PRESS RELEASE

Technicolor presents
Technicolor Creative Studios at its Capital Markets Day

Paris (France), June 14th, 2022 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) will today hold in London at 1pm BST (2pm CEST) its Capital Markets Days, starting with VANTIVA (future name for Technicolor Ex-TCS), followed by Technicolor Creative Studios ("**TCS**" or the "**Group**"). Christian Roberton, TCS' future CEO, Laurent Carozzi, TCS' future CFO, and other members of the TCS executive team will illustrate the Group's strategic direction and roadmap to drive growth, as well as its financial objectives. A separate press release presenting VANTIVA's vision and strategy is being issued today.

- **TCS' vision is to become the first-choice production partner for the world's most creative companies**
- **TCS is ideally positioned for accelerated structural growth in a large and growing addressable market**
- **TCS forward looking assumptions published on June 6th, 2022 are confirmed, and the Group is now guiding the market using new key performance indicators ("KPI"** or **"KPIs"** as the case may be**) with:**
  - Adjusted EBITDA[1] after lease (new definition) of €120–130 million in 2022 and €140–160 million in 2023. As part of its new KPIs policy, TCS will now guide the market on Adjusted EBITDA after lease (new definition).

Richard Moat, Chief Executive Officer of Technicolor SA and future Chairman of VANTIVA, said:

"Over the past two years, we executed a transformation process to reorganize TCS into a more efficient and agile business by facilitating collaboration, integrating technology and unleashing talent. Today, Technicolor Creative Studios has cemented its position as the independent global leader in tech-enabled content creation with an award-winning portfolio, and is well positioned to capitalize on the significant opportunities of a growing market for visual content. With Christian as its CEO and with the best creative talent in the industry, I am confident that Technicolor Creative Studios will be an attractive pure play equity story, unlocking enhanced value for all stakeholders."

Christian Roberton, current President of TCS and future Chief Executive Officer of TCS, said:

"*I am enthusiastic that Technicolor Creative Studios is starting a new exciting chapter as an independent company. Technicolor Creative Studios is ideally positioned to ride the structural growth in its underlying large and growing addressable markets, and to be the first partner of choice for the world's most creative companies. With our deeply cemented relationships with blue-chip customers, cutting-edge technology, superior workflow processes and highly skilled talent, Technicolor Creative Studios is well positioned to deliver profitable growth and value creation. I am honored to be leading this future company and I look forward to being alongside all of our amazing teams as we bring the art of visual storytelling to audiences everywhere."*

[1] *For a definition of Adjusted EBITDA after lease, refer to the Appendix section of the present press release.*

TCS vision: become the first-choice production partner for the World's most creative companies

The Group's vision is to be the first-choice production partner for the world's most creative companies. TCS' focus on technology, creativity and talent development, combined with cost efficiency and rigorous management, will drive the company to operate as a client-focused, technology-driven and profitable global studio delivering high-quality projects. Building upon its successes, TCS' mission is to drive growth and margin enhancement across its divisions by facilitating collaboration among TCS' different creative and production capabilities, and by adapting client servicing to the post-Covid-19 era. TCS possesses a strong, experienced management team with proven track records and deep sector expertise.

TCS' key strategic pillars are to:

- Expand capacity to meet strong demand and invest in new markets;
- Develop the Technicolor Creative Studios brand to be seen as an Employer of Choice by talent;
- Continue to invest in R&D and Technology;
- Leverage existing capabilities to capture the Metaverse opportunity.

TCS is positioned for accelerated structural growth in a large and growing TAM

TCS is benefiting from strong positioning on its key markets, which are all growing[2]:

