TECHNICOLOR

2020 FIRST HALF FINANCIAL REPORT

This is the report on the group for the first half 2020 condensed consolidated accounts which are prepared in compliance with articles L 451-1-2 III of the Code monétaire et financier, 222-4 et suivants of the Règlement Général de l'Autorité des Marchés Financiers.

This is a free translation into English of the French "rapport financier semestriel" and is provided solely for the convenience of English speaking users.

technicolor
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I. STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

1.1. Person responsible for the half-yearly financial report

Mr. Richard Moat, Chief Executive Officer of Technicolor.

1.2. Attestation

I certify that, to the best of my knowledge, the half-yearly condensed financial statements presented in the half-yearly financial report, 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 half-yearly report on the activity included in section II of the half-yearly financial report, fairly presents an accurate picture of the important events which occurred during the first six months of the fiscal year, their effects on the financial statements, the main related parties transactions and describe the main risks and uncertainties for the remaining six months.

Paris, on July 30th, 2020

Richard Moat
Chief Executive Officer of Technicolor

II. GROUP MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

2.1. Presentation on financial results for the first half of 2020 published on July 30th, 2020

Technicolor announced in a press release dated July 30th, 2020 its financial results for the first half of 2020 approved by today's Board of Directors. Earnings before Interest & Tax (EBIT) from continuing operations amounted to €(194) million compared to €(88) million in the first half of 2019. Revenues amounted to €1,433 million compared to €1,764 million in the first half of 2019. Net financial expenses totaled €67 million in the first half of 2019 compared to €48 million in the first half of 2019.

The income tax charge for the six months ended June 30, 2020 amounted to €3 million (€7 million in the first half of 2019). Net result amounted to a loss of €265 million in the first half of 2020 compared to a loss of €139 million in the first half of 2019.

Revenues and financial results of continued operations released by the Group are presented under 2 main business segments: Entertainment Services and Connected Home. All the remaining activities (including unallocated Corporate functions) are grouped in a segment "Corporate & Other" as a reconciling item.

2.2. Key messages

After a strong first quarter, the Group's activities have demonstrated resilience to the Covid-19 crisis in the second quarter:

- **Production Services activities were most affected due to the halting of live action shooting, impacting Film and Episodic Visual Effects and Post Production. Increased demand in Animation and resilience in Advertising helped mitigate the impact of Covid-19;**
- **DVD Services were hit by the lack of new film releases following cinema closures, partly compensated by strong back catalog demand;**
- **After facing supply shortages, Connected Home's Asian activities are now back to normal. Consumer demand for better broadband and wifi helped drive strong demand in the United States.**

Consolidated revenues for the Group were down 19% at current rates to €1,433 million, as the impact of Covid-19 on Production Services and DVD Services was partially compensated by an outperformance in Broadband, particularly in North America (+15% compared to the first half of 2019).

The Group maintained a strong focus on the delivery of previously announced cost savings through the Strategic Plan, and is well on track to achieve total savings in excess of €160 million this year and €300 million by 2022. To date, €67 million of cost savings related to the Strategic Plan announced in 2020 have been achieved, whilst detailed plans are in place to achieve the remainder.

The financial restructuring plan approved by the Group's creditors, shareholders and the Commercial Court, provides a framework for Technicolor`s long-term sustainability. The first tranche (c. €240 million) of the "New Money" facility under the financial restructuring plan has been received, and the second tranche (c. €180 million) of the "New Money" facility should be received at the end of August by the Group.

The updated outlook is broadly in line with the base case presented in the press release issued on June 22nd .

First Half Year 2020 Key indicators from continuing operations:

	First Half (IFRS)			
In € million	**2019**	**2020**	At current rate	At constant rate
Revenues from continuing operations	1,764	**1,433**	(18.8)%	(19.3)%
Adjusted EBITDA from continuing operations	104	**53**	(49.6)%	(49.2)%
As a % of revenues	5.9%	**3.7%**		
Adjusted EBITA from continuing operations	(44)	**(67)**	(53.5)%	(50.4)%
EBIT from continuing operations	(88)	**(194)**	n.a.	n.a.
Free Cash Flow from continuing operations before net interest expenses	(230)	**(252)**	(9.4)%	(6.5)%
Net interest expenses	*(32)*	***(35)***	*(8.7)%*	*(8.3)%*
Free Cash Flow from continuing operations after net interest expenses	(262)	**(286)**	(9.3)%	(6.7)%

Figures at current rate, including IFRS 16

H1 2020 Group update

- Sales of €1,433 million were impacted by Covid-19. Decline in demand in Connected Home linked to a slowdown in Eurasia, volume decline in DVD Services and lower activity in Film & Episodic Visual Effects were partially mitigated by a strong performance in Broadband, driven by higher demand in North America, as well as by Animation, which reported double digit revenue growth.
- Adjusted EBITDA of €53 million, down 49% at constant rates, was impacted by lower business volumes in Film & Episodic Visual Effects and in DVD Services related to Covid-19 activities interruption, partly compensated by operational and financial improvements across all divisions, particularly visible in Connected Home where Adjusted EBITDA grew 126% to €54 million at current rate.
- Adjusted EBITA of €(67) million was lower by €(23) million at current rates, mitigated by lower D&A and reserves.
- A €68 million impairment charge was booked, mainly related to DVD Services due to Covid-19 revised assumptions.
- Restructuring costs accounted for €(41) million at current rate, including €(17) million in Production Services on cost streamlining actions, €(15) million in DVD Services, mainly resulting from distribution sites optimization, €(5) million in Connected Home, pursuant to the three-year transformation plan, and €(4) million for Corporate and Other.
- Free cash flow[1] of €(286) million was lower by €(24) million at current rate.
- Net debt at nominal value amounts to €1,607 million, and will be reduced significantly by the debt restructuring planned under the terms of the Accelerated Financial Safeguard (SFA) plan (see below).

[1] Free cash flow defined as: *Adj. EBITDA – (net capex + restructuring cash expenses + change in pension reserves + change in working capital and other assets & liabilities + cash impact of other non-current result + net financial interests + exchange result + other financial results and income tax)*

- The Group is targeting €300 million in additional run-rate cost savings by 2022. At the end of June 2020 the group had already realized €67 million of these cost savings.

Outlook

- The trading environment remains highly uncertain – Covid-19 induced businesses disruptions are still affecting Production Services activities, in particular in North America and India. The outlook provided below relies solely on currently available market forecasts, and remains subject to changes in case of further evolution of the pandemic.
- Also, the financial restructuring undergone by Technicolor, and the very significant strengthening of its financial capabilities as a consequence, remain to be fully took into account by its stakeholders. This should improve, following the successful conclusion of the SFA process, which closed on July 28th. The outlook below does not not take into account any improvements coming from the restructuring. Conversely it does include some of the negative impacts associated with the entry into an accelerated financial safeguard procedure.
- After a strong first quarter and a second quarter demonstrating a better than expected resilience, Technicolor expects:
    - Adjusted continuing EBITDA of €169 million and Adjusted EBITA of €(64) million in 2020;
    - Adjusted continuing EBITDA of €425 million and Adjusted EBITA of €202 million in 2022;
        - It should be noted that more than €15 million of Covid-19 related cost will be included in the Group's EBITDA in 2020.
    - Continuing free cashflow (before financial results and tax) is anticipated to be in a range between €(115) to €(150) million in 2020 and will improve to €259 million in 2022. Following the entry into the SFA procedure, a faster than expected shortening of payment terms was requested by suppliers, which will lead to early payments in 2020 vs. the following year. This should impact 2020 and 2021, but mitigating factors will help 2021 to remain in line with strategic plan. The positive side of these changes is that the Group's ambition to very significantly reduce payment terms by 2022 will be achieved as early as beginning of 2021. As these are timing adjustments, the Group's liquidity needs remain unchanged overall.

Continuing Operations – post IFRS 16

€m, FYE Dec post IFRS-16	2019a	2020e	2022e
Adjusted EBITDA from continuing operations	324	**169**	**425**
Adjusted EBITA from continuing operations	42	**(64)**	**202**
Continuing FCF before financial results and tax	(8)	**(115)-(150)**	**259**

Update on the announced financial restructuring plan

Over the last few weeks, the Group has successfully accomplished the required steps to implement the announced financial restructuring plan:

- 22 June: opening of the SFA;
- 5 July: approval of the draft safeguard plan by the creditor's committee;
- 20 July: approval of the financial restructuring plan by a large majority of shareholders;
- 28 July: approval of the SFA plan by the Commercial Court;
- As a consequence, the Group is preparing the partial debt equitization (up to €660 million) which, as announced, will include:
    - 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 will subscribe to the rights issue in cash pro rata its current shareholding (c. 7.56%) on a non-reductible basis (souscription à titre irréductible) for an aggregate amount of circa €25 million; any cash proceeds of the rights issue will be 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 will be fully subscribed by way of set-off against their claims at par under the existing credit facilities;
    - free warrants granted to New Money lenders (« 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 New Money Warrants exercise, but before dilution from the shareholders' free warrants).
    - shareholders' free warrants,to be 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, with a 4-year term, at the same price as the reserved capital increase (3.58 euros per share) and representing 5% of the share capital of the Group after all capital issuances (i.e. after capital increases, New Money Warrants exercise and shareholders' free call options). Each existing share will be granted with 1 free warrant, and 5 free warrants will give right to subscribe to 4 new shares.

