2022 FIRST HALF FINANCIAL REPORT

This document is a free translation into English of the original French "Rapport financier semestrial au 30 juin 2022". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text filed with the French "Autorité des marchés financiers".

This is the report on the group for the first half 2022 condensed consolidated accounts which are prepared in compliance with articles L. 451-1-2 III of the French *Code monétaire et financier* and 222-4 of the French *Règlement général de l'Autorité des marchés financiers*.

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

A. Person responsible for the half-yearly financial report

Mr. Richard Moat, Chief Executive Officer, Technicolor.

B. Attestation

« I certify that, to the best of my knowledge, the half-yearly condensed financial statements have been prepared in accordance with the applicable set of accounting standards, and give a true and fair view of the assets and liabilities, financial position and results of the Company and of its consolidated subsidiaries, and that the attached half-yearly report on the activity 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, August 1st, 2022

Richard Moat

Chief Executive Officer, Technicolor

II. GROUP MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

A. Presentation on financial results for the first half of 2022 published on July 28th, 2022

Technicolor announced in a press release dated July 28th, 2022 its financial results for the first half of 2021 approved by Board of Directors held on the same day. The first half of 2022 registered a good set of results driven by strong demand for Technicolor Creative Studios and Connected Home products, despite a trading environment marked by persistent fulfillment difficulties.

First half 2022 revenues amounted to €1,601 million, up 18.4% (up 8.8% at constant exchange rate, up 11.2% at constant exchange rate and perimeter). This good performance was notably driven by a high level of demand for Technicolor Creative Studios and Connected Home products and services, despite continued supply constraints and decelerating advertising spending growth in Q2 2022 compared with a high comparative base in H1 2021.

First half 2022 Adjusted EBITDA of €134 million improved by €40 million (up €29 million at constant exchange rate). Adjusted EBITDA margin improved by 145 basis points (+139 basis points at constant exchange rate) to 8.4% of revenues, resulting from higher revenues and significant cost savings and operating efficiencies achieved across all divisions. This led to a +€38 million adjusted EBITA improvement compared to the first half 2021, reaching €48 million.

Free Cash Flow from continuing operations before financial and taxes amounted to €(35) million compared to €(215) million in the first half of 2021. This €178 million improvement at constant currency mainly resulted from better operating performance and lower change in working capital requirements at Connected Home, along with lower restructuring expenses, mainly through the second quarter of 2022. In the sole second quarter, Free Cash Flow from continuing operations before financial and taxes improved by €105 million (€96 million at constant exchange rate) with €90 million FCF generated over the second quarter of 2022.

Revenues and financial results of continued operations released by the Group are presented under 3 main business segments: Technicolor Creative Studios, Connected Home and Vantiva Supply Chain Services (previously known as DVD Services). All the remaining activities (including unallocated Corporate functions) are grouped in a segment “Corporate & Other” as a reconciling item.

Outlook

The Group confirms its 2022 guidance along with the outlook for its divisions as published on June 6th, 2022:

- Demand for **Technicolor Creative Studios’** highest quality VFX & Animation artistry and cutting-edge technology is expected to continue to grow significantly throughout 2022 and 2023.
    - At MPC and Mikros Animation, the divisions continue to be awarded multiple new projects, resulting in more than 85% of the revenue pipeline for MPC and Mikros Animation being already committed for 2022 as of the end of June 2022. In addition, the number of feature animation projects in production has grown from two in 2019 to six features in 2022;
    - At The Mill, whose activity is closely correlated to advertising spending, activity growth is being restricted by the current global economic environment. As a result, as communicated on June 6th, 2022, The Mill is expecting slower growth than initially anticipated earlier this year, with the main impact in 2022. Actions to mitigate the impact on margin have already been identified and initiated relating to costs and operational efficiencies;
    - At Technicolor Games, demand for games content is expected to continue growing, along with the expansion of the Technicolor Games service offering beyond art services into co-development and quality assurance (“QA”) services;

  - Significant investment in artist recruitment, retention, and training (including TCS Academy programs) continues, as delivering all pipeline projects remains the main challenge for 2022, as a consequence of the shortage of talent in the market.

- Worldwide demand for **Connected Home** broadband equipment is expected to remain strong in 2022, as customers seek to improve their connectivity. However, ongoing component shortages and pricing challenges will continue to impact our ability to serve end customer demand for broadband products throughout 2022, although we are starting to see signs of improvements. Furthermore, while we do not have any assets or direct customers or suppliers in Russia and Ukraine, the ongoing conflict has generated additional uncertainty in terms of supply. This has led to an increase in transit times to some European customers, as we transition from rail to sea transportation for products that used to move through Russia. Nonetheless, efficiency measures, gradual improvements in delivery and continuous discussions with both suppliers and customers should continue to help offset these headwinds.

- For **Vantiva Supply Chain Services** (formerly DVD Services), solid year-on-year new release volumes are expected as theatrical attendance continues to normalize, but this will be more than offset by lower catalog volumes driven by evolving customer and retailer behavior. Financial performance will be improved through continuing cost efficiencies. As part of the Group's plan to accelerate the diversification of the business, the division is continuing to work on significantly expanding non-disc activities.

The Group delivered €171 million of cost savings in 2020, €116 million in 2021, and €30 million in the first half 2022. These results, combined with continuous improvements in efficiency, are keeping Technicolor on track to deliver a cumulative €325 million in run rate cost savings by the end of 2022.

As a result, the Group Technicolor confirms its 2022 guidance "as is" with:

- Revenue from continuing operations is expected to grow;
- Adjusted EBITDA from continuing operations of €361 million;
- Adjusted EBITA from continuing operations of €161 million;
- FCF from continuing operations, before financial results and tax, of €217 million.

Technicolor results are sensitive to the valuation of its main currencies - notably the US dollar, the Canadian dollar, and the British pound – which have evolved favorably since the beginning of the year. Hedging arrangements are in place to mitigate forex risks. This 2022 guidance for Technicolor group assumes external macroeconomic assumptions, including a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52, and EUR/GBP of 0.89. It also includes management assumptions reflecting the IFRIC interpretation on Saas adjustment, excludes Trademark Licensing operations, and does not include the TCS spin-off.

It is noted that during the first 6 months of the 2022 financial year, there were no new related parties transactions or changes in the related parties transactions described in the last annual report that could have a material impact on the financial position or results. Information notices relating to the conclusion of related-party agreements pursuant to Article L. 22-10-13 of the French Commercial Code are available on the company's website: https://www.technicolor.com/investor-center/corporate-governance.

B. Key messages

a. Segment Review – First Half 2022 Results Highlights

Technicolor Creative Studios

Technicolor Creative Studios revenues amounted to €408 million in the first half 2022, up 38.3% (up 29.6% at constant rate) compared to H1 2021. Excluding the Post-Production business divested in April 2021, revenue growth was 53.3% (43.7% at constant exchange rate) compared to H1 2021. This improvement resulted from the significant demand for original content compared to the first half 2021, and was achieved despite the market shortage of talent and decelerating advertising spending growth in Q2 2022 due to macroeconomic conditions.

- At MPC, revenues more than doubled compared to H1 2021, driven by the continued ramp up in production of major theatrical projects, as well as increasing contributions from all the major streaming platforms. H1 2021 was still suffering from pandemic-related impacts on production;
- At The Mill, advertising revenues decreased in H1 2022 compared to H1 2021 at constant currency (but were slightly up at current exchange rates), driven by lower year-on-year revenues in the second quarter, as activity was restricted by decelerating advertising spending growth in Q2 2022 compared with a high comparative base in H1 2021;
- At Mikros Animation revenues were up mainly as a result of higher volumes in feature animation projects;
- At Technicolor Games, revenues were higher thanks to greater production capacity.

Adjusted EBITDA amounted to €61 million, up €16 million compared to H1 2021 at constant rate, and Adjusted EBITA was €26 million, up €18 million compared to H1 2021 at constant rate. On top of the increase in revenues, EBITDA margin improvement from 13.7% to 15.0% resulted from the positive impacts of multiple operational transformation programs in conjunction with permanent cost reduction measures. These included mutualization of resources through, for example, the production platform in India, centralized global IT infrastructure, and the consolidation of real estate and other resources in key locations. However, H1 2022 margin was partly reduced by higher costs required to complete major projects, and a shortage of experienced talent is causing delays and additional costs. Lower revenues at The Mill in the second quarter of 2022 also reduced profitability. At The Mill and at MPC, actions to mitigate the impact on margin have already been identified and initiated relating to costs and operational efficiencies. In addition, the Group is actively working on accelerating its recruiting and training plan. Delivering on all projects committed remains the main challenge for 2022.

On June 14th, 2022, during the capital markets day, Technicolor Creative Studios updated its Key Performance Indicators (“KPIs”), with the goal of becoming more comparable with its peers and market practice, and to further align them with the way the business is managed. These KPIs include Adjusted EBITDA after lease (new definition), Adjusted EBITA after lease (new definition), and Adjusted Operating Free Cash Flow after lease (new definition). TCS’ first half 2022 combined accounts along with an MD&A commenting on these new KPIs will be available in the days to come as part of the Prospectus to be filed with the Autorité des Marchés Financiers.

Connected Home

Connected Home revenues totaled €897 million in the first half 2022, up 16.4% (up 5.8% at constant exchange rates) compared the same period in 2021. Although the worldwide semiconductor shortage and supply chain disruptions limited the division's ability to fully satisfy the demand from its broadband customers, second quarter revenues benefited from the first signs of improvement in the allocation of supply and in transit times. This, combined with broadband now representing 77% of total sales (vs. 64% in H1 2021), with notably a strong rebound in North America in Q2 2022, is driving revenue improvement, despite decreased video products sales.

Adjusted EBITDA was €70 million in the first half 2022 (up 14.4% at constant exchange rate), or 7.8% of revenue, compared to 7.2% of revenues in the first half 2021. Margin improvement is mainly resulting from operating efficiencies and cost savings, along with sales improvement. H1 2022 Adjusted EBITA was €37 million, +18.0% compared to the first half 2021 at constant rate and representing 4.2% of revenues in the first half.

The division continues its collaboration with clients and suppliers to maximize deliveries, and to mitigate potential profitability and working capital impacts of fulfillment difficulties. A significant portion of cost increases is currently passed through to customers. The division continues to focus on selective investments in key customers, platform-based products and partnerships, and on optimizing fixed costs.

Vantiva Supply Chain Services (former DVD Services division)

Vantiva Supply Chain Services revenues totaled €296 million in the first half 2022, up 4.5% (down 3.2% at constant exchange rate) compared with first half 2021. Lower disc volumes year-on-year (-30%) were driven by expected market declines, and were further exacerbated by the inventories built up in 2021 by the major US studios, which reduced new manufacturing demand in H1 2022. The impact of volume reductions was partially offset by disc price increases, and pass through of cost increases, along with the performance of new growth businesses (notably transportation management and vinyl).