- **MPC**, which represents 40% of TCS 2021 combined revenues, is a leader in Film and Episodic. In 2021, the Film & Episodic VFX market globally had an estimated value of approximately $4.6 billion. By 2025, the Film & Episodic VFX market is expected to increase to $7.3 billion, representing an approximate 12% compound annual growth rate ("CAGR") from 2021, as the industry returns to full production and the content arms race continues;
- **The Mill**, which represents 44% of TCS 2021 combined revenues, produces ground-breaking advertising, branded content and interactive marketing solutions. In 2021, the Brand Experience & Advertising Production market globally had an estimated value of approximately $30 billion, and is expected to increase to $39 billion by 2025, representing an approximate 7% CAGR from 2021, expanding beyond traditional media. Advertising spending is, however, sensitive to the macroeconomic environment and GDP growth. Should a recession occur, recession-adjusted forecasts (excluding Metaverse Virtual Asset Creation) could result in a c.10% smaller estimated market size by 2025 according to FTI Consulting estimates;
- **Mikros Animation** is our CGI animation studio dedicated to feature films, and short form and long form episodic content, serving a variety of clients globally. In 2021, it represented 14% of TCS 2021 combined revenues. CGI Animation Services' market globally had an estimated value of approximately $2.3 billion in 2021, and is expected to increase to $2.9 billion by 2025, representing a c.6% CAGR from 2021, driven by an increase in the volume of digital episodic content;
- **Technicolor Games** is a leading art services studio for the gaming industry, and represents 2% of TCS 2021 combined revenues. The global market for outsourced game services is expected to grow rapidly, from $3.3bn in 2021 to $5.7bn in 2025, representing a 15% CAGR.

[2] *The market information, including size and growth potential, is taken primarily from independent sources such as FTI Consulting (Vendor Due Diligence Report, April 2022). All data and information presented in this Press release attributed to FTI Consulting reflect the Group's interpretation of the data, research and viewpoints expressed in the Vendor Due Diligence Report published by FTI Consulting in April 2022 and have not been reviewed by FTI Consulting. Any FTI Consulting publication should be read and interpreted as of its original publication date, not as of the date of this Press release. FTI Consulting does not assume responsibility to third parties for information presented in this press release extracted from studies, reports or other materials prepared by FTI Consulting.*

Combined Financial Statements and New Key Performance Indicators

During the Capital Markets Day, Laurent Carozzi, current CFO of Technicolor SA and future CFO of TCS, will present the Combined Financial Accounts along with the new key performance indicators.

As part of the spin-off, TCS has updated its KPIs, with the goal of becoming more comparable with its peers and market practices, and to further align them with the way the business is managed. More precisely TCS intends to follow three KPIs:

- Adjusted EBITDA after lease (new definition);
- Adjusted EBITA after lease (new definition);
- Adjusted Operating Free Cash Flow after lease (new definition).

As a general principle, these KPIs reflect the following:

- *Operating leases (rents):* under IFRS 16, operating leases are capitalized and included in debt. Under the new KPI definitions, they are considered as an operational expense, which improves comparability with peers' reporting under US GAAP;
- *Cloud rendering and other usage-based IT costs:* under previous KPI definitions, these costs are accounted for as either intangible assets (third-party software) or contract costs (cloud rendering) depreciation. However, in light of the evolution of invoicing schemes applied for third-party software (which is increasingly invoiced based upon usage as opposed to fixed-term licenses), under the new KPI definitions these costs will be treated as operating expenses;
- *Capital leases:* under IFRS, capital leases (e.g., IT infrastructure and workstations) are accounted for as tangible or intangible assets. Under the new KPI definition, capital leases will be included in the adjusted operating free cash flow.

Combined financial statements, along with detailed definitions and reconciliations of each KPI with previous definitions, are available as an appendix of the present press release.

The spin-off is expected to be completed in Q3 2022, subject to (i) the shareholders' approval of the terms of the spin-off; (ii) the completion of the refinancing discussions with creditors on terms satisfactory to Technicolor Ex-TCS (Vantiva) and TCS; and (iii) customary conditions, consultations and regulatory approvals.

Outlook

TCS is confirming the forward-looking assumptions published on June 6th, 2022 while providing additional elements in line with the new KPIs.

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

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

Significant investment in artist recruitment, retention, and training (including TCS Academy programs) continues, as delivering all pipeline projects remains the main challenge for 2022, as a consequence of the shortage of talent in the market. As of March 31, 2022, TCS headcount approximated c. 11,700 employees across 11 countries.

These market trends result in management targeting the following[3]:

- Adjusted EBITDA[1] (old definition) of €165-175 million in 2022 and €185-205 million in 2023, as presented on June 6th, 2022 press release, corresponding to
- an Adjusted EBITDA[1] after lease (new definition) of €120–130 million in 2022 and €140–160 million in 2023. As part of its new KPIs policy, TCS will now guide the market on Adjusted EBITDA after lease (new definition).

TCS results are sensitive to its main currencies valuations - notably the US dollar, the Canadian dollar, and the British pound – which have evolved favorably since the beginning of the year. Hedging arrangements are in place to mitigate forex risks.