These issuances have been approved today by the Board of Directors of the Company and will be subscribed according to the conditions detailed in the prospectus dated July, 10, 2020 approved by the French market authority (l'"**AMF**") under number 20-343 related to equity issuances as part of the Group Accelerated Safeguard Plan (the "**Prospectus**"). The Prospectus is composed of the Company's 2019 Universal Registration Document filed with the AMF on April 20, 2020 under number

D.20-0317 (“**The Universal Registration Document**”), of the Amendment to the 2019 Universal Registration Document filed with the AMF on July 10, 2020 under number D.20-0317-A01 (“**The Amendment to the Universal Registration Document**”) and a securities note (“**the Securities Note**”) (including the summary of the Prospectus).

Due to, *inter alia*, the publication of the half-year financial report, the Prospectus will be updated and completed by a supplement, to be approved and published on August 4, 2020, according to current schedule (“**the Supplement**”).

Copies of the Prospectus and the Supplement are and will be available free of charge at Technicolor's registered office, -10 rue du Renard - 75004 Paris, on the Company's website (https://www.technicolor.com) as well as on the AMF website (www.amf-france.org).

Segment Review – First half 2020 Result Highlights

Production Services In € million	First Half 2019	First Half 2020	Change HoH Reported	Change HoH At constant rate
Revenues	**428**	**279**	*(34.8)%*	*(35.3)%*
Adj. EBITDA*	**81**	**2**	*n.a.*	*n.a.*
As a % of revenues	+18.8%	+0.8%		
Adj. EBITA*	**19**	**(51)**	*n.a.*	*n.a.*
As a % of revenues	+4.3%	(18.4)%		

(*) Figures at current rate, including IFRS 16

- **Production Services revenues** totaled €279 million, down 35.3% year-on-year at constant rate and down 34.8% at current rate, driven by the previously anticipated (pre-Covid-19) delays in awards coming from one key client, and mostly by the subsequent pandemic-related impacts on production around the world:

Business highlights:

- Film & Episodic Visual Effects: revenues were significantly lower year-on-year, mainly due to the anticipated reduction in studio tentpole volume in MPC Film referred to above, which was further amplified by the pandemic. VFX teams worked on approximately 20 theatrical films from the major studios, including projects like *Cruella* (Disney), *Ghostbusters: Afterlife* (Sony), *Godzilla vs. Kong* (Warner Bros./Legendary), *Top Gun: Maverick* (Paramount), *and West Side Story* (Fox/Amblin); and over 30 Episodic and/or Non-Theatrical (i.e., Streaming/OTT) projects, including *The Alienist season 2* (TNT/Paramount), *American Gods season 3* (Starz/Fremantle), *Cursed* (Netflix), *Eurovision Song Contest*: *The Story of Fire Saga* (Netflix), *The Old Guard* (Netflix). During the second quarter, Mr. X and Mill Film were merged under the Mr. X banner in order to consolidate resources and sales efforts.
- Advertising: lower revenue compared to the prior year due to the impact of Covid-19 on client spend and live-action production shoots, despite a strong first quarter driven by high Super Bowl demand (Technicolor contributed to over 40 commercials, including the two-minute opening film for the NFL). Technicolor's Advertising businesses received numerous industry accolades during the latest quarter, including MPC winning VFX Company of the Year at the Ad Age Creativity Awards. In Televisual's Commercials 30 annual survey voted on by Ad Producers in the UK, four of the Best Colourists Top 10 come from MPC or The Mill, including the top two colourists; while The Mill ranked #1 in the 'Rated Highest' and 'Used Most' categories in the Best Post Houses Top 10. Highlight projects delivered during the second quarter include EA Sports '*Feel Next Level*', Heineken '*Solar Power*', McDonald's '*Lights On*', Mercedes-Benz GLA '*Surfer*', and PlayStation '*The Last of Us Part II*'.
- Animation & Games: double-digit revenue growth compared to prior year, due to higher volume in feature work-for-hire animation services, more than offsetting the Q2 temporary closure of the studio in Bangalore due to the lockdown in India. In the second quarter Mikros Animation delivered Paramount's *The SpongeBob Movie: Sponge on the Run* and continues in production on *Spin Master's PAW Patrol: The Movie*, while beginning production on two other animated features. In episodic animation, Technicolor completed delivery of Disney/*Wild Canary's Mira*, *Royal Detective* and the latest orders from DreamWorks Animation on *The*

Boss Baby: Back in Business and *Fast & Furious Spy Racers*; and maintains a strong pipeline from key clients;

- Post Production: lower revenues compared to the prior year, driven primarily by declines in the North American facilities. Compared with the other service lines, Post Production was immediately impacted during the semester by Covid-19 from the sudden shutdown of productions globally, due to its reliance on receiving live-action footage (e.g., over 50 sets of dailies stopped overnight in March). During the second quarter, Post Production worked on projects like *NOS4A2* (AMC), *Private Eyes* (Entertainment One), *The SpongeBob Movie: Sponge on the Run* (Paramount), *Tiny Pretty Things* (Netflix), and *The Twilight Zone* (CBS All Access).

Covid-19 situation update:

- Starting from March 2020, Production Services Film and Episodic VFX took a major hit as all live-action film shoots were suspended and movie theaters closed. As a result, new projects were put on hold with a negative impact on the order book;
- Advertising activity weakened during the second quarter due to the global macro-economic situation, causing major advertisers to delay campaigns and reduce marketing budgets;
- Animation and Games activity, with the ability to efficiently continue production from home and without the dependency of live-action film shooting, had a strong topline performance in the first half versus the year-ago period despite the temporary shutdown of the Bangalore studio;
- Post Production was also significantly impacted by the live-action production stoppages, but is expected to ramp-up to normal operations more quickly than Film and Episodic VFX once key clients re-start production;
- 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 labour costs and related fixed costs, as many Technicolor artists were either not able to work or had no work. On the other hand, the Group benefitted from government support for furloughed employees in Australia, France, Canada, US and the UK;
- As key industry participants anticipate productions to restart filming in the third quarter (some smaller productions have already restarted; while major studio pictures are relaunching productions in locations that have been successful in their Covid-19 responses— e.g., the Avatar films in New Zealand) and theaters to reopen progressively over the second half of 2020, Technicolor has adapted its workforce to the reduction of the market and therefore increased its efforts in restructuring its cost base.

Adjusted EBITDA amounted to €2 million, or 0.8% of revenue, down €79 million year-on-year. The Adjusted EBITDA reduction was mainly driven by Film & Episodic VFX. This negative evolution has fully impacted Adjusted EBITA compared to prior year.

##

DVD Services In € million	**First Half** 2019	2020	**Change HoH** Reported	At constant rate
Revenues	**374**	**302**	*(19.3)%*	*(20.3)%*
Adj. EBITDA*	**9**	**1**	*n.a.*	*n.a.*
As a % of revenues	+2.5%	+0.5%		
Adj. EBITA*	**(31)**	**(29)**	*+7.2%*	*+8.4%*
As a % of revenues	(8.4)%	(9.7)%		

(*) Figures at current rate, including IFRS 16

- **DVD Services** revenues totaled €302 million at current rate in the first half 2020, down 20.3% at constant rate and 19.3% at current rate compared to 2019, primarily due to lower volumes across all formats driven by year on year secular decline and the impact of Covid-19, which impacted the second quarter 2020. Total combined replication volumes reached 326 million discs, down 27% year-on-year. Nevertheless, back catalog volumes were considerably higher than antipated during the Covid-19 crisis, which partially mitigated the loss of the new release volumes.
    - Standard Definition DVD volumes were down 26% in the first half year-on-year driven by overall expected demand reductions for the format, compounded by a comparatively weaker release slate for selected major studio customers as compared to first half of 2019;
    - Blu-ray™ volumes were down 25% year-on-year on similar drivers as DVD;
    - Ultra HD Blu-ray™ volumes were down 24% year-on-year;
    - CD volumes were down 39% year-on-year.

As a result of ongoing industry-wide pressures, DVD Services continued its 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 announced in 2019, and similar efforts with other customers are ongoing.

Volume data for DVD Services

In million units		**First Half** 2019	2020	*% Change*
Total Combined Volumes		445.9	**326.2**	*(26.8)%*
By Format	SD-DVD	299.2	**220.1**	*(26.4)%*
	Blu-ray™	117.6	**88.4**	*(24.8)%*
	CD	29.1	**17.6**	*(39.4)%*
By Segment	Studio/Video	402.4	**297.4**	*(26.1)%*
	Games	9.2	**6.3**	*(31.3)%*
	Music & Software	34.2	**22.5**	*(34.3)%*

Covid-19 situation update:

- The 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. Online sales were strong after a brief slowdown in demand as e-tailers temporarily adjusted their supply chain for increased activity for essentials;
- Some production facilities were impacted by short term closures and temporary staffing shortages, but the overall impact was low;
- The level of ongoing impact throughout 2020 and beyond 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 release activity on disc. DVD services has accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts.

Adjusted EBITDA amounted to €1 million at current rate, or 0.5% of revenue, broadly in line with expectations given the anticipated volume reduction and normal seasonal weakness in the first half. Margin was bolstered by ongoing cost savings and a positive impact from contracts renegotiated in 2019.

###

Connected Home In € million	**First Half** 2019	2020	**Change HoH** Reported	At constant rate
Revenues	**953**	**839**	*(12.0)%*	*(12.3)%*
Adj. EBITDA*	**24**	**54**	*n.a.*	*n.a.*
As a % of revenues	+2.5%	+6.4%		
Adj. EBITA*	**(17)**	**20**	*n.a.*	*n.a.*
As a % of revenues	(1.7)%	+2.4%		

(*) Figures at current rate, including IFRS 16

- **Connected Home** revenues totaled €839 million in the first half of 2020, down 12.3% year-on-year at constant rate and 12.0% at current rate, but in line with expectations. The division is maintaining its market leadership in the Broadband segment and in the video Android based segment; both segments are expected to keep gaining importance over the foreseeable future.

