the Group will need to make against a rapid technological environment change. Such restructuring actions would be considered by any market participant given the economic environment of the business.

The discounted cash flow of DVD Services is computed over a finite life of *circa* fifteen years for a major part of the business and accordingly the goodwill will be impaired over this period depending on the evolution of the fair value as determined through the discounted cash flow.

The Group recorded an impairment charge of €(66) million on goodwill as of December 31, 2020. An impairment charge of €(53) million on goodwill was recorded in 2019.

4.5.2 SENSITIVITY OF RECOVERABLE AMOUNTS AT DECEMBER 31, 2020

For Production Services:

- a decrease of 1 point in the long-term growth rate assumption would decrease the enterprise value by €62 million without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2020 would decrease the enterprise value by €77 million without generating any impairment;
- an increase of 0.5 point in the WACC rate assumption would decrease the enterprise value by €49 million without generating any impairment.

For Connected Home:

- an increase of 1 point in the post-tax discount rate assumption would decrease the enterprise value by €86 million without generating any impairment;
- a decrease of 1 point of the Adjusted EBITDA margin from 2020 would decrease the enterprise value by €188 million without generating any impairment.

For DVD Services:

- a decrease of 5% on BD volumes from 2023 would decrease the enterprise value by €4 million, without generating any impairment;
- an increase of 0.5 point in the WACC rate assumption would decrease the enterprise value by €9 million, without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2023 would decrease the enterprise value by €29 million, generating an impairment of €9 million;
- a decrease of Freight revenue by 10% in Terminal Year would decrease the enterprise value by €3 million, without generating any impairment.

NOTE 5 Other operating information

5.1 Operating assets & liabilities

5.1.1 NON-CURRENT OPERATING ASSETS & LIABILITIES

(in million euros)	2020	2019
Customer contract advances and up-front prepaid discount	8	13
Other	19	19
OTHER OPERATING NON-CURRENT ASSETS	**27**	**32**
Payable on acquisitions of business & fixed assets	(4)	(8)
Other	(17)	(17)
OTHER OPERATING NON-CURRENT LIABILITIES	**(21)**	**(24)**

As part of its normal course of business, Technicolor makes cash advances and up-front prepaid discount to its customers, principally within its DVD Services segment. These are generally in the framework of a long-term relationship or contract and can take different forms. Consideration is typically paid as an advance to the customers in return for the customer's various commitments over the life of the contracts. These contracts award to the Group a customer's business within a particular territory over the specified contract period (generally from 1 to 5 years). The contracts contain provisions that establish pricing terms for services and volumes to be provided and other terms and conditions.

Such advanced payments are classified under "Non-current assets", recorded as "Contracts advances and up-front prepaid discount" and are amortized as a reduction of "Revenues" on the basis of units of production or film processed.

5.1.2 INVENTORIES

Inventories are valued at acquisition or production cost. The production costs include the direct costs of raw materials, labor costs and a part of the overheads representative of the indirect production costs, and exclude general administrative costs. The cost of inventory sold is determined based on the weighted average method or the FIFO (first in – first out) method, depending on the nature of the inventory. When the net realizable value of inventories is lower than its carrying amount, the inventory is written down by the difference.

ACCOUNTING ESTIMATES AND JUDGMENTS

The management takes into consideration all elements that could have an impact on the inventory valuation, as declining sales forecasts, expected reduction in selling prices, specific actions engaged as rework or incentive plans, and obsolescence of products or slow rotation.

(in million euros)	2020	2019
Raw Materials	63	83
Work in progress	4	10
Finished goods and purchase goods for resale	153	172
Gross Value	**220**	**265**
Less: valuation allowance	(25)	(22)
TOTAL INVENTORIES	**195**	**243**

5.1.3 TRADE ACCOUNTS RECEIVABLES

The trade receivables are part of the current financial assets. At the date of their initial recognition, they are measured at the fair value of the amount to be received. This generally represents their nominal value because the effect of discounting is generally immaterial between the recognition of the instrument and its realization.

Further to IFRS 9 implementation, the loss allowances on trade receivables are determined from expected credit losses. The Group chose the simplified approach which allows the recognition of an allowance based on the lifetime expected credit losses at each reporting date.

The expected credit losses are determined from the trade date the following way:

- application to non-major customer segments of each division of a matrix determined on the Group's historical credit loss experience;
- specific follow-up of the credit risk for major customers based on their credit rating.

(in million euros)	2020	2019
Trade accounts and notes receivable	445	531
Less: valuation allowance	(20)	(24)
TOTAL TRADE ACCOUNTS AND NOTES RECEIVABLE	**425**	**507**

As of December 31, 2020 and 2019 trade accounts receivable include past due amounts respectively for €79 million and €94 million for which a valuation allowance was recorded for an amount of €(20) million and €(24) million.

The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets €425 million as of December 31, 2020 compared to €507 million as of December 31, 2019.

5.1.4 OTHER CURRENT ASSETS & LIABILITIES

ESTIMATION OF ACCRUED ROYALTY INCOME

In the normal course of its business, the Group may use certain technology protected by patents owned by third parties. In the majority of cases, the amount of royalties payable to these third parties for the use of this technology will be defined in a formal licensing contract. In some cases, and particularly in the early years of an emerging technology when the ownership of Intellectual Property rights may not yet be ascertained, management's judgement is required to determine the probability of a third party asserting its rights and the likely cost of using the technology when such assertion is probable. In making its evaluation, management considers past experience with comparable technology and/or with the particular technology owner. The royalties payable are presented within the captions "Other current liabilities" and "Other non-current liabilities" in the Group's balance sheet.

DERECOGNITION OF ASSETS

A receivable is derecognized when it is sold without recourse and when it is evidenced that the Group has transferred substantially all the significant risks and rewards of ownership of the receivable and has no more continuing involvement in the transferred asset.

(in million euros)	2020	2019
Value added tax receivable	43	31
Research tax credit and subsidies	5	5
Prepaid expenses	26	37
Other	150	111
OTHER CURRENT OPERATING ASSETS	**224**	**184**
Taxes payable	(46)	(41)
Accrued royalties expense	(36)	(44)
Payables for fixed assets	(14)	(17)
Other	(119)	(200)
OTHER CURRENT OPERATING LIABILITIES	**(215)**	**(301)**

NOTE 6 Income Tax

6.1 Income tax recognized in profit and loss

6.1.1 INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Deferred tax is recognized in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss (either in OCI or directly in equity). Moreover, IAS 12 does not specify whether tax benefits arising from tax losses should be allocated to the source of the loss or the source of the realization of the benefit. The Group has accounted for any tax benefits arising from tax losses from discontinued activities in continuing operations since these tax losses will be used by future benefits from continuing operations.

Further to the application of IFRIC 23 – Uncertainty over Income Tax Treatments, current taxes also include uncertain tax positions previously included in Provisions.

(in million euros)	2020	2019
Current income tax		
France	-	(1)
Foreign	(15)	(9)
Total current income tax	**(15)**	**(10)**
Deferred income tax		
France	-	-
Foreign	9	7
Total deferred income tax	**10**	**7**
INCOME TAX ON CONTINUING OPERATIONS	**(5)**	**(3)**

In 2020, the current income tax charge is mainly made of current taxes due in India, Brazil and Poland.

In 2019, the current income tax charge is mainly attributable to current taxes due in India, Mexico and Poland.

Please see section 6.2.1 for more details on the variation of deferred taxes.

6.1.2 GROUP TAX PROOF

The following table shows the reconciliation of the expected tax expense – using the French corporate tax rate of 32% – and the reported tax expense. The items in reconciliation are described hereafter:

(in million euros)	2020	2019
Profit (loss) from continuing operations	**(193)**	**(208)**
Income tax	(5)	(3)
Pre-tax accounting income on continuing operations	**(188)**	**(205)**
	32%	*34%*
Expected tax expense	**60**	**70**
Effect of unused tax losses and tax offsets not recognized as deferred tax assets(1)	(26)	(46)
Effect of permanent differences	38	(23)
Effect of different tax rates applied	(14)	(2)
Effect of change in applicable tax rate(2)	(61)	(1)
Withholding taxes not recovered	(3)	(1)
Effective tax expense on continuing operations	**(5)**	**(3)**

(1) In 2019, mainly due to the depreciation of deferred tax assets generated on the losses of the period, i.e. €32 million for France and €21 million for the United States.
(2) In 2020, the amount includes mainly the impact of the tax differential rate in France and Germany.

6.2 Tax position in the statement of financial position

Deferred taxes result from:

- temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the Group consolidated balance sheets; and
- the carry forward of unused tax losses and tax credits.

Deferred taxes for all temporary differences are calculated for each taxable entity (or group of entities) using the balance sheet liability method.

All deferred tax liabilities are recorded except:

- when the deferred tax liability results from the initial recognition of goodwill, or from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the trade date, affects neither the net income nor the taxable income or loss; and
- for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recorded:

- for all deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these temporary differences can be utilized, except when the related deferred tax asset results from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the trade date, affects neither the net income nor the taxable income or loss; and
- for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

The recoverable amount of the deferred tax assets is reviewed at each balance sheet date and adjusted to take into account the level of taxable profit available to allow the benefit of part or all of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are valued using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred taxes are classified as non-current assets and liabilities.

Deferred tax assets and liabilities are set off by taxable entity for the same maturities.

ACCOUNTING ESTIMATES AND JUDGMENTS

Management judgment is required to determine the Group's deferred tax assets and liabilities. When a specific subsidiary has a history of recent losses, future positive taxable income is assumed improbable, unless the asset recognition can be supported for reasons such as:

- the losses having resulted from exceptional circumstances which are not expected to re-occur in the near future; and/or
- the expectation of exceptional gains; or
- future income to be derived from long-term contracts.

The Group considered tax-planning in assessing whether deferred tax assets should be recognized.

6.2.1 CHANGE IN NET DEFERRED TAXES

(in million euros)	Deferred tax assets	Deferred tax liabilities	Total, net deferred tax assets
Year ended December 31, 2018	**210**	**(193)**	**17**
Changes impacting continuing profit or loss	(27)	33	7
Other movement	(131)	132	1
Year ended December 31, 2019	**52**	**(27)**	**25**
Changes impacting continuing profit or loss	(30)	40	10
Other movement(1)	23	(28)	(5)
YEAR ENDED DECEMBER 31, 2020	**45**	**(15)**	**30**

(1) *Mainly set off of deferred tax assets and liabilities of same maturities by taxable entity and tax impact on other comprehensive income.*

As of December 31, 2020, the net deferred tax assets amounting to €30 million mainly relate to the recognition of losses carried forward and other temporary differences in Canada, India, Mexico, Poland and Australia.

As of December 31, 2019, the net deferred tax assets of €25 million mainly relate to the recognition of losses carried forward in Australia, Canada, India, Mexico and Poland.

6.2.2 SOURCE OF DEFERRED TAXES

(in million euros)	2020	2019
Tax losses carried forward	**1,108**	**1,278**
Tax effect of temporary differences related to:		
Property, plant and equipment	32	20
Goodwill	3	10
Intangible assets	(50)	(86)
Investments and other non-current assets	3	3
Inventories	9	7
Receivables and other current assets	19	19
Borrowings	140	142
Retirement benefit obligations	55	59
Restructuring provisions	9	3
Other provisions	6	19
Other liabilities current and non-current	12	38
Total deferred tax on temporary differences	**238**	**234**
Deferred tax assets/(liabilities) before netting	**1,346**	**1,512**
Valuation allowances on deferred tax assets	(1,316)	(1,487)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**30**	**25**

Technicolor reports €2.3 billion of tax losses carried forward generated in countries where the Group still conducts business, in 2020, tax losses mainly arose from France, UK and U.S.

Past Tax losses carried forward in U.S. have partly been forfeited after the debt restructuring that occurred in 2020 considered as a change of ownership.

NOTE 7 Equity & Earnings per share

GRI *[102-10] [201-1]*

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded for the proceeds received, net of direct issue costs.

EQUITY TRANSACTION COSTS

Incremental and external costs directly attributable to the equity transactions are accounted for as a deduction from equity.

7.1 Change in share capital

(in euros, except number of shares in units)	Number of shares	Par value	Share capital in euros
Share Capital as of December 31, 2019	**414,461,178**	**1**	**414,461,178**
Shares consolidation (27 to 1)	15,350,414	27	414,461,178
Decrease of nominal value (€27 to €0.01)	15,350,414	0.01	153,504
Issuance of new shares under LTIP 2017(1)	56,700	0.01	567
Share capital increase in cash, with preferential subscription right (DPS)	20,039,121	0.01	200,391
Share capital increase with preferential subscription right (DPS) by a way of a debt equitization	90,699,134	0.01	906,991
Reserved share capital increase without preferential subscription right (DPS) by a way of a debt equitization	92,178,770	0.01	921,788
Exercice of shareholders Warrants (5 former shares for 4 new shares)	16,256	0.01	163
Exercice of New Money Warrants	17,455,088	0.01	174,551
SHARE CAPITAL AS OF DECEMBER 31, 2020	**235,795,483**	**0.01**	**2,357,955**

(1) Plans described in note 9.3.

In 2020, the Group carried out several operations which have impacted the amount of the share capital and the nominal value of the Company's shares as detailed below:

SHARE CONSOLIDATION

Following of March 23, 2020 Shareholders' Meeting, it has been decided to implement the reverse share split. On May 12, 2020, the Chief Executive Officer noted that the share consolidation had been completed and that 414,461,178 old shares with a par value of €1 were exchanged for 15,350,414 new shares with a par value of €27, on the basis of 1 new share for 27 former shares.

CAPITAL REDUCTION

During the same Shareholders' Meeting, it has been decided to reduce the share capital by a total amount of €414,307,673.86 to reach €153,504.14.

This capital reduction was carried out by reducing the nominal value of each share of the 15,350,414 shares of the Company from €27 to €0.01.

CAPITAL INCREASES

On June 9, 2020, the Chief Executive Officer, by delegation of the Board of Directors of May 7, 2020 decided to issue 56,700 new ordinary shares with a par value of €0.01 in order to proceed on the same day with the delivery of the shares under the LTIP 2017.

The Chief Executive Officer, by delegation of the Board of Directors on July 30, 2020 and in accordance with the delegation of the Shareholders General Meeting of July 20, 2020 under the terms of its first resolution, by decisions dated September 15, 2020, approved the following:

- a share capital increase in cash, the number of new shares subscribed on an irreductible basis and reductible basis amounted to 20,039,121 shares representing 18.10% of the Capital Increase with DPS;
- in accordance with the terms of the Safeguard Plan and pursuant to their guarantee commitment, the Creditors holding claims against the Company further subscribed to the unsubscribed portion of the Capital Increase with DPS, i.e. 90,699,134 new shares representing 81.90% of the Capital Increase with DPS, by way of set-off against their claims under the Debt Facilities for an aggregate amount (issue premium included) of €270,283,419.32.

He approved that the total amount subscribed of €270,283,419.32 has been fully delivered as follows:

- €215,532,572.94 by a way Term loan debt equitization;
- €54,750,846.38 by a way of RCF debt equitization.

It has been decided that the Capital Increase with DPS will be effective on September 22, 2020.

On September 22, 2020, the Company also proceeded with a share capital increase in cash, without preferential subscription right, through the issuance of a maximum of 92,178,770 new ordinary shares with a nominal value of €0.01 each, paired with an issue premium of €3.57, *i.e.* an issue price of €3.58 per new ordinary share, representing a share capital increase in a maximum aggregate amount (issue premium included) of €329,999,996.60, reserved for the exclusive benefit of the Creditors holding claims against the Company as defined below (the "Reserved Capital Increase") and, together with the Capital Increase with DPS, the "Capital Increases").

The Chief Executive Officer approved that the total amount subscribed of €329,999,996.60 has been fully delivered as follows:

- €263,152,466.09 by a way Term loan debt equitization;
- €66,847,530.51 by a way of RCF debt equitization.

On September 22, the Chief Executive Officer, by delegation of the Board of Directors, recorded the final completion of the Capital Increases.

In addition to the above, and according to safeguard plan, it has been approved:

- the delivery to the New Money lenders in consideration of the New Money, of 17,701,957 New Money Warrants exercisable for a period of 3 months, giving the right to subscribe to a maximum number of 17,701,957 new shares, at a price of €0.01 per new share with a nominal value of €0.01 without issue premium, and representing approximately 7.5% of the Company's share capital after the Capital Increases but before the exercise of the shareholder Warrants mentioned below; and
- the delivery to all the Company's shareholders of 15,407,114 shareholders Warrants, on the basis of one (1) shareholders Warrant for one (1) existing share, five (5) shareholders Warrants giving the right to subscribe for four (4) new shares for a 4 year period, which may result in the issue of a maximum number of 12,325,691 new shares, at a price of €3.58 per new share.

As of December 31, 2020 16,256 shareholders warrants and 17,455,088 New Money warrants have been exercised. Remaining not exercised warrants have been canceled.

As of December 31, 2020, and to the Company's knowledge, the following entities held more than 5% of the Company' share capital:

- Credit Suisse Asset Management held, 28,493,063 shares which represent 12.08% of the share capital and 12.08% of the voting rights of the Company;
- Baring Asset Management Ltd. held, 24,406,573 shares which represent 10.35% of the share capital and 10.35% of the voting rights of the Company;
- Bain Capital Credit, LP held 16,593,636 shares which represent 7.04% of the share capital and 7.04% of the voting rights;
- BNY Alcentra Group holdings, Inc. held 15,552,613 shares which represent 6.60% of the share capital and 6.60% of the voting rights of the Company;
- Farallon Capital Management LLC held 14,574,603 shares which represent 6.18% of the share capital and 6.18% of the voting rights of the Company;
- Angelo, Gordon & Co. LP, held 11,808,783 shares which represent 5.01% of the share capital and 5.01% of the voting rights of the Company.

7.2 Other elements of equity

7.2.1 TREASURY SHARES

Treasury shares are recorded at purchase cost and deducted from shareholders' equity. The gain or loss on disposal or cancellation of these shares is recorded directly in equity.

Global amount of Treasury shares includes treasury shares purchased in the frame of the Share Management Agreement authorized by the Combined Shareholder's Meetings on May 23, 2013, and confirmed by the Annual Shareholders General Meeting. As no share purchase program was submitted for approval at the Combined Shareholder's Meeting convened on April 26, 2018, Share Management Agreement was suspended during the year.

	2020	2019*
Number of Treasury shares at opening	**-**	**39,815**
Variation related to the Share Management Agreement	-	-
Disposal	-	(39,815)
Number of Treasury shares at closing	**-**	**-**

* *2019 number of shares has been adjusted following the 2020 share consolidation.*

In the course of 2019, all the treasury shares have been disposed.

As of December 31, 2020, the Group didn't issue any treasury shares.

7.2.2 SUBORDINATED PERPETUAL NOTES

On September 26, 2005, Technicolor issued deeply subordinated perpetual notes (TSS) in a nominal amount of €500 million. No derivative was identified because the provisions of the notes fall outside the scope of the definition of a derivative under IAS 39.

Because of their perpetual and subordinated nature and the optional nature of the coupon, the notes were recorded under IFRS in shareholder's equity for the net value received of €492 million (issue price less offering discount and fees).

Further to the restructuring of the Group's debt in 2010, the characteristics of the notes are now as follows:

- they are not repayable other than (i) at Technicolor's sole option in specific contractually defined events or (ii) in case of liquidation of the Company;
- they no longer bear interest, since an amount of €25 million was paid to TSS holders as final payment of all interest claims in 2010.

7.2.3 DIVIDENDS AND DISTRIBUTION

In connection with 2018 and 2019 periods, Shareholders' Meetings held respectively on June 14, 2019 and June 30, 2020 did not vote any payment of dividend.

7.2.4 NON-CONTROLLING INTERESTS

In 2020, the main changes in non-controlling interests result from disposal of Canadian joint ventures Vancouver Lab Inc. and Canada Cinema Distribution Inc. for €1 resulting from negotiated termination of the strategic partnership with Deluxe services Group.

In 2019, no change in non-controlling interests.

7.3 Earnings (Loss) per share

Basic earnings per share are calculated by dividing income (loss) attributable to ordinary equity holders of the parent entity by the weighted-average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share is calculated by dividing income (loss) attributable to ordinary equity holders of the parent entity by the weighted-average number of shares outstanding during the period assuming that all potentially dilutive securities were exercised and that any proceeds from such exercises were used to acquire shares of the Company's stock at the average market price of the period or the period the securities were outstanding.

Potentially dilutive securities comprise:

- outstanding options, if dilutive;
- the securities to be issued under the Company's Management Incentive Plan, to the extent the average market price of the Company's stock exceeded the adjusted exercise prices of such instruments.

DILUTED EARNINGS (LOSS) PER SHARE

	2020	2019*
Net income *(in million euros)*	**(207)**	**(230)**
Net (income) loss attributable to non-controlling interest	-	-
Net (gain) loss from discontinued operations	(15)	(22)
Numerator		
Adjusted profit "Group share" from continuing operations attributable to ordinary shareholders	**(193)**	**(208)**
Basic weighted average number of outstanding shares *(in thousands)*	73,682	15,321
Dilutive impact of stock-option & Free Share Plans	-	-
Denominator		
Weighted shares *(in thousands)*	**73,682**	**15,321**

* *2019 number of shares has been adjusted following the 2020 share consolidation.*

Stock options and Free Shares Plans have no impact on diluted earnings per share as they would have relutive impact.

7.4 Related party transactions

A party is related to the Group if:

- directly or indirectly the party (i) controls, is controlled by or is under common control with the Group, (ii) has an interest in the Group that gives it significant influence over the Group;
- the party is an associate or a joint venture in which the Group is a venture;
- the party or one of its Directors is a Member of the Board of Directors or of the Executive Committee of the Group or a close Member of the family of any individual referred to above.

Related party transactions with associates & joint ventures are detailed in note 2.4.

Remuneration of key management is detailed in note 9.4.

In 2019 there are no related party transactions. In 2020, Bpifrance participations, which is represented in the Board, and as such identified as a related party, and which holds 4.5% of the equity of the Group participated in the financial restructuring described in note 1.2 through:

- cash subscription in the Rights issue in the amount of €25 million;
- New Money financing in the amount of €21 million. Technicolor group accrued interest due to Bpifrance participations for €1 million and booked financing related fees reinvoiced by Bpifrance participations in the amount of €1 million.

No other related party transactions have been identified in 2020.

NOTE 8 Financial assets, financing liabilities & derivative financial instruments

8.1 Classification & measurement

FINANCIAL ASSETS (EXCLUDING DERIVATIVES)

Management determines the classification of its financial assets at initial recognition in the light of the Group's business model for the management of financial assets, as well as the characteristics of the asset's contractual cash flows.

Further to IFRS 9 implementation, the Group chose to classify its financial assets between financial assets at amortized costs and financial assets at fair value through profit and loss.

FINANCIAL ASSETS AT AMORTIZED COST

This category is used for a financial asset when the objective is to receive its contractual cash flows, corresponding only to repayments of principal and, where applicable, interest on principal.

These assets are initially recognized at fair value less any transaction costs. They are then recognized at amortized cost using the effective interest rate method.

Where applicable, an impairment loss is recognized for the amount of expected credit losses at 12 months, unless the credit risk has increased significantly since initial recognition, in which case the impairment is calculated for the amount of expected credit losses over the life of the asset. For trade receivables and assets on trade contracts, the Group applies a simplified impairment method (see note 5.1.3).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category is used when the financial asset is not recognized at amortized cost. For these financial assets carried at fair value, changes in value are recognized in the income statement under "Other net financial income (expense)".

A financial asset is derecognized when the contractual rights to the cash flows associated with it expire or have been transferred together with substantially all the risks and rewards of ownership of the asset.

FINANCIAL LIABILITIES (EXCLUDING DERIVATIVES)

Borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Any difference between (i) net proceeds of transaction costs and (ii) redemption value is recognized in financial income over the life of the borrowings using the effective interest rate method.

Borrowings are presented as current liabilities, unless the Group has an unconditional right to defer repayment of the liability beyond a period of 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

DERIVATIVES

Derivatives are recorded at fair value. Changes in value are recognized in the income statement and/or in equity within other comprehensive income, in accordance with the principles set out in note 8.6.

In accordance with IFRS 13 – Fair Value measurement, 3 levels of fair value measurement have been identified for financial assets & liabilities:

- level 1: quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: internal models with observable parameters including the use of recent arm's length transactions (when available), reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs;
- level 3: internal models with non-observable parameters.

The table below shows the breakdown of the financial assets and liabilities by accounting category:

(in million euros)	At December 31, 2020, net	Fair value measurement by accounting categories as of December 31, 2020					At December 31, 2019, net
		Amortized costs	Fair value through profit & loss	Fair value through equity	Derivative instruments (see Note 8.5)	Fair Value measure ment	
Non-consolidated Investments	**14**	**-**	**14**	**-**	**-**	**Level 3**	**17**
Cash collateral & security deposits	39	22	17	-	-	Level 1	14
Loans & others	2	2	-	-	-		1
Subleases receivables	6	6	-	-	-		8
Derivative financial instruments	-	-	-	-	-	Level 2	-
Other non-current financial assets	**47**						**22**
Total non-current financial assets	**61**						**40**
Cash collateral and security deposits	17	2	16	-	-	Level 1	12
Other current financial assets	-	-	-	-	-		-
Derivative financial instruments	-	-	-	-	-	Level 2	1
Other financial current assets	**17**						**13**
Cash	183	-	183	-	-	Level 1	58
Cash equivalents	147	-	147	-	-	Level 1	7
Cash and cash equivalents	**330**						**65**
Total current financial assets	**347**						**78**
Non current borrowings(1)	(948)	(948)	-	-	-		(979)
Borrowings	**(948)**						**(979)**
Derivative financial instruments	-	-	-	-	-	Level 2	(1)
Other non-current liabilities	**-**						**(1)**
Lease liabilities	**(122)**	**(122)**	**-**	**-**	**-**		**(224)**
Total non-current financial liabilities	**(1,070)**						**(1,204)**
Borrowings	**(16)**	**(16)**	**-**	**-**	**-**		**(8)**
Lease liabilities	**(56)**	**(56)**	**-**	**-**	**-**		**(87)**
Other current financial liabilities	**(2)**	**-**	**-**	**-**	**(2)**	**Level 2**	**(2)**
Total current financial liabilities	**(74)**						**(97)**
TOTAL FINANCIAL LIABILITIES	**(1,144)**						**(1,301)**

(1) Borrowings are recognized at amortized costs. The fair value of the New Money debt and Reinstated Term Loans was €977 million as of December 31, 2020 (the fair value of the previous Term Loan debt was €853 million as of December 31, 2019). These fair values are based on quoted prices in active markets for term loan debt (Level 1).

Some cash collaterals for U.S. entities are classified as current because of their short maturity but are renewed automatically for periods of 12 months.

8.2 Management of financial risks

GRI [102-15]

8.2.1 GOVERNANCE

Technicolor faces a wide variety of financial risks including market risk (due to fluctuations in exchange rates and interest rates), liquidity risk and credit risk.

Technicolor's financial risks are managed centrally by the Group Treasury Department in France and its regional Treasury Department in Ontario (California – U.S.) in accordance with the policies and procedures of the Group.

All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Audit Committee via various reports showing the Company's exposures to these risks with details of the transactions undertaken to reduce them.

These risks are managed in a strict framework with specific limits and authorizations approved by the Investment Committee for each type of transaction and monitoring by the Group Internal Control Department.

8.2.2 MARKET RISK MANAGEMENT

Due to the financial situation of the Group in the 2nd quarter of 2020, all of the Group's banks cancelled the foreign exchange lines previously available for hedging. As a result, the Group unwound all of its foreign currency hedges in June of 2020. Following the debt restructuring operation completed in September 2020, Technicolor's banks gradually restored foreign exchange lines. As a consequence, the foreign currency hedging described below was suspended for part of 2020, but by the end of the year Technicolor was able to resume normal hedging operations.

8.2.2.1 Foreign exchange risk

Translation Risk

The Group's consolidated financial statements are presented in euro. Thus, assets, liabilities, revenues and expenses denominated in currencies other than euro must be translated into euro at the applicable exchange rate to be included in the consolidated financial statements. The fluctuation of exchange rates can have an impact on the value of the assets, liabilities, revenues and expenses in the consolidated financial statements, even if the value of these items has not changed in their original currency.

The Group's policy is not to hedge translation risk.

Translation risk is measured by doing sensitivity analyses on the main exposures in the subsidiaries where the functional currency is different from the euro (see below).

Transaction Risk – Operational

Foreign currency transaction risk occurs when purchases and sales are made by Group entities in currencies other than their functional currencies.

The Group's main transaction risk is its U.S. dollar exposure *versus* euro. After offsetting the U.S. dollar purchase exposures with U.S. dollar sale exposures, the net U.S. dollar exposure *versus* euros for continuing operations was net purchases of U.S.$116 million in 2020 (net purchases of U.S.$132 million in 2019).

The policy of the Group is to have its subsidiaries:

- to the extent possible denominate their costs in the same currencies as their sales;
- regularly report their projected foreign currency needs and receipts to the Group Treasury Department which then nets purchases and sales in each currency on a global basis. Exposures that remain after this process are generally hedged with banks using foreign currency forward contracts.

For products with a short business cycle, the Group's policy is to hedge on a short-term basis up to six months. For products and services which are sold on a longer-term basis, hedges may be put in place for periods greater than six months.

Regardless of the term of the hedging, the Treasury Department uses short-term foreign currency derivatives (maturity of several days to several months) that it rolls over as a function of is global exposure which is monitored on a daily basis. The derivative instruments used are described in note 8.6.

Transaction risk on commercial exposures is measured by consolidating the Group's exposures and doing sensitivity analyses on the main exposures (see below).

Transaction Risk – Financial

The Group's policy is to centralize to the extent possible its financing and the associated currency risk, if any, at the level of the Group treasury.

As a result, the majority of the Group's subsidiaries borrow, and lend their surplus cash, to the Group Treasury, which in turn satisfies liquidity needs by borrowing externally. Subsidiaries that cannot enter into transactions with the Group Treasury because of local laws or restrictions may borrow or invest with local banks in accordance with the rules established by the Group Treasury.

The Group's policy is also that subsidiaries borrow or invest excess cash in their functional currency. In order to match the currencies that Technicolor's Group Treasury Department borrows with the currencies that it lends, Technicolor may enter into currency swaps primarily (i) to convert euro borrowings into U.S. dollars and British pounds which are lent to the Group's U.S. and UK subsidiaries respectively and (ii) to convert U.S. dollars borrowed externally or from the Group's subsidiaries into euros. The forward points on these currency swaps which are accounted for as interest, was nil in 2020 and resulted in income of €4 million in 2019.

Risk on investments in Foreign Subsidiaries

The Group's general policy is to examine and hedge on a case by case basis the currency risk on its investments in foreign subsidiaries.

The variations in the euro value of investments in foreign subsidiaries are booked under "Cumulative translation adjustment" in the Group's consolidated statement of financial position. At December 31, 2020, no hedges of this type were outstanding.

Sensitivity Analysis

The Group's main exposure is the fluctuation of the U.S. dollar against the euro.