In the first half 2022, **adjusted EBITDA** amounted to €15 million (vs. €10 million in the first half 2021), representing 5.2% of H1 2022 revenues, compared to 3.6% in H1 2021. EBITDA margin improvement mainly resulted from significant footprint optimization, headcount reductions and higher activity in non-disc activities, partly offset by the impacts of lower disc volumes and higher labor costs in North America and Mexico. Vantiva Supply Chain Services continued to adapt distribution and manufacturing operations, and related customer contract agreements, in response to continued volume reductions.

Corporate & Other

Corporate & Other revenues were nil in the first half of 2022, compared with €4 million in the first half 2021. Adjusted EBITDA amounted to €(12) million, and Adjusted EBITA was €(15) million.

b. Results analysis

Simplified P&L

In € million	First Half 2022	2021	Actual Change	Change at constant rate
Revenues from continuing operations	**1,601**	**1,352**	*+18.4%*	*+8.8%*
Adjusted EBITDA from continuing operations	**134**	**94**	*+43.1%*	*+30.7%*
As a % of revenues	*8.4%*	*6.9%*	*+145 bps*	*+139 bps*
D&A[1] & Reserves[2], w/o PPA amortization	(86)	(84)		
Adjusted EBITA from continuing operations	**48**	**10**		
As a % of revenues	*3.0%*	*0.7%*	*228 bps*	*219 bps*
PPA amortization	(20)	(19)		
Non-recurring items	(20)	(3)		
EBIT from continuing operations	**8**	**(11)**		
As a % of revenues	*0.5%*	*-0.8%*		
Net financial income (loss)	(65)	(63)		
Income tax	(19)	(10)		
Profit (loss) from continuing operations	**(77)**	**(84)**	*+8.9%*	*+10.1%*
Net gain (loss) from discontinued operations	63	5		
Net income (loss)	**(14)**	**(79)**	*+82.6%*	*+83.8%*

[1] *Including IT capacity use for rendering in Technicolor Creative Studios of €(4)m in H1 2022 and €0m in H1 2021*
[2] *Risk, litigation and warranty reserves*

First half 2022 revenues amounted to €1,601 million and were up 18.4% (up 8.8% at constant exchange rates). Excluding change in perimeter (i.e., excluding Post Production), first half 2022 revenues would have been up 21.0% (up 11.2% at constant exchange rate and perimeter). This good performance was driven by the high level of demand for Technicolor Creative Studios and Connected Home products and services, despite continued supply constraints and decelerating advertising spending growth in Q2 2022 compared with a high comparative base in H1 2021.

First half 2022 Adjusted EBITDA of €134 million improved by €40 million (up €29 million at constant exchange rate). Margin improved by 139 basis points to 8.4% of revenues, mainly thanks to higher revenues and improved performance from all divisions and more particularly from Technicolor Creative Studios, resulting from the significant cost savings and operating efficiencies achieved across all divisions.

First half 2022 Adjusted EBITA of €48 million represented a €38 million improvement (+€33 million at constant rate) compared to the first half 2021. This resulted mainly from the EBITDA improvement.

EBIT from continuing operations was a €8 million profit compared to a €(11) million loss in the first half 2021. This resulted from better operational performance, despite higher non-recurring items. Non-recurring items amounted to €(20) million compared to €(3) million in H1 2021. This increase mainly resulted from positive non-current items of €24 million recorded in H1 2021 (mainly capital gains) compared to negative €(9) million recorded in H1 2022 (mainly related to the ongoing spin off project), offset by lower restructuring costs of €(8) million in H1 2022 compared to €(26) million in H1 2021.

The financial loss totaled €(65) million, compared to €(63) million in the first half 2021.

Income tax was up at €(19) million, compared to €(10) million in the first half 2021, mainly due to Technicolor Creative Studios improved performance.

Net gain from discontinued operations amounted to €63 million compared to €5 million in the first half 2021. On May 31st, 2022, the Group completed the sale of its Trademark Licensing operations, and received a cash consideration of approximately €100 million, subject to customary price adjustments. As a result, the Group has accounted for Trademark Licensing operations as discontinued operations as from January 1, 2021.

The Group net loss therefore amounted to €(14) million in H1 2022, compared to €(79) million in H1 2021.

c. FCF and debt analysis

	First Half	
In € million	**2022**	2021
Adjusted EBITDA from continuing operations	**134**	**94**
Capex	(57)	(40)
Non-recurring items (cash impact)	(37)	(59)
Change in working capital and other assets and liabilities[1]	(76)	(211)
Free Cash Flow from continuing operations before Tax & Financial	**(35)**	**(215)**
	30/06/2022	**31/12/2021**
Nominal gross debt (including Lease debt)	1,373	1,306
Cash and cash equivalents	(168)	(196)
Net financial debt at nominal value (non IFRS)	**1,205**	**1,110**
IFRS adjustment	(64)	(71)
Net financial debt (IFRS)	**1,141**	**1,039**

[1] *Including IT capacity use for rendering in Technicolor Creative Studios of €(4) million in H1 2022 and nil in H1 2021*

Free Cash Flow from continuing operations before financial and taxes improved to €(35) million compared to €(215) million in the first half 2021. This €180 million improvement mainly reflects positive impacts from:

- **Improved operating performance** (adjusted EBITDA was up €40 million);
- **Lower increase of working capital requirements** (+€135 million). **The change in working capital** was €(76) million compared with €(211) million in the first half 2021. This improvement came from a positive variation year-on-year at Connected Home as first half 2021 working capital was notably impacted by the negative impact of reductions in supplier payment terms;
- Lower non-recurring cash outflows (+€22 million), notably lower **cash restructuring** (+€33 million), principally at the Connected Home and Vantiva Supply Chain Services divisions.

These positive impacts were partly offset by:

- **Capex increase** of €17 million from €40 million to €57 million, mainly at Technicolor Creative Studios, mostly due to higher activity and higher headcount, and to payment phasing.

The cash position at the end of June 2022 was €168 million, compared to €196 million at the end of December 2021. Change in cash over the period was €(28) million, mainly explained by negative €(35) million free cash flow from continuing operations before financial and taxes, and €(36) million net cash interest paid and €(18) million net tax paid over the period, partly offset by the proceeds from the sale of the Trademark Licensing operations. Cash out for operating leases amounted to €21 million, compared to €28 million in the first half 2021. Total liquidity amounts to €216 million, with €48m of the Wells Fargo line available (undrawn at the end of the quarter).

As a consequence, **net financial debt at nominal value** amounted to €1,205 million at the end of June 2022, compared with €1,110 million at the end of December 2021. **IFRS net debt amounted** to €1,141 million as of June 30, 2022, compared with €1,039 million as of December 31, 2021. The Net Debt / EBITDA ratio of 4.01x was below the 4.50x covenant.

C. Business highlights by division

	First Half			
In € million	**2022**	2021	Actual Change	Change at constant rate
Revenues	**1,601**	**1,352**	*18.4%*	*8.8%*
Technicolor Creative Studios	408	295	*38.3%*	*29.6%*
Connected Home	897	770	*16.4%*	*5.8%*
Vantiva Supply Chain Services	296	283	*4.5%*	*-3.2%*
Corporate and Other	0	4	*na*	*na*
Adjusted EBITDA	**134**	**94**	*43.1%*	*30.7%*
Technicolor Creative Studios	61	40	*51.3%*	*40.3%*
As a % of revenues	*15.0%*	*13.7%*		
Connected Home	70	56	*25.1%*	*14.4%*
As a % of revenues	*7.8%*	*7.2%*		
Vantiva Supply Chain Services	15	10	*49.5%*	*34.8%*
As a % of revenues	*5.2%*	*3.6%*		
Corporate and Other	(12)	(13)	*na*	*na*
Adjusted EBITA	**48**	**10**	*na*	*na*
Technicolor Creative Studios	26	6	*na*	*na*
As a % of revenues	*6.4%*	*1.9%*		
Connected Home	37	29	*28.6%*	*18.0%*
As a % of revenues	*4.2%*	*3.8%*		
Vantiva Supply Chain Services	(1)	(10)	*na*	*na*
As a % of revenues	*-0.2%*	*-3.6%*		
Corporate and Other	(15)	(15)	*na*	*na*

Technicolor Creative Studios

MPC

In H1 2022, main projects at MPC in production were:

Theatrical Films	Episodic and/or Streaming	Awards & Nominations
MPC was in production on over 20 theatrical films, incl.: **H1 deliveries:** *Elvis* (Warner Bros.) *Secret Headquarters* (Paramount) *Sonic the Hedgehog 2* (Paramount) *The Toxic Avenger* (Legendary) *Three Thousand Years of Longing* (FilmNation / MGM) *Where the Crawdad Sings* (Sony) **Continuing productions at end of H1:** *Aquaman and the Lost Kingdom* (Warner Bros.) *Dungeons & Dragons* (Entertainment One / Paramount) *The Little Mermaid* (Disney) *The Lion King prequel* (Disney) *Nope* (Universal) *Transformers: Rise of the Beasts* (Paramount)	**MPC was in production on over 35 episodic and/or streaming projects, incl.:** **H1 deliveries:** *The Boys* season 3 (Amazon) *Chip 'n' Dale: Rescue Rangers* (Disney+) *Halo* (Amblin / Showtime / Paramount+) *Ms. Marvel* (Marvel / Disney+) *Prehistoric Planet* (BBC / Apple) *Rise* (Disney+) *Vikings: Valhalla* season 1 (MGM / Netflix) **Continuing productions at end of H1:** *Disenchanted* (Disney+) *Hocus Pocus 2* (Disney+) *House of the Dragon* (HBO) *Pinocchio* (Disney+) *Spaceman* (Netflix) *Wednesday* (Netflix)	César Award for Best Visual Effects won for *Annette* BAFTA nomination for Special Visual Effects for Sony's *Ghostbusters: Afterlife* Three VES Award nominations, including a win for Outstanding Animated Character in a Photoreal feature for its work on Apple TV+'s *Finch* In July, MPC talents were recognised with an Emmy nomination for Outstanding Special Visual Effects in a Single Episode for their work on Netflix's *Vikings: Valhalla*

During H1, 11 films selected for the 2022 Cannes Film Festival feature the work of MPC, including the Dardenne brothers' *Tori and Lokita* (Prix Spécial); the world premiere of Baz Luhrmann's *Elvis*; and screening of *Top Gun: Maverick* starring Tom Cruise.

