technicolor

TECHNICOLOR 2021 CONSOLIDATED FINANCIAL STATEMENTS

Audited consolidated financial statements as of December 31, 2021

TECHNICOLOR 2021 CONSOLIDATED FINANCIAL STATEMENTS

technicolor

CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	Note	Year ended December 31, 2021	2020 *
CONTINUING OPERATIONS			
Revenue	(3.2)	2,898	3,006
Cost of sales		(2,494)	(2,729)
Gross margin		**404**	**278**
Selling and administrative expenses	(3.3)	(263)	(283)
Research and development expenses	(3.3)	(84)	(94)
Restructuring costs	(10.1)	(37)	(100)
Net impairment losses on non-current operating assets	(4.5)	(5)	(75)
Other income	(3.3)	14	8
Earnings before Interest & Tax (EBIT) from continuing operations		**30**	**(267)**
Interest income		-	4
Interest expense		(126)	(82)
Net gain on financial restructuring		-	158
Other financial expenses		-	(3)
Net financial income (expense)	(3.4)	**(127)**	**77**
Income tax expense	(6)	(24)	(5)
Loss from continuing operations		**(121)**	**(196)**
DISCONTINUED OPERATIONS			
Net loss from discontinued operations	(12)	(19)	(15)
Net loss for the year		**(140)**	**(211)**
Attribuable to :			
- Equity holders		*(140)*	*(211)*
- Non-controlling interest		-	-

EARNINGS PER SHARE (*in euro, except number of shares*)		Year ended December 31, 2021	2020 *
Weighted average number of shares outstanding (basic net of treasury shares held)	(7.3)	235,814,028	73,681,647
Earnings (losses) per share from continuing operations			
- basic		(0.51)	(2.66)
- diluted		(0.51)	(2.66)
Earnings (losses) per share from discontinued operations			
- basic		(0.08)	(0.20)
- diluted		(0.08)	(0.20)
Total earnings (losses) per share			
- basic		(0.59)	(2.86)
- diluted		(0.59)	(2.86)

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

The accompanying notes on pages 10 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ in million)	Note	Year ended December 31, 2021	Year ended December 31, 2020 *
Net loss for the year		**(140)**	**(211)**
Items that will not be reclassified to profit and loss			
Remeasurement of the defined benefit obligations	*(9.2)*	40	(14)
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	*(8.5)*	10	(4)
Tax relating to these items		-	-
Currency translation adjustments			
- currency translation adjustments of the year		78	(111)
- reclassification adjustments on disposal or liquidation of a foreign operation		(23)	(5)
Tax relating to these items		(1)	(3)
Total other comprehensive income		**105**	**(137)**
Total other comprehensive income of the period		**(35)**	**(348)**
Attribuable to :			
- Equity holders of the parents		*(35)*	*(348)*
- Non-controlling interest		-	-

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

The accompanying notes on pages 10 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2021	December 31, 2020
ASSETS		
Goodwill	773	716
Intangible assets	510	526
Property, plant and equipment	162	140
Right-of-use assets	143	148
Other operating non-current assets	35	27
TOTAL OPERATING NON-CURRENT ASSETS	**1,622**	**1,557**
Non-consolidated investments	20	14
Other non-current financial assets	38	47
TOTAL FINANCIAL NON-CURRENT ASSETS	**58**	**61**
Investments in associates and joint-ventures	1	1
Deferred tax assets	50	45
TOTAL NON-CURRENT ASSETS	**1,730**	**1,665**
Inventories	335	195
Trade accounts and notes receivable	359	425
Contract assets	94	63
Other operating current assets	243	224
TOTAL OPERATING CURRENT ASSETS	**1,031**	**907**
Income tax receivable	13	14
Other financial current assets	26	17
Cash and cash equivalents	196	330
Assets classified as held for sale	3	76
TOTAL CURRENT ASSETS	**1,268**	**1,344**
TOTAL ASSETS	**2,999**	**3,009**

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

The accompanying notes on pages 10 to 76 are an integral part of these consolidated financial statements.

technicolor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2021	December 31, 2020
EQUITY AND LIABILITIES		
Common stock *(235,824,555 shares at December 31, 2021 with nominal value of 0.01 euro per share)*	2	2
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	30	117
Cumulative translation adjustment	(399)	(454)
Shareholders equity attributable to owners of the parent	**134**	**165**
Non-controlling interests	-	-
TOTAL EQUITY	**134**	**165**
Retirement benefits obligations	261	325
Provisions	35	33
Contract liabilities	-	2
Other operating non-current liabilities	19	21
TOTAL OPERATING NON-CURRENT LIABILITIES	**315**	**381**
Borrowings	1,025	948
Lease liabilities	145	122
Other non-current liabilities	-	-
Deferred tax liabilities	20	15
TOTAL NON-CURRENT LIABILITIES	**1,505**	**1,466**
Retirement benefits obligations	34	30
Provisions	44	90
Trade accounts and notes payable	671	710
Accrued employee expenses	147	142
Contract liabilities	81	41
Other current operating liabilities	284	215
TOTAL OPERATING CURRENT LIABILITIES	**1,263**	**1,228**
Borrowings	17	16
Lease liabilities	48	56
Income tax payable	29	21
Other current financial liabilities	3	2
Liabilities classified as held for sale	-	56
TOTAL CURRENT LIABILITIES	**1,360**	**1,379**
TOTAL LIABILITIES	**2,865**	**2,845**
TOTAL EQUITY & LIABILITIES	**2,999**	**3,009**

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

The accompanying notes on pages 10 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	Full Year ended December 31, 2021	Full Year ended December 31, 2020
Net loss	**(140)**	**(211)**
Loss from discontinuing activities	(19)	(15)
Loss from continuing activities	**(121)**	**(196)**
Summary adjustments to reconcile loss from continuing activities to cash generated from (used in) continuing operations		
Depreciation and amortization	222	261
Impairment of assets	1	88
Net changes in provisions	(53)	16
Loss on asset disposals	(29)	(14)
Interest (income) and expense	126	78
Net gain on financial restructuring	-	(158)
Other items (including tax)	29	(2)
Changes in working capital and other assets and liabilities	(81)	(101)
Cash generated from (used in) continuing activities	**93**	**(26)**
Interest paid on lease debt	(15)	(19)
Interest paid	(49)	(32)
Interest received	-	3
Income tax paid	(16)	(12)
NET OPERATING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (I)	**14**	**(86)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	0	(3)
Proceeds from sale of investments, net of cash	27	7
Purchases of property, plant and equipment (PPE)	(45)	(33)
Proceeds from sale of PPE and intangible assets	2	0
Purchases of intangible assets including capitalization of development costs	(52)	(71)
Cash collateral and security deposits granted to third parties	(10)	(35)
Cash collateral and security deposits reimbursed by third parties	12	1
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(67)**	**(133)**
Increase of Capital	0	60
Proceeds from borrowings	0	760
Repayments of lease debt	(62)	(85)
Repayments of borrowings	(1)	(158)
Fees paid linked to the debt and capital operations	(2)	(60)
Other	(4)	5
NET FINANCING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (III)	**(68)**	**522**
NET CASH USED IN DISCONTINUED ACTIVITIES (IV)	**(29)**	**(23)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**330**	**65**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(149)**	**280**
Exchange gains / (losses) on cash and cash equivalents	16	(16)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**196**	**330**

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

The accompanying notes on pages 10 to 76 are an integral part of these consolidated financial statements.

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, 2019 (as published)	414	-	500	(114)	(426)	(339)	36	0	36
Impact of IFRIC interpretation	-	-	-	-	(6)	-	(6)	-	(6)
Balance as of January 1, 2020 *	414	-	500	(114)	(432)	(339)	30	0	30
Net loss for the year	-	-	-	-	(211)	-	(211)	-	(211)
Other comprehensive income	-	-	-	(21)	-	(116)	(137)	(0)	(137)
Total comprehensive income for the period	**-**	**-**	**-**	**(21)**	**(211)**	**(116)**	**(348)**	**(0)**	**(348)**
Reclassification of capital decrease to the special reserve following March 23, 2020 General Meeting	(414)	-	-	414	-	-	(0)	-	(0)
Capital increases : Subscription of 20 039 121 shares at 2.98€ net of fees following September 22, 2020 General Meeting	2	45	-	-	-	-	47	-	47
Debt equitization at fair value	-	598	-	(202)	-	-	397	-	397
Issuance of warrants	-	-	-	38	-	-	38	-	38
Transfer of 10% of share premium to legal reserve following September 22, 2020 General Meeting	-	(0)		0	-	-	-	-	-
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-
Transfer of lapsed awards from other reserves to retained earnings	-	-	-	(54)	54	-	-	-	-
Tax impact on equity	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2020 *	2	643	500	61	(588)	(454)	165	0	165
Net loss for the year	-	-	-	-	(140)	-	(140)	0	(140)
Other comprehensive income	-	-	-	49	-	56	105	0	105
Total comprehensive income for the period	-	-	-	**49**	**(140)**	**56**	**(35)**	**0**	**(35)**
Capital increases	0	0	-	(0)	-	-	0	-	0
Dividend paid	-	-	-	0	-	-	0	-	0
Shared-based payment to employees	-	-	-	3		-	3	-	3
Transfer of lapsed awards from other reserves to retained earnings	-	-	-	(15)	15	-	-	-	-
Balance as of December 31, 2021	2	643	500	99	(712)	(399)	134	0	134

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

The accompanying notes on pages 10 to 76 are an integral part of these consolidated financial statements.

1 General information

Technicolor is a leader in Media & Entertainment Services, developing, creating and delivering immersive augmented digital life experiences. Please refer to Note 3.1 for details on Group's operating segments.

In these consolidated financial statements, the terms "Technicolor group", "the Group" and "Technicolor" mean Technicolor SA together with its consolidated subsidiaries. Technicolor SA or the "Company" refers to the Technicolor group parent company.

1.1 Main events of the year

1.1.1. Covid-19 Pandemic

In 2021, Covid-19 affected immigration and travel, while creating some logistic issues and shortage in certain components. The Group constantly works on action plans to offset potential negative impacts and serve the growing demand for its operations.

At Technicolor Creative Studios:

- Complying with evolving local and national government regulations and in consultation with local business leadership, Technicolor Creative Studios continues to adjust capacity limits, on-premise protocols, and remote work policies.
- In addition to immigration policy changes in Canada and in the UK, the pandemic continues to affect both immigration and travel, negatively impacting the industry's ability to attract talent to locations where the demand for talent exceeds local supply. To support its significant backlog, Technicolor Creative Studios continues to invest in its Academies across multiple locations and implements various measures aiming at reducing attrition rate and retain talents.

At Connected Home:

- Connected Home remained operational due to the early adoption of a remote work model that successfully moved all non-engineering employees off site to ensure key engineering facilities remain safe and open.
- In 2021 and 2022, Connected Home was impacted by both the direct effect of Covid (factories & R&D sites reduced productivity from time to time) and by the secondary effects: massive supply markets disruptions, with all categories impacted, but the Integrated Circuits & Logistics are by far the longest lasting effects and strongest impact. Supply & logistics disruptions are expected to last in 2022.

At DVD Services:

- While theatrical new release activity remains partially suppressed, it continues to show an accelerating trend of improvement. Most major retailers continue to operate normally. Some production facilities continue to experience temporary staffing shortages, but the overall impact to operations remains manageable.
- The ongoing Covid-19 impact will be dependent on the extent and duration of ongoing restrictions driven by the rate of new Covid case growth. DVD Services has accelerated certain aspects of its future restructuring plans in an effort to adapt to ongoing challenges and has proven its resilience.

1.1.2. Technicolor Creatives Studios Reorganization

After the sale of Post-production services in April 2021 to Streamland (more details are available in the Note 2) , Technicolor Creative Studios (previously known as Production Services) was launched and resulted in the formation of a collaborative integrated global structure, designed to facilitate greater collaboration among studios, integrate technology platforms and drive future innovations for our partners and clients. Technicolor Creative Services is now organized under four primary service lines:

1. **MPC (prior Film & Episodic VFX):** Our award-winning visual effects studios, now under the unitary MPC brand, unite artistry and creativity with technology and innovation. We bring decades of experience in delivering everything from breathtaking environments, down to the precise details of a full CG character;
2. **The Mill (prior Advertising service line)**: With the latest visual effects, CGI and immersive technologies, we produce ground breaking advertising, content and interactive marketing solutions for the world's biggest brands;
3. **Mikros Animation:** From episodic hits to major animated features, we work with leading animation studios. Our industry-leading facilities have become home to some of the world's most recognized and respected animators;
4. **Technicolor Games**: Technicolor Games focuses on the creative needs for the gaming industry. We've collaborated with many of the top game developers in the world.

1.2 Accounting policies

1.2.1 Basis for preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2021 and adopted by the European Union as of February 24, 2022.

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

Technicolor financial statements are presented in euro and have been rounded to the nearest million. This may in certain circumstances lead to non-material differences so that the sum of the figures equals the sub-totals that appear in the tables.

The consolidated financial statements were approved by the Board of Directors of Technicolor SA on February 24, 2022. According to French law, the consolidated financial statements will be considered as definitive when approved by the Company's shareholders at the Shareholders' Meeting.

The accounting policies applied by the Group are consistent with those followed last year except for standards, amendments and interpretations which have been applied for the first time in 2021 (see Note 1.2.2.1.hereunder).

1.2.2 New standards and interpretations

1.2.2.1 Main standards, amendments and interpretations effective and applied as of January 1, 2021

New standard and interpretation	Main provisions
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	The changes in *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)* amend IFRS 16 to: - provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification; - require lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications; - require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The practical expedient applies to Covid-19-related rent concessions that result in reduction in lease payments due on or before June 30, 2021. There was no material impact of this amendment on Group financial statements.
Interest Rate Benchmark Reform (Amendments to IFRS 7, IFRS 9, IAS 39 and IFRS 16)	Phase 2 of the benchmark interest rate reform. The second phase of the “Reform of benchmark interest rates” project is mandatory from fiscal year 2021. The objective of this phase 2 is to specify the accounting impacts linked to the actual change of interest rate benchmarks. The first application of phase 2 has no impact for the Group in the absence of any effective modification of the benchmarks in the Group's contracts as of December 31, 2021. As a reminder, phase 1 adopted by the Group in 2020, does not take into account the uncertainties about the future of the reference rates in the evaluation of the effectiveness of the hedging relationships and / or in the assessment. The highly probable nature of the risk covered, thus making it possible to secure existing or future hedging relationships until these uncertainties are resolved. The Group performed the census work to ensure the transition to the new benchmarks and is working with agents to assess best course of action for each contract. The Group expects no significant risk linked to the reform due to the maturity of its instruments.
Attributing Benefit to Periods of Service (Interpretation of IAS 19)	The interpretation clarifies that a post-employment benefit is accrued only if the period of service creates an obligation under the plan and that this accrual should not be spread over the employment period when the employment period is different from the years of service creating rights for the employee. The Group has completed its assessment of pension liabilities in following the IFRS IC agenda decision on Attributing Benefit to Periods of Service and concluded that there was no material impact to report. There was no material impact of this interpretation on group financial statements.
Configuration or customization costs in a cloud computing arrangement (interpretation of IAS 38)	The interpretation clarifies that in a Saas arrangement, configuration costs (defining parameters and values in the software) and customization costs (creating additional functionalities within the software) do not generally give rise to an asset as these elements are generally not separable from the software which is not controlled by the entity. The impacts of the interpretation are detailed here below.

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

The Group applied this IFRIC interpretation retrospectively to assets that existed at January 1, 2020 or were designated thereafter and directly affected by this interpretation.

Therefore, the Group has reviewed its base of intangible assets (comprising internal and external costs) in particular those associated with softwares in a Sotfware as a service (Saas) arrangement in order to re-examine whether those assets met the requirements for capitalization as set out in the above mentioned interpretation. The Group’s review concluded that there is a material impact, for which effects are idenfitied below:

Impact on equity (decrease in equity)

(€ in million)	December 31, 2019	Impact of IFRIC interpretation	January 1, 2020
ASSETS			
Intangible assets	632	(6)	626
TOTAL NON-CURRENT ASSETS	**2,082**	**(6)**	**2,076**
TOTAL ASSETS	**3,210**	**(6)**	**3,203**
EQUITY & LIABILITIES			
Additional paid-in capital & reserves	(540)	(6)	(546)
TOTAL EQUITY	**36**	**(6)**	**30**
TOTAL EQUITY & LIABILITIES	**3,210**	**(6)**	**3,203**

Impact on statement of operations (decrease in profit)

(€ in million)	Year ended December 31, 2020 (published)	Impact of IFRIC interpretation	Year ended December 31, 2020 (restated)
CONTINUING OPERATIONS			
Revenues	3,006	-	3,006
Cost of sales	(2,725)	(4)	(2,729)
Gross margin	**281**	**(4)**	**278**
Selling and administrative expenses	(284)	1	(283)
Earnings before Interest & Tax (EBIT) from continuing operations	**(264)**	**(3)**	**(267)**
Net loss from continuing operations	**(193)**	**(3)**	**(196)**
Net loss for the year	**(207)**	**(3)**	**(211)**
Attribuable to :			
- Equity holders	*(207)*	*(3)*	*(211)*
- Non-controlling interest	*0*	*(0)*	*(0)*

Impact on basic and diluted earnings per share (EPS) (decrease in EPS)

(in euro, except number of shares)	Year ended December 31, 2020 (published)	Impact of IFRIC interpretation	Year ended December 31, 2020 (restated)
Weighted average number of shares outstanding (basic net of treasury shares held)	73,681,647		73,681,647
Earnings (losses) per share from continuing operations			
- basic	(2.61)	(0.04)	(2.66)
- diluted	(2.61)	(0.04)	(2.66)
Earnings (losses) per share from discontinued operations			
- basic	(0.20)	-	(0.20)
- diluted	(0.20)	-	(0.20)
Total earnings (losses) per share			
- basic	(2.81)	(0.04)	(2.86)
- diluted	(2.81)	(0.04)	(2.86)

Impact on cash flow statement (decrease in free cash flow)

(€ in million)	Year ended December 31, 2020 (published)	Impact of IFRIC interpretation	Year ended December 31, 2020 (restated)
Net loss	(207)	(3)	(211)
Loss from discontinuing activities	(15)	-	(15)
Loss from continuing activities	(193)	(3)	(196)
Summary adjustments to reconcile loss from continuing activities to cash used in continuing operations			
Depreciation and amortization	263	(1)	261
Cash used in from continuing activities	**(22)**	**(4)**	**(26)**
NET OPERATING CASH USED IN CONTINUING ACTIVITIES (I)	(81)	(4)	(86)
Purchases of intangible assets including capitalization of development costs	(75)	4	(71)
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	(138)	4	(133)
NET FINANCING GENERATED FROM CONTINUING ACTIVITIES (III)	522	-	522
NET CASH USED IN DISCONTINUED ACTIVITIES (IV)	(23)	-	(23)
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	65	-	65
Net decrease in cash and cash equivalents (I+II+III+IV)	280	-	280
Exchange gains / (losses) on cash and cash equivalents	(16)	-	(16)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	330	-	330

1.2.2.2 Main standards, amendments and interpretations that are neither adopted by Technicolor nor effective yet

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New standards and interpretation	Effective Date	Main provisions
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022 (adopted by the EU)	The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are not expected to have a material impact on the Group.
Annual Improvements 2018-2020 Cycle	January 1, 2022 (adopted by the EU)	Including : **IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. **IFRS 16 Leases - Lease incentives**. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. These amendments are not expected to have a material impact on the Group.
Amendment to IFRS 3 – Reference to conceptual framework	January 1, 2022 (adopted by the EU)	The changes in Reference to the Conceptual framework (Amendments to IFRS 3): - update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework; - add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of Conceptual Framework) to identify the liabilities it has assumed in a business combination; and - add to IFRS 3 an explicit statement that an aquirer does not recognise contingent assets acquired in a business combination.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023 (not adopted by the EU)	An entity is now required to disclose its material accounting policy information instead of its significant accounting policies; several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments clarify that : - accounting policy information may be material because of its nature, even if the related amounts are immaterial; - accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and - if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2023 (not adopted by the EU)	The amendments aim to: i) specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. If a liability otherwise meets the criteria for classification as non-current, it is classified as non-current regardless of whether management intends or expects to settle the liability within 12 months or settles the liability between the end of the reporting period and the date the financial statements are authorised for issue; ii) clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period; iii) introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023 (not adopted by the EU)	The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. The amendments are not expected to have a material impact on the Group.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023 (not adopted by the EU)	The amendments aim to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A. The amendments are not expected to have a material impact on the Group.