The Group believes a 10% fluctuation in the U.S. dollar *versus* the euro is reasonably possible in a given year and thus the table below shows the impact of a 10% increase in the U.S. dollar *versus* the euro on the Group's Profit from continuing operations before tax and net finance costs and on the currency translation adjustment component of equity. A 10% decrease in the U.S. dollar *versus* the euro would have a symmetrical impact in the opposite amount. These calculations assume no hedging is in place.

2020 *(in million euros)*	Transaction	Translation	Total
Profit from continuing operations before tax and net finance costs(1)	(9)	(17)	(26)
Equity Impact (cumulative translation adjustment)(2)			107

(1) Profit impact:
- *transaction impact calculated before hedging by applying a 10% increase in the U.S. dollar/euro exchange rate to the (i) net U.S. dollar exposure (sales minus purchases) of affiliates which have the euro as functional currency and to the (ii) net euro exposure of affiliates which have the U.S. dollar as functional currency;*
- *translation impact calculated before hedging by applying a 10% increase in the U.S. dollar/euro exchange rate to the profits of the affiliates with the U.S. dollar as functional currency.*

(2) Equity impact: calculated by applying a 10% increase in the U.S. dollar/euro exchange rate to the net investments in foreign subsidiares that are denominated in U.S. dollar.

8.2.2.2 Interest rate risk

Exposure to interest rate risk

Technicolor is mainly exposed to interest rate risk on its deposits and indebtedness.

At December 31, 2020 the portion of the Group's financial debt exposed to floating interest rates, before taking into account hedging operations, is as shown below. The portion after taking account hedging operations is the same because the Group's interest rate hedges mature in less than 1 year and the Group considers all debt for which the interest rate is fixed for less than 1 year to be at floating rate.

(in million euros)	2020
Debt	1,142
Percentage at floating rate	89%

In 2020 the Group's deposits were entirely at floating rate.

Sensitivity to interest rate movements

The Group believes a 100 basis point fluctuation in interest rates is reasonably possible in a given year and the table below shows the maximum annual impact of such a change.

Maximum impact over one year on the net exposure as of December 31, 2020 of a variation *versus* current rates(1)(2)

(in million euros)	Impact on cash net interest	Impact on equity before taxes
Impact of interest rate variation of +1%	(6)	(6)
Impact of interest rate variation of (1)%	1	1

(1) At December 31, 2020 3-month EURIBOR and 3-month LIBOR were (0.545)% and 0.23838% respectively.
(2) After taking into account interest rate hedging operations.

Interest rate risk management

At December 31, 2020, the Group has outstanding interest rate hedging operations the characteristics of which are given in note 8.6.1.

8.2.3 LIQUIDITY RISK AND MANAGEMENT OF FINANCING AND OF CAPITAL STRUCTURE

Liquidity risk is the risk of not being able to meet upcoming financial obligations. In order to reduce this risk, the Group pursues policies with the objectives of having continued uninterrupted access to the financial markets at reasonable conditions.

These policies are developed based on regular reviews and analysis of its capital structure, including the relative proportion of debt and equity in the context of market conditions and the Group's financial objectives and projections.

Among other things these reviews take into account the Group's debt maturity schedule, covenants, forecast cash flows, access to financial markets and projected financing needs.

To implement these policies, the Group uses various long-term and committed financings which may include equity (see note 7.1), debt (see note 8.3), subordinated debt (see note 7.2.2) and committed credit lines.

Liquidity risk materialized in 2020 due to the deterioration of the Group's financial position and in particular due to its negative cash flow in 2018 and 2019 and the impacts of the Covid-19 pandemic starting in the 1st half of 2020. At June 30, 2020 the Group obtained a waiver of the financial covenant that otherwise would not have been met under the RCF and Wells Fargo credit line agreements. In view of this situation, the Group implemented a financial restructuring as described in note 1.1.

The characteristics of the debt restructuring took into account the Group's financial forecasts through the end of 2022 and as such the Group believes that it has sufficient liquidity, including a cushion for contingencies, throughout this period.

The tables below show the future contractual cash flow obligations due on the Group's financial liabilities. The interest rate flows due on floating rate instruments are calculated based on the rates in effect at December 31, 2020 and December 31, 2019, respectively.

	At December 31, 2020							
(in million euros)	2021-H1	2021-H2	2022	2023	2024	2025	There after	Total
New Money/Reinstated Debt – principal	-	-	-	-	1,016	-	-	1,016
New Money/Reinstated Debt – accrued interest	16	-	-	-	-	-	-	16
New Money/Reinstated Debt – PIK interest	-	-	-	-	16	-	-	16
Lease liabilities	33	23	36	22	17	12	35	178
Other debt	-	-	1	-	-	-	-	1
Total debt principal payments	**49**	**23**	**37**	**22**	**1,049**	**12**	**35**	**1,227**
IFRS Adjustment								**(85)**
DEBT IN IFRS								**1,142**
Floating rate NM/Reinstated Debt – cash interest	22	23	47	50	54	-		196
Floating rate NM/Reinstated Debt – PIK interest	-	-	-	-	178	-		178
Lease liabilities – interest	6	5	8	6	5	3		33
Other debt – interest	-	-	-	-	-	-		-
TOTAL INTEREST PAYMENTS	**28**	**28**	**55**	**56**	**237**	**3**		**407**
FINANCIAL DERIVATIVES	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**2**

	At December 31, 2019							
(in million euros)	**2020-H1**	**2020-H2**	**2021**	**2022**	**2023**	**2024**	**There after**	**Total**
Floating rate Term Loan Debt - principal	1	1	3	3	976	-	-	984
Term Loan Debt - accrued interest	3	-	-	-	-	-	-	3
Lease liabilities	38	49	61	42	31	26	65	312
Other debt	2	-	-	1	-	-	-	3
TOTAL DEBT PRINCIPAL PAYMENTS	**44**	**50**	**64**	**46**	**1,007**	**26**	**65**	**1,302**
IFRS Adjustment								**(4)**
DEBT IN IFRS								**1,298**
Floating rate Term Loan Debt – interest	19	18	37	36	34	-		144
Lease liabilities - interest	9	9	13	9	7	5		52
Other debt – interest	-	-	-	-	-	-		-
TOTAL INTEREST PAYMENTS	**28**	**27**	**50**	**45**	**41**	**5**		**196**
FINANCIAL DERIVATIVES	**2**	**-**	**1**	**-**	**-**	**-**	**-**	**3**

The contractual cash flow obligations of the Group due to its current debt are considered to be equal to the amounts shown in the consolidated statement of financial position.

Credit Lines

(in million euros)	**2020**	**2019**
Undrawn, committed lines expiring in more than one year	102	361

The Group's committed credit lines consist of a receivables backed committed credit facility in an amount of U.S.$125 million, €102 million at the December 31, 2020 exchange rate, (the "WF Line") which matures in 2023; the availability of this credit line varies depending on the amount of receivables. This facility was undrawn at December 31, 2020.

Derecognised transferred financial assets

The Group has used factoring agreements to assign some of its receivables. As of December 31, 2020, the Group had not entered into any agreement for which it has continuing involvement beyond commercial risk and normal representations and warranties relating to fraudulent transfer and concepts of reasonableness, good faith and fair dealings that could invalidate a transfer as a result of legal action. The amount assigned as at December 31, 2020 is equal to €10 million. The cost associated is about €0.1 million and presented in the other financial expense line.

The Group is also party to several discount programs and reverse factoring programs set up by its customers. These programs allow the Group to benefit from shortened payment terms, especially for some customers with exceptionally long payment terms compared to habitual business practices. As the commercial risk is extinguished or estimated to be nil through acknowledgement of the receivables by the customer, there is no continuing involvement associated with these programs.

8.2.4 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Credit risk arises from the possibility that counterparties may not be able to perform their financial obligations to Technicolor:

- credit risk on trade receivables is managed by each operational division based on policies that take into account the credit quality and history of customers. From time to time, the Group may decide to insure or factor without recourse trade receivables in order to manage underlying credit risk. The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets;
- the maximum credit risk exposure on the Group's cash and cash equivalents was €330 million at December 31, 2020. The Group minimizes this risk by limiting the deposits made with any single bank and by making deposits primarily with banks that have strong credit ratings or occasionally by investing in diversified, highly liquid money market funds. As of December 31, 2020, 97% of the Group cash deposits were made with banks that have a counterparty rating of at least A-2 according to Standard & Poor's or were invested in highly rated diversified money market funds;
- the financial instruments used by the Group to manage its interest rate and currency exposure are all undertaken with counterparts having a rating of at least A-2 according to Standard & Poor's. Credit risk on such transactions is minimized by the foreign exchange policy of trading short-term operations. The marked-to-market carrying values are therefore a good proxy of the maximum credit risk.

Technicolor's clients are mainly large well financed network operators and studios and as such it does not believe that credit risk on its clients has been impacted significantly by the Covid-19 pandemic. The Group has not seen any significant increase in overdues and continues to monitor its credit risk carefully. Likewise the Group works only with highly rated financial counterparts whose financial creditworthiness has not changed significantly due to the pandemic.

8.3 Borrowings

8.3.1 MAIN FEATURES OF THE GROUP'S BORROWINGS

The Group's debt consists primarily of the New Money debt and the new reinstated term loans (the "Reinstated Term Loans") that resulted from the Group's financial restructuring in 2020 (see note 1.1 for further details).

The New Money debt consists of term loans issued by Technicolor USA Inc. in dollars and New York law based notes issued by Tech 6 in euros. The New Money debt has a maturity of June 30, 2024.

The Reinstated Term Loans, issued by Technicolor SA in dollars and euros, consist of the remaining term loan and revolving credit facility debt following their partial conversion to equity; the terms of these new loans were modified, in particular with regard to the maturity (December 31, 2024), the interest rates and the restrictions which were aligned to those of the New Money debt.

The New Money debt and the Reinstated Term Loans have both a cash and PIK (payment in kind) interest component. The PIK interest is capitalized (every 6 months for the debt issued by Technicolor USA Inc. and every 12 months for the remaining debt) and repaid on final maturity.

Details of the Group's debt as of December 31, 2020 are given in the table below:

(in million currency)	Currency	Nominal Amount	IFRS Amount	Type of rate	Nominal rate(1)	Effective rate(1)	Repayment Type	Final maturity
New Money notes	EUR	350	363	Floating	12.00%(2)	10.95%	Bullet	June 30, 2024
New Money Term loans	USD	98	101	Floating	12.34%(3)	11.31%	Bullet	June 30, 2024
Reinstated Term Loans	EUR	453	372	Floating	6.00%(4)	11.34%	Bullet	December 31, 2024
Reinstated Term Loans	USD	115	95	Floating	6.03%(5)	11.37%	Bullet	December 31, 2024
Subtotal	**EUR**	**1,016**	**931**		**8.68%**	**11.21%**		
Lease liabilities(6)	Various	178	178	Fixed	7.94%	7.94%		
Accrued PIK Interest	EUR + USD	16	16	NA	0%	0%		
Accrued Interest	Various	16	16	NA	0%	0%		
Other Debt	Various	1	1	NA	0%	0%		
TOTAL		**1,227**	**1,142**		**8.34%**	**10.36%**		

(1) Rates as of December 31, 2020.
(2) Cash interest of 6-month EURIBOR with a floor of 0% + 6.00% and PIK interest of 6.00%.
(3) Cash interest of 6-month LIBOR with a floor of 0% + 6.00% and PIK interest of 6.00%.
(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%.
(5) Cash interest of 6-month LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00%.
(6) Of which €14 million are capital leases and €164 million is operating lease debt under IFRS 16.

8.3.2 KEY TERMS OF THE CREDIT AGREEMENTS

As described in note 1.1, Technicolor entered into certain transactions in 2020 as part of its financial restructuring.

The New Money debt consisted of two agreements:

- note Purchase Agreement entered into by Tech 6 on July 16, 2020;
- credit Agreement entered into by Technicolor USA Inc. on July 16, 2020.

  (Together the "New Money Documentation")

The Reinstated Term Loans, were documented by an Amended and Consolidated Credit Agreement, entered into by Technicolor SA and effective September 22, 2020 (the "Reinstated Term Loan Agreement").

Finally, the extension of the Wells Fargo credit line was effected by an amendment entered into by Technicolor USA Inc. effective July 17, 2020 revising and extending the Credit Agreement with Wells Fargo (the amendment and credit agreement are together hereafter referred to the "WF Agreement").

The New Money debt, the Reinstated Term Loans and the Wells Fargo credit line are collectively referred to as the "Debt Instruments".

The key terms of the debt documentation specified above is described below.

Security Package

French New Money borrowed by Tech 6 and Reinstated Term Loans

The New Money borrowed by Tech 6 is guaranteed by incorporation of two *fiducies-sûretés* (equivalent of a trust under French law) in respect of the shares of each of two French sub-holding companies ("Tech 7" and "Gallo 8"), owning virtually all of the entities of the Technicolor group (Production Services activities for Tech 7, Connected Home, DVD Services and Production Services U.S. activites for Gallo 8) and a third *fiducie* owning the Tech 6 loan to Technicolor SA of the proceeds of its New Money borrowing.

The Gallo 8 *fiducie* also guarantees the Reinstated Term Loans as a second ranking security.

These *fiducies* consist of a contract pursuant to which Technicolor SA transfers ownership of specifically identified assets, rights or security interests (existing or future) belonging to the Technicolor SA Group to a trustee. The trustee holds these in a segregated account created for the purpose of that *fiducie* until the discharge of obligations under the underlying financing agreement. The trustee acts on behalf of one or more beneficiaries, which, in the normal course of business, is Technicolor and, in the case of a default, is the security agent on behalf of the lenders.

In addition to the *fiducies suretés* some of the entities of Technicolor have issued "golden shares", providing certain rights which are exercisable only in specific cases by the collateral agent (acting on behalf of the New Money lenders) in order to protect their rights.

The governance rules in place for the *fiducies* and the "golden shares", except in a case of a default (which mirror those of the New Money debt), do not change the control exercised by Technicolor over the subsidiaries integrated into the *fiducies* nor over the subsidiaries which have issued "golden shares" according to an analysis performed in accordance with the criteria defined by IFRS 10 – Consolidated Financial Statements.

The Group, as part of its compliance procedures, continually monitors the restrictions imposed by the *fiducie* contracts.

The New Money lenders also benefit from a pledge on certain assets held by Technicolor SA and its subsidiaries and the Reinstated Term Loans benefits from a second ranking lien.

U.S. New Money borrowed by Technicolor USA Inc. and Wells Fargo Credit Agreement

The U.S. New Money borrowed by Technicolor USA Inc. is secured by 1st ranking pledges on all assets of the U.S. companies of the Group with the exception of the commercial receivables pledged to support the WF Agreement on which the U.S. New Money has a 2nd ranking pledge.

The U.S. New Money is also guaranteed by the Gallo 8 *fiducie* as well as a pledge on certain assets held by Technicolor SA.

Furthermore, the U.S. New Money benefits from a guarantee from Technicolor SA for the amount of the debt.

The WF Agreement is secured by a 1st ranking pledge on most of the commercial receivables of the U.S. companies of the Group. It also benefits from a 2nd ranking pledge on the remaining assets of the U.S. companies.

Mandatory and voluntary prepayments

In case of default or change of control of Technicolor, creditors will have the ability to immediately demand payment of all or a portion of the outstanding amounts.

The events of defaults in the Debt Instruments include among other things and subject to certain exceptions, thresholds and grace periods:

- failure by borrowers to make required payments when due under the Debt Instruments or of any other financial indebtedness or to comply with material obligations related to the Debt Instruments;
- a cross default under which there is a default if any member of the Group defaults under any indebtedness involving an aggregate amount of more than $25,000,000 and such default occurs on the final maturity or results in the right by the creditor(s) to require immediate repayment of the debt.

Under the mandatory prepayment terms of the New Money Documentation, the Group is required to apply the cumulative net proceeds from asset disposals and from any insurance settlements following casualty events (such as damages caused by fire or other insured events) above €75 million towards the repayment of outstanding amounts of the New Money debt unless the proceeds are reinvested in assets useful for its business within 365 days. A prepayment penalty applies if the prepayment is done before the 2nd anniversary of the issuance date; no penalty applies after this date.

The New Money debt can also be voluntarily prepaid in whole or in part at any time with a penalty before the 2nd anniversary of the issuance date and without penalty thereafter.

The Reinstated Term Loans can be voluntarily prepaid in whole or in part without penalty at any time following the full repayment or prepayment of the New Money debt.

Financial Covenants

The New Term Loan Agreement does not contain any financial covenants.

The New Money Documentation and the WF Agreement contain a financial leverage covenant and a minimum liquidity covenant.

The leverage covenant, tested on June 30 and December 31 starting in 2021, requires the ratio of total net debt to EBITDA be less than or equal to the levels given below:

- June 30, 2021: ≤6.00;
- December 31, 2021: ≤5.00;
- June 30, 2022: ≤4.50;
- December 31, 2022 and thereafter: ≤3.50.

The minimum liquidity covenant requires the Group to maintain at least €30 million of cash and available credit lines on certain dates.

The breach of this financial covenant is an event of default upon the occurrence of which a simple majority of the lenders can instruct the agent for the debt to declare it immediately due and payable.

Affirmative Covenants

The Debt Instruments contain various standard and customary affirmative covenants and in addition contain requirements that the Group provide:

- **quarterly financials:** unaudited balance sheet, income statement and cashflow statement (without notes);
- **full year guidance:** including, Revenue, EBITDA, FCF and Net Leverage ratio.

Furthermore, various confidential financial information and reports must be provided regularly to private side lenders.

Negative Covenants

The Debt Instruments and in particular the New Money Documentation and WF Agreement contain various standard and customary negative covenants as well as other specific covenants which restrict the Group's ability to undertake certain actions. These include restrictions on:

- **indebtedness:** generally new indebtedness is not permitted with various exceptions and baskets notably for capital leases and unsecured debt;
- **liens:** new liens are generally not allowed except for some carve-outs and a general lien basket;
- **disposals:** subject to certain carve-outs and baskets, the Group is limited in its ability to make disposals;
- **acquisitions:** except for a lifetime basket amount the Group cannot make acquisitions;
- **distributions and junior payments:** the Group is limited in its ability to make distributions, in particular to shareholders and from companies within a *fiducie* to those outside a *fiducie*. With the exception of cash pooling arrangements, junior payments between entities within a *fiducie* to those outside the *fiducie* are generally not allowed subject to certain exceptions and baskets.

At December 31, 2020 Technicolor fully respects all applicable covenants and no case of default happened between the incorporation of the *fiducies-sûretés* and the approval of the financial statements.

8.4 Cash and cash equivalents

Cash corresponds to cash in bank accounts as well as demand deposits.

Cash equivalents corresponds to very liquid short-term investments, with an original maturity not exceeding three months, which are easily convertible at any time into a known amount of cash and for which the risk on the principal amount is negligible.

(in million euros)	2020	2019
Cash	183	58
Cash equivalents	147	7
CASH AND CASH EQUIVALENTS	**330**	**65**

8.5 Net financial income (expense)

(in million euros)	Year ended December 31, 2020	2019
Interest income	4	1
Interest expense(1)	(82)	(70)
Net interest expense	**(78)**	**(69)**
Net interest expense on defined benefit liability	(4)	(7)
Net gain on financial restructuring	158	4
Foreign exchange gain/(loss)(2)	15	(2)
Other	(14)	(11)
Other financial income (expense)	**155**	**(15)**
NET FINANCIAL INCOME (EXPENSE)	**77**	**(84)**

(1) During 2020, Interest expense includes financial charges related to bridge loan and new debt arising from financial restructuring.
(2) During 2020, Foreign exchange result can be explained mainly by the change in U.S. debt value prior to financial restructuring.

8.6 Derivative financial instruments

GENERAL PRINCIPALS

The Group uses derivative instruments notably to hedge its exposure to foreign currency risk and changes in interest rates. The financial derivatives are executed in the over the counter market and are governed by standard ISDA (International Swaps and Derivatives Association, Inc.) agreements or agreements standard for the French market.

HEDGE ACCOUNTING

Derivative instruments may be designated as hedging instruments in one of three types of hedging relationships:

- fair value hedge, corresponding to a hedge of the exposure to the change in fair value of an asset or a liability;
- cash flow hedge, corresponding to a hedge of the exposure to the variability in cash flows from future assets or liabilities;
- net investment hedge in foreign operations, corresponding to a hedge of the amount of the Group's interest in the net assets of these operations.

Derivative instruments qualify for hedge accounting when at the inception of the hedge:

- there is a formal designation and documentation of the hedging relationship when put in place;
- the hedge is expected to be highly effective;
- its effectiveness can be reliably measured and it has been highly effective throughout the financial reporting periods for which the hedge was designated.

The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognized in the balance sheet at fair value. The gain or loss from remeasuring the hedged item at fair value is recognized in profit or loss and is offset by the effective portion of the loss or gain from remeasuring the hedging instrument at fair value;
- for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income (OCI), because the change in the fair value of the hedged portion of the underlying item is not recognized in the balance sheet, and the ineffective portion of the gain or loss on the hedging instrument, if any, is recognized in profit or loss. Amounts recognized in OCI are subsequently recognized in profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Such periods are generally less than 6 months except for the licensing activity.

TERMINATION OF HEDGE ACCOUNTING

The termination of hedge accounting may occur if the underlying hedged item does not materialize or if there is a voluntary revocation of the hedging relationship at the termination or the arrival of maturity of the hedging instrument. The accounting consequences are then as follows:

- in case of cash flow hedges, the amounts recorded in other comprehensive income are taken to profit or loss in the case of the disappearance of the hedged item;
- in all cases, the result on the hedging instrument is taken into profit or loss when the hedging relationship is terminated.

8.6.1 FINANCIAL DERIVATIVE PORTFOLIO

At December 31, 2020 and December 31, 2019 the fair value of the Group's financial derivatives was as follows:

	2020		2019	
(in million euros)	Assets	Liabilities	Assets	Liabilities
Foreign currency hedges	-	1	1	2
Interest rate hedges	-	1	-	1
TOTAL	**-**	**2**	**1**	**3**

Foreign currency hedge characteristics

The foreign currency hedges outstanding at December 31, 2020 are shown in the table below:

	Currencies	Notional[(1)]	Maturity	Fair value[(2)]
Forward purchases/sales and currency swaps	USD/GBP	54	2021	(1)
Forward purchases/sales and currency swaps	USD/MXN	(40)	2021	-
Forward purchases/sales and currency swaps	EUR/AUD	23	2021	-
Forward purchases/sales and currency swaps	EUR/GBP	18	2021	-
Forward purchases/sales and currency swaps	Other currencies			-
FAIR VALUE				**(1)**

(1) Net forward purchases/(sales), in millions of the first currency of the pair.
(2) Market value in millions of euros at December 31, 2020.

Interest rate hedge characteristics

The Group has two interest rate hedging instruments outstanding at December 31, 2020. These instruments hedge future interest charges of the Group, which are principally indexed on a floating rate as shown in the table in note 8.2.2.2.

The main characteristics are as follows:

	Notional	Hedge	Issuance	Maturity	Fair value[(1)]
Interest rate swap	€240 million	Receive 3m EURIBOR[(2)]/pay 0.22%	May 2018	November 2021	(1)
Cap	$145 million	3m LIBOR capped at 3.00%	May 2018	November 2021	-
FAIR VALUE					**(1)**

(1) Market value in millions of euros at December 31, 2020.
(2) EURIBOR floored at 0%.

Characteristics of instruments not documented as hedges

At December 31, 2020 the Group does not have any outstanding instruments that are not documented as hedges.

8.6.2 IMPACT OF DERIVATIVE FINANCIAL INSTRUMENTS ON GROUP PERFORMANCE

As indicated in note 8.2.2.1, due to the practice of the Group treasury for its foreign currency exposure of executing mainly short-term derivative instruments, which are rolled over as a function of its global exposure which is monitored daily, the characteristics of its portfolio of hedging instruments at the closing date is not representative of the impact on the year's results nor that of future years.

The table below presents the impact of hedging instruments on the Group's performance in 2020.

	Foreign currency hedges		Interest rate hedges		Instruments not documented as hedges
(in million euros)	Impact of effective portion(1)	Impact of ineffective portion(2)	Impact of effective portion(1)	Impact of ineffective portion	Impact of changes in value
Gross margin	**-**	**-**	**-**	**-**	**-**
Net interest expense	-	-	(1)	-	-
Foreign currency gain (loss)	-	1		-	-
Other	-	-	-	-	-
Net financial result	**-**	**1**	**(1)**	**-**	**-**
NET OPERATING RESULTAT BEFORE TAX	**-**	**1**	**(1)**	**-**	**-**
Gains/(losses) before tax resulting from the valuation at fair value of instruments hedging future cash flows	(5)	-	(1)	-	-
OTHER ELEMENT OF GLOBAL RESULT	**(5)**	**-**	**(1)**	**-**	**-**

(1) The effective portions of the hedges are recorded in the same item of the financial statement as the underlying hedged elements.

(2) The ineffective portions of foreign exchange hedges come mainly from forward points on forward exchange operations and foreign currency swaps, which the Group excludes from hedging relationships and from the foreign exchange gains and losses on the reduction of overhedges. Forward points related to the hedges of financial exposures are recorded in "Net interest expense". The forward points related to the hedges of commercial exposures as well as the foreign exchange result on the reduction of these hedges are recorded in "Foreign exchange gain/(loss)".

The impact of the hedges of future cash flows is represented by the gains/(losses) before taxes on the fair value of instruments hedging such cash flows and is recorded in net equity. At December 31, 2020 the impact is equal to €(5) million.

NOTE 9 Employee benefit

GRI *[201-1] [201-3] [401-2]*

9.1 Information on employees

The total headcount of the Group consolidated entities as of December 31, 2020 is 13,289 employees (17,414 as of December 31, 2019). Please refer to Chapter 5.1 of the Registration Document for more detail on employees of the Group.

The employee benefits expenses (including only employees in the consolidated entities) are detailed below:

(in million euros)	**2020**	**2019**
Wages and salaries	488	746
Social security costs	124	151
Compensation expenses linked to share-based payments granted to Directors and employees (note 9.3.3)	-	2
Pension costs - defined benefits plans (note 9.2.2)	3	7
Termination benefits	70	24
TOTAL EMPLOYEE BENEFITS EXPENSES (EXCLUDING DEFINED CONTRIBUTION PLANS)	**685**	**930**
Pensions costs – Defined contribution plans	18	20

The termination benefits are presented in restructuring expenses within continuing operations in the consolidated statement of operations.

9.2 Post-employment & long-term benefits

POST-EMPLOYMENT OBLIGATIONS

The Group operates various post-employment schemes for some employees. Contributions paid and related to defined contribution plans, *i.e.* pension plans under which the Group pays fixed contributions and has no legal or constructive obligation to pay further contributions (for example if the fund does not hold sufficient assets to pay to all employees the benefits related to employee service in the current and prior periods), are recorded as expenses when employees have rendered services entitling them to the contributions.

The other pension plans are analyzed as defined benefit plans (*i.e.* pension plans that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation) and are recognized in the balance sheet based on an actuarial valuation of the defined benefit obligations being carried out at the end of each annual reporting period.

The method used for determining employee benefits obligations is based on the Projected Unit Credit Method. The present value of the Group benefit obligations is determined by attributing the benefits to employee services in accordance with the benefit formula of each plan. The provisions for these benefits are determined annually by independent qualified actuaries based on demographic and financial assumptions such as mortality, employee turnover, future salaries, benefit levels and discount rates.

Remeasurement, comprising actuarial gains and losses, the effect of changes in asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in OCI. Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be classified in profit or loss.

Defined benefit costs are classified as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) to be recognized in profit or loss;
- net interest expense or income, to be recognized as financial expense and financial income (note 8.5).

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus between the present value of the Group's defined benefit obligation and the fair value of plan asset. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

OTHER LONG-TERM BENEFITS

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs. The obligations related to other long-term benefits (for example jubilee award) are also based on actuarial valuations. Actuarial gains or losses are recognized in the consolidated statement of operations.

The liability related to other long-term benefits are not presented within the retirement benefit obligation but within the restructuring provision or other liabilities.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's determination of its pension and post-retirement benefits obligations, expenses and OCI impacts for defined benefit plans is dependent on the use of certain assumptions used by actuaries in calculating such amounts, among others, the discount rate and annual rate of increase in future compensation levels. Assumptions regarding pension and post-retirement benefits obligations are based on actual historical experience and external data.

The Group is exposed to actuarial risks such as interest rate risk, investment risk, longevity risk, salary increase risk and inflation risk. The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Capital markets experience fluctuations that cause downward or upward pressure on the quoted values and higher volatility. While Technicolor's management believes the assumptions used are appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension and post-retirement benefits net obligations under such plans and related future expense.

9.2.1 SUMMARY OF THE PROVISIONS AND PLANS DESCRIPTION

	Pension plan benefits		Medical post-retirement benefits		Total	
(in million euros)	2020	2019	2020	2019	2020	2019
At December 31, 2019	**369**	**340**	**6**	**6**	**375**	**346**
Net periodic pension cost	7	10	-	-	7	10
Curtailment	(3)	(5)	-	-	(3)	(5)
Benefits paid and contributions	(30)	(26)	(1)	-	(31)	(26)
Change in perimeter	-	3	-	-	-	3
Actuarial (gains) losses recognized in OCI	14	45	-	-	14	45
Currency translation adjustments and other	(6)	2	-	-	(6)	2
AT DECEMBER 31, 2020	**350**	**369**	**5**	**6**	**355**	**375**
Of which current	*30*	*33*	-	-	*30*	*33*
Of which non-current	*320*	*336*	*5*	*6*	*324*	*342*

9.2.1.1 Defined contribution plans

The pension costs of these plans correspond to the contributions paid by the Group to independently administered funds. These plans guarantee employee benefits that are directly related to contributions paid.

The total contributions paid by Technicolor amounted to €18 million in 2020 (€20 million in 2019).

9.2.1.2 Defined benefit plans

These plans mainly cover pension benefits, retirement indemnities and medical post-retirement benefits. In 2020, the geographical breakdown of such net obligations was as follows:

(in million euros)	Germany	U.S.	UK	France	Others	Total
Present value of defined benefit obligation	273	105	148	13	25	564
Fair value of plan assets	-	(78)	(118)	-	(13)	(209)
RETIREMENT BENEFIT OBLIGATIONS	**273**	**27**	**30**	**13**	**12**	**355**
Cash flows	(17)	(7)	(5)	-	(2)	(31)
Average duration (in years)	12	8	18	11	N/A	N/A

Pension benefits and retirements indemnities

Pension plans maintained by the Group are mainly the following:

In Germany, employees are covered by several vested unfunded defined benefit and defined contribution pension plans. These plans mainly provide employees with retirement annuities and disability benefits. Employees participate in plan based on final pay and services. The pension plans are no longer available to new entrants.

The retirement age is between 60 and 63 years old.

In the United States, the employees of Technicolor are covered by a defined benefit pension plan. Technicolor mainly operates two defined benefit pension plans: a cash balance pension plan that covers substantially all non-union employees, funded through a trust fund, and an additional pension plan for executive employees, closed to new participants. Benefits are equal to a percentage of the plan Member's earnings each year plus a guaranteed rate of return on earned benefits until retirement.