The Mill:

In H1, The Mill contributed to approximately 1,900 projects, including 34 Super Bowl projects - 29 of which were TV spots that aired during the game, and were nominated for and won several prestigious industry awards, including:

- Two VES Awards (Visual Effects Society), including Outstanding Animated Character in a Commercial for Smart Energy's '*Einstein Knows Best'* and Outstanding Compositing & Lighting in a Commercial for Verizon's 'The Reset'
- Six British Arrows for Burberry's '*Festive'* (VFX Gold and Colourist Silver), Three's '*Real 5G'* (VFX Silver), BBC's '*Tokyo 2020 Olympics'* (CGI Silver), Verizon's '*The Reset'* (VFX Bronze), and Amazon's '*An Unlikely Friendship'* (CGI Bronze)
- Six Clio Awards, including Gold in Film Craft – Visual Effects for Verizon '*The Reset'* and Gold in Design Craft – Animation for Samsung's *'The Spider and the Window'*
- Four AICP (Association of Independent Commercial Producers) Awards including Gold in the VFX category for Verizon's '*The Reset'*
- Four Cannes Lions, including a Gold for VFX for Burberry's '*Open Spaces'* and a Gold for Animation for Samsung's *'The Spider and the Window'*

Notable projects during the half year include Samsung's *'The Spider and the Window'*, Samsung's *'Playtime Is Over'*, Pepsi's Super Bowl halftime trailer *'The Call'*, Mastercard's '*What's Priceless to You?'* and the annual opening title sequence for the 2022 AICP Show.

Mikros Animation:

Features	Episodic
Mikros Animation was in production on six feature projects, including: • *Ozi* (GCI Film) • *PAW Patrol: The Mighty Movie* (Spin Master Entertainment / Paramount) • *Thelma the Unicorn* (Netflix) • *The Tiger's Apprentice* (Paramount)	**Mikros Animation was in production on several series, including:** • *Charlie and the Chocolate Factory* (Netflix) • *The Croods: Family Tree* seasons 1 & 2 (DreamWorks / Hulu / Peacock) • *Kamp Koral: SpongeBob's Under Years* (Nickelodeon / Paramount+) • *Kung Fu Panda: The Dragon Knight* (Dreamworks / Netflix) • *Mickey Mouse Funhouse* (Disney) • *Mira, Royal Detective* season 2 (Wild Canary / Disney) • *Rugrats* season 2 (Nickelodeon / Paramount+) • *Star Trek: Prodigy* season 1 (Nickelodeon / Paramount+) And IP projects including: • *ALVINNN!!! and the Chipmunks* season 5 (M6) • *The Coop Troop* (Sixteen South / Tencent co-production) • *Gus – The Itsy Bitsy Knight* season 2 (TF1)

Technicolor Games:

During the first half 2022, Technicolor Games continued to work with major gaming clients like Capcom, Electronic Arts, Gameloft, Take-Two Interactive's 2K Sports and Rockstar Games, and Ubisoft. The team contributed to major H1 releases like Ubisoft's *Tom Clancy's Rainbow 6 Extraction* and 2K Sports' *WWE 2K22*.

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Connected Home

Revenues breakdown by region and product

In € million	First Half			
	2022	2021	Actual Change	Change at constant rate
Revenues	**897**	**770**	**16.4%**	**5.8%**
o/w by region				
o/w Americas	605	517	16.9%	5.9%
North America	*515*	*449*	*14.9%*	*4.4%*
Latin America	*89*	*69*	*29.9%*	*16.1%*
o/w Eurasia	292	253	15.6%	5.6%
Europe, Middle East & Africa	*179*	*155*	*15.1%*	*4.2%*
Asia-Pacific	*114*	*98*	*16.4%*	*7.9%*
o/w by product				
Video	**203**	**278**	***-26.8%***	***-32.8%***
Broadband	**694**	**492**	***41.0%***	***27.8%***

Key business highlights

Connected Home division continues its ongoing commitment to leveraging open and innovative technologies for Network Service Providers (NSPs) to deliver seamless connectivity and premium entertainment experiences to consumers:

- Availability of Cobra 5G, an indoor customer premises equipment (CPE) solution that provides an ultimate fixed wireless access (FWA) modem and high-fidelity Wi-Fi router functionality in a single enclosure. Cobra 5G leverages Connected Home application-oriented middleware, based on OpenWRT and RDK-B standards deployed in over 150 million homes. Thus, Cobra 5G allows operators to offer the same services to their FWA subscribers as they do for their fiber, copper, and cable customers;
- Connected Home division has partnered with Telstra, Australia's leading telecommunications and technology company, to deploy the new Smart Modem 3. The innovative CPE is a hybrid modem that not only provides reliable broadband access to Australia's National Broadband Network (NBN), but offers 4G network back-up to ensure continuous availability of high-speed connectivity. Beyond ensuring dependable broadband access to the home, Telstra's Smart Modem 3 also ensures pervasive connectivity throughout the home with the latest Wi-Fi 6 technology;
- Connected Home division has partnered with Bouygues Telecom to develop the Bbox 4K HDR, a futureproof and premium Android 4K UHD set-top box integrated with best-in-class Wi-Fi. This flexible open platform allows Bouygues Telecom customers to experience reliable IPTV-over-Wi-Fi and thus enjoy a broad spectrum of high-quality TV and Android TV services and applications - including over-the-top (OTT) video content and gaming - over high performing Wi-Fi.

On the Corporate Social Responsibility side:

- Technicolor has committed on climate change with Science Based Targets, and is the only company in the connected home industry that has signed the 2050 Net-Zero Standard;
- Our relationships with our customers go beyond business: as part of the TIM Brasil's Positive Women project aimed at the employability of women, which TCH CH joined last year, we have participated in a virtual job fair for a week of professional and personal development through courses, workshops and employment opportunities.

Vantiva Supply Chain Services (former DVD Services division)

	First half		
In million units	**2022**	**2021**	**% Change**
Total Combined Volumes	238	339	-30%
By Format			
SD-DVD	159	246	-35%
Blu-ray™	63	77	-18%
CD	16	16	0%
By Segment			
Studio/Video	215	315	-32%
Games	3	5	-40%
Music & Software	20	19	5%

Key commercial successes for non-disc operations:

Microfluidics:

- New lab/capability in Poland beyond prototyping was nearing completion at the end of Q2. Microfluidic cartridge and medical device engineering was accredited in Poland, having passed the EU IVDD standard audit (February 2021)

Vinyl:

- Contracts were executed with two of the world's top 3 music companies (Universal Music Group and Sony Music)
- Launched commercial record pressing in May 2022
- Achieved high quality recognition from the industry
- Expanded capacity to continue through the balance of the year (new equipment delivery and capability increasing each month)

Supply Chain/Fulfilment/Transportation:

- Continued new customer additions driving supply chain / fulfilment growth in the first half 2022
- Significant year-over-year growth in the freight brokerage business, due to the addition of new customers and increased penetration of existing customers

D. Debt Structure

As part of the financial restructuring transaction completed in 2020, debt maturities were extended and new financings executed, reinforcing the Group's liquidity.

In million	Currency	Nominal Amount	IFRS Amount	Type of rate	Nominal rate (1)	Repayment Type	Final maturity	Moodys / S&P rating
New Money Notes	EUR	371	378	Floating	12.00%(2)	Bullet	Jun. 30, 2024	Caa1/B
New Money Term Loans	USD	126	128	Floating	12.45%(3)	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	467	411	Floating	6.00%(4)	Bullet	Dec. 31, 2024	Caa3/CCC
Reinstated Term Loans	USD	140	123	Floating	7.04%(5)	Bullet	Dec. 31, 2024	Caa3/CCC
Subtotal	**EUR**	**1,104**	**1,040**		**8.88%**			
Lease Liabilities(6)	Various	212	212	Fixed	8.96%			
Accrued Interest	Various	18	18	NA	0%			
Accrued PIK	EUR+USD	37	37	NA	0%			
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,373**	**1,309**		**8.52%**			
Cash & Cash equivalents	Various	(168)	(168)					
Total Net Debt		**1,205**	**1,141**					

(1) Rates as of June 30th, 2022
(2) Cash interest of 6-month EURIBOR with a floor of 0% +6.00% and PIK interest of 6.00%
(3) Cash interest of 6-month USD LIBOR with a floor of 0% +6.00% and PIK interest of 6.00%
(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%
(5) Cash interest of 6-month USD LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00%
(6) Of which €26 million are capital leases and €186 million is operating lease debt under IFRS 16

E. Reconciliation of adjusted operating indicators

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

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

	H1		
In € million	**2022**	**2021**	*Change[1]*
EBIT from continuing operations	**8**	**(11)**	***19***
Restructuring charges, net	8	26	*(18)*
Net impairment gain (losses) on non-current operating assets	3	1	*2*
Other income (expense)	9	(24)	*34*
PPA amortization	20	19	*2*
Adjusted EBITA from continuing operations	**48**	**10**	***38***
IT capacity use for rendering in Technicolor Creative Studios	4	(0)	*4*
Depreciation and amortization ("D&A") [2]	82	84	*(2)*
Adjusted EBITDA from continuing operations	**134**	**94**	***39***

[1] Variation at current rates

[2] Excluding IT capacity use for rendering in Technicolor Creative Studios, excluding PPA amortization, and including reserves (risk, litigation, and warranty reserves)

"**Adjusted EBITDA**" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties).

"**Adjusted EBITA**" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense) and amortization of purchase accounting items.

F. Free Cash Flow Reconciliation and Summarized Financial Structure

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.