1.2.3 Basis of measurement & estimates

The financial information has been prepared using the historical cost convention with some exceptions regarding various assets and liabilities, for which specific provisions recommended by the IFRS have been applied.

- Non-financial assets are initially recognized at acquisition costs or manufacturing costs including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Long term assets are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.
- Financial assets & liabilities are initially recognized at fair value or at amortized cost (see Note 8.1).

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period of the consolidated financial statements. These assumptions and estimates inherently contain some degree of uncertainty.

Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable and relevant. Actual results may differ from these estimates, while different assumptions or conditions may yield different results.

Management regularly reviews its valuations and estimates based on its past experience and various other factors considered reasonable and relevant for the determination of the fair estimates of the assets and liabilities' carrying value and of the revenues and expenses.

Technicolor's management believes the following to be the critical accounting policies and related judgments and estimates used in the preparation of its consolidated financial statements:

- Impairment of goodwill and intangible assets with indefinite useful lives (see notes 4.1, 4.2);
- Determination of expected useful lives of tangible and intangible assets (see notes 4.2 & 4.3);
- Determination of the term of the rents for the estimation of the right of use and of recoverable amounts for individually impaired right-of-use asset (see note 4.4);
- Presentation in other income (expense) (see note 3.3.3);
- Determination of inventories net realizable value (see note 5.1.2);
- Deferred tax assets recognition (see note 6.2);
- Assessment of actuarial assumptions used to determine provisions for employee post-employment benefits (see note 9.2);
- Measurement of provisions and contingencies (see note 10);
- Determination of royalties payables (see note 5.1.4).

1.2.4 Translation

Translation of foreign subsidiaries

For the financial statements of all the Group's entities for which the functional currency is different from that of the Group, the following methods are applied:

- The assets and liabilities are translated into euro at the rate effective at the end of the period;
- The revenues and costs are translated into euro at the average exchange rate of the period.

The translation adjustments arising are directly recorded in Other Comprehensive Income.

Translation of foreign currency transactions

Transactions in foreign currency are translated at the exchange rate effective at the trade date. Monetary assets and liabilities in foreign currency are translated at the rate of exchange prevailing at the consolidated statement of financial position date. The differences arising on the translation of foreign currency operations are recorded in the consolidated statement of operations as a foreign exchange gain and loss.

The non-monetary assets and liabilities are translated at the historical rate of exchange effective at the trade date.

The main exchange rates used for translation (one unit of euro converted to each foreign currency) are summarized in the following table:

	Closing rate		Average rate	
	2021	2020	2021	2020
US dollar (USD)	1.1326	1.2271	1.1851	1.1452
Pound sterling (GBP)	0.8403	0.8990	0.8615	0.8864
Canadian dollar (CAD)	1.4393	1.5633	1.4868	1.5320

The average rate is determined by taking the average of the month-end closing rates for the year, unless such method results in a material distortion.

2 Scope of consolidation

2.1 Scope and consolidation method

Subsidiaries

All the entities that are controlled by the Group (including special purpose entities) i.e. in which the Group has the power to govern the financial and operating policies in order to obtain benefits from the activities, are subsidiaries of the Group and are consolidated. Control is presumed to exist when the Group directly or indirectly owns more than half of the voting rights of an entity (the voting rights taken into account are the actual and potential voting rights which are immediately exercisable or convertible) and when no other shareholder holds a significant right allowing veto or the blocking of ordinary financial and operating decisions made by the Group. Consolidation is also applied to special purpose entities that met the criteria of IFRS 10, whatever their legal forms are, even where the Group holds no shares in their capital.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decisions of the investee without having either control or joint control over those policies. Investments in associates are accounted for under the equity method in accordance with IFRS 11. The goodwill arising on these entities is included in the carrying value of the investment.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Investments in joint ventures are consolidated under the equity method in accordance with IFRS 11.

For the years ended December 31, 2021 and 2020, Technicolor's consolidated financial statements include the accounts of all investments in subsidiaries, jointly controlled entities and associates. Their location is summarized below and main entities are listed in Note 15.

Number of companies as of December 31, 2021	FRANCE	EUROPE (exc. France)	U.S.	OTHER AMERICAS	ASIA & OCEANIA	TOTAL
Parent company and consolidated subsidiaries	17	30	13	11	18	89
Companies accounted for under the equity method	1	0	1	0	1	3
TOTAL	**18**	**30**	**14**	**11**	**19**	**92**

Number of companies as of December 31, 2020	FRANCE	EUROPE (exc. France)	U.S.	OTHER AMERICAS	ASIA & OCEANIA	TOTAL
Parent company and consolidated subsidiaries	17	33	19	11	18	98
Companies accounted for under the equity method	1	0	1	0	1	3
TOTAL	**18**	**33**	**20**	**11**	**19**	**101**

2.2 Change in the scope of consolidation of 2021

On April 30, 2021, the Group concluded the sale to Streamland Media of the Post-Production business, included in the Technicolor Creative Studios (formerly Production Services) segment. The sale of Post-Production simplifies Technicolor Creative Studios portfolio of activities and allows management to increasingly focus on its remaining core CGI activities.

Sales proceeds amounted to €29 million, with a gain on sale of €8 million booked in the "other income" line of the statement of operations.

2.3 Change in the scope of consolidation 2020

There was no significant change in the scope of consolidation in 2020.

The set-up of the "*fiducies-sûretés*" described in Note 8 did not impact the scope of consolidation.

2.4 Investments in associates & joint-ventures

The Group has €1 million investments accounted for using the equity method or joint-ventures (see main entities in Note 15).

All investments are private companies; therefore, no quoted market prices are available for its shares. Neither associate nor joint venture is individually material to the Group.

The consolidated financial statements include transactions made by the Group with associates and joint-ventures. These transactions are performed in normal market conditions.

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, Connected Home and DVD Services.

In the course of 2021, the Group renamed Production Services as Technicolor Creative Studios, with a new leadership team focused on the future of film, episodic, gaming, brand experiences and advertising.

The Group's Executive Committee makes its operating decisions and assesses performances based on these three operating businesses. All remaining activities, including unallocated corporate functions, are grouped in the segment "Corporate & Other".

The previous period has been restated for comparison purposes, in accordance with the new organization and reporting of the Group.

Technicolor Creative Studios

Technicolor provides high-end services to content creators, including Visual Effects and Animation for features films, episodic series, advertising, video games and other audiovisual content (see Note 1.1.2).

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.

DVD Services

DVD Services 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, DVD Services 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;
- Trademark Licensing business, which monetizes valuable brands such as RCA© and Thomson©, which were operated by the Group when it was a leading stakeholder in the Consumer Electronics business;
- Patent Licences which monetizes valuable patents;
- Post-disposal service operations and commitments related to former consumer electronics operations, mainly pension and legal costs.

(€ in million)	Technicolor Creative Studios	Connected Home	DVD Services	Corporate & Other	TOTAL
	Year ended December 31, 2021				
Statement of operations					
Revenue	629	1,544	701	23	**2,898**
Intersegment sales	-	-	-	-	-
Earnings before Interest & Tax (EBIT) from continuing operations	**27**	**11**	**0**	**(8)**	**30**
Of which:					
Amortization of purchase accounting items	(8)	(21)	(9)	-	(38)
Net impairment losses on non-current operating assets	(4)	(1)	(2)	2	(5)
Restructuring costs	(6)	(4)	(17)	(10)	(37)
Other income (expenses)	4	(8)	0	18	14
Adjusted EBITA	**41**	**45**	**27**	**(18)**	**95**
Of which:					
Depreciation & amortization (excl PPA items)	(68)	(64)	(37)	(2)	(171)
IT capacity use for rendering in Technicolor Creative Studios	-	-	-	-	-
Other non-cash items [(1)]	(3)	6	(2)	(2)	(1)
Adjusted EBITDA	**113**	**103**	**67**	**(14)**	**268**
Statements of financial position					
Segment assets	730	1,324	715	(123)	2,646
Unallocated assets					352
Total consolidated assets					**2,999**
Segment liabilities	261	765	208	345	1,579
Unallocated liabilities					1,286
Total consolidated liabilities					**2,865**
Other information					
Net capital expenditures	(26)	(60)	(9)	(0)	**(95)**
Capital employed	276	179	247	1	**703**

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

(€ in million)	Technicolor Creative Studios	Connected Home	DVD Services	Corporate & Other	TOTAL
	Year ended December 31, 2020				
Statement of operations					
Revenue	513	1,764	706	23	**3,006**
Intersegment sales	-	-	-	-	-
Earnings before Interest & Tax (EBIT) from continuing operations [(2)]	**(103)**	**(25)**	**(112)**	**(28)**	**(267)**
Of which:					
Amortization of purchase accounting items	(8)	(24)	(8)	-	(40)
Net impairment losses on non-current operating assets	(3)	(2)	(70)	-	(75)
Restructuring costs	(27)	(31)	(33)	(9)	(100)
Other income (expenses)	14	(6)	2	(2)	8
Adjusted EBITA [(2)]	**(78)**	**38**	**(1)**	**(17)**	**(59)**
Of which:					
Depreciation & amortization (excl PPA items) [(2)]	(94)	(69)	(52)	(3)	(219)
IT capacity use for rendering in Technicolor Creative Studios	(2)	-	-	-	(2)
Other non-cash items [(1)]	-	1	(2)	-	(0)
Adjusted EBITDA [(2)]	**18**	**106**	**53**	**(14)**	**163**
Statements of financial position					
Segment assets	475	1,209	528	250	2,461
Unallocated assets					548
Total consolidated assets					**3,009**
Segment liabilities	209	780	230	390	1,609
Unallocated liabilities					1,236
Total consolidated liabilities					**2,845**
Other information					
Net capital expenditures [(2)]	(33)	(58)	(12)	(0)	**(104)**
Capital employed	236	98	114	187	**634**

[(1)] mainly variation of provisions for risks, litigations and warranties
[(2)] 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2

The following comments are applicable to the two tables above:
The caption "Adjusted EBITDA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties);

1. *The caption "Adjusted EBITA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense) and amortization of purchase accounting items.*
2. *The captions "Total segment assets" and "Total segment liabilities" include all operating assets and liabilities used by a segment.*
3. *The caption "Unallocated assets" includes mainly financial assets, deferred and income tax assets, cash and cash equivalents and assets classified as held for sale;*
4. *The caption "Unallocated liabilities" includes mainly the financial debt, deferred and income tax liabilities and liabilities classified as held for sale;*
5. *The caption "Net capital expenditures" includes cash used related to tangible and intangible capital expenditures, net of cash received from tangible and intangible asset disposals;*

6 *The caption "Capital employed" is defined as being the aggregate of both net tangible and intangible assets (excluding goodwill), operating working capital and other current assets and liabilities (except for provisions including those related to employee benefits, income tax, payables on acquisition of companies and payables to suppliers of PPE and intangible assets).*

3.2 Revenue from contracts with customers

Under IFRS 15 revenue is recognized to reflect the transfer of promised goods and services to customers for amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods and services.

When either the Group or the customer as party to a contract has performed, the contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the goods delivered or services rendered and the customer's payment. Any unconditional rights to consideration is presented separately as a receivable.

Technicolor Creative Studios segment

Our Technicolor Creative Studios segment provides a full set of award-wining services around Visual Effects ("VFX") for the Advertising,Animation and Games activities. The services are generally rendered over a short period except for VFX services and Animation where services may be provided over a longer period. Our contracts stipulate that we have a right to payment for performance completed to date in case of a termination by the customer, and no milestones are used for measuring the progress. Revenue is recognized upon the rendering of services.

Connected Home segment

Connected Home segment offers a complete portfolio of Broadband and Video Customer Premise Equipment ("CPE") and develops software solutions. The contracts signed have no multiple performance obligations and there is no variable consideration over time. Software inside modems or digital set top boxes are specific to each customer and are not marketed separately. Revenue is then recognized over at goods delivery.

DVD Services segment

Our DVD Services segment provides turnkey integrated supply-chain solutions including mastering, replication, packaging, direct-to-retail distribution through two separate contracts (a replication contract and a distribution contract). In case of variable price over the contract term, the revenue is already adjusted to anticipate the probable discount.

In case of a contract advance paid to the customer, the consideration payable to the customer is already accounted for as a reduction of the transaction price and amortized based on the units of production.

Revenues is recognized upon the rendering of services.

3.2.1 Disaggregated revenue information

In respect of IFRS15 *Revenue from contracts with customers*, continuing revenue per method of recognition, contract assets and liabilities are disaggregated in the following way:

(€ in million)	December 31, 2021	Technicolor Creative Studios	Connected Home	DVD Services	Corporate & Other	December 31, 2020
Revenue recognized at delivery of goods or services	2,253	7	1,544	701	-	2,475
Revenue recognized over time	622	622	-	-	-	508
Revenue from licenses [(1)]	23	-	-	-	23	23
Revenue of continuing operations	**2,898**	**629**	**1,544**	**701**	**23**	**3,006**

[(1)] *Trademark licensing and remaining patent licensing revenue are recognized based on volumes reported or cash received depending on information available*

Relating to performance obligations still to be satisfied, only VFX activities included in Technicolor Creative Studios business division are part of contracts that have an original expected duration of one year or more. For these services, the performance obligations still to be performed under contracts in force at the end of the reporting period amount to € 379 million as of December 31, 2021; it will be recognized mostly in 2022.

Information on main clients

As of December 31, 2021, one external customer represents 17% of the Group's consolidated revenues (€486 million), another external customer represents about 6% (€161 million) and a third external customer represents about 5% (€153 million).

As of December 31, 2020, one external customer represents 23% of the Group's consolidated revenues (€705 million), and another external customer represents about 5% (€139 million).

Information by geographical area

(€ in million)	France	U.K.	Rest of Europe	U.S.	Rest of Americas	Asia-Pacific	TOTAL
Revenue							
2021	509	162	124	1,441	481	180	2,898
2020	524	128	133	1,558	488	175	3,006
Segment assets							
2021	745	220	51	1,207	301	122	2,646
2020	518	220	61	1,275	282	106	2,461

Revenues are classified according to the location of the entity that invoices the customer.

3.2.2 Contract balances

(€ in million)	2021	2020
Trade accounts and notes receivable	359	425
Contract assets	94	63
Contract liabilities	81	41

Contract liabilities at the opening have been recognized in revenue during the period.

3.3 Operating income & expenses

3.3.1 Research & development expenses

(€ in million)	Year ended December 31,	
	2021	2020
Research and Development expenses, gross	(78)	(87)
Capitalized development projects	30	35
Amortization of capitalized projects	(39)	(44)
Subsidies [(1)]	2	2
Research and Development expenses, net	**(84)**	**(94)**

(1) Includes mainly research tax credit granted by the French State

3.3.2 Selling & administrative expenses

(€ in million)	Year ended December 31,	
	2021	**2020**
Selling and marketing expenses	(87)	(92)
General and administrative expenses	(175)	(191)
Selling and administrative expenses	**(263)**	**(283)**

3.3.3 Other income

Other income is defined under Recommendation 2013-03 of the French CNC relating to the format of consolidated financial statements prepared under international accounting standards, and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to Technicolor's current activities. These mainly include gains and losses on disposals of fully consolidated companies, incurred or estimated costs related to major litigation, as well as items in connection with Revised IFRS 3 and Revised IAS 27 such as acquisition costs related to business combinations and changes in earn-outs related to business combinations.

(€ in million)	Year ended December 31,	
	2021	**2020**
Net capital gains	29	14
Litigations and other	(15)	(6)
Other income (expense)	**14**	**8**

Net capital gains for the period ended December 31, 2021, include mainly:

- Reclassification of cumulated CTA (Currency Translation Adjustment) to statement of operations for an amount of €22 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.

Litigations and others for the period ended December 31, 2021 include mainly a litigation allowance in the Corporate & other segment.

Net capital gains for the period ended December 31, 2020, included mainly:

- A final and definitive earn-out payment of $9 million (€8 million) derived from the negotiated termination of its strategic partnership with Deluxe;
- €5 million of gain on disposal of Thailand subsidiary, mainly derived from reclassification of translation reserves.

3.4 Net financial income (expense)

(€ in million)	Year ended December 31, 2021	2020
Interest income	(0)	4
Interest expense	(126)	(82)
Net interest expense	**(126)**	**(78)**
Net interest expense on defined benefit liability	(2)	(4)
Net gain on financial restructuring (1)	-	158
Foreign exchange gain / (loss) (2)	1	15
Other (3)	2	(14)
Other financial income (expense)	**(0)**	**155**
Net financial income (expense)	**(127)**	**77**

(1) During 2020, this line corresponded to the difference betweeen the new debt and equity at fair value and the former debt at historical value.
(2) During 2020, foreign exchange result can be explained mainly by the change in US debt value prior to financial restructuring.
(3) During 2020, this mainly related to fees incurred in the attempted capital increase and bridge loan.

4 Goodwill, intangible & tangible assets

4.1 Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- *The fair value of the consideration transferred; plus*
- *The recognized amount of any previously owned non-controlling interests in the acquiree; plus*
- *If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less*
- *The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.*

Under option, for each business combination, any non-controlling interest in the acquiree is measured either at fair value (thus increasing the goodwill) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Once control is achieved, further acquisition of non-controlling interest or disposal of equity interest without losing control are accounted as equity transaction.

Goodwill is recognized in the currency of the acquired subsidiary/associate and measured at cost less accumulated impairment losses and translated into euros at the rate effective at the end of the period. Goodwill is not amortized but is tested annually for impairment.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss, except if contingent consideration is classified in equity.

The following table provides the allocation of the significant amounts of goodwill to each Goodwill Reporting Unit (GRU) based on the organization effective as of December 31, 2021 (refer to Note 4.5 for detail on impairment tests)

(€ in million)	Technicolor Creative Studios	Connected Home	DVD Services	Total
At January 1, 2020, net	**192**	**437**	**222**	**851**
Exchange difference	(12)	(37)	(14)	(64)
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	(66)	(66)
Other [(1)]	(5)	-	-	(5)
At December 31, 2020, net	**174**	**400**	**142**	**716**
Exchange difference	12	34	11	57
Acquisitions of businesses	-	-	-	-
Disposals	-	-	-	-
Impairment loss	-	-	-	-
Other [(2)]	(1)	-	-	-
At December 31, 2021, net	**185**	**434**	**153**	**773**

[(1)] Reclassification to Assets held for sale for the goodwill allocated to the Post production disposal group

[(2)] Write-off of Goodwill allocated to Post Production following the final sale price

4.2 Intangible assets

Intangible assets consist mainly of trademarks, rights for use of patents, capitalized development projects and acquired customer relationships.

Intangibles acquired through a business combination are recognized at fair value at the transaction date. For material amounts, Technicolor relies on independent appraisals to determine the fair value of intangible assets. Separately acquired intangible assets are recorded at purchase cost and internally generated intangibles are recognized at production cost.

Purchase cost comprises acquisition price plus all associated costs related to the acquisition and set-up. All other costs, including those related to the development of internally generated intangible assets such as brands, customer files, etc., are recognized as expenses of the period when they are incurred.