A hard freeze occurred over 2009 on U.S. pension plans. The rights as of January 1, 2010 remain vested but no additional pay-based credits are added to the cash balance account under the Plans. Interest credit, however, continue to be added to employees' account.

The retirement age is 65 years old.

In the United Kingdom, Technicolor mainly maintains a dedicated funded pension plan, which provides retirement annuity benefits. This plan is no longer available to new entrants.

The retirement age is 65 years old.

In France, the Group is legally required to pay lump sums to employees when they retire. The amounts paid are defined by the collective bargaining agreement in force and depend on years of service within the Group and employee's salary at retirement.

The retirement age is 62 years old but the average retirement age observed is 64 years old.

In other countries, Technicolor maintains pension plans in Mexico, in Belgium, in South Korea and in Japan. The benefits are mainly based on employee's pensionable salary and length of service.

Medical Post-retirement benefits

In the U.S. & in Canada, Technicolor provided to certain employees a post-retirement medical plan. The medical plan in the U.S. includes basic medical and dental benefits and has been closed to new entrants. The medical plan in Canada includes life insurance, health and dental care benefit coverage and was closed to new entrants.

9.2.1.3 Multi-employer plan

Since August 2009, Technicolor participates in the Motion Picture Industry multi-employer defined benefit plan in the U.S. As the information about the dividing up of plan financial position and performance between each plan Member are not available, Technicolor accounts for this plan as a defined contribution plan.

The average expense incurred each year is around €2 million.

9.2.2 ELEMENTS OF THE STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

9.2.2.1 Statements of operations

	Pension plan benefits		Medical Post-retirement benefits		Total	
(in million euros)	2020	2019	2020	2019	2020	2019
Service cost:						
• current service cost	(3)	(3)	-	-	(3)	(3)
• past service cost and gain from settlements	4	3	-	-	4	3
Financial interest expense, net:						
• interest cost on obligation	(8)	(13)	-	-	(8)	(13)
• interest income on plan assets	4	6	-	-	4	6
COMPONENTS OF DEFINED BENEFIT COSTS RECOGNIZED IN PROFIT OR LOSS	**(3)**	**(7)**	**-**	**-**	**(3)**	**(7)**

9.2.2.2 Other comprehensive income

	Pension plan benefits		Medical Post-retirement benefits		Total	
(in million euros)	2020	2019	2020	2019	2020	2019
OPENING					**(222)**	**(178)**
Actuarial gains/(losses) arisen on plan assets:						
• due to the return on plan assets	16	20	-	-	16	20
Actuarial gains/(losses) arisen on benefit obligation:						
• due to changes in demographic assumptions	1	(2)	-	-	1	(2)
• due to changes in financial assumptions[(1)]	(34)	(53)	-	-	(34)	(53)
• due to experience adjustments	3	(9)	-	-	3	(9)
COMPONENTS OF DEFINED BENEFIT COSTS RECOGNIZED IN OCI	**(14)**	**(44)**	**-**	**-**	**(14)**	**(44)**
CLOSING					**(236)**	**(222)**

(1) *In 2020 and 2019, the decrease in discount rates (see note 9.2.5) resulted in actuarial losses for respectively €14 million and €45 million.*

9.2.3 ANALYSIS OF THE CHANGE IN BENEFIT OBLIGATION AND IN PLAN ASSETS

	Pension plan benefits		Medical Post-retirement benefits		Total	
(in million euros)	2020	2019	2020	2019	2020	2019
Benefit obligation at opening	**(572)**	**(518)**	**(6)**	**(6)**	**(578)**	**(524)**
Current service cost	(2)	(2)	-	-	(2)	(2)
Interest cost	(8)	(13)	-	-	(8)	(13)
Remeasurement – actuarial gains/(losses) arising from:						
• changes in demographic assumptions	1	(2)	-	-	1	(2)
• changes in financial assumptions	(34)	(53)	-	-	(34)	(53)
• experience adjustments	3	(10)	-	-	3	(10)
Past service cost, including gains/(losses) on curtailments	4	2	-	-	4	2
Benefits paid	33	34	1	-	33	34
Currency translation adjustments	19	(10)	-	-	19	(10)
Others (Change in Pension system)	-	-	-	-	-	-
Benefit obligation at closing	**(558)**	**(572)**	**(5)**	**(6)**	**(563)**	**(578)**
Benefit obligation wholly or partly funded	*(257)*	*(266)*	-	-	*(257)*	*(266)*
Benefit obligation wholly unfunded	*(301)*	*(306)*	*(5)*	*(6)*	*(306)*	*(312)*
Fair value of plan assets at opening	**203**	**178**	**-**	**-**	**203**	**178**
Interest income	4	6	-	-	4	6
Remeasurement gains/(losses)	16	20	-	-	16	20
Employer contribution	11	7	-	-	11	7
Benefits paid	(13)	(15)	-	-	(13)	(15)
Currency translation adjustments	(13)	7	-	-	(13)	7
Others (Change in Pension system)	-	-	-	-	-	-
Fair value of plan assets at closing	**208**	**203**	**-**	**-**	**208**	**203**
RETIREMENT BENEFIT OBLIGATIONS	**(350)**	**(369)**	**(5)**	**(6)**	**(355)**	**(375)**

The Group expects the overall 2020 benefits paid to be equal to €30 million for defined benefits plans, of which €20 million directly by the Company to the employees and €10 million by the plans.

9.2.4 PLAN ASSETS

9.2.4.1 Funding policy and strategy

When defined benefit plans are funded, mainly in the U.S. and in the UK, the investment strategy of the benefit plans aims to match the investment portfolio to the membership profile.

In the UK, contributions are negotiated with the Trustees as per the triennial valuation. Trustees are advised by an external leading global provider of risk management services regarding investment policy. The average yearly funding contribution is £4 million (€5 million at 2020 average rate).

In the U.S., Technicolor's policy is to contribute on an annual basis in an amount that is at least sufficient to meet the minimum requirements of the U.S. law. The average yearly contribution is U.S.$7 million (€6 million at 2020 average rate).

Periodically an asset-liability analysis is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles:

- in the U.S., as the pension plan is frozen, the investment strategy aims to increase the funded ratio toward termination liability while simultaneously attempting to minimize the volatility of the funded ratio (currently funded ratio is close to 74%). Asset mix is fully based on bonds and cash equivalents. Over the past several years, the return of the plan has on average exceeded the expected return;
- in the UK, the funded status is close to 80%. Asset mix is based on 33% of insurance contracts that cover obligations with pensioners, 42% of bonds and cash equivalents, 19% of equity instruments, and 6% of properties. The annualized performance of the plan exceeds the expected return on a 3-year basis.

9.2.4.2 Disaggregation of the fair value by category

	Plan assets allocation at December 31		Fair value of plan assets at December 31	
(in % and in million euros)	2020	2019	2020	2019
Cash and cash equivalents	2%	3%	5	6
Equity investments	11%	10%	22	21
Debt securities	69%	67%	144	137
Properties	1%	1%	3	2
Annuity contracts	17%	19%	35	38
TOTAL	**100%**	**100%**	**209**	**204**

The fair value of the above equity and debt instruments is determined based on quoted market prices in active markets. The fair value of the plan assets did not include any Technicolor's own financial instruments or any asset used by the Group.

The 2020 actual return on plan assets amounts to €20 million (€25 million in 2019).

9.2.5 ASSUMPTIONS USED IN ACTUARIAL CALCULATION

	Pension plan benefits		Medical post-retirement benefits	
	2020	2019	2020	2019
Weighted average discount rate	1.01%	1.60%	2.00%	2.80%
Weighted average long-term rate of compensation increase	1.22%	1.20%	N/A	N/A

Discount rate methodology

The projected benefit cash flows under the U.S. schemes are discounted using a specific yield curve based on AA rated corporate bonds. The discount rates used for the Euro zone and the UK are determined based on AA rate corporate bonds common indexes and are as follows:

(in %)	Pension plan benefits	Early retirement	Medical post-retirement benefits	Index Reference
Euro Zone	0.35%	0.00%	N/A	Iboxx AA10+
UK	1.45%	N/A	N/A	Aon Hewitt AA curve
U.S.	1.80%	N/A	2.02%	Citigroup pension discount curve

9.2.6 RISK ASSOCIATED TO THE PLANS & SENSITIVITY ANALYSIS

Pension plans are mainly exposed to:

- longevity risk due to mortality assumption;
- financial risks due to discount rate and salary increase rate assumptions.

Medical plans are mainly exposed to:

- longevity risk due to mortality assumption;
- financial risks due to discount rate and medical trend rate assumptions.

The sensitivity of the actuarial valuation is described below:

- if the discount rate is 0.25% higher, the obligation would decrease by €17 million;
- if the discount rate is 0.25% lower, the obligation would increase by €19 million;
- if the healthcare costs are 1% higher, the obligation would increase by less than €1 million;
- if the healthcare costs are 1% lower, the obligation would decrease by less than €1 million;
- if the salary increase rate is 0.25% higher, the obligation would increase by €1 million;
- if the salary increase rate is 0.25% lower, the obligation would decrease by €1 million.

The sensitivity analysis presented have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

9.3 Share-based compensation plans

The Group issues equity-settled and cash-settled share-based payments to certain employees. According to IFRS 2, the advantage given to the employees regarding the grant of stock options or free shares consists of an additional compensation to these employees estimated at the grant date.

Equity-settled share-based payments are measured at fair value at the grant date. They are accounted for as an employee expense on a straight-line basis over the vesting period of the plans, based on the Group's estimate of instruments that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognized at the current fair value determined at each balance sheet date with any changes in fair value recognized in profit or loss for the period within "Other financial income (expense)". In addition, for plans based on non-market performance conditions, the probability of achieving the performance is assessed each year and the expense is adjusted accordingly.

The fair value of instruments, and especially of options granted, is determined based either on a binomial option pricing model or on the Black-Scholes valuation model that takes into account an annual reassessment of the expected number of exercisable options. The Monte Carlo model may also be used for taking into account some market conditions.

9.3.1 STOCK-OPTIONS PLANS GRANTED BY TECHNICOLOR

Management Incentive Plans (MIP)

The Shareholders' Meeting of May 23, 2013, in its fifteenth resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization has been given for a 38-month period, and is valid until July 23, 2016. Options granted under this authorization shall not give rights to a total number of shares greater than 994,204.

As of December 31, 2020, after share consolidation adopted by March 23, 2020 General Meeting, 261,568 subscription options are still outstanding (respectively 151,559 options, 98,049 options, 2,884 options and 9,076 options related to MIP 2015, MIP 20016, MIP June 2017 and MIP October 2017).

2016, 2017, 2018 Long-Term Incentive Plan (LTIP)

The Shareholders' Meeting of April 29, 2016, in its twenty-eight resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and is valid until June 29, 2018. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 305,175.

Making use of this authorization, the Board of Directors approved on April 29, 2016, on January 6, 2017 and on April 25, 2018 the implementation of respectively 2016, 2017 and 2018 Long-Term Incentive Plan.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the cumulative achievement of Adjusted EBITDA and Free Cash Flow targets for the three years from 2016 through 2018 (LTIP 2016), from 2017 through 2019 (LTIP 2017), from 2018 through 2020 (LTIP 2018) and the satisfaction of a continued employment condition for the full duration of the Plan (through April 30, 2019 for LTIP 2016, through April 30, 2020 for LTIP 2017 and through April 30, 2021 for LTIP 2018).

The Board of Directors of February 27, 2019 found that targets for the LTIP 2016 were not met and therefore no Performance Shares were delivered.

The Board of Directors of May 7, 2020 found that targets for the LTIP 2017 were partially met and therefore authorized the delivery of 56,700 Performance Shares.

As of December 31, 2020, the outstanding share rights under the plans amounts to 20,548 performance shares rights for LTIP 2018.

2019 Long-Term Incentive Plan (LTIP)

The Shareholders' Meeting of June 14, 2019, in its twentieth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and is valid until June 13, 2020. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 111,111.

Asking use of this authorization, the Board of Directors approved on June 14, 2019, the implementation of 2019 Long-Term Incentive Plan.

This three-year plan provides conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the satisfaction of a continued employment condition through June 14, 2022.

The Board of Directors meeting of January 30, 2020 authorized the issuance of 9,258 shares in favor of two beneficiaries at an exercise price of €16.20.

As of December 31, 2020, the outstanding share rights under the plan amounts to 93,645 performance shares rights.

2020 Long-Term Incentive Plan (LTIP)

The Shareholders' Meeting of June 30, 2020 in its twenty fifth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees or the Group related parties. This authorization has been given for a 36-months period and is valid until June 30, 2023. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 3.6% of share capital stated at the date of authorization.

Asking use of this authorization, the Board of Directors approved on December 17, 2020, the implementation of 2020 Long-Term Incentive Plan and authorized the issuance of 2,829,146 free shares.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject of the satisfaction a continued employment condition for the full duration of the Plan until December 17, 2023 and the achievement of cumulated EBITA and Total Shareholder Return until the end of 2022.

As of December 31, 2020, the outstanding share rights under the plan amounts to 2,829,146 performance shares rights.

As of December 31, 2020, the total number of outstanding stock options amounted to a maximum of 261,568 options and the total number of rights to receive shares amounted to 2,943,339 rights granted to employees and Directors.

The details of these options and shares are disclosed hereafter:

	Type of plan	Grant date	Number of instruments initially granted(2)	Number of instruments outstanding(2)	Initial number of beneficiaries	Vesting date	Contractual instrument life	Exercise price(1)(2)	Estimated fair values granted(1)(2)
MIP 2015 Options*	Subscription options	May 23, 2013 and June 7, 2013	607,335	149,060	94	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€86.13	€28.62
MIP 2015 Options*	Subscription options	October 24, 2013	7,408	-	1	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€106.11	€37.80
MIP 2015 Options*	Subscription options	March 26, 2014	7,963	2,499	2	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€122.31	€46.71
MIP 2016 Options*	Subscription options	June 20, 2014	104,815	48,353	40	June 2016 (50%) June 2017 (25%) June 2018 (25%)	8 years	€156.33	€49.14
MIP 2016 Options*	Subscription options	October 21, 2014	70,926	34,319	24	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€132.84	€39.15
MIP 2016 Options*	Subscription options	April 9, 2015	14,815	15,377	1	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€157.41	€50.76
MIP June 2017 Options*	Subscription options	June 26, 2015	9,260	2,884	2	June 2017 (50%) June 2018 (25%) June 2019 (25%)	8 years	€158.76	€51.57
MIP October 2017 Options*	Subscription options	December 3, 2015	63,334	9,076	22	October 2017 (50%) October 2018 (25%) October 2019 (25%)	8 years	€191.97	€61.29
2016 LTIP**	Performance shares	April 29, 2016	102,241	-	187	April 2019	-	-	€153.63
2016 LTIP**	Performance shares	July 27, 2016	2,444	-	12	April 2019	-	-	€147.69
2016 LTIP**	Performance shares	October 20, 2016	7,926	-	18	April 2019	-	-	€138.78
2017 LTIP**	Performance shares	January 6, 2017	5,995	-	10	April 2020	-	-	€102.06
2017 LTIP**	Performance shares	March 9, 2017	148,180	-	218	April 2020	-	-	€102.06
2017 LTIP**	Performance shares	April 26, 2017	7,407	-	1	April 2020	-	-	€116.91
2017 LTIP**	Performance shares	July 26, 2017	5,273	-	15	April 2020	-	-	€91.26
2018 LTIP**	Performance shares	April 25, 2018	11,370	11,111	2	April 2021	-	-	€34.37
2018 LTIP**	Performance shares	June 25, 2018	12,216	9,437	12	April 2021	-	-	€34.37

	Type of plan	Grant date	Number of instruments initially granted(2)	Number of instruments outstanding(2)	Initial number of beneficiaries	Vesting date	Contractual instrument life	Exercise price(1)(2)	Estimated fair values granted(1)(2)
2019 LTIP**	Performance shares	June 14, 2019	7,407	7,407	1	June 2022	-	-	€20.74
2019 LTIP**	Performance shares	July 24, 2019	88,197	77,028	175	June 2022	-	-	€20.74
2019 LTIP**	Performance shares	November 5, 2019	2,739	2,739	4	June 2022	-	-	€20.74
2019 LTIP**	Performance shares	January 30, 2020	9,258	6,471	2	June 2022	-	-	€16.20
2020 LTIP**	Performance shares	December 17, 2020	2,829,146	2,829,146	101	December 2023	-	€1.82	€1.23

* *Management Incentive Plans (MIP) (see description above).*
** *Long-Term Incentive Plan (LTIP) (see description above).*
(1) *Exercise prices, fair value and number of options outstanding were modified following the 2015 capital increase.*
(2) *Exercise prices, fair value and number of options outstanding were modified following the 2020 share consolidation.*

9.3.2 CHANGES IN OUTSTANDING OPTIONS & FREE SHARES

Movements in the number of options and free shares outstanding with their related weighted average exercise prices are as follows for 2020 and 2019:

	Number of options and free shares(2)	Weighted Average Exercise Price *(in euros)*(2)
Outstanding as of December 31, 2018 (with an average remaining contractual life of 4 years – excluding free shares)	**634,661**	**116.10** *(ranging from 0 to 189)*
Of which exercisable	*394,519*	*116.10*
Granted(1)	98,407	20.79
Delivered (Free Share Plan)	-	
Delivered (MIP)	-	
Forfeited & other	(128,447)	153.90
Outstanding as of December 31, 2019 (with an average remaining contractual life of 3 years – excluding free shares)	**604,621**	**92.61** *(ranging from 0 to 189)*
Of which exercisable	*364,953*	*111.78*
Granted(1)	2,838,404	1.28
Delivered (Free Share Plan)(1)	(56,700)	102.7
Delivered (MIP)	-	
Forfeited & other	(181,418)	98.21
Outstanding as of December 31, 2020 (with an average remaining contractual life of 2 years – excluding free shares)	**3,204,907**	**11.23** *(ranging from 0 to 189)*
Of which exercisable	*261,568*	*114.24*

(1) *Related to 2019 and 2020 Long-Term Incentive Plan (LTIP).*
(2) *Exercice price and number of options outstanding were modified following the 2020 share consolidation.*

Significant assumptions used

The estimated fair values of the options granted were calculated using the Black&Scholes valuation model. The inputs into the model were as follows:

(in % and in euros)	December 2015	June 2015	April 2015	October 2014	June 2014	March 2014	October 2013	May & June 2013
Weighted average share price at measurement date[(2)]	190.35	165.51	163.62	127.17	153.36	131.76	109.62	86.4
Weighted average exercise price[(2)]	191.97	158.76	157.41	132.84	156.33	122.31	106.11	86.13
Expected volatility	40%	40%	40%	40%	40%	40%	40%	40%
Expected option life[(1)]	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Risk free rate	0.12%	0.17%	0.17%	0.13%	0.31%	0.62%	0.77%	0.62%
Expected dividend yield	0.70%	0.8%	0.80%	0%	0%	0%	0%	0%
Fair value of option at measurement date[(2)]	61.29	51.57	50.76	39.15	49.14	46.71	37.8	28.62

(1) Expected option life is shorter than the contractual option life as it represents the period from grant date to the date on which the option is expected to be exercised.
(2) Exercise prices and fair value were modified following the 2020 share consolidation.

Factors that have been considered in estimating expected volatility for the long-term maturity Stock Option Plans include:

- the historical volatility of Technicolor's shares over the longest period available;
- adjustments to this historical volatility based on changes in Technicolor's business profile.

For shorter maturity options, expected volatility was determined based on implied volatility on Technicolor's share observable at grant date.

For the 2013 free shares granted as part of Free Share Plan, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €104.49 and a dividend rate of 0%.

For the 2016 performance shares granted as part of the 2016 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €146.70 and a 3-years expected yearly dividend of €4.86.

For the 2017 performance shares granted as part of the 2017 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €103.07 and a 3-years expected yearly dividend of €4.86.

For the 2018 performance shares granted as part of the 2018 LTIP, Technicolor considered an expected turnover of 10% based on historical data of related beneficiaries, an average initial share price of €34.37 and a 3-years expected yearly dividend of €0.

For the 2019 performance shares granted as part of the 2019 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €19.60 and a 3-years expected yearly dividend of €0.

9.3.3 COMPENSATION EXPENSES CHARGED TO INCOME

The compensation charged to income for the services received during the period amount to €0 million (expense/income) and €2 million (expense) for the years ended December 31, 2020 and 2019. The counterpart of this expense has been credited to equity.

As of December 31, 2020, balances of lapsed plans amounting to €54 million have been reclassed in another caption of equity according IFRS 2 requirements.

9.4 Key management compensation

Directors' fees and compensation expenses (incl. Social security costs) amounted to €1 million in 2020 and €0.9 million in 2019. The amounts due to Directors who are non-resident for French tax purposes are subject to a withholding tax. Fees due to Directors and advisors in respect to fiscal year 2020 will be paid in 2021.

Compensation expenses allocated by the Group to Members of the Executive Committee (including those who left this function during 2020 and 2019), during 2020 and 2019 are shown in the table below:

(in million euros)	2020(1)	2019(1)
Short-term employee benefits(1)	14	15
LT employment benefit	2	-
Termination benefits(2)	4	-
Share-based payment	-	1
TOTAL	**20**	**16**

(1) 12 members in 2020 and 15 members in 2019.
(2) Amounts accrued under post-employment obligations are almost nil as of December 31, 2019 and 2020.

In addition, a non-compete indemnity of €0.6 million has been paid to Mr Frédéric Rose in 2020.

The Members of the Executive Committee can benefit from severance packages in case of an involuntary termination and in absence of fault, which represent a total estimated amount of €5 million.

NOTE 10 Provisions & contingencies

Provisions are recorded at the balance sheet date when the Group has an obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

The obligation may be contractual, legal, regulatory or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the Group has indicated to other parties that it will accept certain responsibilities, and as a result, has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The recorded provision represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded but details of the obligation are disclosed in the notes to the consolidated financial statements.

Where the discounting effect is material, the recorded amount is the present value of the expenditures expected to be required to settle the related obligation. The present value is determined using pre-tax discount rates that reflect the assessment of the time value of money. Unwinding of discounts is recognized in the line item "Net financial income (expense)" in the consolidated statement of operations.

ACCOUNTING ESTIMATES AND JUDGMENTS

Technicolor's management is required to make judgments about provisions and contingencies, including the probability of pending and potential future litigation outcomes that, by their nature, are dependent on future events that are inherently uncertain. In making its determinations of likely outcomes of litigation and tax matters, management considers the opinion of outside counsel knowledgeable about each matter, as well as developments in case law.

PROVISIONS FOR RESTRUCTURING

Provisions for restructuring costs are recognized when the Group has a constructive obligation towards third parties, which results from a decision made by the Group before the balance sheet date and supported by the following items:

- the existence of a detailed and finalized plan identifying the sites concerned, the location, the role and the approximate number of headcounts concerned, the nature of the expenses that are to be incurred and the effective date of the plan; and
- the announcement of this plan to those affected by it.

The restructuring provision only includes the costs directly linked to the plan.

10.1 Detail of provisions

(in million euros)	Provisions for warranty	Provisions for risks & litigations related to continuing operations	Provisions for risks & litigations related to discontinued operations	Provisions for restructuring related to continuing operations	Provisions for restructuring related to discontinued operations	Total
As of December 31, 2019	**26**	**5**	**53**	**16**	**-**	**100**
Current period additional provision	13	4	9	94	2	122
Release	(8)	(1)	(1)	(8)	-	(18)
Usage during the period	(6)	(1)	(25)	(46)	-	(78)
Other movements and currency translation adjustments	(2)	(1)	(1)	1	-	(3)
AS OF DECEMBER 31, 2020	**23**	**6**	**35**	**57**	**2**	**123**
Of which current	*23*	*4*	*5*	*56*	*2*	*90*
Of which non-current	*-*	*2*	*30*	*1*	*-*	*33*

The provisions for restructuring are mainly composed of termination costs related to continuing operations (for both employees and facilities).

10.2 Contingencies

GRI *[103-2 Anti-competitive behavior] [103-3 Anti-competitive behavior] [103-2 Environmental compliance] [103-3 Environmental compliance] [103-2 Socioeconomic compliance] [103-3 Socioeconomic compliance] [206-1] [307-1] [419-1]*

In the ordinary course of the business, the Group is involved in various legal proceedings and is subject to tax, customs and administrative regulation. The Group's general policy is to accrue a reserve when a risk represents a contingent liability towards a third-party and when the probability of a loss is probable and it can be reasonably estimated. Significant pending legal matters include the following:

BRAZILIAN TAX LITIGATION

The Brazilian Tax Authorities have raised a tax assessment on Technicolor Brasil Midia E Entretenimento LTDA for fiscal years 2014 and 2015. Technicolor appealed to the first-tier tribunal to challenge the whole tax assessment.

TAOYUAN COUNTY FORM RCA EMPLOYEES' SOLICITUDE ASSOCIATION

Technicolor, certain of its subsidiaries and General Electric are being sued by an association of former employees (or heirs of former employees) at a former manufacturing facility in Taiwan (TCETVT). They allege exposure to various contaminants while living or working at the facility, which allegedly caused them to suffer various diseases, including cancer, or caused emotional distress from fear that living and working at the facility increased their risk of contracting diseases.

After a first ruling of the Taiwan court and an appeal before the Taiwan High Court (first appeals court), the Taiwan Supreme Court, in August 2018:

(i) confirmed the Taiwan High Court decision of awarding NTD518 million (*c.* €15 million at the exchange rate as of December 31, 2020) in damages to 260 claimants; and

(ii) remanded the claims of 246 claimants for further proceedings at the High Court.

General Electric paid to the Court the full amount of the decision in December 2019.

On March 5, 2020, the Taiwan High Court ruled on the 246 remanded claims and awarded NTD54.7 million (€1.6 million) in damages plus interest. This ruling is on appeal to the Taiwan Supreme Court.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on December 27, 2019 and awarded approximately NTD2.3 billion (*c.* €66.8 million at the exchange rate as of December 31, 2020) plus interest. Technicolor and General Electric were held jointly and severally liable. Technicolor filed its appeal of this decision to the Taiwan High Court in January 2020.

Technicolor and its subsidiaries claim, among other reasons, that TCETVT operated for less than four years after its purchase from General Electric, while General Electric and its predecessor-in-interest RCA Corporation, ultimately owned TCETVT for approximately twenty years of operations.

Should the Group or any of the subsidiaries ultimately be held liable or settle the claims, the amounts of any such liability or settlement could be high. There are currently too many uncertainties to assess the extent of any liability that Technicolor or its subsidiaries may incur as a consequence of this lawsuit. Technicolor also has various avenues to mitigate any risk, including contractual indemnities owed to it by General Electric and others.

CATHODE RAY TUBES CASES

United States

Between 2014 and 2017, Technicolor settled with all plaintiffs in the legal actions that Technicolor had been defending in the United States pertaining to alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry.

However, the U.S. District Court decision approving Technicolor's June 2015 settlement with a class of indirect purchasers of CRT for $14 million was remanded in February 2019 to the District Court by the Court of Appeals so that the District Court could reconsider its approval of the settlement. As part of the remand process, the indirect purchasers' settlement agreements with defendants were amended by agreement of the parties in September 2019, which resulted in a small part of the settlement amounts being returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states being excluded from the settlements. The amended settlement agreements were approved by the District Court and the order granting that approval has now been appealed to the Court of Appeals. In September 2019, motions to intervene were filed by consumers from those nine states, but the District Court denied them. The orders denying the motions to intervene have been appealed to the Court of Appeals. Technicolor believes that its exposure is limited in size and that it has valid means of defense.

Europe

Since 2014, Technicolor has also been defending, along with other defendants (Samsung, LG, Philips, *etc.*), several similar legal actions in various European jurisdictions alleging damages suffered as a result of anticompetitive behaviour in the CRT industry until 2005. All such cases are in the wake of the EU Commission decision of December 2012 pursuant to which Technicolor was fined €39 million as a result of alleged involvement in a cartel. The cases are as follows:

- in the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds by the Court of First Instance as well as by the Regional Court of Appeals in December 2020. Vestel appealed the decision of the Regional Court of Appeals;
- in the Netherlands, a case filed by three Brazilian TV manufacturers under Brazilian law.

At this time, Technicolor is unable to assess the potential outcome from those cases and the resulting potential liability due to the complexity of the cases, as Technicolor is still defending certain of these on procedural grounds and/or as the claims have not all been fully substantiated. Depending on jurisdictions, decisions on quantum are not expected before 2021 or 2022.

Technicolor also defended (i) a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020 and (ii) two cases in Germany against three German former TV manufacturers (Grundig and Loewe/Metz) which were settled in December 2020.

ENVIRONMENTAL MATTERS

Some of Technicolor's current and previously-owned manufacturing sites have a history of industrial use. Soil and groundwater contamination, which occurred at some sites, may occur or be discovered at other sites in the future. Industrial emissions at sites that Technicolor has built or acquired expose the Group to remediation costs. The Group has identified certain sites at which chemical contamination has required or will require remedial measures.

Soil and groundwater contamination were detected at a former manufacturing facility in Taoyuan, Taiwan that was acquired from GE in a 1987 transaction. In 1992, the facility was sold to a local developer. Soil remediation was completed in 1998. In 2002, the Taoyuan County Environmental Protection Bureau ("EPB") ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway. EPB and TCETVT continue to negotiate over the scope of that work. Technicolor has reached an agreement with General Electric with respect to allocation of responsibility related to the soil and groundwater remediation.

In addition to soil and groundwater contamination, the Group sells or has sold in the past products which are subject to recycling requirements and is exposed to changes in environmental legislation affecting these requirements in various jurisdictions.

The Group believes that the amounts reserved and the contractual guarantees provided by its contracts for the acquisition of certain production assets will enable it to reasonably cover its safety, health and environmental obligations. However, potential problems cannot be predicted with certainty and it cannot be assumed that these reserve amounts will be precisely adequate.

NOTE 11 Specific operations impacting the consolidated statement of cash-flows

GRI *[102-10][102-49]*

11.1 Acquisitions and disposals of subsidiaries & investments

The details for the acquisition of subsidiaries and investments, net of cash position of companies acquired, are as below:

(in million euros)	2020	2019
LG	-	(2)
Other earn-out payments	(3)	(1)
Acquisition of investments	**(3)**	**(3)**
Less cash position of companies acquired	-	-
ACQUISITION OF INVESTMENTS, NET	**(3)**	**(3)**

The details for the disposal of subsidiaries and activities, net of cash position of companies disposed off, are as below:

(in million euros)	2020	2019
Digital Cinema activity(1)	8	3
Others	-	(2)
Disposal of investments	**8**	**1**
Less cash position of companies disposed off	(1)	-
DISPOSAL OF INVESTMENTS, NET	**7**	**1**

(1) Activity transferred to Deluxe in 2015, with annual earnout payments ending in 2020.