In addition, TCS' normalized level of capex (excluding other usage-based IT costs) is expected to range between 4% and 5% of revenues, while trending down in the medium term as part of operational efficiency gains; and changes in working capital and other assets and liabilities (excluding cloud rendering) are expected to result in around €10 million cash outflows impact per annum. Capital lease outflows are expected to revert to a normalized level of between €15 and €25 million per annum, in line with 2019 levels before the impact of the pandemic on the industry.

In the medium term, the Group aims at improving its margin profile through multiple sources:

- At MPC, TCS anticipates improving margins by targeting higher value projects and volumes with the major streaming platforms, resulting in better operating leverage;
- At The Mill, TCS will continue its transformation program with improved bid selection, pricing strategy, and efficiencies, increased utilization of TCS' Indian production platform, and the ongoing synergies from the consolidation of the brands;
- At Mikros Animation, TCS expects to improve its margins by continuing to increase the volume of feature-quality projects.

These sources of margin profile improvements will be combined with proven benefits of the global integrated model, notably with the expansion of capacity in India. Headcount in India is expected to increase to c. 70% of direct headcount (compared to 63% in 2021 and 55% in 2019).

TCS Financial Policy

As part of the refinancing process, Technicolor SA has entered into discussions with Barclays and Angelo Gordon who have committed to provide a €375 million debt package to Vantiva subject to customary conditions and approvals. As a result, TCS is now contemplating a term loan of approximately €600 million and a €40 million Revolving Credit Facility.

The Group's priority is to focus on deleveraging over the next two years to align leverage with publicly listed peers (and ~3.5x Net Leverage[4] in the medium term).

TCS does not plan to propose dividends in the near to midterm.

[3] *These guidance for TCS assumes external macroeconomic assumptions, including a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52, EUR/GBP of 0.89. It also includes management assumption reflecting accounting changes implied by the IFRIC interpretation on Saas adjustment, relating to the configuration or customization costs in a cloud computing arrangement. The one-off impacts of IFRIC interpretation are expected to be material for 2022 as software capex were budgeted, resulting in a negative impact on EBITDA with €(4) million, €(2) million on EBITA, and +€4 million on capex. For 2023, these impacts are expected to be less material. Management also estimates running dissynergy costs of €4-6 million in 2022 and €10-15 million in 2023.*

[4] *Net debt/EBITDA*

Capital Markets Day Details

The Capital Markets Day, dedicated to financial analysts and institutional investors, will begin at 1pm BST (2pm CEST) in London and virtually. All presentation materials, as well as the webcast (live and replay), will be made available on Technicolor's investor website at https://www.technicolor.com/investor-center.

TCS' presentation will follow that of VANTIVA, whose vision and strategy are highlighted in a separate press release issued today. All of VANTIVA's materials, including press release and presentation, are also available on the Technicolor website: https://www.technicolor.com/investor-center.

Indicative Timetable

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

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*This press release is an advertisement and not a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**").*

France

In France, a public offering of securities may only be conducted on the basis of a prospectus approved by the AMF.

European Economic Area and United Kingdom

*With respect to member states of the European Economic Area ("**EEA**") other than France (each, a "**Member State**") and the United Kingdom (together, the "**Concerned States**"), no action has been* *undertaken or will be undertaken to make an offer to the public of the shares of the Company requiring a publication of a prospectus in any Concerned State. As a result, this press release may only be distributed in Member States:*

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b) *to fewer than 150 natural or legal persons (other than qualified investors as defined by the Prospectus Regulation or the UK Prospectus Regulation, as the case may be); or*

c) *in circumstances falling within Article 1(4) of the Prospectus Regulation or in the other case which does not require the publication of a prospectus pursuant to the Prospectus Regulation, the UK Prospectus Regulation and/or applicable regulation in these Concerned States.*

United Kingdom

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Canada, Australia and Japan

The Securities may not be offered or sold in Canada, Australia and Japan.

Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted, or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers. 2021 Universal Registration Document (Document d'enregistrement universel) has been filed with the French Autorité des marchés financiers (AMF) on 5 April 2022, under number

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

Selected Non-IFRS Financial Measures

*This press release includes financial information for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 relating to TCS. This information is derived from the combined financial statements that have been prepared by the Company in accordance with International Financial Reporting Standards ("**IFRS**") in the context of the distribution and have been audited by the Company's auditors. In addition, some of the financial information contained in this press release is not directly extracted from accounting systems or records and has not been prepared in accordance with IFRS. These non-IFRS measures should not be considered in isolation or as an alternative to financial measures determined in accordance with IFRS. In addition, they are subject to inherent limitations as they reflect the exercise of judgement by management in determining these non-IFRS financial measures.*

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About Technicolor:
www.technicolor.com

Technicolor shares are admitted to trading on the regulated market of Euronext Paris (TCH) and are tradable in the form of American Depositary Receipts (ADR) in the United States on the OTCQX market (TCLRY).