Intangible assets considered to have a finite useful life are amortized over their estimated useful lives and their value written down in the case of any impairment loss. Depending on the nature and the use of the intangible assets, the amortization of these assets is included either in "Cost of sales", "Selling and administrative expenses", "Other income (expense)" or "Research and development expenses".

Intangible assets with indefinite useful lives are not amortized but are attached to GRU and tested for impairment annually (see Note 4.5).

Accounting estimates and judgments

Regarding intangible assets with finite useful lives, significant estimates and assumptions are required to determine (i) the expected useful life of these assets for purpose of their depreciation and (ii) whether there is an impairment of their value requiring a write-down of their carrying amount. Estimates that are used to determine their expected useful lives are defined in the Group's accounting policy manual and consistently applied throughout the Group.

Regarding intangible assets with indefinite useful lives, significant estimates and assumptions are required to determine the recoverable amount of such assets. See Note 4.5. for detail on the accounting policy related to impairment review on such assets.

4.2.1 Trademarks

Trademarks are considered as having an indefinite useful life and are not amortized, but are tested for impairment annually, on a stand-alone basis. The main reasons retained by the Group to consider a trademark as having an indefinite useful life were mainly its positioning in its market expressed in terms of volume of activity, international presence and notoriety, and its expected long-term profitability.

As of December 31, 2021, trademarks total €258 million and consist mainly of Technicolor® trademark for €199 million, RCA® trademark for €29 million and The Mill® tradename for €22 million.

The fair market value of Technicolor Trademark is based on a methodology developed in 2014 by an external advisor specialized in valuation of trademarks. Such methodology defines for each business, through a matrix of key success factors of the business and intangible assets used, the contribution of the trademark to the discounted cash flow using an excess profit method.

The matrix of contribution as defined is reviewed regularly to reflect evolutions in the business environment and scope and the discounted cash flows are updated internally each year to check if the fair value of the Technicolor trademark is above its net book value.

A decrease of earnings before interest and tax margin of each business by 1 point would lead to an impairment of the Technicolor trademark of €21m.

The recoverable value of RCA® trademark is estimated using the discounted cash flows method based on Budget and cash flow projections on a 5-year period with a post-tax discount rate of 9.7%. No reasonably expected change in assumptions would result in any impairment.

Other trademarks include THOMSON® in the Corporate & Other and MPC®, Mr. X®, and MIKROS IMAGE® in the Technicolor Creative Studios.

Following the integration of the VFX brands MPC Film, MPC Episodic and Mr. X under Moving Picture Company (MPC®) an impairment of €2 million has been recognized on the Mr. X® brand to account for the business transformation and rebranding of the VFX studios.

4.2.2 Customer relationships, Patents & other intangible assets

Customer relationships

Customer relationships that are acquired through business combinations are amortized over the expected useful life of such relationships, which range from 8 to 20 years, taking into account probable renewals of long-term customer contracts that last generally from 1 to 5 years. The initial valuation methodology is generally the excess profit method using the attributable discounted future cash flows expected to be generated. They are tested for impairment only if management identifies triggering events that may result in a loss of value of such assets.

Patents and Patent licenses

Patents are amortized on a straight-line basis over the expected period of use. Patent licences amortization pattern is determined by the timing of future economic benefits, generally measured on the basis of volumes benefitting from these licenses. When the economic benefits are evenly or uncertainly spread over the period of use, the asset is amortized on a straight-line basis. In the case of decreasing volumes, the asset is amortized based on volumes sold, and the amortization rate reviewed at each closing.

Other intangibles assets

Other intangibles comprise mainly capitalized development projects, acquired or internally developed software and acquired technologies.

Research expenditures are expensed as incurred. Development costs are expensed as incurred, unless the project to which they relate meets the IAS 38 capitalization criteria. Recognized development projects correspond to projects whose objectives are to develop new processes or to improve significantly existing processes, considered as technically viable and expected to provide future economic benefits for the Group. Development projects are recorded at cost less accumulated depreciation and impairment losses, if any. The costs of the internally generated development projects include direct labor costs (including pension costs and medical retiree benefits), costs of materials, service fees necessary for the development projects and reduced of tax credits if any. They are *amortized over a period ranging from one to five years starting from the beginning of the commercial production of the projects, based on units sold or based on units produced or using the straight-line method.*

(€ in million)	Trademarks	Customer Relationships	Patents & Other intangibles	Total Intangible Assets
At January 1, 2020, net *	**261**	**154**	**210**	**626**
Cost	*269*	*359*	*869*	*1,497*
Accumulated depreciation	*(8)*	*(205)*	*(659)*	*(872)*
Exchange differences	(18)	(10)	(16)	(45)
Additions *	-	-	65	65
Depreciation charge *	-	(30)	(81)	(112)
Impairment loss	(1)	-	(5)	(5)
	-	-	(3)	(3)
At December 31, 2020, net *	**242**	**114**	**171**	**526**
Cost	*250*	*333*	*850*	*1,433*
Accumulated depreciation	*(8)*	*(219)*	*(679)*	*(907)*
Exchange differences	17	8	12	37
Additions	-	-	52	52
Depreciation charge	-	(30)	(75)	(104)
Impairment loss	(1)	-	(1)	(2)
At December 31, 2021, net	**258**	**92**	**160**	**510**
Cost	*267*	*358*	*916*	*1,541*
Accumulated depreciation	*(9)*	*(266)*	*(756)*	*(1,032)*

** 2020 amounts are restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

4.3 Property, plant & equipment

All Property, Plant and Equipment (PPE) are recognized at cost less any depreciation and impairment losses. They are amortized either using the straight-line method or, in case of expected decreasing volumes, using the production units method over the useful life of the asset which ranges from 20 to 40 years for buildings and from 1 to 12 years for materials and machinery. Each material component of a composite asset with different useful lives or different patterns of depreciation is accounted for separately for the purpose of depreciation and for accounting of subsequent expenditure.

Accounting estimates and judgments

Significant estimates and assumptions are required to determine (i) the expected useful lives of these assets for purposes of their depreciation and (ii) whether there is an impairment of their value requiring a write-down of their carrying amount. Estimates that are used to determine their expected useful lives are defined in the Group's accounting policy manual and consistently applied throughout the Group.

(€ in million)	Land	Buildings	Machinery & Equipment	Other Tangible Assets	TOTAL
At January 1, 2020, net	**3**	**16**	**69**	**103**	**191**
Cost	*3*	*60*	*1,075*	*382*	*1,520*
Accumulated depreciation	*-*	*(44)*	*(1,006)*	*(279)*	*(1,329)*
Exchange differences	-	(1)	(4)	(6)	(11)
Additions	-	0	0	37	37
Depreciation charge	-	(2)	(32)	(29)	(63)
Impairment loss	-	0	(4)	(1)	(5)
Other (1)	-	(1)	20	(27)	(9)
At December 31, 2020, net *	**3**	**12**	**48**	**77**	**140**
Cost	*3*	*52*	*884*	*269*	*1,208*
Accumulated depreciation	*-*	*(40)*	*(836)*	*(192)*	*(1,068)*
Exchange differences	-	1	3	5	9
Additions	-	0	3	48	51
Disposals	0	0	0	(2)	(2)
Depreciation charge	-	(1)	(26)	(23)	(50)
Impairment loss	0	0	(1)	(2)	(3)
Other (2)	0	0	21	(4)	17
At December 31, 2021, net	**3**	**12**	**48**	**99**	**162**
Cost	*3*	*54*	*904*	*358*	*1,320*
Accumulated depreciation	*-*	*(42)*	*(857)*	*(259)*	*(1,158)*

(1) Corresponds to the transfer of tangible assets in progress to Machinery and Equipment and to the transfer in assets held for sale.

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

4.4 Right-of-use assets

The Group has adopted IFRS 16 at the beginning of 2019. The standard provides a single lease accounting model, requiring the lessee to recognize assets and liabilities for all leases unless the term lease is 12 months or less or the underlying asset has low value. The initial value of the right-of-use asset is equal to the sum of the present value of the lease payments over the rent period and of directs costs incurred in entering or modifying the lease. The Group depreciates its right-of-use assets using the straight-line method, starting when the right-of-use asset is ready for use until the end of the lease.

The analysis of rent period, mainly for buildings, considers the non-cancellable contract period, cancellable contract period and extension options, when the Group is reasonably certain to exercise these extension options. The Group reassesses whether it is reasonably certain through appreciation of the following information:

- *The depreciation period of the fittings*
- *The rent evolution compared to market prices*
- *Visibility regarding business activity for each site.*

(€ in million)	**Real Estate**	**Others**	**Total Right-of-use assets**
At January 1, 2020, net	**241**	**44**	**285**
New contracts	4	6	10
Change in contract	10	-	10
Reclassification	(48)	-	(48)
Depreciation charge	(54)	(27)	(81)
Impairment loss	(14)	-	(14)
Other	(10)	(4)	(14)
At December 31, 2020, net	**129**	**19**	**148**
New contracts	27	22	51
Change in contract [(1)]	18	-	18
Reclassification [(2)]	(21)	-	(21)
Depreciation charge	(35)	(17)	(52)
Impairment loss [(3)]	(8)	-	(8)
Other	6	2	9
At December 31, 2021, net	**117**	**26**	**143**

[(1)] remesasurement of the right of use following a lease modification
[(2)] Includes net right of use of new Culver City HQ (TCS) transferred to assets in progress while the building is built out
[(3)] see Note 4.5

At December 31, 2021 leased assets mainly comprise office premises and other real estate leases (82%), leased software (9%), IT equipment (8%) and leased machinery (1%).

Total cash outflows on leases (excluding annual lease costs on short term leases and lo value assets leases) amounted to €52 million in the year ended December 31, 2021.

A maturity analysis of the lease liability is disclosed in note 8.5.5.

4.5 Impairment on non-current operating assets

Goodwill, intangible assets having an indefinite useful life and development projects not yet available for use are tested annually for impairment during the last quarter of the year and updated at the end of December and whenever circumstances indicate that they might be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash outflows that are largely independent of the cash flows of other assets or CGU. Goodwill arising from a business combination is allocated to CGUs or group of CGUs (Goodwill reporting units - GRUs) that are expected to benefit from the synergies. The Group identified 3 GRUs corresponding to its 3 operating segments.

PPE and intangible assets having a definite useful life are tested for impairment at the consolidated statement of financial position date only if events or circumstances indicate that they might be impaired. The main evidence indicating that an asset may be impaired includes the existence of significant changes in the operational environment of the assets, a significant decline in the expected economic performance of the assets, or a significant decline in the revenues or margin versus prior year and budget or in the market share of the Group.

The impairment test consists of comparing the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of its fair value (less costs to sell) and its value in use.

The fair value (less costs to sell) corresponds to the amount that could be obtained from the sale of the asset (or the CGU/GRU), in an arm's-length transaction between knowledgeable and willing parties, *less the costs of disposal. It can be determined using an observable market price for the asset (or the CGU/GRU) or using discounted cash flow projections, that include estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance but exclude any synergies with other CGU/GRU of the Group.*

Value in use is the present value of the future cash flow expected to be derived from an asset or CGU/GRU.

For determining the recoverable value, the Group uses estimates of future pre-tax discounted cash flows generated by the asset including a terminal value when appropriate. These flows are consistent with the most recent budgets approved by the Board of Directors of the Group. Estimated cash flows are discounted using pre-tax long-term market rates, reflecting the time value of money and the specific risks of the assets.

An impairment loss corresponds to the difference between the carrying amount of the asset (or group of assets) and its recoverable amount and is recognized in "Net impairment losses on non-current operating assets" for continuing operations unless the impairment is part of restructuring plans, or related to discontinued operations in which case it is recognized in "Restructuring expenses". In accordance with IAS 36, impairment of goodwill cannot be reversed.

Accounting estimates and judgments

The Group reviews annually goodwill and other indefinite-lived intangible assets for impairment in accordance with the accounting policy.

Technicolor's management believes its policies related to such annual impairment testing are critical accounting policies the recoverable involving critical accounting estimates because determining amount of GRU requires (i) determining the appropriate discount rate to be used to discount future expected cash flows of the cash-generating unit and (ii) estimating the value of the operating cash flows including their terminal value, the growth rate of the revenues generated by the assets tested for impairment, the operating margin rates of underlying assets for related future periods and the royalty rates for trademarks.

In addition to the annual review for impairment, Technicolor evaluates at each reporting date certain indicators that would result, if applicable, in the calculation of an additional impairment test in accordance with the Group accounting policy.

Management believes the updated assumptions used concerning sales growth, terminal values and royalty rates are reasonable and in line with updated market data available for each GRU.

(€ in million)	Technicolor Creative Studios	Connected Home	DVD Services	Corporate & Others	TOTAL
2021					
Impairment loss on goodwill	-	-	-	-	-
Impairment losses on intangible assets	(2)	(1)	-	-	(3)
Impairment losses on tangible assets	(0)	(0)	(1)	(1)	(3)
Impairment losses on right-of-use assets	(3)	(2)	(3)	(0)	(8)
Impairment losses on non-current operating assets	**(5)**	**(3)**	**(4)**	**(0)**	**(13)**
Impairment reversal on intangible assets	-	-	-	2	2
Net impairment losses on non-current operating assets	**(5)**	**(3)**	**(4)**	**1**	**(11)**
2020					
Impairment loss on goodwill	-	-	(66)	-	(66)
Impairment losses on intangible assets	(3)	(1)	-	-	(4)
Impairment losses on tangible assets	(0)	(1)	(4)	(0)	(5)
Impairment losses on right-of-use assets	(9)	(1)	(3)	(0)	(13)
Impairment losses on non-current operating assets	**(12)**	**(3)**	**(73)**	**(0)**	**(88)**
Impairment reversal on intangible assets	-	-	-	-	-
Net impairment losses on non-current operating assets	**(12)**	**(3)**	**(73)**	**(0)**	**(88)**

At December 31, 2021, the Group has recognized an impairment loss on the right-of-use-assets of €8 million versus €13 million in 2020. In 2021 and 2020, part of this impairment loss for respectively €6 million and €13 million, was booked in the restructuring costs line of the consolidated statement of operations and reflected the Group's efforts to reduce its real estate footprint specially in its North American (USA and Canada) locations.

As part of the determination on the recoverable value of assets for impairment, the main assumptions relate to the sublease income scenarios which were determined considering current economic conditions and available market values.

4.5.1 Main assumptions at December 31, 2021

In order to perform the annual impairment test, the Group used the following assumptions to determine the recoverable amount of the main goodwill reporting units:

	Technicolor Creative Studios	Connected Home	DVD Services
Basis used to determine the recoverable amount	Value in use	Fair Value	Fair Value
Description of key assumptions	Budget and Business Plans		
Period for projected future cash flows	5 years	5 years	(*)
Growth rate used to extrapolate cash flow projections beyond projection period:			
- As of December 31, 2021	3.0%	1.0%	(*)
- As of December 31, 2020	2.0%	1.0%	(*)
Post-tax discount rate applied:			
- As of December 31, 2021	9.6%	9.8%	9.9%
- As of December 31, 2020	11.1%	10.2%	10.2%

(*) Revenues linked to disc replication and distribution are expected to decline over time and have a finite life. Other revenue streams have a long-term growth rate of 2%

For the DVD Services GRU, in the absence of a binding sale agreement at closing date, of an active market and of comparable recent transactions, discounted cash flow projections have been used to estimate fair value less costs to sell. Technicolor management considers that fair value less costs to sell is the most appropriate method to estimate the value of its GRU as it takes into account the future restructuring measures the Group will need to make against a rapid technological environment change. Such restructuring actions would be considered by any market participant given the economic environment of the business.

The discounted cash flow of DVD Services integrates historical revenues of disc replication and distribution, as well as diversification revenues. The former have a finite life of circa 15 years, while the latter have integrated a long-term growth rate of 2%. (see Note 3)

The Group recorded no impairment charge on Goodwill in 2021.

4.5.2 Sensitivity of recoverable amounts at December 31, 2021

For Technicolor Creative Studios:

- a decrease of 1 point in the long-term growth rate assumption would decrease the enterprise value by €179 million without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2022 would decrease the enterprise value by €114 million without generating any impairment;

- an increase of 0.5 point in the WACC rate assumption would decrease the enterprise value by €119 million without generating any impairment.

For Connected Home:

- an increase of 1 point in the post-tax discount rate assumption would decrease the enterprise value by €74 million without generating any impairment;
- a decrease of 1 point of the Adjusted EBITDA margin from 2022 would decrease the enterprise value by €210 million and would lead to an impairment of €11 million.

For DVD Services:

- a decrease of 10% on BD volumes from 2027 would decrease the enterprise value by €8 million, without generating any impairment;
- an increase of 0.5 point in the WACC rate assumption would decrease the enterprise value by €10 million, without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2025 would decrease the enterprise value by €23 million, without generating any impairment;

5 Other operating information

5.1 Operating assets & liabilities

5.1.1 Non-current operating assets & liabilities

(€ in million)	**2021**	**2020**
Customer contract advances and up-front prepaid discount	6	8
Other	29	19
Other operating non-current assets	**35**	**27**
Payable on acquisitions of business & fixed assets	(3)	(4)
Other	(16)	(17)
Other operating non-current liabilities	**(19)**	**(21)**

As part of its normal course of business, Technicolor makes cash advances and up-front prepaid discount to its customers, principally within its DVD Services segment. These are generally in the framework of a long-term relationship or contract and can take different forms. Consideration is typically paid as an advance to the customers in return for the customer's various commitments over the life of the contracts. These contracts award to the Group a customer's business within a particular territory over the specified contract period (generally from 1 to 5 years). The contracts contain provisions that establish pricing terms for services and volumes to be provided and other terms and conditions.

Such advanced payments are classified under "Non-current assets", recorded as "Contracts advances and up-front prepaid discount" and are amortized as a reduction of "Revenues" on the basis of units of production or film processed.

5.1.2 Inventories

Inventories are valued at acquisition or production cost. The production costs include the direct costs of raw materials, labor costs and a part of the overheads representative of the indirect production costs, and exclude general administrative costs. The cost of inventory sold is determined based on the weighted average method or the FIFO (first in – first out) method, depending on the nature of the inventory. When the net realizable value of inventories is lower than its carrying amount, the inventory is written down by the difference.

***Accounting estimates and judgments**:*

The management takes into consideration all elements that could have an impact on the inventory valuation, as declining sales forecasts, expected reduction in selling prices, specific actions engaged as rework or incentive plans, and obsolescence of products or slow rotation.

(€ in million)	2021	2020
Raw Materials	142	63
Work in progress	3	4
Finished goods and purchase goods for resale	201	153
Gross Value	**345**	**220**
Less: valuation allowance	(11)	(25)
Total inventories	**335**	**195**

5.1.3 Trade accounts receivables

The trade receivables are part of the current financial assets. At the date of their initial recognition, they are measured at the fair value of the amount to be received. This generally represents their nominal value because the effect of discounting is generally immaterial between the recognition of the instrument and its realization.

Loss allowances on trade receivables are determined from expected credit losses. The Group chose the simplified approach offered by IFRS 9 which allows the recognition of an allowance based on the lifetime expected credit losses at each reporting date.

The expected credit losses are determined from the trade date the following way:

- application to non-major customer segments of each division of a matrix determined on the Group's historical credit loss experience

- specific follow-up of the credit risk for major customers based on their credit rating

Derecognition of assets

A receivable is derecognized when it is sold without recourse and when it is evidenced that the Group has transferred substantially all the significant risks and rewards of ownership of the receivable and has no more continuing involvement in the transferred asset.

(€ in million)	2021	2020
Trade accounts and notes receivable	374	445
Less: valuation allowance	(15)	(20)
Total trade accounts and notes receivable	**359**	**425**

As of December 31, 2021 and 2020 trade accounts receivable include past due amounts respectively for €76 million and €79 million for which a valuation allowance was recorded for an amount of €(13) million and €(20) million.