11.2 Cash impact of debt repricing and financing operations

(in million euros)	2020	2019
Proceeds from non-current borrowings	-	-
Reimbursement of non-current borrowings to debt holders	-	-
Cash impact of non-current borrowings variation	**-**	**-**
Proceeds from current borrowings(1)	760	1
Reimbursement of current borrowings to debt holders(2)	(243)	(97)
Cash impact of current borrowings variation	**517**	**(96)**
Disposal of treasury shares (net of fees paid)(3)	-	1
Increase in capital(4)	60	-
Fees paid in relation to financing operations(5)	(60)	(1)
TOTAL CASH IMPACT OF REFINANCING AND SHARE CAPITAL OPERATIONS	**517**	**(96)**

(1) In 2020, proceeds from borrowings include €416 million related to French and U.S. New Money, €250 million related to RCF and €93 million related to Bridge loan.
(2) In 2020, €85 million related to repayments of lease debts and €158 million related to Term Loan Debt and Bridge loan.
In 2019, €91 million related to repayments of lease debts and €2 million related to 2018 Term Loan Debt.
(3) In 2019, Technicolor sold treasury shares for consideration of €1 million.
(4) In 2020, Technicolor increased its capital as part of financial restructuring.
(5) Fees paid directly linked to the Group's debt have been recorded as financing cash flows:
- *in 2020, it includes mainly fees related Group financial restructuring;*
- *in 2019, it includes mainly fees related to the Group's credit lines for €1 million.*

The tables below show the Group's borrowing variation in the Balance Sheet:

(in million euros)	December 31, 2019	Cash impact of borrowing variation(1)	Non cash variation: Non cash movements on lease contracts	Non cash variation: Effect of financial restructuring	Non cash variation: Interest expenses	Non cash variation: Currency Translation Adjustments and Forex	Non cash variation: Transfer Current – Non current	Non cash variation: Reclassification in liabilities related to assets held for sale	December 31, 2020
Non current borrowing	979	606	-	(630)	16	(26)	3	-	948
Current borrowing	8	(4)	-	-	15	-	(3)	-	16
TOTAL BORROWING	**987**	**602**	**-**	**(630)**	**31**	**(26)**	**-**	**-**	**964**
Non current lease laibilities	224	(62)	17	-	-	(15)	-	(42)	122
Current lease liabilities	87	(25)	1	-	-	(1)	-	(6)	56
TOTAL LEASE LIABILITIES	**311**	**(87)**	**18**	**-**	**-**	**(16)**	**-**	**(48)**	**178**

(1) In 2020, €(2) million are related to cash flows from discontinued activities.

(in million euros)	December 31, 2018	Cash impact of borrowing variation(1)	Non cash variation: IFRS 16 adoption	Non cash variation: New leases	Non cash variation: IFRS discounts of debts	Non cash variation: Currency Translation Adjustments	Non cash variation: Transfer Current – Non current	Non cash variation: Other movements	December 31, 2019
Non current borrowing	1,004	(3)	(27)	-	5	-	-	-	979
Current borrowing	20	-	(14)	-	-	-	-	2	8
TOTAL BORROWING	**1,024**	**(3)**	**(41)**	**-**	**5**	**-**	**-**	**2**	**987**
Non current lease laibilities	-	(68)	331	24	20	8	(91)	-	224
Current lease liabilities	-	(26)	14	8		-	91	-	87
TOTAL LEASE LIABILITIES	**-**	**(94)**	**345**	**32**	**20**	**8**	**-**	**-**	**311**

(1) In 2019, €2 million are related to cash flows from discontinued activities.

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11.3 Contractual obligations and commercial commitments

The following table provides information regarding the aggregate maturities of contractual obligations and commercial commitments as of December 31, 2020 for which the Group is either obliged or conditionally obliged to make future cash payments but cannot be recognized in the balance sheet. This table includes firm commitments that would result in unconditional or conditional future payments but excludes all options since the latter are not considered as firm commitments or obligations. When an obligation leading to future payments can be cancelled through a penalty payment, the future payments included in the tables are those that management has determined most likely to occur.

		Amount of commitments by maturity			
(in million euros)	**2020**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Off-balance sheet obligations					
Unconditional future payments					
Operating leases (see note 4.5)	2	-	2	1	-
Other unconditional future payments(1)	12	-	4	7	2
TOTAL UNCONDITIONAL FUTURE PAYMENTS	**15**	**-**	**5**	**7**	**2**
Conditional future payments					
Guarantees given and other conditional future payments	2	-	1	-	1
TOTAL CONDITIONAL FUTURE PAYMENTS	**2**	**-**	**1**	**-**	**1**

(1) Other unconditional future payments relate mainly to the maintenance costs associated with the lease.

The Group provides certain guarantees to third parties (financial institutions, customers, partners and government agencies) to ensure the fulfilment of contractual obligations by Technicolor and its consolidated subsidiaries in the ordinary course of their business. The guarantees are not shown in the table above as they do not increase the Group's commitments in relation to the initial commitments undertaken by the entities concerned. These commitments (letters of credit) represent €18 million at the end of 2020.

Subsidiaries within the DVD Services segment may provide guarantees to its customers on the products stored and then distributed against any risk or prejudice that may occur during manufacturing, storage or distribution. Such guarantees provided are covered by insurance and are therefore excluded from the table above.

The disclosed guarantees comprise various operational guarantees granted to customs administrations in order to exempt from duties goods transiting through customs warehouses for re-exportation, and transit guarantees in order that taxes on goods are only paid at their final destination in the import country. The maturity of these bank guarantees matches the one-month renewable term of the agreements.

Guarantees and commitments received amount to €59 million as of December 31, 2020. This amount is mainly related to the royalties from Trademarks licensees.

Total off-balance sheet unconditional future payments and conditional future payments as of December 31, 2019, amounted respectively to €14 million and €10 million on continuing entities.

NOTE 12 Discontinued operations and held for sale operations

GRI *[102-10] [102-48] [102-49]*

12.1 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of (by sale or otherwise) or is held for sale.

In accordance with IFRS 5, to be disclosed as discontinued:

- the operation must have been stopped or be classified as "asset held for sale";
- the component discontinued must clearly be distinguishable operationally and for reporting purposes;
- it must represent a separate major line of business (or geographical area of business);
- it must be part of a single major plan of disposal or is a subsidiary acquired exclusively for resale.

The profit (loss) from discontinued operations is presented as a separate line item on the face of the statement of operations with a detailed analysis provided below. The statement of operations data for all prior periods presented are reclassified to present the results of operations meeting the criteria of IFRS 5 as discontinued operations. In the statement of cash flows, the amounts related to discontinued operations are disclosed separately.

When a non-current asset or disposal group no longer meet the held for sale criteria, the asset or disposal group ceases to be classified as held for sale.

It is then measured at the lower of:

- its carrying value before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization that would have been recognized had the asset (or disposal group) not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell. Recoverable value is the higher of fair value less costs to sell and value in use.

Any adjustment to the carrying amount is included in profit and loss from continuing operations in which the assets ceased to be classified as held for sale.

On May 31, 2019, the Group concluded the sale to Interdigital of its Research & Innovation business.

Other discontinued activities relate to remaining subsequent impacts of activities disposed of or abandoned such as Cathode Tubes activities from 2004 and 2005.

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12.1.1 RESULTS OF DISCONTINUED OPERATIONS

	Year ended December 31,	
(in million euros)	2020	2019
DISCONTINUED OPERATIONS		
Revenues	1	6
Cost of sales	(1)	(3)
Gross margin	**(1)**	**3**
Selling and administrative expenses	(1)	(7)
Research and development expenses	2	(11)
Restructuring Costs	(4)	-
Net impairment gains (losses) on non-current operating assets	(1)	(1)
Other income (expenses)	(10)	(9)
EARNING BEFORE INTEREST & TAX FROM DISCONTINUED OPERATIONS	**(15)**	**(25)**
Financial net income (expenses)	(1)	2
Income tax	1	1
NET INCOME (LOSS)	**(15)**	**(22)**

In 2019, the statement of operations includes 5 months of the activity Research & Innovation. The gain on sale of the Research & Innovation business, which amounts to €8 million, is presented in Other income.

12.1.2 NET CASH FROM DISCONTINUED OPERATIONS

	December 31,	
(in million euros)	2020	2019
Profit (loss) from discontinued activities	**(15)**	**(22)**
Summary adjustments to reconcile profit from discontinued activities to cash generated from discontinued operations		
Depreciation and amortization	1	1
Impairment of assets	1	1
Net change in provisions	(9)	7
Profit (loss) on asset disposals	-	(9)
Other non-cash items (including tax)	(1)	3
Changes in working capital and other assets and liabilities	5	2
Income tax paid	-	5
NET OPERATING CASH GENERATED FROM DISCONTINUED ACTIVITIES (I)	**(18)**	**(11)**
NET INVESTING CASH USED IN DISCONTINUED ACTIVITIES (II)[(1)]	**(3)**	**(20)**
Repayments of borrowings	(2)	(2)
NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)	**(2)**	**(2)**
NET CASH FROM DISCONTINUED ACTIVITIES (I+II+III)	**(23)**	**(33)**

(1) *2019 it includes mainly payment of liabilities covered by Technicolor in connection with disposal of Patents Licensing and Research & Innovation businesses.*

12.2 Assets & liabilities held for sale

In accordance with IFRS 5, if the Group decides to dispose of an asset (or disposal group) it should be classified as held for sale if:

- the asset or group of assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- it is highly likely to be sold within one year.

Consequently, this asset (or disposal group) is shown separately as "Assets held for sale" on the balance sheet. The liabilities related to this assets (or disposal group) are also shown separately on the liabilities side of the balance sheet.

For the Group, only assets meeting the above criteria and subject to a formal disposal decision at the appropriate management level are classified as assets held for sales. The accounting consequences are as follows:

- the asset (or disposal group) held for sale is measured at the lower of carrying amount and fair value less cost to sell;
- the asset stops being depreciated with effect from the date of transfer.

(in million euros)	December 31, 2020	December 31, 2019
ASSETS CLASSIFIED AS HELD FOR SALE	76	-
LIABILITIES CLASSIFIED AS HELD FOR SALE	56	-

As of December 31, 2020, assets and liabilities held for sale mainly include the assets and related liabilities from the Group Post Production business, which met at that date the IFRS 5 criteria for classification as a disposal group held for sale. Included in that disposal group are:

- €5 million of goodwill allocated to Post Production;
- €52 million of non-current assets notably including the right-of-use relating to real estate operating leases for €41 million;
- the corresponding lease debt for €48 million;
- current assets and liabilities for €16 million and €8 million respectively.

Assets held for sale also include real estate right-of-use assets available for long-term sublease or in renegociation with the lessor for €3 million.

As of December 31, 2019, no assets and liabilities were held for sale.

NOTE 13 Subsequent events

GRI *[102-10]*

On January 14, 2021 the Group announced the sale of its Post-production business to Streamland Media for €30 million. This strategic sale is part of the Group long-term vision for its Production Service to focus on VFX and animation for the entertainment industry, and expand its creative services and technologies for the advertising industry, which provide the maximum value to the Group clients. The sale, which is subject to customary conditions, is expected to close during the first half of 2021.

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NOTE 14 Table of auditors' fees

(in thousands of euros)	Deloitte 2020	Deloitte 2019	Mazars 2020	Mazars 2019	Total 2020	Total 2019
Statutory audit, certification, consolidated and individual financial statements						
• Technicolor SA	862	862	1,239	1,120	2,101	1,982
• Subsidiaries	1,466	1,636	1,004	1,133	2,470	2,769
Subtotal	**2,328**	**2,498**	**2,242**	**2,253**	**4,571**	**4,751**
Services other than certification of financial statements as required by laws and regulations(1)						
• Technicolor SA	285	34	291	-	576	34
• Subsidiaries	5	7	2	5	7	12
Subtotal	**290**	**41**	**293**	**5**	**583**	**46**
Services other than certification of financial statements provided upon the entity's request(2)						
• Technicolor SA	107	67	-	-	107	67
• Subsidiaries	101	76	10	15	111	91
Subtotal	**208**	**143**	**10**	**15**	**218**	**158**
TOTAL	**2,826**	**2,681**	**2,546**	**2,273**	**5,372**	**4,954**

(1) *Include capital increase and capital decrease reports, financial restructuring and implementation of fiducies-sêretés services, comfort letters and other services required by laws and regulation.*

(2) *Include services upon request of Technicolor or its subsidiaries (due diligence, legal and tax assistance, and various reports).*

NOTE 15 List of main consolidated subsidiaries

GRI *[102-45]*

The following is a list of the principal consolidated holding entities and subsidiaries:

Company – (Country)	% share held by Technicolor (in % rounded to one decimal) 2020	2019
Fully consolidated		
Technicolor SA 8-10 rue du Renard, 75004 Paris (France)	Parent company	Parent company
Connected Home		
Beijing Technicolor Management Co., Ltd. (China)	100.0	100.0
Technicolor Asia Ltd. (Hong-Kong)	100.0	100.0
Technicolor Brasil Midia E Entretenimento LTDA (Brazil)	100.0	100.0
Technicolor Connected Home de Mexico SA De CV (Mexico)	100.0	100.0
Technicolor Connected Home India Private Ltd. (India)	100.0	100.0
Technicolor Connected Home USA LLC (USA)	100.0	100.0
Technicolor Connected Home Rennes SNC (France)	100.0	100.0
Technicolor Delivery Technologies (France)	100.0	100.0
Technicolor Delivery Technologies Australia Pty Limited (Australia)	100.0	100.0
Technicolor Delivery Technologies Belgium (Belgium)	100.0	100.0
Technicolor Delivery Technologies Canada Inc. (Canada)	100.0	-
Technicolor Japan KK (Japan)	100.0	100.0
Technicolor Korea Yuhan Hoesa (Korea Republic)	100.0	100.0
Production Services		
Mikros Image Belgium SA (Belgium)	100.0	100.0
Mikros Image SAS (France)	100.0	100.0
MPC (Shanghai) Digital Technology Co., Ltd. (China)	89.8	89.8
Technicolor Animation Productions SAS (France)	100.0	100.0
Technicolor Canada, Inc. (Canada)	100.0	100.0
Technicolor Creative Services USA, Inc. (USA)	100.0	100.0
Technicolor Ltd. (UK)	100.0	100.0
Technicolor India Pvt Ltd. (India)	100.0	100.0
Technicolor Pty, Ltd. (Australia)	100.0	100.0
The Mill (Facility) Ltd. (USA)	100.0	100.0
The Mill Berlin GmbH (Germany)	100.0	100.0
The Mill Group Inc. (USA)	100.0	100.0
The Moving Picture Company Limited (UK)	100.0	100.0
Thomson Multimedia Distribution (Netherlands) BV (The Netherlands)	100.0	100.0
Trace VFX LLC (USA)	100.0	100.0
Trace VFX Solutions Private India Ltd. (India)	100.0	100.0

Company – (Country)	% share held by Technicolor (in % rounded to one decimal) 2020	2019
DVD Services		
Technicolor Disc Services International Ltd. (UK)	100.0	100.0
Technicolor Distribution Services France SARL (France)	100.0	100.0
Technicolor Distribution Australia PTY Ltd. (Australia)	100.0	100.0
Technicolor Global Logistics, LLC (USA)	100.0	100.0
Technicolor Home Entertainment Services Canada ULC (Canada)	100.0	100.0
Technicolor Home Entertainment Services de Mexico, S. de RL de CV (Mexico)	100.0	100.0
Technicolor Home Entertainment Services Inc. (USA)	100.0	100.0
Technicolor Home Entertainment Services Southeast, LLC (USA)	100.0	100.0
Technicolor Mexicana, S. de RL de CV (Mexico)	100.0	100.0
Technicolor Milan SRL (Italy)	100.0	100.0
Technicolor Polska sp Z.o.o (Poland)	100.0	100.0
Technicolor Export de Mexico, S. de RL de CV (Mexico)	100.0	100.0
Technicolor Pty, Ltd. (Australia)	100.0	100.0
Technicolor Videocassette of Michigan, Inc. (USA)	100.0	100.0
Corporate & Other		
Deutsche Thomson OHG (Germany)	100.0	100.0
Gallo 8 SAS (France)	100.0	100.0
RCA Trademark Management SAS (France)	100.0	100.0
Sté Fr.d'Invest.et d'Arbitrage – Sofia SA (France)	100.0	100.0
Tech 6 SAS (France)	100.0	100.0
Tech 7 SAS (France)	100.0	100.0
Technicolor Asia Pacific Holdings Pte. Ltd. (Singapore)	100.0	100.0
Technicolor Trademark Management (France)	100.0	100.0
Technicolor Treasury USA LLC (USA)	100.0	100.0
Technicolor USA Inc. (USA)	100.0	100.0
Consolidated by Equity method		
3DCD LLC (USA)	50.0	50.0
Canada Cinema Distribution Inc. (Canada)	-	50.0
Techfund Capital Europe FCPR (France)	19.8	19.8
Technicolor SFG Technology Co. Ltd. (China)	49.0	49.0
Vancouver Lab Inc. (Canada)	-	50.0

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

GRI *[102-56]*

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Shareholders' Meeting of Technicolor,

Opinion

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Technicolor for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from 1 January 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting treatment of the financial restructuring

Notes 1.1.1 and 8.3 to the consolidated financial statements

RISK IDENTIFIED

On February 13, 2020, the Group announced the roll-out of a 3-year strategic plan (2020-2022) including a series of financial restructuring transactions. However, the emergence of the Covid-19 crisis in the first half of 2020 prevented the share capital increase, the last step in this strategic plan, and increased the Group's liquidity requirements.

Given the Group's position, Group management believed that new sources of financing were needed, particularly from its historical financial partners or new investors and initiated a more comprehensive restructuring of the Group's debt. To secure this financial restructuring, on May 26, 2020, the company announced the opening of a conciliation procedure after having obtained approval from the Group's lenders on June 1, 2020. However, due to the urgency of the situation that was complicated by the impacts of the current crisis, this refinancing could not be set up.

On June 22, 2020, the Paris Trade Court initiated a 1-month accelerated financial safeguard procedure for Technicolor Group. On the same date, the company and some of its creditors reached an agreement in principle on the main terms and conditions of the Group's financial restructuring.

The draft safeguard plan which formalizes the main terms and conditions of the Group's financial restructuring was approved by the lenders' committee (*comité des établissements de crédit et assimilés*) on July 5, 2020. On July 28, 2020, the Paris Trade Court approved the safeguard plan. On September 22, 2020, Technicolor finalized the implementation of its financial restructuring plan.

As presented in Note 1.1.1 to the consolidated financial statements, this financial restructuring gave rise to:

(i) the contribution of a sum equivalent to around €420 million (net of costs and fees) to cover the continuation of the 2020-2022 strategic plan, taking into account the estimated impacts of Covid-19, finance the Group's everyday operations and fully refinance the bridge loan of US$110 million payable on July 31, 2020 (the "New Money");

(ii) in consideration of the New Money funds, the lenders were granted share subscription warrants that can be exercised over a period of 3 months (the "Equity kickers");

(iii) a restructuring of the current debt, i.e. 46.5% of the credit facilities initially payable by the Company via the set-up of new term credit facilities for an amount equivalent to €574 million, ultimately maturing in 2024, in consideration for the granting of new collateral on certain Group assets (the "Debt restructuring");

(iv) the repayment of the Group's debt in the amount of €660 million via a share capital increase, with retention of preferential subscription rights for shareholders (for €330 million) and cancellation of preferential subscription rights reserved for the lenders of the restructured credit facilities by offsetting the balance of their debts (the "Debt-equity conversion").

Furthermore, this financial restructuring also required the reorganization of the Group's legal structure, through the set-up of three fiducies by way of security to secure the New Money for the shares held by the sub-holding companies which, after restructuring, will hold most of the Group's subsidiaries.

The Group's management considered that all the transactions relating to the Group's financial restructuring, i.e., the New Money, the Equity kickers, the Debt restructuring and the Debt-equity Conversion, represented a single transaction, analyzed in accounting terms as a substantial debt modification.

This transaction resulted in the following accounting treatment:

(i) derecognition of the pre-existing debt;

(ii) recognition of the cash received;

(iii) recognition at fair value of the financial instruments issued/redeemed (recognition of new liabilities and issue of equity instruments to the lenders, including the warrants), in accordance with IFRS applicable to financial restructuring transactions; and

(iv) recognition of all costs attributable to the restructuring transaction according to the nature of the financing, particularly the debt issue and share capital increase.

The financial restructuring is presented in detail in Note 1.1.1 – *Accelerated financial safeguard and Group financial restructuring* to the consolidated financial statements.

Considering the major financial impacts of the financial structuring transactions for the Group and the significant judgements required by Management, particularly in determining the fair value of the financial instruments issued and the costs of this complex transaction, we considered the accounting treatment of Technicolor Group's financial restructuring to be a key audit matter.

OUR RESPONSE

We included financial instrument transaction specialists in our team to assess the compliance of the recognition methods for all equity transactions and the transactions relating to the subscription of new loans with prevailing IFRS, particularly IFRS 9 "Financial Instruments" and IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

We focused in particular on the fiducie agreements set up and the absence of any enforcement events provided for in these agreements that may have an impact on the Group's ability to maintain control.

Our work mainly consisted in:

- assessing compliance with the aforementioned IFRS criteria to recognize the pre-existing debt, particularly the substantial nature of the debt modification as well as compliance with these standards of the derecognition methods adopted and the accounting treatment of the costs attributable to the transactions according to their nature;
- assessing the components underlying the fair value measurement of:
  - the new debt ("New Money") and the old debt ("RCF and TLB facility"),
  - the new shares issued following the credit facility equity conversions in relation to the share price at the time these transactions were performed,
  - the share subscription warrants ("Equity kickers") granted to the subscribers of the new debt ("New Money");
- verifying that the tax impacts of the financial restructuring transactions were correctly recorded in the consolidated financial statements;
- following the set-up of the "Tech 7", "Gallo 8" and "Créances Tech" fiducie agreements to secure the New Money and the Restructured Debt, assessing the occurrence of any enforcement events provided for in the fiducie agreements as described in Note 8.3.2 to the consolidated financial statements, that could call into question Technicolor's control over the entities whose shares are held in the fiducies and therefore their inclusion in the scope of consolidation;
- verifying the appropriateness of the disclosures in the consolidated financial statements.

Assessment of liquidity risk

Notes 8.2.3 and 8.3 to the consolidated financial statements

RISK IDENTIFIED

As of December 31, 2020, available cash totaled €330 million. Net financial debt amounted to €948 million as of December 31, 2020, down €31 million compared to December 31, 2019. In 2020, the Group therefore generated net cash of €979 million, mainly through financial restructuring. Available credit lines not drawn at the closing date totaled €102 million.

To regularly measure the Group's liquidity risk, management assesses liquidity forecasts based on projected consolidated cash flows, including operating cash flows, debt repayment schedules and other financing requirements.

Based on these forecasts and at each quarter, the Board of Directors examines whether the Group's liquidity and cash flows are sufficient to finance current activities and the Group's working capital requirement, at least for the twelve months after the closing, taking into account available credit lines.

Considering the difficulties encountered in the first half of 2020, on June 22, 2020, the Paris Trade Court initiated a 1-month accelerated financial safeguard procedure for Technicolor Group. On the same date, the company and some of its creditors reached an agreement in principle on the main terms and conditions of the Group's financial restructuring.

On September 22, 2020, Technicolor finalized the implementation of its financial restructuring plan.

Management determined the scope of this financial restructuring transaction based on its estimated liquidity needs. These estimates were based on the Group's business forecasts prepared under the 2020-2022 strategic plan, updated for estimated Covid-19 impacts in the ongoing uncertain context of the Covid-19 crisis.

The New Money obtained from this financial restructuring transaction is subject to financial covenants, as described in Note 8.3.2 to the consolidated financial statements. In the event of a breach of covenant, the financial debt would become immediately payable and result in the loss of the Group's control over its subsidiaries.

In this context and insofar as management judgement is essential in determining cash flow forecasts, we considered the assessment of liquidity risk to be a key audit matter.

OUR RESPONSE

We familiarized ourselves with the information systems and processes used by Technicolor Management to estimate the Group's cash flow forecasts.

We assessed the controls set up to prepare these cash forecasts and in particular:

- based on our knowledge of the Group, assessed the design of the procedures and controls established to prepare short and medium-term cash forecasts;
- assessed the procedures established by the Group to ensure compliance with the specific requirements of the bank covenants and the information disclosed by the Group in the financial statements regarding compliance with these requirements as of December 31, 2020;
- assessed the consistency of the business operating assumptions used by Management to prepare cash forecasts, particularly in a context where the group's activity remains impacted by the Covid-19 crisis, to prepare cash forecasts with the budget prepared by Management and approved by the Board of Directors on March 11, 2021, particularly with regard to our knowledge of the acquired activity as part of our engagement, business operating assumptions, restructured debt repayment schedules and various available credit lines;
- throughout fiscal 2020 and in the aforementioned Covid-19 context, we monitored liquidity, compared actual positions with budgeted positions and analyzed the differences to assess the preparation of these forecasts;
- inquired whether Management had knowledge of events or circumstances which have occurred or may occur subsequent to December 31, 2020 that would be likely to compromise the Group's liquidity;
- reviewed the accounting treatment of the factoring programs in order to corroborate the deconsolidating nature of these programs.

We also verified the liquidity risk information disclosed in Notes 8.2.3 "Liquidity risk and management of financing and capital structure" and 8.3 "Borrowings" to the consolidated financial statements.

Impairment testing of goodwill

Note 4 to the consolidated financial statements

RISK IDENTIFIED

Goodwill is recorded in the balance sheet as of December 31, 2020 at a net carrying amount of €716 million compared with total assets of €3,018 million. Goodwill is recognized in the currency of the acquired subsidiary/associate and measured at cost less accumulated impairment losses and translated into euros at the effective rate at the end of the period. Goodwill is not amortized but is tested annually for impairment. The Group performs impairment tests on goodwill as disclosed in Notes 4.1 "*Goodwill*" and 4.5 "*Net impairment on non-current operating assets*" to the consolidated financial statements.

We considered the valuation of goodwill to be a key audit matter given the relative weight of these assets in the consolidated financial statements and since the determination of their recoverable amount, generally based on discounted cash flow forecasts, is based on management assumptions, estimates, assessments and judgements, notably concerning business forecasts, long-term growth rates and discount rates that have become increasingly uncertain in the context of the Covid-19 crisis.

We focused, in particular, on goodwill of the "DVD Services" segment representing a total balance sheet amount of €142 million as of December 31, 2020, due to the finite useful life of this asset, the uncertainties surrounding the future of physical media in the "DVD Services" sector and the higher-than-expected decline in sales volumes, particularly in the Distribution activity, which gave rise to goodwill impairment of €66 million in the 2020 financial statements.

OUR RESPONSE

We reviewed the implementation of impairment tests by the Group and focused our procedures on the segments where intangible assets represent a significant portion of net assets and are highly sensitive to changes in budget assumptions.

We reviewed the Group's process for preparing business plans and assessed the reasonableness of the key estimates by:

- verifying the consistency of cash flow forecasts with past performance and the budget approved by the Board of Directors;
- comparing growth rates used to extrapolate cash flows beyond the forecast period and discount rates with market data and our benchmarks;
- reviewing the sensitivity analyses performed by management and conducting our sensitivity analyses on key assumptions to assess the possible impacts of such assumptions on impairment test conclusions; and
- these analyses were performed with the assistance of our valuation experts.

We verified the disclosures in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in Group management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Technicolor by the Shareholders' Meeting held on June 20, 2012 for Deloitte & Associés and on May 29, 1985 for Mazars.

As at December 31, 2020, Deloitte & Associés were in the 9th year of total uninterrupted engagement and Mazars were in the 36th year of total uninterrupted engagement, including 22 years since the securities were admitted to a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, 24 March 2021

The Statutory Auditors

Deloitte & Associés	Mazars
French original signed by	French original signed by
Bertrand Boisselier,	Jean-Luc Barlet,
Partner	Partner

6.4 TECHNICOLOR SA 2020 FINANCIAL STATEMENTS

GRI *[201-1]*

6.4.1 Profit and loss account

(in million euros)	*Note*	December 31, 2020	2019
Revenue	(2.1)	49	54
Other operating income	(2.2)	58	1
Total operating income		**107**	**55**
Wages and salaries		(22)	(16)
Other operating expenses	(2.2)	(92)	(46)
Depreciation, amortization and provisions		(5)	(1)
Net operating profit (loss)	*(2)*	**(12)**	**(8)**
Net interest income (expense)		(57)	(48)
Dividends from subsidiaries		77	459
Depreciation on financial assets		(119)	(613)
Other net financial income (expense)		10	2
Net financial profit (loss)	*(3)*	**(89)**	**(200)**
NET PROFIT (LOSS) AFTER FINANCIAL RESULT		**(101)**	**(208)**
Capital gain (loss) on asset disposals		(493)	(106)
Other exceptionnal income (expense)		(47)	(19)
Net exceptionnal profit (loss)	*(4)*	**(540)**	**(125)**
Income tax	(5)	1	(11)
NET PROFIT (LOSS)		**(640)**	**(344)**

The accompanying notes on pages 281 to 306 are an integral part of these financial statements.

6.4.2 Balance sheet

(in million euros)	*Note*	2020	2019
ASSETS			
Intangible assets		20	20
Depreciation, amortization and provisions		(14)	(13)
Intangible assets, net value	***(6)***	**6**	**7**
Tangible assets		-	-
Depreciation, amortization and provisions		-	-
Tangible assets, net value	***(6)***	**-**	**-**
Shares in subsidiaries, net value		972	2,148
Other financial assets		695	2
Financial assets, net value	***(7)***	**1,667**	**2,150**
NON-CURRENT ASSETS		**1,673**	**2,157**
Trade receivables	(12.1)	31	41
Current accounts and loans with subsidiaries	(12.1)	909	648
Depreciation of current accounts and loans with subsidiaries	(12.1)	(7)	(7)
Other current assets	(12.1)	15	16
Cash and cash equivalents		14	11
CURRENT ASSETS		**962**	**709**
PREPAYMENTS, DEFERRED CHARGES AND UNREALIZED LOSSES ON FOREIGN EXCHANGE	***(12.3)***	**27**	**2**
TOTAL ASSETS		**2,662**	**2,868**
EQUITY AND LIABILITIES			
Common stock (235,795,483 shares, at December 31, 2020 at per value of €0.01)		2	414
Additional paid-in capital		643	-
Legal reserve		-	-
Other reserves and retained earnings		21	(49)
Net profit (loss) for the year		(640)	(344)
Total shareholders' equity	***(8.1)***	**26**	**21**
Other equity instruments	*(8.3)*	500	500
SHAREHOLDERS' EQUITY AND EQUITY INSTRUMENTS		**526**	**521**
PROVISIONS FOR LOSSES AND CONTINGENCIES	***(11)***	**22**	**37**
Current accounts and loans with subsidiaries	(9.1)	1,492	1,281
Other financial debts	(9.1)	579	989
Trade payables	(12.1)	11	15
Other current liabilities	(12.1)	31	24
Deferred income and unrealized gains on foreign exchange		1	1
LIABILITIES		**2,114**	**2,310**
TOTAL EQUITY AND LIABILITIES		**2,662**	**2,868**

The accompanying notes on pages 281 to 306 are an integral part of these financial statements.