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APPENDIX

TCS audited combined Financial Statements

COMBINED STATEMENT OF PROFIT AND LOSS

(€ in million)	Year ended December 31, 2021	2020	2019
CONTINUING OPERATIONS			
Revenue	601	438	771
Cost of sales	(495)	(430)	(659)
Gross margin	**106**	**8**	**112**
Selling and administrative expenses	(78)	(79)	(88)
Restructuring costs	(5)	(24)	(11)
Net impairment losses on non-current operating assets	(4)	(3)	(2)
Other income (expense)	0	(2)	0
Earnings before Interest & Tax (EBIT) from continuing operations	**20**	**(100)**	**11**
Interest income	10	5	4
Interest expense	(31)	(19)	(31)
Other financial income (expense)	-	2	(3)
Net financial expense	**(21)**	**(12)**	**(30)**
Share of gain (loss) from associates	-	0	0
Income tax income (expense)	(18)	10	(8)
Loss from continuing operations	**(19)**	**(102)**	**(27)**
DISCONTINUED OPERATIONS			
Net gain (loss) from discontinued operations	5	(24)	(11)
	-	-	-
Net loss for the year	**(14)**	**(126)**	**(38)**
	-	-	-
Attributable to:			
- Equity holders	*(14)*	*(126)*	*(38)*
- Non-controlling interest	-	-	-

COMBINED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,		
(€ in million)	**2021**	**2020**	**2019**
Net income (loss) for the year	**(14)**	**(126)**	**(38)**
Items that will not be reclassified to profit and loss			
Remeasurement of the defined benefit obligations	1	(1)	(1)
Tax relating to these items	-	-	-
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	-	0	3
Tax relating to these items	-	-	-
Currency translation adjustments			
- currency translation adjustments of the year	14	(19)	7
- reclassification adjustments on disposal or liquidation of a foreign operation	-	-	-
Tax relating to these items	-	-	-
Total other comprehensive income	**15**	**(20)**	**9**
Total other comprehensive income of the period	**1**	**(146)**	**(29)**
Attributable to :			
- Equity holders	*1*	*(146)*	*(29)*
- Non-controlling interest	-	-	-

COMBINED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2021	December 31, 2020	December 31, 2019
ASSETS			
Goodwill	188	176	192
Intangible assets	96	102	118
Property, plant and equipment	46	51	81
Right-of-use assets	117	98	209
Other operating non-current assets	11	9	9
TOTAL OPERATING NON-CURRENT ASSETS	**459**	**436**	**610**
Non-consolidated investments	1	-	-
Other financial non-current assets	14	16	5
TOTAL FINANCIAL NON-CURRENT ASSETS	**14**	**16**	**6**
Deferred tax assets	22	22	10
TOTAL NON-CURRENT ASSETS	**495**	**475**	**626**
Trade accounts and notes receivable	63	57	71
Contract assets	74	42	62
Other operating current assets	31	38	36
TOTAL OPERATING CURRENT ASSETS	**169**	**137**	**169**
Income tax receivable	7	7	12
Other financial current assets	181	65	139
Cash and cash equivalents	12	28	9
Assets classified as held for sale	2	73	-
TOTAL CURRENT ASSETS	**372**	**310**	**328**
TOTAL ASSETS	**866**	**785**	**954**

COMBINED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2021	December 31, 2020	December 31, 2019
EQUITY AND LIABILITIES			
Invested equity and retained earnings	357	319	459
Cumulative translation adjustment	(130)	(144)	(124)
Shareholders equity attributable to owners of TCS	**227**	**175**	**335**
Non-controlling interests	-	1	1
TOTAL INVESTED EQUITY	**227**	**175**	**335**
Retirement benefits obligations	5	6	6
Provisions	3	-	-
Contract liabilities	1	1	2
Other operating non-current liabilities	10	9	10
TOTAL OPERATING NON-CURRENT LIABILITIES	**19**	**16**	**18**
Borrowings	1	1	1
Lease liabilities	107	86	174
Deferred tax liabilities	16	11	14
TOTAL NON-CURRENT LIABILITIES	**143**	**114**	**207**
Provisions	6	9	7
Trade accounts and notes payable	40	28	53
Accrued employee expenses	62	55	51
Contract liabilities	77	36	36
Other operating current liabilities	39	33	32
TOTAL OPERATING CURRENT LIABILITIES	**226**	**162**	**179**
Borrowings	216	235	174
Lease liabilities	27	28	48
Income tax payable	28	15	10
Liabilities classified as held for sale	-	56	-
TOTAL CURRENT LIABILITIES	**497**	**495**	**412**
TOTAL LIABILITIES	**640**	**610**	**619**
TOTAL EQUITY & LIABILITIES	**866**	**785**	**954**