The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets €359 million as of December 31, 2021 compared to €425 million as of December 31, 2020.

5.1.4 Other current assets & liabilities

Estimation of accrued royalty liabilities

In the normal course of its business, the Group may use certain technology protected by patents owned by third parties. In the majority of cases, the amount of royalties payable to these third parties for the use of this technology will be defined in a formal licensing contract. In some cases, and particularly in the early years of an emerging technology when the ownership of intellectual property rights may not yet be ascertained, management's judgement is required to determine the probability of a third party asserting its rights and the likely cost of using the technology when such assertion is probable. In making *its evaluation, management considers past experience with comparable technology and/or with the particular technology owner. The royalties payable are presented within the captions "Other current liabilities" and "Other non-current liabilities" in the Group's balance sheet.*

(€ in million)	2021	2020
Value added tax receivable	40	43
Research tax credit and subsidies	5	5
Prepaid expenses	28	26
Other	170	150
Other operating current assets	**243**	**224**
Taxes payable	(43)	(46)
Accrued royalties expense	(42)	(36)
Payables for fixed assets	(31)	(14)
Other	(169)	(119)
Other operating current liabilities	**(284)**	**(215)**

6 Income Tax

6.1 Income tax recognized in profit and loss

6.1.1 Income tax expense

Income tax expense comprises current and deferred tax. Deferred tax is recognized in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss (either in OCI or directly in equity). Moreover, IAS 12 does not specify whether tax benefits arising from tax losses should be allocated to the source of the loss or the source of the realization of the benefit. The Group has accounted for any tax benefits arising from tax losses from discontinued operations in continuing operations since these tax losses will be used by future benefits from continuing operations.

Further to the application of IFRIC 23 Uncertainty over Income Tax Treatments, current taxes also include uncertain tax positions previously included in Provisions.

(€ in million)	2021	2020
Current income tax		
France	(2)	0
Foreign	(20)	(15)
Total current income tax	**(23)**	**(15)**
Deferred income tax		
France	(1)	0
Foreign	(1)	9
Total deferred income tax	**(2)**	**10**
Income tax on continuing operations	**(24)**	**(5)**

In 2021, the current income tax charge is mainly made of current taxes due in Canada, India, and Mexico.

In 2020, the current income tax charge is mainly made of current taxes due in India, Brazil and Poland.

Please see section 6.2.1 for more details on the variation of deferred taxes.

6.1.2 Group tax proof

The following table shows the reconciliation of the expected tax expense – using the French corporate tax rate of 28.41% – and the reported tax expense. The items in reconciliation are described hereafter:

(€ in million)	2021	2020 *
Loss from continuing operations	**(121)**	**(196)**
Income tax	(24)	(5)
Pre-tax accounting loss on continuing operations	**(96)**	**(191)**
	28%	*32%*
Expected tax expense	**28**	**61**
Effect of unused tax losses and tax offsets not recognized as deferred tax assets [(1)]	71	(27)
Effect of permanent differences	22	38
Effect of different tax rates applied [(2)]	(2)	(14)
Effect of change in applicable tax rate [(3)]	(140)	(61)
Withholding taxes not recovered	(3)	(3)
Effective tax expense on continuing operations	**(24)**	**(5)**

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

(1) In 2021, mainly due to the valuation allowance of deferred tax assets generated on the losses of the period, i.e €109 million for France and €(13) million for the United States.
(2) In 2020, the amount includes mainly the impact of the tax differential rate in France and Germany.
(3) In 2021, the amount includes mainly the impact of change of future tax rate in France (28% in 2021 vs 32% in 2020) and UK (25% in 2021 vs 19% in 2020)

6.2 Tax position in the statement of financial position

Deferred taxes result from:
- Temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the Group consolidated balance sheets; and
- The carry forward of unused tax losses and tax credits.

Deferred taxes for all temporary differences are calculated for each taxable entity (or group of entities) using the balance sheet liability method.

All deferred tax liabilities are recorded except:
- When the deferred tax liability results from the initial recognition of goodwill, or from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the trade date, affects neither the net income nor the taxable income or loss; and
- For taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recorded:
- For all deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these temporary differences can be utilized, except when the related deferred tax asset results from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the trade date, affects neither the net income nor the taxable income or loss; and
- For the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

The recoverable amount of the deferred tax assets is reviewed at each balance sheet date and adjusted to take into account the level of taxable profit available to allow the benefit of part or all of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are valued using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred taxes are classified as non-current assets and liabilities.

Deferred tax assets and liabilities are set off by taxable entity for the same maturities.

Accounting estimates and judgments

Management judgment is required to determine the Group's deferred tax assets and liabilities. When a specific subsidiary has a history of recent losses, future positive taxable income is assumed improbable, unless the asset recognition can be supported for reasons such as

- the losses having resulted from exceptional circumstances which are not expected to re-occur in the near future, and/or

- the expectation of exceptional gains or

- future income to be derived from long-term contracts.

The Group considered tax-planning in assessing whether deferred tax assets should be recognized.

6.2.1 Change in net deferred taxes

(€ in million)	Deferred tax assets	Deferred tax liabilities	Total, net deferred tax assets
Year ended December 31, 2019	**52**	**(27)**	**25**
Changes impacting continuing profit or loss	(30)	40	10
Other movement	23	(28)	(5)
Year ended December 31, 2020	**45**	**(15)**	**30**
Changes impacting continuing profit or loss	(0)	(1)	(2)
Other movement [1]	5	(4)	2
Year ended December 31, 2021	**50**	**(20)**	**30**

[1] *Mainly set off of deferred tax assets and liabilities of same maturities by taxable entity, tax impact on other comprehensive income* and foreign exchange movements

As of December 31, 2021, the net deferred tax assets amounting to €30million mainly relate to the recognition of losses carried forward and other temporary differences in Australia , India, Mexico, UK and Canada.

As of December 31, 2020, the net deferred tax assets amounting to €30 million mainly relate to the recognition of losses carried forward and other temporary differences in Canada, India, Mexico, Poland and Australia.

6.2.2 Source of deferred taxes

(€ in million)	2021	2020
Tax losses carried forward	**1,055**	**1,108**
Tax effect of temporary differences related to:		
Property, plant and equipment	30	32
Goodwill	(2)	3
Intangible assets	(55)	(50)
Receivables and other assets	24	31
Borrowings	170	140
Retirement benefit obligations	46	55
Provisions and other liabilities	30	27
Total deferred tax on temporary differences	**244**	**238**
Deferred tax assets / (liabilities) before netting	**1,299**	**1,346**
Valuation allowances on deferred tax assets	(1,269)	(1,316)
Net deferred tax assets / (liabilities)	**30**	**30**

Technicolor reports €2.6 billion of tax losses carried forward generated in countries where the Group still conducts business, in 2021, tax losses mainly arose from France, UK and US.

7 Equity & Earnings per share

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded for the proceeds received, net of direct issue costs.

Equity transaction costs
Incremental and external costs directly attributable to the equity transactions are accounted for as a deduction from equity

7.1 Change in share capital

(in euros, except number of shares in units)	Number of shares	Par value	Share capital in Euros
Share Capital as of December 31, 2020	**235,795,483**	**0.01**	**2,357,955**
Issuance of new shares under LTIP 2018 [(1)]	9,800	0.01	98
Exercice of New Money Warrants	19,272	0.01	193
Share Capital as of December 31, 2021	**235,824,555**	**0.01**	**2,358,246**

[(1)] *Plans described in Note 9.3.*

In 2021, using the delegation granted by the Board of Directors, the Chief Executive Officer decided on May 6, 2021, to issue 9,800 new shares with a par value of €0.01 to be delivered to the LTIP 2018 plan's beneficiaries after vesting date.

As of December 31, 2021 24,090 shareholders warrants (corresponding to 19,272 new shares) have been exercised in the course of 2021 and 15,362,704 remain representing a maximum of 12,290,163 new shares.

As a reminder , as part of the debt restructuring in 2020, the Group carried out several operations which have impacted the amount of the share capital and the nominal value of the Company's shares as detailed below:

- **Share consolidation :**

Following of March 23, 2020 Shareholders' Meeting, it has been decided to implement the reverse share split. On May 12, 2020, the Chief Executive Officer noted that the share consolidation had been completed and that 414,461,178 old shares with a par value of euro 1 were exchanged for 15,350,414 new shares with a par value of €27, on the basis of 1 new share for 27 former shares.

- **Capital reduction :**

During the same Shareholders' Meeting, it has been decided to reduce the share capital by a total amount of €414,307,673.86 to reach €153,504.14.
This capital reduction was carried out by reducing the nominal value of each share of the 15,350,414 shares of the Company from €27 to €0.01.

- **Capital Increases :**

On June 9, 2020, the Chief Executive Officer, by delegation of the Board of Directors of May 7, 2020 decided to issue 56,700 new ordinary shares with a par value of €0.01 in order to proceed on the same day with the delivery of the shares under the LTIP 2017.

Following Shareholder General Meeting of July 20, 2020 and in accordance with safeguard plan, the Chief Executive Officer approved :

- Share capital increases in cash for €60 million.
- Capital increases by a way of debt equitization of €397 million.

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

In addition to the above, and according to safeguard plan, it has been approved :

- the delivery to the New Money lenders in consideration of the New Money, of 17,701,957 New Money Warrants exercisable for a period of 3 months, giving the right to subscribe to a maximum number of 17,701,957 new shares, at a price of €0.01 per new share with a nominal value of €0.01 without issue premium, and representing approximately 7.5% of the Company's share capital after the Capital Increases but before the exercise of the Shareholder Warrants mentioned below; and;

- the delivery to all the Company's shareholders of 15,407,114 Shareholders Warrants, on the basis of one (1) Shareholders Warrant for one (1) existing share, five (5) Shareholders Warrants giving the right to subscribe for four (4) new shares for a 4 year period, which may result in the issue of a maximum number of 12,325,691 new shares, at a price of €3.58 per new share.

As of December 31, 2021, and to the Company’s knowledge, the following entities held more than 5% of the Company’s share capital:

- Angelo, Gordon & CO.LP, held 29,811,992 shares which represent 12.64% of the share capital and 12.64% of the voting rights of the Company.
- Credit Suisse Asset Management held, 25,491,247 shares which represent 10.81% of the share capital and 10.81% of the voting rights of the Company;
- Briarwood Chase Management LLC held 21,827,685 shares which represent 9.26% of the share capital and 9.26% of the voting rights of the Company;
- Baring Asset Management Ltd held, 18,631,496 shares which represent 7.90% of the share capital and 7.90% of the voting rights of the Company;

– Bain Capital Credit, LP held 16,413,126 shares which represent 6.96% of the share capital and 6.96% of the voting rights;
– Farallon Capital Management L.L.C held 14,422,759 shares which represent 6.12% of the share capital and 6.12% of the voting rights of the Company.

7.2 Other elements of equity

7.2.1 Subordinated perpetual notes

On September 26, 2005, Technicolor issued deeply subordinated perpetual notes (TSS) in a nominal amount of €500 million. No derivative was identified because the provisions of the notes fall outside the scope of the definition of a derivative under IAS 39.

Because of their perpetual and subordinated nature and the optional nature of the coupon, the notes were recorded under IFRS in shareholder's equity for the net value received of €492 million (issue price less offering discount and fees).

Further to the restructuring of the Group's debt in 2010, the characteristics of the notes are now as follows:
- they are not repayable other than (i) at Technicolor's sole option in specific contractually defined events or (ii) in case of liquidation of the Company;
- they no longer bear interest, since an amount of €25 million was paid to TSS holders as final payment of all interest claims in 2010.

7.2.2 Dividends and distribution

In connection with 2019 and 2020 periods, Shareholders' Meetings held respectively on June 30, 2020 and May 12, 2021 did not vote any payment of dividend.

7.2.3 Non-controlling interests

In 2021, there is no change in non-controlling interests.

In 2020, the main changes in non-controlling interests resulted from:

- Disposal of Canadian joint ventures Vancouver Lab Inc. and Canada Cinema Distribution Inc. for €1 resulting from negotiated termination of the strategic partnership with Deluxe services Group.

7.3 Earnings (Loss) per share

Basic earnings per share are calculated by dividing income (loss) attributable to ordinary equity holders of the parent entity by the weighted-average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share is calculated by dividing income (loss) attributable to ordinary equity holders of the parent entity by the weighted-average number of shares outstanding during the period assuming that all potentially dilutive securities were exercised and that any proceeds from such exercises were used to acquire shares of the Company's stock at the average market price of the period or the period the securities were outstanding.

Potentially dilutive securities comprise:
- Outstanding options, if dilutive;
- The securities to be issued under the Company's management incentive plan, to the extent the average market price of the Company's stock exceeded the adjusted exercise prices of such instruments.

Diluted earnings (loss) per share

	Year ended December 31,	
(€ in million, except number of shares in thousands)	**2021**	**2020 ***
Net loss	**(140)**	**(211)**
Net (income) loss attributable to non-controlling interest	-	-
Net loss from discontinued operations	(19)	(15)
Numerator: Adjusted profit "Group share" from continuing operations attributable to ordinary shareholders	**(121)**	**(196)**
Basic weighted number of outstanding shares **('000)**	**235,814**	**73,682**
Dilutive impact of stock-option, free & performance share plans	-	-
Denominator: Diluted weighted number of outstanding shares ***('000)***	**235,814**	**73,682**

** 2020 amounts restated considering IFRS IC decision dated April 2021, addressing how costs of configuring and customising a software in a Saas arrangement should be accounted for – refer to note 1.2.2*

Certain stock-options and performance share plans have no dilution impact due to the current stock price and conditions not met as of December 31, 2021 but could have a dilution impact in the future.

7.4 Related party transactions

A party is related to the Group if:
- Directly or indirectly the party (i) controls, is controlled by or is under common control with the Group, (ii) has an interest in the Group that gives it significant influence over the Group;
- The party is an associate or a joint venture in which the Group is a venture;
- The party or one of its Directors is a Member of the Board of Directors or of the Executive Committee of the Group or a close Member of the family of any individual referred to above.

Related party transactions with associates & joint ventures are detailed in Note 2.4.

Remuneration of key management is detailed in Note 9.4.

In 2021 and 2020 Bpifrance participations SA, which is represented in the Board, and as such identified as a related party, and holds 4.4% (stable comparing to 2020) of the equity of the group participated in the financial restructuring during 2020 through cash subscription in the Rights issue in the amount of €25 million and New money financing in the amount of €21 million.

During 2021, Technicolor group accrued interest due to Bpifrance participations SA for €2.5 million for a debt position at the end of 2021 of €22 million.

No other related party transactions have been identified in 2021.

8 Financial assets, financing liabilities & derivative financial instruments

8.1 Financial assets

Cash and cash equivalents

1. Cash corresponds to cash in bank accounts as well as demand deposits.

2. Cash equivalents corresponds to very liquid short term investments, with an original maturity not exceeding three months, which are easily convertible at any time into a known amount of cash and for which the risk on the principal amount is negligible

(€ in million)	2021	2020
Cash	187	183
Cash equivalents	9	147
Cash and cash equivalents	**196**	**330**

8.2 Financial liabilities

8.2.1 Borrowings

8.2.1.1 Main features of the Group's borrowings

The Group's debt consists primarily of the New Money debt and the reinstated term loans (the "Reinstated Term Loans") that resulted from the Group's financial restructuring in 2020 as well as lease liabilities.

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 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 in 2020.

The New Money debt and the Reinstated Term Loans have both a cash and PIK (payment in kind) interest component. The PIK interest is capitalized (every 6 months for the debt issued by Technicolor USA Inc and every 12 months for the remaining debt) and repaid on final maturity.

Details of the Group's debt as of December 31, 2021 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	380	Floating	12.00% (2)	10.95%	Bullet	Jun. 30, 2024
New Money Term loans	USD	112	115	Floating	12.15% (3)	11.12%	Bullet	Jun. 30, 2024
Reinstated Term Loans	EUR	467	402	Floating	6.00% (4)	11.34%	Bullet	Dec. 31, 2024
Reinstated Term Loans	USD	129	111	Floating	5.90% (5)	11.25%	Bullet	Dec. 31, 2024
Subtotal	**EUR**	**1,079**	**1,008**		**8.69%**	**11.16%**		
Lease liabilities (6)	Various	192	192	Fixed	7.54%	7.54%		
Accrued PIK Interest	EUR+USD	17	17	NA	0.00%	0.00%		
Accrued Interest	Various	17	17	NA	0.00%	0.00%		
Other Debt	Various	1	1	NA	0.00%	0.00%		
TOTAL		**1,306**	**1,235**		**8.29%**	**10.29%**		

(1) Rates as of December 31, 2021

(2) Cash interest of 6-month EURIBOR with a floor of 0% +6.00% and PIK interest of 6.00%

(3) Cash interest of 6-month LIBOR with a floor of 0% +6.00% and PIK interest of 6.00%

(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%

(5) Cash interest of 6-month LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00

(6) Of which €24 million are capital leases and €168 million is operating lease debt under IFRS 16

8.2.1.2 Key terms of the credit agreements

Technicolor entered into certain transactions in 2020 as part of its financial restructuring.

The New Money debt consisted of two agreements:

- Note Purchase Agreement entered into by Tech 6 on July 16, 2020;
- Credit Agreement entered into by Technicolor USA Inc. on July 16, 2020.

(together the “New Money Documentation”)

The Reinstated Term Loans, were documented by an Amended and Consolidated Credit Agreement, entered into by Technicolor SA and effective September 22, 2020 (the “Reinstated Term Loan Agreement”).

The Wells Fargo credit line was extended in 2020 which was effected by an amendment entered into by Technicolor USA Inc. effective July 17, 2020 revising and extending the Credit Agreement to December 31, 2023 (the amendment and credit agreement are together hereafter referred to as the “WF Agreement”).

The New Money debt, the Reinstated Term Loans and the Wells Fargo credit line are collectively referred to as the “Debt Instruments”.

The key terms of the debt documentation specified above is described below.

Security Package

French New Money borrowed by Tech 6 and Reinstated Term Loans

The New Money borrowed by Tech 6 is guaranteed by incorporation of two “*fiducies-sûretés*” (equivalent of a trust under French law) in respect of the shares of each of two French sub-holding companies (“Tech 7” and “Gallo 8”), owning virtually all of the entities of the Technicolor Group (Technicolor Creative Studios activities for Tech 7, Connected Home, DVD Services and Technicolor Creative Studios US activities for Gallo 8) and a third *fiducie* owning the Tech 6 loan to Technicolor SA of the proceeds of its New Money borrowing.

The Gallo 8 *fiducie* also guarantees the Reinstated Term Loans as a second ranking security.

These *fiducies* consist of a contract pursuant to which Technicolor SA transfers ownership of specifically identified assets, rights or security interests (existing or future) belonging to the Technicolor SA Group to a trustee. The trustee holds these in a segregated account created for the purpose of that *fiducie* until the discharge of obligations under the underlying financing agreement. The trustee acts on behalf of one or more beneficiaries, which, in the normal course of business, is Technicolor and, in the case of a default, is the security agent on behalf of the lenders.

In addition to the “*fiducies suretés*” some of the entities of Technicolor have issued “golden shares”, providing certain rights which are exercisable only in specific cases by the collateral agent (acting on behalf of the New Money lenders) in order to protect their rights.

The governance rules in place for the fiducies and the “golden shares”, except in a case of a default (which mirror those of the New Money debt), do not change the control exercised by Technicolor over the subsidiaries integrated into the “*fiducies*” nor over the subsidiaries which have issued “golden shares” according to an analysis performed in accordance with the criteria defined by IFRS 10 “Consolidated Financial Statements”. The Group, as part of its compliance procedures, continually monitors the restrictions imposed by the fiducie contracts.