6.4.3 Statement of changes in equity

(in million euros, except number of shares)	Number of shares	Nominal value	Common stock	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Net profit (loss) for the year	Total
At December 31, 2018	**414,461,178**	**1.00**	**414**	**-**	**-**	**-**	**(202)**	**153**	**365**
2018 Net result allocation	-	-	-	-	-	-	153	(153)	-
Net result of the year 2019	-	-	-	-	-	-	-	(344)	(344)
At December 31, 2019	**414,461,178**	**1.00**	**414**	**-**	**-**	**-**	**(49)**	**(344)**	**21**
2019 Net result allocation	-	-	-	-	-	-	(344)	344	-
Stock consolidation, at May 12, 2020	**(414,461,178)**	**1.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	15,350,414	**27.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Capital decrease by nominal value reduction, at May 28, 2020	-	(26.99)	(414)	-	-	414	-	-	-
Capital increase by stock-options exercise (LTIP)	56,700	0.01	-	-	-	-	-	-	-
Capital increase with maintenance of preferential subscription rights, at September 22, 2020	110,738,255	0.01	1	329	-	-	-	-	330
Reserved capital increase, at September 22, 2020	92,178,770	0.01	1	329	-	-	-	-	330
Allocation to legal reserve	-	-	-	-	-	-	-	-	-
Expenses related to capital increases	-	-	-	(15)	-	-	-	-	(15)
Exercise of share purchase warrants	17,471,344	0.01	-	-	-	-	-	-	-
Net result of the year 2020	-	-	-	-	-	-	-	(640)	(640)
AT DECEMBER 31, 2020	**235,795,483**	**0.01**	**2**	**643**	**-**	**414**	**(393)**	**(640)**	**26**

See note 8.1 for detail on the changes in equity.

The accompanying notes on pages 281 to 306 are an integral part of these financial statements.

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6.5 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

GRI *[103-1 Economic performance] [103-2 Economic performance] [103-3 Economic performance] [201-1]*

NOTE 1 General Information

Technicolor is a leader in Media & Entertainment Services, developing, creating and delivering immersive augmented digital life experiences.

Technicolor SA is the holding company of the Group and manages the cash of the Group's subsidiaries.

These notes are an integral part of these annual financial statements. They contain additional information relating to balance sheet and profit and loss account and give a true and fair view of the Company's assets, financial position and results.

Information which is not mandatory is disclosed only if material.

1.1 Main events of the year

1.1.1 ACCELERATED FINANCIAL SAFEGUARD AND FINANCIAL RESTRUCTURING OF THE GROUP

On February 13, 2020, the Group announced the implementation of a 3-years Strategic Plan (2020-2022), combined by a short-term strengthening of the Group's financial structure, which should result in a capital increase of €300 million with preferential subscription rights. This capital increase, as well as the stock consolidation (1 new share for 27 old shares) and the capital decrease not motivated by losses previously realized, were approved on March 23, 2020 by the Company's Extraordinary General Meeting of shareholders. The stock consolidation and capital reduction were definitively completed in May 2020. In March 2020, the Group set up a bridging loan for a nominal amount of U.S.$110 million to cover its needs until the capital increase.

However, since the announcement of this Strategic Plan, the Group has been impacted by the Covid-19 pandemic and containment measures put in place to prevent the spread of the virus. These effects are detailed in note 1.1.2. This underperformance also increased the Group's short-term liquidity needs. But, in these circumstances, the possibility of launching this capital increase has itself diminished.

Taking the Group's situation into account, the Company has considered new financing solutions with its historical financial partners or new investors, in order to compensate for the aborted capital increase and repay the U.S.$110 million bridging loan maturing on July 31, 2020. After initiating contacts with potential investors, the Company considered that the appointment of conciliators would allow it (i) to facilitate, supervise and secure the continuation of its discussions, and (ii) to consider the terms of a more global restructuring of the Group's debt.

In these circumstances, on May 26, 2020, the Company informed the market of its intention to enter into discussions with its financial partners and request the agreement of the Group's current lenders in order to consider opening a conciliation procedure, without this being a case of default under existing financing documents.

These agreements were all obtained on June 1, 2020 and, by order as at June 2, 2020, the President of the Paris Commercial Court appointed SELARL FHB, represented by *Maître* Hélène Bourbouloux and *Maître* Gaël Couturier, as conciliators of the Company, to assist the Group in:

1. pursuing discussions with its financial partners to obtain financing in order to cover the Group's immediate cash needs;
2. discussions with all the financial partners on the Group's debt restructuring;
3. analysing any solution which shall end its difficulties.

Following discussions between stakeholders in the conciliation procedure, and under the aegis of the conciliators, the Company drawn up the main terms and conditions of its financial restructuring. Nevertheless, the urgency of the situation prevented the unanimous agreement of the involved Company's financial creditors within the time limit and made it impossible to implement the restructuring in the context of the conciliation procedure. However, the status of the discussions made it possible to consider an accelerated financial safeguard procedure, in order to reduce the Group's debt and meet its operating needs.

In these circumstances, by judgment of June 22, 2020, the Paris Commercial Court opened the accelerated financial safeguard procedure for a period of one month. Under the terms of this judgment, the Paris Commercial Court designated SELARL FHB, represented by *Maître* Hélène Bourbouloux and *Maître* Gaël Couturier as Judicial Administrators, and planed on July 21, 2020 the date of the hearing to review the draft safeguard plan. On the same day, the Company also requested and obtained the benefit of the provisions of Chapter 15 of the American Federal Bankruptcy Code, in order to recognize the effects of the accelerated financial safeguard procedure on the American territory.

On the same date, the Company and some of its main creditors reached an agreement on the main terms and conditions of the Group's financial restructuring.

The draft safeguard plan (which formalizes terms and conditions of the aforementioned agreement) was approved by the Credit Institutions and Assimilated Committee on July 5, 2020. In the same time, the principle agreement was formalized between the Company and the involved creditors in the framework of legally binding agreements (lockup or restructuring support agreement) confirming the key terms and conditions of the Company financial restructuring. Under these agreements, the parties have committed to support and carry out any approach or action reasonably necessary for the execution and completion of the financial restructuring of the Company. The main restructuring operations of the safeguard plan and of the New Financing, entirely completed at the financial year end, are the following:

1. Contribution of equivalent of €420 million (net of fees and commissions) to support the continuation of the 2020-2022 Strategic Plan (updated with Covid-19 impacts), the financing of the Group's current operations and for the full refinancing of the bridge loan due on July 31, 2020 (the "New Money")

A first part of this New Money was provided at the end of July during the observation period of the accelerated financial safeguard procedure, that is after the opening of the procedure but before the adoption of the accelerated Financial Safeguard Plan by the Paris Commercial Court (the "Intermediate Financing"), as follows:

- $110 million (net of fees and commissions[1]) was provided to Technicolor USA, Inc. for the purpose of refinancing the bridge loan due on July 31, 2020 by granted a term credit subjected to the law of the State of New York (USA):
  - duration: *in fine* repayment in June 2024,
  - interests settled or capitalized (as applicable) semi-annually:
    - cash interests: LIBOR (with floor at 0%) + 6%/year, payable semi-annually, plus
    - PIK interests (capitalized): 6%/year capitalized semi-annually;
- €140 million (net of fees and commissions[1]) was provided to Tech 6 (subsidiary held at 100% by the Company) for the purposes of financing the operations of the Group companies. This financing results from a bond issue by Tech 6 subject to the law of the State of New York (USA):
  - duration: *in fine* repayment in June 2024,
  - interests:
    - cash interests: EURIBOR (with floor at 0%) + 6%/year, payable semi-annually, plus
    - PIK interests (capitalized): 6%/year capitalized annually;
- the New Money has been guaranteed by Security-Management Trusts *(Fiducie Sûreté-Gestion)* based on shares held by the Group's sub-holdings which hold (after intra-group reorganizations) most of the Group's subsidiaries (the "Trusts"); noting that the setting up of the Trust for the New Money balance was subject to an advisory vote of Extraordinary General Meeting, in accordance with AMF recommendation n° 2015-05 on assets transfers. The New Money has also been guaranteed by other securities.

The remaining New Money (€181 million, net of fees and commissions) was made available at the beginning of September 2020 in the form of a second bond issue by Tech 6 subject to the law of the State of New York (USA) and with the same maturity and financial conditions than the first tranche. Additional guarantees has been provided to the lenders, including the Security-Management Trusts (Fiducie Sûreté-Gestion) in respect of the shares of Gallo 8 (a direct subsidiary of the Company) which was approved by the General Meeting held on July 20, 2020.

In return for the contribution of the funds under the New Money, New Money lenders (including BPI) were granted free call options (each in proportion to its shareholding in the New Money), exercisable for 3 months from September 22, 2020, at the nominal value of the stock, and representing approximately 7.5% of the capital after planned capital increases (but before dilution of the shareholders' call options). In order to limit the dilution of shareholders as a result of these call options under the New Money, the draft safeguard plan provides for the issuance of free call options for the benefit of shareholders, exercisable for 4 years, at the same price as the capital increase reserved for creditors (€3.58 per share) and representing about 5% of the post-dilution capital of all planned issues.

2. Pre-indebtedness restructuring operations

In order to facilitate the legal implementation of the debt restructuring, the Company and its subsidiaries have carried out prior asset consolidation transactions. These assets poolings were carried out in accordance with the Technicolor group's accelerated Financial Safeguard Plan in order to secure the securities held in the companies that constitute the guarantees.

Assets pooling within Tech 6 SAS for the purpose of establishing the "Tech 7 Trust"

As of July 6, 2020, Technicolor SA sold to Tech 6 SAS all the shares it held in the capital of Tech 7 SAS (100% of the share capital corresponding to 1,500 shares with a nominal value of €10 each) for a price of €15,000.

From this date, Tech 6 SAS becomes the sole shareholder of Tech 7 SAS.

As of July 11, 2020, sole shareholder Technicolor SA has subscribed to the capital increase of its subsidiary Tech 6 SAS by issuing 51,787,998 common shares with a nominal value of €10 each per in-kind contribution of €517,879,980.

The in-kind contribution corresponds to:

- 47,801 shares of Technicolor Canada Inc., equal to 87.74% of the Company's share capital;
- 200 shares of The Moving Picture Company Ltd., corresponding to 100% of the Company's share capital.

As of July 15, 2020, sole shareholder Technicolor SA has subscribed to the capital increase of its subsidiary Tech 6 SAS by issuing 10,914,000 common shares with a nominal value of €10 each by offsetting debts of a nominal amount of €109,140,000. The debt, underlying the capital increase, was originally held by Technicolor SA, which sold it as of July 13, 2020 to TECH 6 SAS.

- As of July 15, 2020, Technicolor SA has sold the following shares to its subsidiary Tech 7 SAS: 2,800,000 shares of Mikros Image SAS for a price of €15,800,000. Since this transaction, Tech 7 SAS owns 100% of the share capital of Mikros Image SAS.
- 17,020,409 shares of Technicolor Animation Productions SAS for a price of €28,900,000. Since this transaction, Tech 7 SAS owns 100% of the share capital of Technicolor Animation Productions SAS.

(1) *5% initial commission; 3.5% subscription fee; 1.5% commitment fee per year of undrawn amount.*

As of July 20, 2020, Technicolor SA has sold 467 shares of Technicolor India Private Ltd. (representing 0.003% of the Company's share capital) for a price of U.S.$1,245 (or €1,061.74) to its subsidiary Tech 7 SAS. Since this transaction, Tech 7 SAS holds 100% of the share capital of Technicolor India Private Ltd.

As of August 21, 2020, sole shareholder Technicolor SA has subscribed to the capital increase of its subsidiary Tech 6 SAS by issuing 3,940,000 common shares with a nominal value of €10 each by offsetting debts of a nominal amount of €39,400,000.

As of August 21, 2020, Tech 6 SAS has subscribed to a further increase in the share capital of Tech 7 SAS by issuing 3,940,000 common shares, with a nominal value of €10 each, by offsetting debts of a nominal amount of €39,400,000.

As a result of these transactions, Tech 6 SAS holds 100% of the share capital of Tech 7 SAS, amounting to €666,434,980 and composed of 66,643,498 shares with a nominal value of €10 each.

This asset pooling within Tech 7 SAS was carried out in accordance with the accelerated Financial Safeguard Plan of the Technicolor group in order to place the securities of the Company held by Tech 6 SAS in a security trust.

Assets pooling within Gallo 8 SAS for the purpose of establishing the "Gallo 8" Security-Management Trust

On August 5, 2020, Technicolor SA sold to its subsidiary Gallo 8 SAS:

- 1,668,024 shares of RCA Trademark Management SAS for a price of €39,610,000 and representing 99.99% of the Company's share capital;
- 13,616,128 shares of Technicolor Trademark Management SAS for a price of €100,660,000 and representing 99.99% of the Company's share capital;
- 1,005 shares of Technicolor USA Inc. for a price of €290,380,000 and representing 100% of the Company's share capital.

On the same date, Gallo 8 SAS acquired 15,600,000 shares of Technicolor Delivery Technologies SAS, of which 206,640 shares from SOFIA SA and 15,393,360 shares from Technicolor SA, for a price of €128,080,000 and representing 100% of the Company's share capital.

As of August 6, 2020, sole shareholder Technicolor SA has completed a capital increase of Gallo 8 SAS per issue of 50,354,500 new shares with a nominal value of €10 each, by offsetting debt amounting to €503,545,000. Since this transaction, the share capital of Gallo 8 SAS amounts to €783,545,000 and consists of 78,354,500 shares of nominal value of €10 each.

As of August 23, 2020, Technicolor SA sold to its subsidiary Gallo 8 SAS 1 share of Technicolor Connected Home Mexico SA de CV for a price of €1 and representing less than 0.01% of the Company's share capital.

This assets pooling within Gallo 8 SAS was carried out in accordance with the Technicolor group's accelerated Financial Safeguard Plan in order to place the Company's financial assets, held by Technicolor SA, into a Security-Management Trust.

3. Set up of Security-Management Trust contracts

On July 17, 2020, as guarantee for the debt, Tech 6 SAS entered into two contracts of Security-Management Trust for the benefit of creditors.

On August 21, 2020, as guarantee for the debt, Technicolor SA entered into two contracts of Security-Management Trust for the benefit of creditors.

By the Security-Management Trust, the assets owned by the Company are transferred to a trustee who manages them for the duration of the guarantee. The transferred assets are recorded in the trusts' accountancy held by the trustee, Equitis Gestion, as well as the income and expenses related to the transferred assets.

The fiduciary assets transferred by Tech 6 SAS on the date of signing of the contract correspond to the shares of Tech 7 SAS and the debt due by Technicolor SA (loan of the amounts received under the bond loan) valuated at the net book value at the transfer date, *i.e.* €666,434,980 and €349,667,400, respectively.

The fiduciary assets transferred by Technicolor SA on the date of signing the contract correspond to the shares of Gallo 8 SAS. At the transfer date, the shares have been valued at net book value of €693,400,000.

At the setting-up of the trusts, Tech 6 SAS and Technicolor SA:

- have booked the disposals of transferred assets with counterpart an exceptional charge;
- have booked an asset corresponding to the representative rights of assets transferred to the trust with counterpart an exceptional income.

At the end of the year, the net result of the trusts is taken into account in the valuation of the representative rights of the assets transferred in trust in return for a financial income booked in income statement.

4. Restructuring of the existing indebtedness of the Group in order to bring it back to a level in line with the Group's business prospects, as follows

- The restructuring of 46.5% of receivables (*i.e.* receivables under (i) the Term Loan B (ii) the Revolving Credit Facility) into new term loans equivalent to €574 million in principal, due December 31, 2024 *(in fine)* and the granting of new security on the Group's assets and a personal guarantee; the financial terms of the restructured debt are as follows:
  - Euro Tranche (€454 million): EURIBOR (0% floor) + 3% per year cash interest + 3% per year PIK Interest (capitalised);
  - USD Tranche ($141.5 million): LIBOR (0% floor) + 2.75% per year cash interest + 3% per year PIK interest (capitalised).
- A rights issue of the Company, with shareholders' preferential subscription rights, for a total amount of €330 million, at a subscription price of €2.98 per share, fully backstopped by the Term Loan Debt and RCF lenders by way of set-off of their claims at par under the existing credit facilities; Bpifrance Participations subscribed to the rights issue in cash *pro rata* its then current shareholding (*c.* 7.6%) on a non-reductible basis *(souscription à titre irréductible)* for an aggregate amount up to €25 million; cash proceeds of the rights issue were used in full to repay the Term Loan Debt and RCF lenders, at par value.

- A reserved capital increase of the Company, for a total amount of €330 million, at a subscription price of €3.58 per share, reserved for the Term Loan Debt and RCF lenders and which was fully subscribed by way of set-off against their claims at par under the existing credit facilities.
- $125 million asset-based loan made available to Technicolor USA Inc. on November 6, 2017 and certain other U.S. members of the Group was amended, in particular to extend the final maturity date of the loan to December 2023, and to allow the implementation of all of the transactions contemplated herein in order to achieve the restructuring.

All conditions precedent to the effective Financial Safeguard Plan being removed, most notably the approval by the EGM on July 20, 2020, and by the Commercial Court of Paris on July 28, 2020, the final steps of the Safeguard Plan, that is the implementation of the Reinstated Term Loans and the repayment and equitization of the non-reinstated debt facilities, were successfully completed in September 2020. The non-reinstated Term Loan Debt and RCF debt were repaid in cash for an amount of €59,716,580.58 and equitized for an amount of €600,283,419.22.

Additionally, on September 11, 2020, the U.S. Bankruptcy Court presiding over Technicolor's Chapter 15 proceedings ordered the closing of such proceedings. This marked the final step of the Company's proceedings in the United States of America.

Effects of these events on the financial statements at December 31:

The Group considered the New Money debt, the conversion of part of the existing debt to equity, and the restructuring of the remaining debt after conversion to be a single complex transaction with multiple elements.

This transaction resulted in:

- derecognition of the previous debt;
- receipt of the proceeds, net of fees, from the New Money;
- recognition of new financial debt (New Money and Reinstated Term Loans);
- issuance of equity instruments to lenders (shares and New Money warrants).

The impact of these transactions on the Company's annual accounts is presented below:

Balance sheet *(in million euros)*

Proceeds from the New Money	321
Debt derecognized (Value at the balance sheet)	1,228
New Money warrants	-
Capital increase subscribed in cash(1)	(60)
Capital increase subscribed by set-off of existing debt(1)	(600)
New Money debt	(350)
Reinstated debt	(574)
RESULT OF THE OPERATION	**(34)**
Fees booked in the profit and loss account	(39)
NET RESULT OF THE OPERATION	**(73)**

(1) *Capital increase for a nominal value of €660 million.*
Amounts in U.S. dollars are converted into euros at the exchange rate on the date of each transaction (1.16 for the New Money and 1.17 for the Reinstated Term Loans).

Profit and loss account *(in million euros)*

Complementary amortization of deferred expenses (OID) on Term Loan B	(1)
OPERATING RESULT	**(1)**
Fees related to financial restructuring	(1)
Foreign exchange loss related to the valuation of USD debt	(12)
Financial investments depreciations	(74)
FINANCIAL RESULT	**(87)**
Fees related to financial restructuring	(38)
Transfer of net assets to trust and corresponding representative rights	-
Net losses on financial investments disposals made as part of the financial restructuring	(6,220)
Reversal of sold financial investments depreciations as part of financial restructuring	5,726
EXCEPTIONAL RESULT	**(532)**
NET RESULT	**(620)**

The following table presents synthetically the security package and whether it is submitted to financial covenants for each new or reinstated debt of the Group. The security package is further described in note 9.2.2.

Debt	Borrower	Security	Financial Covenants
U.S. New Money	Technicolor USA Inc.	1st or 2nd ranking pledge on U.S. assets, Gallo 8 *fiducie*, pledge on certain Technicolor SA assets, Technicolor SA guarantee	Yes
French New Money	Tech 6	Gallo 8 *fiducie*, Tech 7 *fiducie*, pledge on certain Technicolor SA assets, Technicolor SA guarantee	Yes
Reinstated Term Loans	Technicolor SA	2nd ranking position on (i) Gallo 8 *fiducie* and (ii) pledges on certain Technicolor SA assets	No
Wells Fargo Credit Line	Technicolor USA Inc.	1st or 2nd ranking pledge on U.S. assets	Yes

1.1.2 IMPACTS OF THE COVID-19 PANDEMIC

Although the Covid-19 crisis adversely affected the activities of Technicolor group subsidiaries, all of the Group's business lines have been resilient.

The Connected Home business benefits from strong demand for its products and maintains its leading position in the broadband and video markets based on Android technology.

The Production Services business was significantly impacted by the crisis, which notably stopped all filming at the end of the first quarter. The decline in special effects and post-production for films and series was partially offset by increasing demand for animation and the resilience of advertising-related activities. Overall, the turnover decreased by 42% at constant exchange rates.

The DVD Services business was adversely impacted in particular by the lack of new film releases partially offset by sustained demand from the catalogue. Overall, the turnover decreased by 20% at constant exchange rates.

Despite the uncertainties associated with the pandemic, particularly regarding the ability of Connected Home to supply components, the Group will continue to build on its strengths and execute its transformation plan to increase its results. The Group's financial position and its prospects enable it to ensure its continuity of operations.

1.2 Accounting Policies

1.2.1 BASIS OF PREPARATION

The annual accounts for the year at December 31, 2020 were established in accordance with the accounting standards set out in the French General Chart of Accounts *(Plan Comptable Général)* and the provisions of the Code of Commerce. They comply with the advice and recommendations of the *Ordre des Experts-Comptables* and the *Compagnie Nationale des Commissaires aux Comptes* as well as the regulation of the *Autorité des normes comptables* No. 2014-03 of June 5, 2014 updated of the various complementary regulations on the date of the establishment of the so-called annual accounts.

The Company applies the provisions of the 2015-05 ANC Regulation, approved by order of December 28, 2015. This regulation, which is mandatory on January 1, 2017, aims to clarify the terms of accounting for term financial instruments and hedging transactions. In this context, the Company has supplemented the information in notes to hedging operations (see notes 9.4 and 12.4). The impact of this settlement on the Company's balance sheet and income statement is not significant.

Accounting policies have been applied sincerely in accordance with the principle of prudence, in accordance with basic assumptions:

- continuity of operations;
- permanence of accounting methods from one year to the next;
- independence of the financial years,
- and in accordance with the general rules for setting up and presenting annual accounts.

The basic method used to assess accounting items is the historical cost method.

Only significant information is expressed.

Unless mentioned, the amounts are expressed in Euro and rounded to the nearest million.

The Company's annual accounts were validated by Technicolor SA's Board of Directors on March 11, 2021. In accordance with French law, the annual accounts will be considered final once they have been approved by the Group's shareholders at the Ordinary General Meeting of shareholders to be held on May 12, 2021.

1.2.2 USE OF ESTIMATES

As part of the annual account setting process, the assessment of certain balance sheet or income statement balances requires the use of estimates and assumptions. The Company regularly reviews its valuations and bases its estimates on comparable historical data and on various assumptions that, in the circumstances, are considered the most reasonable and probable, which serve as the basis for determining the balance sheet values of assets and liabilities and revenues and expenses. Actual results may differ from these estimates due to different assumptions and circumstances.

1.2.3 ACCOUNTING FOR FOREIGN CURRENCIES TRANSACTIONS

Global treasury management

Management of the Group's market and liquidity risks is centralized in its Group Treasury Department in France in accordance with Group procedures covering, among other aspects, responsibilities, authorizations, limits, permitted financial instruments and tracking tools. All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Executive Committee *via* various reports showing the Company's exposures to these risks with details of the transactions undertaken to reduce them.

To reduce interest rate and currency exchange rate risk, the Group enters into hedging transactions using derivative instruments. However, Technicolor's policy is not to use derivatives for any purpose other than for hedging its commercial and financial exposures:

- from an operational point of view, the Company is contracting foreign exchange guarantees with its subsidiaries, under which subsidiaries' transaction risk is hedged for a given period (up to twelve months or longer when justified). These commitments are described further in note 12.4;
- in order to cover the risk arising from these internal liabilities as well as its own risk, the Company manages an exchange position using hedging derivatives, so that the residual foreign exchange risk to the Company is negligible. The derivatives used are subscribed to leading banks.

Impacts of translation of foreign currency transactions

Foreign currency transactions are translated into euros at the exchange rate effective on the trade date. Receivables and payables in foreign currency are revalued at closing rate. The differences arising on the translation compared to the historical rate are recorded as translation adjustments in the balance sheet (a provision for exchange risk is recognized in case of unrealized exchange loss).

Foreign exchange gains or losses are included in "other operating income (expenses)" for commercial transactions and in "other net financial income (expenses)" for other transactions.

The Treasury Department manages the Group's exposure to foreign exchange risk globally and does not take any risks regarding its financial debt and loans in foreign currencies. Accordingly, Technicolor SA's currency term loan is only used to provide loans and current accounts in the currency of foreign subsidiaries, so the overall foreign exchange result is completely symmetrical and neutral in the income statement.

Forward foreign currency contracts (set up by central Treasury with subsidiaries to cover their commercial exposures), as well as external transactions with banks, are accounted at the Group Treasury Department level by valuing them at their market price at the closing date and taking the gains and losses fully realized as well as the result impact on the underlying hedged item. Term points are recorded as a financial result, *pro-rata temporis* over the duration of the contracts.

Should a derivative exceptionally not qualify as hedge (isolated open position), its market value is reported in "Other current assets and liabilities", in return of deferred income/charges. Any unrealized losses are covered by a provision for exchange risk. The realized gain or loss at maturity are recorded as a financial result or operating result, in the event that they relate to commercial transactions.

Information on exchange derivative instruments is commented in note 9.4.

NOTE 2 Operating result

2.1 Revenue

(in million euros)	2020	2019
Intra-group invoicing	32	32
Trademark royalties	18	22
Other external revenues	-	-
TOTAL REVENUES	**49**	**54**
Including revenues in France	*18*	*18*

2.2 Other operating expenses and revenue

(in million euros)	2020	2019
Other operating expenses	(92)	(46)
Other operating revenues	58	1
TOTAL OTHER OPERATING EXPENSES AND REVENUES	**(34)**	**(45)**

"Other operating expenses" include:

- the costs related to the debt restructuring for €53 million. These charges were neutralized by a "Transfer of expenses" account in order to break them down between the various transactions involved:
  - imputation of fees on the issue premium for €15 million,
  - bond loan issuance costs for €11 million,
  - bond repayment premiums for €17 million;
- the other Company's current operating expenses.

"Other operating revenues" include the above-mentioned "Transfer of expenses" as well as the transfer of expenses related to restructuring operations.

NOTE 3 Financial result

(in million euros)	2020	2019
Dividends received	77	459
Depreciation on financial investments, treasury shares, current accounts and risk provisions regarding subsidiaries, net of reversal	(119)	(613)
Net interest income/(expenses)	(57)	(48)
Other net financial profit/(expenses)	10	2
NET FINANCIAL PROFIT (LOSS)	**(89)**	**(200)**
The financial result mainly relates to the following subsidiaries:		
• **Technicolor USA Inc.**		
dividends in 2020	*49*	*-*
depreciations on shares in 2019	*-*	*(113)*
• **Technicolor Asia Pacific Holdings Pte. Ltd.**		
dividends in 2020	*29*	*-*
depreciations on shares in 2020	*(19)*	
• **Gallo 8 SAS**		
dividends in 2019	*-*	*453*
depreciations on shares in 2019 and 2020	*(74)*	*(390)*
• **Thomson Licensing SAS**		
depreciations on shares in 2019 (allowance) and 2020 (reversal)	*2*	*(22)*
• **Technicolor Delivery Technologies SAS**		
depreciations on shares in 2019	*-*	*(37)*
• **Société Française d'Investissement et d'Arbitrage – Sofia SA**		
depreciations on shares in 2019 and 2020	*(20)*	*(25)*
• **Thomson Consumer Electronics (Bermuda) Ltd.**		
depreciations on shares in 2020	*(8)*	

Depreciation reversal on shares sold in the financial restructuring transactions are booked as an exceptional result.

NOTE 4 Exceptional result

Exceptional items include expenses and revenue of current activity of which the nature and amounts are non-recurring.

(in million euros)	2020	2019
Capital gains/(losses) on disposals of intangible and financial assets[(1)]	(493)	(106)
Restructuring costs (accruals net of reversals and expenses for the year)	(6)	(2)
Other net extraordinary profit/(expenses)[(2)]	(41)	(17)
TOTAL EXCEPTIONAL PROFIT (LOSS)	**(540)**	**(125)**

(1) Mainly corresponds to the following:

• *disposal of Technicolor Animation Productions SAS shares*	*10*	*-*
• *disposal of Mikros Image SAS shares*	*15*	*-*
• *disposal of Technicolor Delivery Technologies SAS shares*	*(189)*	*-*
• *disposal of Technicolor USA Inc. shares*	*(214)*	*-*
• *disposal of Technicolor Trademark Management SAS shares*	*(113)*	*-*
• *sale of RCA Trademark Management SAS shares*	*14*	*-*
• *disposal of Technicolor Mexicana S. de RL de CV*	*(29)*	*-*
• *disposal of Technicolor Export securities of Mexico S. of RL de CV*	*8*	*-*
• *disposal of Technicolor Connected Home Mexico SA shares*	*4*	*-*
• *capital reduction of Gallo 8 SAS by cancellation of shares (€151 million) and refund to the shareholder (€45 million)*	*-*	*(106)*

It should be noted that the disposals of financial investments were made as part of the setting-up of Trusts for which Technicolor SA directly or indirectly holds control.

(2) Mainly corresponds to:

• *expenses related to financial restructuring*	*(37)*	*-*
• *expenses related to provisions for risks*	*(3)*	*(17)*

NOTE 5 Income tax

Technicolor SA is the head of the French tax consolidation group, which includes 14 companies. As a result, Technicolor SA is solely liable for corporate taxes and additional contributions due on the Group's overall results. Technicolor SA receives from subsidiaries that are members of the tax consolidation, the amount of tax they would have paid to the tax authorities if they had been taxed separately.

The Company has indefinitely deferred losses estimated at €1.9 billion at December 31, 2020, mainly related to the Cathode Ray Tubes business sold in 2005.

5.1 Breakdown of booked income tax

(in million euros)	2020	2019
Income tax booked by French subsidiaries and passed on to Technicolor SA(1)	2	(11)
Tax consolidated research tax credit	4	5
Tax consolidated audiovisual tax credit	1	2
Tax consolidated international tax credit	-	-
Provision for income tax expense under tax consolidation	-	-
Prior Year Adjustment of income tax expense under tax consolidation	-	1
Unused foreign tax credits	(1)	(1)
Other(2)	(5)	(7)
TOTAL INCOME TAX	**1**	**(11)**

(1) As part of the French tax consolidation, Technicolor SA gets a tax income from consolidated French subsidiaries. The 2020 tax revenue is mainly related to Technicolor Trademark Management SAS (€0.9 million) and RCA Trademark Management SAS (€0.7 million).

(2) Mainly includes Research Tax Credits and Audiovisual Tax Credits to be refunded to subsidiaries.