		First Half	
In € million		**2022**	**2021**
Adjusted EBITDA from continuing operations	**A**	**134**	**94**
Changes in working capital and other assets and liabilities	**B**	(72)	(211)
IT capacity use for rendering in Technicolor Creative Studios	**C**	(4)	-
Non-recurring items (cash paid)	**D**	(37)	(59)
o/w Pension cash usage of the period		*(13)*	*(13)*
o/w Restructuring provisions – cash usage of the period		*(13)*	*(46)*
o/w Other items		*(10)*	*(0)*
Net interests paid and received	**E**	(36)	(32)
o/w Interest paid - leases		*(9)*	*(7)*
o/w Interest paid - excluding leases		*(28)*	*(25)*
o/w Interest received		*0*	*0*
Income tax paid	**F**	(18)	(8)
Net operating cash generated from continuing activities **(A+B+C+D+E+F)**	**G**	**(33)**	**(216)**
Capex	**H**	(57)	(40)
o/w Purchases of property, plant and equipment (PPE)		(23)	(20)
o/w Proceeds from sale of PPE and intangible assets		2	2
o/w Purchases of intangible assets including capitalization of development costs		*(36)*	(22)
FCF from continuing operations, before financial and taxes (A+B+C+D+H)		**(35)**	**(215)**
FCF from continuing operations, after financial and taxes (A+B+C+D+E+F+H)	**I**	**(89)**	**(257)**
Net operating cash used/(generated) in discontinued activities	**J**	(4)	(8)
Free cash-flow (I+J)		**(94)**	**(265)**
Net cash collateral and security deposits		(5)	5
Other net investing cash used in continuing activities		(0)	27
Net financing cash used in continuing activities		(28)	(4)
Net investing cash used from discontinued activities		97	(1)
Net financing cash used from discontinued activities		(1)	(1)
Exchange gains / (losses) on cash and cash equivalents		3	8
Change in cash and cash equivalent over the period		**(28)**	**(231)**
Cash and cash equivalent at the beginning of the period		196	330
Cash and cash equivalent at the end of the period		**168**	**99**

	June 30, 2022	Dec. 31, 2021
Net financial debt (IFRS) at the beginning of the period	**1,039**	**812**
Change in cash and cash equivalent over the period	31	149
Exchange gain / (losses) on cash and cash equivalents	(3)	(16)
Decrease / (increase) in operating cash and cash equivalent over the period	**28**	**134**
Change in nominal gross debt (including lease debt)	62	79
Change in IFRS adjustments	12	14
Net financial debt (IFRS) at the end of the period	**1,141**	**1,039**

	June 30, 2022	Dec. 31, 2021
Nominal gross debt (including lease debt)	**1,373**	**1,306**
Cash and cash equivalent at the end of the period	(168)	(196)
Net financial debt at nominal value (non IFRS)	**1,205**	**1,110**
IFRS adjustment	(64)	(71)
Net financial debt (IFRS)	**1,141**	**1,039**

III. TECHNICOLOR INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	*Note*	Six months ended June 30, 2022	Six months ended June 30, 2021*
CONTINUING OPERATIONS			
Revenues		1,601	1,352
Cost of sales		(1,400)	(1,191)
Gross margin		**201**	**161**
Selling and administrative expenses		(130)	(127)
Research and development expenses		(42)	(43)
Restructuring costs	*(9.1)*	(8)	(26)
Net impairment gains (losses) on non-current operating assets		(3)	(2)
Other income (expense)	*(3.2)*	(9)	24
Earning before Interest & Tax (EBIT) from continuing operations		**8**	**(11)**
Interest income		0	0
Interest expense		(71)	(61)
Other financial income (expense)		6	(2)
Net financial income (expense)	*(3.3)*	**(65)**	**(63)**
Share of gain (loss) from associates		0	0
Income tax	*(4)*	(19)	(10)
Profit (loss) from continuing operations		**(77)**	**(84)**
DISCONTINUED OPERATIONS			
Net gain (loss) from discontinued operations	*(11.1)*	63	5
Net income (loss)		**(14)**	**(79)**
Attributable to :			
- Equity holders		*(14)*	*(79)*
- Non-controlling interest		*0*	*0*

EARNINGS PER SHARE *(in euro, except number of shares)*		Six months ended June 30, 2022	Six months ended June 30, 2021*
Weighted average number of shares outstanding (basic net of treasury shares held)	*(6.2)*	235,830,573	235,804,868
Earnings (losses) per share from continuing operations			
- basic		(0.33)	(0.36)
- diluted		(0.33)	(0.36)
Earnings (losses) per share from discontinued operations			
- basic		0.27	0.02
- diluted		0.27	0.02
Total earnings (losses) per share			
- basic		(0.06)	(0.34)
- diluted		(0.06)	(0.34)

** 2021 amounts restated considering IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations - see Note 1.2.1.1*

The accompanying notes on pages 25 to 49 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ in million)	Note	Six months ended June 30, 2022	Six months ended June 30, 2021
Net income (loss) for the year		**(14)**	**(79)**
Items that will not be reclassified to profit and loss			
Remeasurement of the defined benefit obligations	*(8.1)*	59	29
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		2	6
Tax relating to these items		-	-
Currency translation adjustments			
- currency translation adjustments of the year		79	38
- reclassification adjustments on disposal or liquidation of a foreign operation		-	(23)
Tax relating to these items		1	1
Total other comprehensive income		**141**	**51**
Total other comprehensive income of the period		**127**	**(28)**
Attributable to :			
- Equity holders of the parents		*127*	*(28)*
- Non-controlling interest		*-*	*-*

The accompanying notes on pages 25 to 49 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	*Note*	June 30, 2022	December 31, 2021
ASSETS			
Goodwill	*(5.1)*	830	773
Intangible assets	*(5.2)*	496	510
Property, plant and equipment	*(5.3)*	174	162
Right-of-use assets	*(5.4)*	157	143
Other operating non-current assets		23	35
TOTAL OPERATING NON-CURRENT ASSETS		**1,680**	**1,622**
Non-consolidated investments		27	20
Other non-current financial assets		38	38
TOTAL FINANCIAL NON-CURRENT ASSETS	*(7.4)*	**65**	**58**
Investments in associates and joint-ventures		2	1
Deferred tax assets		52	50
TOTAL NON-CURRENT ASSETS		**1,799**	**1,730**
Inventories		439	335
Trade accounts and notes receivable		378	359
Contract assets		119	94
Other operating current assets		315	243
TOTAL OPERATING CURRENT ASSETS		**1,250**	**1,031**
Income tax receivable		14	13
Other financial current assets	*(7.4)*	34	26
Cash and cash equivalents	*(7.1)*	168	196
Assets classified as held for sale		1	3
TOTAL CURRENT ASSETS		**1,468**	**1,268**
TOTAL ASSETS		**3,267**	**2,999**

The accompanying notes on pages 25 to 49 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	*Note*	June 30, 2022	December 31, 2021
EQUITY AND LIABILITIES			
Common stock *(235,842,443 shares at June 30, 2022 with nominal value of 0,01 euro per share)*	*(6.1)*	2	2
Subordinated Perpetual Notes		500	500
Additional paid-in capital & reserves		80	30
Cumulative translation adjustment		(320)	(399)
Shareholders equity attributable to owners of the parent		**263**	**133**
Non-controlling interests		0	0
TOTAL EQUITY		**263**	**134**
Retirement benefits obligations	*(8.1)*	198	261
Provisions	*(9.1)*	34	35
Contract liabilities		1	-
Other operating non-current liabilities		10	19
TOTAL OPERATING NON-CURRENT LIABILITIES		**243**	**315**
Borrowings	*(7.4)*	1,079	1,025
Lease liabilities	*(7.4)*	156	145
Other non-current liabilities		0	0
Deferred tax liabilities		22	20
TOTAL NON-CURRENT LIABILITIES		**1,500**	**1,505**
Retirement benefits obligations	*(8.1)*	31	34
Provisions	*(9.1)*	39	44
Trade accounts and notes payable		801	671
Accrued employee expenses		116	147
Contract liabilities		96	81
Other current operating liabilities		309	284
TOTAL OPERATING CURRENT LIABILITIES		**1,392**	**1,263**
Borrowings	*(7.4)*	17	17
Lease liabilities	*(7.4)*	57	48
Income tax payable		34	29
Other current financial liabilities	*(7.4)*	4	3
Liabilities classified as held for sale		(0)	(0)
TOTAL CURRENT LIABILITIES		**1,504**	**1,360**
TOTAL LIABILITIES		**3,004**	**2,865**
TOTAL EQUITY & LIABILITIES		**3,267**	**2,999**

The accompanying notes on pages 25 to 49 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	Note	Six months ended June 30, 2022	2021*
Net income (loss)		**(14)**	**(79)**
Income (loss) from discontinuing activities		63	5
Profit (loss) from continuing activities		**(77)**	**(84)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations			-
Depreciation and amortization		103	107
Impairment of assets		2	1
Net changes in provisions		(18)	(33)
Gain (loss) on asset disposals		(0)	(29)
Interest (income) and expense	*(3.3)*	71	61
Other items (including tax)		17	12
Changes in working capital and other assets and liabilities		(77)	(211)
Cash generated from continuing activities		**21**	**(176)**
Interest paid on lease debt		(9)	(7)
Interest paid		(27)	(25)
Interest received		0	0
Income tax paid		(18)	(8)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)		**(33)**	**(216)**
Proceeds from sale of investments, net of cash		0	27
Purchases of property, plant and equipment (PPE)		(23)	(20)
Proceeds from sale of PPE and intangible assets		2	2
Purchases of intangible assets including capitalization of development costs		(36)	(22)
Cash collateral and security deposits granted to third parties		(8)	(3)
Cash collateral and security deposits reimbursed by third parties		3	8
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)		**(61)**	**(8)**
Proceeds from borrowings	*(10.2)*	(0)	35
Repayments of lease debt	*(10.2)*	(28)	(36)
Repayments of borrowings	*(10.2)*	(0)	(0)
Fees paid in relation to financing operations		(8)	(1)
Other		8	(2)
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)		**(28)**	**(4)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	*(11.2)*	**91**	**(10)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD		**196**	**330**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)		**(31)**	**(239)**
Exchange gains / (losses) on cash and cash equivalents		3	8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**168**	**99**

** 2021 amounts restated considering IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations see Note 1.2.1.1*

The accompanying notes on pages 25 to 49 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ in million)	Share Capital	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, 2020*	**2**	**643**	**500**	**61**	**(588)**	**(454)**	**165**	**0**	**165**
Net loss for the year	-	-	-	-	(79)	-	(79)	0	(79)
Other comprehensive income	-	-	-	36	-	15	51	0	51
Total comprehensive income for the period	**-**	**-**	**-**	**36**	**(79)**	**15**	**(28)**	**0**	**(28)**
Capital Increases	0	0	-	-	-	-	0	-	0
Dividend paid	-	-	-	-	-	-	-	-	-
Shared-based payment to employees	-	-	-	1		-	1	-	1
Balance as of June 30, 2021*	**2**	**643**	**500**	**98**	**(666)**	**(439)**	**138**	**0**	**138**
Net income (loss)	-	-	-	-	(140)	-	(140)	0	(140)
Other comprehensive income	-	-	-	49	-	56	105	0	105
Total comprehensive income for the period	**-**	**-**	**-**	**49**	**(140)**	**56**	**(35)**	**0**	**(35)**
Change in Non-controlling interests							-	-	-
Transfer of lapsed awards from other reserves to retained earnings				(15)	15		-	-	-
Shared-based payment to employees				3			3	-	3
Balance as of December 31, 2021	**2**	**643**	**500**	**99**	**(712)**	**(399)**	**134**	**0**	**134**
Net income (loss)	-	-	-	-	(14)	-	(14)	0	(14)
Other comprehensive income	-	-	-	62	-	79	141	-	141
Total comprehensive income for the period	**-**	**-**	**-**	**62**	**(14)**	**79**	**127**	**0**	**127**
Capital increases	0	0	-	-	-	-	0	-	0
Dividend paid	-	-	-	-	-	-	-	-	-
Shared-based payment to employees	-	-	-	2		-	2	-	2
Balance as of June 30, 2022	**2**	**643**	**500**	**163**	**(726)**	**(320)**	**263**	**(0)**	**263**

** 2020 and 2021 amounts restated considering IFRIC interpretation on Saas implementation cost - see Note 1.2.1.1*

The accompanying notes on pages 25 to 49 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. For more description of group activities, please refer to Note 3.