The New Money lenders also benefit from a pledge on certain assets held by Technicolor SA and its subsidiaries and the Reinstated Term Loans benefits from a second ranking lien.

U.S. New Money borrowed by Technicolor USA Inc. and WF Agreement

The U.S. New Money borrowed by Technicolor USA Inc is secured by 1st ranking pledges on all assets of the U.S. companies of the Group with the exception of the commercial receivables pledged to support the WF Agreement on which the U.S. New Money has a 2nd ranking pledge.

The U.S. New Money is also guaranteed by the Gallo 8 *fiducie* as well as a pledge on certain assets held by Technicolor SA.

Furthermore, the U.S. New Money benefits from a guarantee from Technicolor SA for the amount of the debt.

The WF Agreement is secured by a 1st ranking pledge on most of the commercial receivables of the U.S. companies of the Group. It also benefits from a 2nd ranking pledge on the remaining assets of the U.S. companies.

Mandatory and voluntary prepayments

In case of default or change of control of Technicolor, creditors will have the ability to immediately demand payment of all or a portion of the outstanding amounts.

The events of defaults in the Debt Instruments include among other things and subject to certain exceptions, thresholds and grace periods:

- failure by borrowers to make required payments when due under the Debt Instruments or of any other financial indebtedness or to comply with material obligations related to the Debt Instruments;
- a cross default under which there is a default if any member of the Group defaults under any indebtedness involving an aggregate amount of more than $25,000,000 and such default occurs on the final maturity or results in the right by the creditor(s) to require immediate repayment of the debt.

Under the mandatory prepayment terms of the New Money Documentation, the Group is required to apply the cumulative net proceeds from asset disposals and from any insurance settlements following casualty events (such as damages caused by fire or other insured events) above €75 million towards the repayment of outstanding amounts of the New Money debt unless the proceeds are reinvested in assets useful for its business within 365 days. A prepayment penalty applies if the prepayment is done before the 2nd anniversary of the issuance date; no penalty applies after this date.

The New Money debt can also be voluntarily prepaid in whole or in part at any time with a penalty before the 2nd anniversary of the issuance date and without penalty thereafter.

The Reinstated Term Loans can be voluntarily prepaid in whole or in part without penalty at any time following the full repayment or prepayment of the New Money debt.

Financial Covenants

The Reinstated Term Loan Agreement does not contain any financial covenants.

The New Money Documentation and the WF Agreement contain a financial leverage covenant and a minimum liquidity covenant:

- The leverage covenant, tested on June 30 and December 31 starting in 2021, requires the ratio of total net debt to EBITDA be less than or equal to the levels given below:
  - December 31, 2021: ≤ 5.00
  - June 30, 2022: ≤ 4.50
  - December 31, 2022 and thereafter: ≤ 3.50
- The minimum liquidity covenant requires the Group to maintain at least €30 million of cash and available credit lines on certain dates.

The breach of either of these financial covenants is an event of default upon the occurrence of which a simple majority of the lenders can instruct the agent for the debt to declare it immediately due and payable.

At December 31, 2021 the ratio of total net debt to EBTDA was 4.06 and therefore the Group respected this leverage covenant. The net debt as defined for the covenant is equal to the nominal value of the

Group's debt plus the operating lease debt under IFRS 16 less (i) cash and (ii) cash collaterals that guarantee debt.

Affirmative Covenants

The Debt Instruments contain various standard and customary affirmative covenants and in addition contain requirements that the Group provide:

- Quarterly financials: unaudited balance sheet, income statement and cashflow statement (without notes)
- Full year guidance: including Revenue, EBITDA, FCF and Net Leverage ratio

Furthermore, various confidential financial information and reports must be provided regularly to private side lenders.

Negative Covenants

The Debt Instruments and in particular the New Money Documentation and WF Agreement contain various standard and customary negative covenants as well as other specific covenants which restrict the Group's ability to undertake certain actions. These include restrictions on:

- Indebtedness: Generally new indebtedness is not permitted with various exceptions and baskets notably for capital leases and unsecured debt.
- Liens: New liens are generally not allowed except for some carve-outs and a general lien basket
- Disposals: Subject to certain carve-outs and baskets, the Group is limited in its ability to make disposals.
- Acquisitions: Except for a lifetime basket amount the Group cannot make acquisitions.
- Distributions and junior payments: The Group is limited in its ability to make distributions, in particular to shareholders and from companies within a *fiducie* to those outside a *fiducie.* With the exception of cash pooling arrangements, junior payments between entities within a *fiducie* to those outside the *fiducie* are generally not allowed subject to certain exceptions and baskets

At December 31, 2021 Technicolor fully respects all applicable covenants and no case of default occured between this date and the approval of the financial statements.

8.3 Derivative financial instruments

GENERAL PRINCIPLES

The Group uses derivative instruments notably to hedge its exposure to foreign currency risk and changes in interest rates. The financial derivatives are executed in the over the counter market and are governed by standard ISDA (International Swaps and Derivatives Association, Inc.) agreements or agreements standard for the French market.

HEDGE ACCOUNTING

Derivative instruments may be designated as hedging instruments in one of three types of hedging relationships:
- Fair value hedge, corresponding to a hedge of the exposure to the change in fair value of an asset or a liability;
- Cash flow hedge, corresponding to a hedge of the exposure to the variability in cash flows from future assets or liabilities;
- Net investment hedge in foreign operations, corresponding to a hedge of the amount of the Group's interest in the net assets of these operations.

Derivative instruments qualify for hedge accounting when at the inception of the hedge,
- there is a formal designation and documentation of the hedging relationship when put in place,
- the hedge is expected to be highly effective,
- its effectiveness can be reliably measured and it has been highly effective throughout the financial reporting periods for which the hedge was designated.

The effects of hedge accounting are as follows:
- For fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognized in the balance sheet at fair value. The gain or loss from remeasuring the hedged item at fair

value is recognized in profit or loss and is offset by the effective portion of the loss or gain from remeasuring the hedging instrument at fair value.

- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income (OCI), because the change in the fair value of the hedged portion of the underlying item is not recognized in the balance sheet, and the ineffective portion of the gain or loss on the hedging instrument, if any, is recognized in profit or loss. Amounts recognized in OCI are subsequently recognized in profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Such periods are generally less than 6 months except for the licensing activity.

TERMINATION OF HEDGE ACCOUNTING

The termination of hedge accounting may occur if the underlying hedged item does not materialize or if there is a voluntary revocation of the hedging relationship at the termination or the arrival of maturity of the hedging instrument. The accounting consequences are then as follows:

- In case of cash flow hedges, the amounts recorded in other comprehensive income are taken to profit or loss in the case of the disappearance of the hedged item.

- In all cases, the result on the hedging instrument is taken into profit or loss when the hedging relationship is terminated.

8.3.1 Financial derivative portfolio

At December 31, 2021 and December 31, 2020 the fair value of the Group's financial derivatives was as follows:

	2021		2020	
(€ in million)	Assets	Liabilities	Assets	Liabilities
Foreign currency hedges	1	(2)	-	1
Interest rate hedges	-	-	-	1
Total	**1**	**(2)**	**-**	**2**

Foreign currency hedge characteristics

The foreign currency hedges outstanding at December 31, 2021 are shown in the table below:

	Currencies	Notional (1)	Maturity	Fair value (2)
Forward purchases/sales and currency swaps	USD/GBP	86	2022	(1)
Forward purchases/sales and currency swaps	USD/CAD	(123)	2022	1
Forward purchases/sales and currency swaps	EUR/GBP	41	2022	(1)
Forward purchases/sales and currency swaps	USD/MXN	(18)	2022	0
Forward purchases/sales and currency swaps	Other currencies			(0)
Fair value				**(1)**

(1) Net forward purchases/(sales), in millions of the first currency of the pair

(2) Market value in millions of euros at December 31, 2021

Interest rate hedge characteristics

The Group has no interest rate hedging instruments outstanding at December 31, 2021.

Characteristics of instruments not documented as hedges

At December 31, 2021 the Group does not have any outstanding instruments that are not documented as hedges.

8.3.2 Impact of derivative financial instruments on Group performance

As indicated in note 8.5.3.2, due to the practice of the Group treasury for its foreign currency exposure of executing mainly short term derivative instruments, which are rolled over as a function of its global exposure which is monitored daily, the characteristics of its portfolio of hedging instruments at the closing date is not representative of the impact on the year's results nor that of future years.

The table below presents the impact of hedging instruments on the Group's performance in 2021:

(€ in million)	Foreign currency hedges		Interest rate hedges		Instruments not documented as hedges
	Impact of effective portion (1)	Impact of ineffective portion (2)	Impact of effective portion (1)	Impact of ineffective portion	Impact of changes in value
Gross margin	(2)	-	-	-	-
Net interest expense	-	(1)	-	-	-
Foreign currency gain (loss)	-	3	-	-	-
Other	-	-	-	-	-
Net financial result	-	2	-	-	-
NET OPERATING RESULTAT BEFORE TAX	(2)	2	-	-	-
Gains / (losses) before tax resulting from the valuation at fair value of instruments hedging future cash flows	5	-	-	-	-
OTHER ELEMENTS OF GLOBAL RESULT	5	-	-	-	-

(1) *The effective portions of the hedges are recorded in the same item of the financial statement as the underlying hedged elements.*

(2) *The ineffective portions of foreign exchange hedges come mainly from forward points on forward exchange operations and foreign currency swaps, which the Group excludes from hedging relationships and from the foreign exchange gains and losses on the reduction of overhedges. Forward points related to the hedges of financial exposures are recorded in "Net interest expense". The forward points related to the hedges of commercial exposures as well as the foreign exchange result on the reduction of these hedges are recorded in "Foreign exchange gain / (loss)".*

The impact of the hedges of future cash flows is represented by the gains / (losses) before taxes on the fair value of instruments hedging such cash flows and is recorded in net equity. At December 31, 2021 the impact is equal to €5 million.

8.4 Fair values

8.4.1 Classification and measurement

FINANCIAL ASSETS (EXCLUDING DERIVATIVES)

Management determines the classification of its financial assets at initial recognition in the light of the Group's business model for the management of financial assets, as well as the characteristics of the asset's contractual cash flows.

Further to IFRS 9 implementation, the Group chose to classify its financial assets between financial assets at amortized costs and financial assets at fair value through profit and loss.

Financial assets at amortized cost

This category is used for a financial asset when the objective is to receive its contractual cash flows, corresponding only to repayments of principal and, where applicable, interest on principal.

These assets are initially recognized at fair value less any transaction costs. They are then recognized at amortized cost using the effective interest rate method.

Where applicable, an impairment loss is recognized for the amount of expected credit losses at 12 months, unless the credit risk has increased significantly since initial recognition, in which case the impairment is calculated for the amount of expected credit losses over the life of the asset. For trade receivables and assets on trade contracts, the Group applies a simplified impairment method (see Note 5.1.3.).

Financial assets at fair value through profit or loss

This category is used when the financial asset is not recognized at amortized cost. For these financial assets carried at fair value, changes in value are recognized in the income statement under "Other net financial income (expense)".

A financial asset is derecognized when the contractual rights to the cash flows associated with it expire or have been transferred together with substantially all the risks and rewards of ownership of the asset.

FINANCIAL LIABILITIES (EXCLUDING DERIVATIVES)

Borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Any difference between (i) net proceeds of transaction costs and (ii) redemption value is recognized in financial income over the life of the borrowings using the effective interest rate method.

Borrowings are presented as current liabilities, unless the Group has an unconditional right to defer repayment of the liability beyond a period of 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

DERIVATIVES

Derivatives are recorded at fair value. Changes in value are recognized in the income statement and/or in equity within other comprehensive income, in accordance with the principles set out in Note 8.3.

In accordance with IFRS 13 – Fair Value measurement, 3 levels of fair value measurement have been identified for financial assets & liabilities:

- Level 1: quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: internal models with observable parameters including the use of recent arm's length transactions (when available), reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs;
- Level 3: internal models with non-observable parameters.

The table below shows the breakdown of the financial assets and liabilities by accounting category:

(€ in million)	At December 31, 2021, net	Fair value measurement by accounting categories as of December 31, 2021					At December 31, 2020, net
		Amortized costs	Fair value through profit &	Fair value through equity		Fair Value measurement	
Non-consolidated Investments	**20**	-	20	-	-	Level 3	**14**
Cash collateral & security deposits	31	20	10	-	-	Level 1	39
Loans & others	2	2	-	-	-		2
Subleases receivables	5	5	-	-	-		6
Other non-current financial assets	**38**						**47**
Total non-current financial assets	**58**						**61**
Cash collateral and security deposits	24	3	22	-	-	Level 1	17
Other current financial assets	-	-	-	-	-		0
Derivative financial instruments	2	-	-	-	2	Level 2	-
Other financial current assets	**26**						**17**
Cash	187	-	187	-	-	Level 1	183
Cash equivalents	9	-	9	-	-	Level 1	147
Cash and cash equivalents	**196**						**330**
Total current financial assets	**222**						**347**
Non current borrowings (1)	(1,025)	(1,025)	-	-	-		(948)
Borrowings	**(1,025)**						**(948)**
Derivative financial instruments	(0)	-	-	-	(0)	Level 2	-
Other non-current liabilities	**(0)**						**-**
Lease liabilities	**(145)**	(145)	-	-	-		**(122)**
Total non-current financial liabilities	**(1,170)**						**(1,070)**
	(17)	(17)	-	-	-		**(16)**
Lease liabilities	**(48)**	(48)	-	-	-		**(56)**
Derivative financial instruments	(2)				(2)		(2)
Other current financial liabilities	**(3)**	-	-	-	(3)	Level 2	**(2)**
Total current financial liabilities	**(70)**						**(74)**
TOTAL FINANCIAL LIABILITIES	**(1,240)**						**(1,144)**

(1) *Borrowings are recognized at amortized costs. The fair value of the New Money debt and Reinstated Term Loans was €1,105 million as of December 31, 2021 (the fair value of the previous Term Loan debt was €977 million as of December 31, 2020). These fair values are based on quoted prices in active markets for term loan debt (Level 1).*

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

8.5 Financial instruments and risk management objectives and policies

8.5.1 Market risk

Technicolor faces a wide variety of financial risks including market risk (due to fluctuations in exchange rates and interest rates), liquidity risk and credit risk.

Technicolor's financial risks are managed centrally by the Group Treasury Department in France and its regional treasury department in Ontario (California – U.S.) in accordance with the policies and procedures of the Group.

All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Audit Committee via various reports showing the company's exposures to these risks with details of the transactions undertaken to reduce them.

These risks are managed in a strict framework with specific limits and authorizations approved by the Investment Committee for each type of transaction and monitoring by the Group Internal Control Department.

8.5.2 Interest rate risk

8.5.2.1 Exposure to interest rate risk

Technicolor is mainly exposed to interest rate risk on its deposits and indebtedness.

At December 31, 2021 the portion of the Group's financial debt exposed to floating interest rates is shown below. The Group does not have have any interest rate hedging operations outstanding.

(€ in million)	2021
Debt	1,235
Percentage at floating rate	87%

In 2021 the Group's deposits were entirely at floating rate.

8.5.2.2 Interest rate risk management

At December 31, 2021, the Groupe has no outstanding interest rate hedging operations.

8.5.2.3 Sensitivity to interest rate movements

The Group believes a 100 basis point fluctuation in interest rates is reasonably possible in a given year and the table below shows the maximum annual impact of such a change.

Maximum impact over one year on the net exposure as of December 31, 2021 of a variation versus current rates (*)		
(€ in million)	Impact on cash net interest	Impact on equity before taxes
Impact of interest rate variation of +1%	(7)	(7)
Impact of interest rate variation of -1%	1	1

(*) At December 31, 2021 3-month EURIBOR and 3-month LIBOR were -0.572% and 0.20913% respectively

8.5.3 Foreign exchange risk

8.5.3.1 Translation Risk

The Group's consolidated financial statements are presented in euro. Thus, assets, liabilities, revenues and expenses denominated in currencies other than euro must be translated into euro at the applicable exchange rate to be included in the consolidated financial statements. The fluctuation of exchange rates can have an impact on the value of the assets, liabilities, revenues and expenses in the consolidated financial statements, even if the value of these items has not changed in their original currency.

The Group's policy is not to hedge translation risk.

Translation risk is measured by doing sensitivity analyses on the main exposures in the subsidiaries where the functional currency is different from the euro (see below).

8.5.3.2 Transaction Risk - Operational

Foreign currency transaction risk occurs when purchases and sales are made by Group entities in currencies other than their functional currencies.

The Group's main transaction risk is its U.S. dollar exposure versus euro. After offsetting the U.S. dollar purchase exposures with U.S. dollar sale exposures, the net U.S. dollar exposure versus euros for continuing operations was net purchases of $136 million in 2021 (net purchases of $116 million in 2020).

The policy of the Group is to have its subsidiaries:

- to the extent possible denominate their costs in the same currencies as their sales;
- regularly report their projected foreign currency needs and receipts to the Group Treasury Department which then nets purchases and sales in each currency on a global basis. Exposures that remain after this process are generally hedged with banks using foreign currency forward contracts.

For products with a short business cycle, the Group's policy is to hedge on a short-term basis up to six months. For products and services which are sold on a longer-term basis, hedges may be put in place for periods greater than six months.

Regardless of the term of the hedging, the Treasury department uses short-term foreign currency derivatives (maturity of several days to several months) that it rolls over as a function of is global exposure which is monitored on a daily basis. The derivative instruments used are described in note 8.3.

Transaction risk on commercial exposures is measured by consolidating the Group's exposures and doing sensitivity analyses on the main exposures (see below).

8.5.3.3 Transaction Risk - Financial

The Group's policy is to centralize to the extent possible its financing and the associated currency risk, if any, at the level of the Group Treasury.

As a result, the majority of the Group's subsidiaries borrow, and lend their surplus cash, to the Group Treasury, which in turn satisfies liquidity needs by borrowing externally. Subsidiaries that cannot enter into transactions with the Group Treasury because of local laws or restrictions may borrow or invest with local banks in accordance with the rules established by the Group Treasury.

The Group's policy is also that subsidiaries borrow or invest excess cash in their functional currency. In order to match the currencies that Technicolor's Group Treasury Department borrows with the currencies that it lends, Technicolor may enter into currency swaps primarily (i) to convert euro borrowings into U.S. dollars and British pounds which are lent to the Group's U.S. and U.K subsidiaries respectively and (ii) to convert U.S. dollars borrowed externally or from the Group's subsidiaries into euros. The forward points on these currency swaps which are accounted for as interest, with a result of €(1.4) million in 2021 and nil in 2020.

8.5.3.4 Risk on investments in Foreign Subsidiaries

The Group's general policy is to examine and hedge on a case by case basis the currency risk on its investments in foreign subsidiaries. The variations in the euro value of investments in foreign subsidiaries are booked under "Cumulative translation adjustment" in the Group's consolidated statement of financial position. At December 31, 2021, no hedges of this type were outstanding.

8.5.3.5 Foreign Currency

The Group's main exposure is the fluctuation of the U.S. dollar against the euro.

The Group believes a 10% fluctuation in the U.S. dollar versus the euro is reasonably possible in a given year and thus the table below shows the impact of a 10% increase in the U.S. dollar versus the euro on the Group's Profit from continuing operations before tax and net finance costs and on the currency translation adjustment component of equity. A 10% decrease in the U.S. dollar versus the euro would have a symmetrical impact in the opposite amount. These calculations assume no hedging is in place.

2021 *(€ in million)*	**Transaction**	**Translation**	**Total**
Profit from continuing operations before tax and net finance costs [1]	(12)	(6)	(18)
Equity Impact (cumulative translation adjustment) [2]			98

[1] Profit impact

-Transaction impact calculated before hedging by applying a 10% increase in the U.S. dollar/euro exchange rate to the (i) net U.S. dollar exposure (sales minus purchases) of affilliates which have the euro as functional currency and to the (ii) net euro exposure of affiliates which have the U.S. dollar as functional currency.