COMBINED STATEMENT OF CASH FLOWS

(€ in million)	December 31, 2021	2020	2019
Net loss	**(14)**	**(126)**	**(38)**
Gain (Loss) from discontinuing activities	5	(24)	(11)
Loss from continuing activities	**(19)**	**(102)**	**(27)**
Summary adjustments to reconcile loss from continuing activities to cash generated from (used in) continuing operations			
Depreciation and amortization	83	95	96
Impairment of assets	(1)	4	2
Net changes in provisions	(3)	3	2
Loss on asset disposals	(3)	1	0
Interest (income) and expense	21	14	28
Other items (including tax)	23	(12)	12
Changes in working capital and other assets and liabilities	30	(3)	7
Cash generated from (used in) continuing activities	**131**	**1**	**119**
Interest paid on lease debt	(9)	(9)	(11)
Interest paid	(23)	(9)	(18)
Interest received	12	4	2
Income tax paid	(1)	0	(5)
NET OPERATING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (I)	**110**	**(12)**	**87**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(0)	(1)	(0)
Proceeds from sale of investments, net of cash	0	(0)	0
Purchases of property, plant and equipment (PPE)	(10)	(6)	(36)
Proceeds from sale of PPE and intangible assets	2	0	0
Purchases of intangible assets including capitalization of projects	(16)	(24)	(22)
Cash collateral and security deposits granted to third parties	(13)	(12)	(1)
Cash collateral and security deposits reimbursed by third parties	11	0	1
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(26)**	**(42)**	**(57)**
Net contributions from / (distributions to) Technicolor SA	(5)	21	(12)
Net cash pooling variance	(81)	105	14
Repayments of lease debt	(31)	(42)	(40)
Repayments of borrowings	(1)	(0)	(1)
NET FINANCING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (III)	**(118)**	**85**	**(39)**
NET CASH GENERATED (USED IN) DISCONTINUED ACTIVITIES (IV)	**17**	**(8)**	**(6)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**28**	**9**	**23**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(16)**	**22**	**(16)**
Exchange gains / (losses) on cash and cash equivalents	(0)	(3)	2
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**12**	**28**	**9**

COMBINED STATEMENT OF CHANGE OF EQUITY

(€ in million)	Invested equity and retained earnings	Cumulative translation adjustment	Equity attributable to equity holders of the Group	Non-controlling interest	Total invested equity
Balance as of December 31, 2018	**260**	**(131)**	**129**	**1**	**130**
Net loss for the year	(38)	-	(38)	0	(38)
Other comprehensive income	2	7	9	-	9
Total comprehensive income for the period	**(36)**	**7**	**(29)**	**0**	**(29)**
Net contributions from / (distributions to) Technicolor SA	235	-	235	-	235
Shared-based payment to employees	1	-	1	-	1
Balance as of December 31, 2019	**459**	**(124)**	**335**	**1**	**335**
Net loss for the year	(126)	-	(126)	0	(126)
Other comprehensive income	(0)	(19)	(20)	-	(20)
Total comprehensive income for the period	**(126)**	**(19)**	**(146)**	**0**	**(146)**
Net contributions from / (distributions to) Technicolor SA	(15)	-	(15)	-	(15)
Shared-based payment to employees	0	-	0	-	0
Balance as of December 31, 2020	**319**	**(144)**	**175**	**1**	**175**
Net loss for the year	(14)	-	(14)	0	(14)
Other comprehensive income	1	14	15	-	15
Total comprehensive income for the period	**(13)**	**14**	**1**	**0**	**1**
Net contributions from / (distributions to) Technicolor SA	51	-	51	-	51
Shared-based payment to employees	1	-	1	-	1
Balance as of December 31, 2021	**357**	**(130)**	**227**	**0**	**227**