In these 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 TCS Spin-off and Refinancing plan

Description of the plan

On February 24, 2022, the Group published its plan **to list and spin-off 65% of Technicolor Creative Studios (TCS)** through a distribution-in-kind to Technicolor shareholders, while Technicolor will remain listed on Euronext Paris and post spin-off will retain up to 35% ownership of TCS (the "Distribution"). Concomitantly, the Group announced its intention to r**efinance the entire existing debt structure**, and the issue of €300m of Mandatory Convertible Notes ("MCN") whose conversion into Technicolor shares would be effective upon the execution of the spin-off. This MCN is a key component of the spin-off process and is supported by selected subscribers who have committed to subscribe to the full amount.

Technicolor Creative Studios and Vantiva (future company name of Technicolor Ex-TCS) have distinct characteristics in terms of growth, margins, capital intensity, and cash flow generation. The contemplated transaction will allow each entity to pursue its own strategic path independently, consistent with its underlying business dynamics and financial fundamentals, and thereby achieve its full value potential. Furthermore, the spin-off of Technicolor Creative Studios should help to reduce the conglomerate discount of Vantiva and create a strong basis for Technicolor Creative Studios full valuation.

Spin off details

Technicolor intends to list TCS on Euronext Paris, and to make a concurrent distribution of a 65% stake in TCS to Technicolor shareholders (the "Distribution").

The spin-off structure allows Technicolor shareholders to receive Technicolor Creative Studios shares, while remaining shareholders of Vantiva. In view of the analysis to date of the composition of Technicolor SA's net equity and in particular its negative retained earnings which the projected 2022 income (including the capital gain on the transfer of the Technicolor Creative Studios shares) is not expected to absorb, it is to-date anticipated that this distribution-in-kind would be made out of Technicolor's share premium account, and that it should, from a French tax perspective, be considered as a tax-free return of share premium under article 112 of the French tax code (*remboursement de prime d'émission*). This Distribution should therefore not be subject to tax in France whether by way of a French levy, a French withholding tax or otherwise (subject to specific situations). Additional information will be provided in this respect ahead of the actual distribution.

As far as the remaining 35% Technicolor Creative Studios stake retained by Vantiva is concerned, its disposal still considered ahead of or following the spin-off, depending on market conditions, with a view to further and significantly deleverage both new entities. The spin-off resolutions will be submitted to the September 6, 2022 Shareholders Meeting. The company will request the admission of the Technicolor Creative Studios shares on Euronext Paris by way of a prospectus filed with the AMF. The company has retained Finexsi as independent financial appraiser in order to provide shareholders with an independent valuation of the Technicolor Creative Studios shares prior to the vote at the Company shareholders' meeting referred to above.

Contemplated refinancing package details

Concurrently, Technicolor is announcing its intention to fully refinance the Group's debt, with:

- The issue of Mandatory Convertible Notes ("MCN") for €300 million in the form of separate reserved issuances. Angelo Gordon, Bpifrance and other selected subscribers have committed to subscribe to the full amount of the MCN. The MCN would automatically be converted into Technicolor shares if a Technicolor Shareholders' Meeting approves the Distribution, and the Board of Directors decides such Distribution. The conversion price of €2.60 per share is equal to a 5% discount to the 3-month VWAP ("*Volume-Weighted Average Price*") per Technicolor ordinary share as of February 23, 2022. The fairness of the condition of the Mandatory Convertible Notes conversion has been addressed prior to the vote at the May 6, 2022 MCN Extraordinary General Meeting by a report to be prepared by Finexsi as independent financial appraiser. The Extraordinary General Meeting for the approval of the Mandatory Convertible Notes (MCN) was held on May 6, 2022. Accordingly, the proposed issuance of Mandatory Convertible Notes ("MCN") to be subscribed by a group of named beneficiaries for a total nominal amount of €300 million was approved and all necessary powers were given to the Board of Directors to implement these issues;

- In parallel, consistent with the proposed transaction, the Group worked on the refinancing of its existing debt, with a view to putting in place two distinct and optimized financing packages for TCS and Vantiva respectively. As part of the refinancing process, Technicolor S.A. has finalized the discussions for both Vantiva and TCS:

  - For Vantiva, Barclays Bank and Angelo Gordon have committed to provide a €375 million debt package to Vantiva. In parallel, advanced discussions are underway with Wells Fargo to extend the Asset-Based Lending (ABL) Facility for 4 years;
  - For TCS, the Group has obtained commitments for a €623 million floating rate First Lien Term Facility. This facility is composed of two tranches, a €563 million tranche and a $60 million tranche. Maturity for both tranches will be 4 years. In addition, the Group has obtained commitments for a €40 million Revolving Credit Facility. The terms of the TCS refinancing as well as the terms of the distribution will be subject to a prospectus to be approved by the AMF.

Rebranding of Technicolor ex-TCS and Governance of the future groups

On June 14, 2022, the Group announced the launch of its new brand: VANTIVA. The new brand will be comprised of the Connected Home and Vantiva Supply Chain Services (previously named "DVD Services"). The change of the corporate name of Technicolor SA to VANTIVA SA is subject to the approval of Technicolor SA shareholders, during the shareholders' meeting to approve the spin off that will be convened on September 6, 2022.

Governance

The Group has also identified the leadership teams for the two entities:

- At **Vantiva**,
  - Richard Moat, current CEO of Technicolor, will be appointed Chairman;
  - Luis Martinez-Amago, current President of Connected Home, will be appointed CEO;
  - Lars Ihlen, current CFO of Connected Home, will be appointed CFO;
  - Vantiva Supply Chain Services (former DVD Services Business Division) will continue to be headed by David Holliday;
  - Connected Home Business Division will remain under the authority of Luis Martinez-Amago with François Allain being appointed as Deputy President in charge of the operational management of Connected Home, in addition to his current COO role.

- At **Technicolor Creative Studios (TCS)**:
  - Anne Bouverot, current Chairperson of Technicolor, will be appointed Chairperson;
  - Christian Roberton, current President of TCS, will be appointed CEO;
  - Laurent Carozzi, current CFO of Technicolor, will be appointed CFO;
  - The four Business Divisions will continue to be headed by the current brand leaders – Thomas Williams for MPC, Andrea Miloro for Mikros Animation, Joshua Mandel for The Mill and Jeaneane Falkler for Technicolor Games, and Production Operations will remain under Nathan Wappet.

Next steps

The spin-off is expected to be completed in Q3 2022, subject to (i) the shareholders' approval of the terms of the spin-off on September 6, 2022, and (ii) customary conditions, consultations and regulatory approvals.

1.1.2 Completion of the disposal of Trademark Licensing operations

On May 31, 2022, the Group completed the closing of the disposal of its Trademark Licensing operations. As a result, the Group has accounted for Trademark Licensing operations as discontinued operations as from January 1, 2021.

Note 2 gives more details.

1.1.3 Economic environment

While the group has no assets nor customer or suppliers in Ukraine or Russia, the on-going conflict has added uncertainty in terms of supply for Connected Home. It has also led to increase in transit times to some European customers as Connected Home transitioned from rail to sea transportation.

Within Technicolor Creative Studios, at The Mill, whose activity is closely correlated to advertising spending, activity growth is being restricted by the current global economic environment. As a result, as communicated on June 6, 2022, The Mill is expecting slower growth than initially anticipated earlier this year, with the main impact in 2022. Actions to mitigate the impact on margin have already been identified and initiated relating to costs and operational efficiencies.

1.2. Accounting policies

1.2.1 Basis for preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 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 of the Group for the year ended December 31, 2021.

The standards approved by the European Union are available on the following web site: https://ec.europa.eu/info/files/ifrs-financial-statements-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, 2021. The standards, amendments and interpretations which have been applied for the first time in 2022 have no impact for the Group (see Note 1.2.1.1).

Technicolor financial statements are presented in euro and have 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 28, 2022.

1.2.1.1 New standards, amendments, and interpretations

Configuration or customization costs in a cloud computing arrangement (interpretation of IAS 38)

The interpretation clarifies that in a SaaS configuration, configuration costs (defining parameters and values in the software) and customization costs (creating additional functionality within the software) do not generally constitute an asset because these elements are generally not separable from software that is not controlled by the entity.

The Group has applied this IFRIC interpretation retrospectively to assets existing as of January 1, 2020 or capitalized subsequently and directly affected by this interpretation. The application of this standard was presented for the first time in the Group's consolidated financial statements as of December 31, 2021. The comparative figures as of December 31, 2021 is similar to the ones published in these same financial statements. However, the comparative figures presented as of June 30, 2021 has been restated to reflect the adoption of this standard. The impacts are presented below:

Retrospective restatement of Trademark Licensing activity in discontinued operations

In accordance with IFRS 5, the net income and cash flows related to the Trademark Licensing activity were presented retrospectively as “discontinued operations” as of June 30, 2021. The impacts are shown below;

Impact on statement of operations

(€ in million)	6 months ended June 30, 2021 (published)	Impact of IFRIC interpretation	Trademark Licensing in discountinued activities	6 months ended June 30, 2021 (restated)
CONTINUING OPERATIONS				
Revenues	1,359	-	(7)	1,352
Cost of sales	(1,191)	(0)	0	(1,191)
Gross margin	**168**	**(0)**	**(7)**	**161**
Selling and administrative expenses	(128)	0	1	(127)
Research and development expenses	(43)	-	0	(43)
Restructuring costs	(26)	-	-	(26)
Net impairment gains (losses) on non-current operating asse	0	-	(2)	(2)
Other income (expense)	24	-	-	24
Earnings before Interest & Tax (EBIT) from continuing operations	**(4)**	**(0)**	**(7)**	**(11)**
Interest income	0	(0)	-	0
Interest expense	(61)	-	(0)	(61)
Other financial income (expense)	(2)	0	(0)	(2)
Net financial income (expense)	**(62)**	**(0)**	**(0)**	**(63)**
Share of gain (loss) from associates	0	-	-	0
Income tax	(11)	-	1	(10)
Net loss from continuing operations	**(78)**	**(0)**	**(6)**	**(84)**
DISCONTINUED OPERATIONS				
Net gain (loss) from discontinued operations	(1)	0	6	5
Net loss for the year	**(79)**	**(0)**	**-**	**(79)**
Attribuable to :				
- Equity holders	*(79)*	*(0)*	*0*	*(79)*
- Non-controlling interest	*(0)*	*0*	*(0)*	*0*