Business highlights:

North America: revenues remained strong, driven by a very strong Broadband business with the top 6 cable operators in the region, and higher video sales to these customers fueled by the new solutions they are launching. Revenues were up compared to the first half 2019.

Latin America: The difficult macroeconomic situation in the region continued driving demand down. Despite an increase in Mexican video sales, the region was down overall due to a significant reduction in Brazil resulting largely from weakness in exchange rates. Broadband revenues were down across the region mainly driven by delayed investments linked to Covid-19.

Europe, Middle East & Africa and Asia-Pacific:

- Lower revenue compared to the prior year primarily explained by headwinds in video demand in Europe;

- The video satellite business experienced weakness especially in Central Europe and India due to lower demand from some large customers. In addition, lower demand for 4K content in Japan and Android TV devices in Korea has also impacted revenues in the Eurasia region;

- For Broadband, APAC is relatively stable with slightly lower demand in Australia. Europe is down significantly with Covid-19 negatively impacting sales in Southern Europe, partially compensated with sales from new customer wins to a pan European account.

The division continues to focus on selective investments in key customers and specific parts of the portfolio that will lead to improved margins over the year.

Revenue Breakdown for Connected Home

			First Half	
In € million		**2019**	**2020**	*% Change**
Total revenues		953	**839**	*(12.3)%*
By region	North America	398	**463**	*+14.6%*
	Europe, Middle East and Africa	260	**154**	*(42.0)%*
	Latin America	162	**112**	*(26.0)%*
	Asia-Pacific	133	**110**	*(17.8)%*
By product	Video	376	**318**	*(14.7)%*
	Broadband	577	**521**	*(10.7)%*

(*) Variation at constant rates

Covid-19 situation update:

- The Covid-19 main impacts on the Connected Home activity are related to the disruption of manufacturing, provoking shortages of components and disruption in logistics in China and then in South-East Asia at the beginning of the year. Despite Connected Home's efforts to mitigate these disruptions, the Group will have some backlog unserved at the end of the first half, which will be partially recovered during the second half;

- The lockdown measures have exposed consumers to the need for a high quality broadband and wifi service in the home for remote working and digital entertainment. As a result, demand for broadband gateways was very resilient during this period. The US market is showing an increase of demand and very low churn, and due to our market position we are experiencing a significant increase in demand;

- In addition to the consequences of Covid-19, Latin American countries are suffering a significant currency crisis due to the drastic oil price decline. This is affecting the plans of all companies in the region, including the service providers, who are adjusting their demand accordingly;

- The lockdown impact on operations besides supply chain and R&D activities was minimal as teams organized work in accordance with safety rules and guidelines with continued access to key labs.

Adjusted EBITDA amounted to €54 million, or 6.4% of revenue. Adjusted EBITA of €20 million improved by €37 million compared to prior year at current rate. This good evolution in profitability is the result of the transformation plan launched 2 years ago, increasing the division's performance and drastically improving productivity.

###

Corporate & Other In € million	First Half		Change HoH	
	2019	2020	Reported	At constant rate
Revenues	**9**	**13**	*+40.2%*	*+40.2%*
Adj. EBITDA*	**(10)**	**(5)**	*+48.9%*	*+49.4%*
As a % of revenues	*n.a.*	*n.a.*		
Adj. EBITA*	**(15)**	**(7)**	*+51.9%*	*+52.3%*
As a % of revenues	*n.a.*	*n.a.*		

(*) Figures at current rate, including IFRS 16

- **Corporate & Other** includes the Trademark Licensing business.

  Corporate & Other recorded revenues of €13 million in the first half of 2020, increasing compared to last year. Adjusted EBITDA amounted to €(5) million and Adjusted EBITA €(7) million.

Summary of consolidated results for the first half of 2020

In € million	First Half (IFRS) 2019	2020	Change
Revenues from continuing operations	**1,764**	**1,433**	**(18.8)%**
Change at constant currency (%)			(19.3)%
o/w *Production Services*	428	279	(34.8)%
DVD Services	374	302	(19.3)%
Connected Home	953	839	(12.0)%
Corporate & Other	9	13	+40.2%
Adjusted EBITDA from continuing operations	**104**	**53**	**(49.6)%**
Change at constant currency (%)			(49.2)%
As a % of revenues	+5.9%	+3.7%	(220)bps
o/w *Production Services*	81	2	n.a.
DVD Services	9	1	n.a.
Connected Home	24	54	n.a.
Corporate & Other	(10)	(5)	+48.9%
Adjusted EBITA from continuing operations	**(44)**	**(67)**	**(53.5)%**
Change at constant currency (%)			(50.4)%
As a % of revenues	(2.5)%	(4.7)%	(220)bps
Adjusted EBIT from continuing operations	**(71)**	**(89)**	**(24.6)%**
Change at constant currency (%)			(22.1)%
As a % of revenues	(4.0)%	(6.2)%	(220)bps
EBIT from continuing operations	**(88)**	**(194)**	**n.a.**
Change at constant currency (%)			n.a.
As a % of revenues	(5.0)%	(13.6)%	(860)bps
Financial result	(48)	(67)	-
Income tax	(7)	(3)	-
Share of profit/(loss) from associates	(1)	0	-
Profit/(loss) from continuing operations	**(143)**	**(264)**	**-**
Profit/(loss) from discontinued operations	4	(1)	-
Net income	**(139)**	**(265)**	**-**

(*) Variation *at current rates*

Restructuring costs accounted for €(41) million at current rate and related to savings initiatives across all divisions.

A €72 million impairment charge has been booked, mainly at the DVD Services division level due to Covid-19 revised assumptions.

The EBIT from continuing operations amounts to a loss of €(194) million in 2020.

The financial result totaled €(67) million in the first half 2020 compared to €(48) million in the first half 2019, reflecting:

- Net interest costs of €(40) million, slightly up from last year (at €(32) million) primarily due to the bridge interest rates.
- Other financial charges amounted to €(28) million in the first half 2020 compared to €(16) million in the first half 2019 explained by the expenses related to the debt restructuring process.

Income tax amounted to €(3) million, compared to €(7) million in the first half 2019.

Group net income therefore amounted to €(265) million at current rate in the first half 2020 compared to the €(139) million loss in the first half 2019.

Reconciliation of adjusted indicators (unaudited)

Technicolor is presenting, in addition to published results and with the aim to provide a more comparable view of the evolution of its operating performance in the first half 2020 compared to the first half 2019, a set of adjusted indicators which exclude the following items as per the statement of operations of the Group's consolidated financial statements:

- Restructuring costs, net;
- Net impairment charges;
- Other income and expenses (other non-current items).

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on EBIT from continuing operations of €(106) million in the first half 2020 compared to €(17) million in the first half of 2019 (including IFRS 16).

	First Half (IFRS)		
In € million	**2019**	**2020**	Change*
EBIT from continuing operations	**(88)**	**(194)**	(106)
Restructuring charges, net	(12)	(41)	(30)
Net impairment losses on non-current operating assets	(1)	(72)	(71)
Other income/(expense)	(4)	8	12
Adjusted EBIT from continuing operations	**(71)**	**(89)**	**(18)**
As a % of revenues	(4.0)%	(6.2)%	(220)bps
Depreciation and amortization ("D&A") *	159	139	(21)
IT capacity use for rendering in Production S.	16	2	(14)
Adjusted EBITDA from continuing operations	**104**	**53**	**(52)**
As a % of revenues	+5.9%	+3.7%	(220)bps

(*) Variation at current rates

Free Cash Flow Reconciliation and Summarized financial structure (unaudited)

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

	Full Year (IFRS)	
In € million	June 30, 2019	June 30, 2020
Adjusted EBITDA from continuing operations	**104**	**53**
Changes in working capital and other assets and liabilities	(175)	(197)
IT capacity use for rendering in Production Services	(16)	(2)
Pension cash usage of the period	(12)	(12)
Restructuring provisions – cash usage of the period	(15)	(23)
Interest paid	(33)	(35)
Interest received	1	-
Income tax paid	(10)	(1)
Other items	(16)	(13)
Net operating cash generated from continuing activities	**(172)**	**(230)**
Purchases of property, plant and equipment (PPE)	(43)	(17)
Proceeds from sale of PPE and intangible assets	1	-
Purchases of intangible assets including capitalization of development costs	(47)	(39)
Net operating cash used in discontinued activities	(6)	(8)
Free cash-flow	**(269)**	**(294)**
Nominal gross debt	**1,403**	**1,670**
Cash position	**65**	**63**
Net financial debt at nominal value (non IFRS)	**1,338**	**1,607**
IFRS adjustment	**(5)**	**(6)**
Net financial debt (IFRS)	**1,333**	**1,601**

- The change in working capital & other assets and liabilities was negative by €197 million in the first half 2020 mostly driven by unfavorable changes in supplier payment terms at Connected Home and DVD Services, and reduced milestone payments at Film & Episodic Visual Effects due to Covid-19.
- Cash outflow for restructuring totaled €23 million in the first half of 2020, up by €8 million year-on-year, mainly resulting from accelerated implementation cost savings related to the Strategic Plan;
- Capital expenditures amounted to €56 million, down by €34 million year-on-year, reflecting a strict control of investment expenses.
- Cash position at €63 million end of first half 2020, compared to €65 million end of December 2019.