Key performance indicators

As part of the carve-out, the TCS Group has reviewed its key performance indicators, with the goal of becoming more comparable with its peers and market practices, whilst being more aligned with the way the business is managed. More precisely:

- *Operating leases (rents):* under IFRS 16, operating leases are capitalized and included in debt (with related interest expenses accounted for in financial results). Total rent paid (mostly real estate rent related) over the period is subtracted from non-GAAP Adjusted EBITDA after lease, as considered as an operational expense, which improves comparability with peers' reporting under US GAAP;

- *Cloud rendering and other usage-based IT costs*: under previous KPI definitions, these costs are accounted for as either intangible assets (third-party software) or contract costs (cloud rendering) depreciation. However, in light of the evolution of invoicing schemes applied for third-party software (which is increasingly invoiced based upon usage as opposed to fixed-term licenses), the Group's non-GAAP key performance indicators will instead treat usage-based IT costs as operating expenses. Accordingly, as cloud rendering and other usage-based IT costs are treated as operating expenses, the Group's non-GAAP key performance indicator related

to free cash flow will include the following adjustments:
(i) Capital expenditures will exclude usage-based third-party software; and
(ii) Change in working capital will exclude cloud rendering;

- *Capital leases:* under IFRS, capital leases (e.g., IT infrastructure and workstations) are accounted for as tangible or intangible assets (and accordingly in net financing cash generated from (used in) continuing activities). These are now included in the non-GAAP operating free cash flow after lease definition.

As a result, the Group intends to follow three main non-GAAP financial indicators.

Adjusted EBITA after lease (new definition):
EBIT adjusted positively by:
- The amortization of intangibles that arose from acquisitions or disposals (PPA amortization);
- Restructuring costs;
- Other non-current items, comprising Other (expenses) income, Impairment (losses) gain and Capital gains/losses.

And negatively by:
- The difference between operating lease payments and operating leased assets depreciation.

Adjusted EBITDA after lease (new definition):
Adjusted EBITA after lease (new definition) adjusted by adding back:
- Depreciation and amortization, excluding depreciation of usage-based IT costs, operating leased assets depreciation and Amortization of intangibles that arose from acquisitions or disposals (PPA amortization);
- Non-cash income and expense such as equity-settled share-based payments.

Adjusted Operating Free Cash Flow after lease (new definition) defined as:
Adjusted EBITDA after lease (new definition) minus:
- Capital expenditures, excluding usage-based IT cost (without cloud rendering);
- Capital leases cash out;
- Restructuring cash out;
- Change in working capital, excluding cloud rendering cash out;
- Other non-current cash out.

	In m€	2021	2020	2019
P&L	**Revenues**	**601**	**438**	**771**
	EBIT	**20**	**(100)**	**11**
	In % of revenues	***3.4%***	***-22.8%***	***1.4%***
	Operating leases – rent paid cancellation (mostly real estate)	(22)	(21)	(25)
	Operating leases - depreciation	16	17	21
	Amortization of purchase accounting items (PPA)	8	8	8
	Restructuring costs	5	24	11
	Other non-current items	4	5	2
	Adjusted EBITA after lease (new definition)	**31**	**(67)**	**29**
	In % of revenues	***5.2%***	***-15.2%***	***3.8%***
	Depreciation & amortization [(1)]	43	55	64
	Other non cash items [(2)]	1	-	1
	Adjusted EBITDA after lease (new definition)	**75**	**(12)**	**94**
	In % of revenues	***12.5%***	***-2.7%***	***12.3%***
FCF	**Adjusted EBITDA after lease (new definition)**	**75**	**(12)**	**94**
	Capex [(3)]	(14)	(23)	(56)
	Capital leases (cash out)	(11)	(24)	(26)
	Restructuring	(7)	(13)	(6)
	WC&OAL variance [(4)]	30	(3)	7
	Other non-current cash out	1	(4)	(2)
	Adjusted Operating Free Cash Flow after lease (new definition)	**74**	**(78)**	**11**
	In % of Adjusted EBITDA after lease (new definition)	*99.0%*	*n.m.*	*11.2%*

(1) *Excluding cloud rendering and other usage-based IT costs, operating lease depreciation and PPA amortization, including capital lease depreciation.*
(2) *Mainly costs of equity settled share-based compensation.*
(3) *Excluding usage based IT costs (without cloud rendering).*
(4) *Excluding cloud rendering.*