-Translation impact calculated before hedging by applying a 10% increase in the U.S. dollar/euro exchange rate to the profits of the affiliates with the U.S. dollar as functional currency.

[2] Equity impact: calculated by applying a 10% increase in the U.S. dollar/euro exchange rate to the net investments in foreign subsidiares that are denominated in U.S. dollar.

8.5.4 Credit and counterparty risk management

Credit risk arises from the possibility that counterparties may not be able to perform their financial obligations to Technicolor:

- credit risk on trade receivables is managed by each operational division based on policies that take into account the credit quality and history of customers. From time to time, the Group may decide to insure or factor without recourse trade receivables in order to manage underlying credit risk. The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets;
- the maximum credit risk exposure on the Group's cash and cash equivalents was €196 million at December 31, 2021. The Group minimizes this risk by limiting the deposits made with any single bank and by making deposits primarily with banks that have strong credit ratings or occasionally by investing in diversified, highly liquid money market funds. As of December 31, 2021, 98% of the Group cash deposits were made with banks that have a counterparty rating of at least A-2 according to Standard & Poor's or were invested in highly rated diversified money market funds;
- the financial instruments used by the Group to manage its currency exposure are all undertaken with counterparts having a rating of at least A-2 according to Standard & Poor's. Credit risk on such transactions is minimized by the foreign exchange policy of trading short-term operations. The marked-to-market carrying values are therefore a good proxy of the maximum credit risk.

Technicolor's clients are mainly large well financed network operators and studios and as such it does not believe that credit risk on its clients has been impacted significantly by the Covid-19 pandemic. The Group has not seen any significant increase in overdues and continues to monitor its credit risk carefully. Likewise the Group works only with highly rated financial counterparts whose financial creditworthiness has not changed significantly due to the pandemic.

Derecognised transferred financial assets

The Group uses factoring agreements to assign some of its receivables. As of December 31, 2021, the Group had not entered into any agreement for which it has continuing involvement beyond commercial risk and normal representations and warranties relating to fraudulent transfer and concepts of reasonableness, good faith and fair dealings that could invalidate a transfer as a result of legal action. The amount assigned as at December 31, 2021 is equal to €27 million. The cost associated is about €0.6 million and presented in the other financial expense line.

The Group is also party to several discount programs and reverse factoring programs set up by its customers. These programs allow the Group to benefit from shortened payment terms, especially for some customers with exceptionally long payment terms compared to habitual business practices. As the commercial risk is extinguished or estimated to be nil through acknowledgement of the receivables by the customer, there is no continuing involvement associated with these programs.

8.5.5 Liquidity risk and management of financing and of capital structure

Liquidity risk is the risk of not being able to meet upcoming financial obligations. In order to reduce this risk, the Group pursues policies with the objectives of having continued uninterrupted access to financial markets at reasonable conditions.

These policies are developed based on regular reviews and analysis of its capital structure, including the relative proportion of debt and equity in the context of market conditions and the Group's financial objectives and projections.

Among other things these reviews take into account the Group's debt maturity schedule, covenants, forecast cash flows, access to financial markets and projected financing needs. To implement these policies, the Group uses various long-term and committed financings which may include equity (see note 7), debt (see note 8.2.1), subordinated debt (see note 7.2.1) and committed credit lines (here below).

The tables below show the future contractual cash flow obligations due on the Group's financial liabilities. The interest rate flows due on floating rate instruments are calculated based on the rates in effect at December 31, 2021 and December 31, 2020, respectively.

	At December 31, 2021							
(€ in million)	2022-H1	2022-H2	2023	2024	2025	2026	There after	Total
New Money/Reinstated Debt - principal	-	-	-	1,079	-	-	-	**1,079**
New Money/Reinstated Debt - accrued interest	17	-	-	-	-	-	-	**17**
New Money/Reinstated Debt - PIK interest	-	-	-	17	-	-	-	**17**
Lease liabilities	22	25	36	35	17	12	45	**192**
Other debt	1	-	-	-	-	-	-	**1**
Total debt principal payments	**40**	**25**	**36**	**1,131**	**17**	**12**	**45**	**1,306**
IFRS Adjustment								**(71)**
Debt in IFRS								**1,235**
Floating rate NM/Reinstated Debt - cash interest	24	24	50	45	-	-		**143**
Floating rate NM/Reinstated Debt - PIK interest	-	-	-	181	-	-		**181**
Lease liabilities - interest	7	6	10	7	5	4		**41**
Other debt - interest	-	-	-	-	-	-		**-**
Total interest payments	**31**	**30**	**60**	**233**	**5**	**4**		**365**
Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(€ in million)	At December 31, 2020 2021-H1	2021-H2	2022	2023	2024	2025	There after	Total
New Money/Reinstated Debt - principal	-	-	-	-	1,016	-	-	**1,016**
New Money/Reinstated Debt - accrued interest	16	-	-	-	-	-	-	**16**
New Money/Reinstated Debt - PIK interest	-	-	-	-	16	-	-	**16**
Lease liabilities	33	23	36	22	17	12	35	**178**
Other debt	-	-	1	-	-	-	-	**1**
Total debt principal payments	**49**	**23**	**37**	**22**	**1,049**	**12**	**35**	**1,227**
IFRS Adjustment								**(85)**
Debt in IFRS								**1,142**
Floating rate NM/Reinstated Debt - cash interest	22	23	47	50	54	-		**196**
Floating rate NM/Reinstated Debt - PIK interest	-	-	-	-	178	-		**178**
Lease liabilities - interest	6	5	8	6	5	3		**33**
Other debt - interest	-	-	-	-	-	-		**-**
Total interest payments	**28**	**28**	**55**	**56**	**237**	**3**		**407**
Financial Derivatives	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**2**

The contractual cash flow obligations of the Group due to its current debt are considered to be equal to the amounts shown in the consolidated statement of financial position

Credit Lines

(€ in million)	2021	2020
Undrawn, committed lines expiring in more than one year	110	102

The Group's committed credit lines consist of a receivables backed committed credit facility in an amount of U.S.$125 million, €110 million at the December 31, 2021 exchange rate, (the "WF Line") which matures in 2023. The availability of this credit line varies depending on the amount of receivables and at December 31, 2021 only €97 million was available. This facility was undrawn at December 31, 2021.

9 Employee benefits

9.1 Information on employees

The total headcount of the Group consolidated entities as of December 31, 2021 is 16,676 employees (13,289 as of December 31, 2020). Please refer to chapter 5.1 of the Universal Registration Document for more detail on employees of the Group.

The employee benefits expenses (including only employees in the consolidated entities) are detailed below:

(€ in million)	2021	2020
Wages and salaries	541	552
Social security costs	112	123
Compensation expenses linked to share-based payments granted to directors and employees (Note 9.3.3)	3	-
Pension costs - defined benefits plans (Note 9.2.2.1)	2	3
Termination benefits	20	70
Total employee benefits expenses (excluding defined contribution plans)	**678**	**747**
Pensions costs - Defined contribution plans	**18**	**18**

The termination benefits are presented in restructuring expenses within continuing operations in the consolidated statement of operations.

9.2 Post-employment & long-term benefits

Post-employment obligations

The Group operates various post-employment schemes for some employees. Contributions paid and related to defined contribution plans, i.e. pension plans under which the Group pays fixed contributions and has no legal or constructive obligation to pay further contributions (for example if the fund does not hold sufficient assets to pay to all employees the benefits related to employee service in the current and prior periods), are recorded as expenses when employees have rendered services entitling them to the contributions.

The other pension plans are analyzed as defined benefit plans (i.e. pension plans that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation) and are recognized in the balance sheet based on an actuarial valuation of the defined benefit obligations being carried out at the end of each annual reporting period.

The method used for determining employee benefits obligations is based on the Projected Unit Credit Method. The present value of the Group benefit obligations is determined by attributing the benefits to employee services in accordance with the benefit formula of each plan. The provisions for these benefits are determined annually by independent qualified actuaries based on demographic and financial assumptions such as mortality, employee turnover, future salaries, benefit levels and discount rates.

Remeasurement, comprising actuarial gains and losses, the effect of changes in asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in OCI. Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be classified in profit or loss.

Defined benefit costs are classified as follows:

- *Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) to be recognized in profit or loss;*
- *Net interest expense or income, to be recognized as financial expense and financial income (Note 8.5).*

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus between the present value of the Group's defined benefit obligation and the fair value of plan asset. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

Other long-term benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs. The obligations related to other long-term benefits (for example jubilee award) are also based on actuarial valuations. Actuarial gains or losses are recognized in the consolidated statement of operations.

The liability related to other long-term benefits are not presented within the retirement benefit obligation but within the restructuring provision or other liabilities.

Accounting estimates and judgments

The Group's determination of its pension and post-retirement benefits obligations, expenses and OCI impacts for defined benefit plans is dependent on the use of certain assumptions used by actuaries in calculating such amounts, among others, the discount rate and annual rate of increase in future compensation levels. Assumptions regarding pension and post-retirement benefits obligations are based on actual historical experience and external data.

The Group is exposed to actuarial risks such as interest rate risk, investment risk, longevity risk, salary increase risk and inflation risk. The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Capital markets experience fluctuations that cause downward or upward pressure on the quoted values and *higher volatility. While Technicolor's management believes the assumptions used are appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension and post-retirement benefits net obligations under such plans and related future expense.*

9.2.1 Summary of the provisions and plans description

(€ in million)	Pension plan benefits		Medical post-retirement benefits		Total	
	2021	2020	2021	2020	2021	2020
At December 31, 2020	**350**	**369**	**5**	**6**	**355**	**375**
Net periodic pension cost	5	7	-	-	5	7
Curtailment	(2)	(3)	-	-	(2)	(3)
Benefits paid and contributions	(26)	(30)	-	(0)	(26)	(30)
Change in perimeter	0	-	-	-	-	-
Actuarial (gains) losses recognized in OCI	40	14	-	-	40	14
Currency translation adjustments and other	4	(6)	-	-	4	(6)
At December 31, 2021	**291**	**350**	**5**	**5**	**295**	**355**
Of which current	*34*	*30*	*-*	*-*	*34*	*30*
Of which non-current	*257*	*320*	*5*	*5*	*261*	*325*

9.2.1.1 Defined contribution plans

The pension costs of these plans correspond to the contributions paid by the Group to independently administered funds. These plans guarantee employee benefits that are directly related to contributions paid.

The total contributions paid by Technicolor amounted to €18 million in 2021 (€18 million in 2020).

9.2.1.2 Defined benefit plans

These plans mainly cover pension benefits, retirement indemnities and medical post-retirement benefits. In 2021, the geographical breakdown of such net obligations was as follows:

(€ in million)	Germany	U.S.	U.K.	France	Others	Total
Present value of defined benefit obligation	240	104	139	11	24	518
Fair value of plan assets	(0)	(83)	(126)	-	(14)	(223)
Retirement benefit obligations	**240**	**21**	**13**	**11**	**11**	**295**
Cash flows	(17)	(2)	(6)	-	(1)	(26)
Average duration (in years)	11	8	17	12	N/A	N/A

Pension benefits and retirements indemnities

Pension plans maintained by the Group are mainly the following:

- **In Germany**, employees are covered by several vested unfunded defined benefit and defined contribution pension plans. These plans mainly provide employees with retirement annuities and disability benefits. Employees participate in plan based on final pay and services. The pension plans are no longer available to new entrants.

  The retirement age is between 60 and 63 years old.

- **In the United States**, the employees of Technicolor are covered by a defined benefit pension plan. Technicolor mainly operates two defined benefit pension plans: a cash balance pension plan that covers substantially all non-union employees, funded through a trust fund, and an

additional pension plan for executive employees, closed to new participants. Benefits are equal to a percentage of the plan Member's earnings each year plus a guaranteed rate of return on earned benefits until retirement.
A hard freeze occurred over 2009 on U.S. pension plans. The rights as of January 1, 2010 remain vested but no additional pay-based credits are added to the cash balance account under the Plans. Interest credit, however, continue to be added to employees' account.
The retirement age is 65 years old.

- **In the United Kingdom**, Technicolor mainly maintains a dedicated funded pension plan, which provides retirement annuity benefits. This plan is no longer available to new entrants.

  The retirement age is 65 years old.
- **In France**, the Group is legally required to pay lump sums to employees when they retire. The amounts paid are defined by the collective bargaining agreement in force and depend on years of service within the Group and employee's salary at retirement.

  The retirement age is 62 years old but the average retirement age observed is 64 years old.
- **In other countries**, Technicolor maintains pension plans in Mexico, in Belgium, in South Korea and in Japan. The benefits are mainly based on employee's pensionable salary and length of service.

Medical Post-retirement benefits

In the U.S. & in Canada, Technicolor provided to certain employees a post-retirement medical plan. The medical plan in the U.S. includes basic medical and dental benefits and has been closed to new entrants. The medical plan in Canada includes life insurance, health and dental care benefit coverage and was closed to new entrants.

9.2.1.3 Multi-employer plan

Since August 2009, Technicolor participates in the Motion Picture Industry multi-employer defined benefit plan in the U.S. As the information about the dividing up of plan financial position and performance between each plan Member are not available, Technicolor accounts for this plan as a defined contribution plan.

The average expense incurred each year is around €1 million.

9.2.2 Elements of the statement of operations and other comprehensive income

9.2.2.1 Statements of operations

(€ in million)	Pension plan benefits		Medical Post-retirement benefits		TOTAL	
	2021	2020	2021	2020	2021	2020
Service cost:						
- Current service cost	(2)	(3)	-	-	(2)	(3)
- Past service cost and gain from settlements	2	4	-	-	2	4
Financial interest expense, net:						
- Interest cost on obligation	(6)	(8)	-	(0)	(6)	(8)
- Interest income on plan assets	3	4	-	-	3	4
Components of defined benefit costs recognized in profit or loss	**(2)**	**(3)**	**-**	**(0)**	**(2)**	**(3)**

9.2.2.2 Other comprehensive income

(€ in million)	Pension plan benefits		Medical Post-retirement benefits		TOTAL	
	2021	2020	2021	2020	2021	2020
Opening					(236)	(222)
Actuarial gains/(losses) arisen on plan assets:						
- due to the return on plan assets	2	16	-	-	2	16
Actuarial gains/(losses) arisen on benefit obligation:						
- due to changes in demographic assumptions	2	1	-	-	2	1
- due to changes in financial assumptions [1]	35	(34)	-	-	35	(34)
- due to experience adjustments	1	3	-	-	1	3
Components of defined benefit costs recognized in OCI	**40**	**(14)**	**-**	**-**	**40**	**(14)**
Closing					**(196)**	**(236)**

(1) *In 2021, the variance in discount rates (see Note 9.2.5) resulted in an actuarial gain for €40 million while in 2020 this variance resulted in an actuarial loss for €14 million.*

9.2.3 Analysis of the change in benefit obligation and in plan assets

(€ in million)	Pension plan benefits		Medical Post-retirement benefits		TOTAL	
	2021	2020	2021	2020	2021	2020
Benefit obligation at opening	**(558)**	**(572)**	**(5)**	**(6)**	**(563)**	**(578)**
Current service cost	(2)	(2)	-	-	(2)	(2)
Interest cost	(6)	(8)	-	-	(6)	(8)
Remeasurement - actuarial gains / (losses) arising from:						
- changes in demographic assumptions	2	1	-	-	2	1
- changes in financial assumptions	35	(34)	-	-	35	(34)
- experience adjustments	1	3	-	-	1	3
Past service cost, including gains / (losses) on curtailments	1	4	-	-	1	4
Benefits paid	32	33	-	1	32	33
Currency translation adjustments	(18)	19	-	-	(18)	19
Others (Change in Pension system)		-	-	-	-	-
Benefit obligation at closing	**(514)**	**(558)**	**(5)**	**(5)**	**(518)**	**(563)**
Benefit obligation wholly or partly funded	*(248)*	*(257)*	*-*	*-*	*(248)*	*(257)*
Benefit obligation wholly unfunded	*(266)*	*(301)*	*(5)*	*(5)*	*(270)*	*(306)*
Fair value of plan assets at opening	**208**	**203**	**-**	-	**208**	**203**
Interest income	3	4	-	-	3	4
Remeasurement gains / (losses)	2	16	-	-	2	16
Employer contribution	8	11	-	-	8	11
Benefits paid	(14)	(13)	-	-	(14)	(13)
Currency translation adjustments	15	(13)	-	-	15	(13)
Others (Change in Pension system)	-	-	-	-	-	-
Fair value of plan assets at closing	**223**	**208**	**-**	-	**223**	**208**
Retirement benefit obligations	**(291)**	**(350)**	**(5)**	**(5)**	**(295)**	**(355)**

The Group expects the overall 2021 benefits paid to be equal to €31 million for defined benefits plans, of which €19 million directly by the company to the employees and €12 million by the plans.

9.2.4 Plan assets

9.2.4.1 Funding policy and strategy

When defined benefit plans are funded, mainly in the U.S. and in the U.K., the investment strategy of the benefit plans aims to match the investment portfolio to the membership profile.

In the U.K., contributions are negotiated with the Trustees as per the triennial valuation. Trustees are advised by an external leading global provider of risk management services regarding investment policy. The average yearly funding contribution is £6 million (€5 million at 2021 average rate).

In the U.S., Technicolor's policy is to contribute on an annual basis in an amount that is at least sufficient to meet the minimum requirements of the U.S. law. The average yearly contribution is $1 million (€1 million at 2021 average rate).

Periodically an asset-liability analysis is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles.

- In the U.S., as the pension plan is frozen, the investment strategy aims to increase the funded ratio toward termination liability while simultaneously attempting to minimize the volatility of the funded ratio (currently funded ratio is close to 80%). Asset mix is fully based on bonds and cash equivalents. Over the past several years, the return of the plan has on average exceeded the expected return.
- In the U.K., the funded status is close to 90%. Asset mix is based on 25% of insurance contracts that cover obligations with pensioners, 49% of bonds and cash equivalents, 23% of equity instruments, and 3% of properties. The annualized performance of the plan exceeds the expected return on a 3-year basis.

9.2.4.2 Disaggregation of the fair value by category

(in % and € in millions)	Plan assets allocation at December 31		Fair value of plan assets at December 31	
	2021	2020	2021	2020
Cash and cash equivalents	1%	2%	2	5
Equity investments	13%	11%	30	22
Debt securities	69%	69%	154	144
Properties	1%	1%	3	3
Annuity contracts	15%	17%	33	35
Total	**100%**	**100%**	**223**	**209**

The fair value of the above equity and debt instruments is determined based on quoted market prices in active markets. The fair value of the plan assets did not include any Technicolor's own financial instruments or any asset used by the Group.

The 2021 actual return on plan assets amounts to €5 million (€20 million in 2020).

9.2.5 Assumptions used in actuarial calculation

	Pension plan benefits		Medical post-retirement benefits	
	2021	2020	2021	2020
Weighted average discount rate	1.61%	1.01%	2.55%	2.00%
Weighted average long-term rate of compensation increase	1.17%	1.22%	N/A	N/A

Discount rate methodology

The projected benefit cash flows under the U.S. schemes are discounted using a specific yield curve based on AA rated corporate bonds. The discount rates used for the Euro zone and the U.K. are determined based on AA rate corporate bonds common indexes and are as follows:

(in %)	Pension plan benefits	Early retirement	Medical post-retirement benefits	Index Reference
Euro zone	0.98%	0.00%	N/A	Iboxx AA10+
U.K.	2.00%	N/A	N/A	Aon Hewitt AA curve
U.S.	2.30%	N/A	2.49%	Citigroup pension discount curve

9.2.6 Risk associated to the plans & sensitivity analysis

Pension plans are mainly exposed to:

- Longevity risk due to mortality assumption;
- Financial risks due to discount rate and salary increase rate assumptions.