Impact on basic and diluted earnings per share (EPS)

(in euro, except number of shares)	6 months ended June 30, 2021 (published)	Impact of IFRIC interpretation	Trademark Licensing in discountinued activities	6 months ended June 30, 2021 (restated)
Weighted average number of shares outstanding (basic net of treasury shares held)	235,804,868	235,804,868	235,804,868	235,804,868
Earnings (losses) per share from continuing operations				
- basic	(0.33)	(0.00)	(0.03)	(0.36)
- diluted	(0.33)	(0.00)	(0.03)	(0.36)
Earnings (losses) per share from discontinued operations				
- basic	(0.01)	0.00	0.03	0.02
- diluted	(0.01)	0.00	0.03	0.02
Total earnings (losses) per share				
- basic	(0.33)	(0.00)	-	(0.34)
- diluted	(0.33)	(0.00)	-	(0.34)

Impact on cash flow statement

(€ in million)	6 months ended June 30, 2021 (published)	Impact of IFRIC interpretation	Trademark Licensing in discountinued activities	6 months ended June 30, 2021 (restated)
Net income (loss)	**(79)**	**(0)**		**(79)**
Income (loss) from discontinuing activities	(1)	-	6	5
Profit (loss) from continuing activities	**(78)**	**(0)**	**(6)**	**(84)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations				
Depreciation and amortization	108	(1)	(0)	107
Impairment of assets	(0)	-	2	1
Net changes in provisions	(33)	0	-	(33)
Gain (loss) on asset disposals	(29)	(0)	-	(29)
Interest (income) and expense	61	0	0	61
Other non-cash items (including tax)	13	(0)	(1)	12
Changes in working capital and other assets and liabilities	(210)	0	(1)	(211)
Cash generated from continuing activities	**(168)**	**(1)**	**(7)**	**(176)**
Income tax paid	(9)	-	1	(8)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(209)**	**(1)**	**(6)**	**(216)**
Purchases of intangible assets including capitalization of development costs	(24)	1	-	(22)
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(10)**	**1**	**-**	**(8)**
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**(4)**	**(1)**	**-**	**(4)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(16)**	**(0)**	**6**	**(10)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**330**	**-**	**-**	**330**
Net decrease in cash and cash equivalents (I+II+III+IV)	**(239)**	**-**	**-**	**(239)**
Exchange gains / (losses) on cash and cash equivalents	8	-	-	8
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**99**	**-**	**-**	**99**

Main standards, amendments, and interpretations effective and applied as of January 1st, 2022

New standard and interpretation	Main provisions
Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	The Board decided to prohibit an entity from deducting from the cost of an item of PPE the proceeds from selling items produced before that asset is available for use (proceeds before intended use)
Amendment to IAS 37 Provisions, contingent liabilities and contingent assets: Onerous Contracts – Cost of Fulfilling a Contract	The Board decided to require an entity to include all costs that relate directly to a contract. The Board concluded that: − including all such costs provides more useful information to users of the entity's financial statements; − the benefits of providing that information are likely to outweigh the costs; and − a requirement to include all costs that relate directly to a contract is consistent with other requirements in IAS 37 and requirements in other IFRS standards
Amendments to, IFRS 9 and IFRS 16	**IFRS 9**: this standard requires an entity to derecognise a financial liability and recognise a new financial liability when there is an exchange between an existing borrower and the lender of debt instruments with substantially different terms (including a substantial modification of the terms of an existing financial liability or part of it). • The terms are substantially different if the discounted present value of the remaining cash flows under the new terms are at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability ('10 per cent' test). • The amendment clarifies which fees an entity includes when it applies the '10 per cent' test 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 "Lease incentives"** Illustrative Example 13 of IFRS 16 Leases includes as part of the fact pattern a reimbursement relating to leasehold improvements. The example does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. • To resolve any potential confusion regarding the treatment of lease incentives, the amendment now removes the illustration of the reimbursement of leasehold improvements. • As the amendment to IFRS 16 only regards an illustrative example (non obligatory part of IFRS), so no effective date is stated.

No significant impact has been identified as the result of the implementation of the above amendments.

New standards, amendments, and interpretations not effective as of January 1st, 2022

No new standard has been applied by anticipation.

1.2.1.2 Basis of measurement, estimates & judgments

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:

- Impairment of goodwill and intangible assets with indefinite useful lives (see notes 5.1 & 5.2);
- 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).

The Group considered whether the Technicolor Creative Studios segment should be presented in discontinued operation given the TCS spin-off plan. The Group noted that as of June 30, the TCS activity was not available for immediate distribution in its present condition as the necessary TCS group legal reorganization was still subject to the finalization of the refinancing and the end of the "fiducies-sûretés". As a result, the criteria of IFRS 5.7 is not met and the TCS operating segment is still presented in continuing operations as of June 30, 2022.

The underlying assumptions used for the main estimates are similar to those described as of December 31, 2021. The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2022 may subsequently change.

1.2.1.3 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	
	June 2022	December 2021	June 2022	June 2021
US dollar (USD)	1.0387	1.1326	1.0917	1.2060
Pound sterling (GBP)	0.8582	0.8403	0.8431	0.8703
Canadian dollar (CAD)	1.3425	1.4393	1.3887	1.5078

2. Scope of consolidation

On May 31, 2022, the Group concluded the sale of the Trademark Licensing business. This transaction enables the Group to pursue simplification of its structure with the disposal of non-strategic assets and to increase its financial flexibility.

Sales proceeds amounted to €99.3 million, with a gain on sale of €58.1 million which was included in discontinued operations.

The detail of this transaction is shown in the table below:

(€ in million)	
Sale price	99.3
Price adjustment	(5.4)
NBV of trademarks sold	(32.9)
Transaction fees	(1.3)
Other net assets and liabilities sold	(1.6)
Net gain	***58.1***

3. Information on operations

3.1. Information by business segments

Technicolor has three continuing businesses and reportable operating segments under IFRS 8: Technicolor Creative Studios, VSCS (formerly known as 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".

Trademarks Licensing operations are presented in the discontinued operations line for the half year ending as of June 30, 2022 and 2021 and is not included in the note business segments.

Technicolor Creative Studios

Technicolor Creative Studios provides high-end services to content creators, including Visual Effects and Animation for features films, episodic series, advertising, video games and other audiovisual content.

Connected Home

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

Vantiva Supply Chain Services (VSCS) (formerly DVD Services)

VSCS segment is the worldwide leader in replication, packaging and distributing for video, game and music CD, DVD and Blu-ray™ discs. The segment is increasingly focused on diversifying its business outside of packaged media, offering end-to-end supply chain solutions, comprising distribution, fulfillment, freight-brokerage and transportation management services. Furthermore, VSCS is accelerating development of new non-disc related manufacturing business, including production of polymer-based microfluidic devices for use in medical diagnostics and recent investments in vinyl record production capability.

Corporate & Other

This segment includes:

- Corporate functions, which comprise the costs of Group management, together with headquarters support functions, such as Human Resources, IT, Finance, Marketing and Communication, Corporate Legal Operations and Real Estate Management, and which do not service a particular business within the three operating segments of the Group;
- Patent Licences which monetize valuable patents not sold to InterDigital;
- Post-disposal service operations and commitments related to former consumer electronics operations, mainly pension and legal costs.

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 the Technicolor Creative Studios and VSCS segments.

(€ in million)	Technicolor Creative Studios	Connected Home	VSCS	Corporate & Other	TOTAL
	Six months ended June 30, 2022				
Statement of operations					
Revenue	408	897	296	0	**1,601**
Intersegment sales	-	-	-	-	-
Earnings before Interest & Tax (EBIT) from continuing operations	**18**	**24**	**(8)**	**(26)**	**8**
Of which:					
Amortization of purchase accounting items	(4)	(12)	(4)	-	(20)
Net impairment losses on non-current operating assets	(1)	(2)	(0)	-	(3)
Restructuring costs	(1)	(0)	(2)	(4)	(8)
Other income (expenses)	(1)	(0)	(1)	(7)	(9)
Adjusted EBITA	**26**	**37**	**(1)**	**(15)**	**48**
Of which:					
Depreciation & amortization (excl PPA items)	(32)	(33)	(16)	(2)	(82)
IT capacity use for rendering in Technicolor Creative Studios	(4)	-	-	-	(4)
Other non-cash items (1)	1	1	(0)	(1)	0
Adjusted EBITDA	**61**	**70**	**15**	**(12)**	**134**
Statements of financial position					
Segment assets	751	1,543	590	38	2,921
Unallocated assets					347
Total consolidated assets					**3,267**
Segment liabilities	243	932	179	281	1,634
Unallocated liabilities					1,370
Total consolidated liabilities excluding shareholders' equity					**3,004**
Other information					
Net capital expenditures	(25)	(27)	(4)	(1)	**(57)**
Capital employed	285	190	133	188	**796**

(1) *Mainly variation of provisions for risks, litigations, and warranties*

(€ in million)	Technicolor Creative Studios	Connected Home	VSCS	Corporate & Other	TOTAL
	Six months ended June 30, 2021 *				
Statement of operations					
Revenue	295	770	283	4	**1,352**
Intersegment sales	-	-	-	-	-
Earnings before Interest & Tax (EBIT) from continuing operations	**4**	**15**	**(30)**	**(1)**	**(11)**
Of which:					
Amortization of purchase accounting items	(4)	(10)	(4)	-	(19)
Net impairment losses on non-current operating assets	(0)	(0)	(1)	-	(1)
Restructuring costs	(2)	(3)	(15)	(6)	(26)
Other income (expenses)	5	(0)	0	20	24
Adjusted EBITA	**6**	**29**	**(10)**	**(15)**	**10**
Of which:					
Depreciation & amortization (excl PPA items)	(33)	(32)	(18)	(1)	(84)
IT capacity use for rendering in Technicolor Creative Studios	(0)	-	-	-	(0)
Other non-cash items [(1)]	(2)	6	(2)	(1)	0
Adjusted EBITDA	**40**	**56**	**10**	**(13)**	**94**
Statements of financial position					
Segment assets	609	1,157	543	69	2,379
Unallocated assets					242
Total consolidated assets					**2,621**
Segment liabilities	213	524	172	341	1,250
Unallocated liabilities					1,233
Total consolidated liabilities excluding shareholder equity					**2,482**
Other information					
Net capital expenditures	(11)	(26)	(3)	0	**(40)**
Capital employed	206	269	137	205	**817**

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

** 2021 amounts restated considering IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations see Note 1.2.1.1*

As of June 30, 2022, the aggregate amount of the transaction prices allocated to the remaining performance obligations was €412 million and related to the Films and Animations businesses of our Technicolor Creative Studios division. These revenues will be recognized mainly in 2022 and 2023.