For the 2020 financial year, as the result of the tax consolidation was in deficit, no tax has been recorded.

In the absence of tax consolidation, the Company would only show some unused tax credits for €(1) million.

5.2 Variation of deferred or latent tax bases

Temporarily non-deductible expenses related to Technicolor SA are the following:

(in million euros)	December 31, 2019	Variation	December 31, 2020
• **To be deducted the following year**			
Paid vacations	1	-	1
Provisions for risks	16	(15)	1
Other	1	1	2
• **To be deducted at a later date**			
Provisions for retirement	3	-	3
Depreciation on current accounts	3	1	4
Provisions for risks	12	-	12
Other	11	14	25

NOTE 6 Property, equipment and intangible assets

INTANGIBLE ASSETS

Intangible assets consist mainly of capitalized IT development projects, the cost of software, trademarks and rights to use patents.

Ongoing software development projects are classified under "Intangibles in progress". Once development is achieved, the software is capitalized or delivered to the subsidiaries concerned. Software developed or used internally is amortized from the date of use. Other IT development costs are capitalized and amortized on a straight-line basis over a maximum of three years, with some exceptions. Minor IT expenses are amortized over the financial year they are put in use.

Software acquired or developed as well as licenses are amortized on a straight-line basis over the duration of their protection or over their useful life, whichever is shorter.

(in million euros)	Intangible assets	Tangible assets
At December 31, 2019, Net	**7**	**-**
Cost	*20*	-
Accumulated depreciation	*(13)*	-
Acquisitions	-	-
Disposals (net of cumulated amortization)	-	-
Depreciation and amortization	(1)	-
AT DECEMBER 31, 2020, NET	**6**	**-**
Cost	*20*	-
Accumulated depreciation	*(14)*	-

NOTE 7 Financial assets

Financial assets include investments in subsidiaries that the Company intends to keep, asset corresponding to the representative rights of assets transferred to the trust, as well as other financial assets, such as loans.

Investments are recorded at acquisition cost. When the value in use of such investments is less than their gross value, a valuation allowance is set up for the difference. Provision for current accounts and loans are made if the net financial position is negative. In addition, a provision for risk is set aside for the surplus over the residual net negative balance.

Investments in subsidiaries and associates held for the long-term are valuated, based on their value in use which is determined case by case based on the portion of equity represented by the shares, on re-evaluation of net assets or on recoverable value.

The rights representative of the net assets transferred to the trust are the counterpart of the setting-up of the "Gallo 8" Security-Management Trust, of which Technicolor SA is the constituent and Equitis Gestion is the trustee. The trust agreement is entered into as a guarantee of payment and/or repayment of the debt (see note 9.1) and will last until the debt is extinguished. The Company keep the control of the transferred assets, accordingly the transaction was carried out at net book value. The transferred fiduciary assets correspond to the shares of the subsidiary Gallo 8 SAS held by the Company less one share (78,354,499 shares of nominal value of €10 each) valued at their net book value in the accounts of Technicolor SA on the date of signature of the trust contract, *i.e.* €693 million (gross value of €1,444 million, depreciation of €750 million). The results of the trust are therefore made up of the income and expenses related to the holding of the subsidiary Gallo 8 SAS and placed in trust under the trust agreement. For the purposes of the trust, the valuation of Gallo 8 SAS subsidiary was carried out at recoverable value, based on the estimation of future flows based on budgetary data relating to the activities housed in the trust and internal billing flows. The results of the trust, acquired and not distributed at the end of the year, are included in the value of rights representing the net assets transferred to the trust.

7.1 Variation of financial assets

(in million euros)	Shares in subsidiaries	Other financial assets(1)	Total financial assets
At December 31, 2019, Net	**2,148**	**2**	**2,150**
Cost	*11,770*	*7*	*11,777*
Accumulated depreciation	*(9,622)*	*(6)*	*(9,627)*
Acquisitions/recapitalizations(2)	1,308	693	2,001
Disposals(3)	(8,839)	-	(8,839)
Depreciation(4)	(121)	-	(121)
Reversals of depreciation provisions(5)	6,477	-	6,477
AT DECEMBER 31, 2020, NET	**973**	**695**	**1,668**
Cost	*4,239*	*701*	*4,940*
Accumulated depreciation	*(3,266)*	*(6)*	*(3,272)*

(1) In 2020, includes, net of depreciation:
- *€2 million of cash collateral;*
- *€693 million of asset corresponding to the representative rights of assets transferred to the trust (Gallo 8 SAS equity securities).*

(2) Corresponds mainly to:
- *the share capital increase of Tech 6 SAS subscribed in cash by offsetting debt for an amount of €149 million and by contribution in kind for an amount of €518 million;*
- *the share capital increase of Gallo 8 SAS subscribed in cash by offsetting debt for an amount of €504 million, before transfer of the shares to the trust;*
- *the share capital increase in cash of Technicolor USA Inc. for an amount of €137 million before selling the equity securities to Tech 7 SAS.*

(3) Corresponds mainly to the following operations realized as part of the financial restructuring of the Group:
- *sale of Technicolor USA Inc. equity securities with a gross value of €5,354 million to Gallo 8 SAS;*
- *sale of Technicolor Delivery Technologies SAS equity securities with a gross value of €973 million to Gallo 8 SAS;*
- *sale of Technicolor Trademark Management SAS equity securities with a gross value of €214 million to Gallo 8 SAS;*
- *sale of Thomson Multimedia Distribution (Netherlands) BV equity securities with a gross value of €187 million to Tech 7 SAS;*
- *sale of Technicolor Mexicana S. de RL de CV equity securities with a gross value of €58 million to Technicolor Home Entertainment Services Inc.;*
- *sale of RCA Trademark Management SAS equity securities with a gross value of €25 million to Gallo 8 SAS;*
- *sale of Mikros Image SAS equity securities with a gross value of €25 million to Tech 7 SAS;*
- *sale of Technicolor Animation Productions SAS equity securities with a gross value of €22 million to Tech 7 SAS;*
- *sale of Technicolor Export de Mexico S. de RL de CV equity securities with a gross value of €14 million to Technicolor Home Entertainment Services Inc.;*
- *contribution in kind to Tech 7 SAS of Technicolor Canada Inc. equity securities with a gross value of €418 million;*
- *contribution in kind to Tech 7 SAS of The Moving Picture Company Ltd. equity securities with a gross value of €100 million;*
- *transfer to the trust of Gallo 8 SAS equity securities with a gross value of €1,441 million.*

(4) In 2020, depreciation on shares in subsidiaries concerns mainly the following subsidiaries:
- *Gallo 8 SAS: €74 million;*
- *Technicolor Asia Pacific Holdings Pte. Ltd.: €19 million;*
- *Thomson Consumer Electronics (Bermuda) Ltd.: €8 million;*
- *Société Française d'Investissement et d'Arbitrage – Sofia SA: €20 million.*

(5) In 2020, reversal of depreciation on subsidiaries shares concerns mainly the sales realized as part of the financial restructuring of the Group:
- *Thomson USA Inc.: €4,849 million;*
- *Gallo 8 SAS: €748 million;*
- *Technicolor Delivery Technologies SAS: €657 million;*
- *Thomson Multimedia Distribution (Netherlands) BV: €186 million;*
- *Mikros Image SAS: €25 million;*
- *Technicolor Animation Productions SAS: €3 million.*

The value in use of each of the securities is intrinsically linked to the cash flow forecasts set by the management, for each of the operational activities, controlled by the Group.

The value in use of Thomson Licensing SAS was determined on the estimated fair value (future discounted cash flow increased of the cash available). This recoverable value takes into account notably the earnout related to the sale of Patent Licensing business, dated July 2018. A reversal of the depreciation of the shares amounting to €1.7 million has been recorded. A 10% decrease of the earnout would generate additional depreciation of €5.7 million.

In relation with the shares in subsidiaries, depreciation on current accounts and loans to subsidiaries amounts to €7 million.

The variation on the representative rights of net assets transferred to the trust is as follows:

(in million euros)	**"Gallo 8" Security-Management Trust**
Gross value as of December 31, 2019	-
Transfers of the year	693
Net income of the trust	-
GROSS VALUE AS OF DECEMBER 31, 2020	**693**

7.2 Maturities of receivables included in other financial assets

(in million euros)	
2021	2
2022 and later	5
GROSS VALUE	**7**
Depreciation	(6)
NET VALUE	**1**

7.3 Subsidiaries and investments as of December 31, 2020

(in million euros, except number of shares)	Holding percentage *(in %)*	Holding number of shares	Gross value	Net value	Equity after allocation of results	Revenues of the year	Net income	Gross advances, loans and current accounts
Affiliates (more than 50% holding percentage)								
Thomson Licensing SAS(1)	100.00%	2,800,000	2,444	153	115	10	6	-
Technicolor Asia Pacific Holdings Pte Ltd.	100.00%	37,948,000	37	18	17	-	27	-
Technocolor Brasil Midia E Entretenimento LTDA	100.00%	34,589,676	100	92	128	77	27	-
Technicolor Entertainment Services Spain SA	100.00%	120,000	66	-	-	1	-	-
Thomson Consumer Electronics (Bermuda) Ltd.	100.00%	1,000	66	14	15	-	(7)	-
Sté Fr. d'Invest. et d'Arbitrage - Sofia SA(2)	100.00%	3,017,994	543	26	35	-	(2)	-
Thomson Angers SAS (3)	100.00%	4,630,001	289	-	-	-	-	-
Technicolor Milan S.r.l	100.00%	6,000	2	-	-	1	-	-
Tech 6 SAS(1)(2)	100.00%	66,643,938	666	666	666	-	-	-
Tech 8 SAS	100.00%	1,000	-	-	-	-	-	-
Tech 9 SAS	100.00%	1,000	-	-	-	-	-	-
Thomson Sales Europe SAS(2)	99.96%	2,466	6	1	-	-	-	-
Technicolor Servicios de Mexico S. de RL de CV	99.97%	2,999	-	-	(6)	-	(1)	7
Thomson Maroc SA	64.05%	52,762	2	-	N/A	N/A	N/A	-
SADA Electronique SA	68.36%	3,418	1	-	N/A	N/A	N/A	-
Total affiliates	**N/A**	**N/A**	**4,223**	**972**	**N/A**	**N/A**	**N/A**	**7**
Investments (between 10% and 50% holding percentage)								
TechFund Capital Europe FCPR	19.80%	500	-	-	N/A	N/A	N/A	N/A
Others	N/A	N/A	1	-	N/A	N/A	N/A	N/A
Total investments	**N/A**	**N/A**	**1**	**-**	**N/A**	**N/A**	**N/A**	**N/A**
TOTAL	**N/A**	**N/A**	**4,224**	**972**	**N/A**	**N/A**	**N/A**	**7**

N/A: Not applicable.

(1) Net value based on Discounted Cash Flow adjusted with available cash.
(2) When shares are those of a consolidated Technicolor sub-group, the figures correspond to the sub-group, except for the gross advances, loans and current accounts.
(3) Thomson Angers is in the process of being liquidated.

NOTE 8 Shareholders' equity and equity instruments

8.1 Capital and additional paid-in capital

On December 31, 2020, the capital of Technicolor SA is €2,357,954.83 (235,795,483 shares with a per value €0.01).

In 2020, equity has evolved as follow:

- shares' nominal value has been increased from €1 to €27, within a shares' consolidation operation;
- share capital has been reduced by €414,307,673.86 through reduction of the nominal value, from €27 to €0.01;
- share capital has been increased by €567 through the issuance of 56,700 new shares, within the 2017 Long-Term Incentive Plan;
- share capital has been increased by €1,107,382.55 through the issuance of 110,738,255 new shares and the share issue premium has been increased by €328,892,617.35;
- share capital has been increased by €921,787.70 through the issuance of 92,178,770 new shares and the share issue premium has been increased by €329,078,208.90;
- share issue premium has been reduced by €218,324.14 for allocation to the legal reserve of up to 10% of the share capital and by €15,167,267.49 for imputation of the expenses incurred on share capital increases;
- share capital has been increased by €174,713.44 through the issuance of 17,471,344 new shares, by exercise of shares warrant.

On December 31, 2019, the capital of Technicolor SA was €414,461,178 (414,461,178 shares with a per value €1). It had not change compared to the previous year.

8.2 Treasury shares

Treasury shares are recorded at purchase cost. A depreciation charge is recorded when the purchase cost is higher than the average stock price for the last month of the financial period. Gains and losses on disposal are booked under "extraordinary profit/(expense)".

	2020	2019
Number of treasury shares at opening	-	1,074,994
Net movement of the year related to the share repurchase program	-	*(703,925)*
Net movement of the year related to the treasury shares part of the stock options and free shares plans	-	*(371,069)*
Number of treasury shares at closing	-	-
Net Value in euros(1)	**-**	**-**

(1) In 2020, Technicolor SA does not hold treasury shares as all of them have been sold during 2019.

Treasury shares were held for the purpose of meeting the obligations under debt securities giving access to capital or stock-option schemes or any other form of allocation of shares to employees and Directors of the Company.

8.3 Other equity instruments

The deeply subordinated perpetual notes ("*Titres Super Subordonnés* – TSS") are booked as other equity instruments. Further to the restructuring of the Company's debt in 2010, the characteristics of these perpetual notes are now as follow:

- they are not repayable other than (i) at Technicolor's sole option in specific contractually defined events or (ii) in case of liquidation of the Company;
- they no longer bear interest, since an amount of €25 million was paid to TSS holders as final payment of all interest claims in 2010.

8.4 Dividends and other distributions

No dividend was proposed by the Board of Directors in 2020, concerning the fiscal year 2019.

No dividend was proposed by the Board of Directors in 2019, concerning the fiscal year 2018.

NOTE 9 Borrowings & Financial instruments

The Group's debt consists primarily of Term Loan Debt in U.S. dollars and in euros, issued by Technicolor SA in July and September 2020 and maturing in 2024.

9.1 Summary of the debt

(in million euros)	2020	2019
Term Loan Debt	569	984
Accrued interest	26	5
Current Accounts and loans with subsidiaries[(1)]	1,475	1,281
TOTAL FINANCIAL DEBT	**2,071**	**2,270**
Of which due and payable after 1 year		
Term Loan Debt	*569*	*981*
Loans with subsidiaries	*592*	*242*

(1) Including the term loan from Tech 6 for €349 million resulting of the restructuring debt operations during the year.

9.2 Main features of Term Loan Debt

(in million euros)	Amount in local currency	Currency	Amount[(1)]	Interest rate type	Final maturity
Term loan	454	EUR	454	Cash interests: EURIBOR[(2)] + 300bps PIK interests: 300bps	December 2024
Term loan	142	USD	114	Cash interests: LIBOR[(3)] + 275bps PIK interests: 275bps	December 2024
Subtotal external term loan debt			**569**		
Term loan	158	EUR	158	Cash interests: EURIBOR[(2)] + 600bps PIK interests: 600bps	June 2024
Term loan	191	EUR	191	Cash interests: EURIBOR[(2)] + 600bps PIK interests: 600bps	June 2024
Subtotal intra-group term loan debt			**349**		
TOTAL TERM LOAN DEBT			**918**		

(1) Exchange rate as of December 31, 2020.
(2) 3 months EURIBOR is subject to a 0% floor.
(3) 3 months LIBOR is subject to a 0% floor.

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9.2.1 ANALYSIS BY MATURITY OF FINANCIAL DEBT

	2020	2019
(in million euros)	Term Loan Debt	Term Loan Debt
Within one year	-	3
1 to 2 years	-	3
2 to 3 years	-	2
3 to 4 years	918	976
4 to 5 years	-	-
More than 5 years	-	-
TOTAL DEBT	**918**	**984**
Of which current debt	*-*	*3*
Of which non-current debt	*918*	*981*

9.2.2 MAIN FEATURES OF THE BORROWINGS

The Reinstated Term Loans, issued by Technicolor SA in dollars and euros, consist of the remaining term loan and revolving credit facility debt following their partial conversion to equity; the terms of these new loans were modified, in particular with regard to the maturity (December 31, 2024), the interest rates and the restrictions.

The New Money debt and the Reinstated Term Loans have both a Cash and PIK (payment in kind) interest component. The PIK interest is capitalized (every 6 months for the debt issued by Technicolor USA Inc. and every 12 months for the remaining debt) and repaid on final maturity.

9.2.3 KEY TERMS OF THE CREDIT AGREEMENTS

As described in note 1.1, Technicolor entered into certain transactions in 2020 as part of its financial restructuring.

The Reinstated Term Loans, were documented by an Amended and Consolidated Credit Agreement, entered into by Technicolor SA and effective September 22, 2020 (the "Reinstated Term Loan Agreement").

Security Package

French New Money borrowed by Tech 6 and Reinstated Term Loans

The New Money borrowed by Tech 6 is guaranteed by incorporation of two *fiducies-sûretés* (equivalent of a trust under French law) in respect of the shares of each of two French sub-holding companies ("Tech 7" and "Gallo 8"), owning virtually all of the entities of the Technicolor group (Production Services activities for Tech 7, Connected Home, DVD Services and Production Services U.S. activities for Gallo 8) and a third *fiducie* owning the Tech 6 loan to Technicolor SA of the proceeds of its New Money borrowing.

The Gallo 8 *fiducie* also guarantees the Reinstated Term Loans as a second ranking security.

These *fiducies* consist of a contract pursuant to which Technicolor SA transfers ownership of specifically identified assets, rights or security interests (existing or future) belonging to the Technicolor SA Group to a trustee. The trustee holds these in a segregated account created for the purpose of that *fiducie* until the discharge of obligations under the underlying financing agreement. The trustee acts on behalf of one or more beneficiaries, which, in the normal course of business, is Technicolor and, in the case of a default, is the security agent on behalf of the lenders.

In addition to the *fiducies-sûretés* some of the entities of Technicolor have issued "golden shares", providing certain rights which are exercisable only in specific cases by the collateral agent (acting on behalf of the New Money lenders) in order to protect their rights.

The governance rules in place for the *fiducies* and the "golden shares", except in a case of a default (which mirror those of the New Money debt), do not change the control exercised by Technicolor over the subsidiaries integrated into the *fiducies* nor over the subsidiaries which have issued "golden shares".

The Group, as part of its compliance procedures, continually monitors the restrictions imposed by the *fiducie* contracts.

The New Money lenders also benefit from a pledge on certain assets held by Technicolor SA and its subsidiaries and the Reinstated Term Loans benefits from a second ranking lien.

Mandatory and voluntary prepayments

In case of default or change of control of Technicolor, creditors will have the ability to immediately demand payment of all or a portion of the outstanding amounts.

The events of defaults in the Debt Instruments include among other things and subject to certain exceptions, thresholds and grace periods:

- failure by borrowers to make required payments when due under the Debt Instruments or of any other financial indebtedness or to comply with material obligations related to the Debt Instruments;
- a cross default under which there is a default if any member of the Group defaults under any indebtedness involving an aggregate amount of more than $25,000,000 and such default occurs on the final maturity or results in the right by the creditor(s) to require immediate repayment of the debt.

The Reinstated Term Loans can be voluntarily prepaid in whole or in part without penalty at any time following the full repayment or prepayment of the New Money debt.

Financial Covenants

The New Term Loan Agreement does not contain any financial covenants.

Affirmative Covenants

The Debt Instruments contain various standard and customary affirmative covenants and in addition contain requirements that the Group provide:

- **quarterly financials:** unaudited balance sheet, income statement and cashflow statement (without notes);
- **full year guidance:** including Revenue, EBITDA, FCF and Net Leverage ratio.

Furthermore, various confidential financial information and reports must be provided regularly to private side lenders.

Negative Covenants

The Debt Instruments contain various standard and customary negative covenants as well as other specific covenants which restrict the Group's ability to undertake certain actions. These include restrictions on:

- **indebtedness:** generally new indebtedness is not permitted with various exceptions and baskets notably for capital leases and unsecured debt;
- **liens:** new liens are generally not allowed except for some carve-outs and a general lien basket;
- **disposals:** subject to certain carve-outs and baskets, the Group is limited in its ability to make disposals;
- **acquisitions:** except for a lifetime basket amount the Group cannot make acquisitions;
- **distributions and junior payments:** the Group is limited in its ability to make distributions, in particular to shareholders and from companies within a *fiducie* to those outside a *fiducie*. With the exception of cash pooling arrangements, junior payments between entities within a *fiducie* to those outside the *fiducie* are generally not allowed subject to certain exceptions and baskets.

At December 31, 2020 Technicolor fully respects all applicable covenants and no case of default happened between the incorporation of the *fiducies-sûretés* and the approval of the financial statements.

Summary of financial guarantees

The following table presents synthetically the security package and whether it is submitted to financial covenants for each new or reinstated debt of the Group.

Debt	Borrower	Security	Financial Covenants
U.S. New Money	Technicolor USA Inc.	1st or 2nd ranking pledge on U.S. assets, Gallo 8 *fiducie*, pledge on certain Technicolor SA assets, Technicolor SA guarantee	Yes
French New Money	Tech 6	Gallo 8 *fiducie*, Tech 7 *fiducie*, pledge on certain Technicolor SA assets, Technicolor SA guarantee	Yes
Reinstated Term Loans	Technicolor SA	2nd ranking position on (i) Gallo 8 *fiducie* and (ii) pledges on certain Technicolor SA assets	No

9.3 Interest rate hedging operations

The Group has two interest rate hedging instruments outstanding at December 31, 2020. These instruments hedge future interest charges of the Group, which are principally indexed on a floating rate as shown in note 9.2.

The main characteristics are the following ones:

	Notional	Hedge	Issuance	Maturity	Fair value(1)
Interest rate swap	€240 million	Receive 3m EURIBOR(2)/pay 0.22%	May 2018	November 2021	(1)
Cap	$145 million	3m LIBOR capped at 3.00%	May 2018	November 2021	-
FAIR VALUE					**(1)**

(1) *Market value in millions of euros at December 31, 2020.*
(2) *EURIBOR floored at 0%.*

9.4 Commitments relating to financial instruments

As commented in note 1.2.3, the Company uses exchange derivative instruments to hedge the foreign exchange risk arising in particular of the guarantees given to affiliate companies of the Group. As of December 31, 2020, these derivative instruments can be detailed as follows:

	Currency	Notional(1)	Maturity	Market value(2)
Forward and swaps instruments	USD/GBP	54	2021	(1)
Forward and swaps instruments	USD/MXN	(40)	2021	-
Forward and swaps instruments	EUR/AUD	23	2021	-
Forward and swaps instruments	EUR/GBP	18	2021	-
Forward and swaps instruments	Others			-
MARKET VALUE				**(1)**

(1) *Forward buy/sale (net amount) in millions of the 1st currency.*
(2) *Market value in million of euros as of December 31, 2020.*

As of December 31, 2020, the Company does not have any outstanding instruments that are not documented as hedges.

NOTE 10 Employees benefits

10.1 Information on employees

	2020	2019
Executives	84	87
Employees and supervisory staff	13	17
TOTAL HEADCOUNT	**97**	**104**

10.2 Stock Option Plan

MANAGEMENT INCENTIVE PLANS (MIP)

The Shareholders' Meeting of May 23, 2013, in its fifteenth resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization has been given for a 38-month period, and is valid until July 23, 2016. Options granted under this authorization shall not give rights to a total number of shares greater than 994,204.

As of December 31, 2020, after share consolidation adopted by March 23, 2020 General Meeting, 261,568 subscription options are still outstanding (respectively 151,559 options, 98,049 options, 2,884 options and 9,076 options related to MIP 2015, MIP 2016, MIP June 2017 and MIP October 2017).

2016, 2017, 2018 LONG-TERM INCENTIVE PLAN (LTIP)

The Shareholders' Meeting of April 29, 2016, in its twenty-eight resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and is valid until June 29, 2018. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 305,175.

Making use of this authorization, the Board of Directors approved on April 29, 2016, on January 6, 2017 and on April 25, 2018 the implementation of respectively 2016, 2017 and 2018 Long-Term Incentive Plan.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the cumulative achievement of Adjusted EBITDA and Free Cash Flow targets for the three years from 2016 through 2018 (LTIP 2016), from 2017 through 2019 (LTIP 2017), from 2018 through 2020 (LTIP 2018) and the satisfaction of a continued employment condition for the full duration of the Plan (through April 30, 2019 for LTIP 2016, through April 30, 2020 for LTIP 2017 and through April 30, 2021 for LTIP 2018).

The Board of Directors of February 27, 2019 found that targets for the LTIP 2016 were not met and therefore no Performance Shares were delivered.

The Board of Directors of May 7, 2020 found that targets for the LTIP 2017 were partially met and therefore authorized the delivery of 56,700 Performance Shares.

As of December 31, 2020, the outstanding share rights under the plans amounts to 20,548 performance shares rights for LTIP 2018.

2019 LONG-TERM INCENTIVE PLAN (LTIP)

The Shareholders' Meeting of June 14, 2019, in its twentieth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and is valid until June 13, 2020. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 111,111.

Asking use of this authorization, the Board of Directors approved on June 14, 2019, the implementation of 2019 Long-Term Incentive Plan.

This three-year plan provides conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the satisfaction of a continued employment condition through June 14, 2022.

The Board of Directors meeting of January 30, 2020 authorized the issuance of 9,258 shares in favor of two beneficiaries at an exercise price of €16.20.

As of December 31, 2020, the outstanding share rights under the plan amounts to 93,645 performance shares rights.

2020 LONG-TERM INCENTIVE PLAN (LTIP)

The Shareholders' Meeting of June 30, 2020 in its twenty fifth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees or the Group related parties. This authorization has been given for a 36-months period and is valid until June 30, 2023. The shares to be issued pursuant to this authorization shall not give rights to a total of shares greater than 3.6% of share capital stated at the date of authorization.

Asking use of this authorization, the Board of Directors approved on December 17, 2020, the implementation of 2020 Long-Term Incentive Plan and authorized the issuance of 2,829,146 free shares.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject of the satisfaction a continued employment condition for the full duration of the Plan until December 17, 2023 and the achievement of cumulated EBITA and Total Shareholder Return until the end of 2022.

As of December 31, 2020, the outstanding share rights under the plan amounts to 2,829,146 performance shares rights.

As of December 31, 2020, the total number of outstanding stock options amounted to a maximum of 261,568 options and the total number of rights to receive shares amounted to 2,943,339 rights granted to employees and Directors.

The details of these options and shares are disclosed hereafter.

	Type of plan	Grant date	Number of instruments initially granted[2]	Number of instruments outstanding[2]	Initial number of beneficiaries	Vesting date	Contractual instrument life	Exercise price[(1)(2)]	Estimated fair values granted[(1)(2)]
MIP 2015 Options*	Subscription options	May 23, 2013 and June 7, 2013	607,335	149,060	94	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€86.13	€28.62
MIP 2015 Options*	Subscription options	October 24, 2013	7,408	-	1	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€106.11	€37.80
MIP 2015 Options*	Subscription options	March 26, 2014	7,963	2,499	2	May 2015 (50%) May 2016 (25%) May 2017 (25%)	8 years	€122.31	€46.71
MIP 2016 Options*	Subscription options	June 20, 2014	104,815	48,353	40	June 2016 (50%) June 2017 (25%) June 2018 (25%)	8 years	€156.33	€49.14
MIP 2016 Options*	Subscription options	October 21, 2014	70,926	34,319	24	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€132.84	€39.15
MIP 2016 Options*	Subscription options	April 9, 2015	14,815	15,377	1	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€157.41	€50.76
MIP June 2017 Options*	Subscription options	June 26, 2015	9,260	2,884	2	June 2017 (50%) June 2018 (25%) June 2019 (25%)	8 years	€158.76	€51.57
MIP October 2017 Options*	Subscription options	December 3, 2015	63,334	9,076	22	October 2017 (50%) October 2018 (25%) October 2019 (25%)	8 years	€191.97	€61.29
2016 LTIP**	Performance shares	April 29, 2016	102,241	-	187	April 2019	-	-	€153.63
2016 LTIP**	Performance shares	July 27, 2016	2,444	-	12	April 2019	-	-	€147.69
2016 LTIP**	Performance shares	October 20, 2016	7,926	-	18	April 2019	-	-	€138.78
2017 LTIP**	Performance shares	January 6, 2017	5,995	-	10	April 2020	-	-	€102.06
2017 LTIP**	Performance shares	March 9, 2017	148,180	-	218	April 2020	-	-	€102.06
2017 LTIP**	Performance shares	April 26, 2017	7,407	-	1	April 2020	-	-	€116.91
2017 LTIP**	Performance shares	July 26, 2017	5,273	-	15	April 2020	-	-	€91.26
2018 LTIP**	Performance shares	April 25, 2018	11,370	11,111	2	April 2021	-	-	€34.37
2018 LTIP**	Performance shares	June 25, 2018	12,216	9,437	12	April 2021	-	-	€34.37
2019 LTIP**	Performance shares	June 14, 2019	7,407	7,407	1	June 2022	-	-	€20.74
2019 LTIP**	Performance shares	July 24, 2019	88,197	77,028	175	June 2022	-	-	€20.74
2019 LTIP**	Performance shares	November 5, 2019	2,739	2,739	4	June 2022	-	-	€20.74
2019 LTIP**	Performance shares	January 30, 2020	9,258	6,471	2	June 2022	-	-	€16.20
2020 LTIP**	Performance shares	December 17, 2020	2,829,146	2,829,146	101	December 2023	-	€1.82	€1.23

* *Management Incentive Plans (MIP) (see description above).*
** *Long-Term Incentive Plan (LTIP) (see description above).*
(1) *Exercise prices, fair value and number of options outstanding were modified following the 2015 capital increase*
(2) *Exercise prices, fair value and number of options outstanding were modified following the 2020 share consolidation.*

The exercise prices of the various plans were set without the application of a discount.

In accordance with Article L. 225-184 of the French Commercial Code, in 2020 and 2019, no options were exercised.

10.3 Key management compensation

Total compensation due by Technicolor SA for the fiscal year 2020 to the Board Members of the Company amounts to €878,125. The amounts due to non-resident for French tax purposes are subject to a withholding tax.

The amount of the fixed and variable compensation due by Technicolor SA for the fiscal year 2020 to Mr. Richard Moat, its current CEO, amounts respectively to €562,500 and €863,835.

The CEO is a beneficiary of the 2020 Long-Term Management Incentive Plan (LTIP 2020) put in place by the Board of Directors on December 17, 2020 for its first two components. The acquisition of the rights to receive shares is subject to the terms and conditions of the Plan. In particular, it is expected that the final acquisition of the performance shares will take place on December 17, 2023 subject to a condition of presence and the achievement of two performance conditions in line with objectives of Adjusted EBITA and Total Shareholder Return.

NOTE 11 Provision & Contingencies

11.1 Detail of provision

PROVISIONS

Provisions are recorded at the balance sheet date when the Company has an obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Company's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities, and as a result, has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The recorded provision represents the best estimate of the expenditure required to settle the obligation at the closing date. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded but details of the obligation are disclosed in the notes to the financial statements.

RESTRUCTURING PROVISIONS

Provisions for restructuring costs are recognized when the Company has a constructive obligation towards third parties, which results from a decision made by the Company before the closing date and supported by the following items:

- the existence of a detailed and finalized plan identifying the sites concerned, the location, the role and the approximate number of headcounts concerned, the nature of the expenses that are to be incurred and the effective date of the plan; and
- the announcement of this plan to those affected by it.