III. GROUP UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2020

AUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	*Note*	Six months ended June 30, 2020	Six months ended June 30, 2019
CONTINUING OPERATIONS			
Revenues		1,433	1,764
Cost of sales		(1,323)	(1,613)
Gross margin		**110**	**151**
Selling and administrative expenses		(149)	(163)
Research and development expenses		(49)	(60)
Restructuring costs	*(9.1)*	(41)	(12)
Net impairment gains (losses) on non-current operating assets	*(5)*	(72)	(1)
Other income (expense)	*(3.2)*	8	(4)
Earnings before Interest & Tax (EBIT) from continuing operations		**(194)**	**(88)**
Interest income		0	1
Interest expense		(40)	(33)
Other financial income (expense)		(28)	(16)
Net financial income (expense)	*(7.3)*	**(67)**	**(48)**
Share of gain (loss) from associates		0	(1)
Income tax	*(4)*	(3)	(7)
Profit (loss) from continuing operations		**(264)**	**(143)**
DISCONTINUED OPERATIONS			
Net gain (loss) from discontinued operations	*(11)*	(1)	4
Net income (loss)		**(265)**	**(139)**
Attribuable to :			
- *Equity holders*		*(265)*	*(139)*
- *Non-controlling interest*		*0*	*0*

EARNINGS PER SHARE *(in euro, except number of shares)*		Six months ended June 30, 2020	Six months ended June 30, 2019 (*)
Weighted average number of shares outstanding (basic net of treasury shares held)	*(6.2)*	15,356,992	15,310,599
Earnings (losses) per share from continuing operations			
- basic		(17.22)	(9.35)
- diluted		(17.22)	(9.35)
Earnings (losses) per share from discontinued operations			
- basic		(0.04)	0.26
- diluted		(0.04)	0.26
Total earnings (losses) per share			
- basic		(17.26)	(9.09)
- diluted		(17.26)	(9.09)

(*) Amounts for the six months ended June 30, 2019 are re-presented to reflect the impacts of share consolidation.

The accompanying notes on pages 25 to 48 are an integral part of these interim condensed consolidated financial statements.

AUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
(€ in million)	*Note*	2020	2019
Net income (loss) for the year		(265)	(139)
Items that will not reclassified to profit and loss			
Remeasurement of the defined benefit obligations	*(8.1)*	(17)	(35)
Deferred 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		3	4
Currency translation adjustments			
- currency translation adjustments of the year		(22)	10
- reclassification adjustments on disposal or liquidation of a foreign operation		(5)	-
Deferred tax relating to these items		(4)	-
Total other comprehensive income		(45)	(21)
Total other comprehensive income of the period		(310)	(160)
Attribuable to :			
- Equity holders of the parents		*(310)*	*(159)*
- Non-controlling interest		-	*(1)*

The accompanying notes on pages 25 to 48 are an integral part of these interim condensed consolidated financial statements.

AUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	*Note*	June 30, 2020	December 31, 2019
ASSETS			
Goodwill	*(5.1)*	777	851
Intangible assets	*(5.2)*	607	632
Property, plant and equipment	*(5.3)*	168	191
Right-of-use assets	*(5.4)*	248	285
Other operating non-current assets		30	32
TOTAL OPERATING NON-CURRENT ASSETS		**1,830**	**1,991**
Non-consolidated investments		16	17
Other non-current financial assets		43	22
TOTAL FINANCIAL NON-CURRENT ASSETS		**58**	**39**
Investments in associates and joint-ventures		1	1
Deferred tax assets		45	52
TOTAL NON-CURRENT ASSETS		**1,935**	**2,082**
Inventories		197	243
Trade accounts and notes receivable		486	507
Contract assets		78	79
Other operating current assets		230	184
TOTAL OPERATING CURRENT ASSETS		**991**	**1,013**
Income tax receivable		34	36
Other financial current assets		16	13
Cash and cash equivalents		63	65
Assets classified as held for sale		1	-
TOTAL CURRENT ASSETS		**1,105**	**1,127**
TOTAL ASSETS		**3,040**	**3,210**

The accompanying notes on pages 25 to 48 are an integral part of these interim condensed consolidated financial statements.

AUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	*Note*	June 30, 2020	December 31, 2019
EQUITY AND LIABILITIES			
Common stock *(15,407,114 shares at June 30, 2020 with nominal value of 0.01 euro per share)*	*(6.1)*	0	414
Subordinated Perpetual Notes		500	500
Additional paid-in capital & reserves		(409)	(540)
Cumulative translation adjustment		(366)	(339)
Shareholders equity attributable to owners of the parent		**(275)**	**36**
Non-controlling interests		0	0
TOTAL EQUITY		**(275)**	**36**
Retirement benefits obligations	*(8.1)*	345	342
Provisions	*(9.1)*	37	30
Contract liabilities		3	3
Other operating non-current liabilities		26	25
TOTAL OPERATING NON-CURRENT LIABILITIES		**410**	**400**
Borrowings	*(7.2)*	1	979
Lease liabilities	*(7.2)*	201	224
Other non-current liabilities		1	1
Deferred tax liabilities		22	27
TOTAL NON-CURRENT LIABILITIES		**635**	**1,631**
Retirement benefits obligations	*(8.1)*	33	33
Provisions	*(9.1)*	59	70
Trade accounts and notes payable		678	825
Accrued employee expenses		139	134
Contract liabilities		29	40
Other current operating liabilities		236	302
TOTAL OPERATING CURRENT LIABILITIES		**1,174**	**1,404**
Borrowings	*(7.2)*	1,382	8
Lease liabilities	*(7.2)*	80	87
Income tax payable		44	41
Other current financial liabilities		-	2
TOTAL CURRENT LIABILITIES		**2,679**	**1,542**
TOTAL LIABILITIES		**3,314**	**3,173**
TOTAL EQUITY & LIABILITIES		**3,040**	**3,210**

The accompanying notes on pages 25 to 48 are an integral part of these interim condensed consolidated financial statements.

AUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	*Note*	Six months ended June 30, 2020	2019
Net income (loss)		(265)	(139)
Income (loss) from discontinuing activities		(1)	4
Profit (loss) from continuing activities		(264)	(143)
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations			
Depreciation and amortization [(1)]		144	158
Impairment of assets		75	(1)
Net changes in provisions		4	(14)
Gain (loss) on asset disposals		(4)	8
Interest (income) and expense	*(7.3)*	40	32
Other non-cash items (including tax)		7	6
Changes in working capital and other assets and liabilities [(1)]		(197)	(175)
Cash generated from continuing activities		**(195)**	**(131)**
Interest paid on lease debt		(10)	(12)
Interest paid		(25)	(21)
Interest received		0	1
Income tax paid		(1)	(10)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)		(230)	(173)
Acquisition of subsidiaries, associates and investments, net of cash acquired	*(10.1)*	(2)	(1)
Proceeds from sale of investments, net of cash	*(10.1)*	(1)	(1)
Purchases of property, plant and equipment (PPE)		(17)	(43)
Proceeds from sale of PPE and intangible assets		0	1
Purchases of intangible assets including capitalization of development costs		(39)	(47)
Cash collateral and security deposits granted to third parties		(26)	(4)
Cash collateral and security deposits reimbursed by third parties		0	3
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)		(84)	(92)
Disposal of treasury shares	*(10.2)*	(0)	0
Proceeds from borrowings	*(10.2)*	394	101
Repayments of lease debt	*(10.2)*	(42)	(35)
Repayments of borrowings	*(10.2)*	(2)	(17)
Fees paid linked to the debt and capital operations	*(7.3)*	(21)	(1)
Other		4	(0)
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)		333	49
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	*(11.2)*	(8)	(10)
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR		65	291
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)		10	(225)
Exchange gains / (losses) on cash and cash equivalents		(11)	(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		63	65

(1) In the segment reporting information prepared according IFRS 8, the Free cash flow and the adjusted EBITDA are restated from the IT capacity use for rendering in Production Services. If such restatement was considered for the Cash flow statement, depreciation and amortization would amount respectively to €146 million in 2020 and €174 million in 2019, and changes in working capital and other assets and liabilities would amount respectively to €(199) million in 2020 and €(191) million in 2019.

The accompanying notes on pages 25 to 48 are an integral part of these interim condensed consolidated financial statements.

AUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ in million)	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)	-	-	-	-	-	(139)	-	(139)	-	(139)
Other comprehensive income	-	-	-	-	(31)	-	11	(20)	(1)	(21)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(31)**	**(139)**	**11**	**(159)**	**(1)**	**(160)**
Shared-based payment to employees	-	-	-	-	1	-	-	1	-	1
Balance as of June 30, 2019	414	(158)	-	500	(105)	(177)	(361)	113	-	113
Net income (loss)	-	-	-	-	-	(230)	-	(230)	0	(230)
Other comprehensive income	-	-	-	-	(41)	-	33	(8)	(0)	(8)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(41)**	**(230)**	**33**	**(238)**	**(0)**	**(239)**
Capital increases	-	-	-	-	-	-	-	-	-	-
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Variation of treasury shares	-	158	-	-	-	(157)	-	1	-	1
Dividend paid	-	-	-	-	-	-	-	-	-	-
Shared-based payment to employees	-	-	-	-	2	-	-	2	-	2
Tax impact on equity	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2019	414	-	-	500	(114)	(426)	(339)	36	0	36
Net income (loss)	-	-	-	-	-	(265)	-	(265)	0	(265)
Other comprehensive income	-	-	-	-	(18)	-	(27)	(45)	-	(45)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(18)**	**(265)**	**(27)**	**(310)**	**0**	**(310)**
Reclassification of capital decrease to the special reserve following March 23.2020 General Meeting	(414)	-	-	-	414	-	-	-	-	-
Capital increases	0	-	-	-	(0)	-	-	-	-	-
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 June 30, 2020	0	-	-	500	228	(637)	(366)	(275)	0	(275)

The accompanying notes on pages 25 to 48 are an integral part of these interim condensed consolidated financial statements.