Medical plans are mainly exposed to:

- Longevity risk due to mortality assumption;
- Financial risks due to discount rate and medical trend rate assumptions.

The sensitivity of the actuarial valuation is described below:

- If the discount rate is 0.25% higher, the obligation would decrease by €15 million;
- If the discount rate is 0.25% lower, the obligation would increase by €16 million;
- If the healthcare costs are 1% higher, the obligation would increase by less than €1 million;
- If the healthcare costs are 1% lower, the obligation would decrease by less than €1 million;
- If the salary increase rate is 0.25% higher, the obligation would increase by less than €1 million;
- If the salary increase rate is 0.25% lower, the obligation would decrease by less than €1 million.

The sensitivity analysis presented have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

9.3 Share-based compensation plans

The Group issues equity-settled and cash-settled share-based payments to certain employees. According to IFRS 2, the advantage given to the employees regarding the grant of stock options or free shares consists of an additional compensation to these employees estimated at the grant date.

Equity-settled share-based payments are measured at fair value at the grant date. They are accounted for as an employee expense on a straight-line basis over the vesting period of the plans, based on the Group's estimate of instruments that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognized at the current fair value determined at each balance sheet date with any changes in fair value recognized in profit or loss for the period within "Other financial income (expense)". In addition, for plans based on non-market performance conditions, the probability of achieving the performance is assessed each year and the expense is adjusted accordingly.

The fair value of instruments, and especially of options granted, is determined based either on a binomial option pricing model or on the Black-Scholes valuation model that takes into account an annual reassessment of the expected number of exercisable options. The Monte Carlo model may also be used for taking into account some market conditions.

9.3.1 Stock-options plans granted by Technicolor

Management Incentive Plans (MIP)

The Shareholders' Meeting of May 23, 2013, in its fifteenth resolution, authorized the Board of Directors to proceed with the allocation, in one or several times, in favor of employees or Executive Officers of the Company and its French and foreign subsidiaries, of share subscription or purchase options. This authorization has been given for a 38-month period, and was valid until July 23, 2016. Options granted under this authorization should not give rights to a total number of shares greater than 994,204 (i.e, taking into account the 2020 reverse split adjustment, 8% of the share capital at the date of the Shareholders' Meeting of May 23, 2013).

As of December 31, 2021, 64,408 options, 2 884 options and 9 076 options related to MIP 2016, MIP June 2017 and MIP October 2017 are still outstanding.

Remaining options related to MIP 2015 have been canceled after plan expiration on May 23, 2021.

2016, 2017, 2018 Long Term Incentive Plan (LTIP)

The Shareholders' Meeting of April 29, 2016, in its twenty-eighth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 26-month period and was valid until June 29, 2018. The shares to be issued pursuant to this authorization should not give rights to a total of shares greater than 305,175 (i.e, taking into account the 2020 reverse split adjustment, 2% of the share capital on February 29, 2016).

Making use of this authorization and upon recommendation by the Remunerations Committee, the Board of Directors approved on April 29, 2016, on January 6, 2017 and on April 25, 2018 the implementation of respectively 2016, 2017 and 2018 Long Term Incentive Plan.

These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the cumulative achievement of Adjusted EBITDA and Free Cash Flow targets for the three years from 2016 through 2018 (LTIP 2016), from 2017 through 2019 (LTIP 2017), from 2018 through 2020 (LTIP 2018) and the satisfaction of a continued employment condition for the full duration of the Plan (through April 30, 2019 for LTIP 2016, through April 30, 2020 for LTIP 2017 and through April 30, 2021 for LTIP 2018).

The Board of Directors of February 27, 2019 noted that targets for the LTIP 2016 were not met and therefore no Performance Shares vested nor were delivered.

The Board of Directors noted on February 18, 2020 that targets for the LTIP 2017 were partially met and therefore authorized the delivery of 56,700 Performance Shares vested on April 30, 2020.

The Board of Directors noted on March 11, 2021 that targets for the LTIP 2018 were partially met and therefore authorized the delivery of 9,800 Performance Shares vested on April 30, 2021.

As of December 31, 2021, all the outstanding share rights under these plans are nil.

2019 Long Term Incentive Plan (LTIP)

The Shareholders' Meeting of June 14, 2019, in its twentieth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees. This authorization has been given for a 12-month period and was valid until June 13, 2020. The shares to be granted pursuant to this authorization should not give rights to a total of shares greater than 3,000,000 (equivalent to 111,111 shares after 2020 reverse split).

Making use of this authorization and upon recommendation by the Remunerations Committee, the Board of Directors approved on June 14, 2019, the implementation of 2019 Long Term Incentive Plan.

This three-year plan provides conditional rights to the beneficiaries to receive Restricted Shares, the delivery of which is subject to the satisfaction of a continued employment condition through June 14, 2022.

Making use of this authorization and upon recommendation of the Remunerations Committees, the Board of Directors granted in several times from June 14, 2019 to January 20, 2020 a total of 2,907,000 Restricted Shares (equivalent to 107,601 Restricted Shares after 2020 reverse split).

As of December 31, 2021, the outstanding share rights under the plan amounts to 80,931.

2020 Long-Term Incentive Plan (LTIP)

The Shareholders' Meeting of June 30, 2020 in its twenty fifth resolution, authorized the Board of Directors to proceed with the allocation of existing shares or shares to be issued, in favor of the Group's employees or certain categories of employees and corporate officers. This authorization has been given for a 36-months period and is valid until June 30, 2023. The shares to be granted pursuant to this authorization should not give rights to a total of shares greater than 3.6% of the share capital stated at the date of use of the authorization.

Making use of this authorization and upon recommendation by the Remunerations Committee, the Board of Directors approved on December 17, 2020, the implementation of the 2020 Long-Term Incentive Plan and granted 2,829,146 free shares. These three-year plans provide conditional rights to the beneficiaries to receive Performance Shares, the delivery of which is subject to the satisfaction of a continued employment condition for the full duration of the Plan until December 17, 2023, and the achievement of two performance conditions, one based of cumulated EBITA objectives and the other on Total Shareholder Return until the end of 2022. It is noted however that 754,656 of these free shares are not Performance Shares but Restricted Shares allocated to beneficiaries who are not members of the Executive Committee and subject only to the continued employment condition.

Pursuant to the authorization given by the same General Meeting and upon recommendation of the Remunerations Committee, the Board of Directors held on March 24, 2021, granted 1,424,899 Performance Shares for the benefit of Executive Committee members under the same conditions as the ones listed above. The vesting period, starting on the date of the grant shall end on its third anniversary.

As of December 31, 2021, the outstanding share rights under the plan amounts to 3,974,672.

Additional Performance Shares Plan (ASP 2020)

Using the authorization given by the Shareholders' Meeting of June 30, 2020, in its twenty-sixth resolution and upon recommendation of the Remunerations Committee, the Board of Directors approved on April 15, 2021 the implementation of the 2020 Additional Performance Shares Plan (ASP) for the benefit of the Chief Executive Officer & other senior executives eligible beneficiaries (members of the Executive Committee) and granted a total of 1,744,416 Performance Shares, respectively 1,365,533 (including 1,027,398 for the CEO) on April 15, 2021 and 378,883 on April 23, 2021.

These two-year plans provide conditional rights to the beneficiaries to receive Performance Shares.

The grant of these performance shares was subject to the prior execution by each eligible beneficiary of a significant personal investment in ordinary shares of the Company. In consideration of such investment, the Board of Directors granted to each eligible beneficiary Additional Performance Shares up to an amount representing three times the amount of the personal investment made in Technicolor shares made by each beneficiary.

The delivery of these Additional Performance Shares at vesting date is also subject to:

- the satisfaction of continued employment condition for the full duration of the Plan until April 2023,
- and the achievement of cumulated EBITA and Total Shareholder Return performance conditions until the end of 2022.

As of December 31, 2021, the outstanding share rights under the plan amounts to 1,744,416 shares rights.

As of December 31, 2021, the total number of outstanding stock options amounted to a maximum of 76,368 options and the total number of rights to receive shares amounted to 5,800,019 rights granted to employees and corporate executive officers.

The details of these options and shares are disclosed hereafter:

	Type of plan	Grant date	Number of instruments initially granted	Number of instruments outstanding	Initial number of beneficiaries	Vesting date	Contractual instrument life	Exercise price (1)(2)	Estimated fair values granted (1)
MIP 2016 Options (*)	Subscription options	June 20, 2014	104,815	36,819	40	June 2016 (50%) June 2017 (25%) June 2018 (25%)	8 years	€ 156.33	€ 49.14
MIP 2016 Options (*)	Subscription options	October 21, 2014	70,926	27,589	24	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€ 132.84	€ 39.15
MIP 2016 Options (*)	Subscription options	April 9, 2015	14,815	0	1	October 2016 (50%) October 2017 (25%) October 2018 (25%)	8 years	€ 157.41	€ 50.76
MIP June 2017 Options (*)	Subscription options	June 26, 2015	9,260	2,884	2	June 2017 (50%) June 2018 (25%) June 2019 (25%)	8 years	€ 158.76	€ 51.57
MIP October 2017 Options (*)	Subscription options	December 3, 2015	63,334	9,076	22	October 2017 (50%) October 2018 (25%) October 2019 (25%)	8 years	€ 191.97	€ 61.29
2019 LTIP (**)	Restricted shares	June 14, 2019	7,407	7,407	1	June 2022	-	-	€ 20.74
2019 LTIP (**)	Restricted shares	July 24, 2019	88,197	64,610	175	June 2022	-	-	€ 20.74
2019 LTIP (**)	Restricted shares	November 5, 2019	2,739	2,443	4	June 2022	-	-	€ 20.74
2019 LTIP (**)	Restricted shares	January 30, 2020	9,258	6,471	2	June 2022	-	-	€ 16.20
2020 LTIP (**)	Performance and Restricted shares	December 17, 2020	2,829,146	2,569,651	101	April 2024	-	€ 1.83	€ 1.27
2020 LTIP (**)	Performance shares	March 24, 2021	1,424,899	1,405,021	8	March 2024	-	€ 2.57	€ 1.63
2020 ASP (**)	Performance shares	April 15, 2021	1,365,533	1,365,533	3	April 2024	-	€ 2.82	€ 1.85
2020 ASP (**)	Performance shares	April 23, 2021	378,883	378,883	3	April 2024	-	€ 2.59	€ 1.64

(*) Management Incentive Plans (MIP) (see description above).

(**) Long Term Incentive Plan (LTIP) and Additional Performance Shares Plan (ASP) (see description above)

(1) Exercise prices, fair value and number of options outstanding were modified following the 2015 capital increase

(2) Exercise prices, fair value and number of options outstanding were modified following the 2020 share consolidation.

9.3.2 Changes in outstanding options & free shares

Movements in the number of options and free shares outstanding with their related weighted average exercise prices are as follows for 2021 and 2020:

	Number of options and free shares (2)	Weighted Average Exercise Price *(in €)* (2)
Outstanding as of December 31, 2019 (with an average remaining contractual life of 3 years – excluding free shares)	**604,621**	**92.61** *(ranging from 0 to 189)*
Of which exercisable	*364,953*	*111.78*
Granted(1)	2,838,404	1.28
Delivered (Free Share Plan)	*(56,700)*	102.7
Delivered (MIP)	-	
Forfeited & other	(181,418)	98.21
Outstanding as of December 31, 2020 (with an average remaining contractual life of 2 years – excluding free shares)	**3,204,907**	**11.23** *(ranging from 0 to 192)*
Of which exercisable	*261,568*	*114.24*
Granted(1)	3,149,437	1.72
Delivered (Free Share Plan)	*(9,800)*	34.4
Delivered (MIP)	-	
Forfeited & other	(468,157)	40.8
Outstanding as of December 31, 2021 (with an average remaining contractual life of 1 year – excluding free shares)	**5,876,387**	**3.74** *(ranging from 0 to 192)*
Of which exercisable	*76,368*	*152.17*

(1) Related to 2019, 2020 Long Term Incentive Plan (LTIP) and 2020 Additional Performance Shares Plan (ASP)

(2) Exercise price and number of options outstanding were modified following the 2020 share consolidation.

Significant assumptions used

The estimated fair values of the options granted were calculated using the Black&Scholes valuation model. The inputs into the model were as follows:

	Stock options plan granted in **				
(in % and in euro)	December 2015	June 2015	April 2015	October 2014	June 2014
Weighted average share price at measurement date	190.35	165.51	163.62	127.17	153.36
Weighted average exercise price	191.97	158.76	157.41	132.84	156.33
Expected volatility	40%	40%	40%	40%	40%
Expected option life (*)	5 years	5 years	5 years	5 years	5 years
Risk free rate	0.12%	0.17%	0.17%	0.13%	0.31%
Expected dividend yield	0.70%	0.8%	0.80%	0%	0%
Fair value of option at measurement date	61.29	51.57	50.76	39.15	49.14

(*) Expected option life is shorter than the contractual option life as it represents the period from grant date to the date on which the option is expected to be exercised.
(**) Exercise prices and fair value were modified following the 2020 share consolidation.

Factors that have been considered in estimating expected volatility for the long-term maturity stock option plans include:

- the historical volatility of Technicolor's shares over the longest period available;
- adjustments to this historical volatility based on changes in Technicolor's business profile.

For shorter maturity options, expected volatility was determined based on implied volatility on Technicolor's share observable at grant date.

For the 2019 performance shares granted as part of the 2019 LTIP, Technicolor considered an expected turnover of 5% based on historical data of related beneficiaries, an average initial share price of €19.60 and a 3-years expected yearly dividend of €0.

9.3.3 Compensation expenses charged to income

The compensation charged to income for the services received during the period amount to € (3) million and € 0 million for the years ended December 31, 2021 and 2020. The counterpart of this expense has been credited to equity.

As of December 31, 2021, balances of lapsed plans amounting to €15 million have been reclassed in another caption of equity according to IFRS 2 requirements.

9.4 Key management compensation

Directors' fees and compensation expenses (incl. Social security costs) amounted to € 0.9 millions in 2021 and € 1 million in 2020. The amounts due to Directors who are non-resident for French tax purposes are subject to a withholding tax. Fees due to Directors and advisors in respect to fiscal year 2021 will be paid in 2022.

Compensation expenses allocated by the Group to Members of the executive committee (including those who left this function during 2021 and 2020), during 2021 and 2020 are shown in the table below:

(€ in million)	2021 (1)	2020 (1)
Short-term employee benefits (1)	11	14
LT employment benefit	2	2
Termination benefits (2)	1	4
Share-based payment	1	-
Total	**15**	**20**

(1) 8 members in 2021 and 12 members in 2020.
(2) Amounts accrued under post-employment obligations are almost nil as of December 31, 2021 and 2020.

The Members of the executive committee can benefit from severance packages in case of an involuntary termination and in absence of fault, which represent a total estimated amount of € 2million.

10 Provisions & contingencies

Provisions are recorded at the statement of financial position date when the Group has an obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

The obligation may be contractual, legal, regulatory or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the Group has indicated to other parties that it will accept certain responsibilities, and as a result, has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The recorded provision represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded but details of the obligation are disclosed in the notes to the consolidated financial statements.

Where the discounting effect is material, the recorded amount is the present value of the expenditures expected to be required to settle the related obligation. The present value is determined using pre-tax discount rates that reflect the assessment of the time value of money. Unwinding of discounts is recognized in the line item "Net financial income (expense)" in the consolidated statement of operations.

Accounting estimates and judgments

Technicolor's management is required to make judgments about provisions and contingencies, including the probability of pending and potential future litigation outcomes that, by their nature, are dependent on future events that are inherently uncertain. In making its determinations of likely outcomes of litigation and tax matters, management considers the opinion of outside counsel knowledgeable about each matter, as well as developments in case law.

Provisions for restructuring

Provisions for restructuring costs are recognized when the Group has a constructive obligation towards third parties, which results from a decision made by the Group before the statement of financial position date and supported by the following items:
- The existence of a detailed and finalized plan identifying the sites concerned, the location, the role and the approximate number of headcounts concerned, the nature of the expenses that are to be incurred and the effective date of the plan; and
- The announcement of this plan to those affected by it.

The restructuring provision only includes the costs directly linked to the plan.

10.1 Detail of provisions

(€ in million)	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, 2020	**23**	**6**	**35**	**57**	**2**	**123**
Current period additional provision	10	16	2	37	-	65
Release	(15)	(1)	(2)	(8)	(1)	(27)
Usage during the period	(1)	(1)	(11)	(70)	-	(83)
Other movements and currency translation adjustments	1	1	(3)	1	-	0
As of December 31, 2021	**18**	**21**	**21**	**18**	**1**	**79**
Of which current	*18*	*8*	*0*	*17*	*1*	*44*
Of which non-current	*-*	*13*	*21*	*1*	*-*	*35*

The provisions for restructuring are mainly composed of termination costs related to continuing operations (for both employees and facilities).

10.2 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 the probability of a loss is probable and it can be reasonably estimated. Significant pending legal matters include the following:

Brazilian tax Litigation

The Brazilian Tax Authorities have raised a tax assessment on Technicolor Brasil Midia E Entretenimento LTDA for fiscal years 2014 and 2015. Technicolor challenged the entirety of this assessment before the Brazilian courts and is waiting for the outcome of the appeal.

Taoyuan County Form RCA Employees' Solicitude Association

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

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

(i) confirmed the Taiwan High Court decision of awarding NTD 518 million (c. €16 million at the exchange rate as of December 31, 2021) in damages to 260 claimants; and

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

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

On March 5, 2020, the Taiwan High Court ruled on the 246 remanded claims and awarded NTD 54.7 million (€1.7 million at the exchange rate as of December 31, 2021) in damages plus interest. This ruling is on appeal to the Taiwan Supreme Court.

In 2016, the association brought a second lawsuit against Technicolor and certain of its subsidiaries and General Electric on behalf of additional former workers making virtually identical allegations as were made in the first lawsuit. The Taipei District Court announced its ruling on December 27, 2019 and awarded approximately NTD 2.3 billion (c. €73.2 million at the exchange rate as of December 31, 2021) plus interest. Technicolor and General Electric were held jointly and severally liable. Technicolor filed its appeal of this decision to the Taiwan High Court in January 2020.

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

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

Cathode Ray Tubes cases

United States

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

However, the U.S. District Court decision approving Technicolor's June 2015 settlement with a class of indirect purchasers of CRT for $14 million was remanded in February 2019 to the District Court by the Court of Appeals so that the District Court could reconsider its approval of the settlement. As part of the remand process, the indirect purchasers' settlement agreements with defendants were amended by agreement of the parties in September 2019, which resulted in an agreement that a small part of the settlement amounts would be returned to the defendants, including Technicolor, and plaintiffs from nine U.S. states would be excluded from the settlements. While the amended settlement agreements were approved by the District Court, the excluded indirect purchaser plaintiff classes appealed that approval, as well as the District Court's decision to deny their motion to intervene in the settlement approval proceedings, to the Court of Appeals. The Court of Appeals upheld both decisions, and declined the appellants' motion for rehearing. Technicolor anticipates that the excluded indirect purchaser plaintiffs will seek review by the Supreme Court in the first quarter of 2022, but continues to believe that its exposure is limited in size and that it has valid means of defense.

Europe

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

In the Netherlands, a case filed by Vestel, a Turkish TV manufacturer, under Turkish law. Vestel also brought suit in Turkey, which was dismissed on procedural grounds by the Court of First Instance as well as by the Regional Court of Appeals in December 2020. Vestel's request to bring an appeal against the Regional Court of Appeals decision has been rejected. In February 2021, Vestel has brought an appeal to the Supreme Court against the rejection of its request to bring an appeal.