The restructuring provision only includes the costs directly linked to the plan. Restructuring costs encompass estimated shut-down costs, the impact of shorter useful life for property and equipment and the costs linked to employees' lay-off.

POST-EMPLOYMENT OBLIGATIONS

The costs for employee pensions retirement at Technicolor are accounted for progressively as employees acquire their rights to benefits. The valuation method applied takes into account future changes in payroll obligations. Post-employment benefits are accounted for when rights to benefits are acquired and payment thereof becomes probable.

Such payments and provisions are based on the estimated salaries and seniorities of employees at their date of departure.

Actuarial assumptions are as follows:

- discount rate: 0.6%;
- projected long-term inflation rate: 1.7%;
- salary rate of increase: 3.2%.

The Company records its commitments for jubilee awards *(médailles du travail)*, in compliance with the ANC Recommendation n° 2013-02 issued on November 7, 2013. These charges are recognized separately from retirement provisions and actuarial differences are booked immediately in the statement of operations.

(in million euros)	As of December 31, 2019	Increases	Usage during the period	Reversals and reclassifications	As of December 31, 2020
Provisions for retirement benefit and jubilee	**3**	**-**	**-**	**-**	**3**
Subsidiaries and other risks	-	-	-	-	-
Restructuring measures relating to employees	-	7	(4)	(1)	2
Related to activities disposed of(1)	32	-	(15)	-	17
Other(2)	2	-	(2)	-	-
Other provisions for risks	**34**	**7**	**(21)**	**(1)**	**19**
TOTAL PROVISIONS FOR LOSSES AND CONTINGENCIES	**37**	**7**	**(21)**	**(1)**	**22**

(1) *Provision relating to the disposal of businesses, notably the former Cathode Ray Tubes activity.*
(2) *Mainly concerns provisions for litigation (see note 11.2).*

11.2 Contingencies

TAOYUAN COUNTY FORM RCA EMPLOYEES' SOLICITUDE ASSOCIATION

Technicolor, certain of its subsidiaries and General Electric are being sued by an association of former employees (or heirs of former employees) at a former manufacturing facility in Taiwan (TCETVT). They allege exposure to various contaminants while living or working at the facility, which allegedly caused them to suffer various diseases, including cancer, or caused emotional distress from fear that living and working at the facility increased their risk of contracting diseases.

After a first ruling of the Taiwan court and an appeal before the Taiwan High Court (first appeals court), the Taiwan Supreme Court, in August 2018:

(i) confirmed the Taiwan High Court decision of awarding NTD518 million (c. €15 million at the exchange rate as of December 31, 2020) in damages to 260 claimants; and

(ii) remanded the claims of 246 claimants for further proceedings at the High Court.

General Electric paid to the Court the full amount of the decision in December 2019.

On March 5, 2020, the Taiwan High Court ruled on the 246 remanded claims and awarded NTD54.7 million (€1.6 million) in damages plus interest. This ruling is on appeal to the Taiwan Supreme Court.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on December 27, 2019 and awarded approximately NTD2.3 billion (c. €66.8 million at the exchange rate as of December 31, 2020) plus interest. Technicolor and General Electric were held jointly and severally liable. Technicolor filed its appeal of this decision to the Taiwan High Court in January 2020.

Technicolor and its subsidiaries claim, among other reasons, that TCETVT operated for less than four years after its purchase from General Electric, while General Electric and its predecessor-in-interest RCA Corporation, ultimately owned TCETVT for approximately twenty years of operations.

Should the Group or any of the subsidiaries ultimately be held liable or settle the claims, the amounts of any such liability or settlement could be high. There are currently too many uncertainties to assess the extent of any liability that Technicolor or its subsidiaries may incur asa consequence of this lawsuit. Technicolor also has various avenues to mitigate any risk, including contractual indemnities owed to it by General Electric and others.

CATHODE RAY TUBES CASES

United States

Between 2014 and 2017, Technicolor settled with all plaintiffs in the legal actions that Technicolor had been defending in the United States pertaining to alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry.

However, the U.S. District Court decision approving Technicolor's June 2015 settlement with a class of indirect purchasers of CRT for $14 million was remanded in February 2019 to the District Court by the Court of Appeals so that the District Court could reconsider its approval of the settlement. As part of the remand process, the indirect purchasers' settlement agreements with defendants were amended by agreement of the parties in September 2019, which resulted in a small part of the settlement amounts being returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states being excluded from the settlements. The amended settlement agreements were approved by the District Court and the order granting that approval has now been appealed to the Court of Appeals. In September 2019, motions to intervene were filed by consumers from those nine states, but the District Court denied them. The orders denying the motions to intervene have been appealed to the Court of Appeals. Technicolor believes that its exposure is limited in size and that it has valid means of defense.

Europe

Since 2014, Technicolor has also been defending, along with other defendants (Samsung, LG, Philips, *etc.*), several similar legal actions in various European jurisdictions alleging damages suffered as a result of anticompetitive behaviour in the CRT industry until 2005. All such cases are in the wake of the EU Commission decision of December 2012 pursuant to which Technicolor was fined €39 million as a result of alleged involvement in a cartel. The cases are as follows:

- in the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds by the Court of First Instance as well as by the Regional Court of Appeals in December 2020. Vestel appealed the decision of the Regional Court of Appeals;
- in the Netherlands, a case filed by three Brazilian TV manufacturers under Brazilian law.

At this time, Technicolor is unable to assess the potential outcome from those cases and the resulting potential liability due to the complexity of the cases, as Technicolor is still defending certain of these on procedural grounds and/or as the claims have not all been fully substantiated. Depending on jurisdictions, decisions on quantum are not expected before 2021 or 2022.

Technicolor also defended (i) a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020 and (ii) two cases in Germany against three German former TV manufacturers (Grundig and Loewe/Metz) which were settled in December 2020.

NOTE 12 Other information

12.1 Trade accounts and other current assets and liabilities

Trade receivables and other current operating assets are valued at historical cost. A depreciation charge is recorded when recoverable value is lower than book value.

Current liabilities mainly consist of debts with a maturity of less than one year. This caption includes tax and social security liabilities, trade payables and fixed assets payables.

Income or charges are accrued when the service has been provided to or supplied by the Company before the end of the financial year and when they can be measured with sufficient assurance.

Current assets mainly include current accounts of Group subsidiaries for €902 million (net of depreciation for €7 million).

Accrued income is booked in the following captions:

(in million euros)	2020	2019
Trade receivables	**31**	**41**
of which accrued income	*2*	*5*
Other current assets	**15**	**16**
of which accrued income	*11*	*7*

Accrued charges are booked in the following captions:

(in million euros)	2020	2019
Trade payables	**11**	**15**
of which accrued charges	*4*	*4*
Other current liabilities	**31**	**24**
of which tax and social accrued charges	*8*	*8*
of which other accrued charges	*10*	*8*

Compliance with supplier and customer invoices contractual payment terms:

At year end:

- the amount, including VAT, of overdue supplier invoices represents 0.5% of fiscal year purchases amount excluding VAT;
- the amount,including VAT, of overdue customer invoices represents 3.3% of fiscal year revenue sales excluding VAT.

12.2 Related parties

In 2020:

- Bpifrance participations, which is represented in the Board, and as such identified as a related party, and which holds 4.50% of the equity of the Group, participated in the financial restructuring described in note 1.1.1. through:
  - cash subscription in the Rights issue in the amount of €25 million,
  - New Money financing in the amount of €21 million. Technicolor group accrued interest due to Bpifrance participations for €1 million and booked financing related fees reinvoiced by Bpifrance participations in the amount of €1 million;
- Crédit Suisse, which holds 12.42% of the share capital as of December 31, 2020 and as such identified as a related party, participated in the financial restructuring described in note 1.1.1. through subscription in the reserved capital increase in the amount of €30 million through set-off of their claims. Technicolor group booked financing related fees reinvoiced by Crédit Suisse in the amount of €0.7 million.

In 2019 there was no related party transactions.

12.3 Prepayments, deferred charges and unrealized losses on foreign exchange

In 2020, corresponds to:

- €1 million prepayments;
- €10 million deferred charges on debt issuance costs according to the effective interest method;
- €16 million bond redemption premiums amortized according to the effective interest method.

In 2019, was corresponding to €1 million prepayments and €1 million deferred charges on debt issuance costs.

12.4 Off balance-sheet contractual obligations and commercial commitments

Off balance-sheet commitments gave are the following:

(in million euros)	2020	2019
Unconditional future payments		
Operating Leases	-	1
Other unconditional future payments	-	-
TOTAL UNCONDITIONAL FUTURE PAYMENTS	**-**	**1**
Conditional future payments		
Guarantees given regarding undertakings by related entities	1,460	1,158
Other conditional future payments	-	-
TOTAL CONDITIONAL FUTURE PAYMENTS	**1,460**	**1,158**

Off balance-sheet commitments received are the following:

(in million euros)	2020	2019
Unconditional future payments		
Royalties to receive	59	95
TOTAL UNCONDITIONAL FUTURE PAYMENTS	**59**	**95**
Conditional future payments	-	-
TOTAL CONDITIONAL FUTURE PAYMENTS	-	-

As part of its business activities, Technicolor SA may issue performance guarantees for its subsidiaries as well as comfort letters.

In addition, as part of its management of the currency exchange rate risk, Technicolor SA implements over a fixed period foreign exchange guarantees with its subsidiaries under which their trade exposures are hedged at a determined currency exchange rate. The most significant commitments are thereafter summarized:

Entity	Currency to deliver	Currency to receive	Commitment to deliver(1)	Commitment to receive(1)	Maturity
Technicolor Delivery Technologies Australia Pty Ltd.					
	USD	AUD	8.3	11.0	2021
Technicolor Delivery Technologies Canada Inc.					
	USD	CAD	7.0	9.0	2021
Technicolor Delivery Technologies SAS					
	USD	EUR	153.5	129.3	2021
	USD	GBP	15.7	11.6	2021
Technicolor Export de Mexico S. de RL de CV					
	USD	MXN	2.8	55.0	2021
Technicolor Mexicana S. de RL de CV					
	MXN	USD	450.0	22.4	2021
Technicolor Polska Sp. Z o.o.					
	EUR	GBP	2.0	1.8	2021
	PLN	EUR	32.9	7.4	2021
	USD	EUR	5.2	4.3	2021
The Moving Picture Company Ltd.					
	EUR	GBP	0.5	0.5	2021
	USD	GBP	16.0	11.8	2021
Thomson Telecom Mexico SA de CV					
	MXN	USD	477.1	24.0	2021

(1) Expressed in millions of the corresponding currency.

NOTE 13 Statutory Auditors fees

(in million euros)	Deloitte 2020	Deloitte 2019	Mazars 2020	Mazars 2019
Audit services	1	1	1	1
TOTAL	**1**	**1**	**1**	**1**

Audit services include all services charged by the Statutory Auditors in completion of their audit of annual consolidated financial statements and the services provided by the Statutory Auditors in meeting the Group's legal and regulatory requirements, including the review of interim financial statements and the audit of the Company's financial statements.

NOTE 14 Subsequent events

On January 14, 2021, the Group announced the sale of its Post-production business to Streamland Media for €30 million. This strategic sale is part of the Group long-term vision for its Production Service to focus on VFX and animation for the entertainment industry and to expand its creative services and technologies for the advertising industry, which provide the maximum value to the Group clients. The sale, which is subject to customary conditions, is expected to close during the first half of 2021.

6.6 PARENT COMPANY FINANCIAL DATA OVER THE FIVE LAST YEARS (UNDER ARTICLES R. 225-81 AND R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Type of information *(in euros except number of shares, earning per share and number of employees)*	2016	2017	2018	2019	2020
I – Financial position at year end					
a. Share capital	413,245,967	414,461,178	414,461,178	414,461,178	2,357,955
b. Number of shares issued	413,245,967	414,461,178	414,461,178	414,461,178	235,795,483
c. Maximum number of shares to issue in the future:					
• Share-based payment	13,968,054	12,562,940	10,652,013	9,853,731	261,568
• Free and performance shares	3,638,875	6,868,232	6,483,821	6,471,026	2,943,339
II – Statements of operations					
a. Revenues (excluding VAT)	77,630,479	53,706,814	54,905,341	54,494,061	49,279,127
b. Profit (Loss) before tax, amortization and provisions	58,004,385	(289,776,803)	(10,335,190)	42,813,391	(6,257,295,251)
c. Income tax profit	51,827,666	23,157,010	44,568,125	(10,859,497)	1,335,819
d. Profit (Loss) after tax, amortization and provisions	148,974,598	(1,343,907,218)	153,242,014	(344,312,721)	(639,683,283)
e. Dividend paid and distributions	24,794,758	-	-	-	-
III – Earnings (loss) per share					
a. Profit (Loss) after tax, but before amortization and provisions	0.27	(0.64)	0.08	0.08	(26.54)
b. Profit (Loss) after tax, amortization and provisions	0.36	(3.25)	0.37	(0.83)	(2.71)
c. Dividend paid and distributions	0.06	-	-	-	-
IV – Employees					
a. Average number of employees	156	156	110	104	97
b. Wages and salaries	21,136,752	18,235,451	13,559,747	12,586,654	14,767,859
c. Social security costs	9,795,329	9,259,771	6,320,733	5,004,854	6,793,784

6.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

GRI *[102-56]*

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Shareholders' Meeting of Technicolor,

Opinion

In compliance with the engagement entrusted to us by your annual general shareholders' meeting, we have audited the accompanying financial statements of Technicolor SA for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from 1 January 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Accounting treatment of the financial restructuring

Notes 1.1.1 and 8.3 to the consolidated financial statements

RISK IDENTIFIED

As described in Note 1.1.1 to the Technicolor SA company financial statements, on February 13, 2020, the Group announced the roll-out of a 3-year strategic plan (2020-2022) including a series of financial restructuring transactions. However, the emergence of the Covid-19 crisis in the first half of 2020 prevented the share capital increase, the last step in this strategic plan, and increased the Group's liquidity requirements.

Given the Group's position, Group management believed that new sources of financing were needed, particularly from its historical financial partners or new investors and initiated a more comprehensive restructuring of the Group's debt. To secure this financial restructuring, on May 26, 2020, the company announced the opening of a conciliation procedure after having obtained approval from the Group's lenders on June 1, 2020. However, due to the urgency of the situation that was complicated by the impacts of the current crisis, this refinancing could not be set up.

On June 22, 2020, the Paris Trade Court initiated a 1-month accelerated financial safeguard procedure for Technicolor Group. On the same date, the company and some of its creditors reached an agreement in principle on the main terms and conditions of the Group's financial restructuring.

The draft safeguard plan which formalizes the main terms and conditions of the Group's financial restructuring was approved by the lenders' committee (*comité des établissements de crédit et assimilés*) on July 5, 2020. On July 28, 2020, the Paris Trade Court approved the safeguard plan. On September 22, 2020, Technicolor finalized the implementation of its financial restructuring plan.

This financial restructuring gave rise to:

- the contribution of a sum equivalent to around €420 million (net of costs and fees) to cover the continuation of the 2020-2022 strategic plan, taking into account the estimated impacts of Covid-19, finance the Group's everyday operations and fully refinance the bridge loan of US$110 million payable on July 31, 2020 (the "**New Money**");
- in consideration of the New Money funds, the lenders were granted share subscription warrants that can be exercised over a period of 3 months (the "**Equity kickers**");
- a restructuring of the current debt, i.e. 46.5% of the credit facilities initially payable by the Company via the set-up of new term credit facilities for an amount equivalent to €574 million, ultimately maturing in 2024, in consideration for the granting of new collateral on certain Group assets (the "**Debt restructuring**");
- the repayment of Group's debt in the amount of €660 million via a share capital increase, with retention of preferential subscription rights for shareholders (for €330 million) and cancellation of preferential subscription rights reserved for the lenders of the restructured credit facilities by offsetting the balance of their debts (the "**Debt-equity conversion**").

Furthermore, this financial restructuring also required the reorganization of the Group's legal structure, through the set-up of three fiducies by way of security to secure the New Money for the shares held by the sub-holding companies which, after restructuring, will hold most of the Group's subsidiaries.

The impacts on the Technicolor SA company financial statements for the year ended December 31, 2020 of the financial restructuring and the combination of the assets and the relating securities are presented in Notes 1.1.1. and 9.2.2.

Considering the major financial impacts of the financial structuring transactions on the Technicolor SA company financial statements and the accounting treatments based on major estimates and judgements by Management, we considered the finalization of the financial restructuring plan to be a key audit matter.

OUR RESPONSE

We assessed the compliance of the methods used to recognize all the financial restructuring transactions in the Technicolor SA company financial statements with prevailing French standards.

We focused in particular on the fiducie agreements set up and the absence of any enforcement events provided for in these agreements.

Our work mainly consisted in:

- assessing the compliance of the methods used to recognize all the equity transactions and transactions relating to the subscriptions of new loans with French accounting standards, by including financial instrument transaction specialists in our team;
- verifying the correct accounting treatments for the derecognition of the former debt and the costs attributable to the transactions, in relation to the restructuring plan;
- following the set-up of the "Tech 7", "Gallo 8" and "Créances Tech" fiducie agreements, verifying the absence of any enforcement events as stipulated in clause 12.1 of the fiducie agreements described in Note 9.2.3 to the financial statements;
- verifying the disclosures on the financial restructuring in the company financial statements.

Valuation of shares in subsidiaries

Note 7 to the financial statements

RISK IDENTIFIED

Shares in subsidiaries, in the net amount of €1,664 million represent one of the most significant line items of the December 31, 2020 balance sheet, i.e. 61% of total assets. They are recorded initially at acquisition cost and impaired based on their value in use. Shares in subsidiaries comprise the securities of the companies held by Technicolor for €971 million and the rights representing the net assets held in the fiducies for €693 million.

One impact of the Group's financial restructuring was the reorganization of the Group's legal structure and in particular the subsidiaries whose shares are held by the entity as described in Note 1.1 to the financial statements.

As indicated in Note 7 to the financial statements, the value in use of the shares in subsidiaries is defined, according to the case, based on their share of equity or their recoverable amount. In particular, the value in use of the rights representing the net assets held in the fiducies is defined according to their recoverable amount.

If the carrying amount exceeds the value in use, an impairment loss is recognized for the difference. In the event of a negative net cash position, provisions for the impairment of current accounts are recorded. In addition, a contingency provision covers the residual negative balance.

The economic environment in which the Group operates changes rapidly. Subsidiaries can therefore experience changes in their activity with a negative impact on their operating income and expected outlook.

In this context and given the materiality of shares in subsidiaries in the company's financial statements, we considered the measurement of the value in use of shares in subsidiaries to be a key audit matter.

OUR RESPONSE

To assess the reasonableness of the estimated value in use of shares in subsidiaries, based on the information communicated to us, our work mainly consisted in:

- verifying that shares in subsidiaries acquired during the period were initially recorded at acquisition cost;
- obtaining an understanding of the new organization and verifying the accounting treatment for the fiducies;
- obtaining an understanding of the processes set up by Management to conduct impairment tests, particularly changes to processes following the legal reorganization of the subsidiaries, assessing the methods used to implement these tests and verifying the validity of the methods used according to the tested line of securities;
- for securities valued at their recoverable amount, particularly fiducie assets, obtaining the cash flow forecasts prepared by Management, assessing the underlying assumptions adopted by Management and verifying their consistency with the forecast data used for impairment tests in the consolidated financial statements;
- for securities valued according to the share of equity in the entity, verifying that the equity used matches the financial statements of the entity and was subject to an audit or analytical procedures and that any adjustments to this equity were based on supporting documentation;
- testing the mathematical accuracy of the value calculations adopted by the company.

We also assessed the appropriateness of the disclosures in Note 7 to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

We attest that the non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the management report, it being specified that, in accordance with Article L.823-10 of this code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON CORPORATE GOVERNANCE

We attest that the Chairman's report on corporate governance sets out the information required by articles L. 225-37-4, L.22-10-9 and L. 22-10-10 the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of the company the annual general meeting held on June 20, 2012 for Deloitte & Associés and on May 29, 1985 for Mazars.

As at December 31, 2020, Deloitte & Associés was in the 9th year of total uninterrupted engagement and Mazars in the 36th year of total uninterrupted engagement including 22 years since the company's share had been listed..

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, 2 April 2021

The Statutory Auditors

Deloitte & Associés	Mazars
French original signed by	French original signed by
Bertrand Boisselier,	Jean-Luc Barlet,
Partner	Partner

6.8 AUDITORS

6.8.1 Table of Auditors' fees

For a detailed table of auditors' fees, please refer to note 14 to the Group's consolidated financial statements.

6.8.2 Statutory Auditors

Deloitte & Associés – Tour Majunga, 6 place de la Pyramide, 92908 Paris – La Défense represented by Mr. Bertrand Boisselier.

Mazars – Tour Exaltis, 61 rue Henri-Regnault, 92400 Courbevoie represented by Mr. Jean-Luc Barlet.

STARTING DATE OF STATUTORY AUDITORS' FIRST MANDATE

Deloitte & Associés: 2012.

Mazars: 1985.

DURATION AND EXPIRATION DATE OF THE STATUTORY AUDITORS' MANDATE

Deloitte & Associés: re-appointed by the Combined Shareholders' Meeting of April 26, 2018 until the Shareholders' Meeting to be held for the approval of the financial statements for the fiscal year ended December 31, 2023.

Mazars: re-appointed by the Annual General Shareholders' Meeting held on April 29, 2016 until the Shareholders' Meeting to be held for the approval of the financial statements for the fiscal year ended December 31, 2021.

6.8.3 Substitute Statutory Auditors

CBA – 62 rue Henri Régnault – Tour Exaltis, 92140 Courbevoie

DURATION AND EXPIRATION DATE OF SUBSTITUTE OF THE STATUTORY AUDITORS' MANDATE

CBA: appointed by the Combined Shareholders' Meeting of April 29, 2016 until the Shareholders' Meeting to be held for the approval of the financial statements for the fiscal year ended December 31, 2021.

7

ADDITIONAL INFORMATION

A **registered office at the heart of Paris**

Shares included in CAC Small, CAC Mid & Small and CAC All-Tradable Indices.

101 subsidiaries and companies accounted for under the equity method

7.1 COMPANY PROFILE

GRI *[102-1] [102-3] [102-5] [102-7] [102-50] [102-52]*

Legal and business name: TECHNICOLOR

Registered office:

8-10, rue du Renard

75004 Paris, France

Tel.: +33 (0)1 88 24 30 00

E-mail: assembleegenerale@technicolor.com

Website: www.technicolor.com (the information on the website does not form part of this Universal Registration Document)

Twitter: twitter.com/technicolor

Domicile, legal form and applicable legislation: Technicolor is a French corporation *(société anonyme)*, governed by the French Commercial Code, by all laws and regulations pertaining to corporations, and its bylaws.

The Company is registered with the Trade Registry *(Registre du commerce et des sociétés)* of Paris under No. 333,773,174. Its APE Code, which identifies a Company's type of business and activities, is 7010Z, corresponding to the business of corporate administration.

Date of incorporation and term of the Company: Technicolor was formed on August 24, 1985. It was registered on November 7, 1985 for a term of 99 years, expiring on November 7, 2084.

Fiscal year: January 1 to December 31.

Stock Exchange: Technicolor is listed on the Euronext Paris exchange (symbol: TCH). Technicolor is also trading on OTCQX International Premier, a premium listing Over-the-Counter securities service (symbol: TCLRY).

For more information, please refer to Chapter 1: "Presentation of the Group", section 1.4: "Share capital and shareholding" of this Universal Registration Document.

Activity: Technicolor, a worldwide Technology leader operating in the Media & Entertainment industry, is at the forefront of digital innovation. Technicolor's activities are organized in three business segments, namely Production Services, Connected Home and DVD Services. All other activities and corporate functions (unallocated) are presented within the "Corporate & Other" segment. For a detailed description of the Group's segments, please refer to section 1.2: "Organization & business overview".

In fiscal year 2020, Technicolor generated consolidated revenues from continuing operations of €3,006 million. As of December 31, 2020, the Group had 13,289 employees in 25 countries.

7.2 LISTING INFORMATION

7.2.1 Markets for the Company's securities

Technicolor's shares are listed on Euronext Paris (Compartment B), under the designation "Technicolor", ISIN Code FR0013505062, with the trading symbol TCH (LEI code: 4N6SD705LP5XZKA2A097).

Technicolor's shares are eligible for the Long-only Deferred Settlement Service. With this service, the purchaser may on the determination date, which is the fifth trading day prior to the last trading day of the month, inclusive, either (i) settle the trade no later than the last trading day of such month, or (ii) upon payment of an additional fee, extend to the determination date of the following month the option either to settle no later than the last trading day of such month or postpone again the selection of a settlement date until the next determination date. Such option may be maintained on each subsequent determination date upon payment of an additional fee.

Equity securities traded on a deferred settlement basis are considered to be transferred only after they are registered in the purchaser's account. Under French securities regulations, any sale of a security traded on a deferred settlement basis during the month of a dividend payment date is deemed to occur after the dividend has been paid. Thus if the deferred settlement sale takes place during the month of a dividend payment, but before the actual payment date, the purchaser's account will be credited with an amount equal to the dividend paid and the seller's account will be debited by the same amount.

Prior to any transfer of securities listed on Euronext Paris held in registered form, the securities must be converted into bearer form and accordingly recorded in an account maintained by an intermediary accredited with Euroclear France SA, a registered central security depositary. Trades of securities listed on Euronext Paris are cleared through LCH Clearnet and settled through Euroclear France SA using a continuous net settlement system.

In France, Technicolor's ordinary shares are included in the CAC Small, CAC Mid & Small and CAC All-Tradable Indices.

Since 2014, ADSs have been traded on OTCQX International Premier, a premium OTC securities listing service (symbol: TCLRY).

7.2.2 Listing on Euronext Paris

The tables below set forth, for the indicated periods, the high and low prices (in euros) for Technicolor's outstanding shares on Euronext Paris.

	Euronext Paris					
	Volume of transactions			Share price *(in euros)*		
Years ending December 31	*(in million euros)*	**Number of shares**	**Average volume**	**Average closing price**	**Highest price**	**Lowest price**
2016	1,473.64	263,351,060	1,024,712	5.62	7.46	4.55
2017	1,141.71	319,188,276	1,251,719	3.71	5.28	2.60
2018	1,232.07	895,492,813	3,511,737	1.50	3.33	0.81
2019	389.66	443,742,931	1,740,168	0.88	1.29	0.65
2020	288.15	597,113,143	2,350,839	2.29	4.89	1.13

Source: Euronext.

	Euronext Paris					
	Volume of transactions			Share price *(in euros)*		
Years ending December 31	*(in million euros)*	**Number of shares**	**Average volume**	**Average closing price**	**Highest price**	**Lowest price**
2018						
First quarter	406.95	214,389,708	3,403,011	2.45	3.33	1.33
Second quarter	432.45	325,649,152	5,169,034	1.36	1.61	0.99
Third quarter	182.81	164,920,314	2,537,236	1.11	1.29	0.99
Fourth quarter	209.86	190,533,639	2,977,088	1.09	1.36	0.81
2019						
First quarter	112.97	107,991,938	1,714,158	1.03	1.29	0.87
Second quarter	95.82	100,120,183	1,614,842	0.98	1.24	0.80
Third quarter	115.79	147,299,814	2,231,815	0.79	0.89	0.69
Fourth quarter	65.08	88,330,996	1,380,172	0.74	0.88	0.65
2020						
First quarter	141.95	433,119,834	6,767,497	4.13	4.89	3.20
Second quarter	48.94	106,012,783	1,796,827	1.93	3.16	1.83
Third quarter	29.57	14,638,564	221,796	1.28	2.94	1.13
Fourth quarter	67.69	43,341,962	666,799	1.82	2.10	1.62

Source: Euronext.

	Euronext Paris					
	Volume of transactions			Share price *(in euros)*		
Last six months	*(in million euros)*	**Number of shares**	**Average volume**	**Average closing price**	**Highest price**	**Lowest price**
2020						
September	15.36	9,210,869	418,676	1.28	2.94	1.13
October	15.18	11,973,112	544,232	1.23	1.53	1.10
November	31.47	19,708,226	938,487	1.65	1.95	1.18
December	21.04	11,660,624	530,028	1.82	2.10	1.62
2021						
January	26.58	13,905,192	695,260	1.76	2.15	1.72
February	18.84	9,274,780	463,739	1.95	2.25	1.76

Source: Euronext.

7.3 NOTIFICATION OF INTERESTS ACQUIRED IN FRENCH COMPANIES IN 2020 AND 2019

7.3.1 Notification of interests acquired in the share capital of French companies in 2020

In compliance with Article L. 233-6 of the French Commercial Code, the Group notifies that it acquired no interests in any French Company in 2020.

7.3.2 Notification of interests acquired in the share capital of French companies in 2019

In compliance with Article L. 233-6 of the French Commercial Code, the Group notifies that it acquired no interests in any French Company in 2019.

7.4 MEMORANDUM AND BYLAWS

This section contains the information required by item 19.2: "Memorandum and Articles of Association" of Annex 1 of Commission delegated Regulation n° 2019/980 of March 14, 2019.

Copies of the Company's bylaws in French are available from the Trade Registry of Paris, France.

7.4.1 Corporate purpose

Technicolor's purpose is, directly or indirectly, in France and in any other country:

- the taking of equity holdings or interests in any business of any nature in any form whatsoever, whether in existence or to be created;
- the acquisition, management, and transfer of any and all real property rights and assets and any and all financial instruments, and the execution of any and all financing transactions;
- the acquisition, transfer and use of any and all Intellectual Property rights, licenses or processes;
- the manufacture, purchase, importation, sale and export, anywhere, of any and all materials and products, as well as the rendering of any and all services.

Technicolor may act directly or indirectly, for its own account or for the account of third parties, whether alone or through an equity holding, agreement, association or Company, with any other legal entity or individual, and carry out, in France or abroad, in any manner whatsoever, any and all financial, commercial, industrial, real property, and personal property transactions within the scope of its purpose or involving similar or related matters (Article 2 of the bylaws).

7.4.2 Board of Directors and Executive Committee members

Information relating to administrative bodies can be found in Chapter 4: "Corporate governance and compensation", section 4.1: "Corporate governance" of this Universal Registration Document.

7.4.3 Rights, privileges and restrictions attached to shares

VOTING RIGHTS

"Each shareholder shall have as many votes as the shares that he possesses or represents by proxy. In accordance with Article L. 22-10-46 of the French Commercial Code, it is not granted any double voting right for shares for which it is justified of a registered form during at least two years in the name of the same shareholder." (Article 20 of the bylaws).

Under French law, treasury shares are not entitled to voting rights.

OTHER RIGHTS OF SHAREHOLDERS

"In addition to the right to vote that is attributed by law, each share gives the right to the ownership of the corporate assets, to share in the profits, and to the liquidation proceeds, in an amount equal to the portion of the share capital represented by such share.