1. General information

Technicolor is a worldwide technology leader in the Media & Entertainment sector, developing and monetizing next-generation video and audio technologies. Please refer to Note 3 for detailed operating segments.

In these audited interim condensed 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 period

1.1.1 Group financial restructuring

Events from the period and subsequent events have been put together in this note to facilitate the understanding of the debt restructuring

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 settled a bridge loan on March 2020 for a nominal amount of $110 million to finance its operations until the rights issue.

Since then, the impact of the Covid-19 crisis on the business activities of the Group (which are detailed in note 1.1.2), and the uncertainty in global market conditions, rendered it difficult to launch the initially contemplated rights issue within the contemplated timeline, and increased the liquidity needs of the Group, which were originally intended to be covered by the rights issue.

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 from third parties and from 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 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:

i. pursuing discussions with some of its creditors to obtain a financing covering immediate needs of the company,
ii. discussions with all of its creditors on restructuring the Group’s financial debt, and
iii. 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 (“plan de sauvegarde financière accélérée”).

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 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 on the same day.

On the same day, the Group had reached an agreement in principle with some of its main creditors on the main terms and conditions of the debt restructuring plan.

Elements described hereafter are subsequent events

The Safeguard Plan project which formalizes 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 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 end of July during the observation period of the accelerated Safeguard procedure, that is before the 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 paid or capitalized half-yearly:
        - 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 quasi 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 will be submitted to a consultative vote of the EGM, in accordance with the AMF recommendation n°2015-05 on transfer of assets. The New Money shall also be secured by certain other security interests, including by security over the assets currently securing the Bridge Loan (for the US New Money only), the existing term loans (the "Term Loan Debt") and the existing revolving credit facility ("RCF");

The remaining New Money (c. €180 million net of fees and commissions) will be made available at the end of August 2020 by way of a second New York State law notes issue. Additional security will be brought 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 will receive 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

[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

shareholders' call options). In order to limit the dilution of existing shareholders from these call options, the Safeguard plan includes 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 45.2% of the existing Term Loan Debt and RCF debt as new term loans for a nominal amount of c. €572 million, with a maturity on December 31, 2024 together with the pledging of some Group assets and a guarantee from the Company; financial conditions on the reinstated debt are as follows:
    - Euro Tranche (€453 million): EURIBOR (0% floor) + 3% per year cash interest + 3% per year PIK Interest
    - USD Tranche (c. €119 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 will subscribe to the rights issue in cash pro rata its current shareholding (c. 7.6%) on a non-reductible basis (souscription à titre irréductible) for an aggregate amount up to €25 million; any cash proceeds of the rights issue will be 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 will be 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 US members of the Group to be 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 the necessary authorizations enabling the accelerated financial safeguard plan were given to the Board and the CEO by the EGM on July 20, 2020, and on July 28, 2020, the Commercial Court of Paris approved the Financial Safeguard Plan which allowed the Board of Directors to initiate the Equity issues and to proceed with the drawdown of the second tranche of the New Financing scheduled for the end of August, 2020 in an amount of c. €180 million. The equity issues will be subscribed according to the conditions explained in the prospectus from July, 10, 2020 approved by the French market authority (l"AMF"). The Prospectus is composed of (i) the Company's 2019 Universal Registration Document filed with the AMF on 20 April 2020 under number D.20-0317, (ii) the Amendment to the 2019 Universal Registration Document filed with the AMF on 10 July 2020 under number D.20-0317-A01 and a securities note (including the summary of the Prospectus). Copies of the Prospectus are available free of charge at Technicolor's registered office, -10 rue du Renard - 75004 Paris, on the Company's website (www.technicolor.com) as well as on the AMF website (www.amf-france.org).

The Prospectus will be updated and completed by an addendum, to be approved and published the August 4,2020, according to current schedule.

The capital increases will thus reduce substantially the financial indebtedness of the Group by €660 million.

Impact of the restructuring on the Group Indebtedness and Equity:

On June 30, the main impacts of the aforementioned events on the indebtedness are the following:

- Bridge loan debt for $110 million (nominal amount),
- Both Term Loan Debt and RCF are presented as current,
- Interest charges on the Group's Term Loan Debt and RCF were suspended under the terms of the SFA Plan (June 22).

Information on potential effect of the restructuring plan on debt and equity is available in the operation note section 3 describing the restructuring plan for the EGM of July 20, 2020

https://www.technicolor.com/investor-center/shareholders-meeting/prospectus.

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 its 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-off came as a consequence of resizing the activity to a planned post-Covid market.

Governmental help are booked in accordance with IAS 20 and are 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 with a negative impact on the order book;

- Advertising activity weakened during the second quarter due to the global macro-economic situation, causing advertisers to delay campaigns and reduce marketing budgets;

- Animation and Games activity, with the ability to efficiently continue production from home, had a strong topline performance in the first half versus the year-ago period;

- Post-Production was also significantly impacted by the live-action production stoppages, but is expected to ramp-up to normal operations more quickly than Film and Episodic VFX once key clients re-start production;

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. On the other hand, the Group benefited from government support for furloughed employees in Australia, France and the UK; the Group may also be eligible to further relief from Canadian and US authorities but cannot determine the amounts as of June 30, 2020.

DVD Services:

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;

Some production facilities were impacted by short term closures and temporary staffing shortages, but the overall impact was low;

The level of ongoing impact throughout 2020 and beyond 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 release activity on disc. DVD services has 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, resulting in a €68 million euros loss.

Connected Home:

The Covid-19 main impacts on the Connected Home activity are 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 beginning of the year. Despite Connected Home's efforts to mitigate these disruptions, the Group will leave some backlog unserved at the end of the first half, that will be partially recovered during the second half.

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 is making the demand for broadband gateways very resilient during this period. US market is showing an increase of demand and a very low churn, and due to our market position we are 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 is affecting the plans of all companies in the region, including the service providers who are adjusting their demand accordingly;

The lockdown impact on operations besides supply chain and R&D activities was minimal as teams organized work in accordance with safety rules and guidelines with continued access to key labs.

1.2 Accounting policies

1.2.1 Going concern assumptions

Following the approval of the Safeguard plan by the Extraordinary General Meeting of the shareholders, the Court has approved the Safeguard plan. On July 23, the first draw of the new financing was paid to the Group, allowing for the repayment of the Bridge Loan.

On that basis, the Company expects that the restructuring plan will be fully implemented in the third quarter of 2020. Having carefully considered the above, the Board of Directors on July 30, 2020 concluded that preparing the June 30, 2020 consolidated financial statements on a going concern basis is an appropriate assumption.

1.2.2 Basis for preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 were prepared in accordance with IAS 34, "Interim Financial Reporting", a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB and should be read in conjunction with the full-year financial statements the Group for the year ended 31 December 2019.

The standards approved by the European Union are available on the following web site: https://ec.europa.eu/info/publications/eu-accounting-rules_en.

The accounting policies applied by the Group are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2019, and described in the 2019 annual consolidated financial statements, which are an integral part of the 2019 Group's Registration Document, except for the standards, amendments and interpretations which have been applied for the first time in 2020 (see Note 1.2.2.1).

Technicolor financial statements are presented in euro and has been rounded to the nearest million.

The audited interim condensed consolidated financial statements and notes were approved by the Board of Directors of Technicolor SA and authorized for issuance on July 30, 2020.

1.2.2.1 New standards, amendments, and interpretations

Main standards, amendments, and interpretations effective and applied as of January 1st, 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 interest rate hedge relationships.
Amendments to IAS1 & IAS8 – 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 IAS 28 – Long-term interests in Associates and Joint Ventures	These amendments have been added to clarify that an entity applies IFRS 9 to long-term interest in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. They are not adopted by the European Union yet.
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. The Group reviews these amendments and does not expect significant impacts. These amendments had no impact on the consolidated financial statements of the Group.

Main standards, amendments and interpretations that are not early adopted by Technicolor or not effective yet

New standards and interpretation	Effective Date (1)	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: ➢ provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification; ➢ require lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications; ➢ 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 30 June 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: i) 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; ii) 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; iii) 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.
Annual Improvements 2018-2020 Cycle	Not adopted by EU	**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) Subject to adoption by the European Union.

1.2.2.2 Basis of measurement & estimates

The preparation of the interim condensed 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.

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:

- Going concern (see note 1.2.1);
- Impairment of goodwill and intangible assets with indefinite useful lives (see notes 5.1);
- Determination of expected useful lives of tangible and intangible assets (see notes 5.2 & 5.3);
- Determination of the term of the rents for the estimation of the rights-of-use (see note 5.4) and recoverable value of rights-of-use marketed for sublease;
- Presentation in other income (expense) (see note 3.2);
- Determination of inventories net realizable value;
- Deferred tax assets recognition;
- Assessment of actuarial assumptions used to determine provisions for employee post-employment benefits (see note 8);
- Measurement of provisions and contingencies (see note 9);
- Determination of royalties payables .

The underlying assumptions used for the main estimates are similar to those described as of December 31, 2019. The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2020 may subsequently change.