Below is a reconciliation of TCS figures published by Technicolor SA prior to the carve-out with TCS combined account figures and with new labels and definitions to be published for TCS going forward:

Previous label and definitions	2021A							New labels and definitions
In m€, at current rate	As published (TCH segment definition)	Change in scope[3]	Combined accounts (previous definition)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definition)	
Revenues from continuing operations	**629**	**-28**	**601**				**601**	**Revenues**
Adjusted EBITDA from continuing operations	**113**	**-5**	**107**	**-10**	**-2**	**-22**	**75**	**Adjusted EBITDA after lease (new definition)**
As a % of revenues	*17.9%*		*18.1%*				*12.5%*	*As a % of revenues*
D&A[1] & Reserves[2], w/o PPA amortization	-72	1	-70	10	2	16	-44	D&A[1] & Reserves[2], w/o PPA amortization (new definition)
Adjusted EBITA from continuing operations	**41**	**-4**	**37**	**0**	**0**	**-6**	**31**	**Adjusted EBITA after lease (new definition)**
As a % of revenues	*6,5%*		*6,2%*				*5,2%*	*As a % of revenues*
PPA amortization	-8		-8				-8	PPA amortization
Non recurring items	-6	-2	-8				-8	Non recurring items
						6	6	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
EBIT from continuing operations	**27**	**-6**	**20**	**0**	**0**	**0**	**20**	**EBIT**
As a % of revenues	*4.3%*		*3.5%*				*3.5%*	*As a % of revenues*
Net financial income (loss)			-21				-21	Net financial income (loss)
Income tax			-18				-18	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
Profit (loss) from continuing operations			**-19**				**-19**	**Profit (loss) from continuing operations**
Net gain (loss) from discontinued operations			5				5	Net gain (loss) from discontinued operations
Net income (loss)			**-14**				**-14**	**Net income (loss)**
Other information								Other information
Net capex			**-24**	**10**			**-14**	**Capex (4)**
Change in WCR (incl. rendering)			**29**	**0**			**29**	**Change in WCR (excl. rendering)**

<u>**Previous label and definitions**</u> *In m€, at current rate*	2020A As published (TCH segment definition)	Change in scope[3]	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	<u>**New labels and definitions**</u>
Revenues from continuing operations	**513**	**-75**	**438**				**438**	**Revenues**
Adjusted EBITDA from continuing operations	**18**	**-**	**18**	**-10**	**0**	**-21**	**-12**	**Adjusted EBITDA after lease (new definition)**
As a % of revenues	*3.6%*		*4.2%*				*-2.7%*	*As a % of revenues*
D&A[1] & Reserves[2], w/o PPA amortization	-97	16	-81	10	0	17	-55	D&A[1] & Reserves[2], w/o PPA amortization (new definition)
Adjusted EBITA from continuing operations	**-78**	**15**	**-63**	**0**	**0**	**-4**	**-67**	**Adjusted EBITA after lease (new definition)**
As a % of revenues	*-15,3%*		*-14,3%*				*-15,3%*	*As a % of revenues*
PPA amortization	-8	-	-8				-8	PPA amortization
Non recurring items	-16	-13	-29				-29	Non recurring items
						4	4	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
EBIT from continuing operations	**-103**	**3**	**-100**	**0**	**0**	**0**	**-100**	**EBIT**
As a % of revenues	*-20.0%*		*-22.8%*				*-22.8%*	*As a % of revenues*
Net financial income (loss)			-12				-12	Net financial income (loss)
Income tax			10				10	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
Profit (loss) from continuing operations			**-102**				**-102**	**Profit (loss) from continuing operations**
Net gain (loss) from discontinued operations			-24				-24	Net gain (loss) from discontinued operations
Net income (loss)			**-126**				**-126**	**Net income (loss)**
Other information								Other information
Net capex			**-30**	**7**			**-23**	**Capex (4)**
Change in WCR (incl. rendering)			**-5**	**2**			**-3**	**Change in WCR (excl. rendering)**