Whenever it may be necessary to own a certain number of shares in order to exercise a right, it is the responsibility of the shareholders who do not own an adequate number of shares, as the case may be, to group their shares in the amount necessary.

The ownership of a share entails, by operation of law, adherence to the bylaws of the Company and to the decisions of the General Shareholders' Meeting and the Board of Directors, acting by delegation of the General Shareholders' Meeting." (Article 9 of the bylaws).

7.4.4 Actions necessary to change the rights of shareholders

Any amendment to the bylaws must be voted in or authorized by the Shareholders' Meeting under the conditions of quorum and majority required by the laws or regulations in force for Extraordinary Shareholders' Meetings.

7.4.5 Shareholders' Meetings

NOTICE OF SHAREHOLDERS' MEETINGS

"Shareholders' Meetings are convened and deliberate pursuant to applicable laws and regulations." (Article 19 of the bylaws).

ATTENDANCE AND VOTING AT SHAREHOLDERS' MEETINGS

"Every shareholder has the right, upon proof of his identity, to participate in General Shareholders' Meetings, by attending in person, by mailing in a voting form, by designating a proxy or (…) by electronic vote during a meeting.

Such participation, in any form whatsoever, is subject to the registration or the recording of the shares, either in the Company's registered share account, or in a bearer share account held by an authorized intermediary, within the time limits and under the conditions provided for by applicable regulations. In the case of bearer shares, the registration or the recording of the shares is confirmed by a certificate of participation delivered by the authorized intermediary." (Article 19 of the bylaws).

7.4.6 Bylaws requirements for holdings exceeding certain percentages

"Without prejudice to applicable law, any legal entity or individual, whether acting alone or in concert, who comes to own directly or indirectly a number of shares or voting rights equal to or greater than 0.5% of the total number of shares or voting rights of the Company, must so inform the Company. This obligation is governed by the same provisions as those governing the legal obligation; the threshold crossing declaration is to be made within the same deadline as for the legal obligation, by registered letter with return receipt requested, by facsimile or by telex, indicating whether the shares or the voting rights are held for the account of, under the control of, or in concert with other legal entities or individuals. An additional notice is required for each additional holding of 0.5% of the share capital or voting rights, without limitation.

This duty to inform applies under the same conditions when the equity holding or the voting rights cross below the thresholds mentioned in the preceding paragraph.

In the event of a failure to comply with the duty to inform provided above, the shareholder may, under the conditions and within the limits of applicable laws and regulations, be deprived of the right to vote in respect of the shares exceeding the relevant threshold. This penalty is independent of any penalty that may be decided by judicial decision upon request by the Chairperson, a shareholder, or the *Autorité des marchés financiers*.

For the purpose of determining the thresholds referred to above, shares or voting rights held indirectly and shares or voting rights associated with the shares or voting rights actually held, as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code, are taken into account.

The declarant must certify that the declaration includes all of the securities giving access immediately or in the future to the share capital of the Company held or owned within the meaning of the preceding paragraph. The declarant must also indicate the date or dates of acquisition.

Mutual fund management firms are required to report this information in respect of all of the voting rights attached to the shares of the Company held by the funds that they manage." (Article 8.2 of the bylaws).

7.5 MATERIAL CONTRACTS

Readers are invited to refer to the description of the agreements relating to the Term Loan documentation described in Chapter 2: "Operating and financial review and prospects", section 2.3.3: "Financial resources" of this Universal Registration Document.

7.6 ADDITIONAL TAX INFORMATION

Total amounts, by category of expenditure, reinstated in the taxable profits following a definitive tax adjustment under Article 223 *quinquies* of the French Tax Code

None.

Total amount of certain non-deductible expenses under Articles 39-4 and 223 *quater* of the French Tax Code

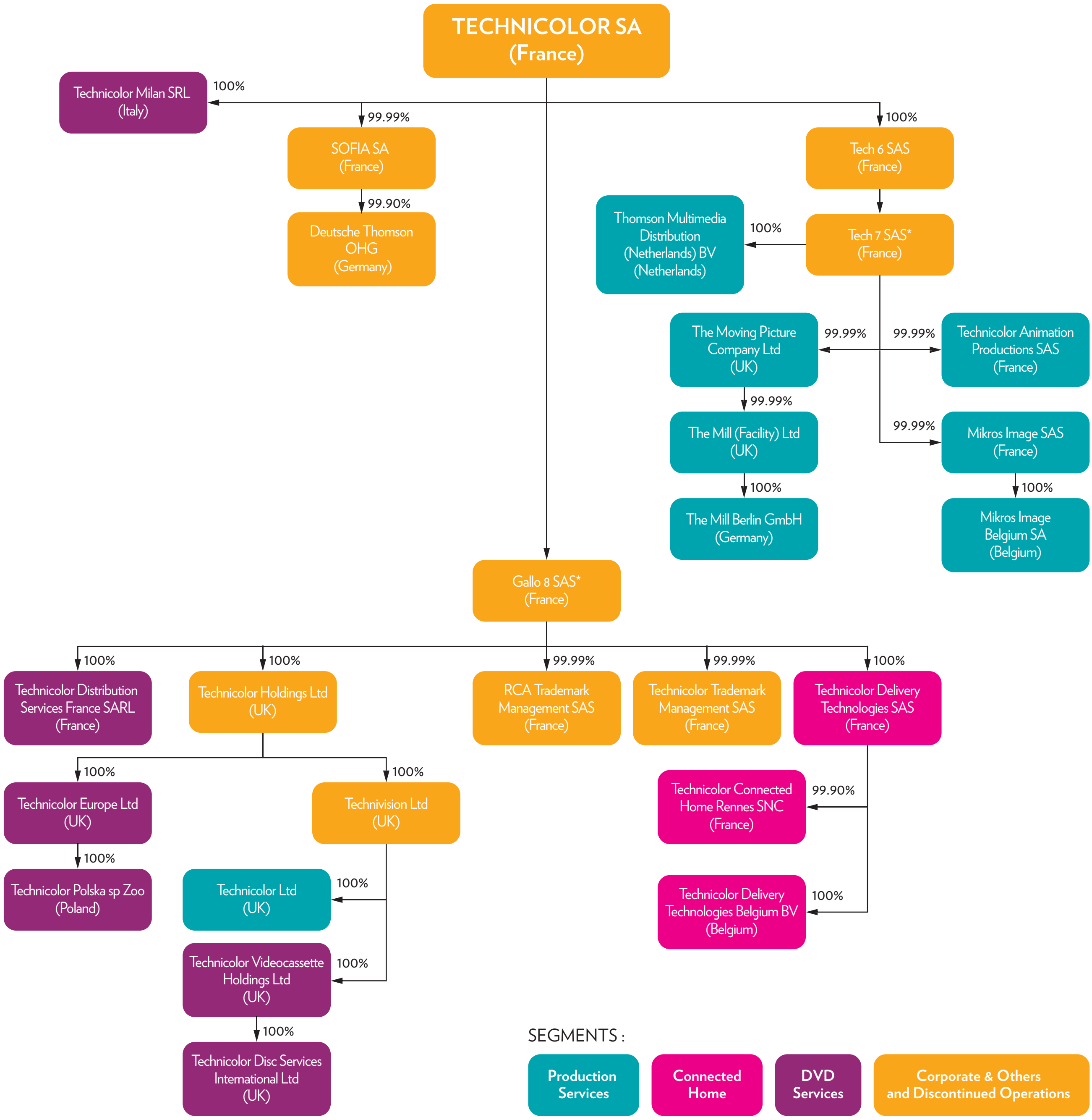
The non-deductible expenses referred to in Article 39-4 of the French Tax Code amounted to €68,013.19 in 2020 for the Company and corresponded to non-deductible lease payments on private vehicles.

7.7 ORGANIZATION OF THE GROUP

7.7.1 Legal organizational chart of the Group as of December 31, 2020

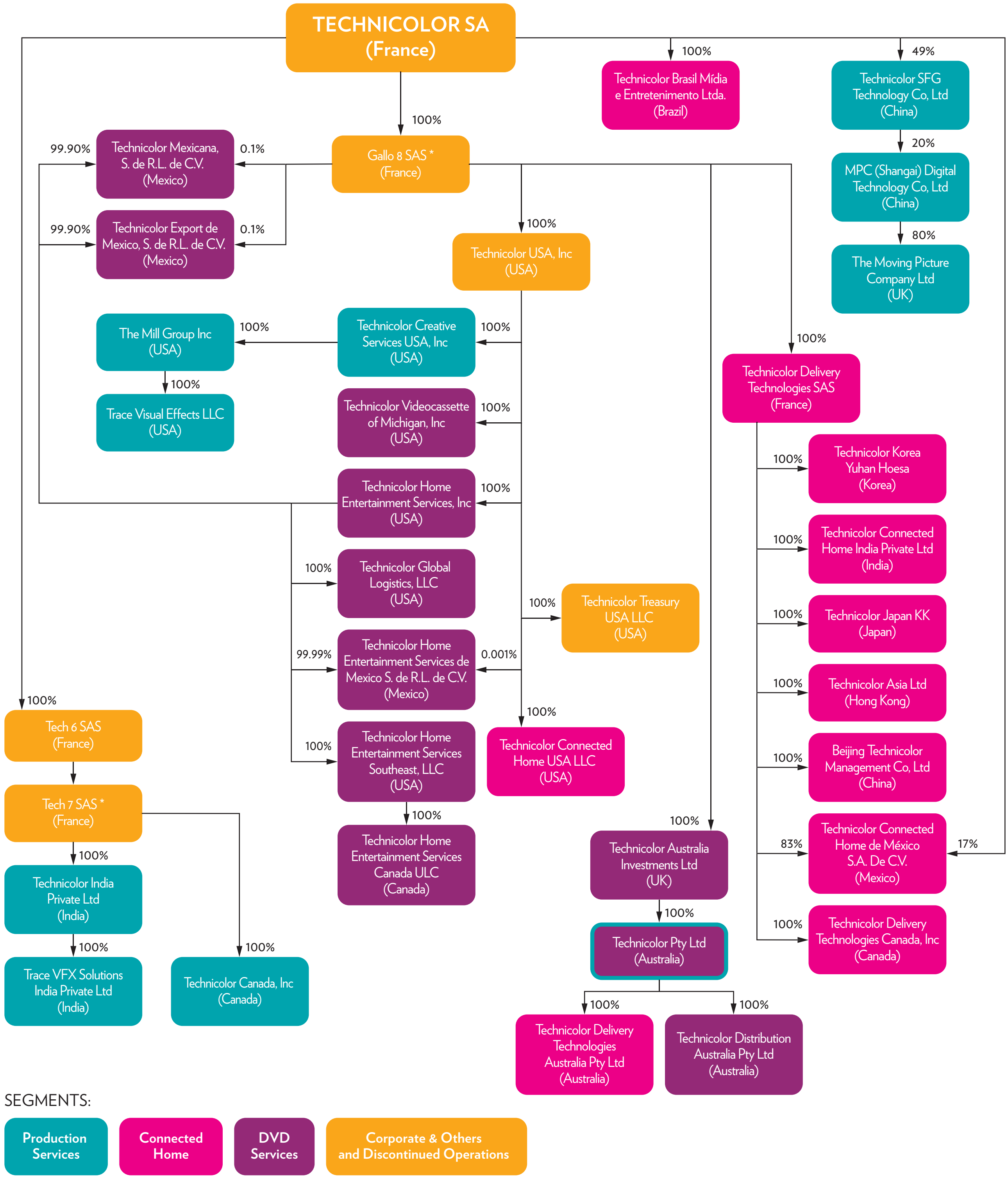
GRI *[102-45]*

MAIN LEGAL ENTITIES – EUROPE



Subsidiaries whose shares have been placed under fiducie in 2020.

MAIN LEGAL ENTITIES – ASIA AND AMERICA



**Subsidiaries whose shares have been placed under fiducie in 2020.*

7.7.2 Operational organization of the Group

GRI [102-45]

The Group's organizational chart below contains the Group's main operating subsidiaries, classified by segments. These subsidiaries are directly held by Technicolor or indirectly held through holding companies as of December 31, 2020. They have been selected based on their contribution to the Group's revenues (external and intra-group) or on their workforce. Revenues from these subsidiaries represented 99% of the Group's revenues (external and intra-group) in 2020.

The list of main consolidated subsidiaries is described in Chapter 6, note 15 to the Group's consolidated financial statements. A summary table sets forth the list of the Group's subsidiaries broken down by the geographic location of the entity (please refer to Chapter 6, note 2.1 to the consolidated financial statements).

Main financial data (revenues, profit (loss) from continuing and discontinuing activities, geographic breakdown of assets and liabilities) as well as goodwill and trademarks are broken down for each segment in the Group's consolidated financial statements in notes 3, 4.1 and 4.2, respectively.

	Production Services	Connected Home	DVD Services	Other
France	Technicolor Animation Productions SAS Mikros Image SA	Technicolor Delivery Technologies SAS	Technicolor Distribution Services France SARL	Thomson Licensing SAS
Europe except France	The Mill (Facility) Ltd. The Moving Picture Company Ltd. Technicolor Ltd.		The Moving Picture Company Ltd. Technicolor Video Services(UK) Ltd.	
Americas	Technicolor Creative Services USA Inc The Mill Group Inc. Technicolor Canada Inc.(1)	Technicolor Brasil Midia E Entretenimento Ltda Technicolor Connected Home USA LLC Technicolor Connected Home Mexico S.A. de C.V. Technicolor Delivery Technologies Canada Inc. Technicolor Canada Inc.(1)	Technicolor Home Entertainment Services Inc. Technicolor Videocassette of Michigan, Inc. Technicolor Global Logistics, LLC Technicolor Home Entertainment Services Southeast, LLC Technicolor Canada Inc.(1) Technicolor Home Entertainment Services Canada ULC Technicolor Home Entertainment Services de Mexico S. de RL de CV	Technicolor USA Inc.
Asia	MPC (Shanghai) Digital Technology Co., Ltd Technicolor, Pty, Ltd(2)	Technicolor Pioneer Japan KK Technicolor Korea Yuhan Hoesa Technicolor Delivery Technologies Australia Pty, Ltd.	Technicolor, Pty, Ltd(2)	

(1) This entity hosts operations on the segments Production Services, Connected Home and DVD Services.
(2) This entity hosts operations on the segments Production Services and DVD Services.

PARENT COMPANY

On December 31, 2020, Technicolor SA had 97 employees. It mainly hosts the activities of Group management, support functions, Group treasury and part of the Connected Home segment. The Company's income statement (as presented in the corporate financial statements) shows a net loss of €640 million in 2020 (compared with a net loss of €344 million in 2019) (for more information regarding the parent company, refer to Technicolor SA's corporate financial statements and notes to the financial statements in Chapter 6: "Financial statements", sections 6.4: "Technicolor SA 2020 financial statements" and 6.5: "Notes to the parent company financial statements" of this Universal Registration Document).

MAIN CASH FLOWS BETWEEN THE COMPANY AND THE SUBSIDIARIES

The Company ensures the financing of its subsidiaries by loans and current accounts (net payable position of €566 million before depreciation at December 31, 2020) and equity instruments and received €77 million in dividends in 2020 (compared with €459 million in 2019). The Company has organized a system of centralization of the treasury in the main countries where it operates and implements hedge transactions for the Group, in accordance with defined management rules.

The Company also provides services to companies affiliated to the Group in Information Systems, purchases, management, treasury, people and various counsels. These services are invoiced either on the basis of a percentage of the income or/and of the net profit of the subsidiaries, through a fixed fee, or charged for each service.

For more details, see note 12.2 to the Company's statutory accounts for related party transactions.

7.8 SUPPLIERS AND CUSTOMERS PAYMENT TERMS

In compliance with Article L. 441-6-1 of the French Commercial Code, the information on suppliers and customers payment terms is detailed in the table hereafter.

	Article D. 441 I.-1°: Supplier invoices received, overdue but unpaid at year end						Article D. 441 I.-2°: Customer invoices sent, overdue but unpaid at year end					
(in euros)	0 day (indicative) Dec. 31, 2020	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day (indicative) Dec. 31, 2020	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Overdue payments by period												
Number of invoices concerned	8					60	0					31
Total amount including VAT of invoices concerned	99,297.86	280,871.60	80,456.87	42,664.47	89,238.66	493,231.60	0.00	156,432.62	7,910.34	276,245.71	616,687.23	1,057,275.90
Percentage of fiscal year purchases amount excluding VAT	0.1%	0.3%	0.1%	0.0%	0.1%	0.5%						
Percentage of fiscal year revenue sales excluding VAT							0.0%	0.5%	0.0%	0.9%	1.9%	3.3%
(B) Disputed or unrecorded invoices excluded from (A)												
Number of invoices excluded						-			43			
Total amount including VAT of invoices excluded						-			4,117,444.24			
(C) Reference payment terms used (contractual or required by Law – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used for calculation of payment delays			Contractual payment terms						Contractual payment terms			

7.9 AVAILABLE DOCUMENTS

The bylaws and other corporate documents of the Company, any evaluation or statement prepared by an expert at the request of the Company, part of which is included or mentioned in this Universal Registration Document, and, more generally, all documents sent or made available to shareholders pursuant to French law may be consulted at the Company's registered office, 8-10, rue du Renard, 75004 Paris, France.

Moreover, historical financial information and regulated information of the Group is available on the Company's website (www.technicolor.com).

Paper versions of this Universal Registration Document are available free of charge. This Universal Registration Document may also be consulted on the Technicolor website (www.technicolor.com).

7.10 SOURCES REGARDING COMPETITIVE POSITION

This Universal Registration Document contains statements regarding market trends, market share, market position and products and businesses. Unless otherwise noted herein, market estimates are based on the following outside sources, in some cases in combination with internal estimates:

- IHS Screen Digest, *FutureSource Consulting*, PwC, Wilkofsky Gruen Associates, Thomson Reuters, Strategy Analytics, Statista, Magna Global, IDATE, Parks Associates, IAB, Nielsen, eMarketer, Harvard Business Review, McKinsey, IDC, and Visual Effects Society for overall market trends in the Media & Entertainment and Technologie industries;
- *FutureSource Consulting* for information on DVD replication and distribution services;
- IHS Screen Digest, Parks Associates, Generator Research, IDC, Gartner, IDG and Informa for information on consumer electronics (TV, Tablets, smartphones);
- Parks Associates, Dell'Oro Group and Infonetics Research for information on Set-Top Box, DSL and cable modems, routers & gateways.

7.11 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

GRI *[102-53]*

7.11.1 Declaration by the person responsible for the Universal Registration Document and the Annual Financial Report

Mr. Richard Moat, Chief Executive Officer, Technicolor,

I declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and that there is no omission likely to affect the fairness of the presentation.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of its consolidated subsidiaries, and that the management report, hereby enclosed, fairly presents the evolution of the business, results and financial position of the Company and its consolidated subsidiaries, and describes the principal risks and uncertainties that they face.

Paris, April 5, 2021

Chief Executive Officer of Technicolor,

Richard Moat

7.11.2 Person responsible for information

GRI *[102-53]*

Mr. Laurent Carozzi, Chief Financial Officer of Technicolor, 8-10, rue du Renard, 75004 Paris France Tel.: +33 (0)1 88 24 30 00

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UNIVERSAL REGISTRATION DOCUMENT CROSS-REFERENCE TABLES

Under Article 19 of Regulation (EU) n° 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in the Universal Registration Document:

- the consolidated financial statements of the year 2019 and the Statutory Auditors' reports on the consolidated financial statements are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2019 (pages 195 to 266);
- the consolidated financial statements of the year 2018 and the Statutory Auditors' reports on the consolidated financial statements are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2018 (pages 172 to 151);
- the annual accounts of the Company for the year 2019 and the Statutory Auditors' reports on the annual accounts are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2019 (pages 267 to 293);
- the annual accounts of the Company for the year 2018 and the Statutory Auditors' reports on the annual accounts are contained in the Chapter 6: "Financial Statements" of the Registration Document of the year 2018 (pages 252 to 280).

The Registration Document of the year 2018 was filed with the *Autorité des marchés financiers* on March 29, 2019 under No. D.19-0223.

The Registration Document of the year 2019 was filed with the *Autorité des marchés financiers* on April 20, 2020 under No. D.20-0317.

To facilitate the reading of the Universal Registration Document, the cross-reference tables below refer to the main headings required by Annexes 1 and 2 of the Commission delegated Regulation n° 2019/980 of March 14, 2019 implementing the "Prospectus" Directive and includes the elements of:

- the Annual Financial Report, the management report and the corporate governance report integrated into this Universal Registration Document; as well as
- the information required by Articles L. 225-102-1 and R. 225-105 (disclosure on extra-financial performance) and L. 225-102-4 (vigilance plan) of the French Commercial Code.

Cross-reference table referring to the main headings required by Annexes 1 and 2 of the Commission delegated Regulation (EU) n° 2019/980 of March 14, 2019

GRI *[102-46]*

	Information required under Annexes 1 and 2 of the regulation (EU) 2019/980	Corresponding sections and Chapters of this Universal Registration Document	Page no.
1.	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT'S REPORTS AND COMPETENT AUTHORITY APPROVAL**		
1.1	Identity of the persons responsible for the information	Chapter 7, section 7.11.2	324
1.2	Declaration by the persons responsible	Chapter 7, section 7.11.1	324
1.3	Statement of Experts and Declaration of Interest	N/A	
1.4	Certification on information provided by third parties	N/A	
1.5	Declaration of deposit to the competent authority	"AMF" insert	1
2.	**STATUTORY AUDITORS**		
2.1	Name and address	Chapter 6, section 6.8	313
2.2	Resignation or departure of Statutory Auditors	Chapter 6, section 6.8.3	313
3.	**RISK FACTORS**	**Chapter 3, section 3.1**	**46**
4.	**INFORMATION ABOUT THE ISSUER**		
4.1	Legal and business name	Chapter 7, section 7.1	316
4.2	Place of registration and registration number	Chapter 7, section 7.1	316
4.3	Issuer's incorporation date and length of life	Chapter 7, section 7.1	316
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5.	**BUSINESS OVERVIEW**		
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5.1.1	Nature of transactions made by the Company and its principal activities	Chapter 1, section 1.2	12
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5.1.3	Issuer's incorporation date and length of life	Chapter 7, section 7.1	313
5.2	Principal markets	Chapter 1, section 1.2	12
5.3	Important events in the development of the business	Chapter 1, section 1.3	21
5.4	Strategy and Objectives	Chapter 1, section 1.3	21
5.5	Dependence on patents, licenses, contracts or new manufacturing processes	Chapter 2, section 2.3.3 and Chapter 3, sections 3.1.1, 3.1.2	43; 47; 54
5.6	Competitive position	Chapter 7, section 7.10	324
5.7	Investments	Chapter 5, section 5.5.4 and Chapter 6, section 6.2, notes 3, 10 and 15 to the consolidated financial statements	185; 216; 259; 269
6.	**ORGANIZATIONAL STRUCTURE**		
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6.2	List of main subsidiaries	Chapter 7, section 7.7.2 and Chapter 6, section 6.2, note 15 to the consolidated financial statements	322; 269
7.	**OPERATING AND FINANCIAL REVIEW**		
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7.2.1	Significant factors affecting the income from operations	Chapter 2, sections 2.2	34
7.2.2	Reasons for material changes in net sales or revenues	Chapter 2, sections 2.2.1 and 2.2.3	34; 38

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Glossary

GLOSSARY

In this Registration Document, unless otherwise stated, "Technicolor" and the "Group" refers to Technicolor S.A. together with its consolidated affiliates. The "Company" refers solely to Technicolor S.A., holding company of the Group.

ABBREVIATIONS

$: American dollar

£: pound sterling

€: euro

ADR: American Depositary Receipt

ADS: American Depositary Shares (representing one share of the Company)

AFEP-MEDEF Code: Corporate Governance Code for public companies published by the *Association française des entreprises privées* (AFEP) and the *Mouvement des entreprises de France* (MEDEF)

AGM: Annual General Meeting

AMF: French Financial Markets Authority

AR: augmented reality

ATSC: Advanced Television Systems Committee

BRL: Brazilian real

CAD: Canadian Dollar

CADE: Brazilian Competition Authority (Administrative Council for Economic Defense)

CD: compact disc

CDM: computer display monitor

CGI: computer-generated imagery

CPE: customer-premises equipment

CRT: cathodic ray tubes

CSR: Corporate Social Responsibility

DOCSIS: Data Over Cable Service Interface Specification

DTV: Digital TV

DVB: Digital Video Broadcasting

DVD Services: replication, packing and distribution services for CD, DVD and Blu-ray™

EBIT: Earnings before interest and tax

EBITDA: Earnings before interest, tax, depreciation and amortization

EHS: environment, health and safety

EIB: European Investment Bank

EU: European Union

EUR: Euro

GBP: Pounds Sterling

GE: General Electric

GRC: Governance, Risk and Compliance

GRI: Global Reporting Initiative

HD: high definition

HES: Home Entertainment Services now DVD services

HR: Human Resources

IFRS: International Financial Reporting Standards

IoT: Internet of Things

ey performance indicators

LSF: french law called "Loi de sécurisation financière"

LTIP: Long-Term Incentive Plan

M&E: Media & Entertainment

MIP: Management Incentive Plans

MPC: The Moving Picture Company

MXN: Mexican peso

NTD: New Taiwan Dollar

NYSE: New York Stock Exchange

OTT: over-the-top

Production Services: services relating to visual effects, animation and video or audio postproduction

R&D: Research & Development

R&I: Research & Innovation

RCF: revolving credit facility

SA: joint-stock company

SAS: simplified joint-stock company

SBI: significant business incident

SD: standard definition

SME: environmental management system

TRM: Technicolor Risk Management

TSO: Technicolor Security Office

UHD: ultra high definition

UK: United Kingdom

US/USA: United States of America

USD: U.S. Dollar

VFX: visual effects

VR: virtual reality

1-9

4K: resolution of 4,096 × 2,160, *i.e.* slightly higher than the UHD, but with a cinema format. Thin black stripes will appear at the top and the bottom of the screen.

A

Augmented Reality: superposition of reality and elements (sounds, 2D images, 3D images, videos, *etc.*) calculated by a real-time computer system. It often refers to various methods that enables virtual objects to be realistically embedded in a sequence of images.

AAA games: classification term used for video games with the highest or which have received good ratings from professional critics.

AFEP-MEDEF Code: set of recommendations about corporate governance and compensation of executive officers of listed companies, published by the *Association française des entreprises privées* (AFEP) and the *mouvement des entreprises de France* (MEDEF).

At constant perimeter and constant exchange rate: no changes in all group companies which shall be included in the consolidated financial statements prepared and presented by the parent company at a constant exchange rate compared to the last period. It allows to show what would have been the evolution of the company without acquiring other companies or divesting activities within the same foreign exchange environment than the previous period.

B

Blu-ray™: digital disk format ranging from 7,5 gigabytes of capacity (single layer) to 128 gigabytes (quad layer).

C

Compact Disc (CD): is an optical disk used to store digital data. Capacity ranging from 0.21 to 0.91 gigabyte, mostly 0.74 gigabyte.

Connected television: refers to both the television connected directly or indirectly to the Internet and the television offer coming from Internet operators broadcast by TVIP technology.

Continuing operations: operations carried out by the operating units for which the executive officers desire to continue the activity, as opposed to operations decided by the executive officers as being discontinued or sold.

Customer-Premises Equipment (CPE): terminal equipment on the client side used to connect to the network of an Internet service provider.

D

Decoder: physical device/electronic box reproducing encrypted or compressed signals for television.

DOCSIS 3.1: standard that defines interface, communication and configuration rules and protocols, for data transport system and Internet access using old television network by coaxial cable. This leads to add a high-speed data transfers to the existing cable television system.

DRAM memory: type of memory usually used for the data or the program code that a computer's processor, workstations, servers need in order to operate.

DVB: set of digital television standards issued by the European consortium DVB and used in many countries. Its main competitors are the ATSC standards (used in the United States and in Canada) and the ISDB standards (used in Japan and Brazil).

E

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA): defines the earning of a company before the deduction of interests, taxes, depreciation expenses and provisions on fixed assets (but after provisions on inventories and accounts receivables).

F

Free Cash-flow: balancing item indicating the self-financing capacity of a company.

French Financial Markets Authority: independent public authority regulating actors and products on the French financial center.

G

G.fast: DSL Internet connection technology on copper peer. This allows to reach 500 to 1000 Mbps for distances under 100 meters in terminal part of optical fiber connectivity FTTB (optical fiber to the building) or 100 Mbps for distances under 500 meters (optical fiber to sub-distributor).

Global Reporting Initiative (GRI): global initiative to report the economical, environmental and social performances.

H

High Definition: digital image format which have a definition superior to 720 lines x 1,280 pixels. The resolution of a full HD image can reach 1,080 lines x 1,920 pixels.

High-speed gateway: physical device/electronic box enabling the Internet access, also called router or modem.

I

International Financial Reporting Standards (IFRS): accounting standards that shall be applied by listed companies when establishing their accounts in order to harmonize the presentation of their financial statement.

Internet of Things: the extension of the Internet to things and places in the physical world.

L

LIBOR/EURIBOR: main benchmarks interest rate on the money market. They are used as a reference for various contracts and particularly for business credits.

Long-Term Incentive Plan (LTIP): compensation granted to companies' executives, based on their long-term performance. This plan can be spread over several years, and to obtain this compensation, the executive officer shall meet the criteria set out in the plan. He may not receive anything if he does not achieve any of the objectives mentioned above.

M

Mastering: it is the process of transferring one or a set of recordings on a media which shall be used for series production or broadcasting. Its primary purpose is to make this set homogeneous.

N

NAND Flash Memory: Semiconductor-based storage technology which does not requires power supply to store data. It is thus called "non-volatile", because in contrast with a random access memory (DRAM), the data are not erased when the memory is not supplied by electric power anymore.

Net carrying value: gross value of an asset (e.g. purchase price or cost price), minus the amount of amortizations and/or depreciations.

Net treasury: it is the available cash after deduction of the gross debt.

O

Operating income: income calculated from revenues and other recurring operating income from which are deducted the recurring operating expenses

Operating margin: ratio between operating income and turnover. This ratio indicates the economic performance before considering financial income, taxes, and exceptional events.

Over The Top (OTT): bypass service, distribution method for audiovisual contents on Internet without the participation of a traditional network operator.

R

Replication: CD replication is a physical production process that consists in pressing the discs during the manufacture from glass.

S

Standard Definition (SD): 480p resolution.

SWAPS: financial derivative from a contract to exchange a stream of cash flows between two parties, which are generally banks or financial institutions.

T

Total effective rate: interest rate whose main utility is to reflect the real cost of a loan.

U

UHD: resolution of 3,840x2,160, which is thus 4 times more pixels than with the Full HD technology. This 16:9 format is used particularly in order to watch movies on a television.

V

Virtual Reality: computer technology that stimulates the user's physical presence in an environment artificially generated by software.

W

WiFi Repeater: device enabling the extension of wireless coverage.

Working capital requirements: current asset minus current liability (including current provisions, excluding cash-flow, short-term debt and financial instruments).

X

xDSL: refers to DSL ("digital subscriber line") and to all the techniques set up for a digital transport of information over a wireline telephone connection or a dedicated line.

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