1.2.2.3 Foreign exchange translation rates

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	
	Jun-20	Jun-19	Jun-20	Jun-19
US Dollar (US$)	1.1198	1.1364	1.1061	1.1297
Pound sterling (GBP)	0.9124	0.8968	0.8735	0.8723
Canadian Dollar (CAD)	1.5324	1.4886	1.5040	1.5028

2. Scope of consolidation

During first half of 2020, no significant acquisition or divestiture occurred. Two minor joint ventures with Deluxe services Inc have been sold during the period.

3. Information on operations

3.1. Information by business segments

Technicolor has three continuing businesses and reportable operating segments under IFRS 8: Production services, DVD services and Connected Home.

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 the 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.

DVD Services

The DVD Services segment replicates, packages and distributes video, game and music CD, DVD and Blu-ray™ discs.

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 boxes, and Internet of Things ("IoT") connected devices.

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.

- 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.

Technicolor's revenues and EBITDA have historically tended to be higher in the second half of the year than in the first half, with customers' activity being greater in the second half, especially for Production and DVD Services segments.

(€ in million)	Production Services	DVD Services	Connected Home	Corporate & Other	TOTAL
	Six months ended June 30, 2020				
Statement of operations items					
Revenues	279	302	839	13	**1,433**
Intersegment sales	0	(0)	(0)	-	**0**
Earning before Interest & Tax (EBIT) from continuing operations	**(61)**	**(120)**	**(2)**	**(11)**	**(194)**
Of which:					
Amortization of purchase accounting items	(4)	(4)	(13)	-	(22)
Net impairment losses on non-current operating assets	(0)	(72)	(0)	(0)	(72)
Restructuring costs	(17)	(15)	(5)	(4)	(41)
Other income (expenses)	12	1	(4)	(1)	8
Adjusted EBITA	**(51)**	**(29)**	**20**	**(7)**	**(67)**
Of which:					
Depreciation & amortization (excl PPA items)	(51)	(29)	(35)	(2)	(117)
IT capacity use for rendering in Production Services	(2)				(2)
Other non-cash items [1]	0	(2)	1	0	(0)
Adjusted EBITDA	**2**	**1**	**54**	**(5)**	**53**
Statements of financial position items					
Segment assets	608	578	1,344	289	2,819
Unallocated assets					221
Total consolidated assets					**3,040**
Segment liabilities	221	179	779	655	1,834
Unallocated liabilities					1,480
Total consolidated liabilities					**3,314**
Other information					
Net capital expenditures	(13)	(8)	(35)	(0)	**(56)**
Capital employed	342	211	188	215	**956**

[1] *Mainly variation of provisions for risks, litigations, and warranties*

(€ in million)	Production Services	DVD Services	Connected Home	Corporate & Other	TOTAL
	Six months ended June 30, 2019				
Statement of operations items					
Revenues	428	374	953	9	**1,764**
Intersegment sales	0	(0)	(0)	-	0
Earning before Interest & Tax (EBIT) from continuing operations	**4**	**(39)**	**(37)**	**(16)**	**(88)**
Of which:					
Amortization of purchase accounting items	(4)	(5)	(18)	-	(27)
Net impairment losses on non-current operating assets	(1)	(0)	(1)	-	(1)
Restructuring costs	(7)	(3)	(1)	(0)	(12)
Other income (expenses)	(2)	(0)	(1)	(1)	(4)
Adjusted EBITA	**19**	**(31)**	**(17)**	**(15)**	**(44)**
Of which:					
Depreciation & amortization	(63)	(41)	(37)	(3)	(145)
Other non-cash items [(1)]	1	(0)	(4)	(1)	(4)
Adjusted EBITDA	**81**	**9**	**24**	**(10)**	**104**
Statements of financial position items					
Segment assets [(2)]	716	741	1,398	299	3,154
Unallocated assets					363
Total consolidated assets					**3,517**
Segment liabilities	240	216	901	510	1,867
Unallocated liabilities					1,537
Total consolidated liabilities					**3,404**
Other information					
Net capital expenditures	(39)	(12)	(36)	(2)	**(90)**
Capital employed	314	85	(42)	175	**532**

[(1)] *Mainly variation of provisions for risks, litigations, and warranties*
[(2)] *For comparison purpose, we reclassified Technicolor trademark from Production and DVD Services to Corporate & Other.*

As of June 30, 2020, the aggregate amount of the transaction prices allocated to the remaining performance obligations was €161 million and related to the Films and Animations businesses of our Production Services division. Revenues will be recognized until completion of the projects.

3.2. Other income & expenses

(€ in million)	Six months ended June 30, 2020	2019
Capital gains and losses	15	(3)
Litigations and others	(7)	(1)
Other income (expense)	**8**	**(4)**

Capital gains for the period ended June 30, 2020, includes mainly:

- A final and definitive earn-out payment of $9 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.

Other expenses for the period ended June 30, 2020 include mainly a provision of €4 million in the Connected Home segment related to a litigation with a client and Covid-19 incremental costs of €1 million.

4. Income Tax

The income tax expense for the six months ended June 30, 2020 is determined using the year-end 2020 forecasted effective tax rate. This rate is computed at entity level or at the tax consolidation level if appropriate.

The income tax charge for the six months ended June 30, 2020 is summarized below:

	Six months ended June 30,	
(€ in million)	2020	2019
France	-	-
Foreign	(3)	(7)
Total Income Tax	**(3)**	**(7)**

5. Goodwill, intangible & tangible assets

5.1. Goodwill

The following table provides the allocation of the goodwill to each Goodwill Reporting Unit (GRU) based on the organization effective as of December 31, 2019 and June 30, 2020.

(€ in million)	Connected Home	Production Services	DVD Services	Total
At December 31, 2019, net	**437**	**192**	**222**	**851**
Exchange difference	(2)	(5)	1	(6)
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	(68)	(68)
Other	-	-	-	-
At June 30, 2020, net	**435**	**186**	**155**	**777**

The Group has considered the Covid-19 pandemic crisis as an impairment indicator and has therefore conducted impairment tests, based on the revised Forecast for 2020 and scenarios for 2022 integrating Covid-19 uncertainties and extension of the transformation plan.

Discount rates were also revised to reflect the new economic environment of the Group. The discount rates used are the following:

Connected Home: 10,2% compared to 9% in December 2019

Production Services: 11,1 % compared to 8% in December 2019

DVD Services: 10,2% compared to 8% in December 2019

For Connected Home, and Productions Services the impairment test based on the base case did not show any impairment loss.

For DVD services, the impairment test led to a €68 million impairment loss, with the following sensitivity of recoverable amounts:

- A decrease of BD volumes by 5% from 2023 would decrease the enterprise value by €5 million, generating an impairment of the same amount
- A decrease of 1 point of the EBITDA margin from 2023 would decrease the enterprise value by €23 million, generating an impairment of the same amount
- An increase of WACC rate by 0.5 point would decrease the enterprise value by €8 million, generating an impairment of the same amount.

5.2. Intangible assets

(€ in million)	Trademarks	Patents & Customer Relationships	Other intangibles	Total Intangible Assets
At December 31, 2019, net	**261**	**249**	**122**	**632**
Cost	*269*	*753*	*482*	*1,504*
Accumulated depreciation	*(8)*	*(504)*	*(360)*	*(872)*
Exchange differences	(1)	(1)	(2)	(4)
Acquisitions of business	-	-	-	-
Additions	-	-	34	34
Disposal	-	-	-	-
Depreciation charge	-	(23)	(37)	(60)
Impairment loss	-	-	(3)	(3)
Other	-	-	8	8
At June 30, 2020, net	**260**	**225**	**122**	**607**
Cost	*268*	*751*	*514*	*1,533*
Accumulated depreciation	*(8)*	*(526)*	*(392)*	*(926)*

Due to pandemic impact on FEV business, an internally generated software has been scrapped leading to recognition of €3 million of impairment loss.

5.3. Property, plant & equipment

(€ in million)	Land	Buildings	Machinery & Equipment	Other Tangible Assets [1]	TOTAL
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	-	-	-	(3)	(2)
Additions	-	-	-	19	19
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	(1)	(17)	(15)	(33)
Impairment loss	-	-	(4)	-	(4)
Other	-	-	11	(13)	(2)
At June 30, 2020, net	**3**	**15**	**59**	**92**	**168**
Cost	*3*	*57*	*1,079*	*378*	*1,517*
Accumulated depreciation	*-*	*(42)*	*(1,020)*	*(287)*	*(1,349)*

[1] *Includes assets in progress.*

5.4. Right-of-use assets

(€ in million)	Real Estate	Others	Total Right-of-use assets
At December 31, 2019, net	**241**	**44**	**285**
New contracts	2	4	6
Change in contract	14	(1)	13
Reclassification[1]	(2)	-	(2)
Depreciation charge	(30)	(14)	(44)
Impairment loss[2]	(5)	-	(5)
Other[3]	(4)	(1)	(5)
At June 30, 2020, net	**216**	**32**	**248**
Cost	*311*	*97*	*408*
Accumulated depreciation	*(95)*	*(65)*	*(160)*

[1] *Includes the transfer of the net book value of Production Services sites impaired towards to non-current assets held for sale for €1million*
[2] *Refers to impairments on the right of use assets following the Production Services restructuring plan*
[3] *Mainly foreign exchange impact.*

6. Equity & Earnings per share

6.1 Change in share capital

(In euros, except number of shares)	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	56,700	0.01	567
Share Capital as of June 30, 2020	**15,407,114**	**0.01**	**154,071**

On March 23, 2020 Ordinary and Extraordinary General Shareholders' Meeting approved the following resolutions:

- Approval of a consolidation of the company's shares, pursuant to which 27 existing shares with a nominal value of €1 would be exchanged for 1 new share with a nominal value of €27.
- Approval of a share capital reduction to €0.01.