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Previous label and definitions	2019A							New labels and definitions
In m€, at current rate	As published (TCH segment definition)	Change in scope[3]	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	
Revenues from continuing operations	**893**	**-122**	**771**				**771**	**Revenues**
Adjusted EBITDA from continuing operations	**164**	**-14**	**150**	**-32**	**1**	**-25**	**94**	**Adjusted EBITDA after lease (new definition)**
As a % of revenues	*18.3%*		*19.4%*				*12.2%*	*As a % of revenues*
D&A[1] & Reserves[2], w/o PPA amortization	-136	18	-118	32	-1	21	-65	D&A[1] & Reserves[2], w/o PPA amortization (new definition)
Adjusted EBITA from continuing operations	**28**	**4**	**32**	**0**	**0**	**-3**	**29**	**Adjusted EBITA after lease (new definition)**
As a % of revenues	*3.1%*		*4.2%*				*3.7%*	*As a % of revenues*
PPA amortization	-8	-	-8				-8	PPA amortization
Non recurring items	-16	3	-13				-13	Non recurring items
						3	3	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
EBIT from continuing operations	**3**	**8**	**11**	**0**	**0**	**0**	**11**	**EBIT**
As a % of revenues	*0,3%*		*1,4%*				*1,4%*	*As a % of revenues*
Net financial income (loss)			-30				-30	Net financial income (loss)
Income tax			-8				-8	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
Profit (loss) from continuing operations			**-27**				**-27**	**Profit (loss) from continuing operations**
Net gain (loss) from discontinued operations			-11				-11	Net gain (loss) from discontinued operations
Net income (loss)			**-38**				**-38**	**Net income (loss)**
Other information								Other information
Net capex			**-57**	**2**			**-56**	**Capex (4)**
Change in WCR (incl. rendering)			**-24**	**31**			**7**	**Change in WCR (excl. rendering)**

(1) *Including IT capacity use for rendering in Technicolor Creative Studios*
(2) *Risk, litigation and warranty reserves*
(3) *Mainly Post Production*
(4) *Excluding usage IT cost based (without cloud rendering).*

Risk Factors

Risk Factors related to TCS business

Covid-19 pandemic/Health & Safety: production delays, client delays, postponements or cancellations of projects and additional healthy and safety costs as a result of Covid-related restrictions may negatively impact the Group's business.

Highly competitive industries: highly competitive nature of the environment across all divisions (Film & Episodic VFX, Advertising, Animation and Games Art Services). In particular, Film & Episodic VFX projects are increasingly split among a significant number of VFX vendors due to tightening production deadlines and clients' wanting to diversify vendor risk. Furthermore, customers' insourcing of VFX and/or animation services may limit or reduce the addressable market in the future.

Client concentration: a significant part of the Group's business remains dependent upon its relationships with key content producers, including the major Hollywood studios, streaming providers and directors–any substantial deterioration in these relationships may negatively impact the Group's business and financial performance. Customer consolidation may also lead to an overall reduction in the volume of production on new content that requires VFX or animation services

Customer project management: potential difficulty for the Group to anticipate and allocate resources appropriately to execute projects on time and on budget, to reduce variances between projects and to adapt to changes imposed by customers according to their production and release schedules, particularly for projects across multiple countries and time zones.

Attract talents & invest in culture: dependency on the recruitment and engagement of specialised personnel with a strong skills set (creative, technical, operational, etc.), with specific industry knowledge. The lack of a strategy/value proposition or cultural projects for the inclusion of the People & Talent function, combined with declining financial results, could reduce the attractiveness of the Group

Skills & knowledge management, development & retention: transformation, the current financial situation, lack of investment in systems, poaching by competitors and the absence of a strong culture, workplace wellness programs and key talent identification processes (such as high potential programs), may impact, depending on the business and the country or region, the ability to retain experience and employees in strategic positions, resources on which the Group relies

Cybersecurity: due to the existence of highly sensitive and confidential content, the secure management and transmission of Company and client information is a critical component of the Group's business. Unreliable content security systems and protocols can compromise both sensitive information and Group assets

Interest rate and exchange rate fluctuations: the Group faces both exchange rate translation, as fluctuation can have an impact on the value of the assets, liabilities, revenues and expenses in Group's Combined Financial Statements, even if the value of these items has not changed in their original currency. The Group also faces transaction risk, mainly in its sales in U.S. dollar versus Canadian dollar, versus British pound and versus Indian rupee

Evolving legal compliance & ethics: the Group operates a global business that exposes it to risks associated with conducting business in multiple jurisdictions. The laws and regulations to which the Group may be subject include, but are not limited to, general business practices, competitive practices, anti-corruption, handling of personal data, consumer protection, corporate governance, employment laws, local and international tax regulations and intellectual property rights. Any major changes in these laws and regulations could impact the Group's businesses

Risk Factor related to spin-off

Spin-off: the main risk associated with the spin-off is that the Company may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect its business