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

Technicolor also defended (i) a case in the United Kingdom against Arcelik, a Turkish manufacturer, which was settled in February 2020 and (ii) two cases in Germany against three German former TV manufacturers (Grundig and Loewe/Metz) which were settled in December 2020 and (iii) three cases in the Netherlands against three Brazilian TV manufacturers which were settled in November 2021.

Environmental matters

Some of Technicolor's current and previously-owned manufacturing sites have a history of industrial use. Soil and groundwater contamination, which occurred at some sites, may occur or be discovered at other sites in the future. Industrial emissions at sites that Technicolor has built or acquired expose the Group to remediation costs. The Group has identified certain sites at which chemical contamination has required or will require remedial measures.

Soil and groundwater contamination were detected at a former manufacturing facility in Taoyuan, Taiwan that was acquired from GE in a 1987 transaction. In 1992, the facility was sold to a local developer. Soil remediation was completed in 1998. In 2002, the Taoyuan County Environmental Protection Bureau ("EPB") ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway. EPB and TCETVT continue to negotiate over the scope of that work. Technicolor has reached an agreement with General Electric with respect to allocation of responsibility related to the soil and groundwater remediation.

In addition to soil and groundwater contamination, the Group sells or has sold in the past products which are subject to recycling requirements and is exposed to changes in environmental legislation affecting these requirements in various jurisdictions.

The Group believes that the amounts reserved and the contractual guarantees provided by its contracts for the acquisition of certain production assets will enable it to reasonably cover its safety, health and environmental obligations. However, potential problems cannot be predicted with certainty and it cannot be assumed that these reserve amounts will be precisely adequate.

11 Specific operations impacting the consolidated statement of cash-flows

11.1 Acquisitions and disposals of subsidiaries & investments

The details for the acquisition of subsidiaries and investments, net of cash position of companies acquired, are as below:

(€ in million)	2021	2020
Various earn-out payments	-	(3)
Acquisition of investments	**-**	**(3)**
Less cash position of companies acquired	-	-
ACQUISITION OF SUBSIDIARIES, ASSOCIATES AND INVESTMENTS, NET OF CASH ACQUIRED	**-**	**(3)**

The details for the disposal of subsidiaries and activities, net of cash position of companies disposed off, are as below:

(€ in million)	2021	2020
Digital Cinema activity (1)	-	8
Post-Production activity (2)	27	-
Disposal of investments	**27**	**8**
Less cash position of companies disposed off	-	(1)
PROCEEDS FROM SALE OF INVESTMENTS, NET OF CASH	**27**	**7**

(1) Activity transferred to Deluxe in 2015, with annual earn-out payments ending in 2020.
(2) Refer to note 2.

11.2 Cash impact of debt repricing and financing operations

(€ in million)	2021	2020
Proceeds from non-current borrowings	-	-
Reimbursement of non-current borrowings to debt holders	-	-
Cash impact of non-current borrowings variation	**-**	**-**
Proceeds from current borrowings (1)	-	760
Reimbursement of current borrowings to debt holders (2)	(63)	(243)
Cash impact of current borrowings variation	**(63)**	**517**
Increase in capital (3)	0	60
Fees paid in relation to financing operations (4)	(2)	(60)
TOTAL CASH IMPACT OF REFINANCING AND SHARE CAPITAL OPERATIONS	**(64)**	**517**

(1) In 2020, proceeds from borrowings include €416 million related to French and US New Money, €250 million related to RCF and €93 million related to Bridge loan.

(2) In 2021, €62 million related to repayments of lease debts
In 2020, €85 million related to repayments of lease debts and €158 million related to Term Loan Debt and Bridge loan.

(3) In 2020, Technicolor increased its capital as part of financial restructuring.

(4) Fees paid directly linked to the Group's debt have been recorded as financing cash flows. It includes mainly fees related Group financial restructuring in 2021 and 2020.

The tables below show the Group's borrowing variation in the statement of financial position:

(€ in million)	December 31, 2020	Cash impact of borrowing variation (1)	Non cash variation						December 31, 2021
			Non cash mouvements on lease contracts	IFRS adjustment	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current	Reclassification in liabilities related to assets held for sale	
Non current borrowing	948	-	-	15	46	16	-	-	1,025
Current borrowing	16	(0)	-	-	1	1	-	-	17
TOTAL BORROWING	**964**	**(0)**	**-**	**15**	**47**	**17**	**-**	**-**	**1,042**
Non current lease laibilities	122	(52)	61	-	-	10	-	3	145
Current lease liabilities	56	(12)	5	-	-	1	-	(2)	48
TOTAL LEASE LIABILITIES	**178**	**(64)**	**67**	**-**	**-**	**11**	**-**	**1**	**192**

(1) In 2021, €(2) million are related to cash flows from discountinued activities

(€ in million)	December 31, 2019	Cash impact of borrowing variation (1)	Non cash variation						December 31, 2020
			Non cash mouvements on lease contracts	Effect of financial restructuring	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current	Reclassification in liabilities related to assets held for sale	
Non current borrowing	979	606	-	(630)	16	(26)	3	-	948
Current borrowing	8	(4)	-	-	15	(0)	(3)	-	16
TOTAL BORROWING	**987**	**602**	**-**	**(630)**	**31**	**(26)**	**-**	**-**	**964**
Non current lease laibilities	224	(62)	17	-	-	(15)	-	(42)	122
Current lease liabilities	87	(25)	1	-	-	(1)	-	(6)	56
TOTAL LEASE LIABILITIES	**311**	**(87)**	**18**	**-**	**-**	**(16)**	**-**	**(48)**	**178**

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

11.3 Contractual obligations and commercial commitments

The following table provides information regarding the aggregate maturities of contractual obligations and commercial commitments as of December 31, 2021 for which the Group is either obliged or conditionally obliged to make future cash payments but cannot be recognized in the balance sheet. This table includes firm commitments that would result in unconditional or conditional future payments but excludes all options since the latter are not considered as firm commitments or obligations. When an obligation leading to future payments can be cancelled through a penalty payment, the future payments included in the tables are those that management has determined most likely to occur.

(€ in million)	2021	Amount of commitments by maturity			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Off-balance sheet obligations					
Unconditional future payments					
Operating leases (see Note 4.5)	1	1	0	0	0
Other unconditional future payments (1)	9	3	4	2	1
Total Unconditional future payments	**10**	**4**	**4**	**2**	**1**
Conditional future payments					
Guarantees given and other conditional future payments	1	0	0	1	0
Total Conditional future payments	**1**	**0**	**0**	**1**	**0**

(1) Other unconditional future payments relate mainly to the maintenance costs associated with the lease.

The Group provides certain guarantees to third parties (financial institutions, customers, partners and government agencies) to ensure the fulfilment of contractual obligations by Technicolor and its consolidated subsidiaries in the ordinary course of their business. The guarantees are not shown in the table above as they do not increase the Group's commitments in relation to the initial commitments undertaken by the entities concerned. These commitments (letters of credit) represent €18 million at the end of 2021.

Subsidiaries within the DVD Services segment may provide guarantees to its customers on the products stored and then distributed against any risk or prejudice that may occur during manufacturing, storage or distribution. Such guarantees provided are covered by insurance and are therefore excluded from the table above.

The disclosed guarantees comprise various operational guarantees granted to customs administrations in order to exempt from duties goods transiting through customs warehouses for re-exportation, and transit guarantees in order that taxes on goods are only paid at their final destination in the import country. The maturity of these bank guarantees matches the one-month renewable term of the agreements.

Guarantees and commitments received amount to €72 million as of December 31, 2021. This amount is mainly related to the royalties from Trademarks licensees.

Total off-balance sheet unconditional future payments and conditional future payments as of December 31, 2020, amounted respectively to €15 million and €2 million on continuing entities.

12 Discontinued operations and held for sale operations

12.1 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of (by sale or otherwise) or is held for sale. In accordance with IFRS 5, to be disclosed as discontinued:
- the operation must have been stopped or be classified as "asset held for sale";
- the component discontinued must clearly be distinguishable operationally and for reporting purposes;
- it must represent a separate major line of business (or geographical area of business);
- it must be part of a single major plan of disposal or is a subsidiary acquired exclusively for resale.

The profit (loss) from discontinued operations is presented as a separate line item on the face of the statement of operations with a detailed analysis provided below. The statement of operations data for all prior periods presented are reclassified to present the results of operations meeting the criteria of IFRS 5 as discontinued operations. In the statement of cash flows, the amounts related to discontinued operations are disclosed separately.

When a non-current asset or disposal group no longer meet the held for sale criteria, the asset or disposal group ceases to be classified as held for sale.

It is then measured at the lower of:
- its carrying value before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization that would have been recognized had the asset (or disposal group) not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell. Recoverable value is the higher of fair value less costs to sell and value in use.

Any adjustment to the carrying amount is included in profit and loss from continuing operations in which the assets ceased to be classified as held for sale.

Other discontinued activities relate to remaining subsequent impacts of activities disposed of or abandoned such as Cathode Tubes activities from 2004 and 2005.

12.1.1 Results of discontinued operations

(€ in million)	Year ended December 31, 2021	2020
DISCONTINUED OPERATIONS		
Revenues	1	1
Cost of sales	(1)	(1)
Gross margin	**-**	**(1)**
Selling and administrative expenses	(4)	(1)
Research and development expenses	(1)	2
Restructuring Costs	-	(4)
Net impairment losses on non-current operating assets	-	(1)
Other expenses	(12)	(10)
Earnings before Interest & Tax from discontinued operations	**(16)**	**(15)**
Financial net expenses	(3)	(1)
Income tax	-	1
Net loss	**(19)**	**(15)**

12.1.2 Net cash from discontinued operations

(€ in million)	Year ended December 31, 2021	2020
Loss from discontinued activities	**(19)**	**(15)**
Summary adjustments to reconcile loss from discontinued activities to cash used in discontinued operations		
Depreciation and amortization	-	1
Impairment of assets	-	1
Net change in provisions	(4)	(9)
Other non-cash items (including tax)	3	(1)
Changes in working capital and other assets and liabilities	2	5
NET OPERATING CASH USED IN DISCONTINUED ACTIVITIES (I)	**(18)**	**(18)**
NET INVESTING CASH USED IN DISCONTINUED ACTIVITIES (II)	**(9)**	**(3)**
Repayments of lease debt	(2)	(2)
NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)	**(2)**	**(2)**
NET CASH USED IN DISCONTINUED ACTIVITIES (I+II+III)	**(29)**	**(23)**

12.2 Assets & liabilities held for sale

In accordance with IFRS 5, if the Group decides to dispose of an asset (or disposal group) it should be classified as held for sale if:

- the asset or group of assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;

- it is highly likely to be sold within one year.

Consequently, this asset (or disposal group) is shown separately as "Assets held for sale" on the statement of financial position. The liabilities related to this assets (or disposal group) are also shown separately on the liabilities side of the statement of financial position.

For the Group, only assets meeting the above criteria and subject to a formal disposal decision at the appropriate management level are classified as assets held for sales. The accounting consequences are as follows:

- the asset (or disposal group) held for sale is measured at the lower of carrying amount and fair value less cost to sell;

- the asset stops being depreciated with effect from the date of transfer.

(€ in million)	December 31, 2021	December 31, 2020
Assets classified as held for sale	**3**	**76**
Liabilities classified as held for sale	**-**	**56**

As of December 31, 2021, assets held for sale include real estate right-of-use assets available for long-term sublease or in renegociation with the lessor for €3 million.

As of December 31, 2020, assets and liabilities held for sale mainly included the assets and related liabilities from the Group Post Production business, which met at that date the IFRS 5 criteria for classification as a disposal group held for sale. Included in that disposal group are:

- €5 million of goodwill allocated to Post Production;
- €52 million of non-current assets notably including the right-of-use relating to real estate operating leases for €41 million;
- the corresponding lease debt for €48 million;
- current assets and liabilities for €16 million and €8 million respectively.

Assets held for sale also included real estate right-of-use assets available for long-term sublease or in renegociation with the lessor for €3 million.

13 Subsequent events

Spin-off and Refinancing Plans

On February 24th, 2022, Technicolor announced its intention to create two independent market leaders in their respective sectors and to refinance Technicolor's existing debt.

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 Technicolor Ex-TCS. This distribution-in-kind should be made out of Technicolor's share premium account and should be, from a French tax perspective and in view of the analysis to date of the composition of Technicolor SA's net equity, 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).

As far as the remaining 35% TCS stake retained by Technicolor Ex-TCS is concerned, its disposal will be 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 Company's Annual and Extraordinary Shareholders Meeting that it is anticipated will be convened in late June 2022. It is expected that the spin-off will take place during the later part of Q3, 2022 subject to the conditions outlined below. The company will request the admission of the TCS shares on Euronext Paris by way of a prospectus to be approved by the AMF. The company has retained Finexsi as independent financial appraiser in order to provide shareholders with an independent valuation of the TCS shares prior to the vote at the Company annual shareholders' meeting referred to above

Concurrently, Technicolor is announcing its intention to fully refinance the group's debt.

As part of the refinancing, Technicolor intends to issue 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 Extraordinary General 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 23rd, 2022.

The fairness of the condition of the Mandatory Convertible Notes conversion will be addressed prior to the vote at the MCN Extraordinary General Meeting by a report to be prepared by Finexsi as independent financial appraiser.

The issuance of the MCN is subject to 2/3rd majority approval at an Extraordinary General Meeting of shareholders, which is expected to take place early Q2 and, in any case, no later than May 25th, 2022. Shareholders subscribing to the MCN have committed to not dispose of their shares before the MCN Extraordinary General Meeting.

In parallel, consistent with the proposed transaction, the Group is launching negotiations to refinance its existing debt, with a view to putting in place two distinct and optimized financing packages for TCS and Technicolor Ex-TCS respectively.

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

TCS and 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 TCS should help to reduce the conglomerate discount of Technicolor Ex-TCS and create a strong basis for TCS full valuation.

Sale of Trademark Licensing operations

Technicolor received a binding offer to sell its Trademark Licensing operations. The total agreed consideration amounts to c. €100 million, to be paid in cash at the closing of the transaction.

The sale, which is subject to closing conditions, is expected to close in the first half of 2022.

14 Table of auditors' fees

	Deloitte		Mazars		Total	
(in thousands of euros)	2021	2020	2021	2020	2021	2020
Statutory audit, certification, consolidated and individual financial statements						
▪ Technicolor SA	983	862	1,064	1,239	2,047	2,101
▪ Subsidiaries	1,361	1,466	835	1,004	2,196	2,470
Subtotal	**2,344**	**2,328**	**1,899**	**2,242**	**4,243**	**4,571**
Services other than certification of financial statements as required by laws and regulations (1)						
▪ Technicolor SA	93	285	-	291	93	576
▪ Subsidiaries	14	5	2	2	15	7
Subtotal	**107**	**290**	**2**	**293**	**108**	**583**
Services other than certification of financial statements provided upon the entity's request (2)						
▪ Technicolor SA	7	107	-	-	7	107
▪ Subsidiaries	52	101	22	10	74	111
Subtotal	**58**	**208**	**22**	**10**	**80**	**218**
TOTAL	**2,509**	**2,826**	**1,923**	**2,545**	**4,431**	**5,372**

(1) Include capital increase and capital decrease reports, financial restructuring and implementation of fiducies-surêtés services in 2020 and other services required by laws and regulation.
(2) Include services upon request of Technicolor or its subsidiaries (due diligence, legal and tax assistance, and various reports).

15 List of main consolidated subsidiaries

The following is a list of the principal consolidated holding entities and subsidiaries:

	% share held by Technicolor (% rounded to one decimal)	
COMPANY - (Country)	**2021**	**2020**
Fully consolidated		
Technicolor SA 8-10 rue du Renard, 75004 Paris (France)	Parent company	Parent company
Connected Home		
Beijing Technicolor Management Co., Ltd (China)	100.0	100.0
Technicolor Asia Ltd (Hong-Kong)	100.0	100.0
Technicolor Brasil Midia E Entretenimento LTDA (Brazil)	100.0	100.0
Technicolor Connected Home de Mexico SA De CV (Mexico)	100.0	100.0
Technicolor Connected Home India Private Ltd (India)	100.0	100.0
Technicolor Connected Home USA LLC (USA)	100.0	100.0
Technicolor Connected Home Rennes SNC (France)	100.0	100.0
Technicolor Delivery Technologies (France)	100.0	100.0
Technicolor Delivery Technologies Australia Pty Limited (Australia)	100.0	100.0
Technicolor Delivery Technologies Belgium (Belgium)	100.0	100.0
Technicolor Delivery Technologies Canada Inc. (Canada)	100.0	100.0
Technicolor Japan KK (Japan)	100.0	100.0
Technicolor Korea Yuhan Hoesa (Korea Republic)	100.0	100.0
Technicolor Creatives Services		
Mikros Image Belgium SA (Belgium)	100.0	100.0
Mikros Image SAS (France)	100.0	100.0
MPC (Shanghai) Digital Technology Co., Ltd (China)	89.8	89.8
Technicolor Animation Productions SAS (France)	100.0	100.0
Technicolor Canada, Inc (Canada)	100.0	100.0
Technicolor Creative Services USA, Inc (USA)	100.0	100.0
Technicolor Ltd (UK)	100.0	100.0
Technicolor India Pvt Ltd (India)	100.0	100.0
Technicolor Pty, Ltd (Australia)	100.0	100.0
Technicolor Creative Studios Australia Pty Limited (Australia)	100.0	-
The Mill (Facility) LTD (UK)	100.0	100.0
The Mill Berlin GmbH (Germany)	100.0	100.0
The Mill Group Inc. (USA)	100.0	100.0
Technicolor Creative Studios UK Ltd. (UK)	100.0	100.0
Thomson Multimedia Distribution (Netherlands) BV (The Netherlands)	100.0	100.0
Trace VFX Solutions Private India Ltd (India)	100.0	100.0
DVD Services		
Technicolor Disc Services International Ltd (UK)	100.0	100.0
Technicolor Distribution Services France SARL (France)	100.0	100.0
Technicolor Distribution Australia PTY LTD (Australia)	100.0	100.0
Technicolor Global Logistics, LLC (USA)	100.0	100.0
Technicolor Home Entertainment Services Canada ULC (Canada)	100.0	100.0
Technicolor Home Entertainment Services de Mexico, S. de R.L. de C.V. (Mexico)	100.0	100.0
Technicolor Home Entertainment Services Inc (USA)	100.0	100.0
Technicolor Home Entertainment Services Southeast, LLC (USA)	100.0	100.0
Technicolor Mexicana, S. de R.L. de C.V. (Mexico)	100.0	100.0
Technicolor Milan SRL (Italy)	100.0	100.0
Technicolor Polska sp Z.o.o (Poland)	100.0	100.0
Technicolor Export de Mexico, S. de R.L. de C.V. (Mexico)	100.0	100.0
Technicolor Pty, Ltd (Australia)	100.0	100.0
Technicolor Videocassette of Michigan, Inc (USA)	100.0	100.0

	% share held by Technicolor (% rounded to one decimal)	
COMPANY - (Country)	2021	2020
Corporate & Other		
Deutsche Thomson OHG (Germany)	100.0	100.0
Gallo 8 SAS (France)	100.0	100.0
RCA Trademark Management SAS (France)	100.0	100.0
Sté Fr.d'Invest.et d'Arbitrage - Sofia SA (France)	100.0	100.0
Tech 6 SAS (France)	100.0	100.0
Tech 7 SAS (France)	100.0	100.0
Tech 8 SAS (France)	100.0	100.0
Technicolor Trademark Management (France)	100.0	100.0
Technicolor Treasury USA LLC (USA)	100.0	100.0
Technicolor USA Inc (USA)	100.0	100.0
Consolidated by Equity method		
3DCD LLC (USA)	50.0	50.0
Techfund Capital Europe FCPR (France)	19.8	19.8
Technicolor SFG Technology Co. Ltd (China)	49.0	49.0