During Board of Directors meeting held on May 7, 2020, the Chief Executive Officer using the delegation of the Board, noted that 56,700 shares with a par value of €0.01 should be delivered as part of LTIP 2017 plan.

6.2 Earnings (Loss) per share

Diluted earnings (loss) per share

	For the 6 months ended June 30,	
(€ in million, except number of shares)	2020	2019 (*)
Net income (loss)	**(265)**	**(139)**
Net (income) loss attributable to non-controlling interest	0	0
Net (gain) loss from discontinued operations	(1)	4
Numerator: **Adjusted profit "Group share" from continuing operations attributable to ordinary shareholders**	**(264)**	**(143)**
Basic weighted number of outstanding shares ('000)	**15,357**	**15,311**
Dilutive impact of stock-option, free & performance share plans	-	-
Denominator: **Diluted weighted number of outstanding shares *('000)***	**15,357**	**15,311**

(*) Amounts for the six months ended June 30, 2019 are re-presented to reflect the impacts of share consolidation.

During the first half of 2020 and because of the proposed rights issue announced, a share consolidation has been completed. (see note 6.2).

As a result and according to IAS 33 when there is a capitalization or bonus issue or a consolidation shares that has the effect of changing the number of shares outstanding without a corresponding change in resources, the weighted-average number of shares outstanding for the entire period is retrospectively adjusted as if the change had occurred at the beginning of the first period of EPS information presented.

Certain stock-options and performance share plans have no dilution impact due to the current stock price and conditions not met as of June 30, 2020 but could have a dilution impact in the future.

7. Financial assets, financing & derivative financial instruments

7.1. Fair value of financial assets and liabilities

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), references 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.

(€ in million)	At June 30, 2020, net	Fair value measurement by accounting categories as of June 30, 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 measurement	
Non-consolidated Investments	**16**	-	16	-	-	Level 2	**17**
Cash collateral & security deposits	35	17	18	-	-	Level 1	13
Loans & others	1	1	-	-	-		1
Subleases receivables	7	7	-	-	-		8
Other non-current financial assets	**43**						**22**
Total non-current financial assets	**58**						**39**
Cash collateral and security deposits	15	1	14	-	-	Level 1	12
Other current financial assets	-	-	-	-	-		(0)
Derivative financial instruments	0	-	-	-	0	Level 2	1
Other financial current assets	**16**						**13**
Cash	52	-	52	-	-	Level 1	58
Cash equivalents	11	-	11	-	-	Level 1	7
Cash and cash equivalents	**63**						**65**
Total current financial assets	**78**						**78**
Non current borrowings [1]	(1)	(1)	-	-	-		(979)
Borrowings	**(1)**						**(979)**
Derivative financial instruments	(1)	-	-	-	(1)	Level 2	(1)
Other non-current liabilities	**(1)**						**(1)**
Lease liabilities	**(201)**	(201)	-	-	-		**(224)**
Total non-current financial liabilities	**(202)**						**(1,204)**
Borrowings [1]	**(1,382)**	(1,382)	-	-	-		**(8)**
Lease liabilities	**(80)**	(80)	-	-	-		**(87)**
Other current financial liabilities	**(0)**	-	-	-	(0)	Level 2	**(2)**
Total current financial liabilities	**(1,462)**						**(97)**
TOTAL FINANCIAL LIABILITIES	**(1,665)**						**(1,301)**

[1] Borrowings are recognized at amortized costs. The fair value of the Group debt is €772 million as of June 30, 2020 (€853 million as of December 31, 2019). This fair value is 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.

7.2. Borrowings

At June 30, 2020, the Group's debt consists primarily of Term Loan Debt in U.S. dollars and in euros, issued by Technicolor SA in December 2016 and March 2017, the Bridge Loan, two confirmed revolving credit lines drawings, the RCF and a receivables backed facility with Wells Fargo (the "WF ABL") and lease liabilities.

As further detailed in Note 1.1.1, the Group has restructured its existing debt whereby part of the debt (RCF and Term Loan Debt) will be exchanged to equity, the remaining part of the RCF and Term Loan Debt will be converted into a single loan maturing in December 2024, the Bridge Loan will be entirely repaid, the WF ABL will be extended to December 2023 and new money loans, maturing in June 2024, will be put in place.

7.2.1. Analysis by nature

(€ in million)	June 30, 2020	December 31, 2019
Debt due to financial institutions	1,373	980
Lease liabilities [(1)]	281	312
Other financial debt	2	3
Accrued interest	8	3
Total Debt IFRS	**1,664**	**1,298**
Total non-current	*202*	*1,203*
Total current	*1,462*	*95*

[(1)] Of which €25 million are capital leases and €256m is operating lease debt under IFRS 16

7.2.2. Summary of debt

Details of the Group's debt as of June 30, 2020 are given in the table below:

(in million currency)	Currency	Nominal Amount	IFRS Amount (see note 7.2.1)	Type of rate	Nominal rate [(1)]	Effective rate [(1)]	Repayment Type	Final maturity
Term Loan Debt	USD	259	258	Floating	0.00%	0.00%	Amortizing [(3)]	September 2020
Term Loan Debt	EUR	275	274	Floating	0.00%	0.00%	Bullet	September 2020
Term Loan Debt	EUR	450	448	Floating	0.00%	0.00%	Bullet	September 2020
Subtotal Term Loans	**EUR**	**984**	**980**		**0.00%**	**0.00%**		
RCF	EUR	250	250	Variable	0.00%	0.00%	Revolving	September 2020
JP Bridge Loan	USD	98	95.5	Variable [(2)]	10.25%	24.59%	Bullet	July 2020
Wells Fargo ABL Line	USD	47	47	Variable [(3)]	3.00%	3.00%	Revolving	December 2023
Subtotal Bank Loans	**EUR**	**395**	**393**					
Lease Liabilities [(4)]		281	281	Fixed	7.11%	7.11%		
Other Debt [(5)]		10	10	Various	0.03%	0.03%		
TOTAL		**1,670**	**1,664**		**1.88%**	**2.70%**		

(1) Rates as of June 30, 2020. Under the terms of the SFA Plan, the interest charges on the Group's Term Loan Debt and RCF were suspended (see Note 1.1.1)
(2) Base rate + margin of 7%.
(3) Libor with a floor of 1% + margin of 2%
(4) Of which €25 million are capital leases and €256 million is operating lease debt under IFRS 16
(5) Of which €8 million is accrued interest.

7.2.3. Main features of the Group's borrowings

7.2.3.1. Analysis by maturity

(€ in million)	June 30, 2020	December 31, 2019
Less than 1 month	161	14
Between 1 and 6 months	1,267	31
Between 6 months and less than 1 year	40	50
Total current debt less than 1 year	**1,468**	**95**
Between 1 and 2 years	46	64
Between 2 and 3 years	35	45
Between 3 and 4 years	23	1,007
Between 4 and 5 years	19	26
Over 5 years	79	65
Total non-current debt	**202**	**1,207**
Total nominal debt	**1,670**	**1,302**
IFRS Adjustment	(6)	(4)
Debt under IFRS	**1,664**	**1,298**

7.2.3.2. Undrawn credit lines

(€ in million)	June 30, 2020	December 31, 2019
Undrawn, committed lines expiring in more than one year	65	361

The Group has a receivables backed committed credit facility (the "WF ABL") in an amount of U.S.$125 million (€112 million at the June 30, 2020 exchange rate) which matures in 2021 and a €250 million revolving credit facility maturing in 2021 (the "RCF"). The WF ABL was drawn in an amount of €47 million at June 30, 2020 and the RCF was fully drawn. The availability of the WF ABL varies depending on the amount of receivables. Both of these credit lines will be modified under the SFA Plan (see Note 1.1.1) with the WF ABL being extended to December 2023 and the RCF being partially swapped to equity with the rest converted to restated term loans.

7.2.3.3. Financial covenants and other limitations

For a detailed discussion of the limitations under the Term Loan Debt and the RCF please refer to Note 8.3.4 to the Group's 2019 consolidated financial statements.

The RCF contains a single affirmative financial covenant which requires that the total gross debt be no more than 4.00 times EBITDA on a trailing twelve-month basis ("Leverage covenant") on June 30 and December 31 of each financial year, this covenant is only applicable if there are outstanding drawings totaling more than 40% of the RCF amount on June 30 or December 31 of each financial year.

The U.S.$125 million receivables backed credit line agreement with Wells Fargo contains the same financial covenant but this covenant is only applicable if outstanding availability under the line is less than U.S.$25 million on June 30 or December 31 of each financial year.

The Term Loan Debt does not contain a financial affirmative covenant.

Due to the impact of the Covid-19 pandemic on the Group's financial situation (see Note 1.1.2) the Group negotiated a waiver with its WF ABL and RCF lenders such that the financial covenant did not apply at June 30, 2020.

The new debt negotiated in the framework of the Group's debt restructuring will have a Leverage covenant to be tested on June 30 and December 31 starting in 2021 which 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 new debt will also have a minimum liquidity covenant under which the Group must maintain at least €30 million of cash and available credit lines on certain dates.

7.3. Net financial income (expense)

	Six months ended June 30,	
(€ in million)	2020	2019
Interest income	0	1
Interest expense	(40)	(33)
Net interest expense	**(40)**	**(32)**
Net interest expense on defined benefit liability	(2)	(3)
Change in fair value of on financial instruments	(1)	1
Foreign exchange gain / (loss)	(0)	(8)
Expenses related to the debt restructuring process	(22)	
Other	(2)	(6)
Other financial income (expense)	**(28)**	**(17)**
Net financial income (expense)	**(67)**	**(48)**

Expenses related to the debt restructuring process include fees incurred on the cancelled rights issue (see note 1.1) and legal and consulting fees linked to debt negotiation; transaction costs of the new financing and equitization of debt are included on the other current operating assets.

7.4. Derivative financial instruments

The Group uses derivatives to reduce market risk. In particular, Technicolor uses forward foreign currency operations to hedge foreign exchange risk and interest rate swaps and caps to reduce interest rate risk.

The Group executes operations on the over the counter derivatives markets.

Due to the financial situation of the Group, in the 2nd quarter 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. The Group's existing interest rate hedges were not impacted.

The table below gives the fair value of these derivative operations at June 30, 2020.

(€ in million)	June 30, 2020	
	Assets	Liabilities
Foreign currency hedges	0	0
Interest rate hedges	0	1
Instruments not documented as hedges	0	0
Total	**0**	**1**

Given that the market value of the outstanding interest rate hedges is negative, the Group has no credit risk on its derivatives at June 30, 2020. The suspension of foreign exchange lines does not have a significant impact on Group net result nor equity through OCI.

8. Employee benefits

8.1 Post-employment & long-term benefits

(€ in million)	Pension plan benefits		Medical post-retirement benefits		Total	
	2020	2019	2020	2019	2020	2019
At December 31, 2019	**369**	**340**	**6**	**6**	**375**	**346**
Net periodic pension cost	4	10	-	-	4	10
Curtailment	-	(5)	-	-	-	(5)
Benefits paid and contributions	(13)	(26)	-	-	(13)	(26)
Change in perimeter	-	3	-	-	-	3
Actuarial (gains) losses recognized in OCI	17	45	-	-	17	45
Currency translation adjustments and other	(4)	2	-	-	(4)	2
At June 30, 2020	**372**	**369**	**6**	**6**	**378**	**375**
Of which current	*33*	*33*	*-*	*-*	*33*	*33*
Of which non-current	*339*	*336*	*6*	*6*	*345*	*342*

As of June 30, 2020, the present value of the obligation amounted to €578 million, the fair value of plan assets amounted to €200 million.

8.2 Share-based compensation plans

As of June 30, 2020, the number of stocks options and performance shares is as follows:

(in thousands of unit)	June 30, 2020
Number of outstanding stock-options and performance shares as of December 31,2019[(1)]	605
Number of performance shares granted during 2020	9
Number of forfeited stock-options and performance shares during 2020	(211)
Number of outstanding stock-options and performance shares as of June 30, 2020	**403**

[(1)] *number of stocks options as of December 2019 are re-presented to reflect the impacts of shares consolidation.*

In the context the Company's situation described in note 1.1.1 and on March 23, 2020, an Extraordinary General Shareholders' Meeting held has adopted the following resolutions:

- Approval of a consolidation of the company's shares, pursuant to which 27 existing shares with a nominal value of €1 will be exchanged for 1 new share with a nominal value of €27.

- Approval of a share capital reduction to €0.01.

The impact of compensation plans during the period amounted to an income less than €1 million and an expense of € (1) million for the six months ended June 30, 2020 and June 30, 2019, respectively. The counterpart has been accounted fully in equity in 2020 and 2019.

9. Provisions & contingencies

9.1. Detail of provisions

(€ in million)	Provisions for warranty	Provisions for risks & litigations related to		Provisions for restructuring related to		Total
		continuing operations	discontinued operations	continuing operations	discontinued operations	
As of December 31, 2019	**26**	**5**	**53**	**16**	**-**	**100**
Current period additional provision	6	6	2	36	-	50
Release	(3)	(1)	(0)	(3)	-	(7)
Usage during the period	(4)	(1)	(17)	(23)	-	(45)
Other movements and currency translation adjustments	-	(0)	(2)	-	-	(2)
As of June 30, 2020	**25**	**9**	**35**	**26**	**-**	**96**
Of which current	*25*	*4*	*6*	*24*	*-*	*59*
Of which non-current	*-*	*5*	*29*	*2*	*-*	*37*

The provisions for restructuring are mainly termination costs related to the action taken in the context of strategic plan 2020-2022.

9.2. Contingencies

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 a loss is probable, and it can be reasonably estimated.

There was no other significant event during the first six months of 2020 regarding the litigation matters disclosed in Note 9 to our 2019 audited consolidated financial statements, and no other significant new litigation has been commenced since December 31, 2019.

10. Specific operations impacting the consolidated statement of cash-flows

10.1 Acquisitions and disposals of subsidiaries & investments

10.1.1 Acquisitions

For the six months ended June 30,2020, the acquisition of activities and investments, net of cash position of companies acquired amounted to €2 million mainly related to the earn out clause paid in relation with the acquisition of MR. X. and Oui Do.

For the six months ended June 30, 2019, the acquisition of activities and investments, net of cash position of companies acquired amounted to €1 million mainly related to the earn out clause paid in relation with the acquisition of Oui Do.

10.1.2 Disposals

For the six months ended June 30, 2020, net cash impact amounted to €(1) million mainly related to the negative compensation for the 2019 business disposal in the Connected Home segment.

For the six months ended June 30, 2019, net cash impact amounted to €(1) million and related to the negative compensation for the business disposal in the Connected Home segment net from earn-out received from the sale of Digital Cinema activities.

10.2 Cash impacts on financing operations

The table below summarizes the Group's borrowing changes in the Statement of Balance Sheet position:

(€ in million)	December 31, 2019	Cash impact of borrowing variation [1]	Non cash movement of operating leases	IFRS discount of debts	Currency Translation Adjustments	Transfer Current - Non current	Other movements	June 30, 2020
Non current borrowing	979	(1)		1	(0)	(977)	(1)	1
Current borrowing	8	394		-	(2)	977	5	1,382
TOTAL BORROWING	987	393		1	(2)	-	4	1,383
Non current lease laibilities	224	(29)	18	-	(5)	(7)	-	201
Current lease liabilities	87	(15)	0	-	(1)	7	1	80
TOTAL LEASE LIABILITIES	311	(44)	18	-	(6)	(0)	1	281

(1) In 2020, €2 million are related to cash flows from discountinued activities

11. Discontinued operations

11.1 Results of discontinued operations

(€ in million)	Six months ended June 30, 2020	2019
DISCONTINUED OPERATIONS		
Revenues	1	6
Cost of sales	(1)	(1)
Gross margin	**(0)**	**5**
Selling and administrative expenses	(1)	(4)
Research and development expenses	2	(7)
Restructuring Costs	(0)	(0)
Net impairment gains (losses) on non-current operating assets	(0)	(0)
Other income (expenses)	(1)	10
Earning before Interest & Tax from discontinued operations	**0**	**3**
Financial net income (expenses)	(1)	1
Income tax	0	(0)
Net income (loss)	**(1)**	**4**

11.2 Statement of cash flows from discontinued operations

(€ in million)	Six months ended June 30, 2020	2019
Profit (loss) from discontinued activities	**(1)**	**4**
Summary adjustments to reconcile profit from discontinued activities to cash generated from discontinued operations		
Depreciation and amortization	0	1
Impairment of assets	0	-
Net change in provisions	(16)	(19)
Profit (loss) on asset disposals	-	(9)
Other non-cash items (including tax)	0	2
Changes in working capital and other assets and liabilities	7	9
Income tax received (paid)	(0)	5
NET OPERATING CASH GENERATED FROM DISCONTINUED ACTIVITIES (I)	**(8)**	**(6)**
NET INVESTING CASH USED IN DISCONTINUED ACTIVITIES (II) [(2)]	**1**	**(4)**
Repayments of borrowings	(1)	-
NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)	**(1)**	**-**
NET CASH FROM DISCONTINUED ACTIVITIES (I+II+III)	**(8)**	**(10)**

12. Subsequent events

Approval of the Safeguard Plan ("Plan de Sauvegarde") and partial drawdown of New Money

Please see detailed description in 1.1.1

IV. STATUTORY AUDITORS' REPORT

Statutory auditors' report on the 2020 interim condensed consolidated financial
For the six-month period ended June 30, 2020

To the Shareholders,

In compliance with the assignment entrusted to us by [relevant body] and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of TECHNICOLOR, for the period from 1 January to 30 June, 2020,

- the verification of the information presented in the half-yearly management report.

These half-year condensed consolidated financial statements were prepared under the responsibility of the Board of Directors on 30 July 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

5.1 Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without modifying our conclusion, we draw your attention to the matter set out in notes 1.1.1 and 1.2.1 to the condensed half-yearly consolidated financial statements regarding the main events of the period and subsequent events, which set out the financial restructuring plan put into place allowing the Board of Directors of the company to prepare the condensed half-yearly consolidated financial statements at 30 June 2020 on a going concern basis.

5.2 Specific verification

We have also verified the information presented in the half-yearly management report commenting the condensed half-yearly consolidated financial statements subject to our review prepared on 30 July 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly condensed consolidated financial statements.

The Statutory Auditors

French original signed by

Paris-La-Défense, 30 July 2020 Deloitte & Associés	Courbevoie, 30 July 2020 Mazars
Bertrand Boisselier Associé	Jean-Luc Barlet Associé

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