3.2. Other income & expenses

(€ in million)	Six months ended June 30,	
	2022	2021
Capital gains and losses	1	29
Litigations and others	(10)	(5)
Other income (expense)	**(9)**	**24**

Other income and expenses ended June 30, 2022, include mainly fees relating to the necessary process for the constitution of an independent TCS group of approximately €7 million (consulting fees and internal costs).

Other income and expenses for the period ended June 30, 2021, includes mainly:

- A reclassification of cumulated CTA (currency translation adjustment) to profit and loss of an amount of €23 million in accordance with IAS 21. This is primarily coming from the Singaporean subsidiary which was historically hosting several Asian Group activities and whose liquidation should be completed by the end of the year.
- Net gain related to the disposal of Post-Production activity to Streamland.

Other expenses of the 6-month period include mainly a litigation allowance in the Corporate & others segment.

3.3. Net financial income (expense)

(€ in million)	Six months ended June 30,	
	2022	2021
Interest income	0	0
Interest expense	(71)	(61)
Net interest expense	**(71)**	**(61)**
Net interest expense on defined benefit liability	(2)	(1)
Change in fair value instruments	4	2
Foreign exchange gain / (loss)	5	(0)
Expenses related to financing project	(4)	(1)
Other	3	(2)
Other financial income (expense)	**6**	**(2)**
Net financial income (expense)	**(65)**	**(63)**

The financial result for the period ended June 30, 2022 totaled €(65) million, slightly increasing compared to €(63)million of 2021 first half reflecting:

- Net interest costs of €(71) million, up compared to €(61) million of 2021 first half , primarily due to the PIK interests capitalization and impact of USD fluctuation on external debt;

- Other financial income significantly improved to €6 million in the first half 2022 compared to €(2) million in the prior year. This is mainly due to the increase of Broadpeak shares valued at €6 million following company listing according to IFRS 9.

4. Income Tax

The income tax expense for the six months ended June 30, 2022 is determined using the year-end 2022 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, 2022 is summarized below:

	Six months ended June 30,	
(€ in million)	2022	2021*
France	(0)	(1)
Foreign	(19)	(9)
Total Income Tax	**(19)**	**(10)**

** 2021 amounts restated considering IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations see Note 1.2.1.1*

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, 2021 and June 30, 2022.

(€ in million)	Techniolor Creative Studios	Connected Home	VSCS	Total
At December 31, 2021, net	**185**	**434**	**153**	**773**
Exchange difference	6	38	13	57
At June 30, 2022, net	**192**	**473**	**166**	**830**

In accordance with IAS 34, the Group has performed a review as of June 30, 2022 for indications of significant impairment. Within the Technicolor Creative studios segment, the group noted:

- for the advertising market (The Mill), activity growth is being restricted by the current global economic environment. As a result, activity was in Q2 2022 restricted by decelerating advertising spending growth
- for the Film and Episodic market (MPC), higher costs originating from the market shortage of talent, which resulted in higher labor costs to complete major projects but considering efficiency actions

launched, permanent cost reduction measures, visibility in the order book, and the very large headroom, no impairment needed to be recorded.

5.2. Intangible assets

(€ in million)	Trademarks	Customer Relationships	Patents & Other intangibles	Total Intangible Assets
At December 31, 2021, net	**258**	**92**	**160**	**510**
Cost	*267*	*358*	*916*	*1,541*
Accumulated depreciation	*(9)*	*(266)*	*(756)*	*(1,032)*
Exchange differences	17	5	13	35
Additions	-	-	36	36
Depreciation charge	-	(16)	(35)	(51)
Impairment loss	-	-	(2)	(2)
Change in scope(1)	(33)	-	-	(33)
At June 30, 2022, net	**243**	**81**	**172**	**496**
Cost	*251*	*383*	*1,016*	*1,650*
Accumulated depreciation	*(8)*	*(302)*	*(844)*	*(1,155)*

(1) Related to trademarks sold with regards to the disposal of Trademark Licensing business

5.3. Property, plant & equipment

(€ in million)	Land	Buildings	Machinery & Equipment	Other Tangible Assets (1)	TOTAL
At December 31, 2021, net	**3**	**12**	**48**	**99**	**162**
Cost	*3*	*54*	*904*	*358*	*1,320*
Accumulated depreciation	*-*	*(42)*	*(857)*	*(259)*	*(1,158)*
Exchange differences	-	-	3	6	9
Additions	-	-	-	30	30
Depreciation charge	-	(1)	(12)	(11)	(23)
Other (²)	-	-	6	(10)	(4)
At June 30, 2022, net	**3**	**11**	**45**	**115**	**174**
Cost	*3*	*56*	*953*	*406*	*1,419*
Accumulated depreciation	*-*	*(44)*	*(909)*	*(291)*	*(1,244)*

(1) *Includes assets in progress.*

(2) *Corresponds mainly to the transfer of tangible assets in progress to Machinery and Equipment.*

5.4. Right-of-use assets

(€ in million)	Real Estate	Others	Total Right-of-use assets
At December 31, 2021, net	**117**	**26**	**143**
New contracts [1]	4	21	25
Change in contract [2]	11	-	11
Depreciation charge	(18)	(7)	(25)
Impairment loss	(1)	-	(1)
Exchange differences	4	-	4
At June 30, 2022, net	**118**	**39**	**157**

(1) Related mainly to new capital lease contracts in India and USA.
(2) Remeasurement of the right-of-use following a lease modification.

6. Equity & Earnings per share

6.1. Change in share capital

(In euros, except number of shares in units)	Number of shares	Par value	Share capital in Euros
Share Capital as of December 31, 2021	**235,824,555**	**0.01**	**2,358,246**
Exercice of warrants	17,888	0.01	179
Share Capital as of June 30, 2022	**235,842,443**	**0.01**	**2,358,424**

6.2. Earnings (Loss) per share

Diluted earnings (loss) per share

	Six months ended June 30,	
(€ in million, except number of shares)	2022	2021*
Net income (loss)	**(14)**	**(79)**
Net (income) loss attributable to non-controlling interest	0	0
Net (gain) loss from discontinued operations	63	5
Numerator:		
Adjusted profit "Group share" from continuing operations attributable to ordinary shareholders	**(77)**	**(84)**
Basic weighted number of outstanding shares **('000)**	**235,831**	**235,805**
Dilutive impact of stock-option, free & performance share plans	-	-
Denominator:		
Diluted weighted number of outstanding shares ***('000)***	**235,831**	**235,805**

** 2021 amounts restated considering IFRIC interpretation on Saas implementation cost as well as Trademark Licensing operations accounted for as of discontinued operations see Note 1.2.1.1*

Potential ordinary shares relate to the shares and options plans presented in note 8.2. In addition, the Mandatory Convertible Note (“MCN”) approved on May 6, 2022 will result in the issuance of an additional 115,385 thousands shares subject to the approval of the spin-off by September 6,2022 Shareholders meeting, for further details refer to note 1.1.

Due to the negative adjusted profit group share from continuing operations, none of these potential shares would have a dilutive effect.

7. Financial assets, financing & derivative financial instruments

7.1. Financial assets

Cash and cash equivalents

(In million d'euros)	June 30, 2022	December 31, 2021
Cash	89	187
Cash equivalents	79	9
CASH AND CASH EQUIVALENTS	**168**	**196**

7.2. Financial liabilities

7.2.1 Borrowings

7.2.1.1 Main features of the Group's borrowings

The Group's debt consists primarily of new borrowings put in place in July 2020 (the “New Money debt”) and the reinstated term loans (the “Reinstated Term Loans”) issued in September 2020, both of which were implemented as part of the Group's financial restructuring. The New Money debt consists of term loans issued by Technicolor USA Inc. in dollars and New York law based notes issued by Tech 6 in euros. The New Money debt has a maturity of June 30, 2024. The Reinstated Term Loans, issued by Technicolor SA in dollars and euros, consist of the remaining term loan and revolving credit facility debt following their partial conversion to equity; the terms of these new loans were modified, in particular with regard to their maturity (December 31, 2024), their interest rates and the applicable restrictions which were aligned to those of the New Money debt. The New Money debt and the Reinstated Term Loans have both a cash and PIK (payment in kind) interest component. The PIK interest is capitalized (every 6 months for the debt issued by Technicolor USA Inc and every 12 months for the remaining debt) and repaid on final maturity.

On February 24, 2022 the Group announced its intention to spin-off the Technicolor Creative Studios division and to refinance its senior debt. More information about these transactions can be found in note 1.1.

Details of the Group's debt as of June 30, 2022 are given in the table below:

(in million currency)	Currency	Nominal Amount	IFRS Amount	Type of rate	Nominal rate (1)	Effective rate (1)	Repayment Type	Final maturity
New Money notes	EUR	371	378	Floating	12.00% (2)	10.95%	Bullet	Jun. 30, 2024
New Money Term loans	USD	126	128	Floating	12.45% (3)	11.41%	Bullet	Jun. 30, 2024
Reinstated Term Loans	EUR	467	411	Floating	6.00% (4)	11.34%	Bullet	Dec. 31, 2024
Reinstated Term Loans	USD	140	123	Floating	7.04% (5)	12.39%	Bullet	Dec. 31, 2024
Subtotal	**EUR**	**1,105**	**1,041**		**8.88%**	**11.32%**		
Lease liabilities (6)	Various	212	212	Fixed	8.86%	8.86%		
Accrued PIK Interest	EUR+USD	37	37	NA	0%	0%		
Accrued Interest	Various	18	18	NA	0%	0%		
Other Debt	Various	1	1	NA	0%	0%		
TOTAL		**1,373**	**1,309**		**8.52%**	**10.45%**		

(1) Rates as of June 30, 2022.
(2) Cash interest of 6-month EURIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.
(3) Cash interest of 6-month USD LIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.
(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%.
(5) Cash interest of 6-month USD LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00
(6) Of which €26 million are capital leases and €186 million is operating lease debt under IFRS 16

7.2.1.2 Key terms of the credit agreements

For a detailed discussion of the limitations under the New Money debt, the Reinstated Term Loans and the WF ABL please refer to Note 8.2.1.2 to the Group's 2021 consolidated financial statements.

The New Money debt and the WF ABL have a net leverage covenant tested on June 30 and December 31 which requires the ratio of total net debt to EBITDA be less than or equal to the levels given below:

June 30, 2022:	≤ 4.50
December 31, 2022 and thereafter:	≤ 3.50

Under the terms of the credit agreements the net debt is calculated as the consolidated Group indebtedness under IFRS, except that the New Money debt and the Reinstated Term Loans are taken at their nominal value, minus cash and cash equivalents and any cash collateral securing indebtedness. The EBITDA is for the twelve months ending on the testing date and the definition is the same as that used by the Group in its public disclosures.

The calculation of this ratio at June 30, 2022 is as follows (€ in millions):

Debt:	1,373
Less cash	(168)
Less cash collateral	(25)
Net debt	**1,180**
EBITDA	**294**
Net leverage ratio	**1,180 / 294 = 4.01**

Since 4.01 is less than the maximum allowed of 6.00, the Group respects this covenant at June 30, 2022.

The New Money debt and the WF ABL 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. The Group fully respects this covenant.

7.3. Derivative financial instruments

The Group uses derivatives to reduce market risk. In particular, Technicolor uses forward foreign currency operations to hedge foreign exchange risk.

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

The table below gives the fair value of these derivative operations at June 30, 2022.

	June 30, 2022	
(€ in million)	**Assets**	**Liabilities**
Foreign currency hedges	2	4
Interest rate hedges	0	0
Total	**2**	**4**

The Group's credit risk on its derivatives at June 30, 2022 is equal to the amount of the assets shown above.

7.4. 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, 2022, net	Fair value measurement by accounting categories as of June 30, 2022					At December 31, 2021, net
		Amortized costs	Fair value through profit & loss	Fair value through equity	Derivative instruments (see Note 7.3)	Fair Value measurement	
Non-consolidated Investments	**27**	-	27	-	-	Level 3	**20**
Cash collateral and security deposits	32	22	11	-	-		31
Loans and others	2	2	-	-	-		2
Subleases receivables	4	4	-	-	-		5
Derivative financial instruments	-	-	-	-	-	Level 2	-
Other non-current financial assets	**38**						**38**
Total non-current financial assets	**65**						**58**
Cash collateral and security deposits	26	3	23	-	-		24
Other current financial assets	6	6	-	-	-		1
Derivative financial instruments	2	-	-	-	2	Level 2	2
Other financial current assets	**34**						**26**
Cash	89	-	89	-	-	Level 1	187
Cash equivalents	79	-	79	-	-	Level 1	9
Cash and cash equivalents	**168**						**196**
Total current financial assets	**202**						**222**
TOTAL FINANCIAL ASSETS	**268**						**280**
Non current borrowings [(1)]	(1,079)	(1,079)	-	-	-		(1,025)
Borrowings	**(1,079)**						**(1,025)**
Derivative financial instruments	(0)	-	-	-	(0)	Level 2	(0)
Other non-current liabilities	**(0)**						**(0)**
Lease liabilities	**(156)**	(156)	-	-	-		**(145)**
Total non-current financial liabilities	**(1,235)**						**(1,170)**
Borrowings [(1)]	**(17)**	(17)	-	-	-		**(17)**
Lease liabilities	**(57)**	(57)	-	-	-		**(48)**
Derivative financial instruments	(4)				(4)	Level 2	(2)
Other current financial liabilities	**(4)**	-	-	-			**(3)**
Total current financial liabilities	**(78)**						**(70)**
TOTAL FINANCIAL LIABILITIES	**(1,312)**						**(1,240)**

[(1)] *Borrowings are recognized at amortized costs. The fair value of the Group debt is € 1,146 million as of June 30, 2022 (€1,105 million as of December 31, 2021). This fair value is based on quoted prices in active markets for term loan debt (Level 1).*

Some cash collateral for U.S. entities is classified as current because of their its short maturity but is renewed automatically for periods of 12 months.

7.5. Liquidity risk and management of financing and capital structure

Maturity schedule of the Group's financings

(€ in million)	June 30, 2022	December 31, 2021
Less than 6 months	49	40
Between 6 months and less than 1 year	26	25
Total current debt less than 1 year	**75**	**65**
Between 1 and 2 years	563	36
Between 2 and 3 years	659	1,131
Between 3 and 4 years	18	17
Between 4 and 5 years	15	12
Over 5 years	43	45
Total non-current debt	**1,298**	**1,241**
Total nominal debt	**1,373**	**1,306**
IFRS Adjustment	(64)	(71)
Debt under IFRS	**1,309**	**1,235**

Credit Lines

(€ in million)	June 30, 2022	December 31, 2021
Undrawn, committed lines expiring in more than one year	120	110

The Group has a receivables backed committed credit facility with Wells Fargo (the "WF ABL") in an amount of U.S.$125 million (€120 million at the June 30, 2022 exchange rate) which matures in 2023.

The WF ABL was undrawn at June 30, 2022. The availability of the WF ABL varies depending on the amount of receivables.

8. Employee benefits

8.1 Post-employment & long-term benefits

(€ in million)	Pension plan benefits		Medical post-retirement benefits		Total	
	2022	2021	2022	2021	2022	2021
At December 31	**291**	**350**	**5**	**5**	**296**	**355**
Net periodic pension cost	3	3	-	-	3	3
Curtailment	-	-	-	-	-	-
Benefits paid and contributions	(13)	(13)	-	-	(13)	(13)
Change in perimeter	-	0	-	-	-	-
Actuarial (gains) losses recognized in OCI	(59)	(29)	-	-	(59)	(29)
Currency translation adjustments and other	2	2	-	-	2	2
At June 30	**224**	**313**	**5**	**5**	**229**	**318**
Of which current	*31*	*31*	*-*	*-*	*31*	*31*
Of which non-current	*193*	*282*	*5*	*5*	*198*	*287*

As of June 30, 2022, the present value of the obligation amounted to €409 million, and the fair value of plan assets amounted to €180 million.

The Group has reassessed its actuarial assumptions on June 30, 2022, including actuarial and inflation rates. Actuarial gains mainly reflect variance of plan of assets and actuarial rates. The actuarial rates used in our reassessment are the following:

- Germany: 3.20% vs. 0.98% at 2021 closing;
- UK: 3.85% vs 2.00% at 2021 closing;
- USA: 4.20% vs. 2.30% at 2021 closing.

8.2 Share-based compensation plans

As of June 30, 2022, the number of stocks options and performance shares is as follows:

(in millions of unit)	**June 30, 2022**
Number of outstanding stock-options and performance shares as of December 31,2021	5,876,387
Number of performance shares granted during 2022	-
Number of forfeited stock-options and performance shares during 2022	(84,748)
Number of outstanding stock-options and performance shares as of June 30, 2022	**5,791,639**

LTIP plan 2019 is vested for the beneficiaries at June 14, 2022, final issuance is postponed to September 2022.

In the context of upcoming TCS distribution, the Group will propose to its shareholders to accelerate the vesting period of LTIP and ASP plans 2020.

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, 2021	**18**	**21**	**21**	**18**	**1**	**79**
Current period additional provision	5	0	-	8	-	13
Release	(5)	(1)	(0)	(1)	-	(7)
Usage during the period	(1)	(1)	(1)	(13)	-	(16)
Other movements and currency translation adjustments	2	2	0	-	-	4
As of June 30, 2022	**19**	**21**	**20**	**12**	**1**	**73**
Of which current	*19*	*6*	*1*	*12*	*1*	*39*
Of which non-current	*-*	*15*	*19*	*-*	*-*	*34*

The provisions for restructuring are mainly termination costs related to the actions 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 significant event during the first six months of 2022 regarding the litigation matters disclosed in Note 9 to our 2021 audited consolidated financial statements, and no other significant new litigation has been commenced since December 31, 2021.

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 30,2022, the acquisition of activities and investments, net of cash position of companies acquired is nil.

For the six months ended June 30,2021, the acquisition of activities and investments, net of cash position of companies acquired is less than €1 million.

10.1.2 Disposals

For the six months ended June 30, 2022, there is no cash impact related to the disposal of activities or investments.

For the six months ended June 30, 2021, net cash impact amounted to €27 million mainly related to the disposal of Post-Production activities.

10.2 Cash impacts on financing operations

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

(en million d'euros)	December 31, 2021	Cash impact of borrowing variation (1)	Non cash variation: Non cash mouvements on lease contracts	IFRS adjustment	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current	June 30, 2022
Non current borrowing	1,025	-	-	10	24	20	-	1,079
Current borrowing	17	(0)	-	-	0	0	-	17
TOTAL BORROWING	**1,042**	**(0)**	**-**	**10**	**25**	**20**	**-**	**1,096**
Non current lease laibilities	145	(22)	34	-	-	8	(10)	156
Current lease liabilities	48	(7)	6	-	-	1	10	57
TOTAL LEASE LIABILITIES	**192**	**(29)**	**40**	**-**	**-**	**9**	**-**	**213**

(1) In 2022, €(1) million is related to cash flows from discountinued activities

11. Discontinued operations

11.1 Results of discontinued operations

(€ in million)	Six months ended June 30, 2022	Six months ended June 30, 2021*
DISCONTINUED OPERATIONS		
Revenues	7	7
Cost of sales	(1)	(1)
Gross margin	**6**	**7**
Selling and administrative expenses	(2)	(3)
Research and development expenses	(1)	(1)
Restructuring Costs	0	0
Net impairment gains (losses) on non-current operating assets	-	2
Other income (expenses)	59	2
Earning before Interest & Tax from discontinued operations	**62**	**7**
Financial net income (expenses)	1	(1)
Income tax	(0)	(1)
Net income (loss)	**63**	**5**

** 2021 amounts restated considering Trademark Licensing operations accounted for as of discontinued operations see Note 1.2.1.1*

11.2 Statement of cash flows from discontinued operations

(€ in million)	Six months ended June 30, 2022	2021*
Profit (loss) from discontinued activities	**63**	**5**
Summary adjustments to reconcile profit from discontinued activities to cash generated from discontinued operations		
Depreciation and amortization	(0)	0
Impairment of assets	0	(2)
Net change in provisions	(2)	(7)
Profit (loss) on asset disposals	(58)	-
Other non-cash items (including tax)	(0)	2
Changes in working capital and other assets and liabilities	(7)	(6)
Income tax paid	(0)	(1)
NET OPERATING CASH GENERATED FROM DISCONTINUED ACTIVITIES (I)	**(4)**	**(8)**
NET INVESTING CASH USED IN DISCONTINUED ACTIVITIES (II)	**97**	**(1)**
Repayments of borrowings	(1)	
NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)	**(1)**	**(1)**
NET CASH FROM DISCONTINUED ACTIVITIES (I+II+III)	**91**	**(10)**

** 2021 amounts restated considering Trademark Licensing operations accounted for as of discontinued operations see Note 1.2.1.1*

12. Subsequent events

See note 1.1 for further details.

IV. STATUTORY AUDITORS' REVIEW REPORT

Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1 to June 30, 2022

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by general assembly 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 January 1st to June 30th, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- 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.

II- Specific verification

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

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 at Paris-La-Défense and Courbevoie on July 29, 2022, by

Deloitte & Associés		Mazars	
Bertrand Boisselier	Nadège Pineau	Charlotte Grisard	Daniel Escudeiro
Associé	Associée	Associée